



General Assembly

January Session, 2009

Raised Bill No. 1001

LCO No. 3958

03958 _____ FIN

Referred to Committee on Finance, Revenue and Bonding

Introduced by:
(FIN)

AN ACT CONCERNING THE FUEL OIL CONSERVATION ACCOUNT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2009*) (a) Each gas company
2 registered pursuant to section 12-264 of the general statutes shall assess
3 a charge of one dollar per month on each end use customer which shall
4 be deposited into the fuel oil conservation account established
5 pursuant to section 16a-221 of the general statutes, as amended by this
6 act.

7 (b) Each person, firm or corporation who sells at retail fuel oil or
8 propane gas to be used for heating any building shall assess a charge
9 of five cents per gallon on each end use customer, which shall be
10 deposited into the fuel oil conservation account established pursuant
11 to section 16a-221 of the general statutes, as amended by this act.

12 (c) Assessments required by this section shall be deposited with the
13 State Comptroller who shall forward such assessments to the Treasurer
14 for credit to said fuel conservation account. Collection of assessments
15 and payment of such assessments by gas companies and retail fuel or
16 propane gas sellers may be the subject of an audit by the third party

17 designated to audit the fuel oil conservation account as provided in
18 said section 16a-22l of the general statutes, as amended by this act.

19 Sec. 2. Section 16a-22l of the general statutes is repealed and the
20 following is substituted in lieu thereof (*Effective July 1, 2009*):

21 (a) For purposes of this section, "fuel oil" means the product
22 designated by the American Society for Testing and Materials as
23 "Specifications for Heating Oil D396-69", commonly known as number
24 2 heating oil, and grade number 4, grade number 5 and grade number
25 6 fuel oil, provided such heating and fuel oil are used for purposes
26 other than the generation of power to propel motor vehicles or for the
27 generation of electricity.

28 (b) On or before November 1, 2007, the Fuel Oil Conservation Board
29 shall, after issuing a request for proposals, select an entity qualified to
30 administer and implement conservation and energy efficiency
31 programs for fuel oil customers, as described in this section, to act as
32 the program administrator for such programs and shall enter into a
33 contract not to exceed three years in duration for such purpose. At the
34 expiration of the contract, the board may renew the contract if it finds
35 that the administrator's performance has been satisfactory, or the
36 board may issue a new request for proposals.

37 (c) On or before March 1, 2008, the program administrator shall
38 submit to the Energy Conservation Management Board a fuel oil
39 conservation plan in accordance with the provisions of this section for
40 the balance of 2008. On or before October 1, 2008, and annually
41 thereafter, the program administrator shall submit to the Fuel Oil
42 Conservation Board and the Energy Conservation Management Board
43 a fuel oil conservation plan for the next calendar year in accordance
44 with the provisions of this section. The board shall hold a public
45 hearing on each such plan.

46 (d) (1) The Fuel Oil Conservation Board shall advise and assist the
47 program administrator in the development and implementation of a

48 comprehensive plan, which shall be approved by the board, that
49 implements cost-effective fuel oil energy conservation programs and
50 [market] markets transformation initiatives for residential, commercial
51 and industrial fuel oil customers. The board shall, as part of its review,
52 examine opportunities to offer joint programs providing similar
53 efficiency measures that save more than one fuel resource or to
54 otherwise coordinate programs targeted at saving more than one fuel
55 resource.

56 (2) Program cost-effectiveness shall be reviewed annually by the
57 Fuel Oil Conservation Board, or otherwise as practicable. Programs
58 included in the plan shall be evaluated as to cost-effectiveness by
59 comparing the value and payback period of the program benefits to
60 the program costs to ensure that the programs are designed to obtain
61 fuel oil savings, the value of which are greater than the costs of the
62 program. If the board determines that a program fails such cost-
63 effectiveness test, the board shall modify the program to meet the test
64 or terminate the program. On or before January 1, 2009, and annually
65 thereafter, the Fuel Oil Conservation Board shall provide a report to
66 the joint standing committees of the General Assembly having
67 cognizance of matters relating to energy and the environment, in
68 accordance with the provisions of section 11-4a, that documents
69 expenditures and fund balances and evaluates the cost-effectiveness of
70 such programs conducted in the preceding year, including any
71 increased cost-effectiveness due to offering programs that save more
72 than one fuel resource.

73 (3) Programs included in the plan may include, but not be limited
74 to: (A) Conservation programs, including programs that benefit low-
75 income persons; (B) research, development and commercialization of
76 products or processes that are more energy-efficient than those
77 generally available; (C) development of markets for such products and
78 processes; (D) support for energy use assessment, engineering studies
79 and services related to new construction or major building
80 renovations; (E) the design, manufacture, commercialization and

81 purchase of energy-efficient appliances and heating devices; (F)
82 program planning and evaluation; (G) joint fuel conservation
83 initiatives and programs targeted at saving more than one fuel
84 resource; and (H) public education regarding conservation. Such
85 support may be by direct funding, manufacturers' rebates, sale price
86 and loan subsidies, leases and promotional and educational activities.
87 The plan shall also provide for expenditures by the Fuel Oil
88 Conservation Board for the retention of expert consultants and
89 reasonable administrative costs, provided such consultants shall not be
90 employed by, or have any contractual relationship with, a fuel oil
91 company or the program administrator. Such costs shall not exceed
92 five per cent of the total cost of the plan.

93 (e) (1) There is established a Fuel Oil Conservation Board consisting
94 of thirteen members, including:

95 (A) One member representing dealers with retail oil heat sales in
96 excess of fifteen million gallons in the state, appointed by the president
97 pro tempore of the Senate;

98 (B) One member representing dealers with retail oil heat sales of less
99 than fifteen million gallons in the state, appointed by the speaker of the
100 House of Representatives;

101 (C) One member representing the heating, ventilation and air-
102 conditioning trades licensed under chapter 393, appointed by the
103 majority leader of the Senate;

104 (D) One member representing wholesale heating distributors
105 operating within the state, appointed by the majority leader of the
106 House of Representatives;

107 (E) One member representing a state-wide environmental advocacy
108 group, appointed by the minority leader of the Senate;

109 (F) The chairperson of the Heating, Piping, Cooling and Sheet Metal
110 Work Board established under chapter 393;

111 (G) One member from a state-wide retail oil dealer trade
112 association, appointed by the minority leader of the House of
113 Representatives;

114 (H) Two members representing natural gas distributors within the
115 state, one appointed by the president pro tempore of the Senate and
116 one appointed by the speaker of the House of Representatives;

117 [(H)] (I) Six members of the public appointed by the Governor, of
118 which one shall be a representative of an environmental organization
119 knowledgeable in energy efficiency programs, one shall be a
120 representative of an in-state biodiesel distributor, one shall be a
121 representative of a consumer advocacy organization, one shall be a
122 representative of the business community, one shall be a
123 representative of low-income ratepayers and one shall be a
124 representative of state residents, in general, and all of whom shall have
125 expertise in energy issues; and

126 [(I)] (I) All appointed members of the board shall serve in
127 accordance with section 4-1a.

128 (2) The Fuel Oil Conservation Board shall be within the office of the
129 State Comptroller for administrative purposes only, and shall establish
130 itself as a tax exempt organization in accordance with the provisions of
131 Section 501(c)(3) of the Internal Revenue Code of 1986, or any
132 subsequent corresponding internal revenue code of the United States,
133 as from time to time amended. Not later than July 1, 2008, and
134 biennially thereafter, a third party selected by the Attorney General
135 shall audit the activities of the board. The results of such audit shall be
136 submitted in a report to the joint standing committees of the General
137 Assembly having cognizance of matters relating to energy and the
138 environment, in accordance with the provisions of section 11-4a.

139 (3) The Fuel Oil Conservation Board shall establish a fuel oil
140 conservation account. The account shall be a separate, nonlapsing
141 account within the restricted grant fund and shall be funded by annual

142 revenue from the tax imposed by section 12-587 on the sale of
143 petroleum products gross earnings that is in excess of said revenue
144 collected during fiscal 2006, provided the amount of such revenue that
145 shall be allocated to said account in the fiscal year commencing July 1,
146 2007, shall not exceed ten million dollars, and the amount of such
147 revenue that shall be allocated to said account in fiscal years
148 commencing on and after July 1, 2008, shall not exceed five million
149 dollars. The Comptroller may deposit into the fuel oil conservation
150 account up to two million five hundred thousand dollars upon June 17,
151 2008, and any remaining balance for the fiscal year commencing July 1,
152 2007, shall be deposited as determined by the Comptroller upon the
153 close of the fiscal year, but no later than October 1, 2008. The
154 Comptroller shall deposit into the fuel oil conservation account all
155 assessments received pursuant to section 1 of this act.

156 (4) The Fuel Oil Conservation Board shall authorize specific
157 amounts from the fuel oil conservation account established pursuant to
158 subdivision (3) of this subsection to the program administrator
159 selected to implement an approved plan under this section. Such
160 amounts shall be in the form of grants, which the board shall award
161 twice a year. Any moneys left in the account at the end of each fiscal
162 year shall be transferred outright to the General Fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	New section
Sec. 2	<i>July 1, 2009</i>	16a-22l

Statement of Purpose:

To provide further support for the fuel oil conservation account through assessments on oil and gas customers.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]