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**Amendment**

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Offered by:

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To: Subst. House Bill No. 6636

File No. 520

Cal. No. 351

**"AN ACT CONCERNING THE CONNECTICUT CLEAN ENERGY FUND."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. Section 16-244b of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective from passage*):

5 (a) All customers of electric distribution companies, as defined in  
6 section 16-1, as amended by this act, shall have the opportunity to  
7 purchase electric generation services from their choice of electric  
8 suppliers, as defined in said section 16-1, in a competitive generation  
9 market in accordance with the schedule provided in this section. On  
10 and after January 1, 2000, up to thirty-five per cent of the peak load of  
11 each rate class of an electric company or electric distribution company,  
12 as the case may be, may choose an electric supplier to provide their  
13 electric generation services, provided such customers shall be located

14 in distressed municipalities, as defined in section 32-9p. In the event  
15 that the number of customers exceeds thirty-five per cent of such load,  
16 preference shall be given to customers located in distressed  
17 municipalities with a population greater than one hundred thousand  
18 persons. Participation shall be determined on a first-come, first-served  
19 basis. As of July 1, 2000, all customers shall have the opportunity to  
20 choose an electric supplier. On and after January 1, 2000, electric  
21 generation services shall be provided in accordance with section 16-  
22 244c, as amended by this act, to any customer who has not chosen an  
23 electric supplier or has declined, failed or been unable to enter into or  
24 maintain a contract for electric generation services with an electric  
25 supplier. The Department of Public Utility Control may adopt  
26 regulations in accordance with chapter 54 to implement the phase-in  
27 schedule provided in this subsection.

28 (b) Notwithstanding subsection (a) of this section, on and after  
29 January 1, 2010, customers with a maximum demand of less than one  
30 hundred kilowatts shall receive and pay for electric generation  
31 services, designated as standard service, from the electric distribution  
32 company in which service territory such customer takes electric  
33 service; provided (1) nothing in this section shall be interpreted as  
34 abrogating a customer's contract with an electric supplier that was  
35 executed and effective on or before the effective date of this section,  
36 and (2) any customer who is receiving electric generation services on  
37 or before the effective date of this section from an electric supplier and  
38 not from an electric distribution company may continue to receive  
39 electric generation services from such supplier or another electric  
40 supplier, provided, if such customers at any time elect to receive  
41 standard service from the electric distribution company, such  
42 customers shall remain on such standard service, and (3) nothing in  
43 this section shall preclude a customer from receiving standard service  
44 from the electric distribution company for electric generation services  
45 while also contracting for renewable energy credits from an electric  
46 supplier to support renewable energy, pursuant to a program  
47 approved by the department under subsection (e) of section 16-244c, as

48 amended by this act. No customers who have a maximum demand of  
49 less than one hundred kilowatts may enter into contracts with an  
50 electric supplier other than the electric distribution company for  
51 electric generation services on or after the effective date of this section  
52 except as provided in this subsection.

53 Sec. 502. Section 16-244c of the general statutes is repealed and the  
54 following is substituted in lieu thereof (*Effective from passage*):

55 (a) (1) On and after January 1, 2000, each electric distribution  
56 company shall make available to all customers in its service area, the  
57 provision of electric generation and distribution services through a  
58 standard offer. Under the standard offer, a customer shall receive  
59 electric services at a rate established by the Department of Public  
60 Utility Control pursuant to subdivision (2) of this subsection. Each  
61 electric distribution company shall provide electric generation services  
62 in accordance with such option to any customer who affirmatively  
63 chooses to receive electric generation services pursuant to the standard  
64 offer or does not or is unable to arrange for or maintain electric  
65 generation services with an electric supplier. The standard offer shall  
66 automatically terminate on January 1, 2004. While providing electric  
67 generation services under the standard offer, an electric distribution  
68 company may provide electric generation services through any of its  
69 generation entities or affiliates, provided such entities or affiliates are  
70 licensed pursuant to section 16-245.

71 (2) Not later than October 1, 1999, the Department of Public Utility  
72 Control shall establish the standard offer for each electric distribution  
73 company, effective January 1, 2000, which shall allocate the costs of  
74 such company among electric transmission and distribution services,  
75 electric generation services, the competitive transition assessment and  
76 the systems benefits charge. The department shall hold a hearing that  
77 shall be conducted as a contested case in accordance with chapter 54 to  
78 establish the standard offer. The standard offer shall provide that the  
79 total rate charged under the standard offer, including electric  
80 transmission and distribution services, the conservation and load

81 management program charge described in section 16-245m, the  
82 renewable energy investment charge described in section 16-245n,  
83 electric generation services, the competitive transition assessment and  
84 the systems benefits charge shall be at least ten per cent less than the  
85 base rates, as defined in section 16-244a, in effect on December 31,  
86 1996. The standard offer shall be adjusted to the extent of any increase  
87 or decrease in state taxes attributable to sections 12-264 and 12-265 and  
88 any other increase or decrease in state or federal taxes resulting from a  
89 change in state or federal law and shall continue to be adjusted during  
90 such period pursuant to section 16-19b. Notwithstanding the  
91 provisions of section 16-19b, the provisions of said section 16-19b shall  
92 apply to electric distribution companies. The standard offer may be  
93 adjusted, by an increase or decrease, to the extent approved by the  
94 department, in the event that (A) the revenue requirements of the  
95 company are affected as the result of changes in (i) legislative  
96 enactments other than public act 98-28\*, (ii) administrative  
97 requirements, or (iii) accounting standards occurring after July 1, 1998,  
98 provided such accounting standards are adopted by entities  
99 independent of the company that have authority to issue such  
100 standards, or (B) an electric distribution company incurs extraordinary  
101 and unanticipated expenses required for the provision of safe and  
102 reliable electric service to the extent necessary to provide such service.  
103 Savings attributable to a reduction in taxes shall not be shifted between  
104 customer classes.

105 (3) The price reduction provided in subdivision (2) of this  
106 subsection shall not apply to customers who, on or after July 1, 1998,  
107 are purchasing electric services from an electric company or electric  
108 distribution company, as the case may be, under a special contract or  
109 flexible rate tariff, and the company's filed standard offer tariffs shall  
110 reflect that such customers shall not receive the standard offer price  
111 reduction.

112 (b) (1) (A) On and after January 1, 2004, each electric distribution  
113 company shall make available to all customers in its service area, the  
114 provision of electric generation and distribution services through a

115 transitional standard offer. Under the transitional standard offer, a  
116 customer shall receive electric services at a rate established by the  
117 Department of Public Utility Control pursuant to subdivision (2) of  
118 this subsection. Each electric distribution company shall provide  
119 electric generation services in accordance with such option to any  
120 customer who affirmatively chooses to receive electric generation  
121 services pursuant to the transitional standard offer or does not or is  
122 unable to arrange for or maintain electric generation services with an  
123 electric supplier. The transitional standard offer shall terminate on  
124 December 31, 2006. While providing electric generation services under  
125 the transitional standard offer, an electric distribution company may  
126 provide electric generation services through any of its generation  
127 entities or affiliates, provided such entities or affiliates are licensed  
128 pursuant to section 16-245.

129 (B) The department shall conduct a proceeding to determine  
130 whether a practical, effective, and cost-effective process exists under  
131 which an electric customer, when initiating electric service, may  
132 receive information regarding selecting electric generating services  
133 from a qualified entity. The department shall complete such  
134 proceeding on or before December 1, 2005, and shall implement the  
135 resulting decision on or before March 1, 2006, or on such later date that  
136 the department considers appropriate. An electric distribution  
137 company's costs of participating in the proceeding and implementing  
138 the results of the department's decision shall be recoverable by the  
139 company as generation services costs through an adjustment  
140 mechanism as approved by the department.

141 (2) (A) Not later than December 15, 2003, the Department of Public  
142 Utility Control shall establish the transitional standard offer for each  
143 electric distribution company, effective January 1, 2004.

144 (B) The department shall hold a hearing that shall be conducted as a  
145 contested case in accordance with chapter 54 to establish the  
146 transitional standard offer. The transitional standard offer shall  
147 provide that the total rate charged under the transitional standard

148 offer, including electric transmission and distribution services, the  
149 conservation and load management program charge described in  
150 section 16-245m, the renewable energy investment charge described in  
151 section 16-245n, electric generation services, the competitive transition  
152 assessment and the systems benefits charge, and excluding federally  
153 mandated congestion costs, shall not exceed the base rates, as defined  
154 in section 16-244a, in effect on December 31, 1996, excluding any rate  
155 reduction ordered by the department on September 26, 2002.

156 (C) (i) Each electric distribution company shall, on or before January  
157 1, 2004, file with the department an application for an amendment of  
158 rates pursuant to section 16-19, which application shall include a four-  
159 year plan for the provision of electric transmission and distribution  
160 services. The department shall conduct a contested case proceeding  
161 pursuant to sections 16-19 and 16-19e to approve, reject or modify the  
162 application and plan. Upon the approval of such plan, as filed or as  
163 modified by the department, the department shall order that such plan  
164 shall establish the electric transmission and distribution services  
165 component of the transitional standard offer.

166 (ii) Notwithstanding the provisions of this subparagraph, an electric  
167 distribution company that, on or after September 1, 2002, completed a  
168 proceeding pursuant to sections 16-19 and 16-19e, shall not be required  
169 to file an application for an amendment of rates as required by this  
170 subparagraph. The department shall establish the electric transmission  
171 and distribution services component of the transitional standard offer  
172 for any such company equal to the electric transmission and  
173 distribution services component of the standard offer established  
174 pursuant to subsection (a) of this section in effect on July 1, 2003, for  
175 such company. If such electric distribution company applies to the  
176 department, pursuant to section 16-19, for an amendment of its rates  
177 on or before December 31, 2006, the application of the electric  
178 distribution company shall include a four-year plan.

179 (D) The transitional standard offer (i) shall be adjusted to the extent  
180 of any increase or decrease in state taxes attributable to sections 12-264

181 and 12-265 and any other increase or decrease in state or federal taxes  
182 resulting from a change in state or federal law, (ii) shall be adjusted to  
183 provide for the cost of contracts under subdivision (2) of subsection (j)  
184 of this section and the administrative costs for the procurement of such  
185 contracts, and (iii) shall continue to be adjusted during such period  
186 pursuant to section 16-19b. Savings attributable to a reduction in taxes  
187 shall not be shifted between customer classes. Notwithstanding the  
188 provisions of section 16-19b, the provisions of section 16-19b shall  
189 apply to electric distribution companies.

190 (E) The transitional standard offer may be adjusted, by an increase  
191 or decrease, to the extent approved by the department, in the event  
192 that (i) the revenue requirements of the company are affected as the  
193 result of changes in (I) legislative enactments other than public act 03-  
194 135 or public act 98-28, (II) administrative requirements, or (III)  
195 accounting standards adopted after July 1, 2003, provided such  
196 accounting standards are adopted by entities that are independent of  
197 the company and have authority to issue such standards, or (ii) an  
198 electric distribution company incurs extraordinary and unanticipated  
199 expenses required for the provision of safe and reliable electric service  
200 to the extent necessary to provide such service.

201 (3) The price provided in subdivision (2) of this subsection shall not  
202 apply to customers who, on or after July 1, 2003, purchase electric  
203 services from an electric company or electric distribution company, as  
204 the case may be, under a special contract or flexible rate tariff,  
205 provided the company's filed transitional standard offer tariffs shall  
206 reflect that such customers shall not receive the transitional standard  
207 offer price during the term of said contract or tariff.

208 (4) (A) In addition to its costs received pursuant to subsection (h) of  
209 this section, as compensation for providing transitional standard offer  
210 service, each electric distribution company shall receive an amount  
211 equal to five-tenths of one mill per kilowatt hour. Revenues from such  
212 compensation shall not be included in calculating the electric  
213 distribution company's earnings for purposes of, or in determining

214 whether its rates are just and reasonable under, sections 16-19, 16-19a  
215 and 16-19e, including an earnings sharing mechanism. In addition,  
216 each electric distribution company may earn compensation for  
217 mitigating the prices of the contracts for the provision of electric  
218 generation services, as provided in subdivision (2) of this subsection.

219 (B) The department shall conduct a contested case proceeding  
220 pursuant to the provisions of chapter 54 to establish an incentive plan  
221 for the procurement of long-term contracts for transitional standard  
222 offer service by an electric distribution company. The incentive plan  
223 shall be based upon a comparison of the actual average firm full  
224 requirements service contract price for electricity obtained by the  
225 electric distribution company compared to the regional average firm  
226 full requirements service contract price for electricity, adjusted for such  
227 variables as the department deems appropriate, including, but not  
228 limited to, differences in locational marginal pricing. If the actual  
229 average firm full requirements service contract price obtained by the  
230 electric distribution company is less than the actual regional average  
231 firm full requirements service contract price for the previous year, the  
232 department shall split five-tenths of one mill per kilowatt hour equally  
233 between ratepayers and the company. Revenues from such incentive  
234 plan shall not be included in calculating the electric distribution  
235 company's earnings for purposes of, or in determining whether its  
236 rates are just and reasonable under sections 16-19, 16-19a and 16-19e.  
237 The department may, as it deems necessary, retain a third party entity  
238 with expertise in energy procurement to assist with the development  
239 of such incentive plan.

240 (c) (1) On and after January 1, 2007, each electric distribution  
241 company shall provide electric generation services through standard  
242 service to any customer who (A) does not arrange for or is not  
243 receiving electric generation services from an electric supplier, and (B)  
244 does not use a demand meter or has a maximum demand of less than  
245 five hundred kilowatts and on or after January 1, 2010, has a maximum  
246 demand of less than five hundred kilowatts but more than one  
247 hundred kilowatts.



248 (2) Not later than October 1, 2006, and periodically as required by  
249 subdivision (3) of this subsection, but not more often than every  
250 calendar quarter, the Department of Public Utility Control shall  
251 establish the standard service price for such customers pursuant to  
252 subdivision (3) of this subsection. Each electric distribution company  
253 shall recover the actual net costs of procuring and providing electric  
254 generation services pursuant to this subsection, provided such  
255 company mitigates the costs it incurs for the procurement of electric  
256 generation services for customers who are no longer receiving service  
257 pursuant to this subsection.

258 (3) An electric distribution company providing electric generation  
259 services pursuant to this subsection shall mitigate the variation of the  
260 price of the service offered to its customers by procuring electric  
261 generation services contracts in the manner prescribed in a plan  
262 approved by the department. Such plan shall require the procurement  
263 of a portfolio of service contracts sufficient to meet the projected load  
264 of the electric distribution company, which may be separated into two  
265 supply segments based on customers with maximum demands of less  
266 than one hundred kilowatts and one hundred kilowatts or more. Such  
267 plan shall require that the portfolio of service contracts be procured in  
268 an overlapping pattern of fixed periods at such times and in such  
269 manner and duration as the department determines to be most likely  
270 to produce just, reasonable and reasonably stable retail rates while  
271 reflecting underlying wholesale market prices over time. The portfolio  
272 of contracts shall be assembled in such manner as to invite  
273 competition; guard against favoritism, improvidence, extravagance,  
274 fraud and corruption; and secure a reliable electricity supply while  
275 avoiding unusual, anomalous or excessive pricing. The portfolio of  
276 contracts procured under such plan shall be for terms of not less than  
277 six months, provided contracts for shorter periods may be procured  
278 under such conditions as the department shall prescribe to (A) ensure  
279 the lowest rates possible for end-use customers; (B) ensure reliable  
280 service under extraordinary circumstances; and (C) ensure the prudent  
281 management of the contract portfolio. An electric distribution

282 company may receive a bid for an electric generation services contract  
283 from any of its generation entities or affiliates, provided such  
284 generation entity or affiliate submits its bid the business day preceding  
285 the first day on which an unaffiliated electric supplier may submit its  
286 bid and further provided the electric distribution company and the  
287 generation entity or affiliate are in compliance with the code of  
288 conduct established in section 16-244h.

289 (4) The department, in consultation with the Office of Consumer  
290 Counsel, shall retain the services of a third-party entity with expertise  
291 in the area of energy procurement to oversee the initial development of  
292 the request for proposals and the procurement of contracts by an  
293 electric distribution company for the provision of electric generation  
294 services offered pursuant to this subsection. Costs associated with the  
295 retention of such third-party entity shall be included in the cost of  
296 electric generation services that is included in such price.

297 (5) Each bidder for a standard service contract shall submit its bid to  
298 the electric distribution company and the third-party entity who shall  
299 jointly review the bids and submit an overview of all bids together  
300 with a joint recommendation to the department as to the preferred  
301 bidders. The department may, within ten business days of submission  
302 of the overview, reject the recommendation regarding preferred  
303 bidders. In the event that the department rejects the preferred bids, the  
304 electric distribution company and the third-party entity shall rebid the  
305 service pursuant to this subdivision.

306 (d) On and after January 1, 2010, each electric distribution company  
307 shall make available electric generation services through standard  
308 service to any customer who has a maximum demand of less than one  
309 hundred kilowatts pursuant to subsection (b) of section 16-244b, as  
310 amended by this act.

311 [(d)] (e) (1) Notwithstanding the provisions of this section regarding  
312 the electric generation services component of the transitional standard  
313 offer or the procurement of electric generation services under standard

314 service, section 16-244h or 16-245o, the Department of Public Utility  
315 Control may, from time to time, direct an electric distribution company  
316 to offer, through an electric supplier or electric suppliers, before  
317 January 1, 2007, one or more alternative transitional standard offer  
318 options, [or,] on or after January 1, 2007, one or more alternative  
319 standard service options or, on or after January 1, 2010, one or more  
320 alternative standard service options. Such alternative options shall  
321 include, but not be limited to, an option that consists of the provision  
322 of electric generation services that exceed the renewable portfolio  
323 standards established in section 16-245a and may include an option  
324 that utilizes strategies or technologies that reduce the overall  
325 consumption of electricity of the customer. On or after January 1, 2010,  
326 such alternative options shall involve the provision of electric  
327 generation services through standard service coupled with an option  
328 that consists of the provision of electric generation services that exceed  
329 the renewable portfolio standards established pursuant to section 16-  
330 245a and may include an option that involves the provision of electric  
331 generation services through standard service while also using  
332 strategies or technologies that reduce the overall consumption of  
333 electricity by the customer.

334 (2) (A) The department shall develop such alternative option or  
335 options in a contested case conducted in accordance with the  
336 provisions of chapter 54. The department shall determine the terms  
337 and conditions of such alternative option or options, including, but not  
338 limited to, (i) the minimum contract terms, including pricing, length  
339 and termination of the contract, and (ii) the minimum percentage of  
340 electricity derived from Class I or Class II renewable energy sources, if  
341 applicable. The electric distribution company shall, under the  
342 supervision of the department, subsequently conduct a bidding  
343 process in order to solicit electric suppliers to provide such alternative  
344 option or options.

345 (B) The department may reject some or all of the bids received  
346 pursuant to the bidding process.

347 (3) The department may require an electric supplier to provide  
348 forms of assurance to satisfy the department that the contracts  
349 resulting from the bidding process will be fulfilled.

350 (4) An electric supplier who fails to fulfill its contractual obligations  
351 resulting from this subdivision shall be subject to civil penalties, in  
352 accordance with the provisions of section 16-41, or the suspension or  
353 revocation of such supplier's license or a prohibition on the acceptance  
354 of new customers, following a hearing that is conducted as a contested  
355 case, in accordance with the provisions of chapter 54.

356 ~~[(e)]~~ (f) (1) On and after January 1, 2007, an electric distribution  
357 company shall serve customers that are not eligible to receive standard  
358 service pursuant to subsection (c) of this section as the supplier of last  
359 resort. This subsection shall not apply to customers purchasing power  
360 under contracts entered into pursuant to section 16-19hh.

361 (2) An electric distribution company shall procure electricity at least  
362 every calendar quarter to provide electric generation services to  
363 customers pursuant to this subsection. The Department of Public  
364 Utility Control shall determine a price for such customers that reflects  
365 the full cost of providing the electricity on a monthly basis. Each  
366 electric distribution company shall recover the actual net costs of  
367 procuring and providing electric generation services pursuant to this  
368 subsection, provided such company mitigates the costs it incurs for the  
369 procurement of electric generation services for customers that are no  
370 longer receiving service pursuant to this subsection.

371 (3) On and after January 1, 2010, an electric distribution company  
372 may elect to provide alternative electricity supply offerings to  
373 customers receiving supplier of last resort service pursuant to  
374 subsection (f) of this section. The department shall approve such  
375 offerings which may include, but not be limited to: (A) Providing  
376 electric generation services to such customers pursuant to one or more  
377 specific power supply contracts for predetermined periods with fixed  
378 prices; (B) providing electric generation services to such customers by

379 including such customers within the supply portfolio procured for  
380 standard service pursuant to subsection (c) of this section and allowing  
381 such portfolio to be used to provide electric generation services to such  
382 customers; or (C) providing other alternatives that may result in lower  
383 priced options for such customers, provided such offerings may  
384 require customers who elect such offerings to continue to take such  
385 service for prespecified periods. Such offerings shall be made to  
386 customers no more often than two times per year and shall not be for  
387 periods that exceed two years. The department shall determine a price  
388 for such customers that reflects the full cost of procuring and  
389 providing electric generation service to such customers. Each electric  
390 distribution company shall recover the actual costs of procuring and  
391 providing electric generation services pursuant to this subdivision. The  
392 alternative supply offered by an electric distribution company to such  
393 customers pursuant to this subdivision shall be in addition to, and  
394 shall not result in the elimination of, the electricity procured at least  
395 every calendar quarter pursuant to subdivision (2) of this subsection.

396 [(f)] (g) On and after January 1, 2000, and until such time the  
397 regional independent system operator implements procedures for the  
398 provision of back-up power to the satisfaction of the Department of  
399 Public Utility Control, each electric distribution company shall provide  
400 electric generation services to any customer who has entered into a  
401 service contract with an electric supplier that fails to provide electric  
402 generation services for reasons other than the customer's failure to pay  
403 for such services. Between January 1, 2000, and December 31, 2006, an  
404 electric distribution company may procure electric generation services  
405 through a competitive bidding process or through any of its generation  
406 entities or affiliates. On and after January 1, 2007, such company shall  
407 procure electric generation services through a competitive bidding  
408 process pursuant to a plan submitted by the electric distribution  
409 company and approved by the department. Such company may  
410 procure electric generation services through any of its generation  
411 entities or affiliates, provided such entity or affiliate is the lowest  
412 qualified bidder and provided further any such entity or affiliate is

413 licensed pursuant to section 16-245.

414 ~~[(g)]~~ (h) An electric distribution company is not required to be  
415 licensed pursuant to section 16-245 to provide standard offer electric  
416 generation services in accordance with subsection (a) of this section,  
417 transitional standard offer service pursuant to subsection (b) of this  
418 section, standard service pursuant to subsection (c) of this section,  
419 supplier of last resort service pursuant to subsection ~~[(e)]~~ (f) of this  
420 section or back-up electric generation service pursuant to subsection  
421 ~~[(f)]~~ (g) of this section.

422 ~~[(h)]~~ (i) The electric distribution company shall be entitled to recover  
423 reasonable costs incurred as a result of providing standard offer  
424 electric generation services pursuant to the provisions of subsection (a)  
425 of this section, transitional standard offer service pursuant to  
426 subsection (b) of this section, standard service pursuant to subsection  
427 (c) of this section or back-up electric generation service pursuant to  
428 subsection ~~[(f)]~~ (g) of this section. The provisions of this section and  
429 section 16-244a shall satisfy the requirements of section 16-19a until  
430 January 1, 2007.

431 ~~[(i)]~~ (j) The Department of Public Utility Control shall establish, by  
432 regulations adopted pursuant to chapter 54, procedures for when and  
433 how a customer is notified that his electric supplier has defaulted and  
434 of the need for the customer to choose a new electric supplier within a  
435 reasonable period of time.

436 ~~[(j)]~~ (k) (1) Notwithstanding the provisions of subsection ~~[(d)]~~ (e) of  
437 this section regarding an alternative transitional standard offer option  
438 or an alternative standard service option, an electric distribution  
439 company providing transitional standard offer service, standard  
440 service, supplier of last resort service or back-up electric generation  
441 service in accordance with this section shall contract with its wholesale  
442 suppliers to comply with the renewable portfolio standards. The  
443 Department of Public Utility Control shall annually conduct a  
444 contested case, in accordance with the provisions of chapter 54, in

445 order to determine whether the electric distribution company's  
446 wholesale suppliers met the renewable portfolio standards during the  
447 preceding year. An electric distribution company shall include a  
448 provision in its contract with each wholesale supplier that requires the  
449 wholesale supplier to pay the electric distribution company an amount  
450 of five and one-half cents per kilowatt hour if the wholesale supplier  
451 fails to comply with the renewable portfolio standards during the  
452 subject annual period. The electric distribution company shall  
453 promptly transfer any payment received from the wholesale supplier  
454 for the failure to meet the renewable portfolio standards to the  
455 Renewable Energy Investment Fund for the development of Class I  
456 renewable energy sources. Any payment made pursuant to this section  
457 shall not be considered revenue or income to the electric distribution  
458 company.

459 (2) Notwithstanding the provisions of subsection [(d)] (e) of this  
460 section regarding an alternative transitional standard offer option or  
461 an alternative standard service option, an electric distribution  
462 company providing transitional standard offer service, standard  
463 service, supplier of last resort service or back-up electric generation  
464 service in accordance with this section shall, not later than July 1, 2008,  
465 file with the Department of Public Utility Control for its approval one  
466 or more long-term power purchase contracts from Class I renewable  
467 energy source projects that receive funding from the Renewable  
468 Energy Investment Fund and that are not less than one megawatt in  
469 size, at a price that is either, at the determination of the project owner,  
470 (A) not more than the total of the comparable wholesale market price  
471 for generation plus five and one-half cents per kilowatt hour, or (B)  
472 fifty per cent of the wholesale market electricity cost at the point at  
473 which transmission lines intersect with each other or interface with the  
474 distribution system, plus the project cost of fuel indexed to natural gas  
475 futures contracts on the New York Mercantile Exchange at the natural  
476 gas pipeline interchange located in Vermillion Parish, Louisiana that  
477 serves as the delivery point for such futures contracts, plus the fuel  
478 delivery charge for transporting fuel to the project, plus five and one-

479 half cents per kilowatt hour. In its approval of such contracts, the  
480 department shall give preference to purchase contracts from those  
481 projects that would provide a financial benefit to ratepayers or would  
482 enhance the reliability of the electric transmission system of the state.  
483 Such projects shall be located in this state. The owner of a fuel cell  
484 project principally manufactured in this state shall be allocated all  
485 available air emissions credits and tax credits attributable to the project  
486 and no less than fifty per cent of the energy credits in the Class I  
487 renewable energy credits program established in section 16-245a  
488 attributable to the project. On and after October 1, 2007, and until  
489 September 30, 2008, such contracts shall be comprised of not less than a  
490 total, apportioned among each electric distribution company, of one  
491 hundred twenty-five megawatts; and on and after October 1, 2008,  
492 such contracts shall be comprised of not less than a total, apportioned  
493 among each electrical distribution company, of one hundred fifty  
494 megawatts. The cost of such contracts and the administrative costs for  
495 the procurement of such contracts directly incurred shall be eligible for  
496 inclusion in the adjustment to the transitional standard offer as  
497 provided in this section and any subsequent rates for standard service,  
498 provided such contracts are for a period of time sufficient to provide  
499 financing for such projects, but not less than ten years, and are for  
500 projects which began operation on or after July 1, 2003. Except as  
501 provided in this subdivision, the amount from Class I renewable  
502 energy sources contracted under such contracts shall be applied to  
503 reduce the applicable Class I renewable energy source portfolio  
504 standards. For purposes of this subdivision, the department's  
505 determination of the comparable wholesale market price for  
506 generation shall be based upon a reasonable estimate. On or before  
507 September 1, 2007, the department, in consultation with the Office of  
508 Consumer Counsel and the Renewable Energy Investments Advisory  
509 Council, shall study the operation of such renewable energy contracts  
510 and report its findings and recommendations to the joint standing  
511 committee of the General Assembly having cognizance of matters  
512 relating to energy.



513        [(k)] (l) (1) As used in this section:

514        (A) "Participating electric supplier" means an electric supplier that is  
515 licensed by the department to provide electric service, pursuant to this  
516 subsection, to residential or small commercial customers.

517        (B) "Residential customer" means a customer who is eligible for  
518 standard service and who takes electric distribution-related service  
519 from an electric distribution company pursuant to a residential tariff.

520        (C) "Small commercial customer" means a customer who is eligible  
521 for standard service and who takes electric distribution-related service  
522 from an electric distribution company pursuant to a small commercial  
523 tariff.

524        (D) "Qualifying electric offer" means an offer to provide full  
525 requirements commodity electric service and all other generation-  
526 related service to a residential or small commercial customer at a fixed  
527 price per kilowatt hour for a term of no less than one year.

528        (2) In the manner determined by the department, residential or  
529 small commercial service customers (A) initiating new utility service,  
530 (B) reinitiating service following a change of residence or business  
531 location, (C) making an inquiry regarding their utility rates, or (D)  
532 seeking information regarding energy efficiency shall be offered the  
533 option to learn about their ability to enroll with a participating electric  
534 supplier. Customers expressing an interest to learn about their electric  
535 supply options shall be informed of the qualifying electric offers then  
536 available from participating electric suppliers. The electric distribution  
537 companies shall describe then available qualifying electric offers  
538 through a method reviewed and approved by the department. The  
539 information conveyed to customers expressing an interest to learn  
540 about their electric supply options shall include, at a minimum, the  
541 price and term of the available electric supply option. Customers  
542 expressing an interest in a particular qualifying electric offer shall be  
543 immediately transferred to a call center operated by that participating  
544 electric supplier.

545 (3) Not later than September 1, 2007, the department shall establish  
546 terms and conditions under which a participating electric supplier can  
547 be included in the referral program described in subdivision (2) of this  
548 subsection. Such terms shall include, but not be limited to, requiring  
549 participating electrical suppliers to offer time-of-use and real-time use  
550 rates to residential customers.

551 (4) Each calendar quarter, participating electric suppliers shall be  
552 allowed to list qualifying offers to provide electric generation service  
553 to residential and small commercial customers with each customer's  
554 utility bill. The department shall determine the manner such  
555 information is presented in customers' utility bills.

556 (5) Any customer that receives electric generation service from a  
557 participating electric supplier may return to standard service or may  
558 choose another participating electric supplier at any time, including  
559 during the qualifying electric offer, without the imposition of any  
560 additional charges. Any customer that is receiving electric generation  
561 service from an electric distribution company pursuant to standard  
562 service can switch to another participating electric supplier at any time  
563 without the imposition of additional charges.

564 [(l)] (m) Each electric distribution company shall offer to bill  
565 customers on behalf of participating electric suppliers and to pay such  
566 suppliers in a timely manner the amounts due such suppliers from  
567 customers for generation services, less a percentage of such amounts  
568 that reflects uncollectible bills and overdue payments as approved by  
569 the Department of Public Utility Control.

570 [(m)] (n) On or before July 1, 2007, the Department of Public Utility  
571 Control shall initiate a proceeding to examine whether electric supplier  
572 bills rendered pursuant to section 16-245d and any regulations  
573 adopted thereunder sufficiently enable customers to compare pricing  
574 policies and charges among electric suppliers.

575 [(n)] (o) Nothing in the provisions of this section shall preclude an  
576 electric distribution company from entering into standard service

577 supply contracts or standard service supply components with electric  
578 generating facilities.

579 Sec. 503. Subdivision (45) of subsection (a) of section 16-1 of the  
580 general statutes is repealed and the following is substituted in lieu  
581 thereof (*Effective from passage*):

582 (45) "Sustainable biomass" means biomass that is cultivated and  
583 harvested in a sustainable manner. "Sustainable biomass" does not  
584 mean construction and demolition waste, as defined in section 22a-  
585 208x, finished biomass products from sawmills, paper mills or stud  
586 mills, organic refuse fuel derived separately from municipal solid  
587 waste, or biomass from old growth timber stands, except where (A)  
588 such biomass is used in a biomass gasification plant that received  
589 funding prior to May 1, 2006, from the Renewable Energy Investment  
590 Fund established pursuant to section 16-245n, [or] (B) the energy  
591 derived from such biomass is subject to a long-term power purchase  
592 contract pursuant to subdivision (2) of subsection [(j)] (k) of section 16-  
593 244c, as amended by this act, entered into prior to May 1, 2006, (C)  
594 such biomass is used in a renewable energy facility that is certified as a  
595 Class I renewable energy source by the department until such time as  
596 the department certifies that any biomass gasification plant, as defined  
597 in subparagraph (A) of this subdivision, is operational and accepting  
598 such biomass, in an amount not to exceed one hundred forty thousand  
599 tons annually, is used in a renewable energy facility that was certified  
600 as a Class I renewable energy source by the department prior to  
601 December 31, 2007, and uses biomass, including construction and  
602 demolition waste, as defined in section 22a-208x, from a Connecticut-  
603 sited transfer station and volume-reduction facility that generated  
604 biomass during calendar year 2007 that was used during calendar year  
605 2007 to generate Class I renewable energy certificates, or (D) in the  
606 event there is no facility as described in subparagraph (A) or (C) of this  
607 subdivision accepting such biomass, in an amount not to exceed one  
608 hundred forty thousand tons annually, is used in one or more other  
609 renewable energy facilities certified either as a Class I or Class II  
610 renewable energy source by the department, provided such facilities

611 use biomass, including construction and demolition waste, as defined  
612 in [said] section 22a-208x, from a Connecticut-sited transfer station and  
613 volume-reduction facility that generated biomass during calendar year  
614 2007 that was used during calendar year 2007 to generate Class I  
615 renewable energy certificates. Notwithstanding the provisions of  
616 subparagraphs (C) and (D) of this subdivision, the amount of biomass  
617 specified in said subparagraphs shall not apply to a biomass  
618 gasification plant, as defined in subparagraph (A) of this subdivision.

619 Sec. 504. Subsection (b) of section 16a-47a of the general statutes is  
620 repealed and the following is substituted in lieu thereof (*Effective from*  
621 *passage*):

622 (b) The goals of the campaign established pursuant to subsection (a)  
623 of this section shall include, but not be limited to, educating electric  
624 consumers regarding (1) the benefits of pursuing strategies that  
625 increase energy efficiency, including information on the Connecticut  
626 electric efficiency partner program established pursuant to section 16a-  
627 46e and combined heat and power technologies, (2) the real-time  
628 energy reports prepared pursuant to section 16a-47d and the real-time  
629 energy alert system prepared pursuant to section 61 of public act 07-  
630 242, and (3) the option of choosing participating electric suppliers, as  
631 defined in subsection [(k)] (l) of section 16-244c, as amended by this  
632 act.

633 Sec. 505. Subsection (k) of section 16-245 of the general statutes is  
634 repealed and the following is substituted in lieu thereof (*Effective from*  
635 *passage*):

636 (k) Any licensee who fails to comply with a license condition or who  
637 violates any provision of this section, except for the renewable  
638 portfolio standards contained in subsection (g) of this section, shall be  
639 subject to civil penalties by the Department of Public Utility Control in  
640 accordance with section 16-41, or the suspension or revocation of such  
641 license or a prohibition on accepting new customers following a  
642 hearing that is conducted as a contested case in accordance with

643 chapter 54. Notwithstanding the provisions of subsection [(d)] (e) of  
644 section 16-244c, as amended by this act, regarding an alternative  
645 transitional standard offer option or an alternative standard service  
646 option, the department shall require a payment by a licensee that fails  
647 to comply with the renewable portfolio standards in accordance with  
648 subdivision (4) of subsection (g) of this section in the amount of five  
649 and one-half cents per kilowatt hour. The department shall allocate  
650 such payment to the Renewable Energy Investment Fund for the  
651 development of Class I renewable energy sources."