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Offered by:

SEN. FONFARA, 1st Dist.

SEN. WITKOS, 8th Dist.

To: Subst. Senate Bill No. 1129

File No. 405

Cal. No. 312

"AN ACT CONCERNING ENERGY AND THE STATE'S ECONOMY."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Subsection (c) of section 16-244c of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective from*
5 *passage*):

6 (c) (1) On and after January 1, 2007, each electric distribution
7 company shall provide electric generation services through standard
8 service to any customer who (A) does not arrange for or is not
9 receiving electric generation services from an electric supplier, and (B)
10 does not use a demand meter or has a maximum demand of less than
11 five hundred kilowatts and on and after December 31, 2011, less than
12 three hundred fifty kilowatts, provided an electric distribution
13 company may provide separate solicitations for rates for such service
14 for residential rate customers as approved by the department.

15 (2) Not later than October 1, 2006, and periodically as required by
16 subdivision (3) of this subsection, but not more often than every
17 calendar quarter, the Department of Public Utility Control shall
18 establish the standard service price for such customers pursuant to
19 subdivision (3) of this subsection. Each electric distribution company
20 shall recover the actual net costs of procuring and providing electric
21 generation services pursuant to this subsection, provided such
22 company mitigates the costs it incurs for the procurement of electric
23 generation services for customers who are no longer receiving service
24 pursuant to this subsection.

25 (3) An electric distribution company providing electric generation
26 services pursuant to this subsection shall mitigate the variation of the
27 price of the service offered to its customers by procuring electric
28 generation services contracts in the manner prescribed in a plan
29 approved by the department. Such plan shall require the procurement
30 of a portfolio of service contracts sufficient to meet the projected load
31 of the electric distribution company. Such plan shall require that the
32 portfolio of service contracts be procured in an overlapping pattern of
33 fixed periods at such times and in such manner and duration as the
34 department determines to be most likely to produce just, reasonable
35 and reasonably stable retail rates while reflecting underlying
36 wholesale market prices over time. The portfolio of contracts shall be
37 assembled in such manner as to invite competition; guard against
38 favoritism, improvidence, extravagance, fraud and corruption; and
39 secure a reliable electricity supply while avoiding unusual, anomalous
40 or excessive pricing. The portfolio of contracts procured under such
41 plan shall be for terms of not less than six months, provided contracts
42 for shorter periods may be procured under such conditions as the
43 department shall prescribe to (A) ensure the lowest rates possible for
44 end-use customers; (B) ensure reliable service under extraordinary
45 circumstances; and (C) ensure the prudent management of the contract
46 portfolio. An electric distribution company may receive a bid for an
47 electric generation services contract from any of its generation entities
48 or affiliates, provided such generation entity or affiliate submits its bid

49 the business day preceding the first day on which an unaffiliated
50 electric supplier may submit its bid and further provided the electric
51 distribution company and the generation entity or affiliate are in
52 compliance with the code of conduct established in section 16-244h.

53 (4) On or before July 1, 2010, each electric distribution company
54 providing electric generation services pursuant to this subsection shall
55 file with the department a procurement plan that may include a
56 transition from sole reliance on full requirements generation service
57 contracts for standard service supply to a procurement process in
58 which the distribution company manages a portfolio of electric
59 generation supply resources to serve no more than one-half of such
60 electric distribution company's standard service load by January 1,
61 2012. Such plan shall, if approved by the department, include the
62 segmentation of electric generation supply resources to provide for
63 separate supply to serve the load of residential customers. Each electric
64 distribution company shall develop such portfolio in a manner that
65 mitigates the variation of the price of the service offered to the electric
66 distribution company's customers by blending short and mid-term
67 market purchases at prevailing market prices with long-term
68 purchases of more than five years at prices aligned with the cost of
69 electricity production. Such plan shall specify the method for
70 purchasing power for standard service and the electric distribution
71 companies may (A) procure load following full requirements service
72 contracts in a manner similar to that pursuant to subdivision (3) of this
73 subsection; (B) procure individual electric supply components,
74 including, but not limited to, base load, intermediate and peaking
75 energy resources, capacity and other power supply services, using
76 requests for proposals, bilateral contracts outside the request for
77 proposals process and the regional power market; (C) procure physical
78 and financial hedges to manage prices, including, but not limited to,
79 tolling arrangements and financial transmission rights; and (D)
80 manage the power supply portfolio to serve load with purchases and
81 sales of energy and other products in the spot market and on a day
82 ahead or real-time basis, to balance purchases with load, and to

83 optimize supply for the benefit of customers. Contracts for power
84 supply that are three years or longer in duration shall not exceed in
85 aggregate more than one-half of the expected standard service
86 requirements at the time of purchase, and those that are five years or
87 longer in duration shall not exceed in aggregate more than one-third of
88 the expected standard service energy requirements at the time of
89 purchase, provided such limit may be exceeded for a contract or
90 contracts that the department finds would provide substantial
91 economic and environmental benefits to ratepayers. Such plan shall
92 describe how an electric distribution company shall, over time,
93 transition to its new supply aggregation role and manage the power
94 supply portfolio on a real-time basis to optimize supply for the benefit
95 of customers. The department shall set standard service rates in
96 accordance with subdivision (2) of this subsection, provided such rates
97 will be trued up to actual revenues and expenses twice per year, with
98 any over or under recovery being included in either the current period
99 or subsequent standard service rate, as determined by the department.
100 An electric distribution company shall recover the reasonable costs it
101 incurs to provide such service.

102 [(4) The] (5) In approving a procurement plan pursuant to
103 subdivision (3) or (4) of this subsection, the department, in
104 consultation with the Office of Consumer Counsel, shall retain the
105 services of a third-party entity with expertise in the area of energy
106 procurement to oversee the initial development of the request for
107 proposals and the procurement of contracts by an electric distribution
108 company for the provision of electric generation services offered
109 pursuant to this subsection. Costs associated with the retention of such
110 third-party entity shall be included in the cost of electric generation
111 services that is included in such price.

112 [(5) Each] (6) For electric generation services acquired pursuant to
113 subdivision (3) of this subsection, each bidder for a standard service
114 contract shall submit its bid to the electric distribution company and
115 the third-party entity who shall jointly review the bids and submit an
116 overview of all bids together with a joint recommendation to the

117 department as to the preferred bidders. The department may, within
118 ten business days of submission of the overview, reject the
119 recommendation regarding preferred bidders. In the event that the
120 department rejects the preferred bids, the electric distribution
121 company and the third-party entity shall rebid the service pursuant to
122 this subdivision. If the department takes no action within the five-day
123 period, the submitted bids shall be deemed approved.

124 (7) The department shall review the procurement methods
125 undertaken pursuant to subdivision (4) of this subsection five years
126 after commencement of a plan approved by the department. Such
127 review shall include an evaluation of the methods used by electric
128 distribution companies, their affect on electric rates and a
129 recommendation as to whether to modify, continue or terminate such
130 plan. The department shall report, in accordance with the provisions of
131 section 11-4a of the general statutes, its analysis and recommendation
132 to the joint standing committee of the General Assembly having
133 cognizance of matters relating to energy.

134 Sec. 2. Section 16-243v of the general statutes is repealed and the
135 following is substituted in lieu thereof (*Effective from passage*):

136 (a) For purposes of this section: (1) "Connecticut electric efficiency
137 partner program" means the coordinated effort among the Department
138 of Public Utility Control, the Connecticut Center for Advanced
139 Technology, the Renewable Energy Investment Fund, electric
140 distribution companies, the Institute for Sustainable Energy, persons
141 and entities providing enhanced demand-side management
142 technologies, and electric consumers to conserve electricity, use
143 electricity more efficiently and reduce demand in Connecticut through
144 the purchase and deployment of energy efficient technologies and to
145 promote the development and use of Class I renewable energy sources,
146 as defined in subdivision (26) of subsection (a) of section 16-1; (2)
147 "enhanced demand-side management technologies" means demand-
148 side management solutions, customer-side emergency dispatchable
149 generation resources, customer-side renewable energy generation, load

150 shifting technologies, [and] conservation and load management
151 technologies that reduce electric distribution company customers'
152 electric demand or natural gas or oil consumption, technologies that
153 manage, optimize or improve the efficiency of electricity usage or the
154 ability to procure energy more effectively relative to a customer's
155 specific load characteristics or improve the efficiency or performance
156 of the electric system, combined heat and power systems, solar thermal
157 and geothermal systems, Class I renewable sources connected on the
158 customer side of the meter, and high efficiency natural gas and oil
159 boilers and furnaces; [and] (3) "Connecticut electric efficiency partner"
160 means an electric distribution company customer who acquires an
161 enhanced demand-side management technology or a person, [other
162 than] including an electric distribution company, that provides
163 enhanced demand-side management technologies to electric
164 distribution company customers; and (4) "Energy Innovation Council"
165 means the council established pursuant to subsection (h) of this
166 section.

167 (b) [The] Until June 1, 2009, the Energy Conservation Management
168 Board, in consultation with the Renewable Energy Investments
169 Advisory Committee, shall evaluate and approve enhanced demand-
170 side management technologies that can be deployed by Connecticut
171 electric efficiency partners to reduce electric distribution company
172 customers' electric demand. Such evaluation shall include an
173 examination of the potential to reduce customers' demand, federally
174 mandated congestion charges and other electric costs. On or before
175 October 15, 2007, the Energy Conservation Management Board shall
176 file such evaluation with the Department of Public Utility Control for
177 the department to review and approve or to review, modify and
178 approve on or before October 15, 2007.

179 (c) Not later than October 15, 2007, the Energy Conservation
180 Management Board shall file with the department, for the department
181 to review and approve or to review, modify and approve, an analysis
182 of the state's electric demand, peak electric demand and growth
183 forecasts for electric demand and peak electric demand. Such analysis

184 shall identify the principal drivers of electric demand and peak electric
185 demand, associated electric charges tied to electric demand and peak
186 electric demand growth, including, but not limited to, federally
187 mandated congestion charges and other electric costs, and any other
188 information the department deems appropriate. The analysis shall
189 include, but not be limited to, an evaluation of the costs and benefits of
190 the enhanced demand-side management technologies approved
191 pursuant to subsection (b) of this section and establishing suggested
192 funding levels for said individual technologies.

193 (d) Commencing April 1, 2008, and continuing until the effective
194 date of this section, any person may apply to the department for
195 certification and funding as a Connecticut electric efficiency partner.
196 Such application shall include the technologies that the applicant shall
197 purchase or provide and that have been approved pursuant to
198 subsection (b) of this section. In evaluating the application, the
199 department shall (1) consider the applicant's potential to reduce
200 customers' electric demand, including peak electric demand, and
201 associated electric charges tied to electric demand and peak electric
202 demand growth, (2) determine the portion of the total cost of each
203 project that shall be paid for by the customer participating in this
204 program and the portion of the total cost of each project that shall be
205 paid for by all electric ratepayers and collected pursuant to subsection
206 (h) of this section. In making such determination, the department shall
207 ensure that all ratepayer investments maintain a minimum two-to-one
208 payback ratio, and (3) specify that participating Connecticut electric
209 efficiency partners shall maintain the technology for a period sufficient
210 to achieve such investment payback ratio. The annual ratepayer
211 contribution for projects approved pursuant to this section shall not
212 exceed sixty million dollars. Not less than seventy-five per cent of such
213 annual ratepayer investment shall be used for the technologies
214 themselves. No person shall receive electric ratepayer funding
215 pursuant to this subsection if such person has received or is receiving
216 funding from the Energy Conservation and Load Management Funds
217 for the projects included in said person's application. No person shall

218 receive electric ratepayer funding without receiving a certificate of
219 public convenience and necessity as a Connecticut electric efficiency
220 partner by the department. The department may grant an applicant a
221 certificate of public convenience if it possesses and demonstrates
222 adequate financial resources, managerial ability and technical
223 competency. The department may conduct additional requests for
224 proposals from time to time as it deems appropriate. The department
225 shall specify the manner in which a Connecticut electric efficiency
226 partner shall address measures of effectiveness and shall include
227 performance milestones.

228 [(e) Beginning February 1, 2010, a certified Connecticut electric
229 efficiency partner may only receive funding if selected in a request for
230 proposal developed, issued and evaluated by the department. In
231 evaluating a proposal, the department shall take into consideration the
232 potential to reduce customers' electric demand including peak electric
233 demand, and associated electric charges tied to electric demand and
234 peak electric demand growth, including, but not limited to, federally
235 mandated congestion charges and other electric costs, and shall utilize
236 a cost benefit test established pursuant to subsection (c) of this section
237 to rank responses for selection. The department shall determine the
238 portion of the total cost of each project that shall be paid by the
239 customer participating in this program and the portion of the total cost
240 of each project that shall be paid by all electric ratepayers and collected
241 pursuant to the provisions of this subsection. In making such
242 determination, the department shall (1) ensure that all ratepayer
243 investments maintain a minimum two-to-one payback ratio, and (2)
244 specify that participating Connecticut electric efficiency partners shall
245 maintain the technology for a period sufficient to achieve such
246 investment payback ratio. The annual ratepayer contribution shall not
247 exceed sixty million dollars. Not less than seventy-five per cent of such
248 annual ratepayer investment shall be used for the technologies
249 themselves. No Connecticut electric efficiency partner shall receive
250 funding pursuant to this subsection if such partner has received or is
251 receiving funding from the Energy Conservation and Load

252 Management Funds for such technology. The department may conduct
253 additional requests for proposals from time to time as it deems
254 appropriate. The department shall specify the manner in which a
255 Connecticut electric efficiency partner shall address measures of
256 effectiveness and shall include performance milestones.]

257 (e) On and after the effective date of this section, any person may
258 apply to the department for certification as a Connecticut electric
259 efficiency partner. Such application shall include the technologies that
260 the applicant shall provide pursuant to subsection (f) of this section.
261 The department shall act on any application within thirty days of
262 receipt and may grant an applicant a certificate of public convenience
263 if it possesses and demonstrates adequate financial resources,
264 managerial ability and technical competency. The department may,
265 with the consent of the applicant, extend the time for decision on the
266 application by an additional thirty days if necessary to obtain
267 additional information regarding the applicant or the technologies.
268 The department may conduct additional requests for proposals from
269 time to time. No Connecticut electric efficiency partner shall receive
270 electric ratepayer funding without receiving a certificate of public
271 convenience and necessity as a Connecticut electric efficiency partner
272 by the department.

273 (f) [The] Until the effective date of this section, the department may
274 retain the services of a third party entity with expertise in areas such as
275 demand-side management solutions, customer-side renewable energy
276 generation, customer-side distributed generation resources, customer-
277 side emergency dispatchable generation resources, load shifting
278 technologies and conservation and load management investments to
279 assist in the development and operation of the Connecticut electric
280 efficiency partner program. The costs for obtaining third party services
281 pursuant to this subsection shall be recoverable through the systems
282 benefits charge.

283 (g) [The] Until the effective date of this section, the department shall
284 develop a long-term low-interest loan program to assist certified

285 Connecticut electric efficiency partners in financing the customer
286 portion of the capital costs of approved enhanced demand-side
287 management technologies. The department may establish such
288 financing mechanism by the use of one or more of the following
289 strategies: (1) Modifying the existing long-term customer-side
290 distributed generation financing mechanism established pursuant to
291 section 16-243j, (2) negotiating and entering into an agreement with the
292 Connecticut Development Authority to establish a credit facility or to
293 utilize grants, loans or loan guarantees for the purposes of this section
294 upon such terms and conditions as the authority may prescribe
295 including provisions regarding the rights and remedies available to the
296 authority in case of default, or (3) selecting by competitive bid one or
297 more entities that can provide such long-term financing.

298 (h) The department shall establish an Energy Innovation Council,
299 which shall have the following members: (1) The executive director of
300 the Connecticut Center for Advanced Technology; (2) the director of
301 the Renewable Energy Investment Fund; (3) the chairman of the
302 Institute for Sustainable Energy; (4) a commissioner of the Public
303 Utilities Control Authority or staff designee of the department; and (5)
304 a member of the Energy Conservation Management Board with
305 demonstrated industry experience. The council's objective shall be to
306 expedite the commercialization and impact of enhanced energy
307 management technologies. The council shall provide oversight to the
308 Connecticut electric efficiency partner program pursuant to the
309 provisions of this section. The council shall confer at least monthly and
310 provide written reports of its meetings and actions. Each member may
311 draw upon expertise from within the member's entity to support the
312 council's efforts. Each electric distribution company shall appoint a
313 representative to serve in an advisory capacity to the council and
314 facilitate council communication with the company.

315 (i) On and after the effective date of this section, the Energy
316 Innovation Council shall evaluate and approve within ninety days of
317 submittal new applications from Connecticut electric efficiency
318 partners for projects and grants for enhanced demand-side

319 management technologies as part of the Connecticut electric efficiency
320 partner program, provided any such application is consistent with this
321 section and demonstrates for the proposed project that there is either
322 (1) an electric system benefit-to-cost ratio of at least one and one-half to
323 one for the project; or (2) an electric system benefit-to-cost ratio of at
324 least one to one and the project integrates Class I renewable energy
325 sources or produces natural gas or oil savings. All Connecticut electric
326 efficiency partner applications for projects seeking a grant shall
327 indicate that the participating customer will pay for at least fifty per
328 cent of the installed costs, provided such customer share may be offset
329 with applicable tax credit, energy value or other savings. The council
330 shall award grants on an individual application basis. The council shall
331 also specify that participating Connecticut electric efficiency partners
332 shall maintain the technology for a period sufficient to achieve the
333 expected benefits. To assist a Connecticut electric efficiency partner in
334 developing its application for submittal to the council and before
335 submitting such application, an applicant may seek written verification
336 from the council that its proposed project is sufficiently and reasonably
337 defined, which the council shall determine within thirty days, and,
338 after such verification and with the affected customer or customers'
339 written permission, the Connecticut electric efficiency partner may
340 request billing and usage data on behalf of such customer or customers
341 from an electric distribution company, which shall provide the
342 requested information within thirty days from receipt of the request.

343 (j) Connecticut electric efficiency partner projects approved
344 pursuant to subsection (i) of this section may receive a one-time grant,
345 not to exceed fifty per cent of the total installed cost of the project. The
346 council shall determine the size of grants on an individual application
347 basis and shall adjust the size of the grant based on (1) economics of
348 the specific project; (2) whether the project preserves or creates jobs in
349 Connecticut; (3) environmental benefits realized as a result of the
350 project; (4) the project's ancillary electric market or system benefits;
351 and (5) the degree of technology integration and innovation. Such
352 grants will be funded directly through the Connecticut electric

353 efficiency partner program. Such grants will be funded directly
354 through the electric efficiency partner program. Notwithstanding any
355 provision of the general statutes, an electric distribution company may
356 develop, purchase, own and operate renewable energy source
357 generation pursuant to this section.

358 (k) For each project or program supported by ratepayer
359 contribution, the council shall require the applicable Connecticut
360 electric efficiency partner to submit data sufficient to enable the
361 department and an electric distribution company to determine annual
362 revenue requirements on a forecasted and actual basis and to enable
363 the council to monitor the efficacy and cost-effectiveness of such
364 project or program at least annually, commencing in the year after the
365 project or program has become operational. In conducting such
366 monitoring, the council may work in conjunction with the Energy
367 Conservation Management Board or may use a third-party consultant,
368 provided the costs of monitoring shall be included as recoverable costs
369 pursuant to subsection (l) of this section. On and after the effective
370 date of this section, the annual ratepayer contribution for projects
371 approved to this section shall not exceed thirty million dollars,
372 provided (1) such total funding shall not exceed fifteen million dollars
373 in calendar years before calendar year 2011, and (2) each electric
374 distribution company may not use more than one-half of the annual
375 funding. The council shall review the results of the monitoring and
376 shall issue a report, in accordance with the provisions of section 11-4a,
377 to the joint standing committee of the General Assembly having
378 cognizance of matters relating to energy. If the council determines that
379 a project or program has not provided or will not provide the benefits
380 that formed the basis for the grant or other ratepayer contribution, the
381 council may suspend further grants for the project or program,
382 provided any grants or costs awarded shall continue to be recovered
383 by the electric distribution company.

384 [(h)] (l) The department [shall] and the council may provide for the
385 payment of [electric ratepayers'] a participating electric customer's
386 portion of the costs of deploying enhanced demand-side management

387 technologies by implementing a contractual financing agreement with
388 the Connecticut Development Authority or a private financing entity
389 selected through an appropriate open competitive selection process,
390 through loans available from the Renewable Energy Investment Fund
391 or through a financing agreement with an electric distribution
392 company. The department and council shall provide for the payment
393 of electric ratepayers' portion of the costs of deploying enhanced
394 demand-side management technologies by allowing an electric
395 distribution company to recover any remaining costs of participation
396 through the systems benefits charge. The electric distribution
397 companies may earn a return on investment in any enhanced demand-
398 side technologies equal to that allowed for a generation project
399 proposed in whole or in part by an electric distribution company
400 approved by the department pursuant to section 16-243u. Such costs
401 and return may be recovered over time by establishing a regulatory
402 asset, with electric distribution company recovery with a return
403 through the systems benefits charge over an amortization period to be
404 established by the department based upon the expected useful life of
405 the projects and programs. Section 16-43 shall not apply to any loan or
406 financing arrangement made by an electric distribution company
407 pursuant to this section. No contractual financing agreements entered
408 into with the Connecticut Development Authority shall exceed ten
409 million dollars. Any electric ratepayer costs resulting from such
410 financing agreement shall be recovered from all electric ratepayers
411 through the systems benefits charge.

412 [(i)] (m) On or before [February 15, 2009, and annually thereafter,
413 the department] July 1, 2010, the council shall report to the joint
414 standing committee of the General Assembly having cognizance of
415 matters relating to energy regarding the effectiveness of the
416 Connecticut electric efficiency partner program established pursuant to
417 this section. Said report shall include, but not be limited to, an
418 accounting of all benefits and costs to ratepayers, a description of the
419 approved technologies, the payback ratio of all investments, the
420 number of programs deployed and a list of proposed projects

421 compared to approved projects and reasons for not being approved.

422 [(j)] (n) On or [before] after April 1, [2011] 2012, the Department of
423 Public Utility Control shall initiate a proceeding to review the
424 effectiveness of the program and perform a ratepayer cost-benefit
425 analysis. Based upon the department's findings in the proceeding, [the
426 department may modify or discontinue] the council may recommend
427 to the joint standing committee of the General Assembly having
428 cognizance of matters relating to energy that the partnership program
429 established pursuant to this section be modified or discontinued.

430 (o) On or before August 1, 2009, the electric distribution companies
431 and the council shall determine the scope of an energy intensity study
432 of customers for which energy is a material part of their cost structure
433 and shall complete such study by September 30, 2009. The electric
434 distribution companies shall contact customers identified in such
435 study that appear to have energy characteristics that may benefit from
436 participation in the electric efficiency partner program and seek their
437 permission to be identified to entities that may offer solutions to such
438 customers through a solicitation process administered by the council.
439 The council shall include information on this process in its annual
440 reports to the General Assembly.

441 Sec. 3. (NEW) (*Effective from passage*) (a) Any residential solar
442 photovoltaic direct incentive program administered by the Renewable
443 Energy Investment Fund shall be structured and implemented
444 pursuant to this section and shall result in a minimum of thirty
445 megawatts of new residential solar photovoltaic installations on or
446 before December 31, 2021. For the purposes of this section and section
447 5 of this act, "residential" means dwellings with one to four units.

448 (b) The Renewable Energy Investments Board, through the
449 Renewable Energy Investment Fund, shall offer direct financial
450 incentives, in the form of performance-based incentives or expected
451 performance-based buydowns, for the purchase or lease of qualifying
452 residential solar photovoltaic systems. For the purposes of this section,

453 "performance-based incentives" means incentives paid out on a per
454 kilowatt-hour basis, and "expected performance-based buydowns"
455 means incentives paid out as a one-time upfront incentive based on
456 expected system performance. The Renewable Energy Investments
457 Board shall consider willingness to pay studies and verified solar
458 photovoltaic system characteristics, such as operational efficiency, size,
459 location, shading and orientation, when determining the type and
460 amount of incentive.

461 (c) Beginning with the comprehensive plan covering the period
462 from July 1, 2010, to June 30, 2012, the Renewable Energy Investments
463 Board shall develop and publish in each such plan a proposed
464 schedule for the offering of performance-based incentives or expected
465 performance-based buydowns over the duration of any such solar
466 incentive program. Such schedule shall: (1) Provide for a series of solar
467 capacity blocks the combined total of which shall be a minimum of
468 thirty megawatts and projected incentive levels for each such block; (2)
469 provide incentives that decline over time and will foster the sustained,
470 orderly development of a state-based solar industry; (3) automatically
471 adjust to the next block once the board has issued reservations for
472 financial incentives provided pursuant to this section from the
473 Renewable Energy Investment Fund fully committing the target solar
474 capacity and available incentives in that block; and (4) provide
475 comparable economic incentives for the purchase or lease of qualifying
476 residential solar photovoltaic systems. The Renewable Energy
477 Investments Board may retain the services of a third-party entity with
478 expertise in the area of solar energy program design to assist in the
479 development of the incentive schedule or schedules. The Department
480 of Public Utility Control shall review and approve such schedule.
481 Nothing in this subsection shall restrict the board from modifying the
482 approved incentive schedule before the issuance of its next
483 comprehensive plan to account for changes in federal or state law or
484 regulation or developments in the solar market when such changes
485 would affect the expected return on investment for a typical residential
486 solar photovoltaic system by twenty per cent or more.

487 (d) The Renewable Energy Investments Board shall establish and
488 periodically update program guidelines, including, but not limited to,
489 requirements for systems and program participants related to: (1)
490 Eligibility criteria, (2) standards for deployment of energy efficient
491 equipment or building practices as a condition for receiving incentive
492 funding, and (3) procedures to provide reasonable assurance that such
493 reservations are made and incentives are paid out only to qualifying
494 residential solar photovoltaic systems demonstrating a high likelihood
495 of being installed and operated as indicated in application materials.

496 (e) The Renewable Energy Investment Fund shall maintain on its
497 web site the schedule of incentives, solar capacity remaining in the
498 current block and available funding and incentive estimators.

499 (f) Funding for the residential performance-based incentive
500 program and expected performance-based buydowns shall be
501 apportioned from the moneys collected under the surcharge specified
502 in section 16-245n of the general statutes, as amended by this act,
503 provided such apportionment shall not exceed one-third of the total
504 surcharge collected annually, and supplemented by federal funding as
505 may become available.

506 (g) On or before January 1, 2013, and every two years thereafter for
507 the duration of the program, the Renewable Energy Investments Board
508 shall report to the joint standing committee of the General Assembly
509 having cognizance of matters relating to energy on progress toward
510 the goals identified in subsection (a) of this section.

511 Sec. 4. Section 16-245n of the general statutes is amended by adding
512 subsection (i) as follows (*Effective from passage*):

513 (NEW) (i) The Renewable Energy Investments Board, through the
514 Renewable Energy Investment Fund, shall establish funding for
515 performance-based incentives to qualifying residential solar energy
516 systems pursuant to section 3 of this act by: (1) Including in its
517 comprehensive plan for the period July 1, 2010, to June 30, 2012,
518 inclusive, an estimate of the total funding needed to support the

519 performance-based incentives to qualifying residential solar energy
520 systems in its entirety and allocating up to one-third for such purpose,
521 (2) including in its comprehensive plan for the period July 1, 2012, to
522 June 30, 2014, inclusive, an estimate of remaining funding needed to
523 support the outstanding capacity blocks for performance-based
524 incentives to qualifying residential solar energy systems and allocating
525 up to one-half of all such funding, (3) carrying forward any funding
526 allocated to support performance-based incentives pursuant to
527 subdivision (1) or (2) of this subsection disbursed during the two-year
528 period covered by the comprehensive plan for the same purpose until
529 all capacity blocks have been filled, (4) allocating the balance of the
530 funding as necessary, and (5) monitoring the status of available funds
531 and expected demand and including such assessment in its annual
532 report to the Department of Public Utility Control pursuant to
533 subsection (f) of section 3 of this act.

534 Sec. 5. (NEW) (*Effective from passage*) (a) Commencing on January 1,
535 2010, and within the period established in subsection (a) of section 6 of
536 this act, each electric distribution company shall solicit and file with
537 the Department of Public Utility Control for its approval, one or more
538 long-term power purchase contracts with owners or developers of
539 customer-sited, nonresidential solar photovoltaic generation projects
540 located in this state with less than two thousand kilowatts in size,
541 located on the customer side of the revenue meter, and connected to
542 the distribution system of the electric distribution company. For
543 purposes of this subsection, "nonresidential" shall include all utility
544 retail rate classes with the exception of residential, as defined in
545 subsection (a) of section 3 of this act.

546 (b) Solicitations conducted by the electric distribution company
547 shall be for the purchase of solar renewable energy credits produced
548 by eligible nonresidential, customer-sited solar photovoltaic generating
549 projects over the duration of the long-term contract. For purposes of
550 this section, a long-term contract is a contract for a minimum of fifteen
551 years. The electric distribution company may solicit proposals for a
552 combination of renewable energy and associated solar renewable

553 energy credits.

554 (c) The aggregate procurement of solar renewable energy credits by
555 electric distribution companies pursuant to this section shall be
556 designed to provide for the installation of eighty megawatts of solar
557 capacity. The production of a megawatt hour of electricity from a
558 nonresidential Class I solar renewable energy source first placed in
559 service on or after the effective date of this section shall create one
560 solar renewable energy credit. The obligation to purchase solar
561 renewable energy credits shall be apportioned to electric distribution
562 companies based on their respective distribution system loads at the
563 commencement of the procurement period, as determined by the
564 department.

565 (d) Notwithstanding subdivision (1) of subsection (j) of section 16-
566 244c of the general statutes, as amended by this act, an electric
567 distribution company may retire the solar renewable energy credits it
568 procures through long-term contracting to satisfy its obligation
569 pursuant to section 16-245a of the general statutes.

570 (e) Nothing in this section shall preclude the resale or other
571 disposition of energy or associated solar renewable energy credits
572 purchased by the electric distribution company, provided the
573 distribution company shall net the cost of payments made to projects
574 under the long-term contracts against the proceeds of the sale of
575 energy or solar renewable energy credits and the difference shall be
576 credited or charged to distribution customers through a reconciling
577 component of electric rates as determined by the department.

578 Sec. 6. (NEW) (*Effective from passage*) (a) Each electric distribution
579 company shall, not later than one hundred eighty days after the
580 effective date of this section, propose a ten-year solar solicitation plan
581 that shall include a timetable and methodology for soliciting proposals
582 for long-term solar renewable energy credits or energy contracts from
583 in-state generators. The electric distribution company's solar
584 solicitation plan shall be subject to the review and approval of the

585 Department of Public Utility Control, provided contracts comprising
586 no less than twenty-five per cent of the electric distribution company's
587 obligation shall be submitted for department approval on or before
588 January 1, 2011, no less than fifty per cent of such obligation shall be
589 submitted for such approval on or before July 1, 2013, and no less than
590 seventy-five per cent of such obligation shall be submitted for such
591 approval on or before July 1, 2015.

592 (b) The electric distribution company's approved solar solicitation
593 plan shall be designed to foster a diversity of solar project sizes and
594 participation among all eligible customer classes subject to cost-
595 effectiveness considerations. Separate procurement processes shall be
596 conducted for (1) nonresidential systems between ten kilowatts and
597 fifty kilowatts, and (2) nonresidential systems greater than fifty
598 kilowatts but less than two thousand kilowatts. The department shall
599 give preference to competitive bidding for resources of more than fifty
600 kilowatts, unless the department determines that an alternative
601 methodology is in the best interests of the electric distribution
602 company's customers and the development of a competitive and self-
603 sustaining solar market. Systems up to fifty kilowatts in size shall be
604 eligible to receive a solar renewable energy credit price equivalent to
605 the highest accepted bid price in the most recent solicitation for
606 systems greater than fifty kilowatts but less than two thousand
607 kilowatts, plus an additional incentive of ten per cent.

608 (c) Each electric distribution company shall execute its approved
609 ten-year solicitation plan and submit for department review and
610 approval its preferred solar procurement plan comprised of any
611 proposed contract or contracts with independent solar developers.

612 (d) The department shall hold a hearing that shall be conducted as
613 an uncontested case, in accordance with the provisions of chapter 54 of
614 the general statutes, to approve, reject or modify an application for
615 approval of the electric distribution company's solar procurement
616 plan. The department shall only approve such proposed plan if the
617 department finds that (1) the solicitation and evaluation conducted by

618 the electric distribution company was the result of a fair, open,
619 competitive and transparent process; (2) approval of the solar
620 procurement plan would result in the greatest expected ratepayer
621 value from solar energy or solar renewable energy credits at the lowest
622 reasonable cost; and (3) such procurement plan satisfies other criteria
623 established in the approved solicitation plan. The department shall not
624 approve any proposal made under such plan unless it determines that
625 the plan and proposals encompass all foreseeable sources of revenue
626 or benefits and that such proposals, together with such revenue or
627 benefits, would result in the greatest expected ratepayer value from
628 solar energy or solar renewable energy credits. The department may,
629 in its discretion, retain the services of an independent consultant with
630 expertise in the area of energy procurement. The independent
631 consultant shall be unaffiliated with the electric distribution company
632 or its affiliates and shall not, directly or indirectly, have benefited from
633 employment or contracts with the electric distribution company or its
634 affiliates in the preceding five years, except as an independent
635 consultant. For purposes of such audit, the electric distribution
636 company shall provide the independent consultant immediate and
637 continuing access to all documents and data reviewed, used or
638 produced by the electric distribution company in its bid solicitation
639 and evaluation process. The electric distribution company shall make
640 all its personnel, agents and contractors used in the bid solicitation and
641 evaluation available for interview by the consultant. The electric
642 distribution company shall conduct any additional modeling
643 requested by the independent auditor to test the assumptions and
644 results of the bid evaluation process. The independent consultant shall
645 not participate in or advise the electric distribution company with
646 respect to any decisions in the bid solicitation or bid evaluation
647 process. The department's administrative costs in reviewing the
648 electric distribution company's solar procurement plan and the costs of
649 the consultant shall be recovered through a reconciling component of
650 electric rates as determined by the department.

651 (e) The electric distribution company shall be entitled to recover its

652 reasonable costs of complying with its approved solar procurement
653 plan through a reconciling component of electric rates as determined
654 by the department.

655 (f) If, by January 1, 2011, the department has not received proposed
656 long-term solar renewable energy credit contracts consisting of at least
657 twenty-five per cent of each electric distribution company's
658 procurement obligation or by July 1, 2013, has not received proposed
659 long-term solar renewable energy contracts consisting of at least fifty
660 per cent of each electric distribution company's procurement
661 obligation, or by July 1, 2015, has not proposed long-term solar
662 renewable energy contracts consisting of at least seventy-five per cent
663 of each electric distribution company's procurement obligation,
664 respectively, the department shall notify the electric distribution
665 company and the Renewable Energy Investments Board of the
666 shortfall. Unless, upon petition by the electric distribution company,
667 the department grants the distribution company an extension not to
668 exceed ninety days to correct this deficiency, the Renewable Energy
669 Investments Board shall issue one or more requests for proposals to
670 address the shortfall. The board shall perform an initial review of each
671 proposal, examine the financial and technical viability of each proposal
672 and analyze project costs and benefits for the purpose of selecting
673 projects that will promote the provision of long-term solar renewable
674 energy contracts. Upon selection of the projects, the board shall
675 forward such projects to each electric distribution company for review.
676 For each project, each electric distribution company shall analyze the
677 interconnection point and costs related thereto, reliability and other
678 impacts of such project to determine whether the project will promote
679 the provision of additional long-term solar renewable energy contracts.
680 Each electric distribution company shall provide the results of its
681 analysis to the department, which shall conduct a proceeding to
682 determine whether to approve or reject each project. The reasonable
683 administrative costs associated with the procurement of long-term
684 solar renewable energy contracts shall be collected by the distribution
685 company, maintained in a separate interest-bearing account and

686 disbursed to the Renewable Energy Investment Fund on a quarterly
687 basis.

688 (g) Not later than sixty days after its approval of the distribution
689 company procurement plans submitted on or before January 1, 2011,
690 the department shall submit a report to the joint standing committee of
691 the General Assembly having cognizance of matters relating to energy.
692 The report shall document for each distribution company procurement
693 plan: (1) The total number of solar renewable energy credits bid
694 relative to the number of solar renewable energy credits requested by
695 the distribution company; (2) the total number of bidders in each
696 market segment; (3) the number of contracts awarded; and (4) the total
697 weighted average price of the solar renewable energy credits or energy
698 so purchased. The department shall not report individual bid
699 information or other proprietary information.

700 Sec. 7. (NEW) (*Effective from passage*) (a) On or before July 1, 2010,
701 the Renewable Energy Investment Fund, in consultation with the
702 Office of Policy and Management and the Department of Public
703 Works, shall, within available funding, complete, or cause to be
704 completed by private vendors, a comprehensive solar feasibility
705 survey of facilities owned or operated by the state with a load of fifty
706 kilowatts or more. The survey shall rank state-owned or operated
707 facilities based on their technical feasibility to accommodate solar
708 photovoltaic generating systems by considering such factors as: (1) On-
709 site energy consumption; (2) building orientation; (3) roof age and
710 condition; (4) shading and the potential for obstruction to sunlight
711 over the life of the solar system; (5) structural load capacity; (6)
712 availability of ancillary facilities, such as parking lots, walkways or
713 maintenance areas; (7) nonenergy related amenities; and (8) other
714 factors that the Renewable Energy Investment Fund deems may bear
715 on the technical feasibility of such solar deployment.

716 (b) The Office of Policy and Management, in consultation with the
717 Renewable Energy Investment Fund, shall, within available funding,
718 issue one or more requests for proposals for the deployment of solar

719 photovoltaic generating systems at state-owned or operated facilities.
720 Any such request for proposals shall be structured to maximize the
721 state's ability to secure incentives available from the federal
722 government or other sources. The Office of Policy and Management
723 may seek in any request for proposals the services of an entity to
724 finance, design, construct, own or maintain such solar photovoltaic
725 system under a long-term solar services agreement. Any such entity
726 chosen to provide such services shall not be considered a public
727 service company under section 16-1 of the general statutes.

728 Sec. 8. (NEW) (*Effective from passage*) (a) Each electric distribution
729 company shall, not later than July 1, 2010, file with the Department of
730 Public Utility Control for its approval a tariff for production-based
731 payments to owners or operators of Class I solar renewable energy
732 source projects located in this state that are not less than one megawatt
733 and connected directly to the distribution system of an electric
734 distribution company.

735 (b) Such tariffs shall provide production-based payments for a
736 period not less than fifteen years from the in-service date of the Class I
737 solar renewable energy source project at a price that is, at the
738 determination of the Department of Public Utility Control, a cost-based
739 payment consisting of the fully allocated cost of constructing and
740 operating a Class I solar renewable energy source of from one
741 megawatt to seven and one-half megawatts were such construction
742 and operation to be undertaken or procured by the electric distribution
743 company itself. In calculating the cost-based tariff, the department
744 shall consider actual cost data for Class I solar energy sources
745 constructed and operated by the electric distribution company
746 pursuant to subsection (e) of this section taking into consideration all
747 available state and federal incentives.

748 (c) Such tariffs shall include a per project eligibility cap of seven and
749 one-half megawatts and an aggregate eligibility cap of twenty
750 megawatts, apportioned among each electric distribution company in
751 proportion to distribution load.

752 (d) The cost of such tariff payments shall be eligible for inclusion in
753 any subsequent rates, provided such payments are for projects
754 operational on or after the effective date of this section, and recovered
755 through a reconciling component of electric rates as determined by the
756 department.

757 (e) On and after July 1, 2010, electric distribution companies may
758 construct, own and operate solar electric generating facilities up to fifty
759 megawatts in aggregate based on their relative distribution loads,
760 provided any such development shall be phased in over a period of no
761 less than three years. Such projects shall be located on company-
762 owned properties, brownfields or other locations identified by the
763 Department of Public Utility Control for strategic placement of
764 distributed generation. The department, in a contested case, shall
765 authorize the electric distribution company to recover in rates
766 established in a reconciling mechanism similar to those provided
767 pursuant to subdivision (2) of subsection (q) of section 16-243v of the
768 general statutes, as amended by this act, its costs to construct, own and
769 operate solar electric generating facilities, including a reasonable
770 return on its investment, if such approval would result in a reasonable
771 cost of meeting the solar energy requirements pursuant to said
772 subsection (c) of this section and that such investment will not restrict
773 competition or restrict growth in the state's solar energy industry or
774 unfairly employ in a manner which would restrict competition in the
775 market for solar energy systems any financial, marketing, distributing
776 or generating advantage that the electric distribution company may
777 exercise as a result of its authority to operate as a public service
778 company.

779 (f) Notwithstanding subdivision (1) of subsection (j) of section 16-
780 244c of the general statutes, the amount of renewable energy produced
781 from Class I renewable energy sources receiving tariff payments or
782 included in utility rates under this section shall be applied to reduce
783 the electric distribution company's Class I renewable energy source
784 portfolio standard.

785 (g) On or before September 1, 2011, the Department of Public Utility
786 Control, in consultation with the Office of Consumer Counsel and the
787 Renewable Energy Investments Board, shall study the operation of
788 solar renewable energy tariffs and shall report, in accordance with the
789 provisions of section 11-4a of the general statutes, its findings and
790 recommendations to the joint standing committee of the General
791 Assembly having cognizance of matters relating to energy.

792 (h) The department shall suspend the tariff established pursuant to
793 this section upon the earlier of (1) an electric distribution company
794 reaching its aggregate cap pursuant to subsection (c) of this section, or
795 (2) three years from the effective date of the tariff.

796 Sec. 9. (NEW) (*Effective from passage*) The Renewable Energy
797 Investment Fund and the Conservation and Load Management Fund
798 shall develop coordinated programs to create a self-sustaining market
799 for solar thermal systems for electricity, natural gas and fuel oil
800 customers.

801 Sec. 10. (NEW) (*Effective from passage*) The Renewable Energy
802 Investment Fund shall provide an additional incentive of up to five per
803 cent of the then-applicable incentive provided pursuant to sections 3
804 and 9 of this act for the use of major system components manufactured
805 or assembled in Connecticut, and another additional incentive of up to
806 five per cent of the then applicable incentive provided pursuant to
807 sections 3 and 9 of this act for the use of major system components
808 manufactured or assembled in a distressed municipality, as defined in
809 section 32-9p of the general statutes, or a targeted investment
810 community, as defined in section 32-222 of the general statutes.

811 Sec. 11. (NEW) (*Effective from passage*) (a) For the two-year period
812 starting July 1, 2010, and ending June 30, 2012, the aggregate net
813 annual cost recovered for electric ratepayers pursuant to section 3 and
814 sections 5 to 10, inclusive, of this act and subsection (i) of section 16-
815 245n of the general statutes, as amended by this act, shall not exceed
816 one-half of one per cent of total retail electricity sales revenues of each

817 electric distribution company. For the two-year period starting July 1,
818 2012, and ending June 30, 2014, the aggregate net annual cost
819 recovered for electric ratepayers pursuant to section 3 and sections 5 to
820 10, inclusive, of this act and subsection (i) of section 16-245n of the
821 general statutes, as amended by this act, shall not exceed three-fourths
822 of one per cent of total retail electricity sales revenues of each electric
823 distribution company. For each twelve-month period starting July 1,
824 2014, and every July first thereafter for the duration of the solar
825 programs established pursuant to section 3 and sections 5 to 10,
826 inclusive, of this act and subsection (i) of section 16-245n of the general
827 statutes, as amended by this act, the aggregate net cost of such
828 programs recovered for electric ratepayers shall not exceed one per
829 cent of total retail electricity sales revenues of each electric distribution
830 company.

831 (b) The Department of Public Utility Control shall net out the
832 incentives paid by the Renewable Energy Investment Fund pursuant to
833 section 16-245n of the general statutes, as amended by this act, for solar
834 deployment programs against the aggregate annual costs identified in
835 this section.

836 (c) If the department projects that the annual cost cap will be
837 exceeded, the department may take the following cost mitigation
838 measures: (1) Delay or modify the development of solar electric
839 generating facilities by electric distribution companies pursuant to
840 subsection (e) of section 8 of this act; (2) temporarily suspend the
841 availability of production-based incentives to customers not already
842 eligible to receive such incentives under section 8 of this act; and (3)
843 extend the scheduled electric distribution company solar renewable
844 energy credit procurement plans under section 6 of this act, provided
845 an electric distribution company, at its discretion, may rate base costs
846 associated with this section for no more than thirty megawatts of solar
847 generation to facilities meeting the requirements of the rate cap. If the
848 department determines that cost mitigation measures are required, it
849 shall reduce proportionally the annual funding for the programs
850 identified in subdivisions (1) to (3), inclusive, of this subsection and

851 only to the extent required to bring projected annual costs below the
852 cost cap.

853 (d) On or before January 1, 2013, the department shall report to the
854 joint standing committee of the General Assembly having cognizance
855 of matters relating to energy on the cost and charges involved in the
856 implementation of this program, including a cost-benefit analysis."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-244c(c)
Sec. 2	<i>from passage</i>	16-243v
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	16-245n
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	New section
Sec. 10	<i>from passage</i>	New section
Sec. 11	<i>from passage</i>	New section