



# Senate

General Assembly

**File No. 289**

February Session, 2010

Substitute Senate Bill No. 178

*Senate, April 6, 2010*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING ECONOMIC INDICATORS IN ENERGY DECISIONS.***

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

1 Section 1. Subsection (d) of section 16-245m of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2010*):

4 (d) (1) The Energy Conservation Management Board shall advise  
5 and assist the electric distribution companies in the development and  
6 implementation of a comprehensive plan, which plan shall be  
7 approved by the Department of Public Utility Control, to implement  
8 cost-effective energy conservation programs and market  
9 transformation initiatives. Each program contained in the plan shall be  
10 reviewed by the electric distribution company and either accepted or  
11 rejected by the Energy Conservation Management Board prior to  
12 submission to the department for approval. The Energy Conservation  
13 Management Board shall, as part of its review, examine opportunities  
14 to offer joint programs providing similar efficiency measures that save

15 more than one fuel resource or otherwise to coordinate programs  
16 targeted at saving more than one fuel resource. Any costs for joint  
17 programs shall be allocated equitably among the conservation  
18 programs. The Energy Conservation Management Board shall (A)  
19 consider the economic impact of proposed projects identified in the  
20 plan, and (B) give preference to projects that maximize the reduction of  
21 federally mandated congestion charges. The Department of Public  
22 Utility Control shall, in an uncontested proceeding during which the  
23 department may hold a public hearing, approve, modify or reject the  
24 comprehensive plan prepared pursuant to this subsection.

25 (2) There shall be a joint committee of the Energy Conservation  
26 Management Board and the Renewable Energy Investments Board.  
27 The board and the advisory committee shall each appoint members to  
28 such joint committee. The joint committee shall examine opportunities  
29 to coordinate the programs and activities funded by the Renewable  
30 Energy Investment Fund pursuant to section 16-245n, as amended by  
31 this act, with the programs and activities contained in the plan  
32 developed under this subsection to reduce the long-term cost,  
33 environmental impacts and security risks of energy in the state. In  
34 conducting such examination, the joint committee shall consider the  
35 impact of such programs and activities on the state's economy. Such  
36 joint committee shall hold its first meeting on or before August 1, 2005.

37 (3) Programs included in the plan developed under subdivision (1)  
38 of this subsection shall be screened through cost-effectiveness testing  
39 which compares the value and payback period of program benefits to  
40 program costs to ensure that programs are designed to obtain energy  
41 savings and system benefits, including mitigation of federally  
42 mandated congestion charges, whose value is greater than the costs of  
43 the programs. Cost-effectiveness testing shall utilize available  
44 information obtained from real-time monitoring systems to ensure  
45 accurate validation and verification of energy use. Such testing shall  
46 include an analysis of the effects of investments on increasing the  
47 state's load factor. Program cost-effectiveness shall be reviewed  
48 annually, or otherwise as is practicable. If a program is determined to

49 fail the cost-effectiveness test as part of the review process, it shall  
50 either be modified to meet the test or shall be terminated. On or before  
51 March 1, 2005, and on or before March first annually thereafter, the  
52 board shall provide a report, in accordance with the provisions of  
53 section 11-4a, to the joint standing committees of the General  
54 Assembly having cognizance of matters relating to energy and the  
55 environment (A) that documents expenditures and fund balances and  
56 evaluates the cost-effectiveness of such programs conducted in the  
57 preceding year, and (B) that documents the extent to and manner in  
58 which the programs of such board collaborated and cooperated with  
59 programs, established under section 7-233y, of municipal electric  
60 energy cooperatives. To maximize the reduction of federally mandated  
61 congestion charges, programs in the plan may allow for  
62 disproportionate allocations between the amount of contributions to  
63 the Energy Conservation and Load Management Funds by a certain  
64 rate class and the programs that benefit such a rate class. Before  
65 conducting such evaluation, the board shall consult with the  
66 Renewable Energy Investments Board. The report shall include a  
67 description of the activities undertaken during the reporting period  
68 jointly or in collaboration with the Renewable Energy Investment  
69 Fund established pursuant to subsection (c) of section 16-245n, as  
70 amended by this act.

71 (4) Programs included in the plan developed under subdivision (1)  
72 of this subsection may include, but not be limited to: (A) Conservation  
73 and load management programs, including programs that benefit low-  
74 income individuals; (B) research, development and commercialization  
75 of products or processes which are more energy-efficient than those  
76 generally available; (C) development of markets for such products and  
77 processes; (D) support for energy use assessment, real-time monitoring  
78 systems, engineering studies and services related to new construction  
79 or major building renovation; (E) the design, manufacture,  
80 commercialization and purchase of energy-efficient appliances and  
81 heating, air conditioning and lighting devices; (F) program planning  
82 and evaluation; (G) indoor air quality programs relating to energy  
83 conservation; (H) joint fuel conservation initiatives programs targeted

84 at reducing consumption of more than one fuel resource; (I) public  
85 education regarding conservation; and (J) the demand-side technology  
86 programs recommended by the procurement plan approved by the  
87 Department of Public Utility Control pursuant to section 16a-3a. Such  
88 support may be by direct funding, manufacturers' rebates, sale price  
89 and loan subsidies, leases and promotional and educational activities.  
90 The plan shall also provide for expenditures by the Energy  
91 Conservation Management Board for the retention of expert  
92 consultants and reasonable administrative costs provided such  
93 consultants shall not be employed by, or have any contractual  
94 relationship with, an electric distribution company. Such costs shall  
95 not exceed five per cent of the total revenue collected from the  
96 assessment.

97 Sec. 2. Subsection (d) of section 16-245n of the general statutes is  
98 repealed and the following is substituted in lieu thereof (*Effective July*  
99 *1, 2010*):

100 (d) There is hereby created a Renewable Energy Investments Board  
101 to act on matters related to the Renewable Energy Investment Fund,  
102 including, but not limited to, development of a comprehensive plan  
103 and expenditure of funds. The Renewable Energy Investments Board  
104 shall, in such plan, (1) consider the economic impact of proposed  
105 projects, and (2) give preference to projects that maximize the  
106 reduction of federally mandated congestion charges. The Renewable  
107 Energy Investments Board shall make a draft of the comprehensive  
108 plan available for public comment for not less than thirty days. The  
109 board shall conduct three public hearings in three different regions of  
110 the state on the draft comprehensive plan and shall include a  
111 summarization of all public comments received at said public hearings  
112 in the final comprehensive plan approved by the board. The board  
113 shall provide a copy of the comprehensive plan, in accordance with the  
114 provisions of section 11-4a, to the joint standing committees of the  
115 General Assembly having cognizance of matters relating to energy and  
116 commerce. The Department of Public Utility Control shall, in an  
117 uncontested proceeding, during which the department may hold a

118 public hearing, approve, modify or reject the comprehensive plan  
119 prepared pursuant to this subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2010</i>	16-245m(d)
Sec. 2	<i>July 1, 2010</i>	16-245n(d)

**CE**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill, which requires the Energy Conservation Management Board and the Renewable Energy Investment Board to consider the economic impact of proposed energy conservation projects, results in no fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sSB 178*****AN ACT CONCERNING ECONOMIC INDICATORS IN ENERGY DECISIONS.*****SUMMARY:**

This bill requires two energy conservation boards to consider the economic aspects of proposed energy conservation projects. The 13-member Energy Conservation Management Board must do this when it reviews an electric distribution company's comprehensive plan for implementing cost-effective energy conservation programs and market transformation initiatives. Similarly, the 15-member Renewable Energy Investment Board must consider economic aspects of proposed projects when preparing its comprehensive plan for developing renewable energy resources.

Current law requires both boards to give preference to projects that most reduce federally mandated congestion charges. It also requires the Department of Public Utility Control to approve, modify, or reject the respective plans, which it must do in an uncontested proceeding during which it may hold a public hearing.

The bill imposes the same economic impact review requirement on the boards' joint committee, which determines how the plans' programs and activities could be coordinated to reduce long-term costs, environmental impacts, and energy security risks. When doing so, the bill requires the joint committee to consider how the plans' proposed programs and activities affect the state's economy.

EFFECTIVE DATE: July 1, 2010

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/18/2010)