



House of Representatives

General Assembly

File No. 343

January Session, 2011

Substitute House Bill No. 6544

House of Representatives, April 4, 2011

The Committee on Energy and Technology reported through REP. NARDELLO of the 89th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING ENERGY EFFICIENCY.

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

1 Section 1. Subsections (c) and (d) of section 16-245m of the general
2 statutes are repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2011*):

4 (c) The Department of Public Utility Control shall appoint and
5 convene an Energy Conservation Management Board which shall
6 include representatives of: (1) An environmental group knowledgeable
7 in energy conservation program collaboratives; (2) the Office of
8 Consumer Counsel; (3) the Attorney General; (4) the Department of
9 Environmental Protection; (5) the electric distribution companies in
10 whose territories the activities take place for such programs; (6) a state-
11 wide manufacturing association; (7) a chamber of commerce; (8) a
12 state-wide business association; (9) a state-wide retail organization;
13 (10) [a representative of] a municipal electric energy cooperative
14 created pursuant to chapter 101a; (11) two representatives selected by

15 the gas companies in this state; [and] (12) residential customers; (13)
16 municipal government; and (14) a municipal clean energy task force.
17 Such members shall serve for a period of five years and may be
18 reappointed. Representatives of the gas companies shall not vote on
19 matters unrelated to gas conservation. Representatives of the electric
20 distribution companies and the municipal electric energy cooperative
21 shall not vote on matters unrelated to electricity conservation.

22 (d) (1) The Energy Conservation Management Board shall advise
23 and assist the electric distribution companies in the development and
24 implementation of a comprehensive plan, which plan shall be
25 approved by the Department of Public Utility Control, to implement
26 cost-effective energy conservation programs and market
27 transformation initiatives. Such plan shall include steps to achieve the
28 goal of weatherization of eighty per cent of the state's residential units
29 by 2030. Each program contained in the plan shall be reviewed by the
30 electric distribution company and either accepted or rejected by the
31 Energy Conservation Management Board prior to submission to the
32 department for approval. The Energy Conservation Management
33 Board shall, as part of its review, examine opportunities to offer joint
34 programs providing similar efficiency measures that save more than
35 one fuel resource or otherwise to coordinate programs targeted at
36 saving more than one fuel resource. Any costs for joint programs shall
37 be allocated equitably among the conservation programs. The Energy
38 Conservation Management Board shall give preference to projects that
39 maximize the reduction of federally mandated congestion charges. The
40 Department of Public Utility Control shall, in an uncontested
41 proceeding during which the department may hold a public hearing,
42 approve, modify or reject the comprehensive plan prepared pursuant
43 to this subsection.

44 (2) There shall be a joint committee of the Energy Conservation
45 Management Board and the Renewable Energy Investments Board.
46 The board and the advisory committee shall each appoint members to
47 such joint committee. The joint committee shall examine opportunities
48 to coordinate the programs and activities funded by the Renewable

49 Energy Investment Fund pursuant to section 16-245n with the
50 programs and activities contained in the plan developed under this
51 subsection to reduce the long-term cost, environmental impacts and
52 security risks of energy in the state. Such joint committee shall hold its
53 first meeting on or before August 1, 2005.

54 (3) Programs included in the plan developed under subdivision (1)
55 of this subsection shall be screened through cost-effectiveness testing
56 [which] that compares the value and payback period of program
57 benefits to program costs to ensure that programs are designed to
58 obtain energy savings and system benefits, including mitigation of
59 federally mandated congestion charges, whose value is greater than
60 the costs of the programs. [Cost-effectiveness testing shall utilize
61 available information obtained from real-time monitoring systems to
62 ensure accurate validation and verification of energy use. Such testing
63 shall include an analysis of the effects of investments on increasing the
64 state's load factor.] Program cost-effectiveness shall be reviewed
65 annually, or otherwise as is practicable, and shall incorporate the
66 results of the evaluation process set forth in subdivision (4) of this
67 subsection. If a program is determined to fail the cost-effectiveness test
68 as part of the review process, it shall either be modified to meet the test
69 or shall be terminated. On or before March 1, 2005, and on or before
70 March first annually thereafter, the board shall provide a report, in
71 accordance with the provisions of section 11-4a, to the joint standing
72 committees of the General Assembly having cognizance of matters
73 relating to energy and the environment [(A)] that documents (A)
74 expenditures and fund balances and evaluates the cost-effectiveness of
75 such programs conducted in the preceding year, and (B) [that
76 documents] the extent to and manner in which the programs of such
77 board collaborated and cooperated with programs, established under
78 section 7-233y, of municipal electric energy cooperatives. To maximize
79 the reduction of federally mandated congestion charges, programs in
80 the plan may allow for disproportionate allocations between the
81 amount of contributions to the Energy Conservation and Load
82 Management Funds by a certain rate class and the programs that
83 benefit such a rate class. Before conducting such evaluation, the board

84 shall consult with the Renewable Energy Investments Board. The
85 report shall include a description of the activities undertaken during
86 the reporting period jointly or in collaboration with the Renewable
87 Energy Investment Fund established pursuant to subsection (c) of
88 section 16-245n.

89 (4) The Department of Public Utility Control shall adopt an
90 independent, comprehensive program evaluation, measurement and
91 verification process to ensure the Energy Conservation Management
92 Board's programs are administered appropriately and efficiently,
93 comply with statutory requirements, programs and measures are cost
94 effective, evaluation reports are accurate and issued in a timely
95 manner, evaluation results are appropriately and accurately taken into
96 account in program development and implementation, and
97 information necessary to meet any third-party evaluation requirements
98 is provided. An annual schedule and budget for evaluations as
99 determined by the board shall be included in the plan filed with the
100 department pursuant to subdivision (1) of this subsection. The electric
101 distribution and gas company representatives and the representative
102 of a municipal electric energy cooperative may not vote on board
103 plans, budgets, recommendations, actions or decisions regarding such
104 process or its program evaluations and their implementation. Program
105 and measure evaluation, measurement and verification shall be
106 conducted on an ongoing basis, with emphasis on impact and process
107 evaluations, programs or measures that have not been studied, and
108 those that account for a relatively high percentage of program
109 spending. Evaluations shall use statistically valid monitoring and data
110 collection techniques appropriate for the programs or measures being
111 evaluated. Impact evaluations shall use information obtained from a
112 sampling of program participants using either real-time monitoring
113 systems or billing analyses, whichever is most appropriate for the
114 measure or program being studied, to ensure accurate validation and
115 verification of energy use and effects on the state's load factor. All
116 evaluations shall contain a description of any problems encountered in
117 the process of the evaluation, including, but not limited to, data
118 collection issues, and recommendations regarding addressing those

119 problems in future evaluations. The board shall contract with one or
120 more consultants not affiliated with the board members to act as an
121 evaluation administrator, advising the board regarding development
122 of a schedule and plans for evaluations and overseeing the program
123 evaluation, measurement and verification process on behalf of the
124 board. Consistent with board processes and approvals and department
125 decisions regarding evaluation, such evaluation administrator shall
126 implement the evaluation process by preparing requests for proposals
127 and selecting evaluation contractors to perform program and measure
128 evaluations and by facilitating communications between evaluation
129 contractors and program administrators to ensure accurate and
130 independent evaluations. In the evaluation administrator's discretion
131 and at his or her request, the electric distribution and gas companies
132 shall communicate with the evaluation administrator for purposes of
133 data collection, vendor contract administration, and providing
134 necessary factual information during the course of evaluations. The
135 evaluation administrator shall bring unresolved administrative issues
136 or problems that arise during the course of an evaluation to the board
137 for resolution, but shall have sole authority regarding substantive and
138 implementation decisions regarding any evaluation. Board members,
139 including electric distribution and gas company representatives, may
140 not communicate with an evaluation contractor about an ongoing
141 evaluation except with the express permission of the evaluation
142 administrator, which may only be granted if the administrator believes
143 the communication will not compromise the independence of the
144 evaluation. The evaluation administrator shall file evaluation reports
145 with the board and with the department in its most recent uncontested
146 proceeding pursuant to subdivision (1) of this subsection and the
147 board shall post a copy of each report on its Internet web site. The
148 board and its members, including electric distribution and gas
149 company representatives, may file written comments regarding any
150 evaluation with the department or for posting on the board's Internet
151 web site. Within ten days of the filing of any evaluation report, the
152 department shall issue a notice to parties and participants in the most
153 recent uncontested proceeding pursuant to subdivision (1) of this

154 subsection and to all board members that board members have ten
155 days from the notice in which to request, in writing, that the
156 department conduct a transcribed technical meeting to review the
157 methodology, results and recommendations in any evaluation. Such
158 technical meeting shall be scheduled to immediately follow a public
159 presentation by the evaluation administrator of the evaluation report
160 on a date mutually arranged between the evaluation administrator and
161 the department. At the request of the department or any board
162 member, the evaluation administrator and the evaluation contractor
163 shall be available for examination at the technical meeting.
164 Examination of such administrator and contractor shall be limited to a
165 department proceeding not to exceed six hours. The Office of
166 Consumer Counsel shall participate in such proceeding. The cost of the
167 evaluation administrator and evaluation contractors shall be paid by
168 the fund.

169 [(4)] (5) Programs included in the plan developed under subdivision
170 (1) of this subsection may include, but not be limited to: (A)
171 Conservation and load management programs, including programs
172 that benefit low-income individuals; (B) research, development and
173 commercialization of products or processes which are more energy-
174 efficient than those generally available; (C) development of markets for
175 such products and processes; (D) support for energy use assessment,
176 real-time monitoring systems, engineering studies and services related
177 to new construction or major building renovation; (E) the design,
178 manufacture, commercialization and purchase of energy-efficient
179 appliances and heating, air conditioning and lighting devices; (F)
180 program planning and evaluation; (G) indoor air quality programs
181 relating to energy conservation; (H) joint fuel conservation initiatives
182 programs targeted at reducing consumption of more than one fuel
183 resource; (I) public education regarding conservation; and (J) [the]
184 demand-side technology programs recommended by the procurement
185 plan approved by the Department of Public Utility Control pursuant to
186 section 16a-3a. The board shall periodically review contractors to
187 determine whether they are qualified to conduct work related to such
188 programs. Such support may be by direct funding, manufacturers'

189 rebates, sale price and loan subsidies, leases and promotional and
190 educational activities. The plan shall also provide for expenditures by
191 the Energy Conservation Management Board for the retention of
192 expert consultants and reasonable administrative costs provided such
193 consultants shall not be employed by, or have any contractual
194 relationship with, an electric distribution company. Such costs shall
195 not exceed five per cent of the total revenue collected from the
196 assessment.

197 Sec. 2. (NEW) (*Effective July 1, 2011*) (a) As used in this section:

198 (1) "Energy-savings measure" means any improvement to facilities
199 or other energy-consuming systems designed to reduce energy or
200 water consumption and operating costs and increase the operating
201 efficiency of facilities or systems for their appointed functions.
202 "Energy-savings measure" includes, but is not limited to, one or more
203 of the following:

204 (A) Replacement or modification of lighting and electrical
205 components, fixtures or systems, including daylighting systems,
206 improvements in street lighting efficiency or computer power
207 management software;

208 (B) Class I renewable energy or solar thermal systems;

209 (C) Cogeneration systems that produce steam or forms of energy,
210 such as heat or electricity, for use primarily within a building or
211 complex of buildings;

212 (D) Automated or computerized energy control systems;

213 (E) Heating, ventilation or air conditioning system modifications or
214 replacements;

215 (F) Indoor air quality improvements that conform to applicable
216 building code requirements;

217 (G) Water-conserving fixtures, appliances and equipment or the

218 substitution of non-water-using fixtures, appliances and equipment, or
219 water-conserving landscape irrigation equipment; and

220 (H) Changes in operation and maintenance practices.

221 (2) "Cost effective" means the present value to a state agency or
222 municipality of the energy reasonably expected to be saved or
223 produced by a facility, activity, measure or piece of equipment over its
224 useful life, including any compensation received from a utility, is
225 greater than the net present value of the costs of implementing,
226 maintaining and operating such facility, activity, measure or piece of
227 equipment over its useful life, when discounted at the cost of public
228 borrowing.

229 (3) "Operation and maintenance cost savings" means a measurable
230 decrease in operation and maintenance costs and future replacement
231 expenditures that is a direct result of the implementation of one or
232 more utility cost savings measures. Such savings shall be calculated in
233 comparison with an established baseline of operation and maintenance
234 costs.

235 (4) "Qualified energy service provider" means a corporation
236 approved by the Department of Administrative Services with a record
237 of successful energy performance contract projects experienced in the
238 design, implementation and installation of energy efficiency and
239 facility improvement measures, the technical capabilities to ensure
240 such measures generate energy and operational cost savings, and the
241 ability to secure the financing necessary to support energy savings
242 guarantees.

243 (5) "Utility cost savings" means any utility expenses eliminated or
244 avoided on a long-term basis as a result of equipment installed or
245 modified, or services performed by a qualified energy service
246 provider; "utility cost savings" does not include merely shifting
247 personnel costs or similar short-term cost savings.

248 (6) "State agency" has the same meaning as provided in section 1-79

249 of the general statutes.

250 (7) "Municipality" has the same meaning as provided in section 4-
251 230 of the general statutes.

252 (8) "Participating municipality" means a municipality that
253 voluntarily takes part in the standardized energy performance contract
254 process.

255 (9) "Standardized energy performance contract process" means
256 standardized processes, documents and procedures established by the
257 Energy Conservation Management Board, the Office of Policy and
258 Management and the Department of Administrative Services.

259 (10) "Investment-grade energy audit" means a study by the qualified
260 energy services provider selected for a particular energy performance
261 contract project which includes detailed descriptions of the
262 improvements recommended for the project, the estimated costs of the
263 improvements, and the utility and operations and maintenance cost
264 savings projected to result from the recommended improvements.

265 (11) "Energy performance contract" means a contract between the
266 state agency or municipality and a qualified energy service provider
267 for evaluation, recommendation and implementation of one or more
268 cost savings measures. A performance contract shall be a guaranteed
269 energy savings performance contract, which shall include, but not be
270 limited to, (A) the design and installation of equipment and, if
271 applicable, operation and maintenance of any of the measures
272 implemented; and (B) guaranteed annual savings that meet or exceed
273 the total annual contract payments made by the state agency or
274 municipality for such contract, including financing charges to be
275 incurred by the state agency or municipality over the life of the
276 contract.

277 (b) On or before January 1, 2012, the Energy Conservation
278 Management Board, in consultation with the Office of Policy and
279 Management, the Department of Administrative Services and the

280 Department of Public Works, shall establish a standardized energy
281 performance contract process for state agencies and municipalities.
282 The standardized process shall include standard procedures for
283 entering into a performance contract and standard energy performance
284 contract documents, including, but not limited to, requests for
285 qualifications, requests for proposals, investment-grade audit
286 contracts, energy services agreements, including the form of the project
287 savings guarantee, and project financing agreements. A municipality
288 may use the established state energy performance contract process or
289 establish its own energy performance contract process.

290 (c) The Energy Conservation Management Board, in consultation
291 with the Office of Policy and Management, shall help state agencies
292 and municipalities identify, evaluate and implement cost-effective
293 conservation projects at their facilities and create promotional
294 materials to explain the energy performance contract program.

295 (d) The Energy Conservation Management Board, in consultation
296 with the Office of Policy and Management and the Department of
297 Public Utility Control, shall apprise state agencies and municipalities
298 of opportunities to develop and finance energy performance
299 contracting projects and provide technical and analytical support,
300 including, but not limited to, (1) procurement of energy performance
301 contracting services; (2) reviewing verification procedures for energy
302 savings; and (3) assisting in the structuring and arranging of financing
303 for energy performance contracting projects.

304 (e) The Office of Policy and Management may fix, charge and collect
305 fees to cover costs incurred for any administrative support and
306 resources or services provided under this section from the state
307 agencies and participating municipalities that use its technical support
308 services. State agencies and participating municipalities may add the
309 costs of these fees to the total cost of the energy performance contract.
310 Initial administrative funding to establish the energy performance
311 contracting process for state agencies and municipalities shall be
312 recovered from the Energy Conservation Management Board.

313 (f) The standardized energy performance contract process for state
314 agencies and participating municipalities shall include requests for
315 qualifications or requests for proposals.

316 (1) The Department of Administrative Services shall issue a request
317 for qualifications from companies that can offer energy performance
318 contract services to create a prequalified list of companies. A state
319 agency shall use the prequalified list. A municipality may use the
320 prequalified list or establish its own qualification process. If a
321 municipality uses the prequalified list, it shall follow the standardized
322 energy performance contract process.

323 (2) When reviewing requests for qualifications, the department shall
324 consider a company's experience with (A) design, engineering,
325 installation, maintenance and repairs associated with performance
326 contracts; (B) conversions to a different energy or fuel source,
327 associated with a comprehensive energy efficiency retrofit; (C) post-
328 installation project monitoring, data collection and reporting of
329 savings; (D) overall project management and qualifications; (E)
330 accessing long-term financing; (F) financial stability; (G) projects of
331 similar size and scope; (H) in-state projects and Connecticut-based
332 subcontractors; (I) United States Department of Energy programs; (J)
333 professional certifications; and (K) other factors determined by the
334 department to be relevant and appropriate.

335 (3) Before entering an energy performance contract pursuant to this
336 section, a state agency or participating municipality shall issue a
337 request for proposals from up to three qualified energy service
338 providers. A state agency or municipality may award the performance
339 contract to the qualified energy service provider that best meets the
340 needs of the agency or municipality, which need not be the lowest cost
341 provided. A cost-effective feasibility analysis shall be prepared in
342 response to the request for proposals.

343 (4) The feasibility analysis included in the response to the request
344 for proposals shall serve as the selection document for purposes of
345 selecting a qualified energy service provider to engage in final contract

346 negotiations. Factors to be included in selecting among the selected
347 qualified energy service providers shall include, but not be limited to,
348 (A) contract terms, (B) comprehensiveness of the proposal, (C)
349 financial stability of the provider, (D) comprehensiveness of cost
350 savings measures, (E) experience and quality of technical approach,
351 and (F) overall benefits to the state agency or municipality.

352 (g) One qualified energy service provider selected as a result of the
353 request for qualifications process set forth in subsection (f) of this
354 section shall prepare an investment-grade energy audit, which, upon
355 acceptance, shall be part of the final energy performance contract or
356 energy services agreement entered into by the state agency or
357 participating municipality. Such investment-grade energy audit shall
358 include estimates of the amounts by which utility cost savings and
359 operation and maintenance cost savings would increase and estimates
360 of all costs of such utility cost savings measures or energy-savings
361 measures, including, but not limited to, (1) itemized costs of design, (2)
362 engineering, (3) equipment, (4) materials, (5) installation, (6)
363 maintenance, (7) repairs, and (8) debt service. If, after preparation of
364 the investment-grade energy audit, the state agency or participating
365 municipality decides not to execute an energy services agreement and
366 the costs and benefits described in the energy audit are not materially
367 different from those described in the feasibility study submitted in
368 response to the request for proposals, the state agency or participating
369 municipality shall pay the costs incurred in preparing such energy
370 audit. In all other instances, the costs of the energy audit shall be
371 deemed part of the costs of the energy performance contract or energy
372 services agreement.

373 (h) The guidelines adopted pursuant to this section shall require
374 that the cost savings projected by the qualified provider be reviewed
375 by a licensed professional engineer who has a minimum of three years
376 experience in energy calculation and review, is not an officer or
377 employee of a qualified provider for the contract under review, and is
378 not otherwise associated with the contract. In conducting the review,
379 the engineer shall focus primarily on the proposed improvements from

380 an engineering perspective, the methodology and calculations related
381 to cost savings, increases in revenue, and, if applicable, efficiency or
382 accuracy of metering equipment. An engineer who reviews a contract
383 shall maintain the confidentiality of any proprietary information the
384 engineer acquires while reviewing the contract.

385 (i) A guaranteed energy performance savings contract may provide
386 for financing, including tax exempt financing, by a third party. The
387 contract for third-party financing may be separate from the energy
388 performance contract. A state agency or participating municipality
389 may use designated funds, bonds or master lease for any energy
390 performance contracts or lease purchase agreements, provided its use
391 is consistent with the purpose of the appropriation.

392 (j) Each energy performance contract shall provide that all payments
393 between parties, except obligations on termination of the contract
394 before its expiration, shall be made over time and the objective of such
395 energy performance contracts is implementation of cost savings
396 measures and energy and operational cost savings.

397 (k) An energy performance contract, and payments provided
398 thereunder, may extend beyond the fiscal year in which the energy
399 performance contract became effective, subject to appropriation of
400 moneys, if required by law, for costs incurred in future fiscal years.
401 The energy performance contract may extend for a term not to exceed
402 twenty years. The allowable length of the contract may also reflect the
403 useful life of the cost savings measures. An energy performance
404 contract may provide for payments over a period not to exceed
405 deadlines specified in the energy performance contract from the date
406 of the final installation of the cost savings measures.

407 (l) Each state agency or participating municipality shall allocate
408 sufficient moneys for each fiscal year to make payment of any amounts
409 payable under energy performance contracts during such fiscal year.

410 (m) The energy performance contract may provide that
411 reconciliation of the amounts owed under the contract shall occur in a

412 period beyond one year with final reconciliation occurring within the
413 term of the contract. An energy performance contract shall include
414 contingency provisions in the event that actual savings do not meet
415 predicted savings.

416 (n) The energy performance contract shall require the qualified
417 energy service provider to provide to the state agency or municipality
418 an annual reconciliation of the guaranteed energy cost savings. If the
419 reconciliation reveals a shortfall in annual energy cost savings, the
420 qualified provider is liable for such shortfall. If the reconciliation
421 reveals an excess in annual energy cost savings, the excess savings
422 shall not be used to cover potential energy cost savings shortages in
423 subsequent contract years.

424 (o) During the term of each energy performance contract, the
425 qualified energy service provider shall monitor the reductions in
426 energy consumption and cost savings attributable to the cost savings
427 measures installed pursuant to the performance contract and shall, not
428 less than annually, prepare and provide a report to the state agency or
429 municipality documenting the performance of the cost savings
430 measures to the state agency or municipality. The report shall comply
431 with International Performance Measurement and Verification
432 Protocols.

433 (p) The qualified energy service provider and state agency or
434 municipality may agree to modify savings calculations based on any of
435 the following:

436 (1) Subsequent material change to the baseline energy consumption
437 identified at the beginning of the performance contract;

438 (2) Changes in the number of days in the utility billing cycle;

439 (3) Changes in the total square footage of the building;

440 (4) Changes in the operational schedule of the facility;

441 (5) Changes in facility temperature;

442 (6) Material change in the weather;

443 (7) Material changes in the amount of equipment or lighting used at
444 the facility; or

445 (8) Any other change which reasonably would be expected to
446 modify energy use or energy costs.

447 (q) Any state agency or municipality participating in the
448 standardized energy performance contract process that enters into an
449 energy performance contract pursuant to this section shall report the
450 name of the project, the project host, the investment on the project and
451 the expected energy savings to the Office of Policy and Management.

452 (r) A state agency or participating municipality shall direct savings
453 realized under the performance contract to contract payment and other
454 required expenses and shall, when practicable, reinvest savings
455 beyond that required for contract payment and other required
456 expenses into additional energy-savings measures.

457 Sec. 3. Section 16a-37u of the general statutes is amended by adding
458 subsection (e) as follows (*Effective July 1, 2011*):

459 (NEW) (e) Any state agency or municipality may enter into an
460 energy performance contract, as defined in section 2 of this act, with a
461 qualified energy services provider, as defined in said section 2, to
462 produce utility cost savings, as defined in said section 2, or operation
463 and maintenance cost savings, as defined in said section 2. Any
464 energy-savings measure, as defined in said section 2, implemented
465 under such contracts shall comply with state or local building codes.
466 Any state agency or municipality may implement other capital
467 improvements in conjunction with an energy performance contract so
468 long as the measures that are being implemented to achieve utility and
469 operation and maintenance cost savings and other capital
470 improvements are in the aggregate cost effective over the term of the
471 contract.

472 Sec. 4. Section 16a-40f of the general statutes is repealed and the

473 following is substituted in lieu thereof (*Effective from passage*):

474 (a) For the purposes of this section:

475 (1) "Participating qualified nonprofit organizations" means
476 individuals, nonprofit organizations and small businesses;

477 (2) "Small business" means a business entity employing not more
478 than fifty full-time employees;

479 (3) "Eligible energy conservation project" means an energy
480 conservation project meeting the criteria identified, as provided in
481 subsection (d) of this section; and

482 (4) "Participating lending institution" means any bank, trust
483 company, savings bank, savings and loan association or credit union,
484 whether chartered by the United States of America or this state, or any
485 insurance company authorized to do business in this state that
486 participates in the Green Connecticut Loan Guaranty Fund program.

487 (b) The Connecticut Health and Educational Facilities Authority
488 shall establish the Green Connecticut Loan Guaranty Fund program
489 from the proceeds of the bonds issued pursuant to section 16a-40d for
490 the purpose of guaranteeing loans made by participating lending
491 institutions to a participating qualified nonprofit organization for
492 eligible energy conservation projects, including for two or more joint
493 eligible energy conservation projects. In carrying out the purposes of
494 this section, the authority shall have and may exercise the powers
495 provided in section 10a-180.

496 (c) Participating qualified nonprofit organizations may borrow
497 money from a participating lending institution for any energy
498 conservation project for which the authority provides guaranties
499 pursuant to this section. In connection with the provision of such a
500 guaranty by the Connecticut Health and Educational Facilities
501 Authority, (1) a participating qualified nonprofit organization shall
502 enter into any loan or other agreement and make such covenants,
503 representations and indemnities as a participating lending institution

504 deems necessary or appropriate; and (2) a participating lending
505 institution shall enter into a guaranty agreement with the authority,
506 pursuant to which the authority has agreed to provide a first loss
507 guaranty of an agreed percentage of the original principal amount of
508 loans for eligible energy conservation projects.

509 (d) In consultation with the Office of Policy and Management, the
510 Connecticut Health and Educational Facilities Authority shall identify
511 types of projects that qualify as eligible energy conservation projects,
512 including, but not limited to, the purchase and installation of
513 insulation, alternative energy devices, energy conservation materials,
514 replacement furnaces and boilers, and technologically advanced
515 energy-conserving equipment. The authority, in consultation with said
516 office, shall establish priorities for financing eligible energy
517 conservation projects based on need and quality determinants. The
518 authority shall adopt procedures, in accordance with the provisions of
519 section 1-121, to implement the provisions of this section.

520 (e) The authority shall, in consultation with the Energy
521 Conservation Management Board and the Renewable Energy
522 Investments Board, (1) ensure that the program established pursuant
523 to this section integrates with existing state energy efficiency and
524 renewable energy programs; (2) establish performance targets for the
525 program to ensure sufficient participation in the secondary financial
526 markets and to operate in coordination with existing financing
527 programs to enable efficiency improvements for at least fifteen per cent
528 of single family homes in the state by 2020; (3) enter into contracts with
529 one or more program implementers to perform such functions as the
530 authority deems appropriate; (4) enter into financial partnership
531 agreements with banks and other financial institutions to provide loan
532 origination services; and (5) exercise such other powers as are
533 necessary for the proper administration of the program.

534 (f) Financial assistance provided by the authority pursuant to this
535 section shall be subject to the following terms:

536 (1) Eligible energy conservation projects shall meet cost-

537 effectiveness standards adopted by the authority in consultation with
538 the Energy Conservation Management Board and the Renewable
539 Energy Investments Board.

540 (2) Loans shall be at interest rates determined by the authority to be
541 no higher than necessary to make the provision of the eligible energy
542 conservation projects feasible. In determining whether to make a loan
543 and the amount of any loan, the authority may consider whether the
544 applicant or borrower has received, or is eligible to receive, financial
545 assistance and other incentives from any other source for the qualified
546 energy efficiency services which would be the subject of the loan.

547 (3) The authority or its designee shall review and evaluate
548 applications for financial assistance pursuant to this section pursuant
549 to eligibility and qualification requirements and criteria established by
550 said authority in consultation with the Energy Conservation
551 Management Board and the Renewable Energy Investments Board.

552 (4) The amount of a fee paid for an energy audit provided pursuant
553 to this program may be added to the amount of a loan to finance the
554 cost of an eligible project conducted in response to such energy audit.
555 In such cases, the amount of the fee may be reimbursed from the fund
556 to the borrower.

557 Sec. 5. (NEW) (*Effective from passage*) Commencing January 1, 2012,
558 each electric distribution, electric and gas company shall maintain and
559 make available to the public, free of charge, records of the energy
560 consumption data of all nonresidential buildings to which such
561 company provides service. This data shall be maintained in a format
562 (1) compatible for uploading to the United States Environmental
563 Protection Agency's Energy Star portfolio manager or similar system,
564 for at least the most recent thirty-six months, and (2) that preserves the
565 confidentiality of the customer.

566 Sec. 6. (NEW) (*Effective from passage*) Commencing January 1, 2012,
567 each electric distribution, electric and gas company shall provide
568 aggregate town customer usage information that preserves the

569 confidentiality of individual customers to any legislative body of a
 570 municipality that requests such information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2011	16-245m(c) and (d)
Sec. 2	July 1, 2011	New section
Sec. 3	July 1, 2011	16a-37u
Sec. 4	from passage	16a-40f
Sec. 5	from passage	New section
Sec. 6	from passage	New section

Statement of Legislative Commissioners:

In section 1(d)(4), "electric distribution and gas companies" was changed to "electric distribution and gas company representatives" for accuracy; in section 2(a), definitions were renumbered for accuracy; in section 2(e), "provided under this subsection" was changed to "provided under this section" for accuracy; in section 2(f)(3), "qualified energy service company or qualified provider that best meets the needs of the unit" was changed to "qualified energy service provider that best meets the needs of the agency or municipality" for internal consistency; in section 2(n), (o) and (p), "qualified provider", "qualified energy service company or provider" and "qualified provider or qualified energy service company" were changed to "qualified energy service provider" for internal consistency; in section 2(q), "a performance-based contract" was changed to "an energy performance contract" for internal consistency; and the terms in section 3 were modified and references to section 2 were added for internal consistency.

ET *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.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
Energy Conservation and Management Board	CT Energy Efficiency Fund - Cost	See Below	See Below
Various State Agencies	Various - Potential Savings	See Below	See Below

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Various Municipalities	Potential Cost/Savings	See Below	See Below

Explanation

The bill adds additional duties to the Energy Conservation Management Board (ECMB) regarding energy performance contracts. ECMB oversees the Energy Conservation and Load Management Fund; also known as the Connecticut Energy Efficiency Fund (CEEF). The CEEF is funded through a ratepayer surcharge of 3 mills per kilowatt hour, generating over \$100 million annually. The bill does not increase ECMB funding but permits any costs incurred to be recouped through CEEF. It is anticipated that ECMB will require consulting services costing approximately \$200,000 to implement the provisions of this bill. Enactment would thus reduce the amount of funding ECMB has available for expenditures on other programs.

The bill allows state agencies and municipalities to enter into energy performance contracts with private contractors, could result in long-term savings after the contracts are paid off if the energy efficiency improvements would not otherwise have been made.

Contracts to perform capital improvements would be paid through multi-year agreements that are structured like a lease. State payments would be made from the agency's operating budget. The contractors are expected to finance the cost of the improvements through bank loans at prevailing commercial market rates. However, the contracts are a more expensive option when compared to the General Fund cost to the state of issuing General Obligation (GO) bonds to finance the energy efficiency improvements itself. This is because the state can issue GO bonds at a lower interest rate than the rates available to the private contractors in the commercial market.

The bill requires the ECMB to consult with the Office of Policy and Management (OPM) to develop a standardized energy performance contract process by January 1, 2012, which will result in costs of at least \$150,000 annually for additional staff or consultants. These initial costs are to be paid for from ECMB funds. The bill permits OPM to collect fees from participating state agencies and municipalities, who may add these costs to the total cost of the energy performance contract.

The bill further requires each state agency or participating municipality to allocate sufficient moneys for each fiscal year to make payment of any amounts payable under energy performance contracts during such fiscal year.

It is anticipated that any municipality choosing to enter into an energy performance contract will factor the costs of accessing technical support services and issuing requests for proposals; as well as paying for investment-grade energy audits in certain instances, into its decision making process before pursuing such a contract.

The bill makes changes to the quasi-public agency, Connecticut Health and Educational Facilities Authority's (CHEFA) Green Connecticut Loan Guaranty Fund. It is anticipated that CHEFA will have sufficient reserves to implement these changes.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6544*****AN ACT CONCERNING ENERGY EFFICIENCY.*****SUMMARY:**

By law, the electric companies and the Energy Conservation Management Board (ECMB) must develop a comprehensive energy efficiency plan. This bill requires the plan to set a goal of weatherizing 80% of the state's residential units by 2030.

The bill expands cost-effectiveness evaluation requirements for the programs the electric companies propose in the plan. Among other things, the bill (1) specifies the purposes of the evaluation, (2) prescribes the evaluation process, and (3) requires ECMB to retain one or more consultants to administer the evaluation process.

The bill allows any state agency or municipality to enter into an energy performance contract with a qualified energy services provider to produce utility or operation and maintenance cost savings. Any energy-savings measure implemented under the contract must comply with state or local building codes (Connecticut does not have local building codes).

The bill requires ECMB, by January 1, 2012, to establish a standardized energy performance contract process for state agencies and municipalities. Agencies must use this process and municipalities may do so.

By law, the Department of Public Utility Control (DPUC) appoints the ECMB, which includes representatives of electric and gas utilities, customers, and state agencies. The bill expands the board to include representatives of municipal government and a municipal clean energy task force. It requires ECMB to periodically review contractors

to determine whether they are qualified to conduct work under the programs contained in the comprehensive plan.

The law requires the Connecticut Health and Educational Facilities Authority (CHEFA) to establish the Green Connecticut Loan Guaranty Fund to help finance energy efficiency and renewable energy projects for individuals, nonprofit organizations, and small businesses. The bill (1) imposes various requirements on CHEFA in administering this program and (2) specifies the terms CHEFA's financial assistance must meet.

The bill requires electric and gas companies, starting January 1, 2012, to maintain the energy consumption data of all nonresidential buildings they serve. They must make the data available to the public free of charge. They must maintain the data in a format that (1) is compatible for uploading to the United States Environmental Protection Agency's Energy Star portfolio manager (which allows consumers to compare their building's energy use to that of similar buildings) or similar system, for at least the most recent 36 months, and (2) preserves the customer's confidentiality.

Also starting January 1, 2012, the companies must provide aggregate town customer usage information that preserves the confidentiality of individual customers to any municipal legislative body that requests this information.

EFFECTIVE DATE: July 1, 2011 for the conservation program evaluation provisions and performance contracting provisions, upon passage for the remaining provisions.

COST EFFECTIVENESS OF ENERGY EFFICIENCY PROGRAMS

Purpose of Evaluation Process

The law requires electric companies and ECMB to develop an energy efficiency plan that is subject to DPUC review and approval. The programs in the plan must be screened on their cost-effectiveness.

The bill requires DPUC to oversee an independent, comprehensive

evaluation, measuring, and verification process to ensure that:

1. the energy efficiency programs are administered appropriately and efficiently and comply with statutory requirements,
2. programs and measures are cost effective,
3. evaluation reports are accurate and issued in a timely manner,
4. evaluation results are appropriately and accurately considered account in program development and implementation, and
5. information needed to meet any third-party evaluation requirements is provided.

Evaluation Schedule and Budget

The bill requires ECMB to include an annual schedule and budget for evaluations, as determined by the board, in the plan filed with DPUC. It precludes the ECMB members who represent the electric and gas companies and the municipal electric energy cooperative from voting on board plans, budgets, recommendations, actions or decisions regarding the evaluation process or its program evaluations and their implementation.

Evaluation Process and Scope

Under the bill, the evaluations of efficiency programs and individual measures, measurement, and verification must be conducted on an ongoing basis. The emphasis must be on those impact and process evaluations, programs, or measures that (1) have not been studied, and (2) account for a relatively high percentage of program spending. Evaluations must use statistically valid monitoring and data collection techniques appropriate for the programs or measures being evaluated.

Under current law, cost-effectiveness testing must use available information obtained from real-time monitoring systems. The bill instead requires that impact evaluations use information obtained from a sampling of program participants using either such systems or

billing analyses, whichever is most appropriate for the measure or program being studied. By law, the testing is done to ensure accurate validation and verification of energy use and the effects on the state's load factor.

Under the bill, all evaluations must describe any problems encountered in the evaluation process, including data collection issues, and recommendations on how to address these problems in future evaluations.

Evaluation Administrator

The bill requires ECMB to contract with one or more consultants not affiliated with ECMB board members to act as an evaluation administrator. The administrator must advise ECMB on the development of a schedule and plans for evaluations and oversee the program evaluation, measurement, and verification process on behalf of the board.

Consistent with ECMB processes and approvals and DPUC decisions regarding evaluation, the administrator must implement the evaluation process by (1) preparing requests for proposals and selecting evaluation contractors to perform program and measure evaluations and (2) facilitating communications between evaluation contractors and program administrators to ensure accurate and independent evaluations. In the evaluation administrator's discretion, the electric and gas companies must communicate with him or her for data collection, vendor contract administration, and providing necessary factual information during the evaluations.

The administrator must bring unresolved administrative issues or problems that arise during an evaluation to ECMB for resolution, but the administrator has sole authority regarding substantive and implementation decisions regarding any evaluation. Board members, including those representing the electric and gas companies, may not communicate with an evaluation contractor about an ongoing evaluation except with the express permission of the evaluation

administrator. The administrator can only grant this permission if he or she believes the communication will not compromise the independence of the evaluation.

The administrator must file evaluation reports with ECMB and DPUC in its most recent plan approval proceeding, and ECMB must post a copy of each report on its website. ECMB and its members, including the electric and gas company representatives, may file written comments regarding an evaluation with DPUC or for posting on the board's website.

DPUC Technical Meeting on Evaluations

Within ten days of the filing of any evaluation report, DPUC must notify (1) the ECMB members and (2) the parties and participants in the most recent plan approval proceeding that the board members have 10 days from the notice to ask DPUC, in writing, to conduct a transcribed technical meeting to review the methodology, results, and recommendations in any evaluation. (The meetings are an informal process for addressing questions in DPUC proceedings.)

The technical meeting must be scheduled to immediately follow a public presentation by the evaluation administrator of the evaluation report. This must take place on a date arranged between the administrator and DPUC. At the request of DPUC or any board member, the evaluation administrator and the evaluation contractor must be available at the technical meeting. Examination of the administrator and contractor must be limited to a proceeding running for no more than six hours. The Office of Consumer Counsel must participate in the proceeding. The cost of the evaluation administrator and evaluation contractors must be paid by the fund (presumably the Energy Conservation and Load Management Fund).

The bill requires that the results of the evaluation process be incorporated in the plan. By law, DPUC reviews the plan for cost-effectiveness before approving it. The bill requires that this review include the results of the evaluation process described above.

ENERGY PERFORMANCE CONTRACTING

The bill allows any state agency or municipality to enter into an energy performance contract with a qualified energy services provider to produce utility or operation and maintenance cost savings. A state agency or municipality may implement other capital improvements in conjunction with the contracts so long as (1) they are being implemented to achieve the required cost savings and (2) the other capital improvements are in the aggregate cost-effective over the contract's term.

Definitions

Under the bill, an energy performance contract is one between a state agency or municipality and a qualified energy service provider to evaluate, recommend, and implement one or more cost savings measures. A performance contract must include (1) the design and installation of equipment and, if applicable, operation and maintenance of any of the measures implemented; and (2) guaranteed annual savings that meet or exceed the total annual contract payments the agency or municipality makes for the contract, including financing charges incurred over the contract's life.

To be qualified, the provider must be a corporation approved by the Department of Administrative Services (DAS) with a record of successful energy performance contract projects that (1) is experienced in designing, implementing, and installing energy efficiency and facility improvement measures; (2) has the technical capabilities to ensure the measures generate energy and operational cost savings; and (3) can secure the financing needed to support energy savings guarantees.

The contract must produce utility cost savings or operation and maintenance cost savings. Utility cost savings are utility expenses eliminated or avoided on a long-term basis as a result of equipment installed or modified or services performed by a qualified energy service provider. They do not include merely shifting personnel costs or similar short-term cost savings. Operation and maintenance cost

savings means a measurable decrease in these costs and future replacement expenditures that result directly from implementing one or more utility cost savings measures. These savings must be calculated in comparison with an established baseline of operation and maintenance costs.

Under the bill a measure, piece of equipment, activity, or facility is considered cost-effective if a state agency or municipality reasonably expects that the present value of the energy it will save or produce over its useful life, including any compensation received from a utility, is more than the net present value of the costs of implementing, maintaining, and operating it over the same period, discounted at the cost of public borrowing.

The bill defines “energy-savings measure” to include a wide variety of efficiency and renewable energy measures. These include, among others:

1. replacing or modifying lighting and electrical components, fixtures, or systems, improvements in street lighting efficiency, or computer power management software;
2. Class I renewable energy such as photovoltaic and wind systems or solar thermal systems;
3. cogeneration systems that produce steam or forms of energy, such as heat or electricity, for use primarily within a building or complex of buildings;
4. automated or computerized energy control systems; and
5. heating, ventilation, or air conditioning system modifications or replacements.

However, the bill generally uses other terms to describe the types of measures it authorizes under energy performance contracts.

Standardized Procedures

The bill requires ECMB, by January 1, 2012, to establish a standardized energy performance contract process for state agencies and municipalities. A municipality may use the standardized process or establish its own.

The standardized process must include processes, documents, and procedures established by ECMB, the Office of Policy and Management (OPM), and DAS (the bill also requires that the Department of Public Works be consulted in developing the documents). The process must include standard procedures for entering into a performance contract and standard energy performance contract documents. The documents must include (1) a guaranteed energy savings performance contract covering the design and installation of equipment and, if applicable, operation and maintenance of any of the implemented measures and (2) guaranteed annual savings that meet or exceed the total annual payments made by the agency or municipality makes for the contract, including financing charges it incurs over the contract's life.

The process must include standard contract documents, including requests for qualifications (RFQs); requests for proposals (RFPs); investment-grade audit contracts; energy services agreements, including the form of the project savings guarantee; and project financing agreements. An investment-grade audit is a study by the provider selected for a particular project. It must include detailed descriptions of the recommended improvements for the project, their estimated costs, and the utility and operations and maintenance cost savings projected to result from them. A municipality may use the established state contract or its own contract.

Program Funding

The initial funding to establish the energy performance contracting process must come from the ECMB. OPM must develop a pool of public and private capital that state agencies and municipalities can use to help finance energy savings measures.

Prequalification of Energy Performance Contractors

DAS must issue an RFQ from companies that can offer energy performance contract services to create a prequalified list of companies. State agencies must use the list; municipalities can use the list or establish their own qualification process. If a municipality uses the list, it must follow the standardized energy performance contract process.

When reviewing RFQs (apparently responses to the RFQ), DAS must consider a company's experience with:

1. design, engineering, installation, maintenance, and repairs associated with performance contracts;
2. conversions to a different energy or fuel source associated with a comprehensive energy efficiency retrofit;
3. post-installation project monitoring, data collection, and reporting of savings;
4. overall project management and qualifications;
5. accessing long-term financing;
6. financial stability;
7. projects of similar size and scope;
8. in-state projects and Connecticut-based subcontractors;
9. United States Department of Energy programs;
10. professional certifications; and
11. other factors DAS determines to be relevant and appropriate.

Selection of Contractors

Before entering an energy performance contract, a state agency or municipality that uses the standardized procedures must issue an RFP to up to three qualified providers. The agency or municipality may

award the performance contract to the provider that best meets its needs, which need not be the lowest cost provider.

A feasibility analysis must be included in the responses to the RFP. The agency or municipality must use the analysis to select a qualified provider to engage in final contract negotiations. In making its final selection, the agency or municipality must consider:

1. contract terms,
2. the proposal's comprehensiveness,
3. the provider's financial stability,
4. comprehensiveness of cost savings measures,
5. experience and quality of technical approach, and
6. overall benefits to the agency or municipality.

Energy Audit

The provider selected as a result of the RFQ process (apparently the RFP process) must prepare an investment-grade energy audit. Upon acceptance, the audit becomes part of the final energy performance contract or energy services agreement. The audit must include estimates of how much utility and operation and maintenance cost savings would increase and estimates of all costs of the utility cost savings measures or energy-savings measures. These include:

1. itemized costs of design,
2. engineering,
3. equipment and materials,
4. installation,
5. maintenance and repairs, and
6. debt service.

If the state or municipality decides not to execute an energy services agreement after the audit is prepared and the costs and benefits described in it are not materially different from those described in the feasibility study submitted in response to the RFP, the agency or municipality must pay the costs of preparing the audit. Otherwise, the audit costs are included in the costs of the energy performance contract or energy services agreement.

Independent Review of Projected Costs Savings

The above “guidelines” must require that a licensed professional engineer review the cost savings projected by the qualified provider. The engineer must have at least three years experience in energy calculation and review. He or she may not (1) be an officer or employee of a provider for the contract under review, and (2) be otherwise associated with the contract. In conducting the review, the engineer must focus primarily on the proposed improvements from an engineering perspective, the methodology and calculations related to cost savings, increases in revenue, and, if applicable, efficiency or accuracy of metering equipment. The engineer must maintain the confidentiality of any proprietary information he or she acquires while reviewing the contract.

Project Financing

A guaranteed energy performance savings contract may provide for financing by a third party, including tax exempt financing. The financing provision may be separate from the contract. An agency or municipality may use designated funds, bonds, or master lease for any energy performance contracts or lease purchase agreements, so long as their use is consistent with the purpose of the appropriation.

Energy performance contracts must provide that (1) all payments between parties, except obligations on termination of the contract before its expiration, will be made over time and (2) the objective of the contracts is implementation of cost savings measures and energy and operational cost savings.

An energy performance contract, and payments under it, may extend beyond the fiscal year in which the contract became effective, subject to appropriations, if required by law, for costs incurred in future fiscal years. The contract may run for up to 20 years. The allowable length of the contract may reflect the useful life of the cost savings measures. A contract may provide for payments over a period not to exceed deadlines specified in it from the date of the final installation of the cost savings measures.

Each state agency or participating municipality must allocate enough money for each fiscal year to make payment of any amounts payable under energy performance contracts during that fiscal year.

Reconciliation and Annual Reports

The contract may provide that reconciliation of the amounts owed under it will occur in a period beyond one year, with final reconciliation occurring within the term of the contract. A contract must include contingency provisions if the actual savings do not meet predicted savings.

The contract must require the provider to give the agency or municipality an annual reconciliation of the guaranteed energy cost savings. If the reconciliation reveals a shortfall in annual savings, the provider is liable for the shortfall. If the reconciliation reveals an excess in annual energy cost savings, that excess may not be used to cover potential energy cost savings shortages in subsequent contract years.

During the term of each contract, the provider must monitor the reductions in energy consumption and cost savings attributable to the cost savings measures installed under the contract. The provider must, at least annually, report to the agency or municipality documenting the performance of the cost savings measures. The report must comply with International Performance Measurement and Verification Protocols.

Modifications of Energy Savings Calculations

The service provider and agency or municipality may agree to

modify savings calculations based on any of the following:

1. subsequent material change to the baseline energy consumption identified at the beginning of the performance contract;
2. changes in the number of days in the utility billing cycle, the total square footage of the building, the facility's operational schedule, or the facility's temperature;
3. material change in the weather or in the amount of equipment or lighting used at the facility; or
4. any other change that reasonably would be expected to modify energy use or energy costs.

Reporting Requirement and Use of Savings

Any agency or municipality participating in the standardized energy performance contract process that enters into an energy performance contract must report the project's name and host, the investment on the project, and the expected energy savings to OPM. It must direct the savings realized under the performance contract to contract payment and other required expenses and, when practicable, it must reinvest savings beyond that required for contract payment and other required expenses into additional energy saving measures.

ECMB and OPM Roles in Performance Contracting

ECMB, in consultation with OPM, must help state agencies and municipalities identify, evaluate, and implement cost-effective conservation projects at their facilities and create promotional materials to explain the energy performance contract program. ECMB, in consultation with OPM and DPUC, must inform agencies and municipalities of opportunities to develop and finance energy performance contracting projects. It must provide technical and analytical support, including (1) procurement of energy performance contracting services, (2) reviewing verification procedures for energy savings, and (3) assisting in structuring and arranging financing for energy performance contracting projects.

OPM may charge fees to cover costs incurred for its administrative support and resources or services provided to the state agencies and municipalities that use its technical support services. State agencies may add the costs of these fees to the total cost of the energy performance contract.

GREEN CONNECTICUT LOAN GUARANTY PROGRAM

Program Requirements

The law requires CHEFA to establish the Green Connecticut Loan Guaranty Fund to help finance energy efficiency and renewable energy projects for individuals, non-profit organizations, and small businesses. The bill requires CHEFA, in consultation with ECMB and the Clean Energy Fund board to:

1. ensure that this program integrates with existing state energy efficiency and renewable energy programs;
2. establish program performance targets to ensure sufficient participation in the secondary financial markets and to operate in coordination with existing financing programs to enable efficiency improvements for at least 15% of single-family homes in the state by 2020;
3. enter into contracts with one or more entities to perform the functions CHEFA considers appropriate;
4. enter into financial partnership agreements with banks and other financial institutions to provide loan origination services; and
5. exercise other powers needed to properly administer the program.

Terms of Financial Assistance

The bill requires CHEFA's financial assistance meet the following terms:

1. eligible energy conservation projects must meet cost-effectiveness standards adopted by CHEFA in consultation with

ECMB and the Clean Energy Fund board;

2. loans must be at interest rates determined by CHEFA to be no higher than needed to make eligible energy conservation projects feasible;
3. when deciding on a loan, CHEFA may consider whether the applicant or borrower has received, or is eligible to receive, financial assistance and other incentives from any other source for the qualified energy efficiency services that would be the subject of the loan;
4. CHEFA must review and evaluate applications for financial assistance under eligibility and qualification requirements and criteria it establishes in consultation with the boards; and
5. the fee paid for an energy audit provided under the program may be added to the amount of the resulting loan and then reimbursed from the fund to the borrower.

BACKGROUND

Related Bill

SB 1, an Act Concerning Connecticut’s Energy Future, specifically authorizes municipalities to enter into performance contracts.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/17/2011)