General Assembly

Proposed Substitute Bill No. 5474

February Session, 2012

LCO No. **2853**

AN ACT CONCERNING THE AUTONOMY OF THE PUBLIC UTILITIES REGULATORY AUTHORITY.

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

Section 1. Subsection (a) of section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) There shall continue to be a Public Utilities Regulatory Authority within the Department of Energy and Environmental Protection <u>for administrative purposes only</u>, which shall consist of three electors of this state, appointed by the Governor with the advice and consent of both houses of the General Assembly. Not more than two members of said authority in office at any one time shall be members of any one political party. On or before July 1, 2011, the Governor shall appoint three members to the authority. The first director appointed by the Governor on or before July 1, 2011, who is of the same political party as that of the Governor shall serve a term of five years. The second director appointed by the Governor on or before July 1, 2011, who is of

the same political party as that of the Governor shall serve a term of four years. The first director appointed by the Governor on or before July 1, 2011, who is of a different political party as that of the Governor shall serve a term of three years. Any director appointed on or after January 1, 2014, shall serve a term of four years. The procedure prescribed by section 4-7 shall apply to such appointments, except that the Governor shall submit each nomination on or before May first, and both houses shall confirm or reject it before adjournment sine die. The directors shall be sworn to the faithful performance of their duties. The term of any commissioner serving on June 30, 2011, shall be terminated.

Sec. 2. Subsection (f) of section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(f) The chairperson of the authority **[**, with the approval of the Commissioner of Energy and Environmental Protection,**]** shall prescribe the duties of the staff assigned to the authority in order to (1) conduct comprehensive planning with respect to the functions of the authority; (2) coordinate the activities of the authority; (3) cause the administrative organization of the authority to be examined with a view to promoting economy and efficiency; (4) organize the authority into such divisions, bureaus or other units as necessary for the efficient conduct of the business of the authority; **[**and may from time to time make recommendations to the commissioner regarding staff and resources;**]** (5) for any proceeding on a proposed rate amendment in which staff of the authority are to be made a party pursuant to section 16-19j, determine which staff shall appear and participate in the proceedings and which shall serve the members of the authority; (6) enter into such contractual agreements, in accordance with established procedures, as may be necessary for the discharge of the authority's duties; (7) subject to the provisions of section 4-32, and unless otherwise provided by law, receive any money, revenue or services from the federal government, corporations, associations or individuals,

including payments from the sale of printed matter or any other material or services; and (8) require the staff of the authority to have expertise in public utility engineering and accounting, finance, economics, computers and rate design.

Sec. 3. Section 4-67e of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

The Secretary of the Office of Policy and Management shall coordinate the activity of the Commissioner of Public Health, **[**and**]** the Commissioner of Energy and Environmental Protection <u>and the chairperson of the Public Utilities Regulatory Authority</u> in the following: (1) The review of the authority of each agency for consistency with the policies established by section 22a-380, (2) the preparation of a memorandum of understanding, not more than six months after October 1, 1991, intended to avoid inconsistency, overlap and redundancy in requirements and authority of each agency in water conservation issues, emergency contingency plans and regulatory authority under chapters 283, 446i, 446j and 474, (3) the review of exercise of regulatory authority over water companies, as defined in section 25-32a, to determine whether inconsistency, overlap or redundancy exist in the statutory requirements or regulatory authority of such agencies under chapters 283, 446i, 446j, and 474, (4) the assessment of the necessity of a memorandum of understanding to avoid such inconsistency, overlap or redundancy, and, if determined to be necessary, the preparation of such a memorandum by July 1, 1995, and (5) the development of recommendations for legislation and amendments to regulations to implement the provisions of a memorandum of understanding prepared pursuant to this section, or for consistency with the policies established by section 22a-380. There shall be a period of public review and comment on a memorandum of understanding prior to final agreement. On or before January 1, 1995, the secretary shall submit to the joint standing committees of the General Assembly having cognizance of matters relating to public

health, energy and public utilities and the environment, written findings, and any recommendations, concerning the review and assessment conducted pursuant to subdivisions (3) and (4) of this section.

Sec. 4. Section 16-6b of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

The Public Utilities Regulatory Authority **[**, in consultation with the Department of Energy and Environmental Protection,**]** may, in accordance with chapter 54, adopt such regulations with respect to (1) rates and charges, services, accounting practices, safety and the conduct of operations generally of public service companies subject to its jurisdiction as it deems reasonable and necessary, **[**. The department in consultation with the authority may, in accordance with chapter 54, adopt such regulations with respect to**]** and (2) services, accounting practices, safety and the conduct of operations generally of electric suppliers subject to its jurisdiction as it deems reasonable and necessary. After consultation with the Secretary of the Office of Policy and Management, the **[**department**]** authority may also adopt regulations, in accordance with chapter 54, establishing standards for systems utilizing cogeneration technology and renewable fuel resources.

Sec. 5. Section 16-7 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

The directors and any employees of **[**the department assigned to**]** the Public Utilities Regulatory Authority while engaged in the performance of their duties may, at all reasonable times, enter any premises, buildings, cars or other places belonging to or controlled by any public service company or electric supplier, and any person obstructing or in any way causing to be obstructed or hindered any member or employee of the **[**department**]** authority in the performance

of his or her duties shall be fined not more than two hundred dollars or imprisoned not more than six months, or both.

Sec. 6. Subsection (c) of section 16-245m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(c) The **[**Commissioner of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) **[**a representative of**]** the Office of Consumer Counsel; (3) the Attorney General; (4) the electric distribution companies in whose territories the activities take place for such programs; (5) a state-wide manufacturing association; (6) a chamber of commerce; (7) a state-wide business association; (8) a state-wide retail organization; (9) **[**a representative of**]** a municipal electric energy cooperative created pursuant to chapter 101a; (10) **[**two representatives selected by the**]** gas companies in this state; **[**and**]** (11) residential customers; and (12) the Commissioner of Energy and Environmental Protection. **[**Such members**]** The board shall include two representatives of gas companies who shall be appointed from persons selected by the gas companies. Members of the board shall serve for a period of five years and may be reappointed. Representatives of gas companies, electric distribution companies and the municipal electric energy cooperative shall be nonvoting members of the board. **[**The commissioner shall serve as the chairperson of the board.**]** The board shall elect a chairperson from its members.

Sec. 7. Subsection (d) of section 16-245m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(d) (1) The Energy Conservation Management Board shall advise and assist the electric distribution companies in the development and implementation of a comprehensive plan, which plan shall be

approved by the [Department of Energy and Environmental Protection] Public Utilities Regulatory Authority, to implement cost-effective energy conservation programs and market transformation initiatives. Such plan shall include steps that would be needed to achieve the goal of weatherization of eighty per cent of the state's residential units by 2030. Each program contained in the plan shall be reviewed by the electric distribution company and either accepted or rejected by the Energy Conservation Management Board prior to submission to the [department] authority for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges. The [Department of Energy and Environmental Protection] authority shall, in an uncontested proceeding during which the [department may] authority shall hold a public hearing, approve, modify or reject the comprehensive plan prepared pursuant to this subsection. The decision of the authority to approve, modify or reject said plan shall not be subject to appeal.

(2) There shall be a joint committee of the Energy Conservation Management Board and the board of directors of the Clean Energy Finance and Investment Authority. The board and the advisory committee shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Clean Energy Fund pursuant to section 16-245n with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

(3) Programs included in the plan developed under subdivision (1)

of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable, and shall incorporate the results of the evaluation process set forth in subdivision (4) of this subsection. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment that documents (A) expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the board of directors of the Clean Energy Finance and Investment Authority. The report shall include a description of the activities undertaken during the reporting period jointly or in collaboration with the Clean Energy Fund established pursuant to subsection (c) of section 16-245n.

(4) The **[**Department of Energy and Environmental Protection**]** <u>Public Utilities Regulatory Authority</u> shall adopt an independent, comprehensive program evaluation, measurement and verification process to ensure the Energy Conservation Management Board's programs are administered appropriately and efficiently, comply with

statutory requirements, programs and measures are cost effective, evaluation reports are accurate and issued in a timely manner, evaluation results are appropriately and accurately taken into account in program development and implementation, and information necessary to meet any third-party evaluation requirements is provided. An annual schedule and budget for evaluations as determined by the board shall be included in the plan filed with the [department] authority pursuant to subdivision (1) of this subsection. The electric distribution and gas company representatives and the representative of a municipal electric energy cooperative may not vote on board plans, budgets, recommendations, actions or decisions regarding such process or its program evaluations and their implementation. Program and measure evaluation, measurement and verification shall be conducted on an ongoing basis, with emphasis on impact and process evaluations, programs or measures that have not been studied, and those that account for a relatively high percentage of program spending. Evaluations shall use statistically valid monitoring and data collection techniques appropriate for the programs or measures being evaluated. All evaluations shall contain a description of any problems encountered in the process of the evaluation, including, but not limited to, data collection issues, and recommendations regarding addressing those problems in future evaluations. The board shall contract with one or more consultants not affiliated with the board members to act as an evaluation administrator, advising the board regarding development of a schedule and plans for evaluations and overseeing the program evaluation, measurement and verification process on behalf of the board. Consistent with board processes and approvals and [department] authority decisions regarding evaluation, such evaluation administrator shall implement the evaluation process by preparing requests for proposals and selecting evaluation contractors to perform program and measure evaluations and by facilitating communications between evaluation contractors and program administrators to ensure accurate and independent evaluations. In the

evaluation administrator's discretion and at his or her request, the electric distribution and gas companies shall communicate with the evaluation administrator for purposes of data collection, vendor contract administration, and providing necessary factual information during the course of evaluations. The evaluation administrator shall bring unresolved administrative issues or problems that arise during the course of an evaluation to the board for resolution, but shall have sole authority regarding substantive and implementation decisions regarding any evaluation. Board members, including electric distribution and gas company representatives, may not communicate with an evaluation contractor about an ongoing evaluation except with the express permission of the evaluation administrator, which may only be granted if the administrator believes the communication will not compromise the independence of the evaluation. The evaluation administrator shall file evaluation reports with the board and with the **[**department**]** authority in its most recent uncontested proceeding pursuant to subdivision (1) of this subsection and the board shall post a copy of each report on its Internet web site. The board and its members, including electric distribution and gas company representatives, may file written comments regarding any evaluation with the **[**department**]** authority or for posting on the board's Internet web site. Within fourteen days of the filing of any evaluation report, the **[**department**]** authority, members of the board or other interested persons may request in writing, and the **[**department**]** authority shall conduct, a transcribed technical meeting to review the methodology, results and recommendations of any evaluation. Participants in any such transcribed technical meeting shall include the evaluation administrator, the evaluation contractor and the Office of Consumer Counsel at its discretion. On or before November 1, 2011, and annually thereafter, the board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy, with the results and recommendations of completed program evaluations.

(5) Programs included in the plan developed under subdivision (1)

of this subsection may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; (I) public education regarding conservation; and (J) demand-side technology programs recommended by the integrated resources plan approved by the Department of Energy and Environmental Protection pursuant to section 16a-3a, as amended by this act. The board shall periodically review contractors to determine whether they are qualified to conduct work related to such programs. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

Sec. 8. Subsection (i) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(i) The **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall establish, by regulations adopted pursuant to chapter 54, procedures for when and how a

customer is notified that his electric supplier has defaulted and of the need for the customer to choose a new electric supplier within a reasonable period of time.

Sec. 9. Subsection (l) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(l) Each electric distribution company shall offer to bill customers on behalf of participating electric suppliers and to pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority.

Sec. 10. Subsection (a) of section 16-245d of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) The **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority shall, by regulations adopted pursuant to chapter 54, develop a standard billing format that enables customers to compare pricing policies and charges among electric suppliers. The **[**department**]** authority shall adopt regulations, in accordance with the provisions of chapter 54, to provide that an electric supplier, until July 1, 2012, may provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such supplier provides to its customers with a maximum demand of not less than one hundred kilowatts that choose to receive a bill directly from such supplier and, on and after July 1, 2012, shall provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such suppliers provide to their customers or may choose to obtain such billing and collection service through an electric distribution company and pay its pro rata share in accordance

with the provisions of subsection (h) of section 16-244c, as amended by this act. Any customer of an electric supplier, which is choosing to provide direct billing, who paid for the cost of billing and other services to an electric distribution company shall receive a credit on their monthly bill.

(1) An electric supplier that chooses to provide billing and collection services shall, in accordance with the billing format developed by the **[**department**]** authority, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show (i) the electric generation services component and any additional charges imposed by the electric supplier, and (ii) federally mandated congestion charges applicable to the generation services; (B) any unpaid amounts from previous bills, which shall be listed separately from current charges; (C) the rate and usage for the current month and each of the previous twelve months in bar graph form or other visual format; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (G) the toll-free telephone number and address of the electric supplier. On or before February 1, 2012, the authority shall conduct a review of the costs and benefits of suppliers billing for all components of electric service, and report, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the results of such review.

(2) An electric distribution company shall, in accordance with the billing format developed by the authority, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show, (i) the electric generation services component if the customer obtains standard service or last resort service from the electric distribution company, (ii) the distribution charge, including all applicable taxes and the systems benefits charge, as provided in section 16-245*l*, (iii) the transmission

rate as adjusted pursuant to subsection (d) of section 16-19b, (iv) the competitive transition assessment, as provided in section 16-245g, (v) federally mandated congestion charges, and (vi) the conservation and renewable energy charge, consisting of the conservation and load management program charge, as provided in section 16-245m, as amended by this act, and the renewable energy investment charge, as provided in section 16-245n; (B) any unpaid amounts from previous bills which shall be listed separately from current charges; (C) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the electric distribution company to report power losses; (G) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (H) if a customer has a demand of five hundred kilowatts or less during the preceding twelve months, a statement about the availability of information concerning electric suppliers pursuant to section 16-245p.

Sec. 11. Subsection (a) of section 16-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) Each (1) public service company and its officers, agents and employees, (2) electric supplier or person providing electric generation services without a license in violation of section 16-245, and its officers, agents and employees, (3) certified telecommunications provider or person providing telecommunications services without authorization pursuant to sections 16-247f to 16-247h, inclusive, and its officers, agents and employees, (4) person, public agency or public utility, as such terms are defined in section 16-345, subject to the requirements of chapter 293, (5) person subject to the registration requirements under section 16-258a, (6) cellular mobile telephone carrier, as described in section 16-250b, (7) Connecticut electric efficiency partner, as defined in section 16-243v, **[**and**]** (8) company, as defined in section 16-49, (9)

person who owns, operates or constructs a facility, as defined in section 16-50i, and (10) person who is engaged in the submetering of electricity or the billing thereof, shall obey, observe and comply with all applicable provisions of this title and each applicable order made or applicable regulations adopted by the Public Utilities Regulatory Authority and the Connecticut Siting Council, as applicable, by virtue of this title as long as the same remains in force. Any such company, electric supplier, certified telecommunications provider, cellular mobile telephone carrier, Connecticut electric efficiency partner, person, any officer, agent or employee thereof, public agency or public utility which the authority finds has failed to obey or comply with any such provision of this title, order or regulation shall be fined by order of the authority in accordance with the penalty prescribed for the violated provision of this title or, if no penalty is prescribed, not more than ten thousand dollars for each offense, except that the penalty shall be a fine of not more than forty thousand dollars for failure to comply with an order of the authority made in accordance with the provisions of section 16-19 or 16-247k or within thirty days of such order or within any specific time period for compliance specified in such order. Each distinct violation of any such provision of this title, order or regulation shall be a separate offense and, in case of a continued violation, each day thereof shall be deemed a separate offense. Each such penalty and any interest charged pursuant to subsection (g) or (h) of section 16-49 shall be excluded from operating expenses for purposes of rate-making.

Sec. 12. Subdivision (3) of subsection (c) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(3) An electric distribution company providing electric generation services pursuant to this subsection shall cooperate with the procurement manager of the **[**Department of Energy and Environmental Protection**]** Public Utilities Regulatory Authority and comply with the procurement plan for electric generation services

contracts. Such plan shall require that the portfolio of service contracts be procured in such manner and duration as the authority determines to be most likely to produce just, reasonable and reasonably stable retail rates while reflecting underlying wholesale market prices over time. The portfolio of contracts shall be assembled in such manner as to invite competition; guard against favoritism, improvidence, extravagance, fraud and corruption; and secure a reliable electricity supply while avoiding unusual, anomalous or excessive pricing. An affiliate of an electric distribution company may bid for an electric generation services contract, provided such electric distribution company and affiliate are in compliance with the code of conduct established in section 16-244h.

Sec. 13. Subsection (a) of section 16-244m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) On or before January 1, 2012, and annually thereafter, the procurement manager of the **[**Department of Energy and Environmental Protection**]** <u>Public Utilities Regulatory Authority</u>, in consultation with each electric distribution company and with others at the procurement manager's discretion, including, but not limited to, a municipal energy cooperative established pursuant to chapter 101a, other than entities, individuals and companies or their affiliates potentially involved in bidding on standard service, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products that will enable each electric distribution company to manage a portfolio of contracts to reduce the average cost of standard service while maintaining standard service cost volatility within reasonable levels. Each procurement plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the use of other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts, and may provide for the use of varying lengths of contracts. If such plan includes the

purchase of full requirements contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers.

Sec. 14. (*Effective from passage*) The Public Utilities Regulatory Authority shall initiate a docket to review the regulation of the state's propane industry. On or before January 1, 2013, the authority shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such docket to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology.

Sec. 15. (*Effective from passage*) The Public Utilities Regulatory Authority shall initiate a docket to review the sufficiency of natural gas lines in the state to supply natural gas for consumers to operate generators. The authority shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such docket to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before February 1, 2013.

Sec. 16. Section 16-244u of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) As used in this section:

(1) "Beneficial account" means an in-state **[**retail**]** end user of an electric distribution company designated by a customer host in such electric distribution company's service area to receive virtual net metering credits from a virtual net metering facility;

(2) "Customer host" means an in-state **[**retail**]** end user of an electric distribution company that owns <u>or leases</u> a virtual net metering facility **[**,**]** and participates in virtual net metering;

(3) "Unassigned virtual net metering credit" means in any given electric distribution company monthly billing period, a virtual net

metering credit that remains after both the customer host and its beneficial accounts have been billed for zero kilowatt hours related solely to the generation service charges on such billings through virtual net metering;

(4) "Virtual net metering" means the process of combining the electric meter readings and billings, including any virtual net metering credits, for a customer host and a beneficial account through an electric distribution company billing process related solely to the generation service charges on such billings;

(5) "Virtual net metering credit" means a credit equal to the retail cost per kilowatt hour the customer host may have otherwise been charged for each kilowatt hour produced by a virtual net metering facility that exceeds the total amount of kilowatt hours used during an electric distribution company monthly billing period; and

(6) "Virtual net metering facility" means a Class I renewable energy source that: (A) Is **[**served by an**]** connected to the electric distribution **[**company**]** system; (B) is owned or leased by a customer host and serves the electricity needs of the customer host and its beneficial accounts; **[**(B)**]** (C) is within the same electric distribution company service territory as the customer host and its beneficial accounts; and **[**(C)**]** (D) has a nameplate capacity rating of two megawatts or less.

(b) Each electric distribution company shall provide virtual net metering to its municipal customers and shall make any necessary interconnections for a virtual net metering facility. Upon request by a municipal customer host to implement the provisions of this section, an electric distribution company shall install metering equipment, if necessary. For each municipal customer host, such metering equipment shall (1) measure electricity consumed from the electric distribution company's facilities; (2) deduct the amount of electricity produced but not consumed; and (3) register, for each monthly billing period, the net amount of electricity produced and, if applicable, consumed. If, in a given monthly billing period, a municipal customer

host supplies more electricity to the electric distribution system than the electric distribution company delivers to the municipal customer host, the electric distribution company shall bill the municipal customer host for zero kilowatt hours of generation and assign a virtual net metering credit to the municipal customer host's beneficial accounts for the next monthly billing period. Such credit shall be applied against the generation service component of the beneficial account. Such credit shall be allocated among such accounts in proportion to their consumption for the previous twelve billing periods.

(c) An electric distribution company shall carry forward any unassigned virtual net metering generation credits earned by the municipal customer host from one monthly billing period to the next until the end of the calendar year. At the end of each calendar year, the electric distribution company shall compensate the municipal customer host for any unassigned virtual net metering generation credits at the rate the electric distribution company pays for power procured to supply standard service customers pursuant to section 16-244c, as amended by this act.

(d) At least sixty days before a municipal customer host's virtual net metering facility becomes operational, the municipal customer host shall provide written notice to the electric distribution company of its beneficial accounts. The municipal customer host may change its list of beneficial accounts not more than once annually by providing another sixty days' written notice. The municipal customer host shall not designate more than five beneficial accounts.

(e) On or before February 1, 2012, the Department of Energy and Environmental Protection shall conduct a proceeding to develop the administrative processes and program specifications, including, but not limited to, a cap of one million dollars per year apportioned to each electric distribution company based on consumer load for credits provided to beneficial accounts pursuant to subsection (c) of this

571 section and payments made pursuant to subsection (d) of this section.

572 (f) On or before January 1, 2013, and annually thereafter, each
573 electric distribution company shall report to the department on the
574 cost of its virtual net metering program pursuant to this section and
575 the department shall combine such information and report it annually,
576 in accordance with the provisions of section 11-4a, to the joint standing
577 committee of the General Assembly having cognizance of matters
578 relating to energy.

579 Sec. 17. (NEW) (*Effective October 1, 2012*) (a) There is established a
580 Division of Enforcement within the Public Utilities Regulatory
581 Authority that shall review and investigate any potential violations of
582 title 16 of the general statutes or orders made and regulations adopted
583 by the authority or the Connecticut Siting Council pursuant to said
584 title, including noncompliance with any order or decision issued by
585 the authority for any docket.

586 (b) The division may, as it deems necessary, conduct investigations
587 if said authority believes that any (1) public service company or its
588 officers, agents or employees, (2) electric supplier or person providing
589 electric generation services without a license in violation of section 16-
590 245 of the general statutes or its officers, agents or employees, (3)
591 certified telecommunications provider or person providing
592 telecommunications services without authorization pursuant to
593 sections 16-247 to 16-247f, inclusive, of the general statutes or its
594 officers, agents or employees, (4) person, public agency or public
595 utility, as such terms are defined in section 16-345 of the general
596 statutes, subject to the requirements of chapter 293 of the general
597 statutes, (5) person subject to the registration requirements under
598 section 16-258a of the general statutes, (6) cellular mobile telephone
599 carrier, as described in section 16-250b of the general statutes, (7)
600 Connecticut electric efficiency partner, as defined in section 16-243v of
601 the general statutes, (8) company, as defined in section 16-49 of the
602 general statutes, or (9) person who owns, operates or constructs a

603 facility, as defined in section 16-50i of the general statutes, has violated
604 any provision of title 16 of the general statutes or any order made or
605 regulation adopted by the authority or the council pursuant to said
606 title, including noncompliance with any order or decision issued by
607 the authority for any docket. The authority may conduct a hearing in
608 aid of any investigation conducted pursuant to this section. Such
609 hearing shall be considered a contested case. The division, pursuant to
610 any such investigation or hearing, may administer oaths and take
611 testimony, cause depositions to be taken, order production of books,
612 papers and documents and issue subpoenas. If any person or entity
613 disobeys such process or, having appeared in obedience thereto,
614 refuses to answer any pertinent question put to such person or entity
615 by the division or to produce any books, papers or documents
616 pursuant thereto, the authority may apply to the Superior Court,
617 setting forth such disobedience to process or refusal to answer and the
618 court shall cite such person or entity to appear before the court to
619 answer each such question or to produce such books, papers or
620 documents and, upon the refusal of such person or entity so to do, the
621 court may make such order as may be appropriate to aid in the
622 enforcement of this section.

623 (c) If the division determines, after such investigation or hearing,
624 that such person or entity has violated any provision of title 16 of the
625 general statutes or any order made or regulation adopted by the
626 authority or the council pursuant to said title, or has failed to comply
627 with any order or decision issued by the authority for any docket, the
628 division may recommend that the authority assess a civil penalty
629 against such person or entity pursuant to section 16-41 of the general
630 statutes, as amended by this act, or issue any order to ensure
631 compliance.

632 (d) Not later than one year after the authority or council issues any
633 order or decision for any docket, or after the construction of any
634 facility constructed pursuant to a certificate issued by the council is
635 completed, and annually thereafter, the division shall review such

order, decision or facility to determine whether there has been compliance with such order, decision or certificate. If the division determines, pursuant to such review, that any person or entity has failed to comply with such order, decision or certificate it may (1) commence an investigation of such noncompliance, pursuant to this section, or (2) recommend that the authority assess a civil penalty against such person or entity pursuant to section 16-41 of the general statutes, as amended by this act.

Sec. 18. Subsection (d) of section 16a-3a of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) The integrated resources plan shall consider: (1) Approaches to maximizing the impact of demand-side measures; (2) the extent to which generation needs can be met by renewable and combined heat and power facilities; (3) the optimization of the use of generation sites and generation portfolio existing within the state; (4) fuel types, diversity, availability, firmness of supply and security and environmental impacts thereof, including impacts on meeting the state's greenhouse gas emission goals; (5) reliability, peak load and energy forecasts, system contingencies and existing resource availabilities; (6) import limitations and the appropriate reliance on such imports; (7) the impact of the procurement plan on the costs of electric customers; and (8) the effects on participants and nonparticipants. Such plan shall include options for lowering the rates and cost of electricity. <u>Such plan shall take into account the comprehensive plan to implement cost-effective energy conservation programs and market transformation initiatives developed pursuant to section 16-245m, as amended by this act.</u> The Department of Energy and Environmental Protection shall hold a public hearing on such integrated resources plan pursuant to chapter 54. **[**The commissioner may approve or reject such plan with comments.**]** <u>The commissioner, in consultation with the Public Utilities Regulatory Authority, shall identify any provision of the integrated resources plan that impacts</u>

669 rates. The authority shall hold a public hearing, pursuant to chapter 54,
670 concerning any such provision. After such hearing, the authority shall
671 approve or reject any such provision. The commissioner may approve
672 or reject with comments any other provision of the integrated
673 resources plan.

674 Sec. 19. Section 16-5 of the general statutes is repealed and the
675 following is substituted in lieu thereof (*Effective from passage*):

676 Misconduct, material neglect of duty, incompetence in the conduct
677 of his office or active participation in political management or
678 campaigns by any **[**commissioner**]** director of the Public Utilities
679 Regulatory Authority shall constitute cause for removal. Such removal
680 shall be made only after judgment of the Superior Court rendered
681 upon written complaint of the Attorney General. The Attorney General
682 may file such complaint in his discretion and shall file such complaint
683 if so directed by the Governor. Upon the filing of such complaint, a
684 rule to show cause shall issue to the accused, who may make any
685 proper answer within such time as the court may limit and shall have
686 the right to be heard in his own defense and by witnesses and counsel.
687 The procedure upon such complaint shall be similar to that in civil
688 actions, but such complaint shall be privileged in order of trial and
689 shall be heard as soon as practicable. If, after hearing, the court finds
690 cause for removal, it shall render judgment to that effect, and
691 thereupon the office of such **[**commissioner**]** director shall become
692 vacant.

693 Sec. 20. (NEW) (*Effective from passage*) There is established a Division
694 of Adjudication within the Public Utilities Regulatory Authority. The
695 staff of the division shall include, but not be limited to, hearing officers
696 appointed pursuant to subsection (c) of section 16-2 of the general
697 statutes. The responsibilities of the division shall include, but not be
698 limited to, hearing matters assigned under said subsection and
699 advising the authority concerning legal issues. The authority shall
700 appoint such hearing officers pursuant to section 16-2 of the general

701 statutes, and assign such other staff as are necessary to advise the
702 authority.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2012*	16-2(a)
Sec. 2	*July 1, 2012*	16-2(f)
Sec. 3	*July 1, 2012*	4-67e
Sec. 4	*July 1, 2012*	16-6b
Sec. 5	*July 1, 2012*	16-7
Sec. 6	*July 1, 2012*	16-245m(c)
Sec. 7	*July 1, 2012*	16-245m(d)
Sec. 8	*July 1, 2012*	16-244c(i)
Sec. 9	*July 1, 2012*	16-244c(l)
Sec. 10	*July 1, 2012*	16-245d(a)
Sec. 11	*July 1, 2012*	16-41(a)
Sec. 12	*July 1, 2012*	16-244c(c)(3)
Sec. 13	*July 1, 2012*	16-244m(a)
Sec. 14	*from passage*	New section
Sec. 15	*from passage*	New section
Sec. 16	*July 1, 2012*	16-244u
Sec. 17	*October 1, 2012*	New section
Sec. 18	*from passage*	16a-3a(d)
Sec. 19	*from passage*	16-5
Sec. 20	*from passage*	New section