



Senate

General Assembly

File No. 413

February Session, 2012

Substitute Senate Bill No. 451

Senate, April 12, 2012

The Committee on Energy and Technology reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE ESTABLISHMENT OF A HEATING FURNACE AND BOILER REPLACEMENT PROGRAM.

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

1 Section 1. Section 16-243v of the general statutes is amended by
2 adding subsection (k) as follows (*Effective from passage*):

3 (NEW) (k) (1) As used in this subsection:

4 (A) "Eligible residential retail end use customer" means any
5 residential customer of an electric distribution company;

6 (B) "Program loan" means any loan approved by an electric
7 distribution company pursuant to this section that is funded by the
8 systems benefits charge as a program under the Connecticut electric
9 efficiency partner program established pursuant to this section; and

10 (C) "Program requirements" means the requirements necessary to
11 participate in any program established pursuant to this subsection,

12 including that (i) the total projected direct cost savings to any eligible
13 residential retail end use customer resulting from a heating furnace or
14 boiler replacement, which shall be calculated on an annual basis
15 commencing from the month that the replacement furnace or boiler is
16 projected to be in service, shall be greater than the total cost of the
17 financing over the term of the program loan, (ii) each program loan
18 amount may not exceed eighty per cent of the total installed cost of the
19 replacement heating furnace or boiler, (iii) the term of the program
20 loan shall be the lesser of (I) the simple payback of the program loan
21 plus two years, or (II) ten years, and (iv) the efficiency rating of the
22 replacement furnace or boiler shall meet or exceed federal Energy Star
23 standards.

24 (2) On or before June 1, 2012, each electric distribution company
25 shall establish and administer a residential customer heating furnace
26 and boiler replacement program to assist eligible residential retail end
27 use customers in financing heating furnace or boiler replacements that
28 meet each program requirement provided in this subsection.

29 (3) Any eligible residential retail end use customer may apply to the
30 customer's electric distribution company to participate in the program.
31 Such company shall screen each applicant to ensure that such
32 applicant meets the program requirements. Such company shall only
33 accept into the program applicants that meet the program
34 requirements. Such company shall seek to maximize, to the extent
35 practicable, participation in the program.

36 (4) Each eligible residential retail end use customer participating in
37 the program shall repay the program loan through a monthly charge
38 on such customer's electric bill. Such program loan repayment shall
39 include the principal payment, the interest expense associated with
40 such loan and the expense for any loan default. Any program loan
41 repayment shall be credited to the systems benefits charge. Any cost
42 incurred by an electric distribution company administering the
43 program shall be recovered through the systems benefits charge.

44 (5) Each eligible residential retail end use customer participating in

45 the program who defaults on any program loan shall be subject to
46 termination of electric service by any electric distribution company
47 administering the program.

48 (6) Any program loan shall attach to the program loan recipient's
49 residential electric service account for the premises on which the
50 replacement furnace or boiler is located and shall be transferable to
51 subsequent electric service account holders at such premises. Each
52 electric distribution company shall be entitled to take such action as
53 required to secure a program loan, including, but not limited to,
54 attaching liens and requiring filings to be made on applicable land
55 records or as otherwise necessary or required.

56 (7) Any electric distribution company residential end use customer
57 who resides in an apartment is eligible to participate in the program if
58 (A) such customer meets the program requirements established
59 pursuant to subdivision (1) of this subsection, and (B) the owner or
60 landlord of the apartment in which such customer resides pays a
61 minimum of twenty per cent of the total cost of the furnace or boiler
62 replacement and any additional amount required to meet the program
63 requirements.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-243v

Statement of Legislative Commissioners:

In section 1(k)(1)(B), "Connecticut electric efficiency partners program" was changed to "Connecticut electric efficiency partner program" for statutory consistency; in section 1(k)(1)(C), "the heating furnace" was changed to "a heating furnace" for clarity; in section 1(k)(3), "apply to any" was changed to "apply to the customer's" for clarity; in section 1(k)(6), "the program loan" was changed to "a program loan" for clarity; and in section 1(k)(7), "provided (A) such customer meets any program requirement" was changed to "if (A) such customer meets the program requirements" for clarity and to achieve the intent of the committee.

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: None

Municipal Impact: None

Explanation

The bill, which requires electric companies to establish certain loan programs to help residential customers finance furnace and boiler replacement, has no fiscal impact on the state or municipalities.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 451*****AN ACT CONCERNING THE ESTABLISHMENT OF A HEATING FURNACE AND BOILER REPLACEMENT PROGRAM.*****SUMMARY:**

This bill requires each electric company, by June 1, 2012, to establish and administer a loan program to help residential customers finance furnace or boiler replacements. The costs of the loans (principal, interest, and the expense for loan defaults) must be recovered on the participating customer's electric bill. The electric company's cost for administering the program must be recovered through the systems benefits charge (SBC) on the bills of all customers. The loan repayments must be credited to the SBC.

The bill allows tenants to participate in the program if (1) they meet the program's requirements and (2) the owner or landlord of the building where the customer lives pays at least 20% of the total cost of the replacement furnace or boiler and any additional amount required to meet the program requirements. It is unclear how this provision would work in light of the fact that tenants generally do not own or control the heating system in their building.

The loan (1) attaches to the participant's residential electric account for the premises where the replacement furnace or boiler is located and (2) can be transferred to subsequent account holders for the premises. Each electric company may act as needed to secure the loan, such as by attaching liens and requiring filings to be made on applicable land records or as otherwise needed or required.

Each customer who participates in the program who defaults on any program loan is subject to termination of electric service by the company administering the program. Presumably this is subject to

restrictions under current law which, among other things, bars residential terminations on weekends and holidays.

EFFECTIVE DATE: Upon passage

REPLACEMENT FURNACE AND BOILER LOAN PROGRAM

A customer may apply to the company to participate in the program. The company (1) must screen each applicant to ensure that he or she meets the program requirements and (2) can only accept applicants who meet requirements. The company must seek to maximize, to the extent practicable, participation in the program.

To participate in the program, the total projected direct cost savings to a customer resulting from the replacement furnace or boiler must be greater than the total cost of the financing over the term of the program loan. This must be calculated on an annual basis starting the month that the replacement furnace or boiler is projected to be in service. The loan may not exceed 80% of the total installed cost of the replacement furnace or boiler. The loan term must be the lesser of (1) the simple payback of the loan plus two years or (2) 10 years. The replacement furnace or boiler must meet or exceed federal Energy Star energy efficiency standards.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/28/2012)