
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)