Senate

General Assembly

File No. 456

February Session, 2012

Substitute Senate Bill No. 415

Senate, April 17, 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 OPERATIONS OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION, THE ESTABLISHMENT OF A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM, WATER CONSERVATION AND THE OPERATIONS OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY.

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

Section 1. Subdivision (52) of subsection (a) of section 16-1 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(52) "Commissioner of Energy and Environmental Protection" means the Commissioner of Energy and Environmental Protection appointed pursuant to title 4<u>, or the commissioner's designee</u>.

Sec. 2. Section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

10 (a) There shall continue to be a Public Utilities Regulatory Authority
11 within the Department of Energy and Environmental Protection,
12 which shall consist of three electors of this state, appointed by the
13 Governor with the advice and consent of both houses of the General
14 Assembly. Not more than two members of said authority in office at
15 any one time shall be members of any one political party. On or before
16 July 1, 2011, the Governor shall appoint three members to the
17 authority. The first director appointed by the Governor on or before
18 July 1, 2011, who is of the same political party as that of the Governor
19 shall serve a term of five years. The second director appointed by the
20 Governor on or before July 1, 2011, who is of the same political party
21 as that of the Governor shall serve a term of four years. The first
22 director appointed by the Governor on or before July 1, 2011, who is of
23 a different political party as that of the Governor shall serve a term of
24 three years. Any director appointed on or after January 1, 2014, shall
25 serve a term of four years. The procedure prescribed by section 4-7
26 shall apply to such appointments, except that the Governor shall
27 submit each nomination on or before May first, and both houses shall
28 confirm or reject it before adjournment sine die. The directors shall be
29 sworn to the faithful performance of their duties. The term of any
30 commissioner serving on June 30, 2011, shall be terminated.

31 (b) The authority shall elect a chairperson and vice-chairperson each
32 June for one-year terms starting on July first of the same year. The vice-
33 chairperson shall perform the duties of the chairperson in his or her
34 absence.

35 (c) Any matter coming before the authority may be assigned by the
36 chairperson to a panel of one or more directors. Except as otherwise
37 provided by statute or regulation, the panel shall determine whether a
38 public hearing shall be held on the matter, and may designate one or
39 two of its members to conduct such hearing or **[**request the
40 appointment of**]** <u>may assign</u> a hearing officer to ascertain the facts and
41 report thereon to the panel. The decision of the panel, if unanimous,
42 shall be the decision of the authority. If the decision of the panel is not
43 unanimous, the matter shall be approved by a majority vote of the

44 [panel] directors of the authority.

45 (d) The directors of the authority shall serve full time and shall
46 make full public disclosure of their assets, liabilities and income at the
47 time of their appointment, and thereafter each member of the authority
48 shall make such disclosure on or before July thirtieth of each year of
49 such member's term, and shall file such disclosure with the office of
50 the Secretary of the State. Each director shall receive annually a salary
51 equal to that established for management pay plan salary group
52 seventy-five by the Commissioner of Administrative Services, except
53 that the chairperson shall receive annually a salary equal to that
54 established for management pay plan salary group seventy-seven.

55 (e) To insure the highest standard of public utility regulation, on
56 and after October 1, 2007, any newly appointed director of the
57 authority shall have education or training and three or more years of
58 experience in one or more of the following fields: Economics,
59 engineering, law, accounting, finance, utility regulation, public or
60 government administration, consumer advocacy, business
61 management, and environmental management. On and after July 1,
62 1997, at least three of these fields shall be represented on the authority
63 by individual directors at all times. Any time a director is newly
64 appointed, at least one of the directors shall have experience in utility
65 customer advocacy.

66 (f) The chairperson of the authority, with the approval of the
67 Commissioner of Energy and Environmental Protection, shall
68 prescribe the duties of the staff assigned to the authority in order to (1)
69 conduct comprehensive planning with respect to the functions of the
70 authority; (2) coordinate the activities of the authority; (3) cause the
71 administrative organization of the authority to be examined with a
72 view to promoting economy and efficiency; (4) organize the authority
73 into such divisions, bureaus or other units as necessary for the efficient
74 conduct of the business of the authority and may from time to time
75 make recommendations to the commissioner regarding staff and
76 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.

(g) No director of the authority or employee of the Department of Energy and Environmental Protection assigned to work with the authority shall **[**, while serving as such or during such assignment,**]** have any interest, financial or otherwise, direct or indirect, or engage in any business, employment, transaction or professional activity, or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties or employment in the public interest and of his or her responsibilities as prescribed in the laws of this state, as defined in section 1-85, concerning any matter within the jurisdiction of the authority; provided, no such substantial conflict shall be deemed to exist solely by virtue of the fact that a director of the authority or employee of the department assigned to work with the authority, or any business in which such a person has an interest, receives utility service from one or more Connecticut utilities under the normal rates and conditions of service.

(h) No member of the authority or employee of the department assigned to work with the authority, during such assignment, shall accept other employment which will either impair his or her independence of judgment as to his or her official duties or employment or require him or her, or induce him or her, to disclose confidential information acquired by him or her in the course of and by reason of his or her official duties.

111 (i) No director of the authority or employee of the department
112 assigned to work with the authority, during such assignment, shall
113 wilfully and knowingly disclose, for pecuniary gain, to any other
114 person, confidential information acquired by him or her in the course
115 of and by reason of his or her official duties or employment or use any
116 such information for the purpose of pecuniary gain.

117 (j) No director of the authority or employee of the department
118 assigned to work with the authority, during such assignment, shall
119 agree to accept, or be in partnership or association with any person, or
120 a member of a professional corporation or in membership with any
121 union or professional association which partnership, association,
122 professional corporation, union or professional association agrees to
123 accept any employment, fee or other thing of value, or portion thereof,
124 in consideration of his or her appearing, agreeing to appear, or taking
125 any other action on behalf of another person before the authority, the
126 Connecticut Siting Council, the Office of Policy and Management or
127 the Commissioner of Energy and Environmental Protection.

128 (k) No director of the authority shall, for a period of one year
129 following the termination of his or her service as a director, accept
130 employment: (1) By a public service company or by any person, firm or
131 corporation engaged in lobbying activities with regard to
132 governmental regulation of public service companies; (2) by a certified
133 telecommunications provider or by any person, firm or corporation
134 engaged in lobbying activities with regard to governmental regulation
135 of persons, firms or corporations so certified; or (3) by an electric
136 supplier or by any person, firm or corporation engaged in lobbying
137 activities with regard to governmental regulation of electric suppliers.
138 No such director who is also an attorney shall in any capacity, appear
139 or participate in any matter, or accept any compensation regarding a
140 matter, before the authority, for a period of one year following the
141 termination of his or her service as a director.

142 (l) The Public Utilities Regulatory Authority shall include a
143 procurement manager whose duties shall include, but not be limited

144 to, overseeing the procurement of electricity for standard service and
145 who shall have experience in energy markets and procuring energy on
146 a commercial scale.

147 Sec. 3. Section 16-3 of the 2012 supplement to the general statutes is
148 repealed and the following is substituted in lieu thereof (*Effective from*
149 *passage*):

150 If any director vacancy occurs in said Public Utilities Regulatory
151 Authority at any time when the General Assembly is not in session, the
152 Governor shall appoint a director to fill such vacancy until such
153 vacancy is filled at the next session of the General Assembly. **[**Any
154 other vacancy shall be filled, for the unexpired portion of the term, in
155 the manner provided in section 16-2.**]**

156 Sec. 4. Section 16-6b of the 2012 supplement to the general statutes is
157 repealed and the following is substituted in lieu thereof (*Effective from*
158 *passage*):

159 The Public Utilities Regulatory Authority, in consultation with the
160 **[**Department**]** Commissioner of Energy and Environmental Protection,
161 may, in accordance with chapter 54, adopt such regulations with
162 respect to: **[**rates**]** (1) Rates and charges, services, accounting practices,
163 safety and the conduct of operations generally of public service
164 companies subject to its jurisdiction as it deems reasonable and
165 necessary; **[**. The department in consultation with the authority may, in
166 accordance with chapter 54, adopt such regulations with respect to**]** (2)
167 services, accounting practices, safety and the conduct of operations
168 generally of electric suppliers subject to its jurisdiction as it deems
169 reasonable and necessary; **[**. After consultation with the Secretary of
170 the Office of Policy and Management, the department may also adopt
171 regulations, in accordance with chapter 54,**]** and (3) establishing
172 standards, in accordance with the department's policies, for systems
173 utilizing cogeneration technology and renewable fuel resources.

174 Sec. 5. Section 16-7 of the 2012 supplement to the general statutes is
175 repealed and the following is substituted in lieu thereof (*Effective from*

passage):

The directors [and any employees of the department assigned to] of the Public Utilities Regulatory Authority, or their designees, 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 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. Section 16-8 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Public Utilities Regulatory Authority may, in its discretion, delegate its powers, in specific cases, to one or more of its directors or to a hearing officer to ascertain the facts and report thereon to the authority. The authority, or any director thereof, in the performance of its duties or in connection with any hearing, or at the request of any person, corporation, company, town, borough or association, may summon and examine, under oath, such witnesses, and may direct the production of, and examine or cause to be produced and examined, such books, records, vouchers, memoranda, documents, letters, contracts or other papers in relation to the affairs of any public service company as it may find advisable, and shall have the same powers in reference thereto as are vested in magistrates taking depositions. If any witness objects to testifying or to producing any book or paper on the ground that such testimony, book or paper may tend to incriminate him, and the authority directs such witness to testify or to produce such book or paper, and he complies, or if he is compelled so to do by order of court, he shall not be prosecuted for any matter concerning which he or she has so testified. The fees of witnesses summoned by the [department] authority to appear before it under the provisions of this section, and the fees for summoning witnesses shall be the same as

209 in the Superior Court. All such fees, together with any other expenses
210 authorized by statute, the method of payment of which is not
211 otherwise provided, shall, when taxed by the authority, be paid by the
212 state, through the business office of the authority, in the same manner
213 as court expenses. The authority may designate in specific cases a
214 hearing officer who may be a member of its technical staff or a member
215 of the Connecticut Bar engaged for that purpose under a contract
216 approved by the Secretary of the Office of Policy and Management to
217 hold a hearing and make report thereon to the authority. A hearing
218 officer so designated shall have the same powers as the authority, or
219 any director thereof, to conduct a hearing, except that only a director of
220 the authority shall have the power to grant immunity from
221 prosecution to any witness who objects to testifying or to producing
222 any book or paper on the ground that such testimony, book or paper
223 may tend to incriminate him or her.

224 (b) (1) The authority may **[**, within available appropriations,**]**
225 employ professional personnel to perform management audits. The
226 authority shall promptly establish such procedures as it deems
227 necessary or desirable to provide for management audits to be
228 performed on a regular or irregular schedule on all or any portion of
229 the operating procedures and any other internal workings of any
230 public service company, including the relationship between any public
231 service company and a related holding company or subsidiary,
232 consistent with the provisions of section 16-8c, provided no such audit
233 shall be performed on a community antenna television company,
234 except with regard to any noncable communications services which
235 the company may provide, or when (A) such an audit is necessary for
236 the authority to perform its regulatory functions under the
237 Communications Act of 1934, 47 USC 151, et seq., as amended from
238 time to time, other federal law or state law, (B) the cost of such an audit
239 is warranted by a reasonably foreseeable financial, safety or service
240 benefit to subscribers of the company which is the subject of such an
241 audit, and (C) such an audit is restricted to examination of the
242 operating procedures that affect operations within the state.

243 (2) In any case where the authority determines that an audit is
244 necessary or desirable, it may (A) order the audit to be performed by
245 one of the management audit teams, (B) require the affected company
246 to perform the audit utilizing the company's own internal
247 management audit staff as supervised by designated members of the
248 authority's staff, or (C) require that the audit be performed under the
249 supervision of designated members of the authority's staff by an
250 independent management consulting firm selected by the authority, in
251 consultation with the affected company. If the affected company has
252 more than seventy-five thousand customers, such independent
253 management consulting firm shall be of nationally recognized stature.
254 All reasonable and proper expenses of the audits, including, but not
255 limited to, the costs associated with the audit firm's testimony at a
256 public hearing or other proceeding, shall be borne by the affected
257 companies and shall be paid by such companies at such times and in
258 such manner as the authority directs.

259 (3) For purposes of this section, a complete audit shall consist of (A)
260 a diagnostic review of all functions of the audited company, which
261 shall include, but not be limited to, documentation of the operations of
262 the company, assessment of the company's system of internal controls,
263 and identification of any areas of the company which may require
264 subsequent audits, and (B) the performance of subsequent focused
265 audits identified in the diagnostic review and determined necessary by
266 the authority. All audits performed pursuant to this section shall be
267 performed in accordance with generally accepted management audit
268 standards. The **[**department**]** authority shall adopt regulations in
269 accordance with the provisions of chapter 54 setting forth such
270 generally accepted management audit standards. Each audit of a
271 community antenna television company shall be consistent with the
272 provisions of the Communications Act of 1934, 47 USC 151, et seq., as
273 amended from time to time, and of any other applicable federal law.
274 The authority shall certify whether a portion of an audit conforms to
275 the provisions of this section and constitutes a portion of a complete
276 audit.

277 (4) A complete audit of each portion of each gas, electric or electric
278 distribution company having more than seventy-five thousand
279 customers shall begin no less frequently than every six years, so that a
280 complete audit of such a company's operations shall be performed
281 every six years. Such an audit of each such company having more than
282 seventy-five thousand customers shall be updated as required by the
283 authority.

284 (5) The results of an audit performed pursuant to this section shall
285 be filed with the authority and shall be open to public inspection.
286 Upon completion and review of the audit, if the person or firm
287 performing or supervising the audit determines that any of the
288 operating procedures or any other internal workings of the affected
289 public service company are inefficient, improvident, unreasonable,
290 negligent or in abuse of discretion, the authority may, after notice and
291 opportunity for a hearing, order the affected public service company to
292 adopt such new or altered practices and procedures as the authority
293 shall find necessary to promote efficient and adequate service to meet
294 the public convenience and necessity. The authority shall annually
295 submit a report of audits performed pursuant to this section to the
296 joint standing committee of the General Assembly having cognizance
297 of matters relating to public utilities which report shall include the
298 status of audits begun but not yet completed and a summary of the
299 results of audits completed. <u>Any such report may be submitted</u>
300 <u>electronically.</u>

301 (6) All reasonable and proper costs and expenses, as determined by
302 the authority, of complying with any order of the authority pursuant
303 to this subsection shall be recognized by the authority for all purposes
304 as proper business expenses of the affected company.

305 (7) After notice and hearing, the authority may modify the scope
306 and schedule of a management audit of a telephone company which is
307 subject to an alternative form of regulation so that such audit is
308 consistent with that alternative form of regulation.

309 (c) Nothing in this section shall be deemed to interfere or conflict

310 with any powers of the authority or its staff provided elsewhere in the
311 general statutes, including, but not limited to, the provisions of this
312 section and sections 16-7, as amended by this act, 16-28 and 16-32, to
313 conduct an audit, investigation or review of the books, records, plant
314 and equipment of any regulated public service company.

315 Sec. 7. Subsection (b) of section 16-19e of the 2012 supplement to the
316 general statutes is repealed and the following is substituted in lieu
317 thereof (*Effective from passage*):

318 (b) The Public Utilities Regulatory Authority shall promptly
319 undertake a separate, general investigation of, and shall hold at least
320 one public hearing on new pricing principles and rate structures for
321 electric companies and for gas companies to consider, without
322 limitation, long run incremental cost of marginal cost pricing, peak
323 load or time of day pricing and proposals for optimizing the utilization
324 of energy and restraining its wasteful use and encouraging energy
325 conservation, and any other matter with respect to pricing principles
326 and rate structures as the authority shall deem appropriate. The
327 authority shall determine whether existing or future rate structures
328 place an undue burden upon those persons of poverty status and shall
329 make such adjustment in the rate structure as is necessary or desirable
330 to take account of their indigency. The authority shall require the
331 utilization of such new principles and structures to the extent that the
332 authority determines that their implementation is in the public interest
333 and necessary or desirable to accomplish the purposes of this
334 provision without being unfair or discriminatory or unduly
335 burdensome or disruptive to any group or class of customers, and
336 determines that such principles and structures are capable of yielding
337 required revenues. In reviewing the rates and rate structures of electric
338 and gas companies, the authority shall take into consideration
339 **[**appropriate energy policies, including those of the state as expressed
340 in subsection (c) of this section**]** the goals of the Department of Energy
341 and Environmental Protection, as described in section 22a-2d, as
342 amended by this act, the comprehensive energy plan prepared
343 pursuant to section 16a-3d, as amended by this act, and the integrated

344 resources plan developed pursuant to section 16a-3a, as amended by
345 this act. The authority shall issue its initial findings on such
346 investigation by December 1, 1976, and its final findings and order by
347 June 1, 1977; provided that after such final findings and order are
348 issued, the authority shall at least once every two years undertake such
349 further investigations as it deems appropriate with respect to new
350 developments or desirable modifications in pricing principles and rate
351 structures and, after holding at least one public hearing thereon, shall
352 issue its findings and order thereon.

353 Sec. 8. Subsection (d) of section 16-19e of the 2012 supplement to the
354 general statutes is repealed and the following is substituted in lieu
355 thereof (*Effective from passage*):

356 (d) The Commissioner of Energy and Environmental Protection, the
357 Commissioner of Economic and Community Development, and the
358 Connecticut Siting Council may be made parties to each proceeding on
359 a rate amendment proposed by a gas, electric or electric distribution
360 company **[**based upon an alleged need for increased revenues to
361 finance an expansion of capital equipment and facilities,**]** and shall
362 participate in such proceedings to the extent necessary.

363 Sec. 9. Subsection (a) of section 16-49 of the 2012 supplement to the
364 general statutes is repealed and the following is substituted in lieu
365 thereof (*Effective from passage*):

366 (a) As used in this section:

367 (1) "Company" means (A) any public service company other than a
368 telephone company, that had more than one hundred thousand dollars
369 of gross revenues in the state in the calendar year preceding the
370 assessment year under this section, except any such company not
371 providing service to retail customers in the state, (B) any telephone
372 company that had more than one hundred thousand dollars of gross
373 revenues in the state from telecommunications services in the calendar
374 year preceding the assessment year under this section, except any such
375 company not providing service to retail customers in the state, (C) any

376 certified telecommunications provider that had more than one
377 hundred thousand dollars of gross revenues in the state from
378 telecommunications services in the calendar year preceding the
379 assessment year under this section, except any such certified
380 telecommunications provider not providing service to retail customers
381 in the state, (D) any electric supplier that had more than one hundred
382 thousand dollars of gross revenues in the state in the calendar year
383 preceding the assessment year under this section, except any such
384 supplier not providing electric generation services to retail customers
385 in the state, or (E) any certified competitive video service provider
386 issued a certificate of video franchise authority by the **[**Department of
387 Energy and Environmental Protection**]** Public Utilities Regulatory
388 Authority in accordance with section 16-331e that had more than one
389 hundred thousand dollars of gross revenues in the state in the calendar
390 year preceding the assessment year under this section, except any such
391 certified competitive video service provider not providing service to
392 retail customers in the state;

393 (2) "Telecommunications services" means (A) in the case of
394 telecommunications services provided by a telephone company, any
395 service provided pursuant to a tariff approved by the authority other
396 than wholesale services and resold access and interconnections
397 services, and (B) in the case of telecommunications services provided
398 by a certified telecommunications provider other than a telephone
399 company, any service provided pursuant to a tariff approved by the
400 authority and pursuant to a certificate of public convenience and
401 necessity; and

402 (3) "Fiscal year" means the period beginning July first and ending
403 June thirtieth.

404 Sec. 10. Subsection (d) of section 16-245m of the 2012 supplement to
405 the general statutes is repealed and the following is substituted in lieu
406 thereof (*Effective from passage*):

407 (d) (1) Not later than October 1, 2012, and every two years
408 thereafter, the electric distribution companies and gas companies shall

409 submit to the commissioner a plan to implement cost-effective energy
410 conservation programs and market transformation initiatives. The
411 Energy Conservation Management Board shall advise and assist [the
412 electric distribution] such companies in the development and
413 implementation of [a comprehensive] such plan. [, which plan shall be
414 approved by the Department of Energy and Environmental Protection,
415 to implement cost-effective energy conservation programs and market
416 transformation initiatives.] Such plan shall include steps that would be
417 needed to achieve the goal of weatherization of eighty per cent of the
418 state's residential units by 2030. Each program contained in the plan
419 shall be reviewed by [the electric distribution company] such
420 companies and either accepted or rejected by the Energy Conservation
421 Management Board prior to submission to the [department]
422 commissioner for approval. The Energy Conservation Management
423 Board shall, as part of its review, examine opportunities to offer joint
424 programs providing similar efficiency measures that save more than
425 one fuel resource or otherwise to coordinate programs targeted at
426 saving more than one fuel resource. Any costs for joint programs shall
427 be allocated equitably among the conservation programs. The Energy
428 Conservation Management Board shall give preference to projects that
429 maximize the reduction of federally mandated congestion charges. The
430 [Department of Energy and Environmental Protection] commissioner
431 shall, in an uncontested proceeding during which the [department]
432 commissioner may hold a public hearing, approve, modify or reject the
433 [comprehensive] plan prepared pursuant to this subsection.

434 (2) There shall be a joint committee of the Energy Conservation
435 Management Board and the board of directors of the Connecticut
436 Clean Energy [Finance and Investment] Authority. The [board and the
437 advisory committee] boards shall each appoint members to such joint
438 committee. The joint committee shall examine opportunities to
439 coordinate the programs and activities funded by the Clean Energy
440 Fund pursuant to section 16-245n, as amended by this act, with the
441 programs and activities contained in the plan developed under this
442 subsection to reduce the long-term cost, environmental impacts and
443 security risks of energy in the state. Such joint committee shall hold its

444 first meeting on or before August 1, 2005.

445 (3) Programs included in the plan developed under subdivision (1)
446 of this subsection shall be screened through cost-effectiveness testing
447 that compares the value and payback period of program benefits for
448 any energy savings to program costs to ensure that programs are
449 designed to obtain energy savings and system benefits, including
450 mitigation of federally mandated congestion charges, whose value is
451 greater than the costs of the programs. Program cost-effectiveness shall
452 be reviewed annually, or otherwise as is practicable, and shall
453 incorporate the results of the evaluation process set forth in
454 subdivision (4) of this subsection. If a program is determined to fail the
455 cost-effectiveness test as part of the review process, it shall either be
456 modified to meet the test or shall be terminated. On or before March 1,
457 2005, and on or before March first annually thereafter, the board shall
458 provide a report, in accordance with the provisions of section 11-4a, to
459 the joint standing committees of the General Assembly having
460 cognizance of matters relating to energy and the environment that
461 documents (A) expenditures and fund balances and evaluates the cost-
462 effectiveness of such programs conducted in the preceding year, and
463 (B) the extent to and manner in which the programs of such board
464 collaborated and cooperated with programs, established under section
465 7-233y, of municipal electric energy cooperatives. To maximize the
466 reduction of federally mandated congestion charges, programs in the
467 plan may allow for disproportionate allocations between the amount
468 of contributions to the Energy Conservation and Load Management
469 Funds by a certain rate class and the programs that benefit such a rate
470 class. Before conducting such evaluation, the board shall consult with
471 the board of directors of the Connecticut Clean Energy [Finance and
472 Investment] Authority. The report shall include a description of the
473 activities undertaken during the reporting period. [jointly or in
474 collaboration with the Clean Energy Fund established pursuant to
475 subsection (c) of section 16-245n.]

476 (4) The Department of Energy and Environmental Protection shall
477 adopt an independent, comprehensive program evaluation,

478 measurement and verification process to ensure the Energy
479 Conservation Management Board's programs are administered
480 appropriately and efficiently, comply with statutory requirements,
481 programs and measures are cost effective, evaluation reports are
482 accurate and issued in a timely manner, evaluation results are
483 appropriately and accurately taken into account in program
484 development and implementation, and information necessary to meet
485 any third-party evaluation requirements is provided. An annual
486 schedule and budget for evaluations as determined by the board shall
487 be included in the plan filed with the department pursuant to
488 subdivision (1) of this subsection. The electric distribution and gas
489 company representatives and the representative of a municipal electric
490 energy cooperative may not vote on board plans, budgets,
491 recommendations, actions or decisions regarding such process or its
492 program evaluations and their implementation. Program and measure
493 evaluation, measurement and verification shall be conducted on an
494 ongoing basis, with emphasis on impact and process evaluations,
495 programs or measures that have not been studied, and those that
496 account for a relatively high percentage of program spending.
497 Evaluations shall use statistically valid monitoring and data collection
498 techniques appropriate for the programs or measures being evaluated.
499 All evaluations shall contain a description of any problems
500 encountered in the process of the evaluation, including, but not limited
501 to, data collection issues, and recommendations regarding addressing
502 those problems in future evaluations. The board shall contract with
503 one or more consultants not affiliated with the board members to act as
504 an evaluation administrator, advising the board regarding
505 development of a schedule and plans for evaluations and overseeing
506 the program evaluation, measurement and verification process on
507 behalf of the board. Consistent with board processes and approvals
508 and department decisions regarding evaluation, such evaluation
509 administrator shall implement the evaluation process by preparing
510 requests for proposals and selecting evaluation contractors to perform
511 program and measure evaluations and by facilitating communications
512 between evaluation contractors and program administrators to ensure

513 accurate and independent evaluations. In the evaluation
514 administrator's discretion and at his or her request, the electric
515 distribution and gas companies shall communicate with the evaluation
516 administrator for purposes of data collection, vendor contract
517 administration, and providing necessary factual information during
518 the course of evaluations. The evaluation administrator shall bring
519 unresolved administrative issues or problems that arise during the
520 course of an evaluation to the board for resolution, but shall have sole
521 authority regarding substantive and implementation decisions
522 regarding any evaluation. Board members, including electric
523 distribution and gas company representatives, may not communicate
524 with an evaluation contractor about an ongoing evaluation except with
525 the express permission of the evaluation administrator, which may
526 only be granted if the administrator believes the communication will
527 not compromise the independence of the evaluation. The evaluation
528 administrator shall file evaluation reports with the board and with the
529 department in its most recent uncontested proceeding pursuant to
530 subdivision (1) of this subsection and the board shall post a copy of
531 each report on its Internet web site. The board and its members,
532 including electric distribution and gas company representatives, may
533 file written comments regarding any evaluation with the department
534 or for posting on the board's Internet web site. Within fourteen days of
535 the filing of any evaluation report, the department, members of the
536 board or other interested persons may request in writing, and the
537 department shall conduct, a transcribed technical meeting to review
538 the methodology, results and recommendations of any evaluation.
539 Participants in any such transcribed technical meeting shall include the
540 evaluation administrator, the evaluation contractor and the Office of
541 Consumer Counsel at its discretion. On or before November 1, 2011,
542 and annually thereafter, the board shall report to the joint standing
543 committee of the General Assembly having cognizance of matters
544 relating to energy, with the results and recommendations of completed
545 program evaluations.

546 (5) Programs included in the plan developed under subdivision (1)
547 of this subsection may include, but not be limited to: (A) Conservation

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

578 Sec. 11. Subsection (f) of section 16-245m of the 2012 supplement to
579 the general statutes is repealed and the following is substituted in lieu
580 thereof (*Effective from passage*):

581 (f) No later than December 31, 2006, and no later than December

582 thirty-first every five years thereafter, the Energy Conservation
583 Management Board shall, after consulting with the Connecticut Clean
584 Energy [Finance and Investment] Authority, conduct an evaluation of
585 the performance of the programs and activities [of the fund] specified
586 in the plan approved by the commissioner pursuant to subsection (d)
587 of this section and submit a report, in accordance with the provisions
588 of section 11-4a, of the evaluation to the joint standing committee of
589 the General Assembly having cognizance of matters relating to energy.

590 Sec. 12. Subsection (a) of section 16-245y of the 2012 supplement to
591 the general statutes is repealed and the following is substituted in lieu
592 thereof (*Effective from passage*):

593 (a) Not later than October 1, 1999, and annually thereafter, each
594 electric company and electric distribution company, as defined in
595 section 16-1, as amended by this act, shall report to the Public Utilities
596 Regulatory Authority its system average interruption duration index
597 (SAIDI) and its system average interruption frequency index (SAIFI)
598 for the preceding twelve months. For purposes of this section: (1)
599 Interruptions shall not include outages attributable to major storms,
600 scheduled outages and outages caused by customer equipment, each
601 as determined by the [department] authority; (2) SAIDI shall be
602 calculated as the sum of customer interruptions in the preceding
603 twelve-month period, in minutes, divided by the average number of
604 customers served during that period; and (3) SAIFI shall be calculated
605 as the total number of customers interrupted in the preceding twelve-
606 month period, divided by the average number of customers served
607 during that period. Not later than January 1, 2000, and annually
608 thereafter, the authority shall report on the SAIDI and SAIFI data for
609 each electric company and electric distribution, and all state-wide
610 SAIDI and SAIFI data to the joint standing committee of the General
611 Assembly having cognizance of matters relating to energy.

612 Sec. 13. Subsection (c) of section 16-245y of the 2012 supplement to
613 the general statutes is repealed and the following is substituted in lieu
614 thereof (*Effective from passage*):

615 (c) Not later than January 1, 2011, and annually thereafter, the
616 [Department of Energy and Environmental Protection] Public Utilities
617 Regulatory Authority shall report to the joint standing committee of
618 the General Assembly having cognizance of matters relating to energy
619 the number of applicants for licensure pursuant to section 16-245, as
620 amended by this act, during the preceding twelve months, the number
621 of applicants licensed by the [department] authority and the average
622 period of time taken to process a license application. Any such report
623 may be submitted electronically.

624 Sec. 14. Subsection (b) of section 16a-3 of the 2012 supplement to the
625 general statutes is repealed and the following is substituted in lieu
626 thereof (*Effective from passage*):

627 (b) The board shall (1) report to the General Assembly on the status
628 of programs administered by the Department of Energy and
629 Environmental Protection pursuant to title 16 or 16a, (2) consult with
630 the Commissioner of Energy and Environmental Protection regarding
631 the integrated [resource] resources plan developed pursuant to section
632 16a-3a, as amended by this act, and the comprehensive energy plan
633 prepared pursuant to section 16a-3d, as amended by this act, and (3)
634 review, within available resources, requests from the General
635 Assembly.

636 Sec. 15. Section 16a-3b of the 2012 supplement to the general statutes
637 is repealed and the following is substituted in lieu thereof (*Effective*
638 *from passage*):

639 (a) The Public Utilities Regulatory Authority shall oversee the
640 implementation of the integrated resources plan approved by the
641 Commissioner of Energy and Environmental Protection pursuant to
642 section 16a-3a, as amended by this act, and the procurement plan
643 approved by the authority pursuant to section 16-244m, as amended
644 by this act. The electric distribution companies shall implement the
645 demand-side measures, including, but not limited to, energy
646 efficiency, load management, demand response, combined heat and
647 power facilities, distributed generation and other emerging energy

648 technologies, specified in [said] the integrated resources plan through
649 the comprehensive conservation and load management plan prepared
650 pursuant to section 16-245m, as amended by this act, for review by the
651 Energy Conservation Management Board. The electric distribution
652 companies shall submit proposals to appropriate regulatory agencies
653 to address transmission and distribution upgrades as specified in
654 [said] the integrated resources plan.

655 (b) If the integrated resources plan specifies the construction of a
656 generating facility, the authority shall develop and issue a request for
657 proposals, shall publish such request for proposals in one or more
658 newspapers or periodicals, as selected by the authority, and shall post
659 such request for proposals on its web site. Pursuant to a nondisclosure
660 agreement, the authority shall make available to the commissioner, the
661 Office of Consumer Counsel and the Attorney General all confidential
662 bid information it receives pursuant to this subsection, provided the
663 bids and any analysis of such bids shall not be subject to disclosure
664 under the Freedom of Information Act. Three months after the
665 authority issues a final decision, it shall make available all financial bid
666 information, provided such information regarding the bidders not
667 selected be presented in a manner that conceals the identities of such
668 bidders.

669 (1) On and after July 1, 2008, an electric distribution company may
670 submit proposals in response to a request for proposals on the same
671 basis as other respondents to the solicitation. A proposal submitted by
672 an electric distribution company shall include its full projected costs
673 such that any project costs recovered from or defrayed by ratepayers
674 are included in the projected costs. An electric distribution company
675 submitting any such bid shall demonstrate to the satisfaction of the
676 authority that its bid is not supported in any form of cross
677 subsidization by affiliated entities. If the authority approves such
678 electric distribution company's proposal, the costs and revenues of
679 such proposal shall not be included in calculating such company's
680 earning for purposes of, or in determining whether its rates are just
681 and reasonable under, sections 16-19, 16-19a and 16-19e, as amended

682 by this act. An electric distribution company shall not recover more
683 than the full costs identified in any approved proposal. Affiliates of the
684 electric distribution company may submit proposals pursuant to
685 section 16-244h, regulations adopted pursuant to section 16-244h and
686 other requirements the authority may impose.

687 (2) If the authority selects a nonelectric distribution company
688 proposal, an electric distribution company shall, within thirty days of
689 the selection of a proposal by the authority, negotiate in good faith the
690 final terms of a contract with a generating facility and shall apply to
691 the authority for approval of such contract. Upon authority approval,
692 the electric distribution company shall enter into such contract.

693 (3) The authority shall determine the appropriate manner of cost
694 recovery for proposals selected pursuant to this section.

695 (4) The authority may retain the services of a third-party entity with
696 expertise in the area of energy procurement to oversee the
697 development of the request for proposals and to assist the authority in
698 its approval of proposals pursuant to this section. The reasonable and
699 proper expenses for retaining such third-party entity shall be
700 recoverable through the generation services charge.

701 (c) The electric distribution companies shall issue requests for
702 proposals to acquire any other resource needs not identified in
703 subsection (a) or (b) of this section but specified in the integrated
704 resources plan approved by the Commissioner of Energy and
705 Environmental Protection pursuant to section 16a-3a, as amended by
706 this act. Such requests for proposals shall be subject to approval by the
707 authority.

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

711 (a) On and after July 1, 2011, if the Public Utilities Regulatory
712 Authority does not receive and approve proposals **[**pursuant to the

713 requests for proposals processes, pursuant to section 16a-3b,] sufficient
714 to reach the goal set by the integrated resources plan approved
715 pursuant to section 16a-3a, as amended by this act, the authority may
716 order an electric distribution company to submit for the authority's
717 review in a contested case proceeding, in accordance with chapter 54, a
718 proposal to build and operate an electric generation facility in the state.
719 An electric distribution company shall be eligible to recover its
720 prudently incurred costs consistent with the principles set forth in
721 section 16-19e, as amended by this act, for any generation project
722 approved pursuant to this section.

723 Sec. 17. Subsection (b) of section 16a-7b of the 2012 supplement to
724 the general statutes is repealed and the following is substituted in lieu
725 thereof (*Effective from passage*):

726 (b) No municipality other than a municipality operating a plant
727 pursuant to chapter 101 or any special act and acting for purposes
728 thereto may take an action to condemn, in whole or in part, or restrict
729 the operation of any existing and currently operating energy facility, if
730 such facility is first determined by the Public Utilities Regulatory
731 Authority, following a contested case proceeding, held in accordance
732 with the provisions of chapter 54, to comprise a critical, unique and
733 unmovable component of the state's energy infrastructure, unless the
734 municipality first receives written approval from the [department, the
735 Connecticut Energy Advisory Board] Commissioner of Energy and
736 Environmental Protection and the Connecticut Siting Council that such
737 taking would not have a detrimental impact on the state's or region's
738 ability to provide a particular energy resource to its citizens.

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

742 (a) On or before July 1, 2012, and every three years thereafter, the
743 Commissioner of Energy and Environmental Protection, in
744 consultation with the Connecticut Energy Advisory Board, shall
745 prepare a comprehensive energy plan. Such plan shall reflect the

746 legislative findings and policy stated in section 16a-35k and shall
747 incorporate (1) an assessment and plan for all energy needs in the
748 state, including, but not limited to, electricity, heating, cooling, and
749 transportation, (2) the findings of the integrated resources plan, (3) the
750 findings of the plan for energy efficiency adopted pursuant to section
751 16-245m, as amended by this act, and (4) the findings of the plan for
752 renewable energy adopted pursuant to section 16-245n, as amended by
753 this act. Such plan shall further include, but not be limited to, (A) an
754 assessment of current energy supplies, demand and costs, (B)
755 identification and evaluation of the factors likely to affect future
756 energy supplies, demand and costs, (C) a statement of progress made
757 toward achieving the goals and milestones set in the preceding
758 comprehensive energy plan, (D) a statement of energy policies and
759 long-range energy planning objectives and strategies appropriate to
760 achieve, among other things, a sound economy, the least-cost mix of
761 energy supply sources and measures that reduce demand for energy,
762 giving due regard to such factors as consumer price impacts, security
763 and diversity of fuel supplies and energy generating methods,
764 protection of public health and safety, environmental goals and
765 standards, conservation of energy and energy resources and the ability
766 of the state to compete economically, (E) recommendations for
767 administrative and legislative actions to implement such policies,
768 objectives and strategies, (F) an assessment of the potential costs
769 savings and benefits to ratepayers, including, but not limited to,
770 carbon dioxide emissions reductions or voluntary joint ventures to
771 repower some or all of the state's coal-fired and oil-fired generation
772 facilities built before 1990, and (G) the benefits, costs, obstacles and
773 solutions related to the expansion and use and availability of natural
774 gas in Connecticut. If the department finds that such expansion is in
775 the public interest, it shall develop a plan to increase the use and
776 availability of natural gas for transportation purposes.

777 (b) In adopting the comprehensive energy plan, the Commissioner
778 of Energy and Environmental Protection **[**, or the commissioner's
779 designee,**]** shall conduct a proceeding **[**and such proceeding**]** that shall
780 not be considered a contested case under chapter 54, provided a

781 hearing pursuant to chapter 54 shall be held. The commissioner shall
782 give not less than fifteen days' notice of such proceeding by electronic
783 publication on the department's Internet web site. Notice of such
784 hearing may also be published in one or more newspapers having a
785 state-wide circulation if deemed necessary by the commissioner. Such
786 notice shall state the date, time, and place of the meeting, the
787 procedures for submitting comments to the commissioner, the subject
788 matter of the meeting, the statutory authority for the proposed plan
789 and the location where a copy of the proposed plan may be obtained
790 or examined in addition to posting the proposed plan on the
791 department's Internet web site. The Public Utilities Regulatory
792 Authority shall comment on the plan's impact on [ratepayers and any
793 other person may comment on the proposed plan] rates. The
794 commissioner shall provide a time period of not less than forty-five
795 days from the date the notice is published on the department's Internet
796 web site for public review and comment and, during such time period,
797 any person may provide comments concerning the proposed plan to
798 the commissioner. The commissioner shall consider fully, after all
799 public meetings, all written and oral comments concerning the
800 proposed plan and shall finalize the plan. The commissioner shall post
801 on the department's Internet web site, and notify by electronic mail
802 each person who requests such notice, [. The commissioner shall make
803 available] the electronic text of the final plan or an Internet web site
804 where the final plan is posted, and a report summarizing [(1)] all
805 public comments [,] and [(2)] the changes made to the final plan in
806 response to such comments and the reasons [therefore] therefor.

807 (c) The commissioner shall submit the final plan electronically to the
808 joint standing committees of the General Assembly having cognizance
809 of matters relating to energy and the environment.

810 (d) The commissioner may, in consultation with the Connecticut
811 Energy Advisory Board, modify the comprehensive energy plan in
812 accordance with the procedures outlined in subsections (b) and (c) of
813 this section. [The commissioner may approve or reject such plan with
814 comments.]

815 [(e) The decisions of the Public Utilities Regulatory Authority shall
816 be guided by the goals of the Department of Energy and
817 Environmental Protection, as listed in section 22a-2d, and by the goals
818 of the comprehensive energy plan and the integrated resources plan
819 approved pursuant to section 16a-3a and shall be based on the
820 evidence in the record of each proceeding.]

821 [(f)] (e) All [electric distribution companies'] reasonable costs
822 associated with the development of the [resource assessment]
823 comprehensive energy plan approved by the commissioner shall be
824 recoverable through [the systems benefits charge] an assessment
825 pursuant to section 16-49, as amended by this act.

826 Sec. 19. Section 16a-3a of the 2012 supplement to the general statutes
827 is repealed and the following is substituted in lieu thereof (*Effective*
828 *from passage*):

829 (a) The [Department] Commissioner of Energy and Environmental
830 Protection, in consultation with the Connecticut Energy Advisory
831 Board and the electric distribution companies, shall review the state's
832 energy and capacity resource assessment and [develop] adopt an
833 integrated resources plan for the procurement of energy resources,
834 including, but not limited to, conventional and renewable generating
835 facilities, energy efficiency, load management, demand response,
836 combined heat and power facilities, distributed generation and other
837 emerging energy technologies to meet the projected requirements of
838 their customers in a manner that minimizes the cost of such resources
839 to customers over time and maximizes consumer benefits consistent
840 with the state's environmental goals and standards. Such integrated
841 resources plan shall seek to lower the cost of electricity.

842 (b) On or before January 1, 2012, and biennially thereafter, the
843 [Department] Commissioner of Energy and Environmental Protection,
844 in consultation with the Connecticut Energy Advisory Board and the
845 electric distribution companies, shall prepare an assessment of (1) the
846 energy and capacity requirements of customers for the next three, five
847 and ten years, (2) the manner of how best to eliminate growth in

848 electric demand, (3) how best to level electric demand in the state by
849 reducing peak demand and shifting demand to off-peak periods, (4)
850 the impact of current and projected environmental standards,
851 including, but not limited to, those related to greenhouse gas emissions
852 and the federal Clean Air Act goals and how different resources could
853 help achieve those standards and goals, (5) energy security and
854 economic risks associated with potential energy resources, and (6) the
855 estimated lifetime cost and availability of potential energy resources.

856 (c) Resource needs shall first be met through all available energy
857 efficiency and demand reduction resources that are cost-effective,
858 reliable and feasible. The projected customer cost impact of any
859 demand-side resources considered pursuant to this subsection shall be
860 reviewed on an equitable basis with nondemand-side resources. The
861 integrated resources plan shall specify (1) the total amount of energy
862 and capacity resources needed to meet the requirements of all
863 customers, (2) the extent to which demand-side measures, including
864 efficiency, conservation, demand response and load management can
865 cost-effectively meet these needs in a manner that ensures equity in
866 benefits and cost reduction to all classes and subclasses of consumers,
867 (3) needs for generating capacity and transmission and distribution
868 improvements, (4) how the development of such resources will reduce
869 and stabilize the costs of electricity to each class and subclass of
870 consumers, and (5) the manner in which each of the proposed
871 resources should be procured, including the optimal contract periods
872 for various resources.

873 (d) The integrated resources plan shall consider: (1) Approaches to
874 maximizing the impact of demand-side measures; (2) the extent to
875 which generation needs can be met by renewable and combined heat
876 and power facilities; (3) the optimization of the use of generation sites
877 and generation portfolio existing within the state; (4) fuel types,
878 diversity, availability, firmness of supply and security and
879 environmental impacts thereof, including impacts on meeting the
880 state's greenhouse gas emission goals; (5) reliability, peak load and
881 energy forecasts, system contingencies and existing resource

882 availabilities; (6) import limitations and the appropriate reliance on
883 such imports; (7) the impact of the procurement plan on the costs of
884 electric customers; and (8) the effects on participants and
885 nonparticipants. Such plan shall include options for lowering the rates
886 and cost of electricity. **[**The Department of Energy and Environmental
887 Protection shall hold a public hearing on such integrated resources
888 plan pursuant to chapter 54. The commissioner may approve or reject
889 such plan with comments.**]**

890 (e) **[**The procurement manager of the Public Utilities Regulatory
891 Authority, in consultation with the electric distribution companies, the
892 regional independent system operator, and the Connecticut Energy
893 Advisory Board, shall develop a procurement plan and hold public
894 hearings on the proposed plan. Such hearings shall not constitute a
895 contested case and shall be held in accordance with chapter 54. The
896 Public Utilities Regulatory Authority shall give not less than fifteen
897 days' notice of such proceeding by electronic publication on the
898 department's Internet web site.**]** In adopting the integrated resources
899 plan, the commissioner shall conduct an uncontested proceeding that
900 shall include not less than one public hearing. Not less than fifteen
901 days before any such hearing, the commissioner shall publish notice of
902 such hearing and post the text of the proposed integrated resources
903 plan on the department's Internet web site. Notice of such hearing may
904 also be published in one or more newspapers having a state-wide
905 circulation if deemed necessary by the commissioner. Such notice shall
906 state the date, time, and place of the hearing, the subject matter of the
907 hearing, the manner and time period during which comments may be
908 submitted to the commissioner, the statutory authority for the
909 proposed integrated resources plan and the location where a copy of
910 the **[**proposed integrated resources**]** plan may be obtained or
911 examined. **[**in addition to posting the plan on the department's Internet
912 web site.**]** The commissioner shall provide a time period of not less
913 than **[**forty-five**]** sixty days from the date the notice is published on the
914 department's Internet web site for public review and comment. The
915 commissioner shall consider fully, after all public meetings, all written
916 and oral comments concerning the proposed integrated resources plan

917 and shall finalize the plan. The commissioner shall post on the
918 department's Internet web site, and notify by electronic mail each
919 person who requests such notice, [. The commissioner shall make
920 available] the electronic text of the final integrated resources plan [or
921 an Internet web site where the final integrated resources plan is
922 posted,] and a report summarizing (1) all public comments, and (2) the
923 changes made to the final [integrated resources] plan in response to
924 such comments and the reasons therefor. The commissioner shall
925 submit the final integrated resources plan by electronic means, or as
926 requested, to the joint standing committees of the General Assembly
927 having cognizance of matters relating to energy and the environment.
928 [The department's Bureau of Energy shall, after the public hearing,
929 make recommendations to the Commissioner of Energy and
930 Environmental Protection regarding plan modifications. Said
931 commissioner shall approve or reject the plan with comments.] The
932 commissioner may modify the integrated resources plan to correct
933 clerical errors at any time without following the procedures outlined in
934 this subsection.

935 (f) [On or before March 1, 2012] Not later than two years after the
936 adoption of the comprehensive energy plan, adopted pursuant to
937 section 16a-3d, as amended by this act, and the integrated resources
938 plan, adopted pursuant to this section, and every two years thereafter,
939 the [Department] Commissioner of Energy and Environmental
940 Protection shall report to the joint standing committees of the General
941 Assembly having cognizance of matters relating to energy and the
942 environment regarding goals established and progress toward
943 implementation of [the integrated resources plan established pursuant
944 to this section] said plans, as well as any recommendations [for the
945 process] concerning said plans. Any such report may be submitted
946 electronically.

947 (g) All reasonable costs associated with the development of the
948 resource assessment, [and the development of] the integrated
949 resources plan, adopted pursuant to this section, and the procurement
950 plan, adopted pursuant to section 16-244m, as amended by this act,

951 shall be recoverable through the assessment in section 16-49, as
952 amended by this act.

953 [(h) The decisions of the Public Utilities Regulatory Authority shall
954 be guided by the goals of the Department of Energy and
955 Environmental Protection, as described in section 22a-2d, and with the
956 goals of the integrated resources plan approved pursuant to this
957 section and the comprehensive energy plan developed pursuant to
958 section 16a-3d and shall be based on the evidence in the record of each
959 proceeding.]

960 Sec. 20. Subdivision (5) of subsection (c) of section 16-244c of the
961 2012 supplement to the general statutes is repealed and the following
962 is substituted in lieu thereof (*Effective from passage*):

963 (5) For standard service contracts procured prior to [department]
964 the authority's approval of the procurement plan developed pursuant
965 to section 16-244m, as amended by this act, each bidder for a standard
966 service contract shall submit its bid to the electric distribution
967 company and the third-party entity who shall jointly review the bids
968 and submit an overview of all bids together with a joint
969 recommendation to the [department] authority as to the preferred
970 bidders. The [department] authority may, within ten business days of
971 submission of the overview, reject the recommendation regarding
972 preferred bidders. In the event that the [department] authority rejects
973 the preferred bids, the electric distribution company and the third-
974 party entity shall rebid the service pursuant to this subdivision. The
975 [department] authority shall review each bid in an uncontested
976 proceeding that shall include a public hearing and in which any
977 interested person, including, but not limited to, the Consumer
978 Counsel, [and] the Commissioner of Energy and Environmental
979 Protection or the Attorney General, may participate.

980 Sec. 21. Subdivision (2) of subsection (j) of section 16-244c of the
981 2012 supplement to the general statutes is repealed and the following
982 is substituted in lieu thereof (*Effective from passage*):

983 (2) Notwithstanding the provisions of subsection (d) of this section
984 regarding an alternative transitional standard offer option or an
985 alternative standard service option, an electric distribution company
986 providing transitional standard offer service, standard service,
987 supplier of last resort service or back-up electric generation service in
988 accordance with this section shall, not later than July 1, 2008, file with
989 the Public Utilities Regulatory Authority for its approval one or more
990 long-term power purchase contracts from Class I renewable energy
991 source projects with a preference for projects located in Connecticut
992 that receive funding from the Clean Energy Fund and that are not less
993 than one megawatt in size, at a price that is either, at the determination
994 of the project owner, (A) not more than the total of the comparable
995 wholesale market price for generation plus five and one-half cents per
996 kilowatt hour, or (B) fifty per cent of the wholesale market electricity
997 cost at the point at which transmission lines intersect with each other
998 or interface with the distribution system, plus the project cost of fuel
999 indexed to natural gas futures contracts on the New York Mercantile
1000 Exchange at the natural gas pipeline interchange located in Vermillion
1001 Parish, Louisiana that serves as the delivery point for such futures
1002 contracts, plus the fuel delivery charge for transporting fuel to the
1003 project, plus five and one-half cents per kilowatt hour. In its approval
1004 of such contracts, the authority shall give preference to purchase
1005 contracts from those projects that would provide a financial benefit to
1006 ratepayers and would enhance the reliability of the electric
1007 transmission system of the state. Such projects shall be located in this
1008 state. The owner of a fuel cell project principally manufactured in this
1009 state shall be allocated all available air emissions credits and tax credits
1010 attributable to the project and no less than fifty per cent of the energy
1011 credits in the Class I renewable energy credits program established in
1012 section 16-245a attributable to the project. On and after October 1, 2007,
1013 and until September 30, 2008, such contracts shall be comprised of not
1014 less than a total, apportioned among each electric distribution
1015 company, of one hundred twenty-five megawatts; and on and after
1016 October 1, 2008, such contracts shall be comprised of not less than a
1017 total, apportioned among each electrical distribution company, of one

1018 hundred fifty megawatts. The Public Utilities Regulatory Authority
1019 shall not issue any order that results in the extension of any in-service
1020 date or contractual arrangement made as a part of Project 100 or
1021 Project 150 beyond the termination date previously approved by the
1022 authority established by the contract, provided any party to such
1023 contract may provide a notice of termination in accordance with the
1024 terms of, and to the extent permitted under, its contract. The cost of
1025 such contracts and the administrative costs for the procurement of
1026 such contracts directly incurred shall be eligible for inclusion in the
1027 adjustment to the transitional standard offer as provided in this section
1028 and any subsequent rates for standard service, provided such contracts
1029 are for a period of time sufficient to provide financing for such
1030 projects, but not less than ten years, and are for projects which began
1031 operation on or after July 1, 2003. Except as provided in this
1032 subdivision, the amount from Class I renewable energy sources
1033 contracted under such contracts shall be applied to reduce the
1034 applicable Class I renewable energy source portfolio standards. For
1035 purposes of this subdivision, the department's determination of the
1036 comparable wholesale market price for generation shall be based upon
1037 a reasonable estimate. On or before September 1, 2011, the authority, in
1038 consultation with the Office of Consumer Counsel and the Connecticut
1039 Clean Energy [Finance and Investment] Authority, shall study the
1040 operation of such renewable energy contracts and report its findings
1041 and recommendations to the joint standing committee of the General
1042 Assembly having cognizance of matters relating to energy.

1043 Sec. 22. Subsection (a) of section 16-244m of the 2012 supplement to
1044 the general statutes is repealed and the following is substituted in lieu
1045 thereof (*Effective from passage*):

1046 (a) On or before January 1, 2012, and annually thereafter, the
1047 procurement manager of the [Department of Energy and
1048 Environmental Protection] Public Utilities Regulatory Authority, in
1049 consultation with each electric distribution company, the
1050 Commissioner of Energy and Environmental Protection and [with]
1051 others at the procurement manager's discretion, including, but not

1052 limited to, a municipal energy cooperative established pursuant to
1053 chapter 101a, other than entities, individuals and companies or their
1054 affiliates potentially involved in bidding on standard service, shall
1055 develop a plan for the procurement of electric generation services and
1056 related wholesale electricity market products that will enable each
1057 electric distribution company to manage a portfolio of contracts to
1058 reduce the average cost of standard service while maintaining
1059 standard service cost volatility within reasonable levels. Each
1060 procurement plan shall provide for the competitive solicitation for
1061 load-following electric service and may include a provision for the use
1062 of other contracts, including, but not limited to, contracts for
1063 generation or other electricity market products and financial contracts,
1064 and may provide for the use of varying lengths of contracts. If such
1065 plan includes the purchase of full requirements contracts, it shall
1066 include an explanation of why such purchases are in the best interests
1067 of standard service customers.

1068 Sec. 23. Subsection (d) of section 16-244m of the 2012 supplement to
1069 the general statutes is repealed and the following is substituted in lieu
1070 thereof (*Effective from passage*):

1071 (d) (1) The **[**Department of Energy and Environmental Protection**]**
1072 Public Utilities Regulatory Authority shall conduct an uncontested
1073 proceeding to approve, with any amendments it determines necessary,
1074 a procurement plan submitted pursuant to subsection (a) of this
1075 section.

1076 (2) The **[**Department of Energy and Environmental Protection**]**
1077 Public Utilities Regulatory Authority shall report annually in
1078 accordance with the provisions of section 11-4a to the joint standing
1079 committee of the General Assembly having cognizance of matters
1080 relating to energy regarding the procurement plan and its
1081 implementation. Any such report may be submitted electronically.

1082 Sec. 24. Section 16-244n of the 2012 supplement to the general
1083 statutes is repealed and the following is substituted in lieu thereof
1084 (*Effective from passage*):

1085 Upon the request of an electric distribution company, the
1086 [Department of Energy and Environmental Protection] Public Utilities
1087 Regulatory Authority shall initiate a docket to consider the buydown
1088 of an electric distribution company's current standard service contract
1089 to reduce ratepayer bills and conduct a cost benefit analysis of such a
1090 buydown. If the [department] authority, as a result of such docket,
1091 determines such a buydown is in the best interest of ratepayers, the
1092 company shall proceed with such buydown.

1093 Sec. 25. Section 16-245n of the 2012 supplement to the general
1094 statutes is repealed and the following is substituted in lieu thereof
1095 (*Effective from passage*):

1096 (a) For purposes of this section, "clean energy" means solar
1097 photovoltaic energy, solar thermal, geothermal energy, wind, ocean
1098 thermal energy, wave or tidal energy, fuel cells, landfill gas,
1099 hydropower that meets the low-impact standards of the Low-Impact
1100 Hydropower Institute, hydrogen production and hydrogen conversion
1101 technologies, low emission advanced biomass conversion technologies,
1102 alternative fuels, used for electricity generation including ethanol,
1103 biodiesel or other fuel produced in Connecticut and derived from
1104 agricultural produce, food waste or waste vegetable oil, provided the
1105 Commissioner of Energy and Environmental Protection determines
1106 that such fuels provide net reductions in greenhouse gas emissions
1107 and fossil fuel consumption, usable electricity from combined heat and
1108 power systems with waste heat recovery systems, thermal storage
1109 systems, other energy resources and emerging technologies which
1110 have significant potential for commercialization and which do not
1111 involve the combustion of coal, petroleum or petroleum products,
1112 municipal solid waste or nuclear fission, financing of energy efficiency
1113 projects, and projects that seek to deploy electric, electric hybrid,
1114 natural gas or alternative fuel vehicles and associated infrastructure
1115 and any related storage, distribution, manufacturing technologies or
1116 facilities.

1117 (b) On and after July 1, 2004, the Public Utilities Regulatory

1118 Authority shall assess or cause to be assessed a charge of not less than
1119 one mill per kilowatt hour charged to each end use customer of electric
1120 services in this state which shall be deposited into the Clean Energy
1121 Fund established under subsection (c) of this section. Notwithstanding
1122 the provisions of this section, receipts from such charges shall be
1123 disbursed to the resources of the General Fund during the period from
1124 July 1, 2003, to June 30, 2005, unless the authority shall, on or before
1125 October 30, 2003, issue a financing order for each affected distribution
1126 company in accordance with sections 16-245e to 16-245k, inclusive, to
1127 sustain funding of renewable energy investment programs by
1128 substituting an equivalent amount, as determined by the authority in
1129 such financing order, of proceeds of rate reduction bonds for
1130 disbursement to the resources of the General Fund during the period
1131 from July 1, 2003, to June 30, 2005. The authority may authorize in such
1132 financing order the issuance of rate reduction bonds that substitute for
1133 disbursement to the General Fund for receipts of both charges under
1134 this subsection and subsection (a) of section 16-245m and also may in
1135 its discretion authorize the issuance of rate reduction bonds under this
1136 subsection and subsection (a) of section 16-245m that relate to more
1137 than one electric distribution company. The authority shall, in such
1138 financing order or other appropriate order, offset any increase in the
1139 competitive transition assessment necessary to pay principal,
1140 premium, if any, interest and expenses of the issuance of such rate
1141 reduction bonds by making an equivalent reduction to the charges
1142 imposed under this subsection, provided any failure to offset all or any
1143 portion of such increase in the competitive transition assessment shall
1144 not affect the need to implement the full amount of such increase as
1145 required by this subsection and sections 16-245e to 16-245k, inclusive.
1146 Such financing order shall also provide if the rate reduction bonds are
1147 not issued, any unrecovered funds expended and committed by the
1148 electric distribution companies for renewable resource investment
1149 through deposits into the Clean Energy Fund, provided such
1150 expenditures were approved by the authority following August 20,
1151 2003, and prior to the date of determination that the rate reduction
1152 bonds cannot be issued, shall be recovered by the companies from

1153 their respective competitive transition assessment or systems benefits
1154 charge, except that such expenditures shall not exceed one million
1155 dollars per month. All receipts from the remaining charges imposed
1156 under this subsection, after reduction of such charges to offset the
1157 increase in the competitive transition assessment as provided in this
1158 subsection, shall be disbursed to the Clean Energy Fund commencing
1159 as of July 1, 2003. Any increase in the competitive transition
1160 assessment or decrease in the renewable energy investment
1161 component of an electric distribution company's rates resulting from
1162 the issuance of or obligations under rate reduction bonds shall be
1163 included as rate adjustments on customer bills.

1164 (c) There is hereby created a Clean Energy Fund which shall be
1165 within the Connecticut Clean Energy **[**Finance and Investment**]**
1166 Authority. The fund may receive any amount required by law to be
1167 deposited into the fund and may receive any federal funds as may
1168 become available to the state for clean energy investments. Upon
1169 authorization of the Connecticut Clean Energy **[**Finance and
1170 Investment**]** Authority established pursuant to subsection (d) of this
1171 section, any amount in said fund may be used for expenditures that
1172 promote investment in clean energy in accordance with a
1173 comprehensive plan developed by it to foster the growth, development
1174 and commercialization of clean energy sources, related enterprises and
1175 stimulate demand for clean energy and deployment of clean energy
1176 sources that serve end use customers in this state and for the further
1177 purpose of supporting operational demonstration projects for
1178 advanced technologies that reduce energy use from traditional
1179 sources. Such expenditures may include, but not be limited to,
1180 providing low-cost financing and credit enhancement mechanisms for
1181 clean energy projects and technologies, reimbursement of the
1182 operating expenses, including administrative expenses incurred by the
1183 authority and **[**the corporation**]** Connecticut Innovations, Incorporated,
1184 and capital costs incurred by the authority in connection with the
1185 operation of the fund, the implementation of the plan developed
1186 pursuant to subsection (d) of this section or the other permitted
1187 activities of the authority, disbursements from the fund to develop and

1188 carry out the plan developed pursuant to subsection (d) of this section,
1189 grants, direct or equity investments, contracts or other actions which
1190 support research, development, manufacture, commercialization,
1191 deployment and installation of clean energy technologies, and actions
1192 which expand the expertise of individuals, businesses and lending
1193 institutions with regard to clean energy technologies.

1194 (d) (1) (A) There is established the Connecticut Clean Energy
1195 [Finance and Investment] Authority, which [shall be deemed a quasi-
1196 public agency for purposes of chapters 5, 10 and 12 and within
1197 Connecticut Innovations, Incorporated, for administrative purposes
1198 only] is hereby established and created as a body politic and corporate,
1199 constituting a public instrumentality and political subdivision of the
1200 state of Connecticut established and created for the performance of an
1201 essential public and governmental function. The authority shall not be
1202 construed to be a department, institution or agency of the state.

1203 (B) The authority shall [(A)] (i) develop separate programs to
1204 finance and otherwise support clean energy investment in residential,
1205 municipal, small business and larger commercial projects and such
1206 others as the authority may determine; [(B)] (ii) support financing or
1207 other expenditures that promote investment in clean energy sources in
1208 accordance with a comprehensive plan developed by it to foster the
1209 growth, development and commercialization of clean energy sources
1210 and related enterprises; and [(C)] (iii) stimulate demand for clean
1211 energy and the deployment of clean energy sources within the state
1212 that serve end-use customers in the state.

1213 [Said authority] (C) For the period beginning July 1, 2011, but prior
1214 to the effective date of this section, the Clean Energy Finance and
1215 Investment Authority shall constitute a successor agency to [the
1216 corporation] Connecticut Innovations, Incorporated for the purposes of
1217 [administrating] administering the Clean Energy Fund in accordance
1218 with section 4-38d. [Said authority] On and after the effective date of
1219 this section, the Connecticut Clean Energy Authority shall constitute a
1220 successor agency to the Clean Energy Finance and Investment

1221 Authority for the purposes of administering the Clean Energy Fund in
1222 accordance with section 4-38d. The Connecticut Clean Energy
1223 Authority shall have all the privileges, immunities, tax exemptions and
1224 other exemptions of the [corporation] Clean Energy Finance and
1225 Investment Authority. [Said authority] The Connecticut Clean Energy
1226 Authority shall be subject to suit and liability solely from the assets,
1227 revenues and resources of the authority and without recourse to the
1228 general funds, revenues, resources or other assets of the [corporation]
1229 Clean Energy Finance and Investment Authority. [Said authority] The
1230 Connecticut Clean Energy Authority may assume or take title to any
1231 real property, convey or dispose of its assets and pledge its revenues to
1232 secure any borrowing, convey or dispose of its assets and pledge its
1233 revenues to secure any borrowing, for the purpose of developing,
1234 acquiring, constructing, refinancing, rehabilitating or improving its
1235 assets or supporting its programs, provided each such borrowing or
1236 mortgage, unless otherwise provided by the board or the authority,
1237 shall be a special obligation of the authority, which obligation may be
1238 in the form of bonds, bond anticipation notes or other obligations
1239 which evidence an indebtedness to the extent permitted under this
1240 chapter to fund, refinance and refund the same and provide for the
1241 rights of holders thereof, and to secure the same by pledge of revenues,
1242 notes and mortgages of others, and which shall be payable solely from
1243 the assets, revenues and other resources of the authority and [in no
1244 event shall] such bonds may be secured by a special capital reserve
1245 fund [of any kind which is in any way] contributed to by the state. The
1246 authority shall have the purposes as provided by resolution of the
1247 authority's board of directors, which purposes shall be consistent with
1248 this section. No further action is required for the establishment of the
1249 authority, except the adoption of a resolution for the authority.

1250 (2) (A) The authority may seek to qualify as a Community
1251 Development Financial Institution under Section 4702 of the United
1252 States Code. If approved as a Community Development Financial
1253 Institution, the authority would be treated as a qualified community
1254 development entity for purposes of Section 45D and Section 1400N(m)
1255 of the Internal Revenue Code.

1256 (B) Before making any loan, loan guarantee, or such other form of
1257 financing support or risk management for a clean energy project, the
1258 authority shall develop standards to govern the administration of the
1259 authority through rules, policies and procedures that specify borrower
1260 eligibility, terms and conditions of support, and other relevant criteria,
1261 standards or procedures.

1262 (C) Funding sources specifically authorized include, but are not
1263 limited to:

1264 (i) Funds repurposed from existing programs providing financing
1265 support for clean energy projects, provided any transfer of funds from
1266 such existing programs shall be subject to approval by the General
1267 Assembly and shall be used for expenses of financing, grants and
1268 loans;

1269 (ii) Any federal funds that can be used for the purposes specified in
1270 subsection (c) of this section;

1271 (iii) Charitable gifts, grants, contributions as well as loans from
1272 individuals, corporations, university endowments and philanthropic
1273 foundations;

1274 (iv) Earnings and interest derived from financing support activities
1275 for clean energy projects backed by the authority;

1276 (v) If and to the extent that the authority qualifies as a Community
1277 Development Financial Institution under Section 4702 of the United
1278 States Code, funding from the Community Development Financial
1279 Institution Fund administered by the United States Department of
1280 Treasury, as well as loans from and investments by depository
1281 institutions seeking to comply with their obligations under the United
1282 States Community Reinvestment Act of 1977; and

1283 (vi) The authority may enter into contracts with private sources to
1284 raise capital. The average rate of return on such debt or equity shall be
1285 set by the authority's board of directors.

1286 (D) The authority may provide financing support under this
1287 subsection if the authority determines that the amount to be financed
1288 by the authority and other nonequity financing sources do not exceed
1289 eighty per cent of the cost to develop and deploy a clean energy project
1290 or up to one hundred per cent of the cost of financing an energy
1291 efficiency project.

1292 (E) The authority may assess reasonable fees on its financing
1293 activities to cover its reasonable costs and expenses, as determined by
1294 the board.

1295 (F) The authority shall make information regarding the rates, terms
1296 and conditions for all of its financing support transactions available to
1297 the public for inspection, including formal annual reviews by both a
1298 private auditor conducted pursuant to subdivision (2) of subsection (f)
1299 of this section and the Comptroller, and providing details to the public
1300 on the Internet, provided public disclosure shall be restricted for
1301 patentable ideas, trade secrets, proprietary or confidential commercial
1302 or financial information, disclosure of which may cause commercial
1303 harm to a nongovernmental recipient of such financing support and
1304 for other information exempt from public records disclosure pursuant
1305 to section 1-210.

1306 (3) No director, officer, employee or agent of the authority, while
1307 acting within the scope of his or her authority, shall be subject to any
1308 personal liability resulting from exercising or carrying out any of the
1309 authority's purposes or powers.

1310 (e) The powers of the Connecticut Clean Energy **[**Finance and
1311 Investment**]** Authority shall be vested in and exercised by a board of
1312 directors, which shall consist of eleven voting and two nonvoting
1313 members each with knowledge and expertise in matters related to the
1314 purpose and activities of the authority appointed as follows: The
1315 Treasurer or the Treasurer's designee, the Commissioner of Energy
1316 and Environmental Protection or the commissioner's designee and the
1317 Commissioner of Economic and Community Development or the
1318 commissioner's designee, each serving ex officio, one member who

1319 shall represent a residential or low-income group appointed by the
1320 speaker of the House of Representatives for a term of four years, one
1321 member who shall have experience in investment fund management
1322 appointed by the minority leader of the House of Representatives for a
1323 term of three years, one member who shall represent an environmental
1324 organization appointed by the president pro tempore of the Senate for
1325 a term of four years, and one member who shall have experience in the
1326 finance or deployment of renewable energy appointed by the minority
1327 leader of the Senate for a term of four years. Thereafter, such members
1328 of the General Assembly shall appoint members of the board to
1329 succeed such appointees whose terms expire and each member so
1330 appointed shall hold office for a period of four years from the first day
1331 of July in the year of his or her appointment. The Governor shall
1332 appoint four members to the board as follows: Two for two years who
1333 shall have experience in the finance of renewable energy; one for four
1334 years who shall be a representative of a labor organization; and one
1335 who shall have experience in research and development or
1336 manufacturing of clean energy. Thereafter, the Governor shall appoint
1337 members of the board to succeed such appointees whose terms expire
1338 and each member so appointed shall hold office for a period of four
1339 years from the first day of July in the year of his or her appointment.
1340 The president of the authority shall be elected by the members of the
1341 board. The president of the authority and a member of the board of
1342 Connecticut Innovations, Incorporated, appointed by the chairperson
1343 of the corporation shall serve on the board in an ex-officio, nonvoting
1344 capacity. The Governor shall appoint the chairperson of the board. The
1345 board shall elect from its members a vice chairperson and such other
1346 officers as it deems necessary and shall adopt such bylaws and
1347 procedures it deems necessary to carry out its functions. The board
1348 may establish committees and subcommittees as necessary to conduct
1349 its business.

1350 (f) (1) The board shall issue annually a report to the Department of
1351 Energy and Environmental Protection reviewing the activities of the
1352 Connecticut Clean Energy [Finance and Investment] Authority in
1353 detail and shall provide a copy of such report, in accordance with the

1354 provisions of section 11-4a, to the joint standing committees of the
1355 General Assembly having cognizance of matters relating to energy and
1356 commerce. The report shall include a description of the programs and
1357 activities undertaken during the reporting period jointly or in
1358 collaboration with the Energy Conservation and Load Management
1359 Funds established pursuant to section 16-245m, as amended by this
1360 act.

1361 (2) The Clean Energy Fund shall be audited annually. Such audits
1362 shall be conducted with generally accepted auditing standards by
1363 independent certified public accountants certified by the State Board of
1364 Accountancy. Such accountants may be the accountants for the
1365 corporation.

1366 (3) Any entity that receives financing for a clean energy project from
1367 the fund shall provide the board an annual statement, certified as
1368 correct by the chief financial officer of the recipient of such financing,
1369 setting forth all sources and uses of funds in such detail as may be
1370 required by the authority of such project. The authority shall maintain
1371 any such audits for not less than five years. Residential projects for
1372 buildings with one to four dwelling units are exempt from this and
1373 any other annual auditing requirements, except that residential
1374 projects may be required to grant their utility companies' permission to
1375 release their usage data to the authority.

1376 (g) There shall be a joint committee of the Energy Conservation
1377 Management Board and the Connecticut Clean Energy **[**Finance and
1378 Investment**]** Authority board of directors, as provided in subdivision
1379 (2) of subsection (d) of section 16-245m, as amended by this act.

1380 Sec. 26. Section 7-233z of the 2012 supplement to the general statutes
1381 is repealed and the following is substituted in lieu thereof (*Effective*
1382 *from passage*):

1383 (a) A municipal electric energy cooperative, created pursuant to this
1384 chapter, shall submit a comprehensive report on the activities of the
1385 municipal electric utilities with regard to promotion of renewable

1386 energy resources. Such report shall identify the standards and
1387 activities of municipal electric utilities in the promotion,
1388 encouragement and expansion of the deployment and use of
1389 renewable energy sources within the service areas of the municipal
1390 electric utilities for the prior calendar year. The cooperative shall
1391 submit the report to the Connecticut Clean Energy [Finance and
1392 Investment] Authority not later than ninety days after the end of each
1393 calendar year that describes the activities undertaken pursuant to this
1394 subsection during the previous calendar year for the promotion and
1395 development of renewable energy sources for all electric customer
1396 classes.

1397 (b) Such cooperative shall develop standards for the promotion of
1398 renewable resources that apply to each municipal electric utility. On or
1399 before January 1, 2008, and annually thereafter, such cooperative shall
1400 submit such standards to the Connecticut Clean Energy [Finance and
1401 Investment] Authority.

1402 Sec. 27. Section 16-245ee of the 2012 supplement to the general
1403 statutes is repealed and the following is substituted in lieu thereof
1404 (*Effective from passage*):

1405 Before approving any plan for energy conservation and load
1406 management and [renewable] clean energy projects issued to it by the
1407 Energy Conservation and Management Board, the board of directors of
1408 the Connecticut Clean Energy [Finance and Investment] Authority or
1409 an electric distribution company, the [Department] Commissioner of
1410 Energy and Environmental Protection shall determine that an
1411 equitable amount of the funds administered by each such board are to
1412 be deployed among small and large customers with a maximum
1413 average monthly peak demand of one hundred kilowatts in census
1414 tracts in which the median income is not more than sixty per cent of
1415 the state median income. The [department] commissioner shall
1416 determine such equitable share and such projects may include a
1417 mentoring component for such communities. On and after January 1,
1418 2012, and annually thereafter, the [department] commissioner shall

1419 report, in accordance with the provisions of section 11-4a, to the joint
1420 standing committee of the General Assembly having cognizance of
1421 matters relating to energy regarding the distribution of funds to such
1422 communities. Any such report may be submitted electronically.

1423 Sec. 28. Subsection (d) of section 16a-48 of the 2012 supplement to
1424 the general statutes is repealed and the following is substituted in lieu
1425 thereof (*Effective from passage*):

1426 (d) (1) The **[**department**]** commissioner shall adopt regulations, in
1427 accordance with the provisions of chapter 54, to implement the
1428 provisions of this section and to establish minimum energy efficiency
1429 standards for the types of new products set forth in subsection (b) of
1430 this section. The regulations shall provide for the following minimum
1431 energy efficiency standards:

1432 (A) Commercial clothes washers shall meet the requirements shown
1433 in Table P-3 of section 1605.3 of the California Code of Regulations,
1434 Title 20: Division 2, Chapter 4, Article 4;

1435 (B) Commercial refrigerators and freezers shall meet the August 1,
1436 2004, requirements shown in Table A-6 of said California regulation;

1437 (C) Illuminated exit signs shall meet the version 2.0 product
1438 specification of the "Energy Star Program Requirements for Exit Signs"
1439 developed by the United States Environmental Protection Agency;

1440 (D) Large packaged air-conditioning equipment having not more
1441 than seven hundred sixty thousand BTUs per hour of capacity shall
1442 meet a minimum energy efficiency ratio of 10.0 for units using both
1443 electric heat and air conditioning or units solely using electric air
1444 conditioning, and 9.8 for units using both natural gas heat and electric
1445 air conditioning;

1446 (E) Large packaged air-conditioning equipment having not less than
1447 seven hundred sixty-one thousand BTUs per hour of capacity shall
1448 meet a minimum energy efficiency ratio of 9.7 for units using both
1449 electric heat and air conditioning or units solely using electric air

1450 conditioning, and 9.5 for units using both natural gas heat and electric
1451 air conditioning;

1452 (F) Low voltage dry-type distribution transformers shall meet or
1453 exceed the energy efficiency values shown in Table 4-2 of the National
1454 Electrical Manufacturers Association Standard TP-1-2002;

1455 (G) Torchiere lighting fixtures shall not consume more than one
1456 hundred ninety watts and shall not be capable of operating with lamps
1457 that total more than one hundred ninety watts;

1458 (H) Traffic signal modules shall meet the product specification of
1459 the "Energy Star Program Requirements for Traffic Signals" developed
1460 by the United States Environmental Protection Agency that took effect
1461 in February, 2001, except where the department, in consultation with
1462 the Commissioner of Transportation, determines that such
1463 specification would compromise safe signal operation;

1464 (I) Unit heaters shall not have pilot lights and shall have either
1465 power venting or an automatic flue damper;

1466 (J) On or after January 1, 2009, residential furnaces and boilers
1467 purchased by the state shall meet or exceed the following annual fuel
1468 utilization efficiency: (i) For gas and propane furnaces, ninety per cent
1469 annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per
1470 cent annual fuel utilization efficiency, (iii) for gas and propane hot
1471 water boilers, eighty-four per cent annual fuel utilization efficiency,
1472 (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel
1473 utilization efficiency, (v) for gas and propane steam boilers, eighty-two
1474 per cent annual fuel utilization efficiency, (vi) for oil-fired steam
1475 boilers, eighty-two per cent annual fuel utilization efficiency, and (vii)
1476 for furnaces with furnace air handlers, an electricity ratio of not more
1477 than 2.0, except air handlers for oil furnaces with a capacity of less than
1478 ninety-four thousand BTUs per hour shall have an electricity ratio of
1479 2.3 or less;

1480 (K) On or after January 1, 2010, metal halide lamp fixtures designed

1481 to be operated with lamps rated greater than or equal to one hundred
1482 fifty watts but less than or equal to five hundred watts shall not
1483 contain a probe-start metal halide lamp ballast;

1484 (L) Single-voltage external AC to DC power supplies manufactured
1485 on or after January 1, 2008, shall meet the energy efficiency standards
1486 of table U-1 of section 1605.3 of the January 2006 California Code of
1487 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance
1488 Efficiency Regulations. This standard applies to single voltage AC to
1489 DC power supplies that are sold individually and to those that are sold
1490 as a component of or in conjunction with another product. This
1491 standard shall not apply to single-voltage external AC to DC power
1492 supplies sold with products subject to certification by the United States
1493 Food and Drug Administration. A single-voltage external AC to DC
1494 power supply that is made available by a manufacturer directly to a
1495 consumer or to a service or repair facility after and separate from the
1496 original sale of the product requiring the power supply as a service
1497 part or spare part shall not be required to meet the standards in said
1498 table U-1 until five years after the effective dates indicated in the table;

1499 (M) On or after January 1, 2009, state regulated incandescent
1500 reflector lamps shall be manufactured to meet the minimum average
1501 lamp efficacy requirements for federally regulated incandescent
1502 reflector lamps contained in 42 USC 6295(i)(1)(A). Each lamp shall
1503 indicate the date of manufacture;

1504 (N) On or after January 1, 2009, bottle-type water dispensers,
1505 commercial hot food holding cabinets, portable electric spas, walk-in
1506 refrigerators and walk-in freezers shall meet the efficiency
1507 requirements of section 1605.3 of the January 2006 California Code of
1508 Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance
1509 Efficiency Regulations. On or after January 1, 2010, residential pool
1510 pumps shall meet said efficiency requirements;

1511 (O) On or after January 1, 2009, pool heaters shall meet the
1512 efficiency requirements of sections 1605.1 and 1605.3 of the January
1513 2006 California Code of Regulations, Title 20, Division 2, Chapter 4,

1514 Article 4: Appliance Efficiency Regulations;

1515 (P) By January 1, 2014, compact audio players, digital versatile disc
1516 players and digital versatile disc recorders shall meet the requirements
1517 shown in Table V-1 of Section 1605.3 of the November 2009
1518 amendments to the California Code of Regulations, Title 20, Division 2,
1519 Chapter 4, Article 4, unless the commissioner, in accordance with
1520 subparagraph (B) of subdivision (3) of this subsection, determines that
1521 such standards are unwarranted and may accept, reject or modify
1522 according to subparagraph (A) of subdivision (3) of this subsection;

1523 (Q) On or after January 1, 2014, televisions manufactured on or after
1524 July 1, 2011, shall meet the requirements shown in Table V-2 of Section
1525 1605.3 of the November 2009 amendments to the California Code of
1526 Regulations, Title 20, Division 2, Chapter 4, Article 4, unless the
1527 commissioner, in accordance with subparagraph (B) of subdivision (3)
1528 of this subsection, determines that such standards are unwarranted
1529 and may accept, reject or modify according to subparagraph (A) of
1530 subdivision (3) of this subsection; and

1531 (R) In addition to the requirements of subparagraph (Q) of this
1532 subdivision, televisions manufactured on or after January 1, 2014, shall
1533 meet the efficiency requirements of Sections 1605.3(v)(3)(A),
1534 1605.3(v)(3)(B) and 1605.3(v)(3)(C) of the November 2009 amendments
1535 to the California Code of Regulations, Title 20, Division 2, Chapter 4,
1536 Article 4, unless the commissioner, in accordance with subparagraph
1537 (B) of subdivision (3) of this subsection, determines that such
1538 standards are unwarranted and may accept, reject or modify according
1539 to subparagraph (A) of subdivision (3) of this subsection.

1540 (2) Such efficiency standards, where in conflict with the State
1541 Building Code, shall take precedence over the standards contained in
1542 the Building Code. Not later than July 1, 2007, and biennially
1543 thereafter, the **[**department**]** commissioner shall review and increase
1544 the level of such efficiency standards by adopting regulations in
1545 accordance with the provisions of chapter 54 upon a determination
1546 that increased efficiency standards would serve to promote energy

1547 conservation in the state and would be cost-effective for consumers
1548 who purchase and use such new products, provided no such increased
1549 efficiency standards shall become effective within one year following
1550 the adoption of any amended regulations providing for such increased
1551 efficiency standards.

1552 (3) (A) The **[**department**]** commissioner shall adopt regulations, in
1553 accordance with the provisions of chapter 54, to designate additional
1554 products to be subject to the provisions of this section and to establish
1555 efficiency standards for such products upon a determination that such
1556 efficiency standards (i) would serve to promote energy conservation in
1557 the state, (ii) would be cost-effective for consumers who purchase and
1558 use such new products, and (iii) would not impose an unreasonable
1559 burden on Connecticut businesses.

1560 (B) The **[**department**]** commissioner, in consultation with the Multi-
1561 State Appliance Standards Collaborative, shall identify additional
1562 appliance and equipment efficiency standards. The commissioner shall
1563 review all California standards and may review standards from other
1564 states in such collaborative. The commissioner shall issue notice of
1565 such review in the Connecticut Law Journal, allow for public comment
1566 and may hold a public hearing within six months of adoption of an
1567 efficiency standard by a cooperative member state regarding a product
1568 for which no equivalent Connecticut or federal standard currently
1569 exists. The **[**department**]** commissioner shall adopt regulations in
1570 accordance with the provisions of chapter 54 adopting such efficiency
1571 standard unless the **[**department**]** commissioner makes a specific
1572 finding that such standard does not meet the criteria in subparagraph
1573 (A) of this subdivision.

1574 Sec. 29. Subsection (e) of section 16a-48 of the 2012 supplement to
1575 the general statutes is repealed and the following is substituted in lieu
1576 thereof (*Effective from passage*):

1577 (e) On or after July 1, 2006, except for commercial clothes washers,
1578 for which the date shall be July 1, 2007, commercial refrigerators and
1579 freezers, for which the date shall be July 1, 2008, and large packaged

1580 air-conditioning equipment, for which the date shall be July 1, 2009, no
1581 new product of a type set forth in subsection (b) of this section or
1582 designated by the [department] commissioner may be sold, offered for
1583 sale, or installed in the state unless the energy efficiency of the new
1584 product meets or exceeds the efficiency standards set forth in such
1585 regulations adopted pursuant to subsection (d) of this section.

1586 Sec. 30. Subsection (f) of section 16a-48 of the 2012 supplement to
1587 the general statutes is repealed and the following is substituted in lieu
1588 thereof (*Effective from passage*):

1589 (f) The [department] commissioner shall adopt procedures for
1590 testing the energy efficiency of the new products set forth in subsection
1591 (b) of this section or designated by the department if such procedures
1592 are not provided for in the State Building Code. The [department]
1593 commissioner shall use United States Department of Energy approved
1594 test methods, or in the absence of such test methods, other appropriate
1595 nationally recognized test methods. The manufacturers of such
1596 products shall cause samples of such products to be tested in
1597 accordance with the test procedures adopted pursuant to this
1598 subsection or those specified in the State Building Code.

1599 Sec. 31. Subsection (g) of section 16a-48 of the 2012 supplement to
1600 the general statutes is repealed and the following is substituted in lieu
1601 thereof (*Effective from passage*):

1602 (g) Manufacturers of new products set forth in subsection (b) of this
1603 section or designated by the [department] commissioner shall certify to
1604 the commissioner that such products are in compliance with the
1605 provisions of this section, except that certification is not required for
1606 single voltage external AC to DC power supplies and walk-in
1607 refrigerators and walk-in freezers. All single voltage external AC to DC
1608 power supplies shall be labeled as described in the January 2006
1609 California Code of Regulations, Title 20, Section 1607 (9). The
1610 [department] commissioner shall promulgate regulations governing
1611 the certification of such products. The commissioner shall publish an
1612 annual list of such products.

1613 Sec. 32. Subsection (g) of section 16-245 of the 2012 supplement to
1614 the general statutes is repealed and the following is substituted in lieu
1615 thereof (*Effective from passage*):

1616 (g) As conditions of continued licensure, in addition to the
1617 requirements of subsection (c) of this section: (1) The licensee shall
1618 comply with the National Labor Relations Act and regulations, if
1619 applicable; (2) the licensee shall comply with the Connecticut Unfair
1620 Trade Practices Act and applicable regulations; (3) each generating
1621 facility operated by or under long-term contract to the licensee shall
1622 comply with regulations adopted by the Commissioner of Energy and
1623 Environmental Protection, pursuant to section 22a-174j; (4) the licensee
1624 shall comply with the portfolio standards, pursuant to section 16-245a;
1625 (5) the licensee shall be a member of the New England Power Pool or
1626 its successor or have a contractual relationship with one or more
1627 entities who are members of the New England Power Pool or its
1628 successor and the licensee shall comply with the rules of the regional
1629 independent system operator and standards and any other reliability
1630 guidelines of the regional independent systems operator; (6) the
1631 licensee shall agree to cooperate with the authority and other electric
1632 suppliers in the event of an emergency condition that may jeopardize
1633 the safety and reliability of electric service; (7) the licensee shall comply
1634 with the code of conduct established pursuant to section 16-244h; (8)
1635 for a license to a participating municipal electric utility, the licensee
1636 shall provide open and nondiscriminatory access to its distribution
1637 facilities to other licensed electric suppliers; (9) the licensee or the
1638 entity or entities with whom the licensee has a contractual relationship
1639 to purchase power shall be in compliance with all applicable licensing
1640 requirements of the Federal Energy Regulatory Commission; (10) each
1641 generating facility operated by or under long-term contract to the
1642 licensee shall be in compliance with chapter 277a and state
1643 environmental laws and regulations; (11) the licensee shall comply
1644 with the renewable portfolio standards established in section 16-245a;
1645 (12) <u>on and after July 1, 2012,</u> the licensee shall offer a time-of-use price
1646 option to customers. Such option shall include a two-part price that is
1647 designed to achieve an overall minimization of customer bills by

1648 encouraging the reduction of consumption during the most energy
1649 intense hours of the day. The licensee shall file its time-of-use rates
1650 with the Public Utilities Regulatory Authority; and (13) the licensee
1651 shall acknowledge that it is subject to chapters 208, 212, 212a and 219,
1652 as applicable, and the licensee shall pay all taxes it is subject to in this
1653 state. Also as a condition of licensure, the authority shall prohibit each
1654 licensee from declining to provide service to customers for the reason
1655 that the customers are located in economically distressed areas. The
1656 authority may establish additional reasonable conditions to assure that
1657 all retail customers will continue to have access to electric generation
1658 services.

1659 Sec. 33. Subsection (a) of section 103 of public act 11-80 is repealed
1660 and the following is substituted in lieu thereof (*Effective from passage*):

1661 (a) The Connecticut Clean Energy **[**Finance and Investment**]**
1662 Authority shall on or before March 1, 2012, establish a three-year pilot
1663 program to promote the development of new combined heat and
1664 power projects in Connecticut that are below **[**two**]** five megawatts in
1665 capacity size. The program established pursuant to this section shall
1666 not exceed fifty megawatts. The authority shall set one or more
1667 standardized grant amounts, loan amounts and power purchase
1668 agreements for such projects to limit the administrative burden of
1669 project approvals for the authority and the project proponent,
1670 including, but not limited to, a per kilowatt cost of up to three hundred
1671 fifty dollars. Such standardized provisions shall seek to minimize costs
1672 for the general class of ratepayers, ensuring that the project developer
1673 has a significant share of the financial burden and risk, while ensuring
1674 the development of projects that benefit Connecticut's economy,
1675 ratepayers, and environment. The authority may in its discretion
1676 decline to support a proposed project if the benefits of such project to
1677 Connecticut's ratepayers, economy and environment, including
1678 emissions reductions, are too meager to justify ratepayer or taxpayer
1679 investment.

1680 Sec. 34. Section 16-245ff of the 2012 supplement to the general

1681 statutes is repealed and the following is substituted in lieu thereof
1682 (*Effective from passage*):

1683 (a) The Connecticut Clean Energy [Finance and Investment]
1684 Authority established pursuant to section 16-245n, as amended by this
1685 act, shall structure and implement a residential solar investment
1686 program established pursuant to this section, which shall result in a
1687 minimum of thirty megawatts of new residential solar photovoltaic
1688 installations located in this state on or before December 31, 2022, the
1689 annual procurement of which shall be determined by the authority and
1690 the cost of which shall not exceed one-third of the total surcharge
1691 collected annually pursuant to said section 16-245n.

1692 (b) The Connecticut Clean Energy [Finance and Investment]
1693 Authority shall offer direct financial incentives, in the form of
1694 performance-based incentives or expected performance-based
1695 buydowns, for the purchase or lease of qualifying residential solar
1696 photovoltaic systems. For the purposes of this section, "performance-
1697 based incentives" means incentives paid out on a per kilowatt-hour
1698 basis, and "expected performance-based buydowns" means incentives
1699 paid out as a one-time upfront incentive based on expected system
1700 performance. The authority shall consider willingness to pay studies
1701 and verified solar photovoltaic system characteristics, such as
1702 operational efficiency, size, location, shading and orientation, when
1703 determining the type and amount of incentive. Notwithstanding the
1704 provisions of subdivision (1) of subsection (j) of section 16-244c, the
1705 amount of renewable energy produced from Class I renewable energy
1706 sources [receiving tariff payments or] included in utility rates under
1707 this section shall be applied to reduce the electric distribution
1708 company's Class I renewable energy source portfolio standard.
1709 Customers who receive expected performance-based buydowns under
1710 this section shall not be eligible for a credit pursuant to section [16-
1711 243b] 16-243h.

1712 (c) Beginning with the comprehensive plan covering the period
1713 from July 1, 2011, to June 30, 2013, the Connecticut Clean Energy

1714 [Finance and Investment] Authority shall develop and publish in each
1715 such plan a proposed schedule for the offering of performance-based
1716 incentives or expected performance-based buydowns over the
1717 duration of any such solar incentive program. Such schedule shall: (1)
1718 Provide for a series of solar capacity blocks the combined total of
1719 which shall be a minimum of thirty megawatts and projected incentive
1720 levels for each such block; (2) provide incentives that are sufficient to
1721 meet reasonable payback expectations of the residential consumer,
1722 taking into consideration the estimated cost of residential solar
1723 installations, the value of the energy offset by the system and the
1724 availability and estimated value of other incentives, including, but not
1725 limited to, federal and state tax incentives and revenues from the sale
1726 of solar renewable energy credits; (3) provide incentives that decline
1727 over time and will foster the sustained, orderly development of a state-
1728 based solar industry; (4) automatically adjust to the next block once the
1729 board of directors of the Connecticut Clean Energy Authority has
1730 issued reservations for financial incentives, provided, pursuant to this
1731 section, [from] that the board has fully [committing] committed the
1732 target solar capacity and available incentives in that block; and (5)
1733 provide comparable economic incentives for the purchase or lease of
1734 qualifying residential solar photovoltaic systems. The authority may
1735 retain the services of a third-party entity with expertise in the area of
1736 solar energy program design to assist in the development of the
1737 incentive schedule or schedules. The [Department] Commissioner of
1738 Energy and Environmental Protection shall review and approve such
1739 schedule. Nothing in this subsection shall restrict the authority from
1740 modifying the approved incentive schedule before the issuance of its
1741 next comprehensive plan to account for changes in federal or state law
1742 or regulation or developments in the solar market when such changes
1743 would affect the expected return on investment for a typical residential
1744 solar photovoltaic system by twenty per cent or more.

1745 (d) The Connecticut Clean Energy [Finance and Investment]
1746 Authority shall establish and periodically update program guidelines,
1747 including, but not limited to, requirements for systems and program
1748 participants related to: (1) Eligibility criteria; (2) standards for

1749 deployment of energy efficient equipment or building practices as a
1750 condition for receiving incentive funding; (3) procedures to provide
1751 reasonable assurance that such reservations are made and incentives
1752 are paid out only to qualifying residential solar photovoltaic systems
1753 demonstrating a high likelihood of being installed and operated as
1754 indicated in application materials; and (4) reasonable protocols for the
1755 measurement and verification of energy production.

1756 (e) The Connecticut Clean Energy [Finance and Investment]
1757 Authority shall maintain on its web site the schedule of incentives,
1758 solar capacity remaining in the current block and available funding
1759 and incentive estimators.

1760 (f) Funding for the residential performance-based incentive
1761 program and expected performance-based buydowns shall be
1762 apportioned from the moneys collected under the surcharge specified
1763 in section 16-245n, as amended by this act, provided such
1764 apportionment shall not exceed one-third of the total surcharge
1765 collected annually, and supplemented by federal funding as may
1766 become available.

1767 (g) The Connecticut Clean Energy [Finance and Investment]
1768 Authority shall identify barriers to the development of a permanent
1769 Connecticut-based solar workforce and shall make provision for
1770 comprehensive training, accreditation and certification programs
1771 through institutions and individuals accredited and certified to
1772 national standards.

1773 (h) On or before January 1, 2014, and every two years thereafter for
1774 the duration of the program, the Connecticut Clean Energy [Finance
1775 and Investment] Authority shall report to the joint standing committee
1776 of the General Assembly having cognizance of matters relating to
1777 energy on progress toward the goals identified in subsection (a) of this
1778 section.

1779 Sec. 35. Subsection (b) of section 16-244r of the 2012 supplement to
1780 the general statutes is repealed and the following is substituted in lieu

1781 thereof (*Effective from passage*):

1782 (b) Solicitations conducted by the electric distribution company
1783 shall be for the purchase of renewable energy credits produced by
1784 eligible customer-sited generating projects over the duration of the
1785 long-term contract. For purposes of this section, a long-term contract is
1786 a contract for fifteen years. The electric distribution company shall be
1787 entitled to recover the reasonable costs and fees incurred in connection
1788 with soliciting and filing long-term contracts with the authority
1789 pursuant to this section through a reconciling component of electric
1790 rates as determined by the authority, until such company's next
1791 scheduled rate case.

1792 Sec. 36. Section 16-244s of the 2012 supplement to the general
1793 statutes is repealed and the following is substituted in lieu thereof
1794 (*Effective from passage*):

1795 (a) To procure the long-term contracts described in section 16-244r,
1796 as amended by this act, each electric distribution company shall, not
1797 later than one hundred eighty days after July 1, 2011, propose a six-
1798 year solicitation plan that shall include (1) a timetable and
1799 methodology for soliciting proposals for the long-term purchase of
1800 renewable energy credits from in-state generators of Class I
1801 technologies that emit no pollutants and are not more than one
1802 megawatt in size, and (2) declining annual incentives during each of
1803 the six years of the program. The electric distribution company's
1804 solicitation plan shall be subject to the review and approval of the
1805 Public Utilities Regulatory Authority.

1806 (b) The electric distribution company's approved solicitation plan
1807 shall be designed to foster a diversity of project sizes and participation
1808 among all eligible customer classes subject to cost-effectiveness
1809 considerations. Separate procurement processes shall be conducted for
1810 (1) systems up to one hundred kilowatts; (2) systems greater than one
1811 hundred kilowatts but less than two hundred fifty kilowatts; and (3)
1812 systems between two hundred fifty and one thousand kilowatts. The
1813 Public Utilities Regulatory Authority shall give preference to

1814 competitive bidding for resources of more than one hundred kilowatts,
1815 with bids ranked in order on the basis of lowest net present value of
1816 required renewable energy credit price, unless the authority
1817 determines that an alternative methodology is in the best interests of
1818 the electric distribution company's customers and the development of
1819 a competitive and self-sustaining market. Systems up to one hundred
1820 kilowatts in size shall be eligible to receive, on an ongoing and
1821 continuous basis, a renewable energy credit offer price equivalent to
1822 the weighted average accepted bid price in the most recent solicitation
1823 for systems greater than one hundred kilowatts but less than two
1824 hundred fifty kilowatts, plus an additional incentive of ten per cent.
1825 The electric distribution company shall be entitled to recover the
1826 reasonable costs and fees incurred in connection with the preparation
1827 of a solicitation plan pursuant to this section through a reconciling
1828 component of electric rates as determined by the authority.

1829 (c) Each electric distribution company shall execute its approved
1830 six-year solicitation plan and submit to the Public Utilities Regulatory
1831 Authority for review and approval of its preferred procurement plan
1832 comprised of any proposed contract or contracts with independent
1833 developers. If an electric distribution company's solicitation does not
1834 result in proposed contracts totaling the annual expenditure pursuant
1835 to subsection (a) of section 16-244r and the Public Utilities Regulatory
1836 Authority has reduced the cap price by more than three per cent
1837 pursuant to subsection (c) of section 16-244r, the authority shall, within
1838 ninety days, issue a request for proposals for additional contracts. The
1839 authority shall approve contract proposals submitted in response to
1840 such request on a least-cost basis, provided an electric distribution
1841 company shall not be required to enter into a contract that provides for
1842 a payment in any year of the contract that exceeds the renewable
1843 energy price cap for the prior year, [by] less [than] three per cent.

1844 (d) The Public Utilities Regulatory Authority shall hold a hearing
1845 that shall be conducted as an uncontested case, in accordance with the
1846 provisions of chapter 54, to approve, reject or modify an [application
1847 for approval of the] electric distribution company's procurement plan.

1848 The authority shall only [approve such proposed plan] issue an
1849 approval for a plan or modification of a plan if the authority finds that
1850 (1) the solicitation and evaluation conducted by the electric
1851 distribution company was the result of a fair, open, competitive and
1852 transparent process; (2) approval of the procurement plan would result
1853 in the greatest expected ratepayer value from energy from Class I or
1854 renewable energy credits at the lowest reasonable cost; and (3) such
1855 procurement plan or any modification satisfies other criteria
1856 established in the approved solicitation plan. The authority shall not
1857 approve any proposal made under such plan unless it determines that
1858 the plan and proposals encompass all foreseeable sources of revenue
1859 or benefits and that such proposals, together with such revenue or
1860 benefits, would result in the greatest expected ratepayer value from
1861 energy technologies that emit no pollutants or renewable energy
1862 credits. The authority may, in its discretion, retain the services of an
1863 independent consultant with expertise in the area of energy
1864 procurement to assist in such determination. The independent
1865 consultant shall be unaffiliated with the electric distribution company
1866 or its affiliates and shall not, directly or indirectly, have benefited from
1867 employment or contracts with the electric distribution company or its
1868 affiliates in the preceding five years, except as an independent
1869 consultant. The electric distribution company shall provide the
1870 independent consultant immediate and continuing access to all
1871 documents and data reviewed, used or produced by the electric
1872 distribution company in its bid solicitation and evaluation process. The
1873 electric distribution company shall make all its personnel, agents and
1874 contractors used in the bid solicitation and evaluation available for
1875 interview by the consultant. The electric distribution company shall
1876 conduct any additional modeling requested by the independent
1877 consultant to test the assumptions and results of the bid evaluation
1878 process. The independent consultant shall not participate in or advise
1879 the electric distribution company with respect to any decisions in the
1880 bid solicitation or bid evaluation process. The authority's
1881 administrative costs in reviewing the electric distribution company's
1882 procurement plan and the costs of the consultant shall be recovered

1883 through a reconciling component of electric rates as determined by the
1884 authority.

1885 (e) The electric distribution company shall be entitled to recover its
1886 reasonable costs and fees prudently incurred of complying with its
1887 approved procurement plan through a reconciling component of
1888 electric rates as determined by the authority. Nothing in this section
1889 shall preclude the resale or other disposition of energy or associated
1890 renewable energy credits purchased by the electric distribution
1891 company, provided the distribution company shall net the cost of
1892 payments made to projects under the long-term contracts against the
1893 proceeds of the sale of energy or renewable energy credits and the
1894 difference shall be credited or charged to distribution customers
1895 through a reconciling component of electric rates as determined by the
1896 authority that is nonbypassable when switching electric suppliers.

1897 (f) Failure by the electric distribution company to execute its
1898 approved solicitation plan shall result in a noncompliance fee. Unless,
1899 upon petition by the electric distribution company, the authority
1900 grants the distribution company an extension not to exceed ninety
1901 days to correct this deficiency, the electric distribution company shall
1902 be assessed a noncompliance fee one hundred twenty-five per cent of
1903 the difference between the annual distribution company expenditures
1904 required pursuant to subsection (c) of section 16-244r and the
1905 contractually committed expenditure for renewable energy credits
1906 from eligible zero emissions customer-sited generating projects in that
1907 year. The noncompliance fees associated with the procurement
1908 shortfall shall be collected by the distribution company, maintained in
1909 a separate interest-bearing account and disbursed to the department
1910 on a quarterly basis. Funds collected by the authority pursuant to this
1911 section shall be used to support the deployment of Class I zero
1912 emissions generating systems installed in the state with priority given
1913 to otherwise underserved market segments, including, but not limited
1914 to, low-income housing, schools and other public buildings and
1915 nonprofits. The authority may waive a noncompliance fee assessed
1916 pursuant to this section if the authority determines that meeting the

1917 requirements of this subsection would be commercially infeasible.

1918 (g) Not later than sixty days after its approval of the distribution
1919 company procurement plans submitted on or before January 1, 2013,
1920 the Public Utilities Regulatory Authority shall submit a report to the
1921 joint standing committee of the General Assembly having cognizance
1922 of matters relating to energy. The report shall document for each
1923 distribution company procurement plan: (1) The total number of
1924 renewable energy credits bid relative to the number of renewable
1925 energy credits requested by the distribution company; (2) the total
1926 number of bidders in each market segment; (3) the number and value
1927 of contracts awarded; (4) the total weighted average price of the
1928 renewable energy credits or energy so purchased; and (5) the extent to
1929 which the costs of the technology has been reduced. The authority
1930 shall not report individual bid information or other proprietary
1931 information.

1932 Sec. 37. Subsection (a) of section 16-244t of the 2012 supplement to
1933 the general statutes is repealed and the following is substituted in lieu
1934 thereof (*Effective from passage*):

1935 (a) Commencing on January 1, 2012, and within one hundred eighty
1936 days, each electric distribution company shall solicit and file with the
1937 Public Utilities Regulatory Authority for its approval one or more
1938 fifteen-year power purchase contracts with owners or developers of
1939 generation projects that are less than two megawatts in size, located on
1940 the customer side of the revenue meter, serve the distribution system
1941 of the electric distribution company, and use Class I technologies. **[**that
1942 have no emissions of no more than 0.07 pounds per megawatt-hour of
1943 nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide,
1944 0.02 pounds per megawatt-hour of volatile organic compounds, and
1945 one grain per one hundred standard cubic feet.**]** The authority may
1946 give a preference to contracts for technologies manufactured,
1947 researched or developed in the state.

1948 Sec. 38. Subsection (b) of section 16-244t of the 2012 supplement to
1949 the general statutes is repealed and the following is substituted in lieu

1950 thereof (*Effective from passage*):

1951 (b) Solicitations conducted by the electric distribution company
1952 shall be for the purchase of renewable energy credits produced by
1953 eligible customer-sited generating projects over the duration of the
1954 contract. The electric distribution company shall be entitled to recover
1955 the reasonable costs and fees incurred in connection with soliciting and
1956 filing power purchase contracts with the authority pursuant to this
1957 section through a reconciling component of electric rates as
1958 determined by the authority, until such company's next scheduled rate
1959 case.

1960 Sec. 39. Section 16-245hh of the 2012 supplement to the general
1961 statutes is repealed and the following is substituted in lieu thereof
1962 (*Effective from passage*):

1963 The Connecticut Clean Energy **[**Finance and Investment**]** Authority
1964 created pursuant to section 16-245n, as amended by this act, in
1965 consultation with the **[**Department**]** Commissioner of Energy and
1966 Environmental Protection, shall establish a program to be known as
1967 the "condominium renewable energy grant program". Under such
1968 program, the board of directors of the authority shall provide grants to
1969 residential condominium associations and residential condominium
1970 owners, within available funds, for purchasing clean energy sources,
1971 including solar energy, geothermal energy and fuel cells or other
1972 energy-efficient hydrogen-fueled energy.

1973 Sec. 40. Section 16-24a of the 2012 supplement to the general statutes
1974 is repealed and the following is substituted in lieu thereof (*Effective*
1975 *from passage*):

1976 (a) On or before June 30, 2012, the **[**Department**]** Commissioner of
1977 Energy and Environmental Protection shall conduct a proceeding
1978 regarding development of low-income discounted rates for service
1979 provided by electric distribution and gas companies, as defined in
1980 section 16-1, as amended by this act, to low-income customers with an
1981 annual income that does not exceed sixty per cent of median income.

1982 Such proceeding shall include, but not be limited to, a review, for
1983 individuals who receive means-tested assistance administered by the
1984 state or federal governments, of the current and future availability of
1985 rate discounts through the department's electricity purchasing pool
1986 operated pursuant to section 16a-14e, energy assistance benefits
1987 available through any plan adopted pursuant to section 16a-41a, state
1988 funded or administered programs, conservation assistance available
1989 pursuant to section 16-245m, as amended by this act, assistance funded
1990 or administered by said department or the Department of Social
1991 Services, or matching payment program benefits available pursuant to
1992 subsection (b) of section 16-262c. The [department] commissioner shall
1993 (1) coordinate resources and programs, to the extent practicable; (2)
1994 develop rates that take into account the indigency of persons of
1995 poverty status and allow such persons' households to meet the costs of
1996 essential energy needs; (3) require the households to have a home
1997 energy audit paid from the Energy Efficiency Fund as a prerequisite to
1998 qualification; (4) prepare an analysis of the benefits and anticipated
1999 costs of such low-income discounted rates; and (5) review utility rate
2000 discount policies or programs in other states.

2001 (b) The [department] commissioner shall determine which, if any, of
2002 its programs shall be modified, terminated or have their funding
2003 reduced because such program beneficiaries would benefit more by
2004 the establishment of a low-income or discount rate. The [department]
2005 commissioner shall establish a rate reduction that is equal to the
2006 anticipated funds transferred from the programs modified, terminated
2007 or reduced by the department pursuant to this section and the reduced
2008 cost of providing service to those eligible for such discounted or low-
2009 income rates, any available energy assistance and other sources of
2010 coverage for such rates, including, but not limited to, generation
2011 available through the electricity purchasing pool operated by the
2012 department. The [department] commissioner may issue
2013 recommendations regarding programs administered by the
2014 Department of Social Services.

2015 (c) The [department] commissioner shall order (1) filing by each

2016 electric distribution company of proposed rates consistent with the
2017 [department's] commissioner's decision pursuant to subsection (a) of
2018 this section not later than sixty days after its issuance; and (2)
2019 appropriate modification of existing low-income programs.

2020 (d) The cost of low-income and discounted rates and related
2021 outreach activities pursuant to this section shall be paid (1) through the
2022 normal rate-making procedures of the [department] Public Utilities
2023 Regulatory Authority, (2) on a semiannual basis through the systems
2024 benefits charge for an electric distribution company, and (3) solely
2025 from the funds of the programs modified, terminated or reduced by
2026 the department pursuant to this section and the reduced cost of
2027 providing service to those eligible for such discounted or low-income
2028 rates, any available energy assistance and other sources of coverage for
2029 such rates, including, but not limited to, generation available through
2030 the electricity purchasing pool operated by the department.

2031 (e) On or before [February] October 1, 2012, the [department]
2032 commissioner shall report, in accordance with section 11-4a, to the
2033 joint standing committee of the General Assembly having cognizance
2034 of matters relating to energy regarding the benefits and costs of the
2035 low-income or discounted rates established pursuant to subsection (a)
2036 of this section, including, but not limited to, possible impacts on
2037 existing customers who qualify for state assistance, and any
2038 recommended modifications. If the low-income rate is not less than
2039 ninety per cent of the standard service rate, the [department]
2040 commissioner shall include in [its] the commissioner's report steps to
2041 achieve that goal. Any such report may be submitted electronically.

2042 Sec. 41. Section 16-245o of the 2012 supplement to the general
2043 statutes is repealed and the following is substituted in lieu thereof
2044 (*Effective from passage*):

2045 (a) To protect a customer's right to privacy from unwanted
2046 solicitation, each electric company or electric distribution company, as
2047 the case may be, shall distribute to each customer a form approved by
2048 the [Department of Energy and Environmental Protection] Public

2049 Utilities Regulatory Authority which the customer shall submit to the
2050 customer's electric or electric distribution company in a timely manner
2051 if the customer does not want the customer's name, address, telephone
2052 number and rate class to be released to electric suppliers. On and after
2053 July 1, 1999, each electric or electric distribution company, as the case
2054 may be, shall make available to all electric suppliers customer names,
2055 addresses, telephone numbers, if known, and rate class, unless the
2056 electric company or electric distribution company has received a form
2057 from a customer requesting that such information not be released.
2058 Additional information about a customer for marketing purposes shall
2059 not be released to any electric supplier unless a customer consents to a
2060 release by one of the following: (1) An independent third-party
2061 telephone verification; (2) receipt of a written confirmation received in
2062 the mail from the customer after the customer has received an
2063 information package confirming any telephone agreement; (3) the
2064 customer signs a document fully explaining the nature and effect of the
2065 release; or (4) the customer's consent is obtained through electronic
2066 means, including, but not limited to, a computer transaction.

2067 (b) All electric suppliers shall have equal access to customer
2068 information required to be disclosed under subsection (a) of this
2069 section. No electric supplier shall have preferential access to historical
2070 distribution company customer usage data.

2071 (c) No electric or electric distribution company shall include in any
2072 bill or bill insert anything that directly or indirectly promotes a
2073 generation entity or affiliate of the electric distribution company. No
2074 electric supplier shall include a bill insert in an electric bill of an
2075 electric distribution company.

2076 (d) All marketing information provided pursuant to the provisions
2077 of this section shall be formatted electronically by the electric company
2078 or electric distribution company, as the case may be, in a form that is
2079 readily usable by standard commercial software packages. Updated
2080 lists shall be made available within a reasonable time, as determined
2081 by the **[**department**]** authority, following a request by an electric

2082 supplier. Each electric supplier seeking the information shall pay a fee
2083 to the electric company or electric distribution company, as the case
2084 may be, which reflects the incremental costs of formatting, sorting and
2085 distributing this information, together with related software changes.
2086 Customers shall be entitled to any available individual information
2087 about their loads or usage at no cost.

2088 (e) Each electric supplier shall, prior to the initiation of electric
2089 generation services, provide the potential customer with a written
2090 notice describing the rates, information on air emissions and resource
2091 mix of generation facilities operated by and under long-term contract
2092 to the supplier, terms and conditions of the service, and a notice
2093 describing the customer's right to cancel the service, as provided in this
2094 section. No electric supplier shall provide electric generation services
2095 unless the customer has signed a service contract or consents to such
2096 services by one of the following: (1) An independent third-party
2097 telephone verification; (2) receipt of a written confirmation received in
2098 the mail from the customer after the customer has received an
2099 information package confirming any telephone agreement; (3) the
2100 customer signs a contract that conforms with the provisions of this
2101 section; or (4) the customer's consent is obtained through electronic
2102 means, including, but not limited to, a computer transaction. Each
2103 electric supplier shall provide each customer with a demand of less
2104 than one hundred kilowatts, a written contract that conforms with the
2105 provisions of this section and maintain records of such signed service
2106 contract or consent to service for a period of not less than two years
2107 from the date of expiration of such contract, which records shall be
2108 provided to the **[**department**]** authority or the customer upon request.
2109 Each contract for electric generation services shall contain all material
2110 terms of the agreement, a clear and conspicuous statement explaining
2111 the rates that such customer will be paying, including the
2112 circumstances under which the rates may change, a statement that
2113 provides specific directions to the customer as to how to compare the
2114 price term in the contract to the customer's existing electric generation
2115 service charge on the electric bill and how long those rates are
2116 guaranteed. Such contract shall also include a clear and conspicuous

2117 statement providing the customer's right to cancel such contract not
2118 later than three days after signature or receipt in accordance with the
2119 provisions of this subsection, describing under what circumstances, if
2120 any, the supplier may terminate the contract and describing any
2121 penalty for early termination of such contract. Each contract shall be
2122 signed by the customer, or otherwise agreed to in accordance with the
2123 provisions of this subsection. A customer who has a maximum
2124 demand of five hundred kilowatts or less shall, until midnight of the
2125 third business day after the latter of the day on which the customer
2126 enters into a service agreement or the day on which the customer
2127 receives the written contract from the electric supplier as provided in
2128 this section, have the right to cancel a contract for electric generation
2129 services entered into with an electric supplier.

2130 (f) (1) Any third-party agent who contracts with or is otherwise
2131 compensated by an electric supplier to sell electric generation services
2132 shall be a legal agent of the electric supplier. No third-party agent may
2133 sell electric generation services on behalf of an electric supplier unless
2134 (A) the third-party agent is an employee or independent contractor of
2135 such electric supplier, and (B) the third-party agent has received
2136 appropriate training directly from such electric supplier.

2137 (2) On or after July 1, 2011, all sales and solicitations of electric
2138 generation services by an electric supplier, aggregator or agent of an
2139 electric supplier or aggregator to a customer with a maximum demand
2140 of one hundred kilowatts or less conducted and consummated entirely
2141 by mail, door-to-door sale, telephone or other electronic means, during
2142 a scheduled appointment at the premises of a customer or at a fair,
2143 trade or business show, convention or exposition in addition to
2144 complying with the provisions of subsection (e) of this section shall:

2145 (A) For any sale or solicitation, including from any person
2146 representing such electric supplier, aggregator or agent of an electric
2147 supplier or aggregator (i) identify the person and the electric
2148 generation services company or companies the person represents; (ii)
2149 provide a statement that the person does not represent an electric

2150 distribution company; (iii) explain the purpose of the solicitation; and
2151 (iv) explain all rates, fees, variable charges and terms and conditions
2152 for the services provided; and

2153 (B) For door-to-door sales to customers with a maximum demand of
2154 one hundred kilowatts, which shall include the sale of electric
2155 generation services in which the electric supplier, aggregator or agent
2156 of an electric supplier or aggregator solicits the sale and receives the
2157 customer's agreement or offer to purchase at a place other than the
2158 seller's place of business, be conducted (i) in accordance with any
2159 municipal and local ordinances regarding door-to-door solicitations,
2160 (ii) between the hours of ten o'clock a.m. and six o'clock p.m. unless the
2161 customer schedules an earlier or later appointment, and (iii) with both
2162 English and Spanish written materials available. Any representative of
2163 an electric supplier, aggregator or agent of an electric supplier or
2164 aggregator shall prominently display or wear a photo identification
2165 badge stating the name of such person's employer or the electric
2166 supplier the person represents.

2167 (3) No electric supplier, aggregator or agent of an electric supplier
2168 or aggregator shall advertise or disclose the price of electricity to
2169 mislead a reasonable person into believing that the electric generation
2170 services portion of the bill will be the total bill amount for the delivery
2171 of electricity to the customer's location. When advertising or disclosing
2172 the price for electricity, the electric supplier, aggregator or agent of an
2173 electric supplier or aggregator shall also disclose the electric
2174 distribution company's current charges, including the competitive
2175 transition assessment and the systems benefits charge, for that
2176 customer class.

2177 (4) No entity, including an aggregator or agent of an electric
2178 supplier or aggregator, who sells or offers for sale any electric
2179 generation services for or on behalf of an electric supplier, shall engage
2180 in any deceptive acts or practices in the marketing, sale or solicitation
2181 of electric generation services.

2182 (5) Each electric supplier shall disclose to the Public Utilities

2183 Regulatory Authority in a standardized format (A) the amount of
2184 additional renewable energy credits such supplier will purchase
2185 beyond required credits, (B) where such additional credits are being
2186 sourced from, and (C) the types of renewable energy sources that will
2187 be purchased. Each electric supplier shall only advertise renewable
2188 energy credits purchased beyond those required pursuant to section
2189 16-245a and shall report to the authority the renewable energy sources
2190 of such credits and whenever the mix of such sources changes.

2191 (6) No contract for electric generation services by an electric supplier
2192 shall require a residential customer to pay any fee for termination or
2193 early cancellation of a contract in excess of (A) one hundred dollars; or
2194 (B) twice the estimated bill for energy services for an average month,
2195 whichever is less, provided when an electric supplier offers a contract,
2196 it provides the residential customer an estimate of such customer's
2197 average monthly bill.

2198 (7) An electric supplier shall not make a material change in the
2199 terms or duration of any contract for the provision of electric
2200 generation services by an electric supplier without the express consent
2201 of the customer. Nothing in this subdivision shall restrict an electric
2202 supplier from renewing a contract by clearly informing the customer,
2203 in writing, not less than thirty days or more than sixty days before the
2204 renewal date, of the renewal terms and of the option not to accept the
2205 renewal offer, provided no fee pursuant to subdivision (6) of this
2206 section shall be charged to a customer who terminates or cancels such
2207 renewal not later than seven business days after receiving the first
2208 billing statement for the renewed contract.

2209 (8) Each electric supplier shall file annually with the authority a list
2210 of any aggregator or agent working on behalf of such supplier.

2211 (g) Each electric supplier, aggregator or agent of an electric supplier
2212 or aggregator shall comply with the provisions of the telemarketing
2213 regulations adopted pursuant to 15 USC 6102.

2214 (h) Any violation of this section shall be deemed an unfair or

2215 deceptive trade practice under subsection (a) of section 42-110b. Any
2216 contract for electric generation services that the authority finds to be
2217 the product of unfair or deceptive marketing practices or in material
2218 violation of the provisions of this section shall be void and
2219 unenforceable. Any waiver of the provisions of this section by a
2220 customer of electric generation services shall be deemed void and
2221 unenforceable by the electric supplier.

2222 (i) Any violation or failure to comply with any provision of this
2223 section shall be subject to (1) civil penalties by the **[**department**]**
2224 authority in accordance with section 16-41, (2) the suspension or
2225 revocation of an electric supplier or aggregator's license, or (3) a
2226 prohibition on accepting new customers following a hearing that is
2227 conducted as a contested case in accordance with chapter 54.

2228 (j) The **[**department**]** authority may adopt regulations, in accordance
2229 with the provisions of chapter 54, to include, but not be limited to,
2230 abusive switching practices, solicitations and renewals by electric
2231 suppliers.

2232 Sec. 42. Subsection (a) of section 16-245d of the 2012 supplement to
2233 the general statutes is repealed and the following is substituted in lieu
2234 thereof (*Effective from passage*):

2235 (a) The **[**Department of Energy and Environmental Protection**]**
2236 Public Utilities Regulatory Authority shall, by regulations adopted
2237 pursuant to chapter 54, develop a standard billing format that enables
2238 customers to compare pricing policies and charges among electric
2239 suppliers. The **[**department**]** authority shall adopt regulations, in
2240 accordance with the provisions of chapter 54, to provide that an
2241 electric supplier, until July 1, 2012, may provide direct billing and
2242 collection services for electric generation services and related federally
2243 mandated congestion charges that such supplier provides to its
2244 customers with a maximum demand of not less than one hundred
2245 kilowatts that choose to receive a bill directly from such supplier and,
2246 on and after July 1, 2012, shall provide direct billing and collection
2247 services for electric generation services and related federally mandated

2248 congestion charges that such suppliers provide to their customers or
2249 may choose to obtain such billing and collection service through an
2250 electric distribution company and pay its pro rata share in accordance
2251 with the provisions of subsection (h) of section 16-244c. Any customer
2252 of an electric supplier, which is choosing to provide direct billing, who
2253 paid for the cost of billing and other services to an electric distribution
2254 company shall receive a credit on their monthly bill.

2255 (1) An electric supplier that chooses to provide billing and collection
2256 services shall, in accordance with the billing format developed by the
2257 **[**department**]** authority, include the following information in each
2258 customer's bill: (A) The total amount owed by the customer, which
2259 shall be itemized to show (i) the electric generation services component
2260 and any additional charges imposed by the electric supplier, and (ii)
2261 federally mandated congestion charges applicable to the generation
2262 services; (B) any unpaid amounts from previous bills, which shall be
2263 listed separately from current charges; (C) the rate and usage for the
2264 current month and each of the previous twelve months in bar graph
2265 form or other visual format; (D) the payment due date; (E) the interest
2266 rate applicable to any unpaid amount; (F) the toll-free telephone
2267 number of the Public Utilities Regulatory Authority for questions or
2268 complaints; and (G) the toll-free telephone number and address of the
2269 electric supplier. On or before February 1, 2012, the authority shall
2270 conduct a review of the costs and benefits of suppliers billing for all
2271 components of electric service, and report, in accordance with the
2272 provisions of section 11-4a, to the joint standing committee of the
2273 General Assembly having cognizance of matters relating to energy
2274 regarding the results of such review. Any such report may be
2275 submitted electronically.

2276 (2) An electric distribution company shall, in accordance with the
2277 billing format developed by the authority, include the following
2278 information in each customer's bill: (A) The total amount owed by the
2279 customer, which shall be itemized to show, (i) the electric generation
2280 services component if the customer obtains standard service or last
2281 resort service from the electric distribution company, (ii) the

2282 distribution charge, including all applicable taxes and the systems
2283 benefits charge, as provided in section 16-245*l*, (iii) the transmission
2284 rate as adjusted pursuant to subsection (d) of section 16-19b, (iv) the
2285 competitive transition assessment, as provided in section 16-245g, (v)
2286 federally mandated congestion charges, and (vi) the conservation and
2287 renewable energy charge, consisting of the conservation and load
2288 management program charge, as provided in section 16-245m, as
2289 amended by this act, and the renewable energy investment charge, as
2290 provided in section 16-245n, as amended by this act; (B) any unpaid
2291 amounts from previous bills which shall be listed separately from
2292 current charges; (C) except for customers subject to a demand charge,
2293 the rate and usage for the current month and each of the previous
2294 twelve months in the form of a bar graph or other visual form; (D) the
2295 payment due date; (E) the interest rate applicable to any unpaid
2296 amount; (F) the toll-free telephone number of the electric distribution
2297 company to report power losses; (G) the toll-free telephone number of
2298 the Public Utilities Regulatory Authority for questions or complaints;
2299 and (H) if a customer has a demand of five hundred kilowatts or less
2300 during the preceding twelve months, a statement about the availability
2301 of information concerning electric suppliers pursuant to section 16-
2302 245p.

2303 Sec. 43. Subsection (a) of section 16a-40*l* of the 2012 supplement to
2304 the general statutes is repealed and the following is substituted in lieu
2305 thereof (*Effective from passage*):

2306 (a) On or before October 1, 2011, the Department of Energy and
2307 Environmental Protection shall establish a residential heating
2308 equipment financing program. Such program shall allow residential
2309 customers to finance, through on-bill financing or other mechanism,
2310 the installation of energy efficient natural gas or heating oil burners,
2311 boilers and furnaces or ductless heat pumps to replace (1) burners,
2312 boilers and furnaces that are not less than seven years old with an
2313 efficiency rating of not more than seventy-five per cent, or (2) electric
2314 heating systems. Eligible fuel oil furnaces shall have an efficiency
2315 rating of not less than eighty-six per cent. An eligible fuel oil burner

2316 shall have an efficiency rating of not less than eighty-six per cent with
2317 temperature reset controls. An eligible natural gas boiler shall have an
2318 annual fuel utilization efficiency rating of not less than ninety per cent
2319 and an eligible natural gas furnace shall have an annual fuel utilization
2320 efficiency rating of not less than ninety-five per cent. To participate in
2321 the program established pursuant to this subsection, a customer shall
2322 first have a home energy audit, the cost of which may be financed
2323 pursuant to subsection (b) of this section.

2324 Sec. 44. Subsection (f) of section 16a-40*l* of the 2012 supplement to
2325 the general statutes is repealed and the following is substituted in lieu
2326 thereof (*Effective from passage*):

2327 (f) On or before October 1, 2011, the department shall begin
2328 accepting applications for financial incentives for combined heat and
2329 power systems of not more than **[**one megawatt**]** <u>five megawatts</u> of
2330 power. To qualify for such financial incentives, such combined heat
2331 and power system shall reduce energy costs at an amount equal to or
2332 greater than the amount of the installation cost of the system within
2333 ten years of the installation. The department shall review the current
2334 market conditions for such systems, including any existing federal or
2335 state financial incentives, and determine the appropriate financial
2336 incentives under this program necessary to encourage installation of
2337 such systems. Such financial incentives may include providing private
2338 financial institutions with loan loss protection or grants to lower
2339 borrowing costs. Financial incentives pursuant to this subdivision shall
2340 not exceed two hundred dollars per kilowatt. A project accepted for
2341 such incentives shall qualify for a waiver of (1) the backup power rate
2342 under section 16-243o, and (2) the requirement to provide baseload
2343 electricity under section 16-243i. Any purchase of natural gas for any
2344 combined heat and power system installed pursuant to this
2345 subdivision shall not include a distribution charge pursuant to section
2346 16-243*l*.

2347 Sec. 45. Section 16a-37u of the 2012 supplement to the general
2348 statutes is repealed and the following is substituted in lieu thereof

2349 (*Effective from passage*):

2350 (a) The Commissioner of Energy and Environmental Protection
2351 shall be responsible for planning and managing energy use in state-
2352 owned and leased buildings and shall establish a program to maximize
2353 the efficiency with which energy is utilized in such buildings. The
2354 commissioner shall exercise this authority by (1) preparing and
2355 implementing annual and long-range plans, with timetables,
2356 establishing goals for reducing state energy consumption and, based
2357 on energy audits, specific objectives for state agencies to meet the
2358 performance standards adopted under section 16a-38; (2) coordinating
2359 federal and state energy conservation resources and activities,
2360 including but not limited to, those required to be performed by other
2361 state agencies under this chapter; and (3) monitoring energy use and
2362 costs by budgeted state agencies on a monthly basis.

2363 (b) On or before July 1, 2012, the commissioner, in consultation with
2364 the Department of Administrative Services, shall develop a plan to
2365 reduce energy use in buildings owned or leased by the state by
2366 January 1, 2013, by at least ten per cent from its current consumption
2367 and by January 1, 2018, by an additional ten per cent. Such plan shall
2368 include, but not be limited to, (1) assessing current energy
2369 consumption for all fuels used in state-owned buildings, (2)
2370 identifying not less than one hundred such buildings with the highest
2371 aggregate energy costs in the fiscal year ending June 30, 2011, (3)
2372 establishing targets for conducting energy audits of such buildings,
2373 and (4) determining which energy efficiency measures are most cost-
2374 effective for such buildings. Such plan shall provide for the financing
2375 of such measures through the use of energy-savings performance
2376 contracting, pursuant to subsection (c) of this section, bonding or other
2377 means.

2378 (c) Any state agency or municipality may enter into an energy-
2379 savings performance contract, as defined in section 16a-37x, with a
2380 qualified energy service provider, as defined in said section 16a-37x, to
2381 produce utility cost savings, as defined in said section 16a-37x, or

2382 operation and maintenance cost savings, as defined in said section 16a-
2383 37x. Any energy-savings measure, as defined in said section 16a-37x,
2384 implemented under such contracts shall comply with state [or] and
2385 local building codes. Any state agency or municipality may implement
2386 other capital improvements in conjunction with an energy-savings
2387 performance contract as long as the measures that are being
2388 implemented to achieve utility and operation and maintenance cost
2389 savings and other capital improvements are in the aggregate cost
2390 effective over the term of the contract.

2391 (d) On or before January 1, 2013, and annually thereafter, the
2392 commissioner shall report, in accordance with the provisions of section
2393 11-4a, on the status of its implementation of the plan and provide
2394 recommendations regarding energy use in state buildings to the joint
2395 standing committee of the General Assembly having cognizance of
2396 matters relating to energy. Any such report may be submitted
2397 electronically.

2398 (e) Not later than January fifth, annually, the commissioner shall
2399 submit a report to the Governor and the joint standing committee of
2400 the General Assembly having cognizance of matters relating to energy
2401 planning and activities. The report shall (1) indicate the total number
2402 of energy audits and technical assistance audits of state-owned and
2403 leased buildings, (2) summarize the status of the energy conservation
2404 measures recommended by such audits, (3) summarize all energy
2405 conservation measures implemented during the preceding twelve
2406 months in state-owned and leased buildings which have not had such
2407 audits, (4) analyze the availability and allocation of funds to
2408 implement the measures recommended under subdivision (2) of this
2409 subsection, (5) list each budgeted agency, as defined in section 4-69,
2410 which occupies a state-owned or leased building and has not
2411 cooperated with the Commissioner of Administrative Services and the
2412 Commissioner of Energy and Environmental Protection in conducting
2413 energy and technical assistance audits of such building and
2414 implementing operational and maintenance improvements
2415 recommended by such audits and any other energy conservation

2416 measures required for such building by the [secretary] Commissioner
2417 of Energy and Environmental Protection, in consultation with the
2418 Secretary of the Office of Policy and Management, (6) summarize all
2419 life-cycle cost analyses prepared under section 16a-38 during the
2420 preceding twelve months, and summarize agency compliance with the
2421 life-cycle cost analyses, and (7) identify any state laws, regulations or
2422 procedures that impede innovative energy conservation and load
2423 management projects in state buildings. Any such report may be
2424 submitted electronically.

2425 (f) The commissioner, in conjunction with the Department of
2426 Administrative Services, shall as soon as practicable and where cost-
2427 effective connect all state-owned buildings to a district heating and
2428 cooling system, where such heating and cooling system currently
2429 exists or where one is proposed. The commissioner, in conjunction
2430 with the Department of Administrative Services, shall prepare an
2431 annual report with the results of the progress in connecting state-
2432 owned buildings to such a heating and cooling system, the cost of such
2433 connection and any projected energy savings achieved through any
2434 such connection. The commissioner shall submit the report to the joint
2435 standing committee of the General Assembly having cognizance of
2436 matters relating to energy on or before January 1, 1993, and January
2437 first annually thereafter.

2438 (g) The commissioner shall require each state agency to maximize
2439 its use of public service companies' energy conservation and load
2440 management programs and to provide sites in its facilities for
2441 demonstration projects of highly energy efficient equipment, provided
2442 no such demonstration project impairs the functioning of the facility.

2443 (h) The commissioner, in consultation with the Department of
2444 Administrative Services, shall establish energy efficiency standards for
2445 building space leased by the state on or after January 1, 2013.

2446 Sec. 46. Section 16-244u of the 2012 supplement to the general
2447 statutes is repealed and the following is substituted in lieu thereof
2448 (*Effective from passage*):

2449 (a) As used in this section:

2450 (1) "Beneficial account" means an in-state retail end user of an
2451 electric distribution company designated by a customer host in such
2452 electric distribution company's service area to receive virtual net
2453 metering credits from a virtual net metering facility;

2454 (2) "Customer host" means an in-state retail end user of an electric
2455 distribution company that owns a virtual net metering facility and
2456 participates in virtual net metering;

2457 (3) "Unassigned virtual net metering credit" means in any given
2458 electric distribution company monthly billing period, a virtual net
2459 metering credit that remains after both the customer host and its
2460 beneficial accounts have been billed for zero kilowatt hours related
2461 solely to the generation service charges on such billings through
2462 virtual net metering;

2463 (4) "Virtual net metering" means the process of combining the
2464 electric meter readings and billings, including any virtual net metering
2465 credits, for a customer host and a beneficial account through an electric
2466 distribution company billing process related solely to the generation
2467 service charges on such billings;

2468 (5) "Virtual net metering credit" means a credit equal to the retail
2469 cost per kilowatt hour the customer host may have otherwise been
2470 charged for each kilowatt hour produced by a virtual net metering
2471 facility that exceeds the total amount of kilowatt hours used during an
2472 electric distribution company monthly billing period; **[**and**]**

2473 (6) "Virtual net metering facility" means a Class I renewable energy
2474 source that: (A) Is served by an electric distribution company, owned
2475 <u>or leased</u> by a customer host and serves the electricity needs of the
2476 customer host and its beneficial accounts; (B) is within the same
2477 electric distribution company service territory as the customer host
2478 and its beneficial accounts; and (C) has a nameplate capacity rating of
2479 two megawatts or less<u>; and</u>

2480 (7) "Governmental customer" or "governmental customer host"
2481 means the state or any municipality.

2482 (b) Each electric distribution company shall provide virtual net
2483 metering to its [municipal] governmental customers and shall make
2484 any necessary interconnections for a virtual net metering facility. Upon
2485 request by a [municipal] governmental customer host to implement
2486 the provisions of this section, an electric distribution company shall
2487 install metering equipment, if necessary. For each [municipal]
2488 governmental customer host, such metering equipment shall (1)
2489 measure electricity consumed from the electric distribution company's
2490 facilities; (2) deduct the amount of electricity produced but not
2491 consumed; and (3) register, for each monthly billing period, the net
2492 amount of electricity produced and, if applicable, consumed. If, in a
2493 given monthly billing period, a [municipal] governmental customer
2494 host supplies more electricity to the electric distribution system than
2495 the electric distribution company delivers to the [municipal]
2496 governmental customer host, the electric distribution company shall
2497 bill the [municipal] governmental customer host for zero kilowatt
2498 hours of generation and assign a virtual net metering credit to the
2499 [municipal] governmental customer host's beneficial accounts for the
2500 next monthly billing period. Such credit shall be applied against the
2501 generation service component of the beneficial account. Such credit
2502 shall be allocated among such accounts in proportion to their
2503 consumption for the previous twelve billing periods.

2504 (c) An electric distribution company shall carry forward any
2505 unassigned virtual net metering generation credits earned by the
2506 [municipal] governmental customer host from one monthly billing
2507 period to the next until the end of the calendar year. At the end of each
2508 calendar year, the electric distribution company shall compensate the
2509 [municipal] governmental customer host for any unassigned virtual
2510 net metering generation credits at the rate the electric distribution
2511 company pays for power procured to supply standard service
2512 customers pursuant to section 16-244c, as amended by this act.

2513 (d) At least sixty days before a [municipal] governmental customer
2514 host's virtual net metering facility becomes operational, the
2515 [municipal] governmental customer host shall provide written notice
2516 to the electric distribution company of its beneficial accounts. The
2517 [municipal] governmental customer host may change its list of
2518 beneficial accounts not more than once annually by providing another
2519 sixty days' written notice. The [municipal] governmental customer
2520 host shall not designate more than five beneficial accounts.

2521 (e) On or before February 1, 2012, the [Department of Energy and
2522 Environmental Protection] Public Utilities Regulatory Authority shall
2523 conduct a proceeding to develop the administrative processes and
2524 program specifications, including, but not limited to, a cap of one
2525 million dollars per year apportioned to each electric distribution
2526 company based on consumer load for credits provided to beneficial
2527 accounts pursuant to subsection (c) of this section and payments made
2528 pursuant to subsection (d) of this section.

2529 (f) On or before January 1, 2013, and annually thereafter, each
2530 electric distribution company shall report to the [department]
2531 authority on the cost of its virtual net metering program pursuant to
2532 this section and the [department] authority shall combine such
2533 information and report it annually, in accordance with the provisions
2534 of section 11-4a, to the joint standing committee of the General
2535 Assembly having cognizance of matters relating to energy.

2536 Sec. 47. Subdivision (3) of subsection (f) of section 16a-40f of the
2537 2012 supplement to the general statutes is repealed and the following
2538 is substituted in lieu thereof (*Effective from passage*):

2539 (3) The amount of a fee paid for an energy audit provided pursuant
2540 to this program may be added to the amount of a loan to finance the
2541 cost of an eligible project conducted in response to such energy audit.
2542 In such cases, the amount of the fee may be reimbursed from the
2543 [fund] Green Connecticut Loan Guaranty Fund to the borrower.

2544 Sec. 48. Subsection (a) of section 16-244v of the 2012 supplement to

2545 the general statutes is repealed and the following is substituted in lieu
2546 thereof (*Effective from passage*):

2547 (a) Notwithstanding subsection (a) of section 16-244e, an electric
2548 distribution company, or owner or developer of generation projects,
2549 **[**that emit no pollutants,**]** may submit a proposal to the Department of
2550 Energy and Environmental Protection to build, own or operate one or
2551 more generation facilities up to an aggregate of thirty megawatts using
2552 Class I renewable energy sources as defined in section 16-1, as
2553 amended by this act, from July 1, 2011, to July 1, 2013. Each facility
2554 shall be greater than one megawatt but not more than five megawatts.
2555 Each electric distribution company may enter into joint ownership
2556 agreements, partnerships or other agreements with private developers
2557 to carry out the provisions of this section. The aggregate ownership for
2558 an electric distribution company pursuant to this section shall not
2559 exceed ten megawatts. The department shall evaluate such proposals
2560 pursuant to sections 16-19 and 16-19e, as amended by this act, and may
2561 approve one or more of such proposals if it finds that the proposal
2562 serves the long-term interest of ratepayers. The department (1) shall
2563 not approve any proposal supported in any form of cross subsidization
2564 by entities affiliated with the electric distribution company, and (2)
2565 shall give preference to proposals that make efficient use of existing
2566 sites and supply infrastructure. No such company may, under any
2567 circumstances, recover more than the full costs identified in a proposal,
2568 as approved by the department. Nothing in this section shall preclude
2569 the resale or other disposition of energy or associated renewable
2570 energy credits purchased by the electric distribution company,
2571 provided the distribution company shall net the cost of payments
2572 made to projects under the long-term contracts against the proceeds of
2573 the sale of energy or renewable energy credits and the difference shall
2574 be credited or charged to distribution customers through a reconciling
2575 component of electric rates as determined by the authority that is
2576 nonbypassable when switching electric suppliers.

2577 Sec. 49. Section 16a-46h of the 2012 supplement to the general
2578 statutes is repealed and the following is substituted in lieu thereof

2579 (*Effective from passage*):

2580 Each electric, gas or heating fuel customer, regardless of heating
2581 source, shall be assessed **[**the same**]** fees, charges, co-pays or other
2582 similar terms to access any audits administered by the Home Energy
2583 Solutions program **[**, provided the costs of subsidizing such audits to
2584 ratepayers whose primary source of heat is not electricity or natural
2585 gas shall not exceed five hundred thousand dollars per year**]** that
2586 reflect the contributions made to the Energy Efficiency Fund by each
2587 such customer's respective customer type, provided such fees, charges,
2588 co-pays and other similar terms shall not exceed a total of seventy-five
2589 dollars for any such audit.

2590 Sec. 50. Section 133 of public act 11-80 is repealed and the following
2591 is substituted in lieu thereof (*Effective from passage*):

2592 The **[**Public Utilities Regulatory Authority**]** Commissioner of Energy
2593 and Environmental Protection shall **[**conduct a proceeding to**]** analyze
2594 the costs and benefits of allowing an electric distribution company to
2595 earn a rate of return, subject to section 16-19e of the general statutes, as
2596 amended by this act, on its long-term investments in energy efficiency.
2597 Any affected stakeholder may submit to the commissioner any
2598 information relevant to the commissioner's analysis, pursuant to this
2599 section. In conducting such analysis, the commissioner shall consult
2600 with the Public Utilities Regulatory Authority and the Office of
2601 Consumer Counsel concerning any effects on ratepayers. On or before
2602 **[**February**]** October 1, 2012, the **[**authority**]** commissioner shall report
2603 the results of such **[**proceeding**]** analysis in accordance with the
2604 provisions of section 11-4a of the general statutes to the joint standing
2605 committee of the General Assembly having cognizance of matters
2606 relating to energy. Any such report may be submitted electronically.

2607 Sec. 51. Section 16a-46i of the 2012 supplement to the general
2608 statutes is repealed and the following is substituted in lieu thereof
2609 (*Effective from passage*):

2610 On or before October 1, 2011, the Department of Energy and

2611 Environmental Protection shall establish a natural gas and heating oil
2612 conversion program to allow a gas or heating oil company to finance
2613 the conversion to gas heat or home heating oil by potential residential
2614 customers who heat their homes with electricity. The **[**department**]**
2615 Commissioner of Energy and Environmental Protection shall adopt
2616 regulations in accordance with the provisions of chapter 54 to establish
2617 procedures and terms for such program and shall, on or before January
2618 1, 2012, and annually thereafter, report in accordance with the
2619 provisions of section 11-4a, to the joint standing committees of the
2620 General Assembly having cognizance of matters relating to energy and
2621 the environment regarding the progress of such program. Any such
2622 report may be submitted electronically.

2623 Sec. 52. Section 12-217mm of the 2012 supplement to the general
2624 statutes is repealed and the following is substituted in lieu thereof
2625 (*Effective from passage*):

2626 (a) As used in this section:

2627 (1) "Allowable costs" means the amounts chargeable to a capital
2628 account, including, but not limited to: (A) Construction or
2629 rehabilitation costs; (B) commissioning costs; (C) architectural and
2630 engineering fees allocable to construction or rehabilitation, including
2631 energy modeling; (D) site costs, such as temporary electric wiring,
2632 scaffolding, demolition costs and fencing and security facilities; and (E)
2633 costs of carpeting, partitions, walls and wall coverings, ceilings,
2634 lighting, plumbing, electrical wiring, mechanical, heating, cooling and
2635 ventilation but "allowable costs" does not include the purchase of land,
2636 any remediation costs or the cost of telephone systems or computers;

2637 (2) "Brownfield" has the same meaning as in subsection (g) of
2638 section 32-9cc;

2639 (3) "Eligible project" means a real estate development project that is
2640 designed to meet or exceed the applicable LEED Green Building
2641 Rating System gold certification or other certification determined by
2642 the Commissioner of Energy and Environmental Protection to be

2643 equivalent, but if a single project has more than one building, "eligible
2644 project" means only the building or buildings within such project that
2645 is designed to meet or exceed the applicable LEED Green Building
2646 Rating System gold certification or other certification determined by
2647 the Commissioner of Energy and Environmental Protection to be
2648 equivalent;

2649 (4) "Energy Star" means the voluntary labeling program
2650 administered by the United States Environmental Protection Agency
2651 designed to identify and promote energy-efficient products,
2652 equipment and buildings;

2653 (5) "Enterprise zone" means an area in a municipality designated by
2654 the Commissioner of Economic and Community Development as an
2655 enterprise zone in accordance with the provisions of section 32-70;

2656 (6) "LEED Accredited Professional Program" means the professional
2657 accreditation program for architects, engineers and other building
2658 professionals as administered by the United States Green Building
2659 Council;

2660 (7) "LEED Green Building Rating System" means the Leadership in
2661 Energy and Environmental Design green building rating system
2662 developed by the United States Green Building Council as of the date
2663 that the project is registered with the United States Green Building
2664 Council;

2665 (8) "Mixed-use development" means a development consisting of
2666 one or more buildings that includes residential use and in which no
2667 more than seventy-five per cent of the interior square footage has at
2668 least one of the following uses: (A) Commercial use; (B) office use; (C)
2669 retail use; or (D) any other nonresidential use that the **[**Secretary of the
2670 Office of Policy and Management**]** Commissioner of Energy and
2671 Environmental Protection determines does not pose a public health
2672 threat or nuisance to nearby residential areas;

2673 (9) "Secretary" means the Secretary of the Office of Policy and

2674 Management; [and]

2675 (10) "Site improvements" means any construction work on, or
2676 improvement to, streets, roads, parking facilities, sidewalks, drainage
2677 structures and utilities; and

2678 (11) "Commissioner" means the Commissioner of Energy and
2679 Environmental Protection.

2680 (b) For income years commencing on and after January 1, 2012,
2681 there may be allowed a credit for all taxpayers against any tax due
2682 under the provisions of this chapter for the construction or renovation
2683 of an eligible project that meets the requirements of subsection (c) of
2684 this section, and, in the case of a newly constructed building, for which
2685 a certificate of occupancy has been issued not earlier than January 1,
2686 2010.

2687 (c) (1) To be eligible for a tax credit under this section a project shall:
2688 (A) Not have energy use that exceeds (i) seventy per cent of the energy
2689 use permitted by the state building code for new construction, or (ii)
2690 eighty per cent of the energy use permitted by the state energy code
2691 for renovation or rehabilitation of a building; and (B) use equipment
2692 and appliances that meet Energy Star standards, if applicable,
2693 including, but not limited to, refrigerators, dishwashers and washing
2694 machines.

2695 (2) The credit shall be equivalent to a base credit as follows: (A) For
2696 new construction or major renovation of a building but not other site
2697 improvements certified by the LEED Green Building Rating System or
2698 other system determined by the Commissioner of Energy and
2699 Environmental Protection to be equivalent, (i) eight per cent of
2700 allowable costs for a gold rating or other rating determined by the
2701 Commissioner of Energy and Environmental Protection to be
2702 equivalent, and (ii) ten and one-half per cent of allowable costs for a
2703 platinum rating or other rating determined by the Commissioner of
2704 Energy and Environmental Protection to be equivalent; and (B) for core
2705 and shell or commercial interior projects, (i) five per cent of allowable

2706 costs for a gold rating or other rating determined by the Commissioner
2707 of Energy and Environmental Protection to be equivalent, and (ii)
2708 seven per cent of allowable costs for a platinum rating or other rating
2709 determined by the Commissioner of Energy and Environmental
2710 Protection to be equivalent. There shall be added to the base credit
2711 one-half of one per cent of allowable costs for a development project
2712 that is (I) a mixed-use development, (II) located in a brownfield or
2713 enterprise zone, (III) does not require a sewer extension of more than
2714 one-eighth of a mile, or (IV) located within one-quarter of a mile
2715 walking distance of publicly available bus transit service or within
2716 one-half of a mile walking distance of adequate rail, light rail, streetcar
2717 or ferry transit service, provided, if a single project has more than one
2718 building, at least one building shall be located within either such
2719 distance. Allowable costs shall not exceed two hundred fifty dollars
2720 per square foot for new construction or one hundred fifty dollars per
2721 square foot for renovation or rehabilitation of a building.

2722 (d) (1) The **[**Secretary of the Office of Policy and Management may**]**
2723 commissioner shall issue an initial credit voucher upon determination
2724 that the applicant is likely, within a reasonable time, to place in service
2725 property qualifying for a credit under this section. Such voucher shall
2726 state: (A) The first income year for which the credit may be claimed,
2727 (B) the maximum amount of credit allowable, and (C) the expiration
2728 date by which such property shall be placed in service. The expiration
2729 date may be extended at the discretion of the **[**secretary**]** commissioner.
2730 Such voucher shall reserve the credit allowable for the applicant
2731 named in the application until the expiration date. If the expiration
2732 date is extended, the reservation of the tax credit may also be extended
2733 at the discretion of the **[**secretary**]** commissioner.

2734 (2) The aggregate amount of all tax credits in initial credit vouchers
2735 issued by the **[**secretary**]** commissioner shall not exceed twenty-five
2736 million dollars.

2737 (3) For each income year for which a taxpayer claims a credit under
2738 this section, the taxpayer shall obtain an eligibility certificate from an

2739 architect or professional engineer licensed to practice in this state and
2740 accredited through the LEED Accredited Professional Program or
2741 other program determined by the Commissioner of Energy and
2742 Environmental Protection to be equivalent. Such certificate shall
2743 consist of a certification, under the seal of such architect or engineer,
2744 that the building, base building or tenant space with respect to which
2745 the credit is claimed, meets or exceeds the applicable LEED Green
2746 Building Rating System gold certification, or other certification
2747 determined by the Commissioner of Energy and Environmental
2748 Protection to be equivalent in effect at the time such certification is
2749 made. Such certification shall set forth the specific findings upon
2750 which the certification is based and shall state that the architect or
2751 engineer is accredited through the LEED Accredited Professional
2752 Program or other program determined by the Commissioner of Energy
2753 and Environmental Protection to be equivalent.

2754 (4) To obtain the credit, the taxpayer shall file the initial credit
2755 voucher described in subdivision (1) of this subsection, the eligibility
2756 certificate described in subdivision (3) of this subsection and an
2757 application to claim the credit with the Commissioner of Revenue
2758 Services. The **[**commissioner**]** Commissioner of Revenue Services shall
2759 approve the claim upon determination that the taxpayer has submitted
2760 the voucher and certification required under this subdivision. The
2761 applicant shall send a copy of all such documents to the **[**secretary**]**
2762 Commissioner of Energy and Environmental Protection.

2763 (e) (1) A taxpayer may claim not more than a total of twenty-five per
2764 cent of allowable costs in any income year, and any percentage of tax
2765 credit that the taxpayer would otherwise be entitled to in accordance
2766 with subsection (c) of this section may be carried forward for a period
2767 of not more than five years.

2768 (2) Tax credits are fully assignable and transferable. A project
2769 owner, including, but not limited to, a nonprofit or institutional project
2770 organization, may transfer a tax credit to a pass-through partner in
2771 return for a lump sum cash payment.

2772 (f) Notwithstanding any provision of the general statutes, any
2773 subsequent successor in interest to the property that is eligible for a
2774 credit in accordance with subsection (c) of this section may claim such
2775 credit if the deed transferring the property assigns the subsequent
2776 successor such right, unless the deed specifies that the seller shall
2777 retain the right to claim such credit. Any subsequent tenant of a
2778 building for which a credit was granted to a taxpayer pursuant to this
2779 section may claim the credit for the period after the termination of the
2780 previous tenancy that such credit would have been allowable to the
2781 previous tenant.

2782 (g) The **[**Secretary of the Office of Policy and Management**]**
2783 commissioner shall establish a uniform application fee, in an amount
2784 not to exceed ten thousand dollars, which shall cover all direct costs of
2785 administering the tax credit program established pursuant to this
2786 section. Said **[**secretary**]** commissioner may hire a private consultant or
2787 outside firm to administer and review applications for said program.

2788 (h) On or before July 1, 2013, the **[**secretary**]** commissioner, in
2789 consultation with the Commissioner of Revenue Services, shall prepare
2790 and submit to the Governor and the joint standing committees of the
2791 General Assembly having cognizance of matters relating to planning
2792 and development and finance, revenue and bonding, a written report
2793 containing (1) the number of taxpayers applying for the credits
2794 provided in this section; (2) the amount of such credits granted; (3) the
2795 geographical distribution of such credits granted; and (4) any other
2796 information the **[**secretary**]** commissioner deems appropriate. A
2797 preliminary draft of the report shall be submitted on or before July 1,
2798 2012, to the Governor and the joint standing committees of the General
2799 Assembly having cognizance of matters relating to planning and
2800 development and finance, revenue and bonding. Such reports shall be
2801 submitted in accordance with the provisions of section 11-4a.

2802 **[**(i) Not later than January 1, 2011, the secretary, in consultation with
2803 the Commissioner of Revenue Services, shall adopt regulations, in
2804 accordance with the provisions of chapter 54, as necessary to

2805 implement the provisions of this section.]

2806 Sec. 53. (NEW) (*Effective from passage*) To the extent that any
2807 provision of title 16 or 16a of the general statutes authorizes the
2808 Department of Energy and Environmental Protection to adopt
2809 regulations, the authority to adopt such regulations shall be exercised
2810 by the Commissioner of Energy and Environmental Protection or the
2811 commissioner's designee.

2812 Sec. 54. (NEW) (*Effective from passage*) (a) As used in this section:

2813 (1) "Energy improvement" means any renovation or retrofitting of
2814 qualifying commercial real property to reduce energy consumption or
2815 installation of a renewable energy system to service qualifying
2816 commercial real property, provided such renovation, retrofit or
2817 installation is permanently fixed to such qualifying commercial real
2818 property;

2819 (2) "Qualifying commercial real property" means any commercial or
2820 industrial property, regardless of ownership, that a municipality has
2821 determined can benefit from energy improvements;

2822 (3) "Commercial or industrial property" means any real property
2823 other than a residential dwelling containing less than five dwelling
2824 units;

2825 (4) "Property owner" means an owner of qualifying commercial real
2826 property who desires to install energy improvements and provides
2827 free and willing consent to the benefit assessment against the
2828 qualifying commercial real property; and

2829 (5) "Commercial sustainable energy program" means a municipal
2830 program that authorizes a municipality to levy benefit assessments on
2831 qualifying commercial real property with property owners to finance
2832 the purchase and installation of energy improvements to qualifying
2833 commercial real property within its municipal boundaries.

2834 (b) Any municipality that determines it is in the public interest may

2835 establish a commercial sustainable energy program to facilitate energy
2836 improvements within such municipality. A municipality shall make
2837 such a determination after issuing public notice and providing an
2838 opportunity for public comment at a public hearing regarding the
2839 establishment of a commercial sustainable energy program. Any such
2840 municipality may establish a joint commercial sustainable energy
2841 program with any other such municipalities provided that all such
2842 municipalities meet the notice and comment requirements established
2843 in this subsection. Any commercial sustainable energy program
2844 adopted pursuant to this section may include provisions to facilitate
2845 statewide energy improvements.

2846 (c) Notwithstanding the provisions of section 7-374 of the general
2847 statutes or any other public or special act that limits or imposes
2848 conditions on municipal bond issues, any municipality that establishes
2849 a commercial sustainable energy program under this section may issue
2850 bonds, notes or other obligations, as necessary, for the purpose of
2851 financing (1) energy improvements; (2) related energy audits; (3)
2852 renewable energy system feasibility studies; and (4) verification
2853 reports of the installation and effectiveness of such improvements.
2854 Such bonds, notes or other obligations shall be issued in accordance
2855 with chapter 109 of the general statutes and may be secured by benefit
2856 assessments on the qualifying commercial real property.

2857 (d) (1) Any municipality that establishes a commercial sustainable
2858 energy program pursuant to this section may enter into an interlocal
2859 agreement with another municipality, state agency or the Connecticut
2860 Clean Energy Authority to (A) maximize the opportunities for
2861 accessing public and private funds and capital markets for financing,
2862 or (B) secure state or federal funds available for this purpose.

2863 (2) Any municipality that establishes a commercial sustainable
2864 energy program and issues bonds pursuant to this section may
2865 supplement the security of such bonds with any other legally available
2866 funds solely at the municipality's discretion.

2867 (3) Any municipality that establishes a commercial sustainable

2868 energy program pursuant to this section may use the services of one or
2869 more private, public or quasi-public third-party administrators to
2870 administer, provide support or obtain financing for the program.

2871 (e) Before establishing a commercial sustainable energy program
2872 under this section, the municipality shall provide notice to the electric
2873 distribution company, as defined in section 16-1 of the general statutes,
2874 as amended by this act, that services the municipality.

2875 (f) If the property owner requests financing from the municipality
2876 for energy improvements under this section, the municipality
2877 implementing the commercial sustainable energy program shall:

2878 (1) Require performance of an energy audit or renewable energy
2879 system feasibility analysis on the qualifying commercial real property
2880 that assesses the expected energy cost savings of the energy
2881 improvements over the useful life of such improvements before
2882 approving such financing;

2883 (2) Adopt standards that ensure that the energy cost savings of the
2884 energy improvements over the useful life of such improvements
2885 exceed the costs of such improvements;

2886 (3) Levy a benefit assessment on the qualifying commercial real
2887 property with the property owner in a principal amount sufficient to
2888 pay the costs of energy improvements and any associated costs the
2889 municipality determines will benefit the qualifying commercial real
2890 property, provided the total amount of any benefit assessment may not
2891 exceed twenty per cent of the fair market value of the qualified real
2892 property;

2893 (4) Impose requirements and criteria to ensure that the proposed
2894 energy improvements are consistent with the purpose of the
2895 commercial sustainable energy program;

2896 (5) Impose requirements and conditions on the financing to ensure
2897 timely repayment, including, but not limited to, procedures for placing
2898 a lien on a property as security for the repayment of the benefit

2899 assessment; and

2900 (6) With respect to commercial or industrial property, require that
2901 the property owner provide written notice, not less than thirty days
2902 prior to the recording of any lien securing a benefit assessment for
2903 energy improvements for such property, to any existing mortgage
2904 holder of such property, of the property owner's intent to finance such
2905 energy improvements pursuant to this section.

2906 (g) (1) Any municipality that establishes a commercial sustainable
2907 energy program pursuant to this section may only enter into a
2908 financing agreement with the property owner of qualifying
2909 commercial real property. After such agreement is entered into, such
2910 municipality shall place a caveat on the land records indicating that a
2911 benefit assessment and lien is anticipated upon completion of energy
2912 improvements for such property.

2913 (2) The municipality shall disclose to the property owner the costs
2914 and risks associated with participating in the commercial sustainable
2915 energy program established by this section, including risks related to
2916 the failure of the property owner to pay the benefit assessment. The
2917 municipality shall disclose to the property owner the effective interest
2918 rate of the benefit assessment, including fees charged by the
2919 municipality to administer the program, and the risks associated with
2920 variable interest rate financing. The municipality shall notify the
2921 property owner that such owner may rescind any financing agreement
2922 entered into pursuant to this section not later than three business days
2923 after such agreement.

2924 (h) Any assessment levied pursuant to this section shall have no
2925 prepayment penalty. The municipality shall set a fixed or variable rate
2926 of interest for the repayment of the benefit assessment amount at the
2927 time the assessment is made. Such interest rate, as may be
2928 supplemented with state or federal funding as may become available,
2929 shall be sufficient to pay the financing costs of the commercial
2930 sustainable energy program, including delinquencies.

2931 (i) Assessments levied pursuant to this section and the interest and
2932 any penalties thereon shall constitute a lien against the qualifying
2933 commercial real property on which they are made until they are paid.
2934 Such lien shall be levied and collected in the same manner as the
2935 property taxes of the municipality on real property, including, in the
2936 event of default or delinquency, with respect to any penalties and
2937 remedies and lien priorities.

2938 (j) The area encompassing the commercial sustainable energy
2939 program in a municipality may be the entire municipal jurisdiction of
2940 the municipality or a subset of such.

2941 Sec. 55. Subdivision (2) of subsection (a) of section 7-121n of the 2012
2942 supplement to the general statutes is repealed and the following is
2943 substituted in lieu thereof (*Effective from passage*):

2944 (2) "Qualifying real property" means a single-family or multifamily
2945 residential dwelling **[**or a nonresidential building**]** containing less than
2946 five dwelling units, regardless of ownership, that a municipality has
2947 determined can benefit from energy improvements;

2948 Sec. 56. Subsection (h) of section 16-19b of the general statutes is
2949 repealed and the following is substituted in lieu thereof (*Effective July*
2950 *1, 2012*):

2951 (h) The Public Utilities Regulatory Authority shall continually
2952 monitor and oversee the application of the purchased gas adjustment
2953 clause, the energy adjustment clause, and the transmission rate
2954 adjustment clause. The authority shall hold a public hearing thereon
2955 whenever the authority deems it necessary or upon application of the
2956 Consumer Counsel, but no less frequently than once every **[**six**]** twelve
2957 months, and undertake such other proceeding thereon to determine
2958 whether charges or credits made under such clauses reflect the actual
2959 prices paid for purchased gas or energy and the actual transmission
2960 costs and are computed in accordance with the applicable clause. If the
2961 authority finds that such charges or credits do not reflect the actual
2962 prices paid for purchased gas or energy, and the actual transmission

2963 costs or are not computed in accordance with the applicable clause, it
2964 shall recompute such charges or credits and shall direct the company
2965 to take such action as may be required to insure that such charges or
2966 credits properly reflect the actual prices paid for purchased gas or
2967 energy and the actual transmission costs and are computed in
2968 accordance with the applicable clause for the applicable period.

2969 Sec. 57. Section 16-18a of the 2012 supplement to the general statutes
2970 is amended by adding subsection (c) as follows (*Effective July 1, 2012*):

2971 (NEW) (c) For any proceeding before the Federal Energy Regulatory
2972 Commission, the United States Department of Energy, the United
2973 States Nuclear Regulatory Commission, the United States Securities
2974 and Exchange Commission, the Federal Trade Commission, the United
2975 States Department of Justice or the Federal Communications
2976 Commission, the authority may retain consultants to assist its staff in
2977 such proceeding by providing expertise in areas in which staff
2978 expertise does not currently exist or to supplement staff expertise. All
2979 reasonable and proper expenses of such expert consultants shall be
2980 borne by the public service companies, certified telecommunications
2981 providers, electric suppliers or gas registrants affected by the decisions
2982 of such proceeding and shall be paid at such times and in such manner
2983 as the authority directs, provided such expenses (1) shall be
2984 apportioned in proportion to the revenues of each affected entity as
2985 reported to the authority pursuant to section 16-49, as amended by this
2986 act, for the most recent period, and (2) shall not exceed two hundred
2987 fifty thousand dollars per proceeding, including any appeals thereof,
2988 in any calendar year unless the authority finds good cause for
2989 exceeding the limit. The authority shall recognize all such expenses as
2990 proper business expenses of the affected entities for ratemaking
2991 purposes pursuant to section 16-19e, as amended by this act, if
2992 applicable.

2993 Sec. 58. Section 16-35 of the general statutes is amended by adding
2994 subsection (c) as follows (*Effective July 1, 2012*):

2995 (NEW) (c) Notwithstanding any provision of titles 16 and 16a,

2996 proceedings in which the Public Utilities Regulatory Authority
2997 conducts a request for proposals or any other procurement process for
2998 the purpose of acquiring electricity products or services for the benefit
2999 of ratepayers shall be uncontested.

3000 Sec. 59. Subsection (c) of section 16-262j of the general statutes is
3001 repealed and the following is substituted in lieu thereof (*Effective July*
3002 *1, 2012*):

3003 (c) Each public service company, certified telecommunications
3004 provider and electric supplier shall pay interest on any security
3005 deposit it receives from a customer at the average rate paid, as of
3006 December 30, 1992, on savings deposits by insured commercial banks
3007 as published in the Federal Reserve Board bulletin and rounded to the
3008 nearest one-tenth of one percentage point, except in no event shall the
3009 rate be less than one and one-half per cent. On and after January 1,
3010 1994, the rate for each calendar year shall be not less than the deposit
3011 index, as defined and determined by the Banking Commissioner in
3012 subsection (d) of this section, for that year and rounded to the nearest
3013 one-tenth of one percentage point, except in no event shall the rate be
3014 less than one and one-half per cent.

3015 Sec. 60. Subdivision (1) of subsection (c) of section 16-8a of the 2012
3016 supplement to the general statutes is repealed and the following is
3017 substituted in lieu thereof (*Effective July 1, 2012*):

3018 (c) (1) Not more than **[**thirty**]** ninety business days after receipt of a
3019 written complaint, in a form prescribed by the authority, by an
3020 employee alleging the employee's employer has retaliated against an
3021 employee in violation of subsection (a) of this section, the authority
3022 shall make a preliminary finding in accordance with this subsection.

3023 Sec. 61. Subsection (b) of section 16-19kk of the general statutes is
3024 repealed and the following is substituted in lieu thereof (*Effective July*
3025 *1, 2012*):

3026 (b) The authority shall complete, on or before December 31, 1991, an

3027 investigation into the relationship between a company's volume of
3028 sales and its earnings. The authority shall, on or before July 1, 1993,
3029 implement rate-making and other procedures and practices in order to
3030 encourage the implementation of conservation and load management
3031 programs and other programs authorized by the authority promoting
3032 the state's economic development, energy and other policy. Such
3033 procedures to implement a modification or elimination of any direct
3034 relationship between the volume of sales and the earnings of electric,
3035 gas, telephone and water companies may include the adoption of a
3036 sales adjustment clause pursuant to subsection **[**(i)**]** (j) of section 16-
3037 19b, or other adjustment clause similar thereto. The authority's
3038 investigation shall include a review of its regulations and policies to
3039 identify any existing disincentives to the development and
3040 implementation of cost effective conservation and load management
3041 programs and other programs promoting the state's economic
3042 development, energy and other policy.

3043 Sec. 62. Subdivision (4) of subsection (a) of section 16-1 of the 2012
3044 supplement to the general statutes is repealed and the following is
3045 substituted in lieu thereof (*Effective July 1, 2012*):

3046 (4) "Public service company" includes electric, electric distribution,
3047 gas, telephone, telegraph, pipeline, sewage, water and community
3048 antenna television companies and holders of a certificate of cable
3049 franchise authority, owning, leasing, maintaining, operating,
3050 managing or controlling plants or parts of plants or equipment, and all
3051 express companies having special privileges on railroads within this
3052 state, but shall not include telegraph company functions concerning
3053 intrastate money order service, towns, cities, boroughs, any municipal
3054 corporation or department thereof, whether separately incorporated or
3055 not, a private power producer, as defined in section 16-243b, or an
3056 exempt wholesale generator, as defined in **[**15 USC 79z-5a**]** the United
3057 States Code or the Code of Federal Regulations;

3058 Sec. 63. Subdivision (8) of subsection (a) of section 16-1 of the 2012
3059 supplement to the general statutes is repealed and the following is

3060 substituted in lieu thereof (*Effective July 1, 2012*):

3061 (8) "Electric company" includes, until an electric company has been
3062 unbundled in accordance with the provisions of section 16-244e, every
3063 person owning, leasing, maintaining, operating, managing or
3064 controlling poles, wires, conduits or other fixtures, along public
3065 highways or streets, for the transmission or distribution of electric
3066 current for sale for light, heat or power within this state, or engaged in
3067 generating electricity to be so transmitted or distributed for such
3068 purpose, but shall not include (A) a private power producer, as
3069 defined in section 16-243b, (B) an exempt wholesale generator, as
3070 defined in **[**15 USC 79z-5a**]** the United States Code or the Code of
3071 Federal Regulations, (C) a municipal electric utility established under
3072 chapter 101, (D) a municipal electric energy cooperative established
3073 under chapter 101a, (E) an electric cooperative established under
3074 chapter 597, or (F) any other electric utility owned, leased, maintained,
3075 operated, managed or controlled by any unit of local government
3076 under any general statute or any public or special act;

3077 Sec. 64. (NEW) (*Effective July 1, 2012*) (a) The Connecticut Clean
3078 Energy Authority is authorized from time to time to issue its
3079 negotiable bonds for any corporate purpose. In anticipation of the sale
3080 of such bonds, the authority may issue negotiable bond anticipation
3081 notes and may renew the same from time to time. Such notes shall be
3082 paid from any revenues of the authority or other moneys available for
3083 such purposes and not otherwise pledged, or from the proceeds of sale
3084 of the bonds of the authority in anticipation of which they were issued.
3085 The notes shall be issued in the same manner as the bonds. Such notes
3086 and the resolution or resolutions authorizing the same may contain
3087 any provisions, conditions or limitations which a bond resolution of
3088 the authority may contain.

3089 (b) Every issue of the bonds, notes or other obligations issued by the
3090 authority shall be special obligations of the authority payable from any
3091 revenues or moneys of the authority available for such purposes and
3092 not otherwise pledged, subject to any agreements with the holders of

3093 particular bonds, notes or other obligations pledging any particular
3094 revenues or moneys, and subject to any agreements with any
3095 individual, partnership, corporation or association or other body,
3096 public or private. Notwithstanding that such bonds, notes or other
3097 obligations may be payable from a special fund, they shall be deemed
3098 to be for all purposes negotiable instruments, subject only to the
3099 provisions of such bonds, notes or other obligations for registration.

3100 (c) The bonds may be issued as serial bonds or as term bonds, or the
3101 authority, in its discretion, may issue bonds of both types. The bonds
3102 shall be authorized by resolution of the members of the board of
3103 directors of the authority and shall bear such date or dates, mature at
3104 such time or times, not exceeding thirty years from their respective
3105 dates, bear interest at such rate or rates, be payable at such time or
3106 times, be in such denominations, be in such form, either coupon or
3107 registered, carry such registration privileges, be executed in such
3108 manner, be payable in lawful money of the United States of America at
3109 such place or places, and be subject to such terms of redemption, as
3110 such resolution or resolutions may provide. The bonds or notes may be
3111 sold at public or private sale for such price or prices as the authority
3112 shall determine. The power to fix the date of sale of bonds, to receive
3113 bids or proposals, to award and sell bonds, and to take all other
3114 necessary action to sell and deliver bonds may be delegated to the
3115 chairperson or vice-chairperson of the board, a subcommittee of the
3116 board or other officers of the authority by resolution of the board. The
3117 exercise of such delegated powers may be made subject to the
3118 approval of a majority of the members of the board which approval
3119 may be given in the manner provided in the bylaws of the authority.
3120 Pending preparation of the definitive bonds, the authority may issue
3121 interim receipts or certificates which shall be exchanged for such
3122 definitive bonds.

3123 (d) Any resolution or resolutions authorizing any bonds or any
3124 issue of bonds may contain provisions, which shall be a part of the
3125 contract with the holders of the bonds to be authorized, as to: (1)
3126 Pledging the full faith and credit of the authority, the full faith and

3127 credit of any individual, partnership, corporation or association or
3128 other body, public or private, all or any part of the revenues of a
3129 project or any revenue-producing contract or contracts made by the
3130 authority with any individual, partnership, corporation or association
3131 or other body, public or private, any federally guaranteed security and
3132 moneys received therefrom purchased with bond proceeds or any
3133 other property, revenues, funds or legally available moneys to secure
3134 the payment of the bonds or of any particular issue of bonds, subject to
3135 such agreements with bondholders as may then exist; (2) the rentals,
3136 fees and other charges to be charged, and the amounts to be raised in
3137 each year thereby, and the use and disposition of the revenues; (3) the
3138 setting aside of reserves or sinking funds, and the regulation and
3139 disposition thereof; (4) limitations on the right of the authority or its
3140 agent to restrict and regulate the use of the project; (5) the purpose and
3141 limitations to which the proceeds of sale of any issue of bonds then or
3142 thereafter to be issued may be applied, including as authorized
3143 purposes all costs and expenses necessary or incidental to the issuance
3144 of bonds, to the acquisition of or commitment to acquire any federally
3145 guaranteed security and to the issuance and obtaining of any federally
3146 insured mortgage note, and pledging such proceeds to secure the
3147 payment of the bonds or any issue of the bonds; (6) limitations on the
3148 issuance of additional bonds, the terms upon which additional bonds
3149 may be issued and secured and the refunding of outstanding bonds;
3150 (7) the procedure, if any, by which the terms of any contract with
3151 bondholders may be amended or abrogated, the amount of bonds the
3152 holders of which must consent thereto, and the manner in which such
3153 consent may be given; (8) limitations on the amount of moneys derived
3154 from the project to be expended for operating, administrative or other
3155 expenses of the authority; (9) defining the acts or omissions to act
3156 which shall constitute a default in the duties of the authority to holders
3157 of its obligations and providing the rights and remedies of such
3158 holders in the event of a default; and (10) the mortgaging of a project
3159 and the site thereof for the purpose of securing the bondholders.

3160 (e) Neither the members of the board of directors of the authority
3161 nor any person executing the bonds, notes or other obligations shall be

3162 liable personally on the bonds, notes or other obligations or be subject
3163 to any personal liability or accountability by reason of the issuance
3164 thereof.

3165 (f) The authority shall have power out of any funds available for
3166 such purposes to purchase its bonds, notes or other obligations. The
3167 authority may hold, pledge, cancel or resell such bonds, notes or other
3168 obligations, subject to and in accordance with agreements with
3169 bondholders. The authority may sell, transfer or assign any of its loan
3170 assets to a trustee or other third party for the purposes of providing
3171 security for its bonds, notes or other obligations, or for bonds, notes or
3172 other obligations issued by the trustee or other third party on its
3173 behalf.

3174 (g) The authority is further authorized and empowered to issue
3175 bonds, notes or other obligations under this section, the interest on
3176 which may be includable in the gross income of the holder or holders
3177 thereof under the Internal Revenue Code of 1986, or any subsequent
3178 corresponding internal revenue code of the United States, as from time
3179 to time amended, to the same extent and in the same manner that
3180 interest on bills, notes, bonds or other obligations of the United States
3181 is includable in the gross income of the holder or holders thereof under
3182 any such internal revenue code. Any such bonds, notes or other
3183 obligations may be issued only upon a finding by the authority that
3184 such issuance is necessary, is in the public interest, and is in
3185 furtherance of the purposes and powers of the authority. The state
3186 hereby consents to such inclusion only for the bonds, notes or other
3187 obligations of the authority so issued.

3188 (h) In the discretion of the authority, any bonds issued under the
3189 provisions of this section may be secured by a trust agreement by and
3190 between the authority and a corporate trustee or trustees, which may
3191 be any trust company or bank having the powers of a trust company
3192 within or without the state. Such trust agreement or the resolution
3193 providing for the issuance of such bonds or other instrument of the
3194 authority may secure such bonds by a pledge or assignment of any

3195 revenues to be received, any contract or proceeds of any contract, or
3196 any other property, revenues, moneys or funds available to the
3197 authority for such purpose. Any pledge made by the authority
3198 pursuant to this subsection shall be valid and binding from the time
3199 when the pledge is made. The lien of any such pledge shall be valid
3200 and binding as against all parties having claims of any kind in tort,
3201 contract or otherwise against the authority, irrespective of whether the
3202 parties have notice of the claims. Notwithstanding any provision of the
3203 Uniform Commercial Code, no instrument by which such pledge is
3204 created need be recorded or filed. Any revenues or other receipts,
3205 funds, moneys, income, contracts or property so pledged and
3206 thereafter received by the authority shall be subject immediately to the
3207 lien of the pledge without any physical delivery thereof or further act,
3208 and such lien shall have priority over all other liens. Such trust
3209 agreement or resolution may mortgage, assign or convey any real
3210 property to secure such bonds. Such trust agreement or resolution
3211 providing for the issuance of such bonds may contain such provisions
3212 for protecting and enforcing the rights and remedies of the
3213 bondholders as may be reasonable and proper and not in violation of
3214 law, including particularly such provisions as have been specifically
3215 authorized by this section to be included in any resolution or
3216 resolutions of the authority authorizing bonds thereof. Any bank or
3217 trust company incorporated under the laws of this state, which may
3218 act as depositary of the proceeds of bonds or of revenues or other
3219 moneys, may furnish such indemnifying bonds or pledge such
3220 securities as may be required by the authority. Any such trust
3221 agreement or resolution may set forth the rights and remedies of the
3222 bondholders and of the trustee or trustees, and may restrict the
3223 individual right of action by bondholders. In addition to the foregoing,
3224 any such trust agreement or resolution may contain such other
3225 provisions as the authority may deem reasonable and proper for the
3226 security of the bondholders. All expenses incurred in carrying out the
3227 provisions of such trust agreement or resolution may be treated as a
3228 part of the cost of the operation of a project.

3229 (i) Bonds issued under the provisions of this section shall not be

3230 deemed to constitute a debt or liability of the state or of any political
3231 subdivision thereof other than the authority, or a pledge of the full
3232 faith and credit of the state or of any such political subdivision other
3233 than the authority, but shall be payable solely from the funds provided
3234 for such purposes by this section. All such bonds shall contain on the
3235 face thereof a statement to the effect that neither the state of
3236 Connecticut nor any political subdivision thereof, other than the
3237 authority, shall be obligated to pay the same or the interest thereon
3238 except from revenues of the project or the portion thereof for which
3239 such bonds are issued, and that neither the full faith and credit nor the
3240 taxing power of the state of Connecticut or of any political subdivision
3241 thereof, other than the authority, is pledged to the payment of the
3242 principal of or the interest on such bonds. The issuance of bonds under
3243 the provisions of this section shall not directly or indirectly or
3244 contingently obligate the state or any political subdivision thereof to
3245 levy or to pledge any form of taxation or to make any appropriation
3246 for their payment. Nothing contained in this section shall prevent or be
3247 construed to prevent the authority from pledging its full faith and
3248 credit or the full faith and credit of any individual, partnership,
3249 corporation or association or other body, public or private, to the
3250 payment of bonds or issue of bonds authorized pursuant to this
3251 section.

3252 (j) The state of Connecticut does hereby pledge to and agree with
3253 the holders of any bonds and notes issued under this section and with
3254 those parties who may enter into contracts with the authority or its
3255 successor agency pursuant to the provisions of this section that the
3256 state shall not limit or alter the rights hereby vested in the authority
3257 until such obligations, together with the interest thereon, are fully met
3258 and discharged and such contracts are fully performed on the part of
3259 the authority, provided nothing contained in this subsection shall
3260 preclude such limitation or alteration if and when adequate provision
3261 shall be made by law for the protection of the holders of such bonds
3262 and notes of the authority or those entering into such contracts with
3263 the authority. The authority is authorized to include this pledge and
3264 undertaking for the state in such bonds and notes or contracts.

3265 (k) (1) The authority is authorized to fix, revise, charge and collect
3266 rates, rents, fees and charges for the use of and for the services
3267 furnished or to be furnished by each project, and to contract with any
3268 person, partnership, association or corporation, or other body, public
3269 or private, in respect thereof. Such rates, rents, fees and charges shall
3270 be fixed and adjusted in respect of the aggregate of rates, rents, fees
3271 and charges from such project so as to provide funds sufficient with
3272 other revenues or moneys available for such purposes, if any, (A) to
3273 pay the cost of maintaining, repairing and operating the project and
3274 each and every portion thereof, to the extent that the payment of such
3275 cost has not otherwise been adequately provided for, (B) to pay the
3276 principal of and the interest on outstanding bonds of the authority
3277 issued in respect of such project as the same shall become due and
3278 payable, and (C) to create and maintain reserves required or provided
3279 for in any resolution authorizing, or trust agreement securing, such
3280 bonds of the authority. Such rates, rents, fees and charges shall not be
3281 subject to supervision or regulation by any department, commission,
3282 board, body, bureau or agency of this state other than the authority.

3283 (2) A sufficient amount of the revenues derived in respect of a
3284 project, except such part of such revenues as may be necessary to pay
3285 the cost of maintenance, repair and operation and to provide reserves
3286 and for renewals, replacements, extensions, enlargements and
3287 improvements as may be provided for in the resolution authorizing
3288 the issuance of any bonds of the authority or in the trust agreement
3289 securing the same, shall be set aside at such regular intervals as may be
3290 provided in such resolution or trust agreement in a sinking or other
3291 similar fund which is hereby pledged to, and charged with, the
3292 payment of the principal of and the interest on such bonds as the same
3293 shall become due, and the redemption price or the purchase price of
3294 bonds retired by call or purchase as therein provided. Such pledge
3295 shall be valid and binding from the time when the pledge is made. The
3296 rates, rents, fees and charges and other revenues or other moneys so
3297 pledged and thereafter received by the authority shall immediately be
3298 subject to the lien of such pledge without any physical delivery thereof
3299 or further act, and the lien of any such pledge shall be valid and

3300 binding as against all parties having claims of any kind in tort, contract
3301 or otherwise against the authority, irrespective of whether such parties
3302 have notice thereof. Notwithstanding any provision of the Connecticut
3303 Uniform Commercial Code, neither the resolution nor any trust
3304 agreement nor any other agreement nor any lease by which a pledge is
3305 created need be filed or recorded except in the records of the authority.
3306 The use and disposition of moneys to the credit of such sinking or
3307 other similar fund shall be subject to the provisions of the resolution
3308 authorizing the issuance of such bonds or of such trust agreement.
3309 Except as may otherwise be provided in such resolution or such trust
3310 agreement, such sinking or other similar fund may be a fund for all
3311 such bonds issued to finance projects for any person, partnership,
3312 association or corporation, or other body, public or private, without
3313 distinction or priority of one over another; provided the authority in
3314 any such resolution or trust agreement may provide that such sinking
3315 or other similar fund shall be the fund for a particular project for any
3316 person, partnership, association or corporation, or other body, public
3317 or private, and for the bonds issued to finance a particular project and
3318 may, additionally, permit and provide for the issuance of bonds
3319 having a subordinate lien in respect of the security authorized by this
3320 subsection to other bonds of the authority, and, in such case, the
3321 authority may create separate sinking or other similar funds in respect
3322 of such subordinate lien bonds.

3323 (l) All moneys received pursuant to the authority of this section,
3324 whether as proceeds from the sale of bonds or as revenues, shall be
3325 deemed to be trust funds to be held and applied solely as provided in
3326 this section. Any officer with whom, or any bank or trust company
3327 with which, such moneys may be deposited shall act as trustee of such
3328 moneys and shall hold and apply the same for the purposes of this
3329 section, subject to the resolution authorizing the bonds of any issue or
3330 the trust agreement securing such bonds may provide.

3331 (m) Any holder of bonds, bond anticipation notes, other notes or
3332 other obligations issued under the provisions of this section, or any of
3333 the coupons appertaining thereto, and the trustee or trustees under

3334 any trust agreement, except to the extent the rights given by this
3335 section may be restricted by any resolution authorizing the issuance of,
3336 or any such trust agreement securing, such bonds, may, either at law
3337 or in equity, by suit, action, mandamus or other proceedings, protect
3338 and enforce any and all rights under the laws of the state or granted by
3339 this section or under such resolution or trust agreement, and may
3340 enforce and compel the performance of all duties required by this
3341 section or by such resolution or trust agreement to be performed by the
3342 authority or by any officer, employee or agent thereof, including the
3343 fixing, charging and collecting of the rates, rents, fees and charges
3344 authorized by this section and required by the provisions of such
3345 resolution or trust agreement to be fixed, established and collected.

3346 (n) The authority shall have power to contract with the holders of
3347 any of its bonds or notes as to the custody, collection, securing,
3348 investment and payment of any reserve funds of the authority, or of
3349 any moneys held in trust or otherwise for the payment of bonds or
3350 notes, and to carry out such contracts. Any officer with whom, or any
3351 bank or trust company with which, such moneys shall be deposited as
3352 trustee thereof shall hold, invest, reinvest and apply such moneys for
3353 the purposes thereof, subject to such provisions as this section and the
3354 resolution authorizing the issue of the bonds or notes or the trust
3355 agreement securing such bonds or notes may provide.

3356 (o) The exercise of the powers granted by this section shall be in all
3357 respects for the benefit of the people of this state, for the increase of
3358 their commerce, welfare and prosperity, and for the improvement of
3359 their health and living conditions, and, as the exercise of such powers
3360 shall constitute the performance of an essential public function, neither
3361 the authority, any affiliate of the authority or any collection or other
3362 agent of the authority or any such affiliate shall be required to pay any
3363 taxes or assessments upon or in respect of any revenues or property
3364 received, acquired, transferred or used by the authority, any affiliate of
3365 the authority or any collection or other agent of the authority or any
3366 such affiliate or upon or in respect of the income from such revenues
3367 or property, and any bonds or notes issued under the provisions of this

3368 section, their transfer and the income therefrom, including any profit
3369 made on the sale of such bonds or notes, shall at all times be free from
3370 taxation of every kind by the state and by the municipalities and other
3371 political subdivisions in the state, except for estate and succession
3372 taxes. The interest on such bonds or notes shall be included in the
3373 computation of any excise or franchise tax.

3374 (p) (1) The authority is hereby authorized to provide for the
3375 issuance of bonds of the authority for the purpose of refunding any
3376 bonds of the authority then outstanding, including the payment of any
3377 redemption premium thereon and any interest accrued or to accrue to
3378 the earliest or subsequent date of redemption, purchase or maturity of
3379 such bonds, and, if deemed advisable by the authority, for the
3380 additional purpose of paying all or any part of the cost of constructing
3381 and acquiring additions, improvements, extensions or enlargements of
3382 a project or any portion thereof.

3383 (2) The proceeds of any such bonds issued for the purpose of
3384 refunding outstanding bonds may, in the discretion of the authority,
3385 be applied to the purchase or retirement at maturity or redemption of
3386 such outstanding bonds either on their earliest or any subsequent
3387 redemption date or upon the purchase or at the maturity thereof and
3388 may, pending such application, be placed in escrow to be applied to
3389 such purchase or retirement at maturity or redemption on such date as
3390 may be determined by the authority.

3391 (3) Any such escrowed proceeds, pending such use, may be
3392 invested and reinvested in direct obligations of, or obligations
3393 unconditionally guaranteed by, the United States of America and
3394 certificates of deposit or time deposits secured by direct obligations of,
3395 or obligations unconditionally guaranteed by, the United States of
3396 America, or obligations of a state, a territory, or a possession of the
3397 United States of America, or any political subdivision of any of the
3398 foregoing, within the meaning of Section 103(a) of the Internal
3399 Revenue Code of 1986, or any subsequent corresponding internal
3400 revenue code of the United States, as from time to time amended, the

3401 full and timely payment of the principal of and interest on which are
3402 secured by an irrevocable deposit of direct obligations of the United
3403 States of America which, if the outstanding bonds are then rated by a
3404 nationally recognized rating agency, are rated in the highest rating
3405 category by such rating agency, maturing at such time or times as shall
3406 be appropriate to assure the prompt payment, as to principal, interest
3407 and redemption premium, if any, of the outstanding bonds to be so
3408 refunded. The interest, income and profits, if any, earned or realized
3409 on any such investment may also be applied to the payment of the
3410 outstanding bonds to be so refunded. After the terms of the escrow
3411 have been fully satisfied and carried out, any balance of such proceeds
3412 and interest, income and profits, if any, earned or realized on the
3413 investments thereof may be returned to the authority for use by it in
3414 any lawful manner.

3415 (4) The portion of the proceeds of any such bonds issued for the
3416 additional purpose of paying all or any part of the cost of constructing
3417 and acquiring additions, improvements, extensions or enlargements of
3418 a project may be invested and reinvested as the provisions of this
3419 section and the resolution authorizing the issuance of such bonds or
3420 the trust agreement securing such bonds may provide. The interest,
3421 income and profits, if any, earned or realized on such investment may
3422 be applied to the payment of all or any part of such cost or may be
3423 used by the authority in any lawful manner.

3424 (5) All such bonds shall be subject to the provisions of this section in
3425 the same manner and to the same extent as other bonds issued
3426 pursuant to this section.

3427 (q) Bonds issued by the authority under the provisions of this
3428 section are hereby made securities in which all public officers and
3429 public bodies of the state and its political subdivisions, all insurance
3430 companies, state banks and trust companies, national banking
3431 associations, savings banks, savings and loan associations, investment
3432 companies, executors, administrators, trustees and other fiduciaries
3433 may properly and legally invest funds, including capital in their

3434 control or belonging to them. Such bonds are hereby made securities
3435 which may properly and legally be deposited with and received by
3436 any state or municipal officer or any agency or political subdivision of
3437 the state for any purpose for which the deposit of bonds or obligations
3438 of the state is now or may hereafter be authorized by law.

3439 (r) In conjunction with the issuance of the bonds, notes or other
3440 obligations: (1) The authority may make representations and
3441 agreements for the benefit of the holders of the bonds, notes or other
3442 obligations to make secondary market disclosures; (2) the authority
3443 may enter into interest rate swap agreements and other agreements for
3444 the purpose of moderating interest rate risk on the bonds, notes or
3445 other obligations; (3) the authority may enter into such other
3446 agreements and instruments to secure the bonds, notes or other
3447 obligations; and (4) the authority may take such other actions as
3448 necessary or appropriate for the issuance and distribution of the
3449 bonds, notes or other obligations and may make representations and
3450 agreements for the benefit of the holders of the bonds, notes or other
3451 obligations which are necessary or appropriate to ensure exclusion of
3452 the interest payable on the bonds from gross income under the Internal
3453 Revenue Code of 1986, or any subsequent corresponding internal
3454 revenue code of the United States, as from time to time amended.

3455 Sec. 65. (NEW) (*Effective July 1, 2012*) (a) The Connecticut Clean
3456 Energy Authority may issue clean energy bonds secured in whole or in
3457 part by the assets of, and assessment of charges and other receipts
3458 deposited into, the Clean Energy Fund established pursuant to section
3459 16-245n of the general statutes, as amended by this act. The clean
3460 energy bonds shall be nonrecourse to the credit or any assets of the
3461 state or the authority.

3462 (b) Except as otherwise provided in this subsection, the state of
3463 Connecticut does hereby pledge and agree with the owners of the
3464 clean energy bonds that the state shall neither limit nor alter the
3465 assessment of charges pursuant to section (b) of section 16-245n of the
3466 general statutes, as amended by this act, and all rights thereunder,

3467 until the clean energy bonds, together with the interest thereon, are
3468 fully met and discharged, provided nothing contained in this
3469 subsection shall preclude such limitation or alteration if and when
3470 adequate provision is made by law for the protection of the owners
3471 and holders of such bonds. The authority as agent for the state is
3472 authorized to include this pledge and undertaking for the state in the
3473 clean energy bonds.

3474 (c) The clean energy bonds shall not be deemed to constitute a debt
3475 or liability of the state or of any political subdivision thereof, other
3476 than the authority, shall not constitute a pledge of the full faith and
3477 credit of the state or any of its political subdivisions, other than the
3478 authority, but shall be payable solely from the funds provided under
3479 section 16-245n of the general statutes, as amended by this act, and
3480 shall not constitute an indebtedness of the state within the meaning of
3481 any constitutional or statutory debt limitation or restriction and,
3482 accordingly, shall not be subject to any statutory limitation on the
3483 indebtedness of the state and shall not be included in computing the
3484 aggregate indebtedness of the state in respect to and to the extent of
3485 any such limitation. This subsection shall in no way preclude bond
3486 guarantees or enhancements as provided in subsection (d) of section
3487 16-245n of the general statutes, as amended by this act. All clean
3488 energy bonds shall contain on the face thereof a statement to the
3489 following effect: "Neither the full faith and credit nor the taxing power
3490 of the State of Connecticut is pledged to the payment of the principal
3491 of, or interest on, this bond."

3492 (d) The exercise of the powers granted by this section and section
3493 16-245n of the general statutes, as amended by this act, shall be in all
3494 respects for the benefit of the people of this state, for the increase of
3495 their commerce, welfare and prosperity, and as the exercise of such
3496 powers shall constitute the performance of an essential public function,
3497 neither the authority, any affiliate of the authority, nor any collection
3498 or other agent of any of the foregoing shall be required to pay any
3499 taxes or assessments upon or in respect of any revenues or property
3500 received, acquired, transferred or used by the authority, any affiliate of

3501 the authority or any collection or other agent of any of the foregoing,
3502 or upon or in respect of the income from such revenues or property,
3503 and any bonds or notes issued under the provisions of this section,
3504 their transfer and the income therefrom, including any profit made on
3505 the sale of such bonds or notes, shall at all times be free from taxation
3506 of every kind by the state and by the municipalities and other political
3507 subdivisions in the state except for estate and succession taxes. The
3508 interest on such bonds and notes shall be included in the computation
3509 of any excise or franchise tax.

3510 (e) The proceeds of any clean energy bonds shall be used for the
3511 purposes of the authority in accordance with section 16-245n of the
3512 general statutes, as amended by this act.

3513 Sec. 66. (NEW) (*Effective July 1, 2012*) (a) For purposes of this section,
3514 "required minimum capital reserve" means the maximum amount
3515 permitted to be deposited in a special capital reserve fund by the
3516 Internal Revenue Code of 1986, or any subsequent corresponding
3517 internal revenue code of the United States, as amended from time to
3518 time, to permit the interest on such bonds to be excluded from gross
3519 income for federal tax purposes and secured by such special capital
3520 reserve fund.

3521 (b) In connection with the issuance of bonds or to refund bonds
3522 previously issued by the Connecticut Clean Energy Authority, or in
3523 connection with the issuance of bonds to effect a refinancing or other
3524 restructuring with respect to one or more projects, the authority may
3525 create and establish one or more reserve funds to be known as special
3526 capital reserve funds, and may pay into such special capital reserve
3527 funds (1) any moneys appropriated and made available by the state for
3528 the purposes of such special capital reserve funds, (2) any proceeds of
3529 the sale of notes or bonds, to the extent provided in the resolution of
3530 the authority authorizing the issuance thereof, and (3) any other
3531 moneys which may be made available to the authority for the purpose
3532 of such special capital reserve funds from any other source or sources.

3533 (c) The moneys held in or credited to any special capital reserve

3534 fund established under this section, except as hereinafter provided,
3535 shall be used for (1) the payment of the principal of and interest, when
3536 due, whether at maturity or by mandatory sinking fund installments,
3537 on bonds of the authority secured by such special capital reserve fund
3538 as such payments become due, or (2) the purchase of such bonds of the
3539 authority and the payment of any redemption premium required to be
3540 paid when such bonds are redeemed prior to maturity, including in
3541 any such case by way of reimbursement of a provider of bond
3542 insurance or of a credit or liquidity facility that has paid such
3543 redemption premiums. Notwithstanding the provisions of
3544 subdivisions (1) and (2) of this subsection, the authority shall have
3545 power to provide that moneys in any such special capital reserve fund
3546 shall not be withdrawn therefrom at any time in such amount as
3547 would reduce the amount of such moneys to less than the maximum
3548 amount of principal and interest becoming due by reasons of maturity
3549 or a required sinking fund installment in the then current or any
3550 succeeding calendar year on the bonds of the authority then
3551 outstanding, or less than the required minimum capital reserve, except
3552 for the purpose of paying such principal of, redemption premium and
3553 interest on such bonds of the authority secured by such special capital
3554 reserve becoming due and for the payment of which other moneys of
3555 the authority are not available. The authority may provide that it shall
3556 not issue bonds secured by a special capital reserve fund at any time if
3557 the required minimum capital reserve on the bonds outstanding and
3558 the bonds then to be issued and secured by the same special capital
3559 reserve fund at the time of issuance exceeds the moneys in the special
3560 capital reserve fund, unless the authority, at the time of the issuance of
3561 such bonds, deposits in such special capital reserve fund from the
3562 proceeds of the bonds so to be issued, or from other sources, an
3563 amount which, together with the amount then in such special capital
3564 reserve fund, will be not less than the required minimum capital
3565 reserve.

3566 (d) On or before December first, annually, there is deemed to be
3567 appropriated from the General Fund such sums, if any, as shall be
3568 certified by the chairperson or vice-chairperson of the authority to the

3569 Secretary of the Office of Policy and Management and the State
3570 Treasurer, as necessary to restore each such special capital reserve
3571 fund to the amount equal to the required minimum capital reserve of
3572 such fund, and such amounts shall be allotted and paid to the
3573 authority. For the purpose of evaluation of any such special capital
3574 reserve fund, obligations acquired as an investment for any such
3575 special capital reserve fund shall be valued at market. Nothing
3576 contained in this section shall preclude the authority from establishing
3577 and creating other debt service reserve funds in connection with the
3578 issuance of bonds or notes of the authority which are not special
3579 capital reserve funds. Subject to any agreement or agreements with
3580 holders of outstanding notes and bonds of the authority, any amount
3581 or amounts allotted and paid to the authority pursuant to this
3582 subsection shall be repaid to the state from moneys of the authority at
3583 such time as such moneys are not required for any other of the
3584 authority's corporate purposes, and in any event shall be repaid to the
3585 state on the date one year after all bonds and notes of the authority
3586 theretofore issued on the date or dates such amount or amounts are
3587 allotted and paid to the authority or thereafter issued, together with
3588 interest on such bonds and notes, with interest on any unpaid
3589 installments of interest and all costs and expenses in connection with
3590 any action or proceeding by or on behalf of the holders thereof, are
3591 fully met and discharged.

3592 (e) No bonds secured by a special capital reserve fund shall be
3593 issued to pay project costs unless the authority is of the opinion and
3594 determines that the revenues from the project shall be sufficient to (1)
3595 pay the principal of and interest on the bonds issued to finance the
3596 project, (2) establish, increase and maintain any reserves deemed by
3597 the authority to be advisable to secure the payment of the principal of
3598 and interest on such bonds, (3) pay the cost of maintaining the project
3599 in good repair and keeping it properly insured, and (4) pay such other
3600 costs of the project as may be required.

3601 (f) Notwithstanding the provisions of this section, no bonds secured
3602 by a special capital reserve fund shall be issued by the authority until

3603 and unless such issuance has been approved by the Secretary of the
3604 Office of Policy and Management or his or her deputy. Any such
3605 approval by the secretary pursuant to this subsection shall be in
3606 addition to (1) the otherwise required opinion of sufficiency by the
3607 authority set forth in subsection (c) of this section, and (2) the approval
3608 of the State Treasurer and the documentation by the authority
3609 otherwise required under subsection (a) of section 1-124 of the general
3610 statutes, as amended by this act. Such approval may provide for the
3611 waiver or modification of such other requirements of this section as the
3612 authority, the State Treasurer and the secretary determine to be
3613 necessary or appropriate in order to effectuate such issuance, subject to
3614 all applicable tax covenants of the authority and the state.

3615 (g) Notwithstanding any other provision contained in this section,
3616 the aggregate amount of bonds secured by such special capital reserve
3617 fund authorized to be created and established by this section shall not
3618 exceed one hundred million dollars.

3619 Sec. 67. Subdivision (2) of subsection (a) of section 32-141 of the
3620 general statutes is repealed and the following is substituted in lieu
3621 thereof (*Effective July 1, 2012*):

3622 (2) The total amount of private activity bonds which may be issued
3623 by state issuers in the calendar year commencing January 1, 2007, and
3624 each calendar year thereafter, under the state ceiling in effect for each
3625 such year, shall be allocated as follows: (A) Sixty per cent to the
3626 Connecticut Housing Finance Authority; (B) twelve and one-half per
3627 cent to the Connecticut Development Authority; and (C) twenty-seven
3628 and one-half per cent to municipalities and political subdivisions,
3629 departments, agencies, authorities and other bodies of municipalities,
3630 **[**and**]** the Connecticut Higher Education Supplemental Loan Authority
3631 <u>and the Connecticut Clean Energy Authority</u>, then to the Connecticut
3632 Student Loan Foundation and then for contingencies. At least ten per
3633 cent of bonds allocated under subparagraph (A) of this subdivision
3634 shall be used for multifamily residential housing in the calendar year
3635 commencing January 1, 2008. In each calendar year commencing

3636 January 1, 2009, fifteen per cent of such bonds shall be used for
3637 multifamily residential housing.

3638 Sec. 68. Subsection (l) of section 1-79 of the general statutes is
3639 repealed and the following is substituted in lieu thereof (*Effective from*
3640 *passage*):

3641 (l) "Quasi-public agency" means the Connecticut Development
3642 Authority, Connecticut Innovations, Incorporated, Connecticut Health
3643 and Education Facilities Authority, Connecticut Higher Education
3644 Supplemental Loan Authority, Connecticut Housing Finance
3645 Authority, Connecticut Housing Authority, Connecticut Resources
3646 Recovery Authority, Lower Fairfield County Convention Center
3647 Authority, Capital City Economic Development Authority,
3648 Connecticut Lottery Corporation, Connecticut Airport Authority,
3649 Health Information Technology Exchange of Connecticut, [and]
3650 Connecticut Health Insurance Exchange and Connecticut Clean Energy
3651 Authority.

3652 Sec. 69. Subdivision (1) of section 1-120 of the general statutes is
3653 repealed and the following is substituted in lieu thereof (*Effective from*
3654 *passage*):

3655 (1) "Quasi-public agency" means the Connecticut Development
3656 Authority, Connecticut Innovations, Incorporated, Connecticut Health
3657 and Educational Facilities Authority, Connecticut Higher Education
3658 Supplemental Loan Authority, Connecticut Housing Finance
3659 Authority, Connecticut Housing Authority, Connecticut Resources
3660 Recovery Authority, Capital City Economic Development Authority,
3661 Connecticut Lottery Corporation, Connecticut Airport Authority,
3662 Health Information Technology Exchange of Connecticut, [and]
3663 Connecticut Health Insurance Exchange and Connecticut Clean Energy
3664 Authority.

3665 Sec. 70. Section 1-124 of the general statutes is repealed and the
3666 following is substituted in lieu thereof (*Effective from passage*):

3667 (a) The Connecticut Development Authority, the Connecticut
3668 Health and Educational Facilities Authority, the Connecticut Higher
3669 Education Supplemental Loan Authority, the Connecticut Housing
3670 Finance Authority, the Connecticut Housing Authority, the
3671 Connecticut Resources Recovery Authority, the Health Information
3672 Technology Exchange of Connecticut, the Connecticut Airport
3673 Authority, the Capital City Economic Development Authority, [and]
3674 the Connecticut Health Insurance Exchange and the Connecticut Clean
3675 Energy Authority shall not borrow any money or issue any bonds or
3676 notes which are guaranteed by the state of Connecticut or for which
3677 there is a capital reserve fund of any kind which is in any way
3678 contributed to or guaranteed by the state of Connecticut until and
3679 unless such borrowing or issuance is approved by the State Treasurer
3680 or the Deputy State Treasurer appointed pursuant to section 3-12. The
3681 approval of the State Treasurer or said deputy shall be based on
3682 documentation provided by the authority that it has sufficient
3683 revenues to (1) pay the principal of and interest on the bonds and notes
3684 issued, (2) establish, increase and maintain any reserves deemed by the
3685 authority to be advisable to secure the payment of the principal of and
3686 interest on such bonds and notes, (3) pay the cost of maintaining,
3687 servicing and properly insuring the purpose for which the proceeds of
3688 the bonds and notes have been issued, if applicable, and (4) pay such
3689 other costs as may be required.

3690 (b) To the extent the Connecticut Development Authority,
3691 Connecticut Innovations, Incorporated, Connecticut Higher Education
3692 Supplemental Loan Authority, Connecticut Housing Finance
3693 Authority, Connecticut Housing Authority, Connecticut Resources
3694 Recovery Authority, Connecticut Health and Educational Facilities
3695 Authority, the Health Information Technology Exchange of
3696 Connecticut, the Connecticut Airport Authority, the Capital City
3697 Economic Development Authority, [or] the Connecticut Health
3698 Insurance Exchange or the Connecticut Clean Energy Authority is
3699 permitted by statute and determines to exercise any power to
3700 moderate interest rate fluctuations or enter into any investment or
3701 program of investment or contract respecting interest rates, currency,

3702 cash flow or other similar agreement, including, but not limited to,
3703 interest rate or currency swap agreements, the effect of which is to
3704 subject a capital reserve fund which is in any way contributed to or
3705 guaranteed by the state of Connecticut, to potential liability, such
3706 determination shall not be effective until and unless the State
3707 Treasurer or his or her deputy appointed pursuant to section 3-12 has
3708 approved such agreement or agreements. The approval of the State
3709 Treasurer or his or her deputy shall be based on documentation
3710 provided by the authority that it has sufficient revenues to meet the
3711 financial obligations associated with the agreement or agreements.

3712 Sec. 71. Section 1-125 of the general statutes is repealed and the
3713 following is substituted in lieu thereof (*Effective from passage*):

3714 The directors, officers and employees of the Connecticut
3715 Development Authority, Connecticut Innovations, Incorporated,
3716 Connecticut Higher Education Supplemental Loan Authority,
3717 Connecticut Housing Finance Authority, Connecticut Housing
3718 Authority, Connecticut Resources Recovery Authority, including ad
3719 hoc members of the Connecticut Resources Recovery Authority,
3720 Connecticut Health and Educational Facilities Authority, Capital City
3721 Economic Development Authority, the Health Information Technology
3722 Exchange of Connecticut, Connecticut Airport Authority, Connecticut
3723 Lottery Corporation, **[**and**]** Connecticut Health Insurance Exchange
3724 and the Connecticut Clean Energy Authority and any person executing
3725 the bonds or notes of the agency shall not be liable personally on such
3726 bonds or notes or be subject to any personal liability or accountability
3727 by reason of the issuance thereof, nor shall any director or employee of
3728 the agency, including ad hoc members of the Connecticut Resources
3729 Recovery Authority, be personally liable for damage or injury, not
3730 wanton, reckless, wilful or malicious, caused in the performance of his
3731 or her duties and within the scope of his or her employment or
3732 appointment as such director, officer or employee, including ad hoc
3733 members of the Connecticut Resources Recovery Authority. The
3734 agency shall protect, save harmless and indemnify its directors,
3735 officers or employees, including ad hoc members of the Connecticut

3736 Resources Recovery Authority, from financial loss and expense,
3737 including legal fees and costs, if any, arising out of any claim, demand,
3738 suit or judgment by reason of alleged negligence or alleged
3739 deprivation of any person's civil rights or any other act or omission
3740 resulting in damage or injury, if the director, officer or employee,
3741 including ad hoc members of the Connecticut Resources Recovery
3742 Authority, is found to have been acting in the discharge of his or her
3743 duties or within the scope of his or her employment and such act or
3744 omission is found not to have been wanton, reckless, wilful or
3745 malicious.

3746 Sec. 72. Subsection (b) of section 16a-40d of the 2012 supplement to
3747 the general statutes is repealed and the following is substituted in lieu
3748 thereof (*Effective from passage*):

3749 (b) As of July 1, 2010, proceeds of the sale of said bonds which have
3750 been authorized as provided in subsection (a) of this section, but have
3751 not been allocated by the State Bond Commission, and the additional
3752 amount of five million dollars authorized by this section on July 1,
3753 2010, shall be deposited in the Green Connecticut Loan Guaranty Fund
3754 established pursuant to section 16a-40e, as amended by this act, and
3755 shall be used by the Connecticut Clean Energy **[**Finance and
3756 Investment**]** Authority for purposes of the Green Connecticut Loan
3757 Guaranty Fund program established pursuant to section 16a-40f, as
3758 amended by this act, provided not more than eighteen million dollars
3759 shall be deposited in the Green Connecticut Loan Guaranty Fund. Such
3760 additional amounts may be deposited in the Green Connecticut Loan
3761 Guaranty Fund as the State Bond Commission may, from time to time,
3762 authorize.

3763 Sec. 73. Section 16a-40e of the 2012 supplement to the general
3764 statutes is repealed and the following is substituted in lieu thereof
3765 (*Effective from passage*):

3766 The Connecticut Clean Energy **[**Finance and Investment**]** Authority
3767 shall establish a "Green Connecticut Loan Guaranty Fund". Such fund
3768 shall be used for the purposes of guaranteeing loans authorized under

3769 section 16a-40f, as amended by this act, and may be used for expenses
3770 incurred by said authority in the implementation of the program under
3771 said section.

3772 Sec. 74. Subsection (c) of section 16a-40*l* of the 2012 supplement to
3773 the general statutes is repealed and the following is substituted in lieu
3774 thereof (*Effective from passage*):

3775 (c) "Eligible entity" means (1) any residential, commercial,
3776 institutional or industrial customer of an electric distribution company
3777 or natural gas company, as defined in section 16-1, as amended by this
3778 act, who employs or installs an eligible in-state energy savings
3779 technology, (2) an energy service company certified as a Connecticut
3780 electric efficiency partner by the Department of Energy and
3781 Environmental Protection, or (3) an installer certified by the
3782 Connecticut Clean Energy **[**Finance and Investment**]** Authority.

3783 Sec. 75. Subdivision (5) of subsection (a) of section 16a-40f of the
3784 2012 supplement to the general statutes is repealed and the following
3785 is substituted in lieu thereof (*Effective from passage*):

3786 (5) "Authority" means the Connecticut Clean Energy **[**Finance and
3787 Investment**]** Authority.

3788 Sec. 76. Subsection (d) of section 16a-40f of the 2012 supplement to
3789 the general statutes is repealed and the following is substituted in lieu
3790 thereof (*Effective from passage*):

3791 (d) In consultation with the Energy Conservation Management
3792 Board and the Connecticut Health and Educational Facilities
3793 Authority, the Connecticut Clean Energy **[**Finance and Investment**]**
3794 Authority shall identify types of projects that qualify as eligible energy
3795 conservation projects, including, but not limited to, the purchase and
3796 installation of insulation, alternative energy devices, energy
3797 conservation materials, replacement furnaces and boilers, and
3798 technologically advanced energy-conserving equipment. The
3799 authority, in consultation with said entities, shall establish priorities

3800 for financing eligible energy conservation projects based on need and
3801 quality determinants. The authority shall adopt procedures, in
3802 accordance with the provisions of section 1-121, to implement the
3803 provisions of this section.

3804 Sec. 77. (*Effective from passage*) The Public Utilities Regulatory
3805 Authority shall initiate a docket to identify measures to promote water
3806 conservation in the state. On or before January 1, 2013, the authority
3807 shall submit a report, in accordance with the provisions of section 11-
3808 4a of the general statutes, to the joint standing committee of the
3809 General Assembly having cognizance of matters relating to energy, of
3810 the findings of such docket, including any recommended legislative
3811 changes necessary to implement such measures.

3812 Sec. 78. Subdivision (41) of subsection (a) of section 16-1 of the 2012
3813 supplement to the general statutes is repealed and the following is
3814 substituted in lieu thereof (*Effective from passage*):

3815 (41) "Federally mandated congestion charges" means any cost
3816 approved by the Federal Energy Regulatory Commission as part of
3817 New England Standard Market Design including, but not limited to,
3818 locational marginal pricing, locational installed capacity payments, any
3819 cost approved by the Public Utilities Regulatory Authority to reduce
3820 federally mandated congestion charges in accordance with section 7-
3821 233y, this section, sections 16-19ss, **[**16-32f,**]** 16-50i, 16-50k, 16-50x, 16-
3822 243i to 16-243q, inclusive, 16-244c, <u>as amended by this act,</u> 16-244e, 16-
3823 245m, <u>as amended by this act,</u> 16-245n<u>, as amended by this act,</u> and 16-
3824 245z, and section 21 of public act 05-1 of the June special session and
3825 reliability must run contracts;

3826 Sec. 79. Subsection (k) of section 16-243m of the general statutes is
3827 repealed and the following is substituted in lieu thereof (*Effective from*
3828 *passage*):

3829 (k) The authority may order an electric distribution company to
3830 submit a proposal pursuant to the provisions of this section and may
3831 approve such a proposal under this section. Nothing in sections 16-1,

3832 as amended by this act, 16-19ss, [16-32f,] 16-50i, 16-50k, 16-50x, 16-243i
3833 to 16-243q, inclusive, 16-244c, as amended by this act, 16-244e, 16-245d,
3834 as amended by this act, 16-245m, as amended by this act, 16-245n, as
3835 amended by this act, and 16-245z and section 21 of public act 05-1 of
3836 the June special session shall limit the authority's ability to conduct
3837 requests for proposals, in addition to that in subsection (c) of this
3838 section, to reduce federally mandated congestion charges and to
3839 approve such proposals or otherwise to meet its responsibility under
3840 this title.

3841 Sec. 80. Section 16-243r of the general statutes is repealed and the
3842 following is substituted in lieu thereof (*Effective from passage*):

3843 The provisions of sections 7-233y, 16-1, as amended by this act, 16-
3844 19ss, [16-32f,] 16-50i, 16-50k, 16-50x, 16-243i to 16-243q, inclusive, 16-
3845 244c, as amended by this act, 16-244e, 16-245d, as amended by this act,
3846 16-245m, as amended by this act, 16-245n, as amended by this act, 16-
3847 245z and 16-262i and section 21 of public act 05-1 of the June special
3848 session apply to new customer-side distributed resources and grid-
3849 side distributed resources developed in this state that add electric
3850 capacity on and after January 1, 2006, and shall also apply to customer-
3851 side distributed resources and grid-side distributed resources
3852 developed in this state before January 1, 2007, that (1) have undergone
3853 upgrades that increase the resource's thermal efficiency operating level
3854 by no fewer than ten percentage points or, for resources that have a
3855 thermal efficiency level of at least seventy per cent, have undergone
3856 upgrades that increase the resource's turbine heat rate by no fewer
3857 than five percentage points and increase the electrical output of the
3858 resource by no fewer than ten percentage points, (2) operate at a
3859 thermal efficiency level of at least fifty per cent, and (3) add electric
3860 capacity in this state on or after January 1, 2007, provided such
3861 measure is in accordance with the provisions of said sections 7-233y,
3862 16-1, as amended by this act, 16-19ss, [16-32f,] 16-50i, 16-50k, 16-50x,
3863 16-243i to 16-243q, inclusive, 16-244c, as amended by this act, 16-244e,
3864 16-245d, as amended by this act, 16-245m, as amended by this act, 16-
3865 245n, as amended by this act, 16-245z and 16-262i and section 21 of

3866 public act 05-1 of the June special session. On or before January 1, 2009,
3867 the Public Utilities Regulatory Authority, in consultation with the
3868 Office of Consumer Counsel, shall report to the joint standing
3869 committee of the General Assembly having cognizance of matters
3870 relating to energy regarding the cost-effectiveness of programs
3871 pursuant to this section.

3872 Sec. 81. Subsection (e) of section 22a-2d of the 2012 supplement to
3873 the general statutes is repealed and the following is substituted in lieu
3874 thereof (*Effective from passage*):

3875 (e) Wherever the words "Department of Public Utility Control" are
3876 used or referred to in the following sections of the general statutes, the
3877 words "Public Utilities Regulatory Authority" shall be substituted in
3878 lieu thereof: 1-84, 1-84b, 2-20a, 2-71p, 4-38c, 4a-57, 4a-74, 4d-2, 4d-80, 7-
3879 223, 7-233t, 7-233ii, 8-387, 12-81q, 12-94d, 12-264, 12-265, 12-408b, 12-
3880 412, 12-491, 13a-82, 13a-126a, 13b-10a, 13b-43, 13b-44, 13b-387a, 15-96,
3881 16-1, as amended by this act, 16-2, as amended by this act, 16-2a, 16-6,
3882 16-6a, 16-6b, as amended by this act, 16-7, as amended by this act, 16-8,
3883 as amended by this act, 16-8b, 16-8c, 16-8d, 16-9, 16-9a, 16-10, 16-10a,
3884 16-11, 16-12, 16-13, 16-14, 16-15, 16-16, 16-17, 16-18, 16-19, 16-19a, 16-
3885 19b, as amended by this act, 16-19d, 16-19f, 16-19k, 16-19n, 16-19o, 16-
3886 19u, 16-19w, 16-19x, 16-19z, 16-19aa, 16-19bb, 16-19cc, 16-19dd, 16-
3887 19ee, 16-19ff, 16-19gg, 16-19jj, 16-19kk, as amended by this act, 16-
3888 19mm, 16-19nn, 16-19oo, 16-19pp, 16-19qq, 16-19tt, 16-19uu, 16-19vv,
3889 16-20, 16-21, 16-23, 16-24, 16-25, 16-25a, 16-26, 16-27, 16-28, 16-29, 16-32,
3890 16-32a, 16-32b, 16-32c, 16-32e, **[**16-32f,**]** 16-32g, 16-33, 16-35, as
3891 amended by this act, 16-41, 16-42, 16-43, 16-43a, 16-43d, 16-44, 16-44a,
3892 16-45, 16-46, 16-47, 16-47a, 16-48, 16-49e, 16-50c, 16-50d, 16-50f, 16-50k,
3893 16-50aa, 16-216, 16-227, 16-231, 16-233, 16-234, 16-235, 16-238, 16-243,
3894 16-243a, 16-243b, 16-243c, 16-243f, 16-243i, 16-243j, 16-243k, 16-243m, as
3895 amended by this act, 16-243n, 16-243p, 16-243q, 16-243r, as amended
3896 by this act, 16-243s, 16-243t, 16-243u, 16-243v, 16-243w, 16-244a, 16-
3897 244b, 16-244c, as amended by this act, 16-244d, 16-244e, 16-244f, 16-
3898 244g, 16-244h, 16-244i, 16-244k, 16-244*l*, 16-245, as amended by this act,
3899 16-245a, 16-245b, 16-245c, 16-245e, 16-245g, 16-245*l*, 16-245p, 16-245q,

3900 16-245s, 16-245t, 16-245u, 16-245v, 16-245w, 16-245x, 16-245aa, 16-246,
3901 16-246e, 16-246g, 16-247c, 16-247j, 16-247*l*, 16-247m, 16-247o, 16-247p,
3902 16-247t, 16-249, 16-250, 16-250a, 16-250b, 16-256b, 16-256c, 16-256h, 16-
3903 256k, 16-258a, 16-258b, 16-258c, 16-259, 16-261, 16-262a, 16-262c, 16-
3904 262d, 16-262i, 16-262j, as amended by this act, 16-262k, 16-262*l*, 16-
3905 262m, 16-262n, 16-262o, 16-262q, 16-262r, 16-262s, 16-262v, as amended
3906 by this act, 16-262w, as amended by this act, 16-262x, 16-265, 16-269,
3907 16-271, 16-272, 16-273, 16-274, 16-275, 16-276, 16-278, 16-280a, 16-280b,
3908 16-280d, 16-280e, 16-280f, 16-280h, 16-281a, 16-331, 16-331c, 16-331e, 16-
3909 331f, 16-331g, 16-331h, 16-331i, 16-331j, 16-331k, 16-331n, 16-331o, 16-
3910 331p, 16-331q, 16-331r, 16-331t, 16-331u, 16-331v, 16-331y, 16-331z, 16-
3911 331aa, 16-331cc, 16-331dd, 16-331ff, 16-331gg, 16-332, 16-333, 16-333a,
3912 16-333b, 16-333e, 16-333f, 16-333g, 16-333h, 16-333i, 16-333*l*, 16-333n,
3913 16-333o, 16-333p, 16-347, 16-348, 16-356, 16-357, 16-358, 16-359, 16a-3b,
3914 as amended by this act, 16a-3c, as amended by this act, 16a-7b, as
3915 amended by this act, 16a-7c, 16a-13b, 16a-37c, subsection (b) of section
3916 16a-38n, 16a-38o, 16a-40b, 16a-40k, 16a-41, 16a-46, 16a-46b, 16a-46c,
3917 16a-47a, 16a-47b, 16a-47c, 16a-47d, 16a-47e, 16a-48, as amended by this
3918 act, 16a-49, 16a-103, 20-298, 20-309, 20-340, 20-340a, 20-341k, 20-341z,
3919 20-357, 20-541, 22a-174*l*, 22a-256dd, 22a-266, 22a-358, 22a-475, 22a-478,
3920 22a-479, 23-8b, 23-65, 25-33a, 25-33h, 25-33k, 25-33*l*, 25-33p, 25-37d, 25-
3921 37e, 26-141b, 28-1b, 28-24, 28-26, 28-27, 28-31, 29-282, 29-415, 32-80a, 32-
3922 222, 33-219, 33-221, 33-241, 33-951, 42-287, 43-44, 49-4c and 52-259a.

3923 Sec. 82. Subdivision (1) of subsection (a) of section 16-262v of the
3924 general statutes is repealed and the following is substituted in lieu
3925 thereof (*Effective from passage*):

3926 (1) "Eligible projects" means those water company plant projects not
3927 previously included in the water company's rate base in its most recent
3928 general rate case and that are intended to improve or protect the
3929 quality and reliability of service to customers, including (A) renewal or
3930 replacement of existing infrastructure, including mains, valves,
3931 services, meters and hydrants that have either reached the end of their
3932 useful life, are worn out, are in deteriorated condition, are or will be
3933 contributing to unacceptable levels of unaccounted for water, or are

3934 negatively impacting water quality or reliability of service if not
3935 replaced; (B) main cleaning and relining projects; (C) relocation of
3936 facilities as a result of government actions, the capital costs of which
3937 are not otherwise eligible for reimbursement; **[**and**]** (D) purchase of
3938 leak detection equipment or installation of production meters, and
3939 pressure reducing valves; (E) purchase of energy efficient equipment
3940 or investment in renewable energy supplies; and (F) capital
3941 improvements necessary to comply with flow regulations adopted
3942 pursuant to section 26-141b.

3943 Sec. 83. Subsection (i) of section 16-262w of the general statutes is
3944 repealed and the following is substituted in lieu thereof (*Effective from*
3945 *passage*):

3946 (i) The amount of the WICA applied between general rate case
3947 filings shall not exceed **[**seven and one-half**]** ten per cent of the water
3948 company's annual retail water revenues approved in its most recent
3949 rate filing, and shall not exceed five per cent of such revenues for any
3950 twelve-month period. The amount of the adjustment shall be reset to
3951 zero as of the effective date of new base rates approved pursuant to
3952 section 16-19 and shall be reset to zero if the company exceeds the
3953 allowable rate of return by more than one hundred basis points for any
3954 calendar year.

3955 Sec. 84. Sections 16-2c, 16-32f and 16a-41i of the 2012 supplement to
3956 the general statutes are repealed. (*Effective July 1, 2012*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	16-1(a)(52)
Sec. 2	*from passage*	16-2
Sec. 3	*from passage*	16-3
Sec. 4	*from passage*	16-6b
Sec. 5	*from passage*	16-7
Sec. 6	*from passage*	16-8
Sec. 7	*from passage*	16-19e(b)
Sec. 8	*from passage*	16-19e(d)

Sec. 9	*from passage*	16-49(a)
Sec. 10	*from passage*	16-245m(d)
Sec. 11	*from passage*	16-245m(f)
Sec. 12	*from passage*	16-245y(a)
Sec. 13	*from passage*	16-245y(c)
Sec. 14	*from passage*	16a-3(b)
Sec. 15	*from passage*	16a-3b
Sec. 16	*from passage*	16a-3c(a)
Sec. 17	*from passage*	16a-7b(b)
Sec. 18	*from passage*	16a-3d
Sec. 19	*from passage*	16a-3a
Sec. 20	*from passage*	16-244c(c)(5)
Sec. 21	*from passage*	16-244c(j)(2)
Sec. 22	*from passage*	16-244m(a)
Sec. 23	*from passage*	16-244m(d)
Sec. 24	*from passage*	16-244n
Sec. 25	*from passage*	16-245n
Sec. 26	*from passage*	7-233z
Sec. 27	*from passage*	16-245ee
Sec. 28	*from passage*	16a-48(d)
Sec. 29	*from passage*	16a-48(e)
Sec. 30	*from passage*	16a-48(f)
Sec. 31	*from passage*	16a-48(g)
Sec. 32	*from passage*	16-245(g)
Sec. 33	*from passage*	PA 11-80, Sec. 103(a)
Sec. 34	*from passage*	16-245ff
Sec. 35	*from passage*	16-244r(b)
Sec. 36	*from passage*	16-244s
Sec. 37	*from passage*	16-244t(a)
Sec. 38	*from passage*	16-244t(b)
Sec. 39	*from passage*	16-245hh
Sec. 40	*from passage*	16-24a
Sec. 41	*from passage*	16-245o
Sec. 42	*from passage*	16-245d(a)
Sec. 43	*from passage*	16a-40l(a)
Sec. 44	*from passage*	16a-40l(f)
Sec. 45	*from passage*	16a-37u
Sec. 46	*from passage*	16-244u
Sec. 47	*from passage*	16a-40f(f)(3)
Sec. 48	*from passage*	16-244v(a)
Sec. 49	*from passage*	16a-46h

Sec. 50	*from passage*	PA 11-80, Sec. 133
Sec. 51	*from passage*	16a-46i
Sec. 52	*from passage*	12-217mm
Sec. 53	*from passage*	New section
Sec. 54	*from passage*	New section
Sec. 55	*from passage*	7-121n(a)(2)
Sec. 56	*July 1, 2012*	16-19b(h)
Sec. 57	*July 1, 2012*	16-18a
Sec. 58	*July 1, 2012*	16-35
Sec. 59	*July 1, 2012*	16-262j(c)
Sec. 60	*July 1, 2012*	16-8a(c)(1)
Sec. 61	*July 1, 2012*	16-19kk(b)
Sec. 62	*July 1, 2012*	16-1(a)(4)
Sec. 63	*July 1, 2012*	16-1(a)(8)
Sec. 64	*July 1, 2012*	New section
Sec. 65	*July 1, 2012*	New section
Sec. 66	*July 1, 2012*	New section
Sec. 67	*July 1, 2012*	32-141(a)(2)
Sec. 68	*from passage*	1-79(l)
Sec. 69	*from passage*	1-120(1)
Sec. 70	*from passage*	1-124
Sec. 71	*from passage*	1-125
Sec. 72	*from passage*	16a-40d(b)
Sec. 73	*from passage*	16a-40e
Sec. 74	*from passage*	16a-40l(c)
Sec. 75	*from passage*	16a-40f(a)(5)
Sec. 76	*from passage*	16a-40f(d)
Sec. 77	*from passage*	New section
Sec. 78	*from passage*	16-1(a)(41)
Sec. 79	*from passage*	16-243m(k)
Sec. 80	*from passage*	16-243r
Sec. 81	*from passage*	22a-2d(e)
Sec. 82	*from passage*	16-262v(a)(1)
Sec. 83	*from passage*	16-262w(i)
Sec. 84	*July 1, 2012*	Repealer section

Statement of Legislative Commissioners:

In section 10(d)(5), "approved by the Department" was changed to "**[**approved**]** adopted by the **[**Department**]** Commissioner" for internal consistency; in section 11, "Clean Energy Finance and Investment

Authority" was changed to "Connecticut Clean Energy [Finance and Investment] Authority" for internal consistency; in section 25(d)(1)(C), the successor agency language concerning the Connecticut Clean Energy Authority and the Connecticut Energy Finance and Investment Authority was changed for clarity and statutory consistency; in section 32, "on or after" was changed to "on and after" for clarity and to reflect the committee's intent; in section 40(e), "the department shall report" was changed to "the [department] commissioner shall report" for internal consistency and "its report" was changed to "[its] the commissioner's report" for clarity; in section 45(e), "commissioner" was changed to "Commissioner of Energy and Environmental Protection" for clarity and to reflect the committee's intent; in section 49, "fee, charge, co-pay or other similar term" was changed to "fees, charges, co-pays and other similar terms" for internal consistency and "a total of" was inserted for clarity; in section 52(d)(4), "The commissioner shall approve" was changed to "The [commissioner] Commissioner of Revenue Services shall approve" and "to the [secretary] commissioner" was changed to "to the [secretary] Commissioner of Energy and Environmental Protection" for clarity; and in section 54(d), "Clean Energy Finance and Investment Authority" was changed to "Connecticut Clean Energy Authority" 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
Clean Energy Finance and Investment Authority	GF – See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill renames the Clean Energy Finance and Investment Authority to the Connecticut Clean Energy Authority (CCEA) and allows it to issue revenue bonds. This will not result in a state or municipal liability for the bonds because the language specifies that the debt is not the responsibility of the State of Connecticut or any municipality.

The bill also permits CCEA to issue up to $100 million in bonds backed by a special capital reserve fund (SCRF) account. If the CCEA was unable to maintain the SCRF at its minimum capital reserve level, the bill requires that the SCRF be refilled from General Fund resources. This would result in: (1) a negative impact on General Fund cash flow and (2) a loss of short-term interest on the amount transferred to the SCRF. The SCRF level for $100 million is the lesser of: (1) one year's principal and interest on the bonds or (2) ten percent of the issue ($10 million).

The table below shows the amount of outstanding debt backed by SCRF accounts as of February 1, 2011. The minimum capital reserve is: (1) the amount that must be maintained in the SCRF and (2) the maximum annual General Fund liability for the SCRF if no funds were available from the issuing authority to pay debt service.

SCRF bonds are a contingent liability of the state, which do not count against the state's statutory limit on General Obligation (GO) bonds in CGS Sec. 3-21[1].

Amount of Debt Backed by Special Capital Reserve Funds and Minimum Capital Reserve Requirements as of February 1, 2011 ($-millions)		
Issuing Authority	Outstanding SCRF-backed Debt	Minimum Capital Reserve Required for SCRF
Connecticut Development Authority (CDA)	4.6	1.5
Connecticut Health and Educational Facilities Authority (CHEFA)	265.3	28.4
Connecticut Higher Education Supplemental Loan Authority (CHESLA)	189.2	19.4
Connecticut Housing Finance Authority (CHFA)	3795.5	286.2
Connecticut Resource Recovery Authority (CRRA)	35.8	10.9
City of Waterbury Special Capital Reserve Fund	35.3	6.8

The bill allows CCEA to qualify for an allocation of private activity bonds, which has no state fiscal impact because these bonds are not a financial obligation of the state.

The bill expands the state treasurer's procedures for approval of bonds backed by SCRFs to apply to bonds issued by CCEA. This provision is conforming and has no fiscal impact.

Lastly, the bill transfers a number of the Department of Energy and Environmental Protection's powers and responsibilities to PURA. These provisions have no fiscal impact.

[1] CGS Sec. 3-21 imposes a ceiling on the amount of General Fund-supported debt that the Legislature may authorize that is equal to 1. 6 times net General Fund tax receipts

Background

The state permits quasi-public authorities to issue SCRF-backed bonds because the SCRF provides a higher level of repayment security, which results in a lower rate of interest on the bond issuance.

A SCRF is a debt service reserve fund that is set up at the time the bonds are issued, in an amount equal to the lesser of either one year's principal and interest on the bonds or ten percent of the issue. If the borrower makes the scheduled debt service payments, the interest earnings on the reserve fund will pay the interest on the bonds that created it and the principal will go to retire the final maturity of the bond issue. If the borrower is unable to pay all or part of the scheduled debt service payments, the reserve may be drawn upon to pay debt service. The reserve provides up to a year's adjustment time to deal with a revenue shortfall. When the SCRF has been drawn down in part or completely, a draw on the General Fund is authorized and the reserve is fully restored. The draw on the General Fund is deemed to be appropriated and is not subject to the constitutional or statutory appropriations cap. All that is required is a certification by the issuing authority of the amount required. If draws on a SCRF continue, the annual draws on the General Fund required to refill it also continue.

The Out Years

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

projected by the Finance, Revenue and Bonding Committee for the fiscal year in which the bonds are authorized.

OLR Bill Analysis

sSB 415

AN ACT CONCERNING THE OPERATIONS OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION, THE ESTABLISHMENT OF A COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY PROGRAM, WATER CONSERVATION AND THE OPERATIONS OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY.

SUMMARY:

This bill makes a wide range of changes to the laws governing the Clean Energy Finance and Investment Authority (CEFIA), the Department of Energy and Environmental Protection (DEEP), and the Public Utilities Regulatory Authority (PURA, part of DEEP). It transfers a number of DEEP's powers and responsibilities to PURA.

The bill requires electric and gas companies to develop a combined conservation plan, as is current practice, rather than requiring each company to develop a plan. It requires the companies to develop the plan every two years, rather than annually.

By law, electric companies must provide standard service to small - and medium-size customers who do not choose a competitive supplier. The bill transfers approval of a plan to procure power for this service and associated reporting requirement from DEEP to PURA. It requires PURA to share the bids it gets under the plan with the DEEP commissioner.

The bill renames CEFIA the Connecticut Clean Energy Authority (CCEA) and allows it to issue revenue bonds with terms of up to 30 years. It allows the bonds to be backed by (1) Clean Energy Fund revenues, including the renewable energy charge on electric bills and (2) the full faith and credit of any public or private body. The state pledges not to alter this charge until the clean energy bonds are paid

off. It allows the authority to issue bonds that are federally taxable. The clean energy bonds are not state obligations and do not count against the state debt limit. The bill exempts the bonds and authority projects from most state taxes.

The bill authorizes the establishment of a special capital reserve fund (SCRF) backing with authority bonds. The creation of a SCRF requires approval of the Office of Policy and Management (OPM) secretary and state treasurer. The maximum amount in bonds backed by SCRF is $100 million. If funding in the reserve falls below the mandated level, the shortfall is "deemed appropriated" from the General Fund, i.e., taxpayers are contingently liable for the shortfall.

The bill entitles the CCEA to part of the allocation of the state's private activity bond cap, which is currently earmarked for municipalities, the Connecticut Higher Education Supplemental Loan Authority, and the Connecticut Student Loan Foundation (27.5% of the capped amount that goes to municipalities, the authority, and the foundation under current law).

The bill makes the authority a quasi-public authority and eliminates a provision that places it, for administrative purposes only, in Connecticut Innovations, Inc. It exempts the authority's directors and staff from personal liability for their actions, so long as they are not wanton, reckless, willful, or malicious.

It allows PURA to retain consultants for proceedings before relevant federal agencies, with the cost borne by affected utilities.

The law allows municipalities to establish property assessed clean energy (PACE) programs to provide loans for energy efficiency and renewable energy improvements. The loans are backed by an assessment on the benefitted property, and the property is subject to a lien for the assessment. Under current law, the lien is treated like a tax lien but does not take priority over existing mortgages. Federal action has effectively stopped implementation of such programs for residential properties.

The bill establishes a separate commercial PACE program (including multifamily buildings of at least five units) and limits the current program to one to four-unit residential buildings. With regard to commercial properties, the bill (1) requires that projected savings exceed improvement costs and (2) limits loans on these properties to 20% of their fair market value.

Unlike the current program, the bill allows for variable interest PACE loans for commercial properties, subject to disclosure of their risks. The lien for the assessment takes priority over current mortgages for commercial or industrial property, but the bill requires notice to existing mortgage holders at least 30 days before filing the lien.

The bill also makes minor, conforming, and technical changes.

EFFECTIVE DATE: Upon passage, except where indicated

§ 1 — DEEP COMMISSIONER

The bill specifies that references to the DEEP commissioner in the public utility statutes also include his designee.

§2 — PURA HEARING OFFICERS

The bill allows PURA directors (the three officials who head the agency) to assign hearing officers to consider any matter coming before the authority, rather than requesting the DEEP commissioner to appoint them. It requires a majority of all three directors, rather than just those on a panel, and makes a minor related change.

§ 4 — REGULATIONS

The bill allows PURA, rather than DEEP, to adopt regulations regarding competitive electric suppliers and standards for cogeneration systems, and renewable fuel resources. Under the bill, if adopted, these PURA standards must be in accordance with DEEP policies. Under current law, DEEP must consult with the OPM secretary in adopting the standards; the bill does not require PURA to do so.

§ 5 — PURA EMPLOYEES

The bill gives designees of the PURA directors, rather than PURA employees, the right to enter utility facilities.

§ 6 — PURA MANAGEMENT AUDITS

The bill eliminates the restriction that PURA management audits of utility companies be done within available appropriations (PURA is funded by assessments on the industries it regulates). The bill allows PURA to electronically submit the audit to the Energy and Technology Committee. (The bill applies this provision on electronic submission to other reports PURA must provide to the committee.)

§ 7 — RATE DESIGN INVESTIGATION

The bill requires that the PURA investigation on rate design be guided by DEEP's statutory goals and the goals of the comprehensive energy plan and the integrated resources plan (IRP), rather than statutory energy policy. It is unclear whether this provision has any effect, since the law required the Department of Pubic Utility Control (PURA's predecessor) to issue its final orders on the investigation in 1977. By law, PURA must investigate developments in pricing principles and rate structures, as it deems appropriate, at least every other year.

§ 8 — PARTICIPATION IN RATE CASES BY STATE AGENCIES

The bill broadens the circumstances when DEEP, the Department of Economic and Community Development, and the Siting Council can be made parties to electric and gas rate cases by eliminating a requirement that the case be tied to a need to finance expanded facilities and capital equipment.

§§ 10, 11, 82 — ELECTRIC AND GAS CONSERVATION PLANS

The bill requires electric and gas companies to develop a combined conservation plan, as is current practice, rather than requiring each company to develop a separate plan. It requires that the combined plan contain the same information currently contained in the electric companies' conservation plans. It generally requires the combined

plan to be subject to the same analysis currently required for the electric plan, but it (1) extends to proposed gas conservation programs, the evaluation, measurement, and verification measures that currently only apply to electric programs and (2) requires the cost-effectiveness test of programs in the plan consider all energy savings. Under the bill, the plans must be submitted to the Energy Conservation Management Board (ECMB) and DEEP for approval by October 1, 2012 and every two years thereafter. Current law implicitly requires that the electric company plans be filed annually; and requires that gas company plans be filed biennially.

By law, ECMB must report annually to the Energy and Technology Committee on the Energy Efficiency Fund. The bill eliminates the requirement that the report describe activities done in collaboration with the Clean Energy Fund.

Under current law, ECMB must report every five years to the Energy and Technology Committee on the program and activities of the Energy Efficiency Fund. The bill instead specifies that this report must cover the programs and activities contained in the combined electric and gas conservation plan.

§ 12 — ELECTRIC RELIABILITY REPORT

The bill requires PURA, rather than DEEP, to determine what counts as a major storm or scheduled outage for purposes of calculating statistics for the annual report to the Energy and Technology Committee on electric reliability.

§ 13 — COMPETITIVE SUPPLIERS REPORT

The bill transfers responsibility to report to the Energy and Technology Committee on competitive electric suppliers from DEEP to PURA and allows PURA to submit this report electronically.

§ 14 — CONNECTICUT ENERGY ADVISORY BOARD

The bill limits the Connecticut Energy Advisory Board (CEAB) report to the legislature on DEEP programs to those DEEP administers under utility and energy policy laws (Titles 16 and 16a, as distinct from

environmental programs DEEP administers under title 22a). The bill requires DEEP to consult with CEAB on the comprehensive plan mandated by PA 11-80, as well as the IRP required under current law.

§ 15 — ELECTRIC COMPANY STANDARD SERVICE/IRP

The bill requires PURA to oversee implementation of the standard service procurement plan. By law, the electric companies must procure power to serve small- and medium-size customers who do not choose a competitive supplier.

By law, PURA must oversee the implementation of the IRP. If the IRP calls for new generation, PURA must issue a request for proposals. The bill requires PURA to share the bids it gets under this provision with the DEEP commissioner.

§ 17 — EMINENT DOMAIN AND ENERGY FACILITIES

The bill eliminates the need to get CEAB approval for a municipality to take an energy facility by eminent domain, but retains the need for DEEP and Siting Council approval. It makes a minor related change.

§ 18 — DEEP COMPREHENSIVE PLAN

The law requires DEEP to develop a comprehensive energy plan based on the IRP, conservation plans, and other information. The bill makes minor changes in notice requirements regarding the comprehensive plan. It appears to eliminate the commissioner's ability to reject (as distinct from modify) the comprehensive plan and instead requires him to "finalize" the plan.

It allows for recovery of all of the cost of developing the comprehensive plan from the PURA assessment. Under current law, the electric companies' cost for developing the resources assessment component is funded from the systems benefits charge on electric bills.

The bill eliminates a requirement that PURA's decisions be (1) guided by the law's goals for DEEP and the goals of the comprehensive energy plan and the IRP and (2) based on the evidence

in the record of each proceeding.

§ 19 — INTEGRATED RESOURCES PLAN

The bill modifies the process for developing and approving the IRP. Under current law, DEEP, in consultation with the electric companies and CEAB, must (1) assess future electric needs and how best to meet them, among other things and (2) develop an IRP to procure resources, including energy efficiency as well as power, to meet these needs. Current law refers to a procurement plan as well as the IRP; in practice they are part of the same document.

The bill eliminates the requirement that the procurement manager in PURA (1) develop the procurement plan in consultation with electric companies, CEAB, and the entity that administers the regional wholesale electric market and (2) hold hearings on the plan.

The bill increases the comment period on the proposed IRP from 45 to 60 days. It makes minor changes in how DEEP publicizes the proposed plan and requires the notice of the hearing on the IRP to state how and when comments can be submitted to the DEEP commissioner. It eliminates requirements that (1) DEEP's energy bureau, after holding a hearing, make recommendations on modifying the plan and (2) DEEP approve or reject the IRP. Instead, it requires the DEEP commissioner to "finalize" the plan after holding at least one public hearing on it. It allows the commissioner to modify the plan, without following the plan adoption process, for clerical changes.

The bill delays the next report to the Energy and Technology and Environment committees on the IRP from March 1, 2012, to two years after adoption of the comprehensive plan. It expands the report to cover the comprehensive plan. It allows DEEP to file the report electronically.

Under current law, the costs of developing the IRP and the procurement plan are recovered by the PURA assessment on the companies it regulates. The bill (1) specifies that these are the reasonable costs of developing these plans and (2) extends this

provision to cover the reasonable costs of developing the plan to procure power for standard service (see next section).

§§ 20, 22 & 23 — PROCURING POWER FOR STANDARD SERVICE

By law, (1) the electric companies must provide standard service for their small- and medium-size customers who are not served by competitive suppliers and (2) the procurement manager must develop a plan to procure this power. The bill clarifies that the procurement manager is in PURA, rather than DEEP (current law has conflicting provisions on this). It requires the procurement manager to consult with DEEP in developing the plan.

The bill requires PURA, rather than DEEP, to review and approve the plan but specifically allows the DEEP commissioner, to participate in the proceeding in which bids are reviewed. By law, the Office of Consumer Counsel (OCC) and the attorney general can participate in this proceeding. The bill requires PURA, rather than DEEP, to report (in consultation with DEEP) to the Energy and Technology Committee annually on the procurement plan and its implementation, and allows PURA to submit the report electronically.

§ 24 — BUY-DOWNS OF STANDARD SERVICE CONTRACTS

The bill requires PURA, rather than DEEP, to (1) conduct a proceeding, at the request of an electric company, to consider the buy down of the company's current standard service contract to reduce ratepayer bills; (2) conduct a cost benefit analysis of the buy-down; and (3) approve it if it is in ratepayers' best interest.

§ 25 — CONNECTICUT CLEAN ENERGY AUTHORITY

The bill renames CEFIA, CCEA. As of the bill's effective date, CCEA is the successor to CEFIA for the purposes of administering the Clean Energy Fund. The bill specifies that the new authority is a political subdivision of the state instead of within Connecticut Innovations.

The bill requires that the authority's board members elect the president of the authority (its CEO).

The bill allows CCEA to secure any bonds it issues with special capital reserve funds (SCRFs), discussed below.

§ 32 — ELECTRIC SUPPLIERS' TIME OF USE RATES

The bill delays, from July 1, 2011 until July 1, 2012, the requirement that competitive electric suppliers offer time of use rates as a condition of their continued licensure. These rates charge different prices during peak and off-peak hours to help customers interested in lowering their overall bills.

§ 33 — COMBINED HEAT AND POWER PROGRAM

Under current law, CEFIA must establish a three-year pilot program to provide financial incentives for installing combined heat and power systems with a generating capacity of less than 2 megawatts. The bill expands the maximum size of such systems under the program to 5 megawatts.

§ 34 — RENEWABLE PORTFOLIO STANDARD COMPLIANCE

By law, CEFIA must establish a program to promote residential photovoltaic systems. Under current law, renewable energy produced by such systems that (1) receive tariff payments or (2) are included in utility rates count towards the electric company's renewable portfolio standard (RPS) requirements. The bill excludes energy from facilities that receive tariff payments from this provision.

§§ 35 & 36 — LONG TERM CONTRACTS WITH ZERO-EMISSION GENERATORS

The bill specifies how electric companies can recover their costs in complying with a law that requires them to develop plans to solicit and procure contracts for renewable energy credits (REC) produced by zero-emission technologies.

The bill entitles electric companies to recover their reasonable costs in preparing the solicitation plan through a reconciling component of rates as determined by PURA

It entitles the companies to recover their reasonable costs and fees

for (1) preparing the solicitation plan and (2) soliciting and filing the contracts with PURA. They must recover these costs and fees through a reconciling component of rates as determined by PURA, until the company's next rate case in the case of the contract-related costs and fees.

The bill requires PURA to approve modifications to a procurement plan the same way it approves the original plan

By law, electric companies are not required to enter into a contract in 2012 that provides a payment of more than $350 per REC. Under current law, an electric company need not enter into a contract in subsequent years that provides for a payment in any year of the contract that exceeds the cap for the prior year by less than 3%. The bill instead allows companies to reject contracts that exceed the prior year's cap, less 3%, thereby reducing the cap over time.

§§ 37 & 38 — LONG TERM CONTRACTS WITH LOW-EMISSION GENERATORS

Current law requires the electric companies to solicit long-term contracts to buy RECs produced by class I renewable generation sources that meet specified air emission levels. The bill opens this program to all class I renewable generators by eliminating caps on the maximum allowable nitrogen oxides, carbon monoxide, and volatile organic compound emissions. By law, class I renewable resources include solar and wind power and the power produced by fuel cells and certain biomass facilities, among other sources.

The bill entitles electric companies to recover their reasonable costs in preparing the solicitation plan and soliciting and filing contracts under the low-emission REC program through a reconciling component of rates as determined by PURA until the company's next rate case.

§ 40 — DEEP REPORT ON UTILITY RATE DISCOUNTS

By law, DEEP must conduct a proceeding by June 30, 2012 to develop discounted rates for low-income electric and gas company

customers. The bill delays the deadline for DEEP to report on rate discounts from February 1, 2012 to October 1, 2012. It allows DEEP to submit the report electronically.

§§ 41 & 42 — COMPETITIVE ELECTRIC SUPPLIERS

The bill transfers, from DEEP to PURA:

1. responsibility for establishing a form by which a customer can opt out of having his or her contact information and rate class made available to competitive suppliers,

2. the authority to specify the time in which an electric company must provide customer information to a supplier,

3. the right to receive records of signed service contracts,

4. the authority to adopt implementing regulations,

5. the authority to impose civil penalties for violations of these laws, and

6. the requirement to adopt regulations on standard billing format for suppliers.

§ 43 — REPLACEMENT FURNACE FINANCING PROGRAM

The bill makes ductless heat pumps eligible for a DEEP program that allows residential customers to finance, through on-bill financing or other mechanism, the installation of energy efficient replacement heating equipment to replace (1) older and less efficient burners, boilers, and furnaces and (2) electric heating systems.

§ 44 — COMBINED HEAT AND POWER FINANCIAL INCENTIVE PROGRAM

The bill increases, from one to five megawatts, the maximum size of combined heat and power (cogeneration) systems eligible for financial incentives under a DEEP program.

§ 45 — ENERGY EFFICIENCY IN STATE BUILDINGS

The bill allows the DEEP commissioner in consultation with the OPM secretary, rather than the secretary, to require efficiency measures for state buildings. By law, the reports must be submitted annually by January 5.

§ 46 — VIRTUAL NET METERING

By law, owners of buildings with class I renewable resources get billing credits when their facilities generate more power than the owner uses. Municipalities can transfer these credits among buildings they own under a program known as virtual net metering. The bill extends this program to state agency buildings.

The law caps the maximum amount of subsidy that electric ratepayers who do not participate in this program can provide to participating customers. The bill requires PURA, rather than DEEP to (1) administer this subsidy cap and (2) submit a report annually on the program's cost to the Energy and Technology Committee.

§ 48 — RENEWABLE ENERGY GENERATION FACILITIES

The law allows electric companies and other generators, with DEEP approval, to develop a total of up to 30 megawatts of generating capacity from class I facilities that emit no pollutants. The electric companies and generators must submit their requests to DEEP by July 1, 2013. The bill makes all class I resources eligible for this provision, thereby making fuel cell and certain biomass facilities eligible for the program.

§ 49 — ENERGY AUDITS FOR OIL-HEATED HOMES

Under current law, the home energy services audit program subsidizes customers who heat with oil or other nonutility fuels. Although the program is funded by charges on gas and electric bills, the law requires that the audit charge must be the same, regardless of how the property owner heats his or her home. Current law limits the subsidy that customers who heat with gas or electricity provide to those who heat with oil or other nonutility fuels to $500,000 per year.

The bill eliminates the (1) requirement that the audit charge be the

same regardless of how a person heats his or her home and instead requires that the charge reflect the contributions made to the Energy Efficiency Fund by each type of customer, subject to a $75 cap (the current charge) and (2) cap on the subsidy provided to customers who use non-utility heating systems.

§ 50 — RATE-BASING ENERGY EFFICIENCY INVESTMENTS

The bill requires DEEP, rather than PURA, to analyze the costs and benefits of allowing electric companies to earn a rate of return on their long-term efficiency investments. It (1) allows any affected stakeholder to submit relevant information and (2) requires DEEP to consult with PURA and OCC on rate impacts on ratepayers. The bill (1) requires DEEP, rather than PURA, to report to the Energy and Technology Committee on the analysis, (2) delays the reporting deadline from February 1, 2012 to October 1, 2012, and (3) allows DEEP to submit the report electronically.

§ 52 — GREEN BUILDINGS TAX CREDIT PROGRAM

The bill transfers the administration of the tax credit program for green buildings from OPM to DEEP.

§ 53 — DEEP REGULATIONS

The bill allows the DEEP commissioner or his designee to adopt regulations whenever the laws governing utilities and energy policy authorize the department to do so.

§§ 54 & 55 — PROPERTY ASSESSED CLEAN ENERGY PROGRAMS

Current law allows municipalities to establish PACE programs under which they loan money to local residents and businesses for energy efficiency and renewable energy improvements. The loans are backed by a lien on the improved property that is treated like a property tax lien, other than not having priority over existing mortgages.

The bill establishes a separate PACE program for qualifying commercial property (including multifamily buildings with five or

more units). It limits the current program to one- to four-unit residential buildings

The bill's provisions are generally similar to current law. But, the bill:

1. specifically allows the commercial program to include provisions to facilitate statewide energy improvements;

2. explicitly requires that bonds for the commercial program be issued in conformance with law governing municipal bonds;

3. allows, rather than requires, that the bonds be secured by assessments on the participating properties;

4. allows a municipality that establishes a commercial program to use a third-party administrator to obtain financing for the program;

5. requires that the energy audit or renewable energy feasibility analysis assess the energy cost savings of the proposed project over its useful life;

6. limits the assessment to 20% of the property's fair market value;

7. gives the lien priority over existing mortgages, but in the case of commercial or industrial property, requires that the property owner give existing mortgagee holders at least 30 days' written notice of his or her intent to participate in the program before the lien if recorded;

8. only allows the municipality to enter into a financing agreement with the property's owner; and

9. authorizes variable interest loans.

Under the bill, the notice that must be given to prospective participants in the commercial program is somewhat different than that required under current law. Under current law, the municipality

must give prospective participants a notice that encourages them to seek legal advice to understand the potential consequences of participating in the program. Under the bill, municipalities that establish commercial programs must disclose to the property owner:

1. the costs and risks associated with participating in the program, including risks related to the failure of the property owner to pay the benefit assessment; and

2. the effective interest rate of the benefit assessment, including fees charged by the municipality to administer the program, and the risks associated with variable interest rate financing.

The bill requires the municipality to notify the owner that he or she may rescind any financing agreement under the program within three business days after entering the agreement.

EFFECTIVE DATE: July 1, 2012, except for the change to the existing PACE program, which is effective upon passage.

§ 56 — PURCHASED GAS ADJUSTMENT CLAUSE

The bill modifies hearing requirements for the purchased gas adjustment clause. Under current law, PURA must hold a hearing on the clause at least once every six months or when it considers a hearing necessary. The bill instead requires PURA to hold a hearing at least annually or at the request of the Office of Consumer Counsel, which represents ratepayers in PURA proceedings. The bill continues to require PURA to hold a hearing when it considers it necessary.

EFFECTIVE DATE: July 1, 2012

§ 57 — PURA CONSULTANTS FOR FEDERAL PROCEEDINGS

The bill allows PURA to retain consultants to assist or supplement its staff for proceedings before various federal agencies The agencies are: the Federal Energy Regulatory Commission, U.S. Department of Energy, U.S. Nuclear Regulatory Commission, U.S. Securities and Exchange Commission, Federal Trade Commission, U.S. Department

of Justice, and Federal Communications Commission.

Under the bill, the utility or other regulated entity affected by the decisions of the proceeding must bear the reasonable and proper expenses of the consultants. The expenses must be paid when and in a way PURA directs. The expenses (1) must be apportioned in proportion to the revenue of each affected entity for the most recent period as reported to PURA under current law and (2) may not exceed $250,000 per proceeding, including any appeals, in any calendar year, unless PURA finds good cause for exceeding the limit. PURA must recognize these expenses as proper business expenses for inclusion in rates it regulates.

EFFECTIVE DATE: July 1, 2012

§ 58 — PURA POWER PROCUREMENT PROCEEDINGS

The bill specifies that all requests for proposals or any other procurement process administered by PURA to acquire electricity products or services for the benefit of ratepayers must be uncontested. An example of such a process is the one PURA uses to procure power for standard service.

EFFECTIVE DATE: July 1, 2012

§ 60 — ACTING ON UTILITY WHISTLEBLOWER COMPLAINTS

The bill increases, from 30 to 90 business days, the time PURA has to make its preliminary findings after receiving a whistle-blowing complaint from an employee or contractor in the energy industry.

EFFECTIVE DATE: July 1, 2012

§§ 64 & 65 — CLEAN ENERGY AUTHORITY BONDS

The bill allows the CCEA (currently CEFIA) to issue revenue bonds with terms of up 30 years. The authority must use the bond proceeds for its purposes under current law, which include the promotion of renewable energy and the financing of energy efficiency projects.

The bill allows:

1. the authority to issue bonds backed by Clean Energy Fund revenues, including the existing renewable energy charge on electric bills;

2. the bonds to be backed by the full faith and credit of any public or private body; and

3. the authority to issue bonds that are federally taxable.

Under the bill, the state pledges not to alter the renewable energy charge until (1) the bonds are paid off or (2) it makes adequate provisions to protect the bondholders.

Under the bill, the clean energy bonds are not state obligations and only the authority is liable for them. They do not count towards the state's bond cap.

The bill allows the authority to determine how it will issue and repay the bonds and specifies the kinds of terms and conditions it may include in its agreements with the bondholders. The bill makes the bonds securities in which governments and private entities may invest. The authority may sell the bonds (1) at a public sale on sealed proposals at a price and time it chooses or (2) by negotiating with investors.

The bill authorizes or requires several actions to assure bondholders that the authority will repay them. It specifies that the state will not limit or alter the authority's rights until the authority repays its outstanding bonds. The bill also allows the authority to secure that pledge by entering into agreements with a trustee representing the bondholders' interests (i.e., a trust of indenture agreement). The act requires the authority to secure principal and interest payments by pledging its revenue, which is also immediately subject to lien without any action on the bondholders' part.

The bill allows the authority to issue bonds to refund its outstanding bonds and specifies conditions for doing so.

The bill exempts the principal and interest payments to the bondholders from all taxes except estate and succession taxes, but requires bondholders to include these payments when computing excise and franchise taxes.

EFFECTIVE DATE: July 1, 2012

§ 66 — SPECIAL CAPITAL RESERVE FUNDS FOR BONDS

The bill allows CCEA to establish of one or more special SCRFs in connection with its bonds. The issuance of bonds backed by a SCRF requires approval of the OPM secretary or his deputy and the treasurer. The maximum amount in bonds backed by SCRF is $100 million.

Money credited to and held in the SCRF must be used solely to (1) buy, or pay interest or principal on, the bonds the fund secures or (2) pay redemption premiums on them if they are redeemed before maturity. Funding in the SCRF cannot fall below a minimum capital reserve level.

Although the bonds secured by a SCRF are not backed by the state's full faith and credit, the state undertakes a contingent liability for the bonds by allowing the authority to establish these funds. The state's liability is to maintain the minimum reserve on an annual basis and restore it to the minimum if it falls below the required amount in any particular year. If funding in the SCRF falls below the mandated level as of December 1st of any year, the shortfall is "deemed appropriated" from the General Fund. The shortfall must be repaid within one year, subject to bondholder agreements.

EFFECTIVE DATE: July 1, 2012

§ 67 — PRIVATE ACTIVITY BOND CAP

The bill entitles CCEA to part of the allocation of the state's private activity bond cap, which is currently earmarked to municipalities, CT Higher Education Supplemental Loan Authority, and CT Student Loan Foundation (27.5% of the capped amount goes to municipalities and

authorities under current law)

Private activity bonds are issued by quasi-public authorities and municipalities. They are backed by the credit of private borrowers or pools of borrowers, who pay the bond debt service. Federal law (1) caps the amount of such bonds that can be issued in each state each year and (2) exempts these bonds from federal tax if they are issued for specified purposes.

EFFECTIVE DATE: July 1, 2012

§ 70 — TREASURER APPROVAL OF SCRFS

The bill expands the procedures for state treasurer approval of bonds backed by SCRFs to apply to such bonds issued by CCEA.

§ 71 — CLEAN ENERGY AUTHORITY - EXEMPTION FROM PERSONAL LIABILITY

The bill exempts directors and staff of the Connecticut Clean Energy Authority from personal liability for their actions, so long as they are not wanton, reckless, willful, or malicious.

§77 — PURA WATER CONSERVATION DOCKET

The bill requires PURA to hold a docket (proceeding) on measures to promote water conservation. PURA must report to the Energy and Technology Committee by January 1, 2013 on its findings and recommended implementing language.

§§ 82 & 83 — WATER CONSERVATION RATE ADJUSTMENTS

By law, PURA may allow a water company to use a rate adjustment (e.g., a surcharge) in the period between rate cases in order to recover the depreciation, property taxes, and related return for certain company capital projects that have been completed. The bill allows the use of this mechanism for (1) energy efficient equipment, (2) investments in renewable energy supplies, and (3) capital improvements needed to comply with DEEP's stream flow regulations.

The bill increases, from 7.5% to 10% of the water company's

revenues, the amount of the adjustment between rate cases. By law, the rate adjustment cannot exceed 5% of these revenues in any 12-month period.

§ 84 — REPEALERS

The bill repeals (1) the DEEP adjudication unit, (2) requirements for gas companies to file conservation plans for PURA approval (§ 10 requires a combined plan from the electric and gas companies), and (3) one of two duplicative statute sections dealing with weatherization programs.

EFFECTIVE DATE: July 1, 2012

BACKGROUND

Related Bills

SB 450, favorably reported by the Energy and Technology Committee, eliminates the cap on subsidies for energy audits of non-utility heated homes so long as funding for the audits is provided under the utilities' conservation plans.

sHB 5474, favorably reported by the Energy and Technology Committee, transfers a number of DEEP's powers and responsibilities to PURA, including a number of those transferred in this bill.

sSB 413, favorably reported by the Finance, Revenue and Bonding Committee has similar provisions on CCEA bonding and private activity bonds.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 15 Nay 6 (03/28/2012)