



OLR RESEARCH REPORT

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ENERGY PROVISIONS IN BONDING BILL

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You asked for a summary of the energy-related provisions of the governor's bonding bill (sSB 25), favorably reported by the Finance, Revenue and Bonding Committee.

SUMMARY

The bill replaces a requirement that Connecticut Innovations, Inc. (CII) establish a program to provide grants to municipalities to purchase and operate renewable energy sources and other energy efficient generation sources for their buildings with a requirement that the Clean Energy Finance and Investment Authority (CEFIA) establish a similar program for any entity, not just municipalities, undertaking these types of projects. (The CII program has not been implemented to date.) The bill allows CEFIA to provide loans and other types of financing as well as grants.

The bill transfers an existing \$18 million bond authorization for the municipal grant program, which the Bond Commission never allocated, to CEFIA for the financing program. The bonds are subject to standard statutory issuance and repayment requirements and their proceeds go into a separate account within the Clean Energy Fund.

GENERATION PROGRAM

The bill requires CEFIA to establish the program in consultation with the departments of Energy and Environmental Protection and Economic and Community Development, and the State Treasurer. Current law requires CII to establish the municipal program in consultation with the Public Utilities Regulatory Authority, the State Department of Education, and the Department of Emergency Services and Public Protection.

CEFIA must develop an application form for program by November 1, 2012 and can receive applications starting on this date. As under current law, applications must include a complete description of the proposed generation source.

Current law provides grants to municipalities to purchase and operate, for municipal buildings, (1) renewable energy sources, including solar energy, geothermal energy, and fuel cells or other energy-efficient hydrogen-fueled energy and (2) energy-efficient generation sources, including cogeneration units that are at least 65% efficient. The bill allows CEFIA to provide grants, loans, or other types of financial assistance for any entity purchasing, installing, and operating these types of projects. It makes all entities rather than just municipalities, eligible for the program.

Under current law, CII must give priority to applications for grants for disaster relief centers and high schools. Each grant must make the cost of purchasing and operating the generation source competitive with the municipality's current electricity expenses. The bill instead requires CEFIA to give priority to applications for projects that use major system components manufactured or assembled in Connecticut. The financial assistance must make the cost of purchasing, installing, and operating the generation source competitive with the grid's or other end users' current electricity expenses.

The bill allows CEFIA to use up to 2.5% of the program funds to make grants to support workforce development initiatives in connection with the projects.

By January 1, annually, starting in 2013, CEFIA, instead of CII, must report on the program's effectiveness to the Energy and Technology Committee.

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