House of Representatives

General Assembly

File No. 427

January Session, 2013

Substitute House Bill No. 6360

House of Representatives, April 9, 2013

The Committee on Energy and Technology reported through REP. REED of the 102nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY.

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

Section 1. Section 16-19tt of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) In any rate case initiated on **[**and**]** or after June 4, 2007, and before the effective date of this section, the Public Utilities Regulatory Authority shall order the state's gas and electric distribution companies to decouple distribution revenues from the volume of natural gas or electricity sales through any of the following strategies, singly or in combination: (1) A mechanism that adjusts actual distribution revenues to allowed distribution revenues, (2) rate design changes that increase the amount of revenue recovered through fixed distribution charges, or (3) a sales adjustment clause, rate design changes that increase the amount of revenue recovered through fixed distribution charges, or both. In making its determination on this matter, the authority shall consider the impact of decoupling on the

gas or electric distribution company's return on equity and make necessary adjustments thereto.

(b) In any rate case initiated on or after the effective date of this section, the Public Utilities Regulatory Authority shall order the state's gas and electric distribution companies to decouple distribution revenues from the volume of natural gas and electricity sales through a mechanism that adjusts actual distribution revenues to allowed distribution revenues.

Sec. 2. Subsections (b) and (c) of section 16-32f of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Not later than October 1, 2005, and **[**annually**]** every three years thereafter, **[**a gas company**]** gas companies, as defined in section 16-1, in coordination with the electric distribution companies, shall submit to the **[**Public Utilities Regulatory Authority a gas**]** Energy Conservation Management Board a combined gas and electric conservation plan, in accordance with the provisions of this section, and applicable provisions of section 16-245m, as amended by this act, to implement cost-effective energy conservation programs and market transformation initiatives. All supply and conservation and load management options shall be evaluated and selected within an integrated supply and demand planning framework. Services provided under the plan shall be available to all gas company customers. Each gas company shall apply to the Energy Conservation Management Board for reimbursement for expenditures pursuant to the plan. **[**The authority shall, in an uncontested proceeding during which the authority may hold a public hearing, approve, modify or reject the plan.**]**

(c) (1) The Energy Conservation Management Board shall advise and assist **[**each such gas company**]** the gas and electric companies in the development and implementation of the plan submitted under subsection (b) of this section. Each program contained in the plan shall be reviewed by **[**each such gas company**]** the gas and electric

companies and shall be either accepted, modified or rejected by the Energy Conservation Management Board before submission of the plan to the [authority] Commissioner of Energy and Environmental Protection for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs.

(2) Programs included in the plan shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that the programs are designed to obtain [gas] energy savings whose value is greater than the costs of the program. Program cost-effectiveness shall be reviewed annually by the authority, or otherwise as is practicable. If the authority determines that a program fails the cost-effectiveness test as part of the review process, the program shall either be modified to meet the test or be terminated. On or before January 1, 2007, and annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment, that documents expenditures and funding for such programs and evaluates the cost-effectiveness of such programs conducted in the preceding year, including any increased cost-effectiveness owing to offering programs that save more than one fuel resource.

(3) Programs included in the plan may include, but are not limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes that are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, engineering studies and services related to new construction or major building renovations; (E) the design,

manufacture, commercialization and purchase of energy-efficient appliances, air conditioning and heating devices; (F) program planning and evaluation; (G) joint fuel conservation initiatives and programs targeted at saving more than one fuel resource; **[**and**]** (H) conservation of water resources; and (I) public education regarding conservation. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs, provided such consultants shall not be employed by, or have any contractual relationship with, a gas company. Such costs shall not exceed five per cent of the total cost of the plan.

Sec. 3. Section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) On and after January 1, 2000, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of **[**three**]** six mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company to be used to implement the program as provided in this section for conservation and load management programs but not for the amortization of costs incurred prior to July 1, 1997, for such conservation and load management programs.

(2) Notwithstanding the provisions of this section, receipts from such charge shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the authority shall, on or before October 30, 2003, issue a financing order for each affected electric distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of conservation and load management programs by substituting an equivalent amount, as determined by the authority in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The authority may authorize in such financing order the

issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both the charge under this subsection and under subsection (b) of section 16-245n and also may, in its discretion, authorize the issuance of rate reduction bonds under this subsection and subsection (b) of section 16-245n that relate to more than one electric distribution company. The authority shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charge imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and by sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for conservation and load management programs, provided such expenditures were approved by the authority after August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge but such expenditures shall not exceed four million dollars per month. All receipts from the remaining charge imposed under this subsection, after reduction of such charge to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(3) Repealed by P.A. 11-61, S. 187.

(b) The electric distribution company shall establish an Energy

Conservation and Load Management Fund which shall be held separate and apart from all other funds or accounts. Receipts from the charge imposed under subsection (a) of this section shall be deposited into the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund by electric distribution companies to carry out the plan **[**developed**]** approved by the commissioner under subsection (d) of this section shall be authorized by the Public Utilities Regulatory Authority. **[**upon its approval of such plan.**]**

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

(d) (1) The Energy Conservation Management Board shall advise and assist the electric distribution and gas companies in the development **[**and implementation of a comprehensive plan, which plan shall be approved by the Department of Energy and Environmental Protection, to implement cost-effective energy

conservation programs and market transformation initiatives. Such**]** of the Conservation and Load Management Plan. The Energy Conservation Management Board shall approve the plan before transmitting it to the Commissioner of Energy and Environmental Protection for approval. Following approval by the commissioner, the board shall assist the companies in implementing the plan and collaborate with the Connecticut Clean Energy Finance Investment Authority to further the goals of the plan. Said plan shall include steps that would be needed to achieve the goal of weatherization of eighty per cent of the state's residential units by 2030. Each program contained in the plan shall be reviewed by **[**the electric distribution company**]** such companies and either accepted or rejected by the Energy Conservation Management Board prior to submission to the **[**department**]** commissioner for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges. The **[**Department**]** Commissioner of Energy and Environmental Protection shall, in an uncontested proceeding during which the **[**department**]** commissioner may hold a public **[**hearing**]** meeting, approve, modify or reject **[**the comprehensive**]** said plan prepared pursuant to this subsection.

(2) There shall be a joint committee of the Energy Conservation Management Board and the board of directors of the Connecticut Clean Energy Finance and Investment Authority. The **[**board and the advisory committee**]** boards shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Clean Energy Fund pursuant to section 16-245n with the programs and activities contained in the plan developed under this subsection and to provide financing to increase the benefits of programs funded by the plan so as

to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

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

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

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

and annually thereafter, the board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy, with the results and recommendations of completed program evaluations.

(5) Programs included in the plan developed under subdivision (1) of this subsection may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; (I) public education regarding conservation; and (J) demand-side technology programs recommended by the **[**integrated resources plan approved by the Department of Energy and Environmental Protection pursuant to section 16a-3a. The board shall periodically review contractors to determine whether they are qualified to conduct work related to such programs. Such support**]** Integrated Resources Plan. Support for such programs may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The Energy Conservation Management Board shall periodically review contractors to determine whether they are qualified to conduct work related to such programs and to ensure that in making the selection of contractors to deliver programs, a fair and equitable process is followed. The plan shall also provide for expenditures by the **[**Energy Conservation Management Board**]** board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall

not exceed five per cent of the total revenue collected from the assessment.

(e) Deleted by P.A. 11-80, S. 33.

(f) No later than December 31, 2006, and no later than December thirty-first every five years thereafter, the Energy Conservation Management Board shall, after consulting with the Connecticut Clean Energy Finance and Investment Authority, conduct an evaluation of the performance of the programs and activities **[**of the fund**]** specified in the plan approved by the commissioner pursuant to subsection (d) of this section and submit a report, in accordance with the provisions of section 11-4a, of the evaluation to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(g) Repealed by P.A. 06-186, S. 91.

Sec. 4. Section 22a-174j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[Not later than May 1, 2006, the Public Utilities Regulatory Authority shall complete an investigation of the potential impact on electric reliability and electric rates created by promulgation of the regulations under this section. If such investigation concludes that there is no negative impact on such reliability and rates, not later than July 1, 2006, the Commissioner of Energy and Environmental Protection shall, in conjunction with the Public Utilities Regulatory Authority and by regulations adopted**]** The Commissioner of Energy and Environmental Protection may adopt regulations, in accordance with chapter 54, to establish uniform emissions performance standards or other requirements to regulate emissions of carbon dioxide to the air from the generation of electricity supplied to end use customers in this state. Such performance standards or other requirements shall, to the greatest extent possible, be designed to improve air quality in this state and to further **[**the attainment of the National Ambient Air Quality Standards promulgated by the United States Environmental Protection Agency**]** the goals of the Regional Greenhouse Gas Initiative. Such

performance standards [shall] or other requirements may apply to emissions caused by electricity generation in any location in North America used to supply end use customers in this state, [shall] may limit emissions to levels consistent with those permitted from technically similar generators located in this state and [shall] may limit the amount of [air pollutants, including, but not limited to, nitrogen oxides, sulfur oxides and] carbon dioxide emitted per megawatt hour of electricity produced. Such performance standards or other requirements may provide for a program for purchase of offsetting reductions in emissions and trading of emission credits or carbon dioxide allowances.

Sec. 5. Section 16-244u of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):

(a) As used in this section:

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

(2) "Customer host" means an in-state retail end user of an electric distribution company that owns, leases or enters into a long-term contract for a virtual net metering facility and participates in virtual net metering;

(3) "Agricultural customer host" means an in-state retail end user of an electric distribution company that uses electricity for the purpose of agriculture, as defined in subsection (q) of section 1-1, owns an agricultural net metering facility and participates in agricultural virtual net metering;

[(3)] (4) (A) "Unassigned virtual net metering credit" means, in any given electric distribution company monthly billing period, a virtual net metering credit that remains after both the customer host and its

beneficial accounts have been billed for zero kilowatt hours related **[**solely**]** to the generation service charges and eighty per cent of the distribution and other service charges on such billings through virtual net metering;

(B) "Unassigned agricultural virtual net metering credit" means, in any given electric distribution company monthly billing period, an agricultural virtual net metering credit that remains after both the agricultural customer host and its beneficial accounts have been billed for zero kilowatt hours related to the generation service charges and eighty per cent of the distribution and other service charges on such billings through agricultural virtual net metering;

[(4)**]** (5) "Virtual net metering" means the process of combining the electric meter readings and billings, including any virtual net metering credits, for a municipal, state or agricultural customer host and a beneficial account related to such customer host's account through an electric distribution company billing process related **[**solely**]** to the generation service charges and eighty per cent of the distribution and other service charges on such billings;

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

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

(B) "Agricultural virtual net metering facility" means a Class I

renewable energy source that is operated as part of a business for the purpose of agriculture, as defined in subsection (q) of section 1-1 that: (i) Is served by an electric distribution company on land owned or controlled by an agricultural customer host and serves the electricity needs of the agricultural customer host and its beneficial accounts; (ii) is within the same electric distribution company service territory as the agricultural customer host and its beneficial accounts; and (iii) has a nameplate capacity rating of three megawatts or less.

(b) Each electric distribution company shall provide virtual net metering to its municipal, [customers] state or agricultural customer hosts and shall make any necessary interconnections for a virtual net metering facility. Upon request by a municipal, state or agricultural customer host to implement the provisions of this section, an electric distribution company shall install metering equipment, if necessary. For each municipal customer host, such metering equipment shall (1) measure electricity consumed from the electric distribution company's facilities; (2) deduct the amount of electricity produced but not consumed; and (3) register, for each monthly billing period, the net amount of electricity produced and, if applicable, consumed. If, in a given monthly billing period, a municipal, state or agricultural customer host supplies more electricity to the electric distribution system than the electric distribution company delivers to the municipal, state or agricultural customer host, the electric distribution company shall bill the municipal, state or agricultural customer host for zero kilowatt hours of generation and assign a virtual net metering credit to the municipal, state or agricultural customer host's beneficial accounts for the next monthly billing period. Such credit shall be applied against the generation service component [of] and eighty per cent of the distribution and other service charges billed to the beneficial [account] accounts. Such credit shall be allocated among such accounts in proportion to their consumption for the previous twelve billing periods.

(c) An electric distribution company shall carry forward any unassigned virtual net metering [generation] credits earned by the

municipal, state or agricultural customer host from one monthly billing period to the next until the end of the calendar year. At the end of each calendar year, the electric distribution company shall compensate the municipal, state or agricultural customer host for any unassigned virtual net metering generation credits at the rate the electric distribution company pays for power procured to supply standard service customers pursuant to section 16-244c, and eighty per cent of the distribution and other service charges.

(d) At least sixty days before a municipal, state or agricultural customer host's virtual net metering facility becomes operational, the municipal, state or agricultural customer host shall provide written notice to the electric distribution company of its beneficial accounts. The municipal, state or agricultural customer host may change its list of beneficial accounts not more than once annually by providing another sixty days' written notice. The municipal or state customer host shall not designate more than five beneficial accounts, except that for facility accounts connected to a microgrid, the municipal or state customer host may identify up to five additional nonstate or municipal critical facilities, as defined in subdivision (2) of subsection (a) of section 16-243y. The agricultural customer host shall not designate more than ten beneficial accounts each of which shall use electricity for the purpose of agriculture, as defined in subsection (q) of section 1-1.

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

(f) On or before January 1, 2013, and annually thereafter, each electric distribution company shall report to the **[**department**]** authority on the cost of its virtual net metering program pursuant to

this section and the [department] authority shall combine such information and report it annually, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 6. Section 16-19ff of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):

(a) Notwithstanding any provisions of the general statutes to the contrary, each electric company or electric distribution company shall allow the installation of submeters at (1) a recreational campground, (2) individual slips at marinas for metering the electric use by individual boat owners, (3) commercial, industrial, multi-family residential or multiuse buildings where the electric power or thermal energy is provided by a Class I renewable energy source, as defined in section 16-1, or a combined heat and power system, as defined in section 16-1, or (4) in any other location as approved by the authority [and] where submetering promotes the state's energy goals, as described in the Comprehensive Energy Strategy, while protecting consumers against termination of residential utility or propane service or other related issues. Each entity approved to submeter by the Public Utilities Regulatory Authority, pursuant to subsection (c) of this section, shall provide electricity to [such campground] any allowed facility, as described in this subsection, at a rate no greater than the [residential] rate charged to that customer class for the service territory in which [the campground or marina is] such allowed facility is located, provided nothing in this section shall permit [the installation of submeters for nonresidential use including, but not limited to,] such entity to charge a submetered account for usage for general outdoor lighting marina operations, repair facilities, restaurants, [or] other retail recreational facilities or any common areas of a commercial, industrial or multi-family residential building. [Service to nonresidential facilities shall be separately metered and billed at the appropriate rate.]

(b) The Public Utilities Regulatory Authority shall adopt

regulations, in accordance with the provisions of chapter 54, to carry out the purposes of this section. Such regulations shall: (1) Require a submetered customer to pay only his portion of the energy consumed, which cost shall not exceed the amount paid by the owner of the main meter for such energy; (2) establish standards for the safe and proper installation of submeters; (3) require that the ultimate services delivered to a submetered customer are consistent with any service requirements imposed upon the company; (4) establish standards for the locations of submeters and may adopt any other provisions the authority deems necessary to carry out the purposes of this section and section 16-19ee.

(c) The authority shall develop an application and approval process that allows for the reasonable implementation of submetering provisions at allowed facilities, as described in subsection (a) of this section, while protecting consumers against termination of residential utility or propane service or other related issues.

Sec. 7. (NEW) (*Effective July 1, 2013*) Any electric customer shall be allowed to aggregate all electric meters that are billable to such customer.

Sec. 8. (NEW) (*Effective July 1, 2013*) The Public Utilities Regulatory Authority shall authorize any municipality, state or federal governmental entity that owns, leases or operates any Class I renewable energy source, as defined in section 16-1 of the general statutes, or Class III source, as defined in section 16-1 of the general statutes, to independently distribute electricity generated from any such Class I renewable energy source or Class III source, or any other generation resource under five megawatts that is connected to a municipal microgrid, across a public highway or street for the sole purpose of serving critical facilities, as defined in subdivision (2) of subsection (a) of section 16-243y of the general statutes.

Sec. 9. Subsection (a) of section 32-80a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):

(a) As used in this section and sections 32-80b and 32-80c:

(1) "Energy improvement district distributed resources" means one or more of the following owned, leased, or financed by an Energy Improvement District Board: (A) Customer-side distributed resources, as defined in section 16-1; (B) grid-side distributed resources, as defined in said section 16-1; (C) combined heat and power systems, as defined in said section 16-1; **[**and**]** (D) Class III sources, as defined in said section 16-1; and (E) microgrid, as defined in subdivision (5) of subsection (a) of section 16-243y; and

(2) "Project" means the acquisition, purchase, construction, reconstruction, improvement or extension of one or more energy improvement district distributed resources.

Sec. 10. (NEW) (*Effective October 1, 2013*) (a) On or before January 1, 2014, the Commissioner of Energy and Environmental Protection, in consultation with the Office of Policy and Management and the Department of Consumer Protection, shall (1) adopt a set of criteria for evaluating and rating the energy consumption of commercial buildings, and (2) develop a method for labeling or disclosing such information before the sale or lease of such buildings. The commissioner may adopt the United States Environmental Protection Agency's Energy Star portfolio manager to fulfill the requirements of this section.

(b) Any owner of commercial real property located in the state that has a gross floor area of ten thousand square feet or more shall have the energy consumption of such property evaluated in accordance with the rating system adopted pursuant to subsection (a) of this section and in accordance with the schedule outlined in section 15 of this act, prior to the sale or lease of all or any subunit within such property, except for a sale or lease between coowners, spouses or persons related by consanguinity within the third degree or a transfer through inheritance. Any such evaluation conducted not more than five years prior to the sale or lease of such property may be used for the purposes of complying with this section. The results of such

evaluation shall be disclosed to potential purchasers and lessees.

Sec. 11. (NEW) (*Effective October 1, 2013*) On or before January 1, 2014, the Commissioner of Energy and Environmental Protection shall, within available appropriations, develop a voluntary pilot program to (1) rate the energy use of residential buildings in the state, and (2) use that information to promote efficiency improvements when a property is being transferred through sale or lease. The commissioner shall report the results of such pilot to the joint standing committees of the General Assembly having cognizance of matters relating to energy and technology and commerce. The commissioner may use the United States Department of Energy's Home Energy Score rating tool, or components thereof, in establishing such residential rating system.

Sec. 12. (NEW) (*Effective October 1, 2013*) On or after January 1, 2014, any landlord who requires a tenant to pay heating expenses as part of the agreed lease shall, before entering into such lease agreement, provide a potential tenant with a statement of prior usage for heat expenses for the unit for at least the preceding year, and, on or after January 1, 2015, the preceding two years. Upon request of any potential tenant, the landlord shall provide such statement of prior usage. The statement of prior usage shall consist of a report from the supplier of the heating fuel, including, but not limited to, an electric, electric distribution or gas company, if available, and shall otherwise be based on (1) records of the heating fuel supplier, or (2) a good faith estimate by the landlord.

Sec. 13. Section 16-245ii of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):

(a) Commencing January 1, 2012, each electric distribution, electric and gas company shall maintain and make available to the public, free of charge, records of the energy consumption data of all typical nonresidential buildings to which such company provides service. This data shall be maintained in a format (1) compatible for uploading to the United States Environmental Protection Agency's Energy Star

portfolio manager or similar system, for at least the most recent thirty-six months, and (2) that preserves the confidentiality of the customer.

(b) On or before October 1, 2013, upon the written authorization or secure electronic authorization of such a nonresidential building owner or operator, an electric, electric distribution or gas company shall upload all of the energy consumption data for the specified building account to the United States Environmental Protection Agency's Energy Star portfolio manager.

Sec. 14. (NEW) (*Effective from passage*) (a) On or before July 1, 2013, the Department of Energy and Environmental Protection shall benchmark all nonresidential buildings owned or operated by the state or any state agency with a gross floor area of ten thousand square feet or more. On or before October 1, 2013, the Department of Energy and Environmental Protection shall make public the United States Environmental Protection Agency's Energy Star portfolio manager benchmarking information for all such nonresidential buildings.

(b) On or before October 1, 2013, the department shall benchmark all residential buildings owned or operated by the state or any state agency with a gross floor area of ten thousand square feet or more. On or before January 1, 2014, the department shall make public the United States Environmental Protection Agency's Energy Star portfolio manager benchmarking information for all such buildings.

Sec. 15. (NEW) (*Effective October 1, 2013*) (a) On or before January 1, 2014, any person who owns a nonresidential building in the state shall annually benchmark such building's energy use using the United States Environmental Protection Agency's Energy Star portfolio manager benchmarking tool pursuant to the following schedule:

(1) On or before January 1, 2014, all buildings with a gross floor area of one hundred thousand square feet or more;

(2) On or before July 1, 2014, all buildings with a gross floor area of fifty thousand square feet or more but less than one hundred thousand

square feet; and

(3) On or before January 1, 2015, all buildings with a gross floor area of ten thousand square feet or more but less than fifty thousand square feet.

(b) On January first of the year following the benchmarking of a building pursuant to subsection (a) of this section, the owner or operator of the building shall provide such energy use data and ratings for the most recent twelve-month period to the Commissioner of Energy and Environmental Protection. Upon receipt of the second annual benchmarking data for each building, and annually thereafter, the commissioner shall, in consultation with the Commissioner of Consumer Protection, make the data accessible to the public through an Internet database.

Sec. 16. (NEW) (*Effective July 1, 2013*) On or after October 1, 2013, any application for a building permit for new construction of a building with a gross floor area of more than ten thousand square feet or an improvement to such a building costing at least twenty-five per cent of such building's assessed value shall include an estimate of the finished building's energy performance using the United States Environmental Protection Agency's Energy Star target finder tool and shall subsequently be benchmarked annually using the Energy Star portfolio manager benchmarking tool. Portfolio manager and target finder ratings and data for each building shall, within sixty days of being generated, be made available to the Commissioner of Energy and Environmental Protection. The commissioner, in consultation with the Commissioner of Consumer Protection, shall make the data accessible to the public through an Internet database.

Sec. 17. Section 29-252 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this subsection, "geotechnical" means any geological condition, such as soil and subsurface soil condition, which may affect

the structural characteristics of a building or structure. The State Building Inspector and the Codes and Standards Committee shall, jointly, with the approval of the Commissioner of Construction Services, adopt and administer a State Building Code based on a nationally recognized model building code for the purpose of regulating the design, construction and use of buildings or structures to be erected and the alteration of buildings or structures already erected and make such amendments thereto as they, from time to time, deem necessary or desirable. Such amendments shall be limited to administrative matters, geotechnical and weather-related portions of said code, amendments to said code necessitated by a provision of the general statutes and any other matter which, based on substantial evidence, necessitates an amendment to said code. The code shall be revised not later than January 1, 2005, and thereafter as deemed necessary to incorporate any subsequent revisions to the code not later than eighteen months following the date of first publication of such subsequent revisions to the code. The purpose of said Building Code shall also include, but not be limited to, promoting and ensuring that such buildings and structures are designed and constructed in such a manner as to conserve energy and, wherever practicable, facilitate the use of renewable energy resources, including provisions for new transportation technologies in any code adopted after the effective date of this section. Said Building Code includes any code, rule or regulation incorporated therein by reference. **[**As used in this subsection, "geotechnical" means any geological condition, such as soil and subsurface soil conditions, which may affect the structural characteristics of a building or structure.**]**

(b) The State Building Inspector shall be appointed by the Governor. He shall be an architect or professional engineer licensed by the state of Connecticut, shall have a thorough knowledge of building code administration and enforcement and shall have had not less than ten years practical experience in his profession.

(c) The State Building Inspector or his designee may issue official interpretations of the State Building Code, including interpretations of

the applicability of any provision of the code, upon the request of any person. The State Building Inspector shall compile and index each interpretation and shall publish such interpretations at periodic intervals not exceeding four months.

(d) The State Building Inspector or his designee shall review a decision by a local building official or a board of appeals appointed pursuant to section 29-266 when he has reason to believe that such official or board has misconstrued or misinterpreted any provision of the State Building Code. If, upon review and after consultation with such official or board, he determines that a provision of the code has been misconstrued or misinterpreted, he shall issue an interpretation of said code and may issue any order he deems appropriate. Any such determination or order shall be in writing and be sent to such local building official or board by registered mail, return receipt requested. Any person aggrieved by any determination or order by the State Building Inspector under this subsection may appeal to the Codes and Standards Committee within fourteen days after mailing of the decision or order. Any person aggrieved by any ruling of the Codes and Standards Committee may appeal in accordance with the provisions of subsection (d) of section 29-266.

Sec. 18. Section 16a-21a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) The amount of sulfur content of the following fuels sold, offered for sale, distributed or used in this state shall not exceed the following percentages by weight: (A) For number two heating oil, three-tenths of one per cent, and (B) for number two off-road diesel fuel, three-tenths of one per cent.

(2) Notwithstanding subdivision (1) of this subsection, the amount of sulfur content of number two heating oil sold, offered for sale, distributed or used in this state shall not exceed the following percentages by weight: (A) For the period beginning July 1, 2011, and ending June 30, 2014, fifty parts per million, and (B) on and after July 1, 2014, fifteen parts per million.

[(3) The provisions of subdivision (2) of this subsection shall not take effect until the states of New York, Massachusetts and Rhode Island each have adopted requirements that are substantially similar to the provisions of said subdivision.

(b) As of the date on which the last of the states of New York, Massachusetts and Rhode Island limits the sulfur content of number two heating oil to one thousand five hundred parts per million, the sulfur content of number two heating oil sold, offered for sale, distributed or used in this state shall not exceed one thousand five hundred parts per million.

(c) As of the date on which the last of the states of New York, Massachusetts and Rhode Island limits the sulfur content of number two heating oil to one thousand two hundred fifty parts per million, the sulfur content of number two heating oil sold, offered for sale, distributed or used in this state shall not exceed one thousand two hundred fifty parts per million.

(d) As of the date on which the last of the states of New York, Massachusetts and Rhode Island limits the sulfur content of number two heating oil to five hundred parts per million, the sulfur content of number two heating oil sold, offered for sale, distributed or used in this state shall not exceed five hundred parts per million.

(e) As of the date on which the last of the states of New York, Massachusetts and Rhode Island limits the sulfur content of number two off-road diesel fuel to five hundred parts per million, the sulfur content of number two off-road diesel fuel offered for sale, distributed or used in this state shall not exceed five hundred parts per million.]

[(f)] (b) The Commissioner of Energy and Environmental Protection may suspend the requirements of [subsections (a) to (e), inclusive,] subsection (a) of this section if the commissioner finds that the physical availability of fuel which complies with such requirements is inadequate to meet the needs of residential, commercial or industrial users in this state and that such inadequate physical availability

constitutes an emergency provided the commissioner shall specify in writing the period of time such suspension shall be in effect.

Sec. 19. Subsection (d) of section 12-487 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) For purposes of this subsection, "dyed diesel fuel" means diesel fuel or home heating oil that has been dyed in compliance with, or in intended compliance with, regulations adopted under Section 4082 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time; "highway" has the same meaning as provided in section 14-1; and "motor vehicle" has the same meaning as provided in section 14-1, but does not include any passenger motor vehicle, as defined in section 14-1, or any passenger and commercial motor vehicle, as defined in section 14-1.

(2) Any person operating or causing to be operated on any highway any motor vehicle that contains dyed diesel fuel in the fuel supply tank of the propulsion engine of such vehicle, unless permitted to do so under a federal law or regulation relating to the use of dyed diesel fuel on the public highways, shall be fined not more than one thousand dollars.

(3) Any person who, upon request by an authorized official of the Department of Revenue Services or another state agency, refuses to allow an inspection of the fuel supply tank of the propulsion engine of a motor vehicle shall be fined not more than one thousand dollars.

(4) Any person who is alleged to have violated a provision of this subsection shall follow the procedures set forth in section 51-164n or section 51-164o, as applicable.

Sec. 20. (*Effective from passage*) The Public Utilities Regulatory Authority, in conjunction with the Department of Public Health, shall study the feasibility of reorganizing the regulation of water companies

from the Department of Public Health to the Public Utilities Regulatory Authority. On or before January 1, 2014, the authority shall report the findings of such study to the joint standing committee of the General Assembly having cognizance of matters relating to energy, in accordance with the provisions of section 11-4a of the general statutes.

Sec. 21. (*Effective from passage*) At the request of a municipality, the Commissioner of Energy and Environmental Protection, in consultation with the Commissioner of Public Health, shall examine the impact of such municipality's aquifer protection regulations on economic development within the municipality. Such an examination shall include, but not be limited to, any potential impact caused by the future expansion of an aquifer protection area upon the issuance of a diversion permit in accordance with section 22a-369 of the general statutes, or the issuance of a general permit in accordance with section 22a-378a of the general statutes. In any municipality where existing public drinking water supply wells are owned by a private water company serving one thousand or more persons and such wells also serve persons in other municipalities, the commissioner shall recommend regulatory changes to cover the host municipality's costs associated with enforcement of its aquifer protection regulations and any potential economic development losses associated with an expansion of the aquifer protection area. On or before January 1, 2014, the commissioner shall report the findings of such examination and any recommended regulatory changes to the joint standing committee of the General Assembly having cognizance of matters relating to energy, in accordance with the provisions of section 11-4a of the general statutes.

Sec. 22. (NEW) (*Effective from passage*) Pursuant to the natural gas expansion plan approved by the Commissioner of Energy and Environmental Protection in accordance with the Comprehensive Energy Strategy, beginning on July 1, 2013, the gas companies shall use a twenty-five-year payback period to compare the revenues that will accrue from an additional gas customer to the revenue requirement of connecting such customer to the distribution system to determine the

level of new business capital expenditures that will be recoverable through rates. The Public Utilities Regulatory Authority shall develop a methodology that reasonably accounts for revenues that would be collected from additional customers connected for the same extension costs over a three-year period.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	16-19tt
Sec. 2	*from passage*	16-32f(b) and (c)
Sec. 3	*from passage*	16-245m
Sec. 4	*from passage*	22a-174j
Sec. 5	*July 1, 2013*	16-244u
Sec. 6	*July 1, 2013*	16-19ff
Sec. 7	*July 1, 2013*	New section
Sec. 8	*July 1, 2013*	New section
Sec. 9	*July 1, 2013*	32-80a(a)
Sec. 10	*October 1, 2013*	New section
Sec. 11	*October 1, 2013*	New section
Sec. 12	*October 1, 2013*	New section
Sec. 13	*July 1, 2013*	16-245ii
Sec. 14	*from passage*	New section
Sec. 15	*October 1, 2013*	New section
Sec. 16	*July 1, 2013*	New section
Sec. 17	*from passage*	29-252
Sec. 18	*from passage*	16a-21a
Sec. 19	*from passage*	12-487(d)
Sec. 20	*from passage*	New section
Sec. 21	*from passage*	New section
Sec. 22	*from passage*	New section

Statement of Legislative Commissioners:

In section 5(a)(7)(B), "an agricultural business" was changed to "a business for the purpose of agriculture" for statutory consistency; in section 5(c), "unassigned virtual net metering generation credits" was changed to "unassigned virtual net metering credits"; and in section 11, "Home Energy Solutions scorecard rating" was changed to "Home Energy Score rating tool" for accuracy.

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	FY 14 $	FY 15 $
All	GF - Cost	2,250,000	2,250,000

Municipal Impact:

Municipalities	Effect	FY 14 $	FY 15 $
All Municipalities	Cost	See Below	See Below

Explanation

The bill increases the conservation charge on electric company bills from three mills to six mills per kilowatt-hour.[1] In calendar year 2011, the state used approximately 750 million kilowatt-hours. Under the bill, an increase of three mills would increase state costs by $2.25 million (based on 750 million kilowatt-hour usage). Municipalities, as ratepayers, would also see increased costs.

The bill also makes various changes that have no fiscal impact to the state or municipalities.

The Out Years

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

[1] A mill per kilowatt-hour is equal to $0.001.

OLR Bill Analysis

sHB 6360

AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY.

SUMMARY:

Among other things, this bill:

1. modifies how electric and gas companies develop their conservation plans and how the plans are reviewed and approved;

2. doubles the conservation charge on electric company bills;

3. broadens eligibility for "virtual net metering," which provides a billing credit for customers who generate electricity using certain renewable resources, expands the maximum size of the generating unit that can take advantage of virtual net metering, and potentially increases the value of the electric bill credit that participating customers receive;

4. broadens the circumstances where electric submeters can be installed;

5. requires benchmarking of energy consumption in various types of buildings to permit comparisons of building energy use;

6. requires, starting after January 1, 2014, any landlord who requires a tenant to pay for heat as part of the lease to provide a potential tenant with a statement of prior usage for the unit's heat expenses; and

7. modifies how natural gas companies determine whether the

costs of proposed expansion of their distribution will be recovered from distribution revenues from the new customers.

EFFECTIVE DATE: Various, see below

§ 1 — RATE DECOUPLING

The bill restricts how the Public Utilities Regulatory Authority (PURA) can decouple an electric or gas company's rates from its sales. Under current law, as part of a rate case, PURA must order the company to use one or more of the following: (1) a mechanism that adjusts actual distribution revenues to allowed distribution revenues, (2) rate design changes that increase the amount of revenue recovered through fixed distribution charges, or (3) a sales adjustment clause, rate design changes that increase the amount of revenue recovered through fixed distribution charges, or both. Under the bill, PURA must order the company to use the first approach for rate cases initiated on or after the bill's passage date.

EFFECTIVE DATE: Upon passage

§§ 2, 3 — CONSERVATION CHARGE AND ELECTRIC AND GAS CONSERVATION PLANS

Conservation Charge

The bill increase the conservation charge on electric company bills from three mills (0.3 cents) to six mills (0.6 cents) per kilowatt-hour sold. By law, the charge applies whether a customer buys power from the electric company or a competitive supplier. The money is used to fund conservation programs.

Combined Conservation Plan

The bill requires the electric and gas companies to develop a combined conservation plan, as is current practice, rather than requiring each company to develop a separate plan. The combined plan must be developed by October 1, 2014 and every three years thereafter. Current law requires the companies to develop annual plans (implicitly in the case of electric companies). Current law requires the Energy Conservation Management Board (ECMB) to help

the companies develop and implement their individual plans; the bill requires ECMB to help them to do this for the combined plan. It requires all of the companies to review the programs in the plan jointly, rather than each company reviewing its own plan.

The bill requires that the combined plan contain all of the information currently contained in the electric companies' conservation plans. It extends to proposed gas conservation programs, the evaluation, measurement, and verification measures that currently only apply to electric programs. In addition, the combined plan must include a detailed budget sufficient to fund all energy efficiency that is cost-effective or cheaper than acquiring an equivalent amount of supply. It allows the plan to include water, as well as energy, conservation programs.

Under current law, ECMB accepts, modifies, or rejects the individual programs in gas plans before submitting them to PURA, which then approves each company's plan. In the case of the electric company plans, ECMB approves or rejects the individual programs before submitting the plans to the Department of Energy and Environmental Protection (DEEP) for its approval. The bill requires ECMB to approve the plan as a whole (in addition to its programs) before submitting it to the DEEP commissioner for his approval.

The bill allows DEEP to hold a public meeting, rather than a hearing, when acting on the plan. Under current law, PURA can hold a hearing when acting on the gas plans. The bill extends this provision to PURA's review of the combined plan.

By law, the cost-effectiveness of the programs must be reviewed annually, or otherwise as practicable. The bill specifies that this review must compare all energy savings to program costs. Under current law, PURA conducts this review for gas programs; the law is silent on who conducts the review of electric programs. The bill requires DEEP to review the cost-effectiveness of the programs in the combined plan.

Energy Conservation Management Board

By law, ECMB must report annually to the Energy and Technology and Environment committees on the Energy Efficiency Fund. The bill eliminates the requirement that the report describe activities done jointly or 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.

Under current law, the DEEP commissioner chairs the ECMB. The bill instead requires ECMB to elect its chairperson from among its voting members (its utility members are non-voting).

By law, there is a joint committee of ECMB and the board of the Clean Energy Finance and Investment Authority. The bill renames that latter as the Connecticut Clean Energy Finance and Investment Authority (CCEFIA). It requires the joint committee to examine opportunities to provide financing to increase the benefits of the combined conservation plan. It requires ECMB to collaborate with CCEFIA to further the goals of the plan.

By law, ECMB must periodically review program contractors to determine whether they are qualified to conduct work related to the programs. The bill additionally requires ECMB to ensure that a fair and equitable process is followed in selecting contractors.

EFFECTIVE DATE: Upon passage

§ 4 — POWER PLANT EMISSION STANDARDS

Current law requires DEEP to adopt regulations setting performance standards for emissions of carbon dioxide (CO_2) and other air pollutants from North American electric generation that serves Connecticut customers, but only if PURA determined these regulations had no negative impact on reliability and rates. The bill instead allows DEEP to adopt regulations establishing performance

standards or other requirements that apply only to CO_2 emissions. The bill requires that the performance standards or other requirements be designed, to the greatest extent possible, to further the goals of the Regional Greenhouse Gas Initiative, which administers a cap and trade program for CO_2 emissions from power plants, rather than to attain federal air quality standards.

The bill allows, rather than requires, the standards or other requirements to:

1. apply to emissions coming from any generation source located in North America that provides power to Connecticut electric customers,

2. limit emissions to levels consistent with those permitted by similar generators in Connecticut, and

3. limit the amount of CO_2 emitted per megawatt-hour of electricity generated.

EFFECTIVE DATE: Upon passage

§ 5 — VIRTUAL NET METERING

The bill broadens eligibility for "virtual net metering," expands the maximum size of the generating unit that can take advantage of virtual net metering, and potentially increases the value of the electric bill credit that participating customers receive.

By law, an electric company customer who owns a class I renewable resource (e.g., a photovoltaic system) receives a net metering credit on his or her electric bill when the resource produces more power than the customer uses in a billing period. In effect, the customer's meter runs backwards when the resource generates surplus power. The credit, which is tied to the electric company's retail rate, rolls over from month to month. At the end of each 12 months, if the customer still has a credit, he or she is paid for it at the company's wholesale rate.

Under current law, municipalities are eligible for virtual net

metering, which allows them to share the billing credit among their electric accounts. For example, a town could install a photovoltaic system on the roof of a school and share the billing credits the system produces with a fire station. This increases the likelihood that the customer will fully utilize its credits (paid at the retail rate) during a year, and therefore not have any remaining credits at the end of the year, for which it would be paid at the wholesale rate.

The bill expands eligibility for virtual net metering in several ways. It opens the option to state agencies and agricultural customers and increases the maximum size of the renewable resource from two to three megawatts. It allows virtual net metering for class III resources such as cogeneration, as well as class I resources. It allows municipal and state agency customers to lease the renewable resource or enter into a long-term contract for it.

Under current law, municipalities can share the billing credit with no more than five other municipal accounts. The bill instead allows municipal or state accounts connected to a microgrid to share the credits with up to five additional non-state or municipal critical facilities (e.g., hospitals, police and fire stations, and municipal centers). It allows agricultural customers to share their credits with up to ten agricultural accounts that use electricity for agriculture.

Under current law, the credit for virtual net metering customers goes against the customer's Generation Service Charge (GSC), i.e., the part of the electric bill that covers the cost of power, as distinct from such things as distribution and transmission charges. (For other net metering customers, the credit goes against the customer's entire bill.) The bill applies the virtual net metering credit against the GSC and 80% of the distribution and other service charges, thereby potentially increasing its value. It also requires the end of the year payment to cover 80% of the distribution and other service charges. It is not clear how this provision would work, since such charges are not imposed on an annual basis.

The bill requires each electric company to report annually by

January 1 to PURA, rather than DEEP, on the program's costs.

Current law required DEEP, by February 1, 2012, to develop administrative processes and specifications for the program, including a statewide cap of $1 million per year on the cost of the virtual net metering. The bill seeks to transfer this responsibility to PURA and raise the cap to $10 million per year. But since it does not change the deadline, it appears this provision has no effect.

EFFECTIVE DATE: July 1, 2013

§ 6 — SUBMETERING

The bill broadens the circumstances where electric submeters can be installed. Under current law, electric companies must permit submeters at (1) campgrounds, (2) slips at marinas, and (3) other locations approved by PURA, other than nonresidential facilities. The bill additionally requires the companies to permit submetering at commercial, industrial, multi-family residential, or multiuse buildings where the electric power or thermal energy is provided by a Class I renewable energy source (e.g., photovoltaic systems or fuel cells) or a combined heat and power (cogeneration) system. It allows PURA to permit submetering at other locations only when this promotes the state's energy goals, as described in the comprehensive energy strategy, while protecting consumers against termination of residential utility or propane service or other related issues.

The bill requires PURA to develop an application and approval process that allows for the reasonable implementation of submetering at allowed facilities, while protecting consumers against termination of residential utility or propane service or other related issues. Each entity PURA approves to submeter must provide electricity to an allowed facility at a rate no greater than the rate charged to that customer class for the service territory where the facility is located. It repeals a provision that prohibits electric companies from charging campgrounds more than their residential rates. Such entities may not charge a submetered account for usage for general outdoor lighting,

marina operations, repair facilities, restaurants, other retail recreational facilities, or any common areas of a commercial, industrial, or multi-family residential building. It is not clear whether restaurants in multiuse buildings could be submetered.

EFFECTIVE DATE: July 1, 2013

§ 7 — AGGREGATION OF ELECTRIC METERS

The bill allows any electric customer to aggregate all electric meters that are billable to the customer. It appears that this provision applies to customers of municipal utilities as well as electric companies.

EFFECTIVE DATE: July 1, 2013

§ 8 — MUNICIPAL MICROGRIDS

Under current law, with limited exceptions, any entity that distributes electricity on wires that run along or across a highway or street is considered an electric company subject to PURA jurisdiction. (The exceptions include such things as municipal electric utilities and power generators.) The bill requires PURA to authorize any municipality, state, or federal governmental entity that owns, leases or operates any Class I or III renewable resource (e.g., a combined heat and power system) to independently distribute electricity generated from any such resource, or any other generation resource under five megawatts that is connected to a municipal microgrid, across a public highway or street for the sole purpose of serving critical facilities. A microgrid is a group of interconnected electricity users and generators that (1) is within clearly defined electrical boundaries that acts as a single controllable entity in respect to the larger electrical grid and (2) can operate as either a part of the larger grid or independent of it, in "island mode." Critical facilities are hospitals, police and fire stations, water and sewage treatment plants, public shelters, correctional facilities, municipal commercial areas, municipal centers identified by a municipality's chief elected official, or other facilities identified by DEEP.

The bill's apparent intent is to allow such connections without the

governmental entity being considered an electric company. It is not clear whether this provision applies to class I or III resources that are not connected to a microgrid.

EFFECTIVE DATE: July 1, 2013

§ 9 — ENERGY IMPROVEMENT DISTRICTS AND MICROGRIDS

The bill allows energy improvement district boards to own, lease, or finance microgrids. By law, a municipality may, by a vote of its legislative body, establish such districts, which are governed by boards. Among other things, districts can develop and operate small power plants and certain conservation programs and issue revenue bonds.

EFFECTIVE DATE: July 1, 2013

§§ 10, 15 — BENCHMARKING ENERGY CONSUMPTION IN COMMERCIAL BUILDINGS

The bill requires the DEEP commissioner, by January 1, 2014 and in consultation with the Office of Policy and Management and the Department of Consumer Protection (DCP), to (1) adopt a set of criteria for evaluating and rating the energy consumption of commercial buildings, and (2) develop a method for labeling or disclosing such information before the buildings are sold or leased. It allows the commissioner to adopt the U.S. Environmental Protection Agency's (EPA) Energy Star portfolio manager to do this.

The bill requires any owner of commercial property located in the state that has a gross floor area of 10,000 square feet or more to have its energy consumption evaluated using the rating system, prior to the sale or lease of all or any subunit within the property. An evaluation conducted within five years before the sale or lease of the property complies with these requirements. The requirement applies starting:

1. January 1, 2014, for buildings with a gross floor area of one 100,000 square feet or more;

2. July 1, 2014, for buildings with a gross floor area of 50,000

square feet or more but less than 100,000 square feet; and

3. January 1, 2015, for buildings with a gross floor area of 10,000 square feet or more but less than 50,000 square feet.

The results of the evaluation must be disclosed to potential purchasers and lessees. This provision does not apply to a sale or lease between co-owners, spouses, persons related by consanguinity within the third degree (e.g., between a person and his great grandchildren or a closer relationship), or a transfer through inheritance.

On January first of the year following the benchmarking of a building pursuant to the above schedule, its owner or operator must provide its energy use data and ratings for the most recent 12-month period to the DEEP commissioner. Upon receipt of the second annual benchmarking data for each building, and annually thereafter, the commissioner must, in consultation with the DCP commissioner, make the data accessible to the public through an Internet database.

EFFECTIVE DATE: October 1, 2013

§ 11 — RESIDENTIAL ENERGY CONSUMPTION BENCHMARKING PROGRAM

The bill requires the DEEP commissioner, by January 1, 2014 and within available appropriations, to develop a voluntary pilot program to (1) rate the energy use of residential buildings and (2) use that information to promote efficiency improvements when a property is sold or leased. The commissioner may use the U.S. Department of Energy's Home Energy Solutions scorecard rating tool, or components of it, to establish the system. The commissioner must report the results of the pilot to the Energy and Technology and Commerce committees.

EFFECTIVE DATE: October 1, 2013

§ 12 — ENERGY CONSUMPTION DISCLOSURES TO TENANTS

The bill requires, starting after January 1, 2014, any landlord who requires a tenant to pay for heat as part of the lease to provide a potential tenant with a statement of prior usage for the unit's heat

expenses for at least the preceding year before entering into the lease. Starting January 1, 2015, the landlord must provide this information for the preceding two years. The landlord must provide this statement at a potential tenant's request. The statement must include a report from the supplier of the heating fuel, including an electric or gas company, if available. Otherwise, it must be based on (1) records of the heating fuel supplier, or (2) a good faith estimate by the landlord.

EFFECTIVE DATE: October 1, 2013

§ 13 — ENERGY CONSUMPTION OF TYPICAL BUILDINGS

By law, electric and gas companies must make available to the public, free of charge, records of the energy consumption data of all typical nonresidential buildings they serve. This data must be maintained in a format compatible for uploading to the EPA's Energy Star portfolio manager or similar system, for at least the most recent 36 months.

The bill additionally requires, by October 1, 2013, the company to upload all of the energy consumption data for a specific building account to the portfolio manager, upon the written authorization or secure electronic authorization of a nonresidential building owner or operator.

§ 14 — BENCHMARKING STATE BUILDINGS' ENERGY USE

The bill requires DEEP, by July 1, 2013, to benchmark all nonresidential buildings owned or operated by the state or any state agency with a gross floor area of 10,000 square feet or more. By October 1, 2013, DEEP must make public the portfolio manager benchmarking information for all such buildings.

By October 1, 2013, DEEP must benchmark all residential buildings owned or operated by the state or any state agency with a gross floor area of 10,000 square feet or more. By January 1, 2014, DEEP must make public the portfolio manager benchmarking information for all such buildings.

EFFECTIVE DATE: Upon passage

§ 16 — ENERGY CONSUMPTION IN NEW BUILDINGS

The bill requires, starting October 1, 2013, that any application for a building permit for (1) new construction of a building with a gross floor area of more than 10,000 square feet or (2) an improvement to such a building costing at least 25% of its assessed value, include an estimate of the finished building's energy performance using the EPA's Energy Star target finder tool. The building must subsequently be benchmarked annually using the Energy Star portfolio manager benchmarking tool. The portfolio manager and target finder ratings and data for each building must be made available to the DEEP commissioner within 60 days of being generated. The commissioner, in consultation with the DCP commissioner, must make the data accessible to the public through an Internet database.

EFFECTIVE DATE: July 1, 2013

§ 17 — STATE BUILDING CODE

By law, the state building code must promote and ensure that buildings and structures are designed and constructed in a way that conserves energy and, wherever practicable, facilitates the use of renewable energy. The bill additionally requires that any code adopted after the bill's effective date (upon passage for this provision) include provisions for new transportation technologies.

EFFECTIVE DATE: Upon passage

§ 18 — SULFUR CONTENT OF HEATING OIL

Under current law, the maximum sulfur content of heating oil is 0.3% (3,000 parts per million or ppm) by weight, with the maximum going down to 50 ppm between July 1, 2011 and June 30, 2014 and 15 ppm thereafter. The latter two standards only apply if Massachusetts, New York, and Rhode Island adopt comparable standards. The bill eliminates the latter provision, requiring the reductions to go into effect regardless of whether the neighboring states adopt these standards.

EFFECTIVE DATE: Upon passage

§ 19 — FUEL DYING

By law, anyone who operates a vehicle on the highway with dyed diesel fuel in its tank in violation of federal law is subject to a fine of up to $1,000. The bill extends this penalty to someone who operates a vehicle on the highway with dyed home heating oil in its tank in violation of federal law. Home heating oil is essentially the same product as diesel fuel, although they are currently subject to different limits on their sulfur content.

EFFECTIVE DATE: Upon passage

§ 20 — WATER REGULATION STUDY

The bill requires PURA, in consultation with the Department of Public Health (DPH), to study the feasibility of transferring the regulation of water companies from DPH to PURA. (Under current law, DPH regulates water quality for water companies and other water systems, among other things, while PURA primarily regulates the rates charged by water companies). The bill requires PURA to report its findings to the Energy and Technology Committee by January 1, 2014.

EFFECTIVE DATE: Upon passage

§ 21 — AQUIFER PROTECTION ZONE

The law requires certain municipalities to develop regulations limiting the types of developments that can occur above aquifers. The bill requires the DEEP commissioner, at the request of a municipality and in consultation with DPH, to examine the impact of its regulations on economic development in the municipality. The examination must at least include the potential impact caused by future expansions of an aquifer protection area if DEEP issues a water diversion permit or a general permit for minor water activities.

For municipalities where existing wells that (1) are owned by a water company that serves at least 1,000 persons and (2) also serve people in other municipalities, the DEEP commissioner must

recommend regulatory changes to cover the host municipality's costs associated with enforcing the aquifer protection regulations and any potential economic development losses associated with an expansion of the aquifer protection area. By January 1, 2014, the commissioner must report the examination findings and any recommended regulatory changes to the Energy and Technology Committee.

EFFECTIVE DATE: Upon passage

§ 22 — GAS SYSTEM EXPANSIONS

Under current practice, when a gas company seeks to expand its distribution system, it determines whether the projected new distribution revenues will equal or exceed the cost of the expansion over a specified period (15 years for Yankee Gas Services and 20 years for Connecticut Natural Gas and Southern Connecticut Gas). If the expansion will pay for itself in this period, all gas ratepayers pay for it in rates. If it does not, the benefitted customers must pay for the shortfall.

The bill requires that, starting July 1, 2013, the gas companies use a 25-year payback period to compare (1) the revenues produced from an additional gas customer to (2) the revenue requirement of connecting the customer to the distribution system, in order to determine the level of new business capital expenditures that will be recoverable through rates. PURA must develop a methodology that reasonably accounts for revenues that would be collected from additional customers from the same extension over a three-year period.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute
Yea 19 Nay 5 (03/21/2013)