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LCO No. 3007



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:

REP. SHARKEY, 88th Dist.
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***AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S
COMPREHENSIVE ENERGY STRATEGY.***

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

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 Section 16-19tt of the general statutes is repealed and the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

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

12 changes that increase the amount of revenue recovered through fixed
13 distribution charges, or both. In making its determination on this
14 matter, the authority shall consider the impact of decoupling on the
15 gas or electric distribution company's return on equity and make
16 necessary adjustments thereto.

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

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24 are repealed and the following is substituted in lieu thereof (*Effective*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

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

43 (c) (1) The Energy Conservation Management Board shall advise
44 and assist [each such gas company] the gas and electric companies in
45 the development and implementation of the plan submitted under
46 subsection (b) of this section. Each program contained in the plan shall
47 be reviewed by [each such gas company] the gas and electric
48 companies and shall be either accepted, modified or rejected by the
49 Energy Conservation Management Board before submission of the
50 plan to the [authority] Commissioner of Energy and Environmental
51 Protection for approval. The Energy Conservation Management Board
52 shall, as part of its review, examine opportunities to offer joint
53 programs providing similar efficiency measures that save more than
54 one fuel resource or to otherwise coordinate programs targeted at
55 saving more than one fuel resource. Any costs for joint programs shall
56 be allocated equitably among the conservation programs.

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

74 (3) Programs included in the plan may include, but are not limited
75 to: (A) Conservation and load management programs, including

76 programs that benefit low-income individuals; (B) research,
77 development and commercialization of products or processes that are
78 more energy-efficient than those generally available; (C) development
79 of markets for such products and processes; (D) support for energy use
80 assessment, engineering studies and services related to new
81 construction or major building renovations; (E) the design,
82 manufacture, commercialization and purchase of energy-efficient
83 appliances, air conditioning and heating devices; (F) program planning
84 and evaluation; (G) joint fuel conservation initiatives and programs
85 targeted at saving more than one fuel resource; [and] (H) conservation
86 of water resources; and (I) public education regarding conservation.
87 Such support may be by direct funding, manufacturers' rebates, sale
88 price and loan subsidies, leases and promotional and educational
89 activities. The plan shall also provide for expenditures by the Energy
90 Conservation Management Board for the retention of expert
91 consultants and reasonable administrative costs, provided such
92 consultants shall not be employed by, or have any contractual
93 relationship with, a gas company. Such costs shall not exceed five per
94 cent of the total cost of the plan.

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

97 (a) (1) On and after January 1, 2000, the Public Utilities Regulatory
98 Authority shall assess or cause to be assessed a charge of three mills
99 per kilowatt hour of electricity sold to each end use customer of an
100 electric distribution company to be used to implement the program as
101 provided in this section for conservation and load management
102 programs but not for the amortization of costs incurred prior to July 1,
103 1997, for such conservation and load management programs.

104 (2) Notwithstanding the provisions of this section, receipts from
105 such charge shall be disbursed to the resources of the General Fund
106 during the period from July 1, 2003, to June 30, 2005, unless the
107 authority shall, on or before October 30, 2003, issue a financing order

108 for each affected electric distribution company in accordance with
109 sections 16-245e to 16-245k, inclusive, to sustain funding of
110 conservation and load management programs by substituting an
111 equivalent amount, as determined by the authority in such financing
112 order, of proceeds of rate reduction bonds for disbursement to the
113 resources of the General Fund during the period from July 1, 2003, to
114 June 30, 2005. The authority may authorize in such financing order the
115 issuance of rate reduction bonds that substitute for disbursement to the
116 General Fund for receipts of both the charge under this subsection and
117 under subsection (b) of section 16-245n and also may, in its discretion,
118 authorize the issuance of rate reduction bonds under this subsection
119 and subsection (b) of section 16-245n that relate to more than one
120 electric distribution company. The authority shall, in such financing
121 order or other appropriate order, offset any increase in the competitive
122 transition assessment necessary to pay principal, premium, if any,
123 interest and expenses of the issuance of such rate reduction bonds by
124 making an equivalent reduction to the charge imposed under this
125 subsection, provided any failure to offset all or any portion of such
126 increase in the competitive transition assessment shall not affect the
127 need to implement the full amount of such increase as required by this
128 subsection and by sections 16-245e to 16-245k, inclusive. Such
129 financing order shall also provide if the rate reduction bonds are not
130 issued, any unrecovered funds expended and committed by the
131 electric distribution companies for conservation and load management
132 programs, provided such expenditures were approved by the
133 authority after August 20, 2003, and prior to the date of determination
134 that the rate reduction bonds cannot be issued, shall be recovered by
135 the companies from their respective competitive transition assessment
136 or systems benefits charge but such expenditures shall not exceed four
137 million dollars per month. All receipts from the remaining charge
138 imposed under this subsection, after reduction of such charge to offset
139 the increase in the competitive transition assessment as provided in
140 this subsection, shall be disbursed to the Energy Conservation and
141 Load Management Fund commencing as of July 1, 2003. Any increase

142 in the competitive transition assessment or decrease in the
143 conservation and load management component of an electric
144 distribution company's rates resulting from the issuance of or
145 obligations under rate reduction bonds shall be included as rate
146 adjustments on customer bills.

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

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

158 (c) The Commissioner of Energy and Environmental Protection shall
159 appoint and convene an Energy Conservation Management Board
160 which shall include representatives of: (1) An environmental group
161 knowledgeable in energy conservation program collaboratives; (2) [a
162 representative of] the Office of Consumer Counsel; (3) the Attorney
163 General; (4) the electric distribution companies in whose territories the
164 activities take place for such programs; (5) a state-wide manufacturing
165 association; (6) a chamber of commerce; (7) a state-wide business
166 association; (8) a state-wide retail organization; (9) [a representative of]
167 a municipal electric energy cooperative created pursuant to chapter
168 101a; (10) [two representatives selected by the gas companies in this
169 state; and (11)] residential customers; [. Such] and (11) the
170 Commissioner of Energy and Environmental Protection. The board
171 shall also include two representatives selected by the gas companies.
172 The members of the board shall serve for a period of five years and
173 may be reappointed. Representatives of gas companies, electric

174 distribution companies and the municipal electric energy cooperative
175 shall be nonvoting members of the board. [The commissioner shall
176 serve as the chairperson of the board.] The members of the board shall
177 elect a chairperson from its voting members.

178 (d) (1) The Energy Conservation Management Board shall advise
179 and assist the electric distribution and gas companies in the
180 development [and implementation of a comprehensive plan, which
181 plan shall be approved by the Department of Energy and
182 Environmental Protection, to implement cost-effective energy
183 conservation programs and market transformation initiatives. Such] of
184 the Conservation and Load Management Plan. The Energy
185 Conservation Management Board shall approve the plan before
186 transmitting it to the Commissioner of Energy and Environmental
187 Protection for approval. Following approval by the commissioner, the
188 board shall assist the companies in implementing the plan and
189 collaborate with the Connecticut Clean Energy Finance Investment
190 Authority to further the goals of the plan. Said plan shall include a
191 detailed budget sufficient to fund all energy efficiency that is cost
192 effective or lower cost than acquisition of equivalent supply, and shall
193 be reviewed and approved by the commissioner. To the extent that the
194 budget in the plan approved by the commissioner exceeds the
195 revenues collected pursuant to subdivision (1) of subsection (a) of this
196 section, the Public Utilities Regulatory Authority shall ensure that the
197 balance of revenues required to fund such budget is provided through
198 a fully reconciling conservation adjustment mechanism. Said plan shall
199 include steps that would be needed to achieve the goal of
200 weatherization of eighty per cent of the state's residential units by
201 2030. Each program contained in the plan shall be reviewed by [the
202 electric distribution company] such companies and either accepted or
203 rejected by the Energy Conservation Management Board prior to
204 submission to the [department] commissioner for approval. The
205 Energy Conservation Management Board shall, as part of its review,
206 examine opportunities to offer joint programs providing similar

207 efficiency measures that save more than one fuel resource or otherwise
208 to coordinate programs targeted at saving more than one fuel resource.
209 Any costs for joint programs shall be allocated equitably among the
210 conservation programs. The Energy Conservation Management Board
211 shall give preference to projects that maximize the reduction of
212 federally mandated congestion charges. The [Department]
213 Commissioner of Energy and Environmental Protection shall, in an
214 uncontested proceeding during which the [department] commissioner
215 may hold a public [hearing] meeting, approve, modify or reject [the
216 comprehensive] said plan prepared pursuant to this subsection. In the
217 event that the Conservation and Load Management Plan finalized by
218 the Commissioner of Energy and Environmental Protection contains
219 any provision the implementation of which requires funding through
220 new or amended rates or charges, the Public Utilities Regulatory
221 Authority shall open a proceeding to review such provision, in
222 accordance with the procedures established in sections 16-19, 16-19b
223 and 16-19e to ensure that rates remain just and reasonable. Such
224 proceeding shall be completed not later than sixty days after the
225 Conservation and Load Management Plan is finalized.

226 (2) There shall be a joint committee of the Energy Conservation
227 Management Board and the board of directors of the Connecticut
228 Clean Energy Finance and Investment Authority. The [board and the
229 advisory committee] boards shall each appoint members to such joint
230 committee. The joint committee shall examine opportunities to
231 coordinate the programs and activities funded by the Clean Energy
232 Fund pursuant to section 16-245n with the programs and activities
233 contained in the plan developed under this subsection and to provide
234 financing to increase the benefits of programs funded by the plan so as
235 to reduce the long-term cost, environmental impacts and security risks
236 of energy in the state. Such joint committee shall hold its first meeting
237 on or before August 1, 2005.

238 (3) Programs included in the plan developed under subdivision (1)
239 of this subsection shall be screened through cost-effectiveness testing

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

270 (4) The [Department] Commissioner of Energy and Environmental
271 Protection shall adopt an independent, comprehensive program
272 evaluation, measurement and verification process to ensure the Energy

273 Conservation Management Board's programs are administered
274 appropriately and efficiently, comply with statutory requirements,
275 programs and measures are cost effective, evaluation reports are
276 accurate and issued in a timely manner, evaluation results are
277 appropriately and accurately taken into account in program
278 development and implementation, and information necessary to meet
279 any third-party evaluation requirements is provided. An annual
280 schedule and budget for evaluations as determined by the board shall
281 be included in the plan filed with the [department] commissioner
282 pursuant to subdivision (1) of this subsection. The electric distribution
283 and gas company representatives and the representative of a
284 municipal electric energy cooperative may not vote on board plans,
285 budgets, recommendations, actions or decisions regarding such
286 process or its program evaluations and their implementation. Program
287 and measure evaluation, measurement and verification shall be
288 conducted on an ongoing basis, with emphasis on impact and process
289 evaluations, programs or measures that have not been studied, and
290 those that account for a relatively high percentage of program
291 spending. Evaluations shall use statistically valid monitoring and data
292 collection techniques appropriate for the programs or measures being
293 evaluated. All evaluations shall contain a description of any problems
294 encountered in the process of the evaluation, including, but not limited
295 to, data collection issues, and recommendations regarding addressing
296 those problems in future evaluations. The board shall contract with
297 one or more consultants not affiliated with the board members to act as
298 an evaluation administrator, advising the board regarding
299 development of a schedule and plans for evaluations and overseeing
300 the program evaluation, measurement and verification process on
301 behalf of the board. Consistent with board processes and approvals
302 and [department] the Commissioner of Energy and Environmental
303 Protection's decisions regarding evaluation, such evaluation
304 administrator shall implement the evaluation process by preparing
305 requests for proposals and selecting evaluation contractors to perform
306 program and measure evaluations and by facilitating communications

307 between evaluation contractors and program administrators to ensure
308 accurate and independent evaluations. In the evaluation
309 administrator's discretion and at his or her request, the electric
310 distribution and gas companies shall communicate with the evaluation
311 administrator for purposes of data collection, vendor contract
312 administration, and providing necessary factual information during
313 the course of evaluations. The evaluation administrator shall bring
314 unresolved administrative issues or problems that arise during the
315 course of an evaluation to the board for resolution, but shall have sole
316 authority regarding substantive and implementation decisions
317 regarding any evaluation. Board members, including electric
318 distribution and gas company representatives, may not communicate
319 with an evaluation contractor about an ongoing evaluation except with
320 the express permission of the evaluation administrator, which may
321 only be granted if the administrator believes the communication will
322 not compromise the independence of the evaluation. The evaluation
323 administrator shall file evaluation reports with the board and with the
324 [department] Commissioner of Energy and Environmental Protection
325 in its most recent uncontested proceeding pursuant to subdivision (1)
326 of this subsection and the board shall post a copy of each report on its
327 Internet web site. The board and its members, including electric
328 distribution and gas company representatives, may file written
329 comments regarding any evaluation with the [department]
330 Commissioner of Energy and Environmental Protection or for posting
331 on the board's Internet web site. Within fourteen days of the filing of
332 any evaluation report, the [department] Commissioner of Energy and
333 Environmental Protection, members of the board or other interested
334 persons may request in writing, and the [department] commissioner
335 shall conduct, a transcribed technical meeting to review the
336 methodology, results and recommendations of any evaluation.
337 Participants in any such transcribed technical meeting shall include the
338 evaluation administrator, the evaluation contractor and the Office of
339 Consumer Counsel at its discretion. On or before November 1, 2011,
340 and annually thereafter, the board shall report to the joint standing

341 committee of the General Assembly having cognizance of matters
342 relating to energy, with the results and recommendations of completed
343 program evaluations.

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

374 relationship with, an electric distribution company. Such costs shall
375 not exceed five per cent of the total revenue collected from the
376 assessment.

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

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

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

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

390 [Not later than May 1, 2006, the Public Utilities Regulatory
391 Authority shall complete an investigation of the potential impact on
392 electric reliability and electric rates created by promulgation of the
393 regulations under this section. If such investigation concludes that
394 there is no negative impact on such reliability and rates, not later than
395 July 1, 2006, the Commissioner of Energy and Environmental
396 Protection shall, in conjunction with the Public Utilities Regulatory
397 Authority and by regulations adopted] The Commissioner of Energy
398 and Environmental Protection may adopt regulations, in accordance
399 with chapter 54, to establish uniform emissions performance standards
400 or other requirements to regulate emissions of carbon dioxide to the air
401 from the generation of electricity supplied to end use customers in this
402 state. Such performance standards or other requirements shall, to the
403 greatest extent possible, be designed to improve air quality in this state
404 and to further [the attainment of the National Ambient Air Quality

405 Standards promulgated by the United States Environmental Protection
406 Agency] the goals of the Regional Greenhouse Gas Initiative. Such
407 performance standards [shall] or other requirements may apply to
408 emissions caused by electricity generation in any location in North
409 America used to supply end use customers in this state, [shall] may
410 limit emissions to levels consistent with those permitted from
411 technically similar generators located in this state and [shall] may limit
412 the amount of [air pollutants, including, but not limited to, nitrogen
413 oxides, sulfur oxides and] carbon dioxide emitted per megawatt hour
414 of electricity produced. Such performance standards or other
415 requirements may provide for a program for purchase of offsetting
416 reductions in emissions and trading of emission credits or carbon
417 dioxide allowances.

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

420 (a) As used in this section:

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

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

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

435 [(3)] (4) (A) "Unassigned virtual net metering credit" means, in any
436 given electric distribution company monthly billing period, a virtual
437 net metering credit that remains after both the customer host and its
438 beneficial accounts have been billed for zero kilowatt hours related
439 [solely] to the generation service charges and eighty per cent of the
440 distribution and other service charges on such billings through virtual
441 net metering;

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

449 [(4)] (5) "Virtual net metering" means the process of combining the
450 electric meter readings and billings, including any virtual net metering
451 credits, for a municipal, state or agricultural customer host and a
452 beneficial account related to such customer host's account through an
453 electric distribution company billing process related [solely] to the
454 generation service charges and eighty per cent of the distribution and
455 other service charges on such billings;

456 [(5)] (6) "Virtual net metering credit" means a credit equal to the
457 retail cost per kilowatt hour the customer host may have otherwise
458 been charged for each kilowatt hour produced by a virtual net
459 metering facility that exceeds the total amount of kilowatt hours used
460 during an electric distribution company monthly billing period; and

461 [(6)] (7) (A) "Virtual net metering facility" means a Class I renewable
462 energy source or a Class III source that: [(A)] (i) Is served by an electric
463 distribution company, owned, leased or subject to a long-term contract
464 by a customer host and serves the electricity needs of the customer
465 host and its beneficial accounts; [(B)] (ii) is within the same electric

466 distribution company service territory as the customer host and its
467 beneficial accounts; and [(C)] (iii) has a nameplate capacity rating of
468 [two] three megawatts or less; and

469 (B) "Agricultural virtual net metering facility" means a Class I
470 renewable energy source that is operated as part of an agricultural
471 business, as defined in subsection (q) of section 1-1 that: (i) Is served by
472 an electric distribution company on land owned or controlled by an
473 agricultural customer host and serves the electricity needs of the
474 agricultural customer host and its beneficial accounts; (ii) is within the
475 same electric distribution company service territory as the agricultural
476 customer host and its beneficial accounts; and (iii) has a nameplate
477 capacity rating of three megawatts or less.

478 (b) Each electric distribution company shall provide virtual net
479 metering to its municipal, [customers] state or agricultural customer
480 hosts and shall make any necessary interconnections for a virtual net
481 metering facility. Upon request by a municipal, state or agricultural
482 customer host to implement the provisions of this section, an electric
483 distribution company shall install metering equipment, if necessary.
484 For each municipal customer host, such metering equipment shall (1)
485 measure electricity consumed from the electric distribution company's
486 facilities; (2) deduct the amount of electricity produced but not
487 consumed; and (3) register, for each monthly billing period, the net
488 amount of electricity produced and, if applicable, consumed. If, in a
489 given monthly billing period, a municipal, state or agricultural
490 customer host supplies more electricity to the electric distribution
491 system than the electric distribution company delivers to the
492 municipal, state or agricultural customer host, the electric distribution
493 company shall bill the municipal, state or agricultural customer host
494 for zero kilowatt hours of generation and assign a virtual net metering
495 credit to the municipal, state or agricultural customer host's beneficial
496 accounts for the next monthly billing period. Such credit shall be
497 applied against the generation service component [of] and eighty per
498 cent of the distribution and other service charges billed to the

499 beneficial [account] accounts. Such credit shall be allocated among
500 such accounts in proportion to their consumption for the previous
501 twelve billing periods.

502 (c) An electric distribution company shall carry forward any
503 unassigned virtual net metering generation credits earned by the
504 municipal, state or agricultural customer host from one monthly
505 billing period to the next until the end of the calendar year. At the end
506 of each calendar year, the electric distribution company shall
507 compensate the municipal, state or agricultural customer host for any
508 unassigned virtual net metering generation credits at the rate the
509 electric distribution company pays for power procured to supply
510 standard service customers pursuant to section 16-244c, and eighty per
511 cent of the distribution and other service charges.

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

526 (e) On or before February 1, 2012, the [Department of Energy and
527 Environmental Protection] Public Utilities Regulatory Authority shall
528 conduct a proceeding to develop the administrative processes and
529 program specifications, including, but not limited to, a cap of [one] ten
530 million dollars per year apportioned to each electric distribution

531 company based on consumer load for credits provided to beneficial
532 accounts pursuant to subsection (c) of this section and payments made
533 pursuant to subsection (d) of this section.

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

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

543 (a) Notwithstanding any provisions of the general statutes to the
544 contrary, each electric company or electric distribution company shall
545 allow the installation of submeters at (1) a recreational campground,
546 (2) individual slips at marinas for metering the electric use by
547 individual boat owners, (3) commercial, industrial, multi-family
548 residential or multiuse buildings where the electric power or thermal
549 energy is provided by a Class I renewable energy source, as defined in
550 section 16-1, or a combined heat and power system, as defined in
551 section 16-1, or (4) in any other location as approved by the authority
552 [and] where submetering promotes the state's energy goals, as
553 described in the Comprehensive Energy Strategy, while protecting
554 consumers against termination of residential utility or propane service
555 or other related issues. Each entity approved to submeter by the Public
556 Utilities Regulatory Authority, pursuant to subsection (c) of this
557 section, shall provide electricity to [such campground] any allowed
558 facility, as described in this subsection, at a rate no greater than the
559 [residential] rate charged to that customer class for the service territory
560 in which [the campground or marina is] such allowed facility is
561 located, provided nothing in this section shall permit [the installation
562 of submeters for nonresidential use including, but not limited to,] such

563 entity to charge a submetered account for usage for general outdoor
564 lighting marina operations, repair facilities, restaurants, [or] other
565 retail recreational facilities or any common areas of a commercial,
566 industrial or multi-family residential building. [Service to
567 nonresidential facilities shall be separately metered and billed at the
568 appropriate rate.]

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

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

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

589 Sec. 8. (NEW) (*Effective July 1, 2013*) The Public Utilities Regulatory
590 Authority shall authorize any municipality, state or federal
591 governmental entity that owns, leases or operates any Class I
592 renewable energy source, as defined in section 16-1 of the general
593 statutes, or Class III source, as defined in section 16-1 of the general

594 statutes, to independently distribute electricity generated from any
595 such Class I renewable energy source or Class III source, or any other
596 generation resource under five megawatts that is connected to a
597 municipal microgrid, across a public highway or street for the sole
598 purpose of serving critical facilities, as defined in subdivision (2) of
599 subsection (a) of section 16-243y of the general statutes.

600 Sec. 9. Subsection (a) of section 32-80a of the general statutes is
601 repealed and the following is substituted in lieu thereof (*Effective July*
602 *1, 2013*):

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

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

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

615 Sec. 10. (NEW) (*Effective October 1, 2013*) (a) On or before January 1,
616 2014, the Commissioner of Energy and Environmental Protection, in
617 consultation with the Office of Policy and Management and the
618 Department of Consumer Protection, shall (1) adopt a set of criteria for
619 evaluating and rating the energy consumption of commercial
620 buildings, and (2) develop a method for labeling or disclosing such
621 information before the sale or lease of such buildings. The
622 commissioner may adopt the United States Environmental Protection
623 Agency's Energy Star portfolio manager to fulfill the requirements of
624 this section.

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

637 Sec. 11. (NEW) (*Effective October 1, 2013*) On or before January 1,
638 2014, the Commissioner of Energy and Environmental Protection shall,
639 within available appropriations, develop a voluntary pilot program to
640 (1) rate the energy use of residential buildings in the state, and (2) use
641 that information to promote efficiency improvements when a property
642 is being transferred through sale or lease. The commissioner shall
643 report the results of such pilot to the joint standing committees of the
644 General Assembly having cognizance of matters relating to energy and
645 technology and commerce. The commissioner may use the United
646 States Department of Energy's Home Energy Solutions scorecard
647 rating tool, or components thereof, in establishing such residential
648 rating system.

649 Sec. 12. (NEW) (*Effective October 1, 2013*) On or after January 1, 2014,
650 any landlord who requires a tenant to pay heating expenses as part of
651 the agreed lease shall, before entering into such lease agreement,
652 provide a potential tenant with a statement of prior usage for heat
653 expenses for the unit for at least the preceding year, and, on or after
654 January 1, 2015, the preceding two years. Upon request of any
655 potential tenant, the landlord shall provide such statement of prior
656 usage. The statement of prior usage shall consist of a report from the
657 supplier of the heating fuel, including, but not limited to, an electric,

658 electric distribution or gas company, if available, and shall otherwise
659 be based on (1) records of the heating fuel supplier, or (2) a good faith
660 estimate by the landlord.

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

663 (a) Commencing January 1, 2012, each electric distribution, electric
664 and gas company shall maintain and make available to the public, free
665 of charge, records of the energy consumption data of all typical
666 nonresidential buildings to which such company provides service. This
667 data shall be maintained in a format (1) compatible for uploading to
668 the United States Environmental Protection Agency's Energy Star
669 portfolio manager or similar system, for at least the most recent thirty-
670 six months, and (2) that preserves the confidentiality of the customer.

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

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

685 (b) On or before October 1, 2013, the department shall benchmark
686 all residential buildings owned or operated by the state or any state
687 agency with a gross floor area of ten thousand square feet or more. On

688 or before January 1, 2014, the department shall make public the United
689 States Environmental Protection Agency's Energy Star portfolio
690 manager benchmarking information for all such buildings.

691 Sec. 15. (NEW) (*Effective October 1, 2013*) (a) On or before January 1,
692 2014, any person who owns a nonresidential building in the state shall
693 annually benchmark such building's energy use using the United
694 States Environmental Protection Agency's Energy Star portfolio
695 manager benchmarking tool pursuant to the following schedule:

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

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

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

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

713 Sec. 16. (NEW) (*Effective July 1, 2013*) On or after October 1, 2013, any
714 application for a building permit for new construction of a building
715 with a gross floor area of more than ten thousand square feet or an
716 improvement to such a building costing at least twenty-five per cent of

717 such building's assessed value shall include an estimate of the finished
718 building's energy performance using the United States Environmental
719 Protection Agency's Energy Star target finder tool and shall
720 subsequently be benchmarked annually using the Energy Star
721 portfolio manager benchmarking tool. Portfolio manager and target
722 finder ratings and data for each building shall, within sixty days of
723 being generated, be made available to the Commissioner of Energy
724 and Environmental Protection. The commissioner, in consultation with
725 the Commissioner of Consumer Protection, shall make the data
726 accessible to the public through an Internet database.

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

729 (a) As used in this subsection, "geotechnical" means any geological
730 condition, such as soil and subsurface soil condition, which may affect
731 the structural characteristics of a building or structure. The State
732 Building Inspector and the Codes and Standards Committee shall,
733 jointly, with the approval of the Commissioner of Construction
734 Services, adopt and administer a State Building Code based on a
735 nationally recognized model building code for the purpose of
736 regulating the design, construction and use of buildings or structures
737 to be erected and the alteration of buildings or structures already
738 erected and make such amendments thereto as they, from time to time,
739 deem necessary or desirable. Such amendments shall be limited to
740 administrative matters, geotechnical and weather-related portions of
741 said code, amendments to said code necessitated by a provision of the
742 general statutes and any other matter which, based on substantial
743 evidence, necessitates an amendment to said code. The code shall be
744 revised not later than January 1, 2005, and thereafter as deemed
745 necessary to incorporate any subsequent revisions to the code not later
746 than eighteen months following the date of first publication of such
747 subsequent revisions to the code. The purpose of said Building Code
748 shall also include, but not be limited to, promoting and ensuring that

749 such buildings and structures are designed and constructed in such a
750 manner as to conserve energy and, wherever practicable, facilitate the
751 use of renewable energy resources, including provisions for new
752 transportation technologies in any code adopted after the effective date
753 of this section. Said Building Code includes any code, rule or
754 regulation incorporated therein by reference. [As used in this
755 subsection, "geotechnical" means any geological condition, such as soil
756 and subsurface soil conditions, which may affect the structural
757 characteristics of a building or structure.]

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

763 (c) The State Building Inspector or his designee may issue official
764 interpretations of the State Building Code, including interpretations of
765 the applicability of any provision of the code, upon the request of any
766 person. The State Building Inspector shall compile and index each
767 interpretation and shall publish such interpretations at periodic
768 intervals not exceeding four months.

769 (d) The State Building Inspector or his designee shall review a
770 decision by a local building official or a board of appeals appointed
771 pursuant to section 29-266 when he has reason to believe that such
772 official or board has misconstrued or misinterpreted any provision of
773 the State Building Code. If, upon review and after consultation with
774 such official or board, he determines that a provision of the code has
775 been misconstrued or misinterpreted, he shall issue an interpretation
776 of said code and may issue any order he deems appropriate. Any such
777 determination or order shall be in writing and be sent to such local
778 building official or board by registered mail, return receipt requested.
779 Any person aggrieved by any determination or order by the State
780 Building Inspector under this subsection may appeal to the Codes and

781 Standards Committee within fourteen days after mailing of the
782 decision or order. Any person aggrieved by any ruling of the Codes
783 and Standards Committee may appeal in accordance with the
784 provisions of subsection (d) of section 29-266.

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

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

792 (2) Notwithstanding subdivision (1) of this subsection, the amount
793 of sulfur content of number two heating oil sold, offered for sale,
794 distributed or used in this state shall not exceed the following
795 percentages by weight: (A) For the period beginning July 1, 2011, and
796 ending June 30, [2014] 2013, fifty parts per million, and (B) on and after
797 July 1, [2014] 2013, fifteen parts per million.

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

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

808 (c) As of the date on which the last of the states of New York,
809 Massachusetts and Rhode Island limits the sulfur content of number
810 two heating oil to one thousand two hundred fifty parts per million,

811 the sulfur content of number two heating oil sold, offered for sale,
812 distributed or used in this state shall not exceed one thousand two
813 hundred fifty parts per million.

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

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

824 [(f)] (b) The Commissioner of Energy and Environmental Protection
825 may suspend the requirements of [subsections (a) to (e), inclusive,]
826 subsection (a) of this section if the commissioner finds that the physical
827 availability of fuel which complies with such requirements is
828 inadequate to meet the needs of residential, commercial or industrial
829 users in this state and that such inadequate physical availability
830 constitutes an emergency provided the commissioner shall specify in
831 writing the period of time such suspension shall be in effect.

832 Sec. 19. (NEW) (*Effective from passage*) Pursuant to the natural gas
833 expansion plan approved by the Commissioner of Energy and
834 Environmental Protection in accordance with the Comprehensive
835 Energy Strategy, beginning on July 1, 2013, the gas companies shall use
836 a twenty-five-year payback period to compare the revenues that will
837 accrue from an additional gas customer to the revenue requirement of
838 connecting such customer to the distribution system to determine the
839 level of new business capital expenditures that will be recoverable
840 through rates. The Public Utilities Regulatory Authority shall develop
841 a methodology that reasonably accounts for revenues that would be

842 collected from additional customers connected for the same extension
 843 costs over a three-year period.

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

Statement of Purpose:

To implement the Governor's budget recommendations.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]