



Senate

General Assembly

File No. 577

February Session, 2016

Substitute Senate Bill No. 334

Senate, April 11, 2016

The Committee on Energy and Technology reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING REVISIONS TO CERTAIN ENERGY PURCHASING POOL AND LIFE-CYCLE COST ANALYSES STATUTES.

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

1 Section 1. Subdivision (2) of subsection (e) of section 4a-57 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective from passage*):

4 (2) Any purchase of or contract by the department for electric
5 generation services that are subject to competitive bidding and
6 competitive negotiations shall be conducted in cooperation with the
7 [Office of Policy and Management] Department of Energy and
8 Environmental Protection pursuant to section 16a-14e, as amended by
9 this act.

10 Sec. 2. Section 16a-14e of the general statutes is repealed and the
11 following is substituted in lieu thereof (*Effective from passage*):

12 [(a)] The Department of Energy and Environmental Protection shall

13 operate a purchasing pool for the purchase of electricity for state
14 operations. [and the operations of any municipality in the state that
15 elects to participate in such purchasing pool. In connection with the
16 operation of such purchasing pool, the Commissioner of Energy and
17 Environmental Protection may solicit proposals from electric suppliers
18 and as authorized pursuant to subsection (e) of this section, on behalf
19 of any state agency, municipality or institution of higher education for
20 electric generation services to purchase electricity for state and
21 municipal operations and to meet the state's energy policy goals, as
22 established in the comprehensive energy strategy adopted by the
23 commissioner.] Said department shall provide the opportunity to
24 participate in such purchasing pool to each household that includes an
25 individual who receives means-tested assistance administered by the
26 state or federal government. Any such household shall receive through
27 such purchasing pool the same benefits and rate discounts available
28 for state facilities. The Department of Energy and Environmental
29 Protection shall use federal and state energy assistance funds to
30 leverage the lowest practicable electric rates for households
31 participating in such pool, provided such funds shall not be used for
32 administrative purposes. [The commissioner may make grants
33 available to municipalities that join such pool and commit to achieving
34 the state diversion, recycling and reuse goals in accordance with
35 sections 22a-220 and 22a-241a and the state-wide solid waste
36 management plan adopted and amended pursuant to section 22a-228.]
37 The provisions of section 16-245 shall not apply to the Department of
38 Energy and Environmental Protection for purposes of this section.

39 [(b) In connection with the operation of the purchasing pool
40 described in subsection (a) of this section, on or before January 1, 2020,
41 the Commissioner of Energy and Environmental Protection shall
42 solicit, on behalf of state agencies and any municipality or institution
43 of higher education that elects to participate in such purchasing pool,
44 in one or more solicitations, proposals from retail electric suppliers and
45 as authorized pursuant to subsection (e) of this section for electric
46 supply, provided at least one solicitation occurs on or before January 1,
47 2015. For any solicitation issued for a purchasing pool of three

48 hundred seventy thousand megawatt hours per year or less, proposals
49 submitted in response to such solicitation shall include not less than
50 sixty per cent of electric generation supplied from Class II renewable
51 energy sources, as defined in section 16-1, that originate from trash-to-
52 energy facilities constructed on or before January 1, 2013, and that are
53 permitted pursuant to section 22a-208a. Selection criteria for such
54 services shall include, but are not limited to: (1) The delivered price of
55 such service, (2) the Class II renewable energy facility's practices in
56 furtherance of the state's diversion, reduction, reuse and recycling
57 goals that are consistent with sections 22a-220 and 22a-241a and the
58 state-wide solid waste management plan adopted and amended
59 pursuant to section 22a-228, (3) the degree to which a proposal
60 includes a greater percentage of trash-to-energy in the fuel mix, and (4)
61 the degree to which a proposal includes a greater number of trash-to-
62 energy facilities. On or before January 1, 2020, the commissioner shall,
63 through one or more solicitations, select the proposals that meet the
64 requirements of this subsection to satisfy, for a total period of not less
65 than five consecutive years, not less than three hundred seventy
66 thousand megawatt hours per year of electric supply, provided such
67 proposals include sixty per cent of electric generation supplied from
68 Class II renewable energy sources, as described in this subsection, and
69 otherwise meet the requirements of this subsection. Any proposals for
70 such electric supply service selected by the commissioner shall be for a
71 period of not more than five years and at a price not higher than one-
72 half cent per kilowatt hour above the price for standard generation
73 service at the time any such solicitation is issued. In the event that no
74 proposals include sixty per cent or more of electric generation supplied
75 from Class II renewable energy sources, as defined in section 16-1, that
76 originate from trash-to-energy facilities constructed on or before
77 January 1, 2013, and that are permitted pursuant to section 22a-208a,
78 the commissioner may select the proposal or proposals with the
79 highest percentage of electric generation supplied from such Class II
80 renewable energy sources, provided the price does not exceed one-half
81 cent per kilowatt hour above the price for standard generation service
82 at the time any such solicitation is issued.

83 (c) In the event that the pool authorized pursuant to subsection (a)
84 of this section exceeds three hundred seventy thousand megawatt
85 hours per year of electric supply, the commissioner may select an
86 amount using the selection criteria contained in subsection (b) of this
87 section, provided the requirement contained in subsection (b) of this
88 section for sixty per cent of such electric generation supplied from
89 Class II renewable energy sources shall not apply to any such amount
90 of such pool that exceeds three hundred seventy thousand megawatt
91 hours per year.

92 (d) For the purposes of subdivisions (17) and (18) of subsection (b)
93 of section 7-233e, the purchasing pool described in subsection (a) of
94 this section and any energy improvement district described in section
95 32-80a shall be deemed to be included in the entities that constitute
96 electric power entities.

97 (e) Notwithstanding the provisions of subsection (g) of section 16-
98 245c, a municipal electric energy cooperative is authorized to and may
99 provide and supply electric generation services to those entities that
100 constitute electric power entities, as described in subsection (d) of this
101 section, provided any such cooperative shall comply with the
102 renewable energy procurement requirements of sections 16-243q and
103 16-245a with respect to the electric generation services supplied to such
104 entities, and further provided all costs directly associated with seeking
105 to provide or providing such electric generation services, and all costs
106 otherwise reasonably allocable to seeking to provide or providing such
107 electric generation services, are excluded from the costs that such
108 electric energy cooperative charges any other electric energy
109 cooperative participant. Any such cooperative shall not be subject to
110 the provisions of section 16-245.]

111 Sec. 3. Subdivision (2) of subsection (a) of section 16a-37x of the
112 general statutes is repealed and the following is substituted in lieu
113 thereof (*Effective from passage*):

114 (2) "Cost effective" means the savings resulting from [an] energy-
115 savings [measure] measures outweigh the costs of such [measure]

116 measures, including, but not limited to, any financing costs, provided
117 the payback period for any financing provided pursuant to this section
118 is less than the functional life of the proposed energy-savings measure
119 and the payback period for the comprehensive package of measures
120 does not exceed [fifteen] twenty years.

121 Sec. 4. Section 16a-38 of the general statutes is repealed and the
122 following is substituted in lieu thereof (*Effective July 1, 2016*):

123 (a) As used in this section, subsection (e) of section 4b-23, as
124 amended by this act, sections 16a-38a, as amended by this act, and 16a-
125 38b, as amended by this act, unless the context otherwise requires: (1)
126 "Major capital project" means the construction or renovation of a major
127 facility; (2) "major facility" means any building owned by the state or
128 constructed or renovated wholly or partly with state funds, including a
129 state-financed housing project, which is used or intended to be used as
130 a school or which has ten thousand or more gross square feet, or any
131 other building so owned, constructed or renovated which is
132 designated a major facility by the Commissioner of Administrative
133 Services; (3) "renovation" means additions, alterations or repairs to a
134 major facility which the Commissioner of Administrative Services
135 finds will have a substantial effect upon the energy consumption of the
136 facility; (4) "life-cycle cost" means the cost, as determined by the
137 methodology identified in the National Institute of Standards and
138 Technology's special publication 544 and interagency report 80-2040,
139 available as set forth in the Code of Federal Regulations, Title 15, Part
140 230, of a major facility including the initial cost of its construction or
141 renovation, the marginal cost of future energy capacity, the cost of the
142 energy consumed by the facility over its expected useful life or, in the
143 case of a leased facility, over the remaining term of the lease, and the
144 cost of operating and maintaining the facility as such cost affects
145 energy consumption; (5) "energy performance standard" means a rate
146 of energy consumption which is the minimum practically achievable,
147 on a life-cycle cost basis, by adjusting maintenance or operating
148 procedures, modifying a building's equipment or structure and
149 utilizing renewable sources of energy; (6) "energy audit" means an

150 evaluation of, recommendations for and improvements of the energy
151 consumption characteristics of all passive, active and operational
152 energy systems and components by demand and type of energy used
153 including the internal energy load imposed on a building by its
154 occupants, equipment and components, and the external energy load
155 imposed on a building by the climatic conditions at its location; (7)
156 "renewable sources of energy" means energy from direct solar
157 radiation, wind, water, geothermal sources, wood and other forms of
158 biomass; (8) "cost effective" means that savings exceed cost over a ten-
159 year period; (9) "state agency" means any department, board,
160 commission, institution, or other agency of this state; and (10) "covered
161 products" means the consumer products set forth as covered products
162 in the Energy Policy and Conservation Act, 42 USC 6292.

163 [(b) (1) Except as provided in subsection (f) of this section, the
164 Commissioner of Administrative Services and the Commissioner of
165 Energy and Environmental Protection shall jointly establish and
166 publish standards for life-cycle cost analyses required by this section
167 for buildings owned or leased by the state. Such life-cycle cost analyses
168 for buildings shall provide, but shall not be limited to, information on
169 the estimated initial cost of each energy-consuming system being
170 compared and evaluated, annual operating and maintenance costs of
171 all energy-consuming systems over the useful life of the building, cost
172 of energy, salvage value and the estimated replacement cost for each
173 energy-consuming system or component expressed in annual terms for
174 the useful life of the building.

175 (2) Except as provided in subsection (f) of this section, the
176 Commissioner of Administrative Services and the Commissioner of
177 Energy and Environmental Protection may jointly establish and
178 publish standards for life-cycle cost analyses required by this section
179 for equipment and appliances owned or leased by the state which are
180 not covered products, and for such equipment and appliances which
181 are covered products. In establishing such standards, the
182 commissioners shall consider the criteria set forth in subsection (j) of
183 this section.

184 (c) No state agency shall obtain preliminary design approval for a
185 major capital project unless the Commissioner of Administrative
186 Services makes a written determination that the design is cost effective
187 on a life-cycle cost basis. To make such a determination, the
188 commissioner (1) shall require documentation that the design meets or
189 exceeds the standards set forth in the National Bureau of Standards
190 Handbook 135, or subsequent corresponding handbook of the United
191 States Department of Commerce and the State Building Code, and (2)
192 may require additional documentation, including, but not limited to, a
193 life-cycle cost analysis that complies with the standards established
194 pursuant to subdivision (1) of subsection (b) of this section.

195 (d) All design proposals for major capital projects shall include at
196 least two differing energy systems for space heating, cooling and hot
197 water to supplement the passive features designed into the building.
198 Such proposals may include computer or other analytical modeling or
199 simulation but shall not be construed to require the development of
200 architectural or mechanical design plans for each such system. All cost
201 evaluations of the competing energy systems shall be based on life-
202 cycle costs. A life-cycle cost analysis for each competing energy system
203 determined by the Commissioner of Administrative Services to meet
204 the standards of subsection (b) of this section shall be included as part
205 of the design proposal for all projects. No major capital project shall be
206 approved by the Commissioner of Administrative Services or by the
207 State Properties Review Board pursuant to section 4b-23, after June 30,
208 1980, unless the proposed project achieves to the maximum extent
209 practicable the energy performance standards established in
210 accordance with subsection (b) or (g) of this section.

211 (e) All applications for state funding of major capital projects shall
212 be accompanied by a life-cycle cost analysis which the Commissioner
213 of Administrative Services has determined complies with the
214 standards established pursuant to subsection (b) of this section. The
215 Commissioner of Administrative Services or the Commissioner of
216 Energy and Environmental Protection may require such a life-cycle
217 cost analysis for projects other than major capital projects.]

218 [(f)] (b) The Commissioner of Economic and Community
219 Development and the Commissioner of Energy and Environmental
220 Protection shall jointly establish and publish energy performance
221 standards for buildings constructed as part of state-owned and state-
222 financed housing projects and establish standards for life-cycle cost
223 analyses for such projects. In establishing such standards, the
224 commissioners shall consider (1) the coordination, positioning and
225 solar orientation of the project on its situs, (2) the amount of glazing,
226 degree of sun shading and direction of exposure, (3) the levels of
227 insulation incorporated into the design, (4) the variable occupancy and
228 operating conditions of the facility, (5) all architectural features which
229 affect energy consumption, and (6) the design and location of all
230 heating, cooling, hot water and electrical systems.

231 [(g)] (c) [Notwithstanding any provision in this section concerning
232 the review of life-cycle cost analyses by the Commissioner of
233 Administrative Services, a] A life-cycle cost analysis of a major capital
234 project prepared for the Department of Housing shall be reviewed by
235 the Commissioner of Economic and Community Development and the
236 Commissioner of Energy and Environmental Protection to determine if
237 such analysis is in compliance with the life-cycle cost analyses
238 standards established for such project under subsection [(f)] (b) of this
239 section.

240 [(h)] (d) Each state agency preparing a life-cycle cost analysis under
241 this section shall submit a summary of the analysis to the
242 Commissioner of Energy and Environmental Protection.

243 [(i)] Except as provided in subsection (f) of this section, the
244 Commissioner of Administrative Services and the Commissioner of
245 Energy and Environmental Protection shall jointly establish and
246 publish energy performance standards for existing and new buildings
247 owned or leased by the state. Such standards shall require maximum
248 efficiency in energy use in all such buildings and maximum practicable
249 use of renewable sources of energy in all such buildings. In
250 establishing such standards, the commissioners shall consider (1) the

251 coordination, positioning and solar orientation of the project on its
252 situs, (2) the amount of glazing, degree of sun shading and direction of
253 exposure, (3) the levels of insulation incorporated into the design, (4)
254 the variable occupancy and operating conditions of the facility, (5) all
255 architectural features which affect energy consumption, and (6) the
256 design and location of all heating, cooling, hot water and electrical
257 systems.

258 (j) Except as provided in subsection (f) of this section, the
259 Commissioner of Administrative Services and the Commissioner of
260 Energy and Environmental Protection may jointly establish and
261 publish energy performance standards for equipment and appliances
262 owned or leased by the state which are not covered products, and for
263 such equipment and appliances which are covered products. Any such
264 standards shall require maximum energy efficiency for all such
265 equipment and appliances and, for equipment and appliances owned
266 or leased by the state which are covered products, shall be more
267 stringent than the corresponding federal energy conservation
268 standards set forth in the Energy Policy and Conservation Act, 42 USC
269 6295, or federal regulations adopted thereunder. In establishing such
270 standards, the commissioners shall consider, without limitation, (1) the
271 initial cost of the equipment or appliance, (2) the projected useful
272 lifetime of the equipment or appliance, (3) the projected cost of the
273 energy that the equipment or appliance will consume over its
274 projected useful lifetime, (4) the estimated operating costs for
275 maintenance and repair, over the projected useful lifetime of the
276 equipment or appliance, and (5) the positive or negative salvage value
277 of the equipment or appliance upon disposal at the conclusion of its
278 projected useful lifetime.

279 (k) Any life-cycle cost analysis standards established pursuant to
280 subdivision (2) of subsection (b) of this section and any energy
281 performance standards established pursuant to subsection (j) of this
282 section shall be implemented in accordance with the purchasing
283 requirements set forth in chapter 58, and any regulations adopted
284 thereunder, and the provisions of this section and section 16a-38j.]

285 Sec. 5. Section 4a-56 of the general statutes is repealed and the
286 following is substituted in lieu thereof (*Effective July 1, 2016*):

287 The Commissioner of Administrative Services or his designee may
288 classify the requirements of the state government for supplies,
289 materials and equipment which may be purchased by the state and
290 may adopt as standards the minimum number of qualities, sizes and
291 varieties of such supplies, materials and equipment consistent with the
292 successful operation of the state government. If the commissioner
293 adopts any such standards, the commissioner shall prepare, adopt and
294 promulgate written specifications describing such standards, provided
295 specifications shall not be required for any supplies, materials or
296 equipment for which the commissioner determines that the cost of
297 preparing specifications would outweigh the benefits. In the
298 preparation and revision of any such standard specification, the
299 commissioner or his designee may seek the advice, assistance and
300 cooperation of the state agencies concerned in order to ascertain their
301 precise requirements. Each specification adopted for any commodity
302 shall satisfy the requirements of the state departments, agencies and
303 institutions which are to make use of the same, unless the
304 commissioner approves a waiver of the specification and states the
305 reason for the waiver in writing. In developing specifications for the
306 purchase of motor vehicles, the commissioner or his designee shall
307 consider motor vehicles using alternative fuels. The commissioner may
308 adopt [the] energy performance standards. [established pursuant to
309 subsection (j) of section 16a-38.]

310 Sec. 6. Section 4a-67c of the general statutes is repealed and the
311 following is substituted in lieu thereof (*Effective July 1, 2016*):

312 The Department of Administrative Services and each other
313 budgeted agency, as defined in section 4-69, exercising procurement
314 authority shall procure equipment and appliances for state use that
315 meet or exceed the federal energy conservation standards set forth in
316 the Energy Policy and Conservation Act, 42 USC 6295, any federal
317 regulations adopted thereunder, any applicable energy performance

318 standards [established in accordance with subsection (j) of section 16a-
319 38] and meet or exceed the federal Energy Star standards. Purchases of
320 equipment and appliances for which energy performance standards
321 have been established [pursuant to subsection (j) of section 16a-38]
322 shall be (1) made from among those specific models of equipment and
323 appliances which meet such standards, and (2) based, when possible,
324 on competitive bids. Such bids shall be evaluated on the basis of the
325 life-cycle cost standards, if any, [established pursuant to subsection
326 (b) of section 16a-38.]

327 Sec. 7. Subsection (a) of section 4b-23 of the general statutes is
328 repealed and the following is substituted in lieu thereof (*Effective July*
329 *1, 2016*):

330 (a) As used in this section, "facility" means buildings and real
331 property owned or leased by the state. The Secretary of the Office of
332 Policy and Management shall establish guidelines which further define
333 such term. All agencies and departments of the state shall notify the
334 Secretary of the Office of Policy and Management of their facility needs
335 including, but not limited to, the types of such facilities and the
336 municipalities or general location for the facilities. Each agency and
337 department shall continue long-range planning for facility needs,
338 establish a plan for its long-range facility needs and submit such plan
339 and related facility project requests to the Secretary of the Office of
340 Policy and Management, and a copy thereof to the Commissioner of
341 Administrative Services, on or before September first of each even-
342 numbered year. Each such request shall be accompanied by a capital
343 development impact statement, as required by section 4-66b, and a
344 colocation statement, as required by section 4b-31, if the secretary so
345 requires. Each agency and department shall base its long-term
346 planning for facility needs on a program plan. The secretary shall
347 establish a content guide and schedule for such plans. Each agency and
348 department shall prepare its program plan in accordance with such
349 guide and file it with the secretary pursuant to such schedule. Facility
350 plans shall include, but not be limited to: Identification of (1) long-term
351 and short-term facility needs, (2) opportunities for the substitution of

352 state-owned space for leased space, (3) facilities proposed for
353 demolition or abandonment which have potential for other uses, (4)
354 space modifications or relocations that could result in cost or energy
355 savings, and (5) facilities known to be brownfields. Each agency or
356 department program plan and facility plan and its facility project
357 requests shall cover a period of at least five years. The secretary shall
358 provide agencies and departments with instructions for preparing
359 program plans, long-term facility plans and facility project requests
360 and shall provide appropriate programmatic planning assistance. The
361 Commissioner of Administrative Services shall assist agencies and
362 departments with long-term facilities planning and the preparation of
363 cost estimates for such plans and requests. The Secretary of the Office
364 of Policy and Management shall review such plans and prepare an
365 integrated state facility plan which meets the aggregate facility needs
366 of the state. The secretary shall review the cost effective retrofit
367 measures recommended to the secretary by the Commissioner of
368 Administrative Services [under subsection (b) of section 16a-38a,] and
369 include in the plan those measures which would best attain [the] any
370 applicable energy performance standards. [established under
371 subdivision (1) of subsection (b) of section 16a-38.]

372 Sec. 8. Subsection (e) of section 4b-23 of the general statutes is
373 repealed and the following is substituted in lieu thereof (*Effective July*
374 *1, 2016*):

375 (e) Implementation of the state facility plan shall be the
376 responsibility of the Commissioner of Administrative Services who
377 shall conduct a study of each proposed facility in the plan to
378 determine: (1) The method of choice for satisfying each such facility
379 need, (2) the geographical areas best suited to such need, (3) the
380 feasibility and cost of such acquisition using a life-cycle cost analysis,
381 [as established by subdivision (2) of subsection (b) of section 16a-38,]
382 (4) the degree to which the plan promotes the goals addressed in
383 subsection (e) of section 4b-31, and (5) any other relevant factors. Said
384 commissioner shall review and approve each facility plan
385 implementation action and shall submit to the Properties Review

386 Board a list of each such action approved and the method and plan by
387 which it shall be accomplished. Said commissioner shall endeavor to
388 locate human services agencies in the same buildings as municipal and
389 private agencies that provide human services. The results of said
390 commissioner's study along with all supportive materials shall be
391 immediately sent to the Properties Review Board. The board shall meet
392 to review the decision of the commissioner and may request the
393 commissioner or any member of the commissioner's department, and
394 the head of the requesting agency or any of his or her employees to
395 appear for the purpose of supplying pertinent information. Said board
396 shall call a meeting not later than two weeks after the receipt of the
397 commissioner's decision, and may meet as often as necessary, to
398 review said decision. The board, not later than ninety days after the
399 receipt of the decision of the Commissioner of Administrative Services,
400 shall either accept, reject or request modification of such decision,
401 except that when more time is required, the board may have a ninety-
402 day extension of time, provided the board shall advise the
403 Commissioner of Administrative Services in writing as to the reasons
404 for such extension of time. If such decision is disapproved by the
405 board, it shall so inform the commissioner along with its reasons
406 therefor, and the commissioner shall inform the head of the requesting
407 agency and the Secretary of the Office of Policy and Management that
408 its request has been rejected. If such decision is approved by the board
409 it shall inform the commissioner of such approval and the
410 commissioner shall immediately communicate his decision to the head
411 or acting head of such governmental unit and to the Secretary of the
412 Office of Policy and Management and shall set forth the procedures to
413 be taken to accomplish the results of such decision. The decision to
414 make public such decision shall rest solely with the Commissioner of
415 Administrative Services both as to time and manner of disclosure, but
416 in no event shall such period exceed one year. The commissioner shall,
417 when he or she deems it to be in the public interest, authorize the
418 disclosure of such information; however, in the absence of such
419 authorization, any unauthorized disclosure shall be subject to the
420 criminal provisions of section 4b-27. All decisions made by the

421 commissioner under the provisions of this section shall require review
422 by the board. Except as otherwise hereinafter provided, the approval
423 or disapproval of the Properties Review Board shall be binding on the
424 commissioner and the requesting agency with regard to the acquisition
425 of any real estate by lease or otherwise, notwithstanding any other
426 statute or special act to the contrary. A majority vote of the board shall
427 be required to accept or reject a decision of the commissioner.

428 Sec. 9. Subsection (m) of section 4b-23 of the general statutes is
429 repealed and the following is substituted in lieu thereof (*Effective July*
430 *1, 2016*):

431 (m) (1) Plans to construct, renovate or modify state-owned or
432 occupied buildings shall provide for a portion of the total planned
433 floor area of newly constructed state buildings or buildings
434 constructed specifically for use by the state to be served by renewable
435 sources of energy, including solar, wind, water and biomass sources,
436 for use in space heating and cooling, domestic hot water and other
437 applications. For the plan due December 1, 1979, the portion to be
438 served by renewable energy sources shall be not less than five per cent
439 of total planned new floor area. For each succeeding state facilities
440 plan submitted after December 1, 1979, the portion of the total planned
441 floor area of any additional newly constructed state buildings or
442 buildings constructed specifically for use by the state to be served by
443 renewable energy sources shall be increased by at least five per cent
444 per year until a goal of fifty per cent of total planned floor area of any
445 additional newly constructed state buildings or buildings constructed
446 specifically for use by the state is reached. For any facility served by
447 renewable energy sources in accordance with this subsection, not less
448 than thirty per cent of the total energy requirements of any specific
449 energy application, including, but not limited to, space heating or
450 cooling and providing domestic hot water, shall be provided by
451 renewable energy sources. The installation in newly constructed state
452 buildings or buildings constructed specifically for use by the state of
453 systems using renewable energy sources in accordance with this
454 subsection, shall be subject to [the] a life-cycle cost analysis. [provided

455 for in section 16a-38.] (2) The state shall fulfill the obligations imposed
456 by subdivision (1) of this subsection unless such action would cause an
457 undue economic hardship to the state.

458 Sec. 10. Subsection (a) of section 10-284 of the 2016 supplement to
459 the general statutes is repealed and the following is substituted in lieu
460 thereof (*Effective July 1, 2016*):

461 (a) The Commissioner of Administrative Services shall have
462 authority to receive and review applications for state grants under this
463 chapter, and to approve any such application, or to disapprove any
464 such application if (1) it does not comply with the requirements of the
465 State Fire Marshal or the Department of Public Health, (2) it is not
466 accompanied by a life-cycle cost analysis approved by the
467 Commissioner of Administrative Services, [pursuant to section 16a-38,]
468 (3) it does not comply with the provisions of sections 10-290d and 10-
469 291, (4) it does not meet (A) the standards or requirements established
470 in regulations adopted in accordance with section 10-287c, or (B)
471 school building categorization requirements described in section 10-
472 283, (5) the estimated construction cost exceeds the per square foot cost
473 for schools established in regulations adopted by the Commissioner of
474 Administrative Services for the county in which the project is proposed
475 to be located, (6) on and after July 1, 2014, the application does not
476 comply with the school safety infrastructure criteria developed by the
477 School Safety Infrastructure Council, pursuant to section 10-292r,
478 except the Commissioner of Administrative Services may waive any of
479 the provisions of the school safety infrastructure criteria if the
480 commissioner determines that the application demonstrates that the
481 applicant has made a good faith effort to address such criteria and that
482 compliance with such criteria would be infeasible, unreasonable or
483 excessively expensive, or (7) the Commissioner of Education
484 determines that the proposed educational specifications for or theme
485 of the project for which the applicant requests a state grant duplicates a
486 program offered by a technical high school or an interdistrict magnet
487 school in the same region.

488 Sec. 11. Subsection (a) of section 16a-37u of the general statutes is
489 repealed and the following is substituted in lieu thereof (*Effective July*
490 *1, 2016*):

491 (a) The Commissioner of Energy and Environmental Protection
492 shall be responsible for planning and managing energy use in state-
493 owned and leased buildings and shall establish a program to maximize
494 the efficiency with which energy is utilized in such buildings. The
495 commissioner shall exercise this authority by (1) preparing and
496 implementing annual and long-range plans, with timetables,
497 establishing goals for reducing state energy consumption and, based
498 on energy audits, specific objectives for state agencies to meet [the] any
499 applicable performance standards; [adopted under section 16a-38;] (2)
500 coordinating federal and state energy conservation resources and
501 activities, including but not limited to, those required to be performed
502 by other state agencies under this chapter; and (3) monitoring energy
503 use and costs by budgeted state agencies on a monthly basis.

504 Sec. 12. Subsection (e) of section 16a-37u of the general statutes is
505 repealed and the following is substituted in lieu thereof (*Effective July*
506 *1, 2016*):

507 (e) Not later than January fifth, annually, the commissioner shall
508 submit a report to the Governor and the joint standing committee of
509 the General Assembly having cognizance of matters relating to energy
510 planning and activities. The report shall (1) indicate the total number
511 of energy audits and technical assistance audits of state-owned and
512 leased buildings, (2) summarize the status of the energy conservation
513 measures recommended by such audits, (3) summarize all energy
514 conservation measures implemented during the preceding twelve
515 months in state-owned and leased buildings which have not had such
516 audits, (4) analyze the availability and allocation of funds to
517 implement the measures recommended under subdivision (2) of this
518 subsection, (5) list each budgeted agency, as defined in section 4-69,
519 which occupies a state-owned or leased building and has not
520 cooperated with the Commissioner of Administrative Services and the

521 Commissioner of Energy and Environmental Protection in conducting
522 energy and technical assistance audits of such building and
523 implementing operational and maintenance improvements
524 recommended by such audits and any other energy conservation
525 measures required for such building by the Commissioner of Energy
526 and Environmental Protection, in consultation with the Secretary of the
527 Office of Policy and Management, (6) summarize all life-cycle cost
528 analyses [prepared under section 16a-38] during the preceding twelve
529 months, and summarize agency compliance with the life-cycle cost
530 analyses, and (7) identify any state laws, regulations or procedures that
531 impede innovative energy conservation and load management projects
532 in state buildings. Any such report may be submitted electronically.

533 Sec. 13. Subsection (b) of section 16a-38a of the general statutes is
534 repealed and the following is substituted in lieu thereof (*Effective July*
535 *1, 2016*):

536 (b) (1) The Commissioner of Administrative Services shall review
537 and evaluate the energy audits completed in accordance with this
538 section and shall, within six months, recommend to the Commissioner
539 of Energy and Environmental Protection buildings for cost effective
540 retrofit measures to enable such buildings to attain [the] any applicable
541 energy performance standards, [established under subdivision (1) of
542 subsection (b) of section 16a-38.] (2) It shall be a goal that beginning
543 not later than July 1, 1982, work to retrofit at least twenty per cent of
544 the total floor area of existing state-owned buildings for energy
545 conservation shall be commenced in each fiscal year. Where technically
546 feasible, renewable sources of energy shall be used for space heating
547 and cooling, domestic hot water and other applications. (3) It shall be a
548 goal that not later than June 30, 1991, all state-owned buildings be the
549 subject of such energy conservation and renewable energy retrofit
550 measures as will enable them to meet [the] any applicable energy
551 performance standards, [established in accordance with subdivision (1)
552 of subsection (b) of section 16a-38.]

553 Sec. 14. Section 16a-38b of the general statutes is repealed and the

554 following is substituted in lieu thereof (*Effective July 1, 2016*):

555 The Commissioner of Administrative Services and the
556 Commissioner of Energy and Environmental Protection shall take such
557 actions as may be necessary or appropriate to enable all state facilities
558 to meet [the] any applicable energy performance standards,
559 [established in accordance with subdivision (1) of subsection (b) of
560 section 16a-38.]

561 Sec. 15. Subsection (b) of section 16a-38h of the general statutes is
562 repealed and the following is substituted in lieu thereof (*Effective July*
563 *1, 2016*):

564 (b) In selecting buildings to lease for state use, the Commissioner of
565 Administrative Services shall give preference to buildings which meet
566 any applicable energy performance standards, [established in
567 accordance with subdivision (1) of subsection (b) of section 16a-38,]
568 including buildings which use solar heating and cooling equipment or
569 other renewable energy sources and which otherwise minimize life-
570 cycle costs.

571 Sec. 16. Subsection (a) of section 16a-38i of the general statutes is
572 repealed and the following is substituted in lieu thereof (*Effective July*
573 *1, 2016*):

574 (a) The energy performance standards established by the
575 Commissioner of Administrative Services and the Commissioner of
576 Energy and Environmental Protection [pursuant to section 16a-38]
577 shall require that the Commissioner of Administrative Services, in
578 consultation with the Commissioner of Energy and Environmental
579 Protection, establish a process for calculating annually, from currently
580 available data, the average energy use per square foot in state
581 buildings.

582 Sec. 17. Section 16a-38j of the general statutes is repealed and the
583 following is substituted in lieu thereof (*Effective July 1, 2016*):

584 The Department of Administrative Services, in consultation with the

585 Commissioner of Energy and Environmental Protection, shall adopt
586 regulations, in accordance with the provisions of chapter 54,
587 establishing criteria to be used by each state agency in selecting
588 equipment for use in state buildings. Such criteria shall include a
589 life-cycle cost analysis. Such criteria for equipment for which energy
590 performance standards have been established [pursuant to subsection
591 (j) of section 16a-38] shall include such energy performance standards.

592 Sec. 18. Subsection (b) of section 17b-801 of the general statutes is
593 repealed and the following is substituted in lieu thereof (*Effective from*
594 *passage*):

595 (b) The commissioner shall administer a state-appropriated
596 weatherization assistance program to provide, within available
597 appropriations, weatherization assistance in accordance with the
598 provisions of the state plan implementing the weatherization
599 assistance block grant program authorized by the federal Low-Income
600 Home Energy Assistance Act of 1981, and programs of fuel assistance
601 and weatherization assistance with funds authorized by the federal
602 Low-Income Home Energy Assistance Act of 1981 [and by the U.S.
603 Department of Energy in accordance with 10 CFR Part 440
604 promulgated under Title IV of the Energy Conservation and
605 Production Act, as amended,] and oil settlement funds in accordance
606 with subsections (b) and (c) of section 4-28. The commissioner shall
607 adopt regulations, in accordance with the provisions of chapter 54, (1)
608 establishing priorities for determining which households shall receive
609 such weatherization assistance, (2) requiring that the only criterion for
610 determining which energy conservation measures shall be
611 implemented pursuant to this subsection in any such dwelling unit
612 shall be the simple payback calculated for each energy conservation
613 measure recommended in the energy audit conducted for such unit, (3)
614 establishing the maximum allowable payback period for such energy
615 conservation measures, and (4) establishing conditions for the waiver
616 of the provisions of subdivisions (1) to (3), inclusive, of this subsection
617 in the event of emergencies. The programs provided for under this
618 subsection shall include a program of fuel and weatherization

619 assistance for emergency shelters for homeless individuals and victims
 620 of domestic violence. The commissioner may adopt regulations, in
 621 accordance with the provisions of chapter 54, to implement and
 622 administer the program of fuel and weatherization assistance for
 623 emergency shelters.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	4a-57(e)(2)
Sec. 2	<i>from passage</i>	16a-14e
Sec. 3	<i>from passage</i>	16a-37x(a)(2)
Sec. 4	<i>July 1, 2016</i>	16a-38
Sec. 5	<i>July 1, 2016</i>	4a-56
Sec. 6	<i>July 1, 2016</i>	4a-67c
Sec. 7	<i>July 1, 2016</i>	4b-23(a)
Sec. 8	<i>July 1, 2016</i>	4b-23(e)
Sec. 9	<i>July 1, 2016</i>	4b-23(m)
Sec. 10	<i>July 1, 2016</i>	10-284(a)
Sec. 11	<i>July 1, 2016</i>	16a-37u(a)
Sec. 12	<i>July 1, 2016</i>	16a-37u(e)
Sec. 13	<i>July 1, 2016</i>	16a-38a(b)
Sec. 14	<i>July 1, 2016</i>	16a-38b
Sec. 15	<i>July 1, 2016</i>	16a-38h(b)
Sec. 16	<i>July 1, 2016</i>	16a-38i(a)
Sec. 17	<i>July 1, 2016</i>	16a-38j
Sec. 18	<i>from passage</i>	17b-801(b)

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 17 \$	FY 18 \$
Various State Agencies	All Funds - Indeterminate	See Below	See Below

Note: All Funds=All Funds

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Indeterminate	See Below	See Below

Explanation

The bill requires the Department of Administrative Services (DAS) commissioner to negotiate electricity purchases in cooperation with the Department of Energy and Environmental Protection commissioner, rather than the Office of Policy and Management and does not allow municipalities to participate in the purchasing pool. The extent to which this restructure may impact excessive returns is unknown; therefore, the impact to the state and municipalities as ratepayers is also unknown.

The Out Years

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

OLR Bill Analysis**sSB 334*****AN ACT CONCERNING REVISIONS TO CERTAIN ENERGY PURCHASING POOL AND LIFE-CYCLE COST ANALYSES STATUTES.*****SUMMARY:**

This bill makes several unrelated changes to the energy statutes.

It restructures the electricity purchasing pool operated by the Department of Energy and Environmental Protection (DEEP) to buy electricity for state operations and certain low-income households by (1) eliminating requirements that DEEP solicit proposals from Class II trash-to-energy facilities and (2) removing authorization for municipalities to participate in the purchasing pool. The bill requires the Department of Administrative Services (DAS) commissioner to negotiate electricity purchases in cooperation with the DEEP commissioner, rather than the Office of Policy and Management. It also eliminates authorization for the Connecticut Municipal Electric Energy Cooperative (CMEEC) to contract with the purchasing pool or any energy improvement district to buy and sell power.

The bill eliminates provisions that (1) require the DEEP and DAS commissioners to jointly establish standards for life cycle cost analyses and energy performance standards for buildings owned and leased by the state and (2) allow the commissioners to establish such standards for equipment and appliances owned and leased by the state. It requires DEEP to establish specific objectives for state agencies to meet any applicable performance standards, rather than those established by the commissioners. It makes numerous other conforming changes.

The bill also eliminates requirements related to state agency major capital improvements, including (1) a requirement that the DAS

commissioner make a written determination that a preliminary design for a major capital project is cost effective on a life cycle cost basis and (2) various other requirements for design proposals.

The bill extends, from 15 to 20 years, the limit on the financing payback period for energy-savings measures implemented under an energy-savings performance contract (i.e., a contract with a third party to find savings through energy efficiency measures) by a municipality or state agency. The bill also applies the limit to a comprehensive package of measures, rather than each energy-savings measure. By law, unchanged by the bill, the financing payback period for each proposed energy-savings measure cannot exceed its functional life.

The bill removes a requirement that the social services commissioner administer the weatherization assistance program funded by the U.S. Department of Energy. In practice, DEEP administers this program.

EFFECTIVE DATE: July 1, 2016, except for the provision related to the weatherization assistance program, which is effective upon passage.

§§ 1 & 2 — ELECTRICITY PURCHASING POOL

Municipal Participation

The bill eliminates provisions allowing (1) municipalities to elect to participate in DEEP's electricity purchasing pool and (2) the DEEP commissioner to make grants to those municipalities that elect to join the pool and commit to the state's solid waste management goals.

Solicitation Requirements

Under current law, when operating the purchasing pool, the DEEP commissioner may solicit proposals for electric generation services on behalf of any state agency, municipality, or higher education institution to (1) buy electricity for state and municipal operations and (2) meet the state's energy policy goals. The bill eliminates this option.

Current law requires the DEEP commissioner, on behalf of state

agencies and any participating municipality or higher education institution, to solicit proposals from retail electric suppliers and municipal electric energy cooperatives by January 1, 2020. Under current law, by January 1, 2020, he must select proposals that meet certain requirements to provide at least 370,000 megawatt hours of electricity per year for at least five consecutive years with at least 60% of it supplied by Class II renewable energy sources. The bill eliminates these requirements and related provisions regarding the following:

1. proposal requirements for minimum proportions of power from certain trash-to-energy facilities;
2. criteria the DEEP commissioner must use to select proposals;
3. caps on the term length (5 years) and price (one-half cent per kilowatt hour above the standard generation service price) of selected proposals;
4. authorization for the DEEP commissioner to select proposals with the highest percentage of electricity from Class II renewable energy sources generated at certain trash-to-energy facilities, if no proposal meets the minimum requirements; and
5. authorization for the DEEP commissioner to select proposals that do not meet the minimum requirement for additional power if the pool exceeds 370,000 megawatt hours per year.

Municipal Electric Energy Cooperatives

The bill eliminates authorization for CMEEC, which supplies power for municipal electric utilities, to contract with the purchasing pool or any energy improvement district to buy and sell power. Additionally, the bill removes related provisions (1) prohibiting CMEEC from charging electric cooperative participants for costs related to providing these generation services and (2) requiring CMEEC, when supplying such services, to comply with the state's renewable portfolio standard but exempting it from electric supplier licensing requirements.

§§ 3-17 — ENERGY REQUIREMENTS FOR STATE PURCHASES

Commissioners' Life Cycle Cost Analyses

The bill eliminates a requirement that the DEEP and DAS commissioners jointly establish and publish standards for life cycle cost analyses for state owned or leased buildings. Under current law, such standards must provide the following information:

1. the estimated initial cost of each energy-consuming system being compared and evaluated,
2. annual operating and maintenance costs of all energy-consuming systems over the building's useful life,
3. cost of energy,
4. salvage value, and
5. the estimated replacement cost for each energy-consuming system or component expressed in annual terms for the building's useful life.

It also eliminates provisions allowing the commissioners to establish standards for life cycle cost analyses for equipment and appliances owned or leased by the state. Under current law, such standards must (1) require maximum energy efficiency and (2) for those product with standards defined in federal law, be more stringent than federal standards. Current law also specifies factors the commissioners must consider when establishing these standards.

Under law unchanged by the bill, "life cycle cost" is the cost, determined through methodology published by the National Institute of Standards and Technology, of a major facility, including (1) the initial cost of construction or renovation; (2) the marginal cost of future energy capacity; (3) the cost of energy the facility consumes over its expected useful life, or, for leased facilities, over the remaining term of the lease; and (4) the costs of operating and maintaining the facility as such cost affects energy consumption. The bill makes conforming changes by referencing life cycle cost analyses generally, rather than

those established by the commissioner, applicable to the following:

1. state agency evaluation of bids for the purchase of certain equipment and appliances (§ 6),
2. the study the DAS commissioner must conduct for proposed facilities in the Office of Policy and Management (OPM's) integrated state facility plan (§ 8),
3. the installation of systems using renewable energy sources in newly constructed state buildings (§ 9),
4. application requirements for grants for school building projects (§ 10), and
5. the summary included in DEEP's annual report to the Energy and Technology Committee on energy use planning and management in state buildings (§ 12).

The bill requires OPM to include in its integrated state facility plan measures to attain any applicable energy performance standards, rather than life cycle cost analyses established by the commissioners. Under law and unchanged by the bill, an energy performance standard is the minimum practically achievable rate of energy consumption, on a life cycle cost basis, by adjusting maintenance or operating procedures, modifying a building's equipment or structure, and utilizing renewable sources of energy. The bill requires the DAS and DEEP commissioners to take necessary and appropriate actions to enable all state facilities to meet energy performance standards generally, rather than those based on life cycle cost analyses established by the commissioners. Under current law, when selecting buildings for the state to lease, the DAS commissioner must give preference to buildings that meet life cycle cost analyses established by the commissioners. The bill instead requires preference for buildings that meet any applicable energy performance standards.

Commissioners' Energy Performance Standards

The bill eliminates a requirement that the DEEP and DAS commissioners jointly establish and publish energy performance standards for existing and new buildings owned or leased by the state. Under current law, such standards must require maximum efficiency in energy use and maximum practicable use of renewable energy sources. It also eliminates provisions allowing the commissioners to establish energy performance standards for equipment and appliances owned or leased by the state. Under current law, such standards must (1) require maximum energy efficiency and (2) for those product with standards defined in federal law, be more stringent than federal standards. Current law also specifies factors the commissioners must consider when establishing energy performance standards for buildings, equipment, and appliances.

The bill continues to allow the DAS commissioner to adopt energy performance standards as a requirement for state purchases of supplies, materials, and equipment, but no longer references those standards established by the commissioners. The bill makes similar conforming changes in provisions requiring DAS and other state agencies to procure equipment and appliances that meet or exceed energy performance standards.

Under current law, to purchase equipment and appliances for which the commissioners have established energy performance standards, DAS and other state agencies must make the purchase (1) from specific equipment and appliance models that meet such standards and (2) based on competitive bids when possible. DAS must also include the standards for such equipment in regulations. The bill instead applies these requirements to equipment and appliances with any established energy performance standard.

§ 4 — STATE AGENCY MAJOR CAPITAL PROJECT APPROVAL

The bill eliminates provisions related to state agency major capital projects. By law and unchanged by the bill, such projects are for construction or renovation of any building (1) owned by the state or constructed or renovated with state funds and (2) used or intended to

be used as a school, over 10,000 square feet, or designated as a major facility by the DAS commissioner.

The bill eliminates a provision requiring the DAS commissioner to make a written determination that a preliminary design for a major capital project is cost effective on a life cycle cost basis in order for the preliminary design to be approved. It also repeals requirements that design proposals for such projects include (1) at least two differing energy systems for space heating, cooling, and hot water to supplement passive features designed into the building; and (2) a life cycle cost analysis for each competing energy system. It eliminates a requirement that approved projects achieve, to the maximum extent practicable, energy standards established by the commissioners. It also eliminates a requirement that applications for state funding for major capital projects include a life cycle cost analysis.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/22/2016)