



General Assembly

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Governor's Bill No. 9

LCO No. 340



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:

SEN. LOONEY, 11th Dist.

SEN. DUFF, 25th Dist.

REP. ARESIMOWICZ, 30th Dist.

REP. RITTER M., 1st Dist.

AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.

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

1 Section 1. Subsection (a) of section 16-245a of the 2018 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective from passage*):

4 (a) An electric supplier and an electric distribution company
5 providing standard service or supplier of last resort service, pursuant
6 to section 16-244c, as amended by this act, shall demonstrate:

7 (1) On and after January 1, 2006, that not less than two per cent of
8 the total output or services of any such supplier or distribution
9 company shall be generated from Class I renewable energy sources
10 and an additional three per cent of the total output or services shall be
11 from Class I or Class II renewable energy sources;

12 (2) On and after January 1, 2007, not less than three and one-half per
13 cent of the total output or services of any such supplier or distribution
14 company shall be generated from Class I renewable energy sources
15 and an additional three per cent of the total output or services shall be
16 from Class I or Class II renewable energy sources;

17 (3) On and after January 1, 2008, not less than five per cent of the
18 total output or services of any such supplier or distribution company
19 shall be generated from Class I renewable energy sources and an
20 additional three per cent of the total output or services shall be from
21 Class I or Class II renewable energy sources;

22 (4) On and after January 1, 2009, not less than six per cent of the
23 total output or services of any such supplier or distribution company
24 shall be generated from Class I renewable energy sources and an
25 additional three per cent of the total output or services shall be from
26 Class I or Class II renewable energy sources;

27 (5) On and after January 1, 2010, not less than seven per cent of the
28 total output or services of any such supplier or distribution company
29 shall be generated from Class I renewable energy sources and an
30 additional three per cent of the total output or services shall be from
31 Class I or Class II renewable energy sources;

32 (6) On and after January 1, 2011, not less than eight per cent of the
33 total output or services of any such supplier or distribution company
34 shall be generated from Class I renewable energy sources and an
35 additional three per cent of the total output or services shall be from
36 Class I or Class II renewable energy sources;

37 (7) On and after January 1, 2012, not less than nine per cent of the
38 total output or services of any such supplier or distribution company
39 shall be generated from Class I renewable energy sources and an
40 additional three per cent of the total output or services shall be from
41 Class I or Class II renewable energy sources;

42 (8) On and after January 1, 2013, not less than ten per cent of the
43 total output or services of any such supplier or distribution company
44 shall be generated from Class I renewable energy sources and an
45 additional three per cent of the total output or services shall be from
46 Class I or Class II renewable energy sources;

47 (9) On and after January 1, 2014, not less than eleven per cent of the
48 total output or services of any such supplier or distribution company
49 shall be generated from Class I renewable energy sources and an
50 additional three per cent of the total output or services shall be from
51 Class I or Class II renewable energy sources;

52 (10) On and after January 1, 2015, not less than twelve and one-half
53 per cent of the total output or services of any such supplier or
54 distribution company shall be generated from Class I renewable
55 energy sources and an additional three per cent of the total output or
56 services shall be from Class I or Class II renewable energy sources;

57 (11) On and after January 1, 2016, not less than fourteen per cent of
58 the total output or services of any such supplier or distribution
59 company shall be generated from Class I renewable energy sources
60 and an additional three per cent of the total output or services shall be
61 from Class I or Class II renewable energy sources;

62 (12) On and after January 1, 2017, not less than fifteen and one-half
63 per cent of the total output or services of any such supplier or
64 distribution company shall be generated from Class I renewable
65 energy sources and an additional three per cent of the total output or
66 services shall be from Class I or Class II renewable energy sources;

67 (13) On and after January 1, 2018, not less than seventeen per cent of
68 the total output or services of any such supplier or distribution
69 company shall be generated from Class I renewable energy sources
70 and an additional four per cent of the total output or services shall be
71 from Class I or Class II renewable energy sources;

72 (14) On and after January 1, 2019, not less than nineteen and one-
73 half per cent of the total output or services of any such supplier or
74 distribution company shall be generated from Class I renewable
75 energy sources and an additional four per cent of the total output or
76 services shall be from Class I or Class II renewable energy sources;

77 (15) On and after January 1, 2020, not less than [twenty] twenty-one
78 per cent of the total output or services of any such supplier or
79 distribution company shall be generated from Class I renewable
80 energy sources and an additional four per cent of the total output or
81 services shall be from Class I or Class II renewable energy sources; [.]

82 (16) On and after January 1, 2021, not less than twenty-two and one-
83 half per cent of the total output or services of any such supplier or
84 distribution company shall be generated from Class I renewable
85 energy sources and an additional four per cent of the total output or
86 services shall be from Class I or Class II renewable energy sources;

87 (17) On and after January 1, 2022, not less than twenty-four per cent
88 of the total output or services of any such supplier or distribution
89 company shall be generated from Class I renewable energy sources
90 and an additional four per cent of the total output or services shall be
91 from Class I or Class II renewable energy sources;

92 (18) On and after January 1, 2023, not less than twenty-six per cent
93 of the total output or services of any such supplier or distribution
94 company shall be generated from Class I renewable energy sources
95 and an additional four per cent of the total output or services shall be
96 from Class I or Class II renewable energy sources;

97 (19) On and after January 1, 2024, not less than twenty-eight per cent
98 of the total output or services of any such supplier or distribution
99 company shall be generated from Class I renewable energy sources
100 and an additional four per cent of the total output or services shall be
101 from Class I or Class II renewable energy sources;

102 (20) On and after January 1, 2025, not less than thirty per cent of the
103 total output or services of any such supplier or distribution company
104 shall be generated from Class I renewable energy sources and an
105 additional four per cent of the total output or services shall be from
106 Class I or Class II renewable energy sources;

107 (21) On and after January 1, 2026, not less than thirty-two per cent of
108 the total output or services of any such supplier or distribution
109 company shall be generated from Class I renewable energy sources
110 and an additional four per cent of the total output or services shall be
111 from Class I or Class II renewable energy sources;

112 (22) On and after January 1, 2027, not less than thirty-four per cent
113 of the total output or services of any such supplier or distribution
114 company shall be generated from Class I renewable energy sources
115 and an additional four per cent of the total output or services shall be
116 from Class I or Class II renewable energy sources;

117 (23) On and after January 1, 2028, not less than thirty-six per cent of
118 the total output or services of any such supplier or distribution
119 company shall be generated from Class I renewable energy sources
120 and an additional four per cent of the total output or services shall be
121 from Class I or Class II renewable energy sources;

122 (24) On and after January 1, 2029, not less than thirty-eight per cent
123 of the total output or services of any such supplier or distribution
124 company shall be generated from Class I renewable energy sources
125 and an additional four per cent of the total output or services shall be
126 from Class I or Class II renewable energy sources;

127 (25) On and after January 1, 2030, not less than forty per cent of the
128 total output or services of any such supplier or distribution company
129 shall be generated from Class I renewable energy sources and an
130 additional four per cent of the total output or services shall be from
131 Class I or Class II renewable energy sources.

132 Sec. 2. Subdivision (1) of subsection (h) of section 16-244c of the 2018
133 supplement to the general statutes is repealed and the following is
134 substituted in lieu thereof (*Effective from passage*):

135 (h) (1) Notwithstanding the provisions of subsection (b) of this
136 section regarding an alternative standard service option, an electric
137 distribution company providing standard service, supplier of last
138 resort service or back-up electric generation service in accordance with
139 this section shall contract with its wholesale suppliers to comply with
140 the renewable portfolio standards. The Public Utilities Regulatory
141 Authority shall annually conduct an uncontested proceeding in order
142 to determine whether the electric distribution company's wholesale
143 suppliers met the renewable portfolio standards during the preceding
144 year. On or before December 31, 2013, the authority shall issue a
145 decision on any such proceeding for calendar years up to and
146 including 2012, for which a decision has not already been issued. Not
147 later than December 31, 2014, and annually thereafter, the authority
148 shall, following such proceeding, issue a decision as to whether the
149 electric distribution company's wholesale suppliers met the renewable
150 portfolio standards during the preceding year. An electric distribution
151 company shall include a provision in its contract with each wholesale
152 supplier that requires the wholesale supplier to pay the electric
153 distribution company an amount of: (A) For calendar years up to and
154 including calendar year 2017, five and one-half cents per kilowatt hour
155 if the wholesale supplier fails to comply with the renewable portfolio
156 standards during the subject annual period, [and] (B) for calendar
157 years commencing on [and after] January 1, 2018, up to and including
158 the calendar year commencing on January 1, 2020, five and one-half
159 cents per kilowatt hour if the wholesale supplier fails to comply with
160 the renewable portfolio standards during the subject annual period for
161 Class I renewable energy sources, and two and one-half cents per
162 kilowatt hour if the wholesale supplier fails to comply with the
163 renewable portfolio standards during the subject annual period for
164 Class II renewable energy sources, and (C) for calendar years

165 commencing on and after January 1, 2021, four cents per kilowatt hour
166 if the wholesale supplier fails to comply with the renewable portfolio
167 standards during the subject annual period for Class I renewable
168 energy sources, and two and one-half cents per kilowatt hour if the
169 wholesale supplier fails to comply with the renewable portfolio
170 standards during the subject annual period for Class II renewable
171 energy sources. The electric distribution company shall promptly
172 transfer any payment received from the wholesale supplier for the
173 failure to meet the renewable portfolio standards to the Clean Energy
174 Fund for the development of Class I renewable energy sources,
175 provided, on and after June 5, 2013, any such payment shall be
176 refunded to ratepayers by using such payment to offset the costs to all
177 customers of electric distribution companies of the costs of contracts
178 and tariffs entered into pursuant to sections 16-244r, [and] 16-244t and
179 section 5 of this act. Any excess amount remaining from such payment
180 shall be applied to reduce the costs of contracts entered into pursuant
181 to subdivision (2) of this subsection, and if any excess amount remains,
182 such amount shall be applied to reduce costs collected through
183 nonbypassable, federally mandated congestion charges, as defined in
184 section 16-1.

185 Sec. 3. Subsection (k) of section 16-245 of the 2018 supplement to the
186 general statutes is repealed and the following is substituted in lieu
187 thereof (*Effective from passage*):

188 (k) Any licensee who fails to comply with a license condition or who
189 violates any provision of this section, except for the renewable
190 portfolio standards contained in subsection (g) of this section, shall be
191 subject to civil penalties by the Public Utilities Regulatory Authority in
192 accordance with section 16-41, or the suspension or revocation of such
193 license or a prohibition on accepting new customers following a
194 hearing that is conducted as a contested case in accordance with
195 chapter 54. Notwithstanding the provisions of subsection (b) of section
196 16-244c regarding an alternative transitional standard offer option or
197 an alternative standard service option, the authority shall require a

198 payment by a licensee that fails to comply with the renewable portfolio
199 standards in accordance with subdivision (4) of subsection (g) of this
200 section in the amount of: (1) For calendar years up to and including
201 calendar year 2017, five and one-half cents per kilowatt hour, [and] (2)
202 for calendar years commencing on [and after] January 1, 2018, and up
203 to and including the calendar year commencing on January 1, 2020,
204 five and one-half cents per kilowatt hour if the licensee fails to comply
205 with the renewable portfolio standards during the subject annual
206 period for Class I renewable energy sources, and two and one-half
207 cents per kilowatt hour if the licensee fails to comply with the
208 renewable portfolio standards during the subject annual period for
209 Class II renewable energy sources, and (3) for calendar years
210 commencing on and after January 1, 2021, four cents per kilowatt hour
211 if the licensee fails to comply with the renewable portfolio standards
212 during the subject annual period for Class I renewable energy sources,
213 and two and one-half cents per kilowatt hour if the licensee fails to
214 comply with the renewable portfolio standards during the subject
215 annual period for Class II renewable energy sources. On or before
216 December 31, 2013, the authority shall issue a decision, following an
217 uncontested proceeding, on whether any licensee has failed to comply
218 with the renewable portfolio standards for calendar years up to and
219 including 2012, for which a decision has not already been issued. On
220 and after June 5, 2013, the Public Utilities Regulatory Authority shall
221 annually conduct an uncontested proceeding in order to determine
222 whether any licensee has failed to comply with the renewable portfolio
223 standards during the preceding year. Not later than December 31,
224 2014, and annually thereafter, the authority shall, following such
225 proceeding, issue a decision as to whether the licensee has failed to
226 comply with the renewable portfolio standards during the preceding
227 year. The authority shall allocate such payment to the Clean Energy
228 Fund for the development of Class I renewable energy sources,
229 provided, on and after June 5, 2013, any such payment shall be
230 refunded to ratepayers by using such payment to offset the costs to all
231 customers of electric distribution companies of the costs of contracts

232 and tariffs entered into pursuant to sections 16-244r, [and] 16-244t and
233 section 5 of this act. Any excess amount remaining from such payment
234 shall be applied to reduce the costs of contracts entered into pursuant
235 to subdivision (2) of subsection (j) of section 16-244c, and if any excess
236 amount remains, such amount shall be applied to reduce costs
237 collected through nonbypassable, federally mandated congestion
238 charges, as defined in section 16-1.

239 Sec. 4. Section 16-243h of the general statutes is repealed and the
240 following is substituted in lieu thereof (*Effective from passage*):

241 On and after January 1, 2000, and until (1) for residential customers,
242 the expiration of the residential solar investment program pursuant to
243 subsection (b) of section 16-245ff, and (2) for all other customers not
244 covered in subdivision (1) of this section, December 31, 2018, each
245 electric supplier or any electric distribution company providing
246 standard offer, transitional standard offer, standard service or back-up
247 electric generation service, pursuant to section 16-244c, as amended by
248 this act, shall give a credit for any electricity generated by a customer
249 from a Class I renewable energy source or a hydropower facility that
250 has a nameplate capacity rating of two megawatts or less for a term
251 ending on December 31, 2039. The electric distribution company
252 providing electric distribution services to such a customer shall make
253 such interconnections necessary to accomplish such purpose. An
254 electric distribution company, at the request of any residential
255 customer served by such company and if necessary to implement the
256 provisions of this section, shall provide for the installation of metering
257 equipment that [(1)] (A) measures electricity consumed by such
258 customer from the facilities of the electric distribution company, [(2)]
259 (B) deducts from the measurement the amount of electricity produced
260 by the customer and not consumed by the customer, and [(3)] (C)
261 registers, for each billing period, the net amount of electricity either
262 [(A)] (i) consumed and produced by the customer, or [(B)] (ii) the net
263 amount of electricity produced by the customer. If, in a given monthly
264 billing period, a customer-generator supplies more electricity to the

265 electric distribution system than the electric distribution company or
266 electric supplier delivers to the customer-generator, the electric
267 distribution company or electric supplier shall credit the customer-
268 generator for the excess by reducing the customer-generator's bill for
269 the next monthly billing period to compensate for the excess electricity
270 from the customer-generator in the previous billing period at a rate of
271 one kilowatt-hour for one kilowatt-hour produced. The electric
272 distribution company or electric supplier shall carry over the credits
273 earned from monthly billing period to monthly billing period, and the
274 credits shall accumulate until the end of the annualized period. At the
275 end of each annualized period, the electric distribution company or
276 electric supplier shall compensate the customer-generator for any
277 excess kilowatt-hours generated, at the avoided cost of wholesale
278 power. A customer who generates electricity from a generating unit
279 with a nameplate capacity of more than ten kilowatts of electricity
280 pursuant to the provisions of this section shall be assessed for the
281 competitive transition assessment, pursuant to section 16-245g and the
282 systems benefits charge, pursuant to section 16-245l, based on the
283 amount of electricity consumed by the customer from the facilities of
284 the electric distribution company without netting any electricity
285 produced by the customer. For purposes of this section, "residential
286 customer" means a customer of a single-family dwelling or
287 multifamily dwelling consisting of two to four units. The Public
288 Utilities Regulatory Authority shall establish a rate on a cents-per-
289 kilowatt-hour basis for the electric distribution company to purchase
290 the electricity generated by a customer pursuant to this section after
291 December 31, 2039.

292 Sec. 5. (NEW) (*Effective from passage*) (a) (1) Not later than one
293 hundred eighty days after January 1, 2019, and annually thereafter,
294 each electric distribution company shall solicit and file with the Public
295 Utilities Regulatory Authority for its approval one or more twenty-
296 year tariffs with (A) customers that own or develop new generation
297 projects that are less than two megawatts in size, serve the distribution

298 system of the electric distribution company and use a Class I
299 renewable energy source that either (i) uses anaerobic digestion, or (ii)
300 has emissions of no more than 0.07 pounds per megawatt-hour of
301 nitrogen oxides, 0.10 pounds per megawatt-hour of carbon monoxide,
302 0.02 pounds per megawatt-hour of volatile organic compounds and
303 one grain per one hundred standard cubic feet, and (B) customers that
304 own or develop new generation projects that are less than two
305 megawatts in size, serve the distribution system of the electric
306 distribution company and use a Class I renewable energy source that
307 emits no pollutants.

308 (2) On or before September 1, 2018, the authority shall initiate a
309 proceeding to establish a procurement plan for such electric
310 distribution companies pursuant to this subsection and may give a
311 preference to technologies manufactured, researched or developed in
312 the state. The authority may require such electric distribution
313 companies to conduct separate solicitations for the resources in
314 subparagraphs (A) and (B) of subdivision (1) of this subsection based
315 upon the size of such resources to allow for a diversity of selected
316 projects.

317 (3) Each electric distribution company shall conduct an annual
318 solicitation or solicitations, as determined by the authority, for the
319 purchase of energy and renewable energy certificates produced by
320 eligible generation projects under this subsection over the duration of
321 the tariff. Such generation projects shall be sized so as not to exceed the
322 load at the customer's individual electric meter or a set of electric
323 meters, when such meters are combined for billing purposes, from the
324 electric distribution company providing service to such customer, as
325 determined by such electric distribution company, unless such
326 customer is a state, municipal or agricultural customer, then such
327 generation project shall be sized so as not to exceed the load at such
328 customer's individual electric meter or a set of electric meters, when
329 such meters are combined for billing purposes, and the load of up to
330 five state, municipal or agricultural beneficial accounts identified by

331 such state, municipal or agricultural customer, and such state,
332 municipal or agricultural customer may include the load of up to five
333 additional nonstate or municipal beneficial accounts when sizing such
334 generation project, provided such accounts are critical facilities, as
335 defined in subdivision (2) of subsection (a) of section 16-243y of the
336 general statutes and are connected to a microgrid. A shared clean
337 energy facility, as defined in section 16-244x of the general statutes,
338 may participate in any solicitation pursuant to this subsection
339 consistent with the program requirements established by the
340 Department of Energy and Environmental Protection.

341 (4) The selected purchase price of energy and renewable energy
342 certificates on a cents-per-kilowatt-hour basis in any given solicitation
343 shall not exceed such selected purchase price for the same resources in
344 the prior year's solicitation, unless the authority makes a determination
345 that there are changed circumstances in any given year. For the first
346 year solicitation issued pursuant to this subsection, the authority shall
347 establish a cap for the selected purchase price for energy and
348 renewable energy certificates on a cents-per-kilowatt-hour basis for
349 any resources authorized under this subsection.

350 (b) At the expiration of the residential solar investment program
351 pursuant to subsection (b) of section 16-245ff of the general statutes,
352 each electric distribution company shall offer a tariff to residential
353 customers for the purchase of energy and renewable energy certificates
354 generated from a Class I renewable energy source that has a nameplate
355 capacity rating of twenty-five kilowatts or less for a term not to exceed
356 twenty years. Such generation projects shall be sized so as not to
357 exceed the load at the customer's individual electric meter or a set of
358 electric meters, when such meters are combined for billing purposes,
359 from the electric distribution company providing service to such
360 customer, as determined by such electric distribution company. The
361 authority shall initiate a proceeding not later than September 1, 2018,
362 to establish a rate on a cents-per-kilowatt-hour basis for such tariff,
363 which may be based upon the results of one or more competitive

364 solicitations issued pursuant to subsection (a) of this section and shall
365 be guided by the Comprehensive Energy Strategy prepared pursuant
366 to section 16a-3d of the general statutes. The authority may modify
367 such rate for new customers under this subsection based on changed
368 circumstances and may establish an interim rate prior to the expiration
369 of the residential solar investment program pursuant to subsection (b)
370 of section 16-245ff of the general statutes as an alternative to such
371 program.

372 (c) The aggregate procurement and tariff purchases of energy and
373 renewable energy certificates by electric distribution companies
374 pursuant to subsections (a) and (b) of this section shall be up to thirty-
375 five million dollars in year one and increase by up to an additional
376 thirty-five million dollars per year in each of the years two through
377 twelve of such a tariff, provided the annual purchases under
378 subparagraph (A) of subdivision (1) of subsection (a) of this section,
379 subparagraph (B) of subdivision (1) of subsection (a) of this section or
380 subsection (b) of this section, each in the aggregate, shall not exceed
381 forty per cent of the total annual dollar amount established pursuant to
382 this subsection. The authority shall monitor the competitiveness of any
383 procurements authorized under this section and may adjust the annual
384 purchase amount established in this subsection or other procurement
385 parameters to maintain competitiveness. Any money not allocated in
386 any given year shall not roll into the next year's available funds. The
387 obligation to purchase energy and renewable energy certificates shall
388 be apportioned to electric distribution companies based on their
389 respective distribution system loads, as determined by the authority.
390 The authority may give preference to projects that provide electric
391 distribution system benefits, include energy storage systems, utilize
392 time of use rates or other dynamic pricing or provide other energy
393 policy benefits identified in the Comprehensive Energy Strategy
394 prepared pursuant to section 16a-3d of the general statutes.

395 (d) Each electric distribution company shall retire the renewable
396 energy certificates it purchases pursuant to this subsection on behalf of

397 all ratepayers to satisfy the obligations of all electric suppliers and
398 electric distribution companies providing standard service or supplier
399 of last resort service pursuant to section 16-245a of the general statutes,
400 as amended by this act. The authority shall establish procedures for the
401 retirement of such renewable energy certificates.

402 (e) The net costs of any tariff offered by an electric distribution
403 company pursuant to this section shall be recovered on a timely basis
404 through a fully reconciling component of electric rates for all
405 customers of the electric distribution company. Any net revenues from
406 the sale of products purchased in accordance with any tariff offered
407 pursuant to this section shall be credited to customers through the
408 same fully reconciling rate component for all customers of such electric
409 distribution company.

410 Sec. 6. (NEW) (*Effective from passage*) The state shall reduce energy
411 consumption by not less than 1.6 million MMBtu, as defined in
412 subdivision (4) of section 22a-197 of the general statutes, annually each
413 year for calendar years commencing on and after January 1, 2020, up to
414 and including calendar year 2025.

415 Sec. 7. Subdivision (1) of subsection (d) of section 16-245m of the
416 general statutes is repealed and the following is substituted in lieu
417 thereof (*Effective from passage*):

418 (d) (1) Not later than November 1, 2012, and every three years
419 thereafter, electric distribution companies, as defined in section 16-1, in
420 coordination with the gas companies, as defined in section 16-1, shall
421 submit to the Energy Conservation Management Board a combined
422 electric and gas Conservation and Load Management Plan, in
423 accordance with the provisions of this section, to implement cost-
424 effective energy conservation programs, demand management and
425 market transformation initiatives. All supply and conservation and
426 load management options shall be evaluated and selected within an
427 integrated supply and demand planning framework. Services

428 provided under the plan shall be available to all customers of electric
429 distribution companies and gas companies. [Each such company shall
430 apply to the Energy Conservation Management Board for
431 reimbursement for expenditures pursuant to the plan.] The Energy
432 Conservation Management Board shall advise and assist the electric
433 distribution companies and gas companies in the development of such
434 plan. The Energy Conservation Management Board shall approve the
435 plan before transmitting it to the Commissioner of Energy and
436 Environmental Protection for approval. The commissioner shall, in an
437 uncontested proceeding during which the commissioner may hold a
438 public meeting, approve, modify or reject said plan prepared pursuant
439 to this subsection. Following approval by the commissioner, the board
440 shall assist the companies in implementing the plan and collaborate
441 with the Connecticut Green Bank to further the goals of the plan. Said
442 plan shall include a detailed budget sufficient to fund all energy
443 efficiency that is cost-effective or lower cost than acquisition of
444 equivalent supply, and shall be reviewed and approved by the
445 commissioner. The plan shall be executed through procurements put
446 in place pursuant to section 8 of this act and any applicable
447 conservation adjustment mechanisms applied in accordance with this
448 section. [To the extent that the budget in the plan approved by the
449 commissioner with regard to electric distribution companies exceeds
450 the revenues collected pursuant to subdivision (1) of subsection (a) of
451 this section, the] The Public Utilities Regulatory Authority shall, not
452 later than sixty days after the plan is approved by the commissioner,
453 ensure that the balance of revenues required to fund such [budget]
454 plan is provided through [a] fully reconciling conservation adjustment
455 [mechanism of not more than three mills per kilowatt hour of
456 electricity sold to each end use customer of an electric distribution
457 company during the three years of any Conservation and Load
458 Management Plan] mechanisms. Electric distribution companies shall
459 collect a conservation adjustment mechanism that ensures the plan is
460 fully funded by collecting an amount that is not more than the sum of
461 six mills per kilowatt hour of electricity sold to each end use customer

462 of an electric distribution company during the three years of any
463 Conservation and Load Management Plan, less the annual revenue
464 requirement to fund any contracts entered into by the electric
465 distribution companies pursuant to section 8 of this section. The
466 authority shall ensure that the revenues required to fund such [budget]
467 plan with regard to gas companies are provided through a fully
468 reconciling conservation adjustment mechanism for each gas company
469 of not more than the equivalent of four and six-tenth cents per
470 hundred cubic feet during the three years of any Conservation and
471 Load Management Plan. Said plan shall include steps that would be
472 needed to achieve the goal of weatherization of eighty per cent of the
473 state's residential units by 2030 and to reduce energy consumption by
474 1.6 million MMBtu, as defined in subdivision (4) of section 22a-197,
475 annually each year for calendar years commencing on and after
476 January 1, 2020, up to and including calendar year 2025. Each program
477 contained in the plan shall be reviewed by such companies and
478 accepted, modified or rejected by the Energy Conservation
479 Management Board prior to submission to the commissioner for
480 approval. The Energy Conservation Management Board shall, as part
481 of its review, examine opportunities to offer joint programs providing
482 similar efficiency measures that save more than one fuel resource or
483 otherwise to coordinate programs targeted at saving more than one
484 fuel resource. Any costs for joint programs shall be allocated equitably
485 among the conservation programs. The Energy Conservation
486 Management Board shall give preference to projects that maximize the
487 reduction of federally mandated congestion charges.

488 Sec. 8. (NEW) (*Effective from passage*) (a) The Commissioner of
489 Energy and Environmental Protection, in consultation with the
490 procurement manager identified in subsection (l) of section 16-2 of the
491 general statutes, the Office of Consumer Counsel, the Attorney General
492 and a representative of the Energy Conservation Management Board,
493 may issue one or more solicitations for long-term contracts from
494 providers of passive demand response measures including, but not

495 limited to, energy efficiency and conservation and load management
496 programs, that are capable, either singly or through aggregation, of
497 reducing electric demand by one megawatt or more. Proposals
498 pursuant to this subsection shall not have a contract term exceeding
499 twenty years.

500 (b) The commissioner, in consultation with the procurement
501 manager identified in subsection (l) of section 16-2 of the general
502 statutes, the Office of Consumer Counsel, the Attorney General and a
503 representative of the Energy Conservation Management Board, shall
504 evaluate project proposals received under any solicitation issued
505 pursuant to this section based on factors including, but not limited to,
506 (1) whether the benefits of the proposal outweigh the costs to
507 ratepayers, (2) whether the proposal is in the best interest of
508 ratepayers, (3) whether the proposal is aligned with the policy goals
509 outlined in the Integrated Resources Plan, approved pursuant to
510 section 16a-3a of the general statutes, and the Comprehensive Energy
511 Strategy, prepared pursuant to section 16a-3d of the general statutes,
512 and (4) the degree to which the electric demand reduction can be
513 verified using automated measurement.

514 (c) If the commissioner finds proposals received pursuant to this
515 section to be in the best interest of electric ratepayers, in accordance
516 with the provisions of subsection (b) of this section, the commissioner
517 may select any such proposal or proposals, provided the total capacity
518 of the resources selected under all solicitations issued pursuant to this
519 section in any given year in the aggregate do not exceed twenty-five
520 megawatts of electric demand reduction. The commissioner may, on
521 behalf of all customers of electric distribution companies, direct the
522 electric distribution companies to enter into long-term contracts for
523 such selected proposal or proposals.

524 (d) Any agreement entered into pursuant to this section shall be
525 subject to review and approval by the Public Utilities Regulatory
526 Authority. The electric distribution company shall file an application

527 for the approval of any such agreement with the authority. The
528 authority shall approve such agreement if it is prudent and cost
529 effective. The authority shall issue a decision not later than ninety days
530 after such filing. If the authority does not issue a decision within ninety
531 days after such filing, the agreement shall be deemed approved. The
532 net costs of any such agreement, including costs incurred by the
533 electric distribution company under the agreement and reasonable
534 costs incurred by the electric distribution company in connection with
535 the agreement, shall be recovered on a timely basis through a fully
536 reconciling component of electric rates for all customers of the electric
537 distribution company. Any net revenues from the sale of products
538 purchased in accordance with long-term contracts entered into
539 pursuant to this section shall be credited to customers through the
540 same fully reconciling rate component for all customers of the
541 contracting electric distribution company.

542 (e) The commissioner may hire consultants to assist in
543 implementing this section including, but not limited to, the evaluation
544 of proposals submitted pursuant to this section. All reasonable costs
545 associated with the commissioner's solicitation and review of
546 proposals pursuant to this section shall be recoverable through a fully
547 reconciling component of electric rates for all customers of the electric
548 distribution company. Such costs shall be recoverable even if the
549 commissioner does not select any proposals pursuant to solicitations
550 issued pursuant to this section.

551 Sec. 9. Subsection (b) of section 16-245n of the general statutes is
552 repealed and the following is substituted in lieu thereof (*Effective from*
553 *passage*):

554 (b) On and after July 1, 2004, and until June 30, 2019, the Public
555 Utilities Regulatory Authority shall assess or cause to be assessed a
556 charge of not less than one mill per kilowatt hour charged to each end
557 use customer of electric services in this state which shall be deposited
558 into the Clean Energy Fund established under subsection (c) of this

559 section. On and after July 1, 2019, and until June 30, 2025, the Public
560 Utilities Regulatory Authority shall assess or cause to be assessed a
561 charge of not less than two mills per kilowatt hour charged to each end
562 use customer of electric services in this state which shall be deposited
563 into the Clean Energy Fund established under subsection (c) of this
564 section.

565 Sec. 10. Subdivision (2) of subsection (c) of section 12-264 of the 2018
566 supplement to the general statutes is repealed and the following is
567 substituted in lieu thereof (*Effective July 1, 2020*):

568 (2) For purposes of this subsection, gross earnings from providing
569 electric transmission services or electric distribution services shall
570 include (A) all income classified as income from providing electric
571 transmission services or electric distribution services, as determined by
572 the Commissioner of Revenue Services in consultation with the Public
573 Utilities Regulatory Authority, and (B) the competitive transition
574 assessment collected pursuant to section 16-245g, other than any
575 component of such assessment that constitutes transition property as
576 to which an electric distribution company has no right, title or interest
577 pursuant to subsection (a) of section 16-245h, the systems benefits
578 charge collected pursuant to section 16-245l, the conservation
579 adjustment mechanisms charged under section 16-245m, as amended
580 by this act, and the assessments charged under [sections 16-245m and]
581 section 16-245n, as amended by this act. Such gross earnings shall not
582 include income from providing electric transmission services or
583 electric distribution services to a company described in subsection (c)
584 of section 12-265.

585 Sec. 11. Subsections (b) to (d), inclusive, of section 16-243q of the
586 general statutes are repealed and the following is substituted in lieu
587 thereof (*Effective July 1, 2020*):

588 (b) Except as provided in subsection (d) of this section, the Public
589 Utilities Regulatory Authority shall assess each electric supplier and

590 each electric distribution company that fails to meet the percentage
591 standards of subsection (a) of this section a charge of up to five and
592 five-tenths cents for each kilowatt hour of electricity that such supplier
593 or company is deficient in meeting such percentage standards.
594 Seventy-five per cent of such assessed charges shall be [deposited in]
595 used in furtherance of the [Energy] Conservation and Load
596 Management [Fund] Plan established in section 16-245m, as amended
597 by this act, and twenty-five per cent shall be deposited in the Clean
598 Energy Fund established in section 16-245n, as amended by this act,
599 except that such seventy-five per cent of assessed charges with respect
600 to an electric supplier shall be [divided] allocated among the [Energy]
601 Conservation and Load Management [Funds] Plan of electric
602 distribution companies in proportion to the amount of electricity such
603 electric supplier provides to end use customers in the state using the
604 facilities of each electric distribution company.

605 (c) An electric supplier or electric distribution company may satisfy
606 the requirements of this section by participating in a conservation and
607 distributed resources trading program approved by the Public Utilities
608 Regulatory Authority. Credits created by conservation and customer-
609 side distributed resources shall be allocated to the person that
610 conserved the electricity or installed the project for customer-side
611 distributed resources to which the credit is attributable and to the
612 [Energy] Conservation and Load Management [Fund] Plan. Such
613 credits shall be made in the following manner: A minimum of twenty-
614 five per cent of the credits shall be allocated to the person that
615 conserved the electricity or installed the project for customer-side
616 distributed resources to which the energy credit is attributable and the
617 remainder of the credits shall be [allocated to] used in furtherance of
618 the [Energy] Conservation and Load Management [Fund] Plan, based
619 on a schedule created by the authority no later than January 1, 2007,
620 and reviewed annually thereafter. The authority may, in a proceeding
621 and for good cause shown, allocate a larger proportion of such credits
622 to the person who conserved the electricity or installed the customer-

623 side distributed resources. The authority shall consider the proportion
624 of investment made by a ratepayer through various ratepayer-funded
625 incentive programs and the resulting reduction in federally mandated
626 congestion charges. The portion [allocated to] used in furtherance of
627 the [Energy] Conservation and Load Management [Fund] Plan shall be
628 used for measures that respond to energy demand and for peak
629 reduction programs.

630 (d) An electric distribution company providing standard service
631 may contract with its wholesale suppliers to comply with the
632 conservation and customer-side distributed resources standards set
633 forth in subsection (a) of this section. The Public Utilities Regulatory
634 Authority shall annually conduct a contested case, in accordance with
635 the provisions of chapter 54, to determine whether the electric
636 distribution company's wholesale suppliers met the conservation and
637 distributed resources standards during the preceding year. Any such
638 contract shall include a provision that requires such supplier to pay the
639 electric distribution company in an amount of up to five and one-half
640 cents per kilowatt hour if the wholesale supplier fails to comply with
641 the conservation and distributed resources standards during the
642 subject annual period. The electric distribution company shall
643 immediately transfer seventy-five per cent of any payment received
644 from the wholesale supplier for the failure to meet the conservation
645 and distributed resources standards to the [Energy] Conservation and
646 Load Management [Fund] Plan and twenty-five per cent to the Clean
647 Energy Fund. Any payment made pursuant to this section shall not be
648 considered revenue or income to the electric distribution company.

649 Sec. 12. Section 16-243t of the general statutes is repealed and the
650 following is substituted in lieu thereof (*Effective July 1, 2020*):

651 (a) Notwithstanding the provisions of this title, a customer who
652 implements energy conservation or customer-side distributed
653 resources, as defined in section 16-1, on or after January 1, 2008, shall
654 be eligible for Class III credits, pursuant to section 16-243q, as

655 amended by this act. The Class III credit shall be not less than one cent
656 per kilowatt hour. For nonresidential projects receiving conservation
657 and load management funding, twenty-five per cent of the financial
658 value derived from the credits earned pursuant to this section shall be
659 directed to the customer who implements energy conservation or
660 customer-side distribution resources pursuant to this section with the
661 remainder of the financial value directed [to] in furtherance of the
662 Conservation and Load Management [Funds] Plan. For nonresidential
663 projects not receiving conservation and load management funding
664 submitted on or after March 9, 2007, seventy-five per cent of the
665 financial value derived from the credits earned pursuant to this section
666 shall be directed to the customer who implements energy conservation
667 or customer-side distribution resources pursuant to this section with
668 the remainder of the financial value directed [to] in furtherance of the
669 Conservation and Load Management [Funds] Plan. Not later than July
670 1, 2007, the Public Utilities Regulatory Authority shall initiate a
671 contested case proceeding in accordance with the provisions of chapter
672 54, to implement the provisions of this section.

673 (b) In order to be eligible for ongoing Class III credits, the customer
674 shall file an application that contains information necessary for the
675 authority to determine that the resource qualifies for Class III status.
676 Such application shall (1) certify that installation and metering
677 requirements have been met where appropriate, (2) provide a detailed
678 energy savings or energy output calculation for such time period as
679 specified by the authority, and (3) include any other information that
680 the authority deems appropriate.

681 (c) For conservation and load management projects that serve
682 residential customers, seventy-five per cent of the financial value
683 derived from the credits shall be directed [to] in furtherance of the
684 Conservation and Load Management [Funds] Plan.

685 Sec. 13. Subsections (d) and (e) of section 16-243v of the general
686 statutes are repealed and the following is substituted in lieu thereof

687 (Effective July 1, 2020):

688 (d) Commencing April 1, 2008, any person may apply to the
689 authority for certification and funding as a Connecticut electric
690 efficiency partner. Such application shall include the technologies that
691 the applicant shall purchase or provide and that have been approved
692 pursuant to subsection (b) of this section. In evaluating the application,
693 the authority shall (1) consider the applicant's potential to reduce
694 customers' electric demand, including peak electric demand, and
695 associated electric charges tied to electric demand and peak electric
696 demand growth, (2) determine the portion of the total cost of each
697 project that shall be paid for by the customer participating in this
698 program and the portion of the total cost of each project that shall be
699 paid for by all electric ratepayers and collected pursuant to subsection
700 (h) of this section. In making such determination, the authority shall
701 ensure that all ratepayer investments maintain a minimum two-to-one
702 payback ratio, and (3) specify that participating Connecticut electric
703 efficiency partners shall maintain the technology for a period sufficient
704 to achieve such investment payback ratio. The annual ratepayer
705 contribution for projects approved pursuant to this section shall not
706 exceed sixty million dollars. Not less than seventy-five per cent of such
707 annual ratepayer investment shall be used for the technologies
708 themselves. No person shall receive electric ratepayer funding
709 pursuant to this subsection if such person has received or is receiving
710 funding from the [Energy] Conservation and Load Management
711 [Funds] Plan for the projects included in said person's application. No
712 person shall receive electric ratepayer funding without receiving a
713 certificate of public convenience and necessity as a Connecticut electric
714 efficiency partner by the authority. The authority may grant an
715 applicant a certificate of public convenience if it possesses and
716 demonstrates adequate financial resources, managerial ability and
717 technical competency. The authority may conduct additional requests
718 for proposals from time to time as it deems appropriate. The authority
719 shall specify the manner in which a Connecticut electric efficiency

720 partner shall address measures of effectiveness and shall include
721 performance milestones.

722 (e) Beginning February 1, 2010, a certified Connecticut electric
723 efficiency partner may only receive funding if selected in a request for
724 proposal developed, issued and evaluated by the authority. In
725 evaluating a proposal, the authority shall take into consideration the
726 potential to reduce customers' electric demand including peak electric
727 demand, and associated electric charges tied to electric demand and
728 peak electric demand growth, including, but not limited to, federally
729 mandated congestion charges and other electric costs, and shall utilize
730 a cost benefit test established pursuant to subsection (c) of this section
731 to rank responses for selection. The authority shall determine the
732 portion of the total cost of each project that shall be paid by the
733 customer participating in this program and the portion of the total cost
734 of each project that shall be paid by all electric ratepayers and collected
735 pursuant to the provisions of this subsection. In making such
736 determination, the authority shall (1) ensure that all ratepayer
737 investments maintain a minimum two-to-one payback ratio, and (2)
738 specify that participating Connecticut electric efficiency partners shall
739 maintain the technology for a period sufficient to achieve such
740 investment payback ratio. The annual ratepayer contribution shall not
741 exceed sixty million dollars. Not less than seventy-five per cent of such
742 annual ratepayer investment shall be used for the technologies
743 themselves. No Connecticut electric efficiency partner shall receive
744 funding pursuant to this subsection if such partner has received or is
745 receiving funding from the [Energy] Conservation and Load
746 Management [Funds] Plan for such technology. The authority may
747 conduct additional requests for proposals from time to time as it
748 deems appropriate. The authority shall specify the manner in which a
749 Connecticut electric efficiency partner shall address measures of
750 effectiveness and shall include performance milestones.

751 Sec. 14. Subsection (e) of section 16-245c of the general statutes is
752 repealed and the following is substituted in lieu thereof (*Effective July*

753 1, 2020):

754 (e) Any municipal electric utility created on or after July 1, 1998,
755 pursuant to section 7-214 or a special act and any municipal electric
756 utility that expands its service area on or after July 1, 1998, shall collect
757 from its new customers the competitive transition assessment imposed
758 pursuant to section 16-245g, the systems benefits charge imposed
759 pursuant to section 16-245l, the conservation adjustment mechanisms
760 charged under section 16-245m, as amended by this act, and the
761 assessments charged under [sections 16-245m and] section 16-245n, as
762 amended by this act, in such manner and at such rate as the authority
763 prescribes, provided the authority shall order the collection of said
764 assessment and said charge in a manner and rate equal to that to
765 which the customers would have been subject had the municipal
766 electric utility not been created or expanded.

767 Sec. 15. Subdivisions (1) and (2) of subsection (a) of section 16-245e
768 of the general statutes are repealed and the following is substituted in
769 lieu thereof (*Effective July 1, 2020*):

770 (1) "Rate reduction bonds" means bonds, notes, certificates of
771 participation or beneficial interest, or other evidences of indebtedness
772 or ownership, issued pursuant to an executed indenture or other
773 agreement of a financing entity, in accordance with this section and
774 sections 16-245f to 16-245k, inclusive, as amended by this act, the
775 proceeds of which are used, directly or indirectly, to provide, recover,
776 finance, or refinance stranded costs or economic recovery transfer, or
777 to sustain funding of conservation and load management and
778 renewable energy investment programs by substituting for
779 disbursements to the General Fund from the [Energy] Conservation
780 and Load Management [Fund] Plan established by section 16-245m, as
781 amended by this act, and from the Clean Energy Fund established by
782 section 16-245n, as amended by this act, and which, directly or
783 indirectly, are secured by, evidence ownership interests in, or are
784 payable from, transition property;

785 (2) "Competitive transition assessment" means those nonbypassable
786 rates and other charges, that are authorized by the authority (A) in a
787 financing order in respect to the economic recovery transfer, or in a
788 financing order, to sustain funding of conservation and load
789 management and renewable energy investment programs by
790 substituting disbursements to the General Fund from proceeds of rate
791 reduction bonds for such disbursements from the [Energy]
792 Conservation and Load Management [Fund] Plan established by
793 section 16-245m, as amended by this act, and from the Clean Energy
794 Fund established by section 16-245n, as amended by this act, or to
795 recover those stranded costs that are eligible to be funded with the
796 proceeds of rate reduction bonds pursuant to section 16-245f, as
797 amended by this act, and the costs of providing, recovering, financing,
798 or refinancing the economic recovery transfer or such substitution of
799 disbursements to the General Fund or such stranded costs through a
800 plan approved by the authority in the financing order, including the
801 costs of issuing, servicing, and retiring rate reduction bonds, (B) to
802 recover those stranded costs determined under this section but not
803 eligible to be funded with the proceeds of rate reduction bonds
804 pursuant to section 16-245f, as amended by this act, or (C) to recover
805 costs determined under subdivision (1) of subsection (e) of section 16-
806 244g. If requested by the electric distribution company, the authority
807 shall include in the competitive transition assessment nonbypassable
808 rates and other charges to recover federal and state taxes whose
809 recovery period is modified by the transactions contemplated in this
810 section and sections 16-245f to 16-245k, inclusive, as amended by this
811 act;

812 Sec. 16. Subdivision (13) of subsection (a) of section 16-245e of the
813 general statutes is repealed and the following is substituted in lieu
814 thereof (*Effective July 1, 2020*):

815 (13) "State rate reduction bonds" means the rate reduction bonds
816 issued on June 23, 2004, by the state to sustain funding of conservation
817 and load management and renewable energy investment programs by

818 substituting for disbursements to the General Fund from the [Energy]
819 Conservation and Load Management [Fund] Plan, established by
820 section 16-245m, as amended by this act, and from the Clean Energy
821 Fund, established by section 16-245n, as amended by this act. The state
822 rate reduction bonds for the purposes of section 4-30a shall be deemed
823 to be outstanding indebtedness of the state;

824 Sec. 17. Subsection (a) of section 16-245f of the general statutes is
825 repealed and the following is substituted in lieu thereof (*Effective July*
826 *1, 2020*):

827 (a) An electric distribution company shall submit to the authority an
828 application for a financing order with respect to any proposal to
829 sustain funding of conservation and load management and renewable
830 energy investment programs by substituting disbursements to the
831 General Fund from proceeds of rate reduction bonds for such
832 disbursements from the [Energy] Conservation and Load Management
833 [Fund] Plan established by section 16-245m, as amended by this act,
834 and from the Clean Energy Fund established by section 16-245n, as
835 amended by this act, and may submit to the authority an application
836 for a financing order with respect to the following stranded costs: (1)
837 The cost of mitigation efforts, as calculated pursuant to subsection (c)
838 of section 16-245e; (2) generation-related regulatory assets, as
839 calculated pursuant to subsection (e) of section 16-245e; and (3) those
840 long-term contract costs that have been reduced to a fixed present
841 value through the buyout, buydown, or renegotiation of such
842 contracts, as calculated pursuant to subsection (f) of section 16-245e.
843 No stranded costs shall be funded with the proceeds of rate reduction
844 bonds unless (A) the electric distribution company proves to the
845 satisfaction of the authority that the savings attributable to such
846 funding will be directly passed on to customers through lower rates,
847 and (B) the authority determines such funding will not result in giving
848 the electric distribution company or any generation entities or affiliates
849 an unfair competitive advantage. The authority shall hold a hearing for
850 each such electric distribution company to determine the amount of

851 disbursements to the General Fund from proceeds of rate reduction
852 bonds that may be substituted for such disbursements from the
853 [Energy] Conservation and Load Management [Fund] Plan established
854 by section 16-245m, as amended by this act, and from the Clean Energy
855 Fund established by section 16-245n, as amended by this act, and
856 thereby constitute transition property and the portion of stranded costs
857 that may be included in such funding and thereby constitute transition
858 property. Any hearing shall be conducted as a contested case in
859 accordance with chapter 54, except that any hearing with respect to a
860 financing order or other order to sustain funding for conservation and
861 load management and renewable energy investment programs by
862 substituting the disbursement to the General Fund from the [Energy]
863 Conservation and Load Management [Fund] Plan established by
864 section 16-245m, as amended by this act, and from the Clean Energy
865 Investment Fund established by section 16-245n, as amended by this
866 act, shall not be a contested case, as defined in section 4-166. The
867 authority shall not include any rate reduction bonds as debt of an
868 electric distribution company in determining the capital structure of
869 the company in a rate-making proceeding, for calculating the
870 company's return on equity or in any manner that would impact the
871 electric distribution company for rate-making purposes, and shall not
872 approve such rate reduction bonds that include covenants that have
873 provisions prohibiting any change to their appointment of an
874 administrator of the [Energy] Conservation and Load Management
875 [Fund. Nothing in this subsection shall be deemed to affect the terms
876 of subsection (b) of section 16-245m] Plan.

877 Sec. 18. Subsections (a) and (b) of section 16-245i of the general
878 statutes are repealed and the following is substituted in lieu thereof
879 (*Effective July 1, 2020*):

880 (a) The authority may issue financing orders in accordance with
881 sections 16-245e to 16-245k, inclusive, as amended by this act, to fund
882 the economic recovery transfer, to sustain funding of conservation and
883 load management and renewable energy investment programs by

884 substituting disbursements to the General Fund from proceeds of rate
885 reduction bonds for such disbursements [from the Energy] in
886 furtherance of the Conservation and Load Management [Fund] Plan
887 established by section 16-245m, as amended by this act, and from the
888 Clean Energy Fund established by section 16-245n, as amended by this
889 act, and to facilitate the provision, recovery, financing, or refinancing
890 of stranded costs. Except for a financing order in respect to the
891 economic recovery revenue bonds, a financing order may be adopted
892 only upon the application of an electric distribution company,
893 pursuant to section 16-245f, as amended by this act, and shall become
894 effective in accordance with its terms only after the electric distribution
895 company files with the authority the electric distribution company's
896 written consent to all terms and conditions of the financing order. Any
897 financing order in respect to the economic recovery revenue bonds
898 shall be effective on issuance.

899 (b) (1) Notwithstanding any general or special law, rule, or
900 regulation to the contrary, except as otherwise provided in this
901 subsection with respect to transition property that has been made the
902 basis for the issuance of rate reduction bonds, the financing orders and
903 the competitive transition assessment shall be irrevocable and the
904 authority shall not have authority either by rescinding, altering, or
905 amending the financing order or otherwise, to revalue or revise for
906 rate-making purposes the stranded costs, or the costs of providing,
907 recovering, financing, or refinancing the stranded costs, the amount of
908 the economic recovery transfer or the amount of disbursements to the
909 General Fund from proceeds of rate reduction bonds substituted for
910 such disbursements [from the Energy] in furtherance of the
911 Conservation and Load Management [Fund] Plan established by
912 section 16-245m, as amended by this act, and from the Clean Energy
913 Fund established by section 16-245n, as amended by this act,
914 determine that the competitive transition assessment is unjust or
915 unreasonable, or in any way reduce or impair the value of transition
916 property either directly or indirectly by taking the competitive

917 transition assessment into account when setting other rates for the
918 electric distribution company; nor shall the amount of revenues arising
919 with respect thereto be subject to reduction, impairment,
920 postponement, or termination.

921 (2) Notwithstanding any other provision of this section, the
922 authority shall approve the adjustments to the competitive transition
923 assessment as may be necessary to ensure timely recovery of all
924 stranded costs that are the subject of the pertinent financing order, and
925 the costs of capital associated with the provision, recovery, financing,
926 or refinancing thereof, including the costs of issuing, servicing, and
927 retiring the rate reduction bonds issued to recover stranded costs
928 contemplated by the financing order and to ensure timely recovery of
929 the costs of issuing, servicing, and retiring the rate reduction bonds
930 issued to sustain funding of conservation and load management and
931 renewable energy investment programs contemplated by the financing
932 order, and to ensure timely recovery of the costs of issuing, servicing
933 and retiring the economic recovery revenue bonds issued to fund the
934 economic recovery transfer contemplated by the financing order.

935 (3) Notwithstanding any general or special law, rule, or regulation
936 to the contrary, any requirement under sections 16-245e to 16-245k,
937 inclusive, as amended by this act, or a financing order that the
938 authority take action with respect to the subject matter of a financing
939 order shall be binding upon the authority, as it may be constituted
940 from time to time, and any successor agency exercising functions
941 similar to the authority and the authority shall have no authority to
942 rescind, alter, or amend that requirement in a financing order. Section
943 16-43 shall not apply to any sale, assignment, or other transfer of or
944 grant of a security interest in any transition property or the issuance of
945 rate reduction bonds under sections 16-245e to 16-245k, inclusive, as
946 amended by this act.

947 Sec. 19. Subparagraph (A) of subdivision (4) of subsection (c) of
948 section 16-245j of the general statutes is repealed and the following is

949 substituted in lieu thereof (*Effective July 1, 2020*):

950 (4) (A) The proceeds of any rate reduction bonds, other than
951 economic recovery revenue bonds, shall be used for the purposes
952 approved by the authority in the financing order, including, but not
953 limited to, disbursements to the General Fund in substitution for such
954 disbursements [from the Energy] in furtherance of the Conservation
955 and Load Management [Fund] Plan established by section 16-245m, as
956 amended by this act, and from the Clean Energy Fund established by
957 section 16-245n, as amended by this act, the costs of refinancing or
958 retiring of debt of the electric distribution company, and associated
959 federal and state tax liabilities; provided such proceeds shall not be
960 applied to purchase generation assets or to purchase or redeem stock
961 or to pay dividends to shareholders or operating expenses other than
962 taxes resulting from the receipt of such proceeds.

963 Sec. 20. Subdivision (3) of subsection (d) of section 16-245m of the
964 general statutes is repealed and the following is substituted in lieu
965 thereof (*Effective July 1, 2020*):

966 (3) Programs included in the plan developed under subdivision (1)
967 of this subsection shall be screened through cost-effectiveness testing
968 that compares the value and payback period of program benefits for all
969 energy savings to program costs to ensure that programs are designed
970 to obtain energy savings and system benefits, including mitigation of
971 federally mandated congestion charges, whose value is greater than
972 the costs of the programs. Program cost-effectiveness shall be reviewed
973 by the Commissioner of Energy and Environmental Protection
974 annually, or otherwise as is practicable, and shall incorporate the
975 results of the evaluation process set forth in subdivision (4) of this
976 subsection. If a program is determined to fail the cost-effectiveness test
977 as part of the review process, it shall either be modified to meet the test
978 or shall be terminated, unless it is integral to other programs that in
979 combination are cost-effective. On or before March 1, 2005, and on or
980 before March first annually thereafter, the board shall provide a report,

981 in accordance with the provisions of section 11-4a, to the joint standing
982 committees of the General Assembly having cognizance of matters
983 relating to energy and the environment that documents (A)
984 expenditures and fund balances and evaluates the cost-effectiveness of
985 such programs conducted in the preceding year, and (B) the extent to
986 and manner in which the programs of such board collaborated and
987 cooperated with programs, established under section 7-233y, of
988 municipal electric energy cooperatives. To maximize the reduction of
989 federally mandated congestion charges, programs in the plan may
990 allow for disproportionate allocations between the amount of
991 contributions [to the Energy Conservation and Load Management
992 Funds] pursuant to this section by a certain rate class and the
993 programs that benefit such a rate class. Before conducting such
994 evaluation, the board shall consult with the board of directors of the
995 Connecticut Green Bank. The report shall include a description of the
996 activities undertaken during the reporting period.

997 Sec. 21. Subdivision (1) of subsection (f) of section 16-245n of the
998 general statutes is repealed and the following is substituted in lieu
999 thereof (*Effective July 1, 2020*):

1000 (f) (1) The board shall issue annually a report to the Department of
1001 Energy and Environmental Protection reviewing the activities of the
1002 Connecticut Green Bank in detail and shall provide a copy of such
1003 report, in accordance with the provisions of section 11-4a, to the joint
1004 standing committees of the General Assembly having cognizance of
1005 matters relating to energy and commerce. The report shall include a
1006 description of the programs and activities undertaken during the
1007 reporting period jointly or in collaboration with the [Energy]
1008 Conservation and Load Management [Funds] Plan established
1009 pursuant to section 16-245m, as amended by this act.

1010 Sec. 22. Subsection (b) of section 16-245w of the general statutes is
1011 repealed and the following is substituted in lieu thereof (*Effective July*
1012 *1, 2020*):

1013 (b) The Public Utilities Regulatory Authority shall design a process
1014 for determining a fee to be paid by customers who have installed self-
1015 generation facilities in order to offset any loss or potential loss in
1016 revenue from such facilities toward the competitive transition
1017 assessment, the systems benefits charge, [the conservation and load
1018 management assessment] the conservation adjustment mechanisms
1019 collected under section 16-245m, as amended by this act, and the Clean
1020 Energy Fund assessment collected under section 16-245n, as amended
1021 by this act. Except as provided in subsection (c) of this section, such fee
1022 shall apply to customers who have installed self-generation facilities
1023 that begin operation on or after July 1, 1998.

1024 Sec. 23. Subsection (d) of section 16-258d of the general statutes is
1025 repealed and the following is substituted in lieu thereof (*Effective July*
1026 *1, 2020*):

1027 (d) The Public Utilities Regulatory Authority shall ensure that the
1028 revenues required to fund such incentive payments made pursuant to
1029 this section are provided through a fully reconciling conservation
1030 adjustment mechanism, which shall not exceed more than nine million
1031 dollars in total for the program established under this section,
1032 provided (1) such revenues shall be in addition to the revenues
1033 authorized to fund the [conservation and load management fund]
1034 Conservation and Load Management Plan pursuant to section 16-
1035 245m, as amended by this act, and (2) such revenues exceeding two
1036 million dollars required to fund such incentive payments shall be paid
1037 over a period of not less than two years. Such revenues shall only be
1038 collected from the gas customers of the company in whose service area
1039 such district heating system is located.

1040 Sec. 24. Subdivision (1) of subsection (a) of section 16-245m of the
1041 general statutes is repealed. (*Effective July 1, 2020*)

1042 Sec. 25. Subsection (b) of section 16-245m of the general statutes is
1043 repealed. (*Effective July 1, 2020*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245a(a)
Sec. 2	<i>from passage</i>	16-244c(h)(1)
Sec. 3	<i>from passage</i>	16-245(k)
Sec. 4	<i>from passage</i>	16-243h
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>from passage</i>	New section
Sec. 7	<i>from passage</i>	16-245m(d)(1)
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>from passage</i>	16-245n(b)
Sec. 10	<i>July 1, 2020</i>	12-264(c)(2)
Sec. 11	<i>July 1, 2020</i>	16-243q(b) to (d)
Sec. 12	<i>July 1, 2020</i>	16-243t
Sec. 13	<i>July 1, 2020</i>	16-243v(d) and (e)
Sec. 14	<i>July 1, 2020</i>	16-245c(e)
Sec. 15	<i>July 1, 2020</i>	16-245e(a)(1) and (2)
Sec. 16	<i>July 1, 2020</i>	16-245e(a)(13)
Sec. 17	<i>July 1, 2020</i>	16-245f(a)
Sec. 18	<i>July 1, 2020</i>	16-245i(a) and (b)
Sec. 19	<i>July 1, 2020</i>	16-245j(c)(4)(A)
Sec. 20	<i>July 1, 2020</i>	16-245m(d)(3)
Sec. 21	<i>July 1, 2020</i>	16-245n(f)(1)
Sec. 22	<i>July 1, 2020</i>	16-245w(b)
Sec. 23	<i>July 1, 2020</i>	16-258d(d)
Sec. 24	<i>July 1, 2020</i>	Repealer section
Sec. 25	<i>July 1, 2020</i>	Repealer 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.]