General Assembly

Amendment

February Session, 2018

LCO No. **5647**

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Offered by:
REP. ROSARIO, 128th Dist.
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To: Subst. Senate Bill No. **9** File No. 460 Cal. No. 557

"AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE."

Strike everything after the enacting clause and substitute the following in lieu thereof:

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 Subsection (a) of section 16-245a of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) **[**An**]** Subject to any modifications required by the Public Utilities Regulatory Authority for retiring renewable energy certificates on behalf of all electric ratepayers pursuant to sections 16a-3f, 16a-3g, 16a-3h, 16a-3i, 16a-3j, as amended by this act, and 16a-3m, an electric supplier and an electric distribution company providing standard service or supplier of last resort service, pursuant to section 16-244c, as amended by this act, shall demonstrate:

(1) On and after January 1, 2006, that not less than two per cent of the total output or services of any such supplier or distribution

company shall be generated from Class I renewable energy sources and an additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

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

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

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

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

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

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

additional three per cent of the total output or services shall be from Class I or Class II renewable energy sources;

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

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

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

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

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

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

from Class I or Class II renewable energy sources;

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

(15) On and after January 1, 2020, not less than **[**twenty**]** twenty-one per cent of the total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional four per cent of the total output or services shall be from Class I or Class II renewable energy sources, **[**.**]** except that for any electric supplier that has entered into or renewed a retail electric supply contract on or before the effective date of this section, on and after January 1, 2020, not less than twenty per cent of the total output or services of any such electric supplier shall be generated from Class I renewable energy sources;

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

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

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

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

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

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

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

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

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

(25) On and after January 1, 2030, not less than forty per cent of the

total output or services of any such supplier or distribution company shall be generated from Class I renewable energy sources and an additional four per cent of the total output or services shall be from Class I or Class II renewable energy sources.

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

(h) (1) Notwithstanding the provisions of subsection (b) of this section regarding an alternative standard service option, an electric distribution company providing standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall contract with its wholesale suppliers to comply with the renewable portfolio standards. The Public Utilities Regulatory Authority shall annually conduct an uncontested proceeding in order to determine whether the electric distribution company's wholesale suppliers met the renewable portfolio standards during the preceding year. On or before December 31, 2013, the authority shall issue a decision on any such proceeding for calendar years up to and including 2012, for which a decision has not already been issued. Not later than December 31, 2014, and annually thereafter, the authority shall, following such proceeding, issue a decision as to whether the electric distribution company's wholesale suppliers met the renewable portfolio standards during the preceding year. An electric distribution company shall include a provision in its contract with each wholesale supplier that requires the wholesale supplier to pay the electric distribution company an amount of: (A) For calendar years up to and including calendar year 2017, five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period, **[**and**]** (B) for calendar years commencing on **[**and after**]** January 1, 2018, up to and including the calendar year commencing on January 1, 2020, five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period for Class I renewable energy sources, and two and one-half cents per

kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period for Class II renewable energy sources, and (C) for calendar years commencing on and after January 1, 2021, four cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period for Class I renewable energy sources, and two and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period for Class II renewable energy sources. The electric distribution company shall promptly transfer any payment received from the wholesale supplier for the failure to meet the renewable portfolio standards to the Clean Energy Fund for the development of Class I renewable energy sources, provided, on and after June 5, 2013, any such payment shall be refunded to ratepayers by using such payment to offset the costs to all customers of electric distribution companies of the costs of contracts entered into pursuant to sections 16-244r, as amended by this act, and 16-244t. Any excess amount remaining from such payment shall be applied to reduce the costs of contracts entered into pursuant to subdivision (2) of this subsection, and if any excess amount remains, such amount shall be applied to reduce costs collected through nonbypassable, federally mandated congestion charges, as defined in section 16-1.

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

(k) Any licensee who fails to comply with a license condition or who violates any provision of this section, except for the renewable portfolio standards contained in subsection (g) of this section, shall be subject to civil penalties by the Public Utilities Regulatory Authority in accordance with section 16-41, or the suspension or revocation of such license or a prohibition on accepting new customers following a hearing that is conducted as a contested case in accordance with chapter 54. Notwithstanding the provisions of subsection (b) of section

16-244c regarding an alternative transitional standard offer option or an alternative standard service option, the authority shall require a payment by a licensee that fails to comply with the renewable portfolio standards in accordance with subdivision (4) of subsection (g) of this section in the amount of: (1) For calendar years up to and including calendar year 2017, five and one-half cents per kilowatt hour, **[**and**]** (2) for calendar years commencing on **[**and after**]** January 1, 2018, and up to and including the calendar year commencing on January 1, 2020, five and one-half cents per kilowatt hour if the licensee fails to comply with the renewable portfolio standards during the subject annual period for Class I renewable energy sources, and two and one-half cents per kilowatt hour if the licensee fails to comply with the renewable portfolio standards during the subject annual period for Class II renewable energy sources, and (3) for calendar years commencing on and after January 1, 2021, four cents per kilowatt hour if the licensee fails to comply with the renewable portfolio standards during the subject annual period for Class I renewable energy sources, and two and one-half cents per kilowatt hour if the licensee fails to comply with the renewable portfolio standards during the subject annual period for Class II renewable energy sources. On or before December 31, 2013, the authority shall issue a decision, following an uncontested proceeding, on whether any licensee has failed to comply with the renewable portfolio standards for calendar years up to and including 2012, for which a decision has not already been issued. On and after June 5, 2013, the Public Utilities Regulatory Authority shall annually conduct an uncontested proceeding in order to determine whether any licensee has failed to comply with the renewable portfolio standards during the preceding year. Not later than December 31, 2014, and annually thereafter, the authority shall, following such proceeding, issue a decision as to whether the licensee has failed to comply with the renewable portfolio standards during the preceding year. The authority shall allocate such payment to the Clean Energy Fund for the development of Class I renewable energy sources, provided, on and after June 5, 2013, any such payment shall be refunded to ratepayers by using such payment to offset the costs to all

customers of electric distribution companies of the costs of contracts entered into pursuant to sections 16-244r, as amended by this act, and 16-244t. Any excess amount remaining from such payment shall be applied to reduce the costs of contracts entered into pursuant to subdivision (2) of subsection (j) of section 16-244c, and if any excess amount remains, such amount shall be applied to reduce costs collected through nonbypassable, federally mandated congestion charges, as defined in section 16-1.

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

Sec. 5. Subdivision (1) of subsection (d) of section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) Not later than November 1, 2012, and every three years thereafter, electric distribution companies, as defined in section 16-1, in coordination with the gas companies, as defined in section 16-1, shall submit to the Energy Conservation Management Board a combined electric and gas Conservation and Load Management Plan, in accordance with the provisions of this section, to implement cost-effective energy conservation programs, demand management and market transformation initiatives. All supply and conservation and load management options shall be evaluated and selected within an integrated supply and demand planning framework. Services provided under the plan shall be available to all customers of electric distribution companies and gas companies, **[**. Each such company shall apply to the Energy Conservation Management Board for reimbursement for expenditures pursuant to the plan**]** provided a customer of an electric distribution company may not be denied such services based on the fuel such customer uses to heat such customer's home. The Energy Conservation Management Board shall advise and

assist the electric distribution companies and gas companies in the development of such plan. The Energy Conservation Management Board shall approve the plan before transmitting it to the Commissioner of Energy and Environmental Protection for approval. The commissioner shall, in an uncontested proceeding during which the commissioner may hold a public meeting, approve, modify or reject said plan prepared pursuant to this subsection. Following approval by the commissioner, the board shall assist the companies in implementing the plan and collaborate with the Connecticut Green Bank to further the goals of the plan. Said plan shall include a detailed budget sufficient to fund all energy efficiency that is cost-effective or lower cost than acquisition of equivalent supply, and shall be reviewed and approved by the commissioner. **[**To the extent that the budget in the plan approved by the commissioner with regard to electric distribution companies exceeds the revenues collected pursuant to subdivision (1) of subsection (a) of this section, the**]** The Public Utilities Regulatory Authority shall, not later than sixty days after the plan is approved by the commissioner, ensure that the balance of revenues required to fund such **[**budget**]** plan is provided through **[**a**]** fully reconciling conservation adjustment **[**mechanism of not more than three mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company during the three years of any Conservation and Load Management Plan**]** mechanisms. Electric distribution companies shall collect a conservation adjustment mechanism that ensures the plan is fully funded by collecting an amount that is not more than the sum of six mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company during the three years of any Conservation and Load Management Plan. The authority shall ensure that the revenues required to fund such **[**budget**]** plan with regard to gas companies are provided through a fully reconciling conservation adjustment mechanism for each gas company of not more than the equivalent of four and six-tenth cents per hundred cubic feet during the three years of any Conservation and Load Management Plan. Said plan shall include steps that would be needed to achieve the goal of

weatherization of eighty per cent of the state's residential units by 2030 and to reduce energy consumption by 1.6 million MMBtu, as defined in subdivision (4) of section 22a-197, annually each year for calendar years commencing on and after January 1, 2020, up to and including calendar year 2025. Each program contained in the plan shall be reviewed by such companies and accepted, modified or rejected by the Energy Conservation Management Board prior to submission to the commissioner for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges.

Sec. 6. Subsection (b) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) On and after July 1, 2004, and until June 30, 2019, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Clean Energy Fund established under subsection (c) of this section. On and after July 1, 2019, and until June 30, 2025, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than two mills per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Clean Energy Fund established under subsection (c) of this section.

Sec. 7. Section 16a-3j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) In order to secure cost-effective resources to provide more

reliable electric service for the benefit of the state's electric ratepayers and to meet the state's energy and environmental goals and policies established in the Integrated Resources Plan, pursuant to section 16a-3a, and the Comprehensive Energy Strategy, pursuant to section 16a-3d, the Commissioner of Energy and Environmental Protection, in consultation with the procurement manager identified in subsection (l) of section 16-2, the Office of Consumer Counsel and the Attorney General, may, in coordination with other states in the control area of the regional independent system operator, as defined in section 16-1, or on behalf of Connecticut alone, issue multiple solicitations for long-term contracts from providers of resources described in subsections (b), (c) and (d) of this section.

(b) In any solicitation for resources to reduce electric demand and improve resiliency and grid reliability in the state, issued pursuant to this subsection, the commissioner shall seek proposals for (1) passive demand response measures, including, but not limited to, energy efficiency, load management, and the state's conservation and load management programs, pursuant to section 16-245m, as amended by this act, that are capable, either singly or through aggregation, of reducing electric demand by one megawatt or more; and (2) Class I renewable energy sources and Class III sources, as defined in section 16-1, provided any such project proposal is for a facility that has a nameplate capacity rating of more than two megawatts and less than twenty megawatts. The commissioner may also seek proposals for energy storage systems, as defined in section 16-1, that are capable of storing up to twenty megawatts of energy. Proposals pursuant to this subsection shall not have a contract term exceeding twenty years. Each electric distribution company, as defined in section 16-1, shall, in consultation with the Energy Conservation Management Board established pursuant to section 16-245m, as amended by this act, assess whether the submission of a proposal for passive demand response measures is feasible pursuant to any solicitation issued pursuant to subdivision (1) of this subsection, provided such proposal only includes electric demand reductions that are in addition to existing

and projected demand reductions obtained through the conservation and load management programs.

(c) In any solicitation issued pursuant to this subsection, the commissioner shall seek proposals from (1) Class I renewable energy sources, as defined in section 16-1, having a nameplate capacity rating of twenty megawatts or more, and any associated transmission; and (2) verifiable large-scale hydropower, as defined in section 16-1, and any associated transmission. The commissioner may also seek proposals for energy storage systems, as defined in section 16-1, having a nameplate capacity rating of twenty megawatts or more. Proposals under this subsection shall not have a contract term exceeding twenty years. In soliciting Class I renewable energy sources, and any associated transmission, pursuant to this subsection, the commissioner may, for the purpose of balancing such Class I energy deliveries and improving the economic viability of such proposals, also seek proposals for electricity and capacity from Class II renewable energy sources, as defined in section 16-1, and existing hydropower resources other than those described under section 16-1, provided such resources are interconnected to such associated transmission and are located in the control area of the regional independent system operator or imported into the control area of the regional independent system operator from resources located in an adjacent regional independent system operator's control area.

(d) In any solicitation for natural gas resources issued on and after the effective date of this section, pursuant to this subsection, the commissioner shall seek proposals for (1) **[**interstate natural gas transportation capacity, (2)**]** liquefied natural gas, **[**(3)**]** (2) liquefied natural gas storage, and **[**(4)**]** (3) natural gas storage, or a combination of any such resources, provided such proposals provide incremental capacity, gas, or storage that has a firm delivery capability to transport natural gas to natural gas-fired generating facilities located in the control area of the regional independent system operator. Proposals under this subsection shall not have a contract term exceeding a period of twenty years.

(e) The Commissioner of Energy and Environmental Protection, in consultation with the procurement manager identified in subsection (l) of section 16-2, the Office of Consumer Counsel and the Attorney General, shall evaluate project proposals received under any solicitation issued pursuant to subsection (b), (c) or (d) of this section, based on factors including, but not limited to, (1) improvements to the reliability of the electric system, including during winter peak demand; (2) whether the benefits of the proposal outweigh the costs to ratepayers; (3) fuel diversity; (4) the extent to which the proposal contributes to meeting the requirements to reduce greenhouse gas emissions and improve air quality in accordance with sections 16-245a, as amended by this act, 22a-174, and 22a-200a; (5) whether the proposal is in the best interest of ratepayers; and (6) whether the proposal is aligned with the policy goals outlined in the Integrated Resources Plan, pursuant to section 16a-3a, and the Comprehensive Energy Strategy, pursuant to section 16a-3d, including, but not limited to, environmental impacts. In conducting such evaluation, the commissioner may also consider the extent to which project proposals provide economic benefits for the state. In evaluating project proposals received under any solicitation issued pursuant to subsection (b), (c) or (d) of this section, the commissioner shall compare the costs and benefits of such proposals relative to the expected or actual costs and benefits of other resources eligible to respond to the other procurements authorized pursuant to this section.

(f) The commissioner may hire consultants with expertise in quantitative modeling of electric and gas markets, and physical gas and electric system modeling, as applicable, to assist in implementing this section, including, but not limited to, the evaluation of proposals submitted pursuant to this section. All reasonable costs, not exceeding one million five hundred thousand dollars, associated with the commissioner's solicitation and review of proposals pursuant to this section shall be recoverable through the nonbypassable federally mandated congestion charge, as defined in subsection (a) of section 16-1. Such costs shall be recoverable even if the commissioner does not

select any proposals pursuant to solicitations issued pursuant to this section.

(g) If the commissioner finds proposals received pursuant to this section to be in the best interest of electric ratepayers, in accordance with the provisions of subsection (e) of this section, the commissioner may select any such proposal or proposals, provided the total capacity of the resources selected under all solicitations issued pursuant to this section in the aggregate do not exceed three hundred seventy-five million cubic feet per day of natural gas capacity, or the equivalent megawatts of electricity, electric demand reduction or combination thereof. Any proposals selected pursuant to subsections (b) and (c) of this section shall not, in the aggregate, exceed ten per cent of the load distributed by the state's electric distribution companies. The commissioner may, on behalf of all customers of electric distribution companies, direct the electric distribution companies to enter into long-term contracts for passive demand response measures, electricity, electric capacity, environmental attributes, energy storage, **[**interstate natural gas transportation capacity,**]** liquefied natural gas, liquefied natural gas storage, and natural gas storage, or any combination thereof, from proposals submitted pursuant to this section, provided the benefits of such contracts to customers of electric distribution companies outweigh the costs to such companies' customers.

(h) Any agreement entered into pursuant to this section shall be subject to review and approval by the Public Utilities Regulatory Authority. The electric distribution company shall file an application for the approval of any such agreement with the authority. The authority shall approve such agreement if it is cost effective and in the best interest of electric ratepayers. The authority shall issue a decision not later than ninety days after such filing. If the authority does not issue a decision within ninety days after such filing, the agreement shall be deemed approved. The net costs of any such agreement, including costs incurred by the electric distribution company under the agreement and reasonable costs incurred by the electric distribution company in connection with the agreement, shall be

recovered on a timely basis through a fully reconciling component of electric rates for all customers of the electric distribution company. Any net revenues from the sale of products purchased in accordance with long-term contracts entered into pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of the contracting electric distribution company. For any contract for **[**interstate natural gas transportation capacity,**]** liquefied natural gas, liquefied natural gas storage or natural gas storage entered into pursuant to this section, the electric distribution company may contract with a gas supply manager to sell such **[**interstate natural gas transportation capacity,**]** liquefied natural gas, liquefied natural gas storage or natural gas storage, or a combination thereof, into the wholesale markets at the best available price in a manner that meets all applicable requirements pursuant to all applicable regulations of the Federal Energy Regulatory Commission.

(i) Certificates issued by the New England Power Pool Generation Information System for any Class I renewable energy source or Class III source procured by an electric distribution company pursuant to this section may be: (1) Sold into the New England Power Pool Generation Information System renewable energy credit market to be used by any electric supplier or electric distribution company to meet the requirements of section 16-245a, as amended by this act, so long as the revenues from such sale are credited to electric distribution company customers as described in this subsection; or (2) retained by the electric distribution company to meet the requirements of section 16-245a, as amended by this act. In considering whether to sell or retain such certificates the company shall select the option that is in the best interest of such company's ratepayers.

Sec. 8. Subdivision (2) of subsection (c) of section 12-264 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(2) For purposes of this subsection, gross earnings from providing

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

Sec. 9. Subsections (b) to (d), inclusive, of section 16-243q of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(b) Except as provided in subsection (d) of this section, the Public Utilities Regulatory Authority shall assess each electric supplier and each electric distribution company that fails to meet the percentage standards of subsection (a) of this section a charge of up to five and five-tenths cents for each kilowatt hour of electricity that such supplier or company is deficient in meeting such percentage standards. Seventy-five per cent of such assessed charges shall be **[**deposited in the Energy**]** used in furtherance of the Conservation and Load Management **[**Fund**]** Plan established in section 16-245m, as amended by this act, and twenty-five per cent shall be deposited in the Clean Energy Fund established in section 16-245n, as amended by this act, except that such seventy-five per cent of assessed charges with respect to an electric supplier shall be **[**divided**]** allocated among the **[**Energy**]** Conservation and Load Management **[**Funds**]** Plan of electric distribution companies in proportion to the amount of electricity such

electric supplier provides to end use customers in the state using the facilities of each electric distribution company.

(c) An electric supplier or electric distribution company may satisfy the requirements of this section by participating in a conservation and distributed resources trading program approved by the Public Utilities Regulatory Authority. Credits created by conservation and customer-side distributed resources shall be allocated to the person that conserved the electricity or installed the project for customer-side distributed resources to which the credit is attributable and to the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan. Such credits shall be made in the following manner: A minimum of twenty-five per cent of the credits shall be allocated to the person that conserved the electricity or installed the project for customer-side distributed resources to which the energy credit is attributable and the remainder of the credits shall be **[**allocated to the Energy**]** used in furtherance of the Conservation and Load Management **[**Fund**]** Plan, based on a schedule created by the authority no later than January 1, 2007, and reviewed annually thereafter. The authority may, in a proceeding and for good cause shown, allocate a larger proportion of such credits to the person who conserved the electricity or installed the customer-side distributed resources. The authority shall consider the proportion of investment made by a ratepayer through various ratepayer-funded incentive programs and the resulting reduction in federally mandated congestion charges. The portion **[**allocated to the Energy**]** used in furtherance of the Conservation and Load Management **[**Fund**]** Plan shall be used for measures that respond to energy demand and for peak reduction programs.

(d) An electric distribution company providing standard service may contract with its wholesale suppliers to comply with the conservation and customer-side distributed resources standards set forth in subsection (a) of this section. The Public Utilities Regulatory Authority shall annually conduct a contested case, in accordance with the provisions of chapter 54, to determine whether the electric distribution company's wholesale suppliers met the conservation and

distributed resources standards during the preceding year. Any such contract shall include a provision that requires such supplier to pay the electric distribution company in an amount of up to five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the conservation and distributed resources standards during the subject annual period. The electric distribution company shall immediately transfer seventy-five per cent of any payment received from the wholesale supplier for the failure to meet the conservation and distributed resources standards to the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan and twenty-five per cent to the Clean Energy Fund. Any payment made pursuant to this section shall not be considered revenue or income to the electric distribution company.

Sec. 10. Section 16-243t of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(a) Notwithstanding the provisions of this title, a customer who implements energy conservation or customer-side distributed resources, as defined in section 16-1, on or after January 1, 2008, shall be eligible for Class III credits, pursuant to section 16-243q, as amended by this act. The Class III credit shall be not less than one cent per kilowatt hour. For nonresidential projects receiving conservation and load management funding, twenty-five per cent of the financial value derived from the credits earned pursuant to this section shall be directed to the customer who implements energy conservation or customer-side distribution resources pursuant to this section with the remainder of the financial value directed **[**to**]** in furtherance of the Conservation and Load Management **[**Funds**]** Plan. For nonresidential projects not receiving conservation and load management funding submitted on or after March 9, 2007, seventy-five per cent of the financial value derived from the credits earned pursuant to this section shall be directed to the customer who implements energy conservation or customer-side distribution resources pursuant to this section with the remainder of the financial value directed **[**to**]** in furtherance of the Conservation and Load Management **[**Funds**]** Plan. Not later than July 1, 2007, the Public Utilities Regulatory Authority shall initiate a

contested case proceeding in accordance with the provisions of chapter 54, to implement the provisions of this section.

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

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

Sec. 11. Subsections (d) and (e) of section 16-243v of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(d) Commencing April 1, 2008, any person may apply to the authority for certification and funding as a Connecticut electric efficiency partner. Such application shall include the technologies that the applicant shall purchase or provide and that have been approved pursuant to subsection (b) of this section. In evaluating the application, the authority shall (1) consider the applicant's potential to reduce customers' electric demand, including peak electric demand, and associated electric charges tied to electric demand and peak electric demand growth, (2) determine the portion of the total cost of each project that shall be paid for by the customer participating in this program and the portion of the total cost of each project that shall be paid for by all electric ratepayers and collected pursuant to subsection (h) of this section. In making such determination, the authority shall ensure that all ratepayer investments maintain a minimum two-to-one payback ratio, and (3) specify that participating Connecticut electric

efficiency partners shall maintain the technology for a period sufficient to achieve such investment payback ratio. The annual ratepayer contribution for projects approved pursuant to this section shall not exceed sixty million dollars. Not less than seventy-five per cent of such annual ratepayer investment shall be used for the technologies themselves. No person shall receive electric ratepayer funding pursuant to this subsection if such person has received or is receiving funding from the **[**Energy**]** Conservation and Load Management **[**Funds**]** Plan for the projects included in said person's application. No person shall receive electric ratepayer funding without receiving a certificate of public convenience and necessity as a Connecticut electric efficiency partner by the authority. The authority may grant an applicant a certificate of public convenience if it possesses and demonstrates adequate financial resources, managerial ability and technical competency. The authority may conduct additional requests for proposals from time to time as it deems appropriate. The authority shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall include performance milestones.

(e) Beginning February 1, 2010, a certified Connecticut electric efficiency partner may only receive funding if selected in a request for proposal developed, issued and evaluated by the authority. In evaluating a proposal, the authority shall take into consideration the potential to reduce customers' electric demand including peak electric demand, and associated electric charges tied to electric demand and peak electric demand growth, including, but not limited to, federally mandated congestion charges and other electric costs, and shall utilize a cost benefit test established pursuant to subsection (c) of this section to rank responses for selection. The authority shall determine the portion of the total cost of each project that shall be paid by the customer participating in this program and the portion of the total cost of each project that shall be paid by all electric ratepayers and collected pursuant to the provisions of this subsection. In making such determination, the authority shall (1) ensure that all ratepayer

investments maintain a minimum two-to-one payback ratio, and (2) specify that participating Connecticut electric efficiency partners shall maintain the technology for a period sufficient to achieve such investment payback ratio. The annual ratepayer contribution shall not exceed sixty million dollars. Not less than seventy-five per cent of such annual ratepayer investment shall be used for the technologies themselves. No Connecticut electric efficiency partner shall receive funding pursuant to this subsection if such partner has received or is receiving funding from the **[**Energy**]** Conservation and Load Management **[**Funds**]** Plan for such technology. The authority may conduct additional requests for proposals from time to time as it deems appropriate. The authority shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall include performance milestones.

Sec. 12. Subsection (e) of section 16-245c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

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

Sec. 13. Subdivisions (1) and (2) of subsection (a) of section 16-245e of the general statutes are repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

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

(2) "Competitive transition assessment" means those nonbypassable rates and other charges, that are authorized by the authority (A) in a financing order in respect to the economic recovery transfer, or in a financing order, to sustain funding of conservation and load management and renewable energy investment programs by substituting disbursements to the General Fund from proceeds of rate reduction bonds for such disbursements from the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, or to recover those stranded costs that are eligible to be funded with the proceeds of rate reduction bonds pursuant to section 16-245f, as amended by this act, and the costs of providing, recovering, financing, or refinancing the economic recovery transfer or such substitution of disbursements to the General Fund or such stranded costs through a plan approved by the authority in the financing order, including the costs of issuing, servicing, and retiring rate reduction bonds, (B) to recover those stranded costs determined under this section but not eligible to be funded with the proceeds of rate reduction bonds

pursuant to section 16-245f, as amended by this act, or (C) to recover costs determined under subdivision (1) of subsection (e) of section 16-244g. If requested by the electric distribution company, the authority shall include in the competitive transition assessment nonbypassable rates and other charges to recover federal and state taxes whose recovery period is modified by the transactions contemplated in this section and sections 16-245f to 16-245k, inclusive, as amended by this act;

Sec. 14. Subdivision (13) of subsection (a) of section 16-245e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(13) "State rate reduction bonds" means the rate reduction bonds issued on June 23, 2004, by the state to sustain funding of conservation and load management and renewable energy investment programs by substituting for disbursements to the General Fund from the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan, established by section 16-245m, as amended by this act, and from the Clean Energy Fund, established by section 16-245n, as amended by this act. The state rate reduction bonds for the purposes of section 4-30a shall be deemed to be outstanding indebtedness of the state;

Sec. 15. Subsection (a) of section 16-245f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(a) An electric distribution company shall submit to the authority an application for a financing order with respect to any proposal to sustain funding of conservation and load management and renewable energy investment programs by substituting disbursements to the General Fund from proceeds of rate reduction bonds for such disbursements from the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, and may submit to the authority an application

for a financing order with respect to the following stranded costs: (1) The cost of mitigation efforts, as calculated pursuant to subsection (c) of section 16-245e; (2) generation-related regulatory assets, as calculated pursuant to subsection (e) of section 16-245e; and (3) those long-term contract costs that have been reduced to a fixed present value through the buyout, buydown, or renegotiation of such contracts, as calculated pursuant to subsection (f) of section 16-245e. No stranded costs shall be funded with the proceeds of rate reduction bonds unless (A) the electric distribution company proves to the satisfaction of the authority that the savings attributable to such funding will be directly passed on to customers through lower rates, and (B) the authority determines such funding will not result in giving the electric distribution company or any generation entities or affiliates an unfair competitive advantage. The authority shall hold a hearing for each such electric distribution company to determine the amount of disbursements to the General Fund from proceeds of rate reduction bonds that may be substituted for such disbursements from the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, and thereby constitute transition property and the portion of stranded costs that may be included in such funding and thereby constitute transition property. Any hearing shall be conducted as a contested case in accordance with chapter 54, except that any hearing with respect to a financing order or other order to sustain funding for conservation and load management and renewable energy investment programs by substituting the disbursement to the General Fund from the **[**Energy**]** Conservation and Load Management **[**Fund**]** Plan established by section 16-245m, as amended by this act, and from the Clean Energy Investment Fund established by section 16-245n, as amended by this act, shall not be a contested case, as defined in section 4-166. The authority shall not include any rate reduction bonds as debt of an electric distribution company in determining the capital structure of the company in a rate-making proceeding, for calculating the company's return on equity or in any manner that would impact the

electric distribution company for rate-making purposes, and shall not approve such rate reduction bonds that include covenants that have provisions prohibiting any change to their appointment of an administrator of the **[**Energy**]** Conservation and Load Management **[**Fund. Nothing in this subsection shall be deemed to affect the terms of subsection (b) of section 16-245m**]** Plan.

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

(a) The authority may issue financing orders in accordance with sections 16-245e to 16-245k, inclusive, as amended by this act, to fund the economic recovery transfer, to sustain funding of conservation and load management and renewable energy investment programs by substituting disbursements to the General Fund from proceeds of rate reduction bonds for such disbursements **[**from the Energy**]** in furtherance of the Conservation and Load Management **[**Fund**]** Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, and to facilitate the provision, recovery, financing, or refinancing of stranded costs. Except for a financing order in respect to the economic recovery revenue bonds, a financing order may be adopted only upon the application of an electric distribution company, pursuant to section 16-245f, as amended by this act, and shall become effective in accordance with its terms only after the electric distribution company files with the authority the electric distribution company's written consent to all terms and conditions of the financing order. Any financing order in respect to the economic recovery revenue bonds shall be effective on issuance.

(b) (1) Notwithstanding any general or special law, rule, or regulation to the contrary, except as otherwise provided in this subsection with respect to transition property that has been made the basis for the issuance of rate reduction bonds, the financing orders and the competitive transition assessment shall be irrevocable and the

authority shall not have authority either by rescinding, altering, or amending the financing order or otherwise, to revalue or revise for rate-making purposes the stranded costs, or the costs of providing, recovering, financing, or refinancing the stranded costs, the amount of the economic recovery transfer or the amount of disbursements to the General Fund from proceeds of rate reduction bonds substituted for such disbursements **[**from the Energy**]** in furtherance of the Conservation and Load Management **[**Fund**]** Plan established by section 16-245m, as amended by this act, and from the Clean Energy Fund established by section 16-245n, as amended by this act, determine that the competitive transition assessment is unjust or unreasonable, or in any way reduce or impair the value of transition property either directly or indirectly by taking the competitive transition assessment into account when setting other rates for the electric distribution company; nor shall the amount of revenues arising with respect thereto be subject to reduction, impairment, postponement, or termination.

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

(3) Notwithstanding any general or special law, rule, or regulation to the contrary, any requirement under sections 16-245e to 16-245k, inclusive, as amended by this act, or a financing order that the

authority take action with respect to the subject matter of a financing order shall be binding upon the authority, as it may be constituted from time to time, and any successor agency exercising functions similar to the authority and the authority shall have no authority to rescind, alter, or amend that requirement in a financing order. Section 16-43 shall not apply to any sale, assignment, or other transfer of or grant of a security interest in any transition property or the issuance of rate reduction bonds under sections 16-245e to 16-245k, inclusive, as amended by this act.

Sec. 17. Subparagraph (A) of subdivision (4) of subsection (c) of section 16-245j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

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

Sec. 18. Subdivision (3) of subsection (d) of section 16-245m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits for all energy savings to program costs to ensure that programs are designed

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

Sec. 19. Subdivision (1) of subsection (f) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(f) (1) The board shall issue annually a report to the Department of Energy and Environmental Protection reviewing the activities of the Connecticut Green Bank in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint

standing committees of the General Assembly having cognizance of matters relating to energy and commerce. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the **[**Energy**]** Conservation and Load Management **[**Funds**]** Plan established pursuant to section 16-245m, as amended by this act.

Sec. 20. Subsection (b) of section 16-245w of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

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

Sec. 21. Subsection (d) of section 16-258d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2020*):

(d) The Public Utilities Regulatory Authority shall ensure that the revenues required to fund such incentive payments made pursuant to this section are provided through a fully reconciling conservation adjustment mechanism, which shall not exceed more than nine million dollars in total for the program established under this section, provided (1) such revenues shall be in addition to the revenues authorized to fund the **[**conservation and load management fund**]** Conservation and Load Management Plan pursuant to section 16-245m, as amended by this act, and (2) such revenues exceeding two

million dollars required to fund such incentive payments shall be paid over a period of not less than two years. Such revenues shall only be collected from the gas customers of the company in whose service area such district heating system is located.

Sec. 22. Subdivision (1) of subsection (a) and subsection (b) of section 16-245m of the general statutes are repealed. (*Effective July 1, 2020*)"

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