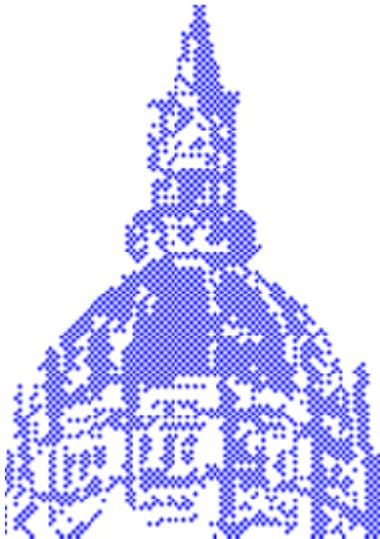


Office of Legislative Research
Connecticut General Assembly



ENERGY



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Kevin McCarthy, Principal Analyst

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NOTICE TO READERS

This report provides highlights of new laws (public acts) affecting energy enacted during the 2008 regular and special legislative sessions. In each summary we indicate the public act (PA) number.

Not all provisions of the summarized acts are included here. Complete summaries of all 2008 public acts passed will be available in the fall when OLR's *Public Act Summary* book is published; some are already on OLR's webpage: <http://www.cga.ct.gov/olr/>

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website: <http://www.cga.ct.gov>.

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ENERGY ASSISTANCE

These acts credit the unappropriated FY 08 General Fund surplus to FY 09 General Fund revenue, thus forestalling its automatic transfer to the Budget Reserve (“Rainy Day”) Fund and, once Budget Reserve Fund’s balance reaches 10% of the current year’s General Fund appropriations, to the State Employees’ Retirement Fund. The acts appropriate the credited funds for various purposes, primarily for energy assistance and energy efficiency programs as described below.

(**PA 08-1** and **08-2**, August Special Session, various effective dates)

Operation Fuel, Inc.

This act appropriates \$8.5 million from the funds credited to the General Fund for FY 09 to the Office of Policy and Management (OPM) to expand Operation Fuel, Incorporated to provide emergency home heating assistance between November 1, 2008 and April 30, 2009. (Operation Fuel, Incorporated is a nonprofit organization that serves people who are not eligible for publicly funded energy assistance.) The assistance must be provided to Connecticut households with income levels of more than 150% to 200% of the applicable federal poverty level (FPL). The act appropriates

another \$5 million for FY 09 from the credited funds to expand Operation Fuel, Incorporated to provide emergency home heating assistance in the same period to Connecticut households with income levels of 200% or more of the applicable FPL so long as this is no more than 100% of the applicable state median household income, as determined by the most recently published Department of Social Services (DSS) figures.

For both appropriations, the funding must serve households who cannot make timely payments on deliverable fuel, electricity, or natural gas bills. Operation Fuel, Incorporated must pay the assistance directly to the fuel vendor, electric or gas company, or municipal electric or gas utility.

The act also appropriates \$500,000 of the credited funds for FY 09 to OPM to provide a grant to Operation Fuel, Incorporated for its operating expenses in administering these programs.

(**PA 08-1**, August Special Session, these provisions effective upon passage)

Heating Assistance for Schools

This act appropriates \$6.5 million of the credited funds to OPM in FY 09 for grants to local and regional school districts for school heating assistance. Grants must be calculated on a per-pupil basis.

The act requires prior legislative review and approval of a grant allocation plan. Under the act, the OPM secretary must submit recommended grant allocations to the House speaker and the Senate president pro tempore between October 15 and November 30, 2008. The act establishes a process in which the relevant legislative committees can accept or modify the plan, subject to subsequent modification by the governor and the entire legislature.

(PA 08-1, August Special Session, these provisions effective upon passage)

Heating Assistance for the Elderly

The act appropriates \$4 million for FY 09 to OPM to provide home heating assistance to seniors age 65 and older who have incomes at or below 100% of the state median household income and are unable to make timely payments on deliverable fuel, electricity, or natural gas bills. The act requires OPM to determine eligibility criteria and allows the agency to spend up to \$500,000 of the \$4 million to identify eligible residents and notify them that energy assistance is available. It requires OPM to pay fuel vendors, municipal utilities providing electricity or natural gas, and electric or natural gas companies directly for the home heating assistance provided.

The act requires prior legislative review and approval of the allocation plan for the grant, according to the procedures described above.

(PA 08-1, August Special Session, these provisions effective upon passage)

Heating Assistance Grants for Human and Public Health Nonprofits

The act appropriates \$3.5 million dollars in FY 09 to OPM to provide heating assistance grants to human service and public health nonprofit organizations, including those that contract with the state to provide services. Grant recipients may include providers of adult day care, residential services to the homeless, and services to domestic violence victims.

It requires the OPM secretary to determine eligibility requirements, criteria for determining grant amounts, and application procedures. It also allows the OPM secretary to consult with the DSS commissioner and other officials to coordinate grant payments. The OPM secretary may also transfer funds to the affected departments and entities for grant payments. It prohibits any grant award from affecting (1) the calculation of rates or fees paid to the organization receiving the grant or (2) any state contract the organization has to provide services.

The act requires prior legislative review and approval of the allocation plan for the grant, according to the procedures described above.

(PA 08-1, August Special Session, these provisions effective upon passage)

Energy Assistance Contingency Account

PA 08-2, August Special Session, appropriates to OPM any excess FY 08 surplus funds, up to \$35,000,000, credited to FY 09 that remain after appropriations for this act and PA 08-1, August Special Session. OPM must deposit the funds in an energy contingency account that the OPM secretary can use to (1) provide emergency home heating assistance for Connecticut residents, giving consideration to households with all-electric systems, and (2) supplement federal funding for the Connecticut energy assistance program. The secretary can submit one or more such plans, but cannot submit the first one until after November 1, 2008. Under the act, any funds remaining in the account at the end of FY 09 must be carried forward to FY 10. During FY 09, whenever the OPM secretary finds it necessary to spend funds from the account, the act requires him to submit a spending plan for prior legislative review and approval.

(PA 08-2, August Special Session, these provisions effective upon passage)

ENERGY EFFICIENCY

Furnace Replacements and Repairs

By law, OPM must provide a rebate of up to \$500 for people who replace their residential furnaces or boilers with energy efficient ones. This act (1) eliminates a \$5 million annual cap on the rebates; (2) moves the end date of the program from July 1, 2017 to June 30, 2017; and (3) explicitly requires that the furnace or boiler be purchased and installed between July 1, 2007 and June 30, 2017 to be eligible for the rebate.

By law, the amount of the rebate decreases with the purchaser's Connecticut adjusted gross income in the same way as the property tax credit against the income tax. The act specifies that the purchaser's eligibility for the program is based on his or her Connecticut personal income tax return for the tax year before the tax year when he bought the furnace or boiler.

The act prohibits a person from receiving a rebate under this program if he or she has received a grant for furnace or boiler replacement under any program administered by the Fuel Oil Conservation Board (FOCB) or any other state or federal grant program that pays

the full cost of furnace or boiler replacement. But, a person using a state or federal low interest loan program to pay for a furnace or boiler replacement may be eligible for a rebate. In any case, the rebate cannot exceed the total expenditures for the furnace or boiler replacement.

The act entitles a person who is not required to file a federal income tax return because his or her income does not meet the filing requirements and who otherwise qualifies for the rebate to the maximum rebate, subject to verification of income in a manner prescribed by the secretary.

Under the act, rebates under the program (1) do not count as taxable income for purposes of income tax and (2) must be excluded from any calculation of income for purposes of determining the eligibility for, or the benefit level of, any individual under any state or local program financed in whole or in part with state funds.

(PA 08-1, August Special Session, these provisions effective upon passage)

This act appropriates \$3 million from the funds credited to OPM for FY 09 to increase funding for the replacement furnace rebate program.

The act additionally requires the OPM secretary to provide a rebate to eligible state residents who repair or upgrade their existing boilers or furnaces on or after August 1, 2008 to improve their efficiency. Eligibility for

these rebates must be determined using the eligibility criteria established for the existing program for replacements. The new rebate is available only for residential structures containing up to four dwelling units. Rebates are capped at \$500 or 50% of the cost of the repair or upgrade, whichever is less. The act appropriates \$2 million from the credited funds to OPM for FY 09 to provide funding for the new rebate program.

Any unexpended funds appropriated for the existing or new programs do not lapse on June 30, 2009, but are available for expenditure during FY 10.

(PA 08-2, August Special Session, these provisions effective upon passage)

Energy Conservation Loans

This act increases the maximum income a household can have to participate in the energy conservation loan program from 150% to 200% of the median area income for the household's size. The program, administered by the Department of Economic and Community Development (DECD), provides loans for energy efficiency improvements and replacement furnaces and boilers in residential structures. The act sets a 0% interest rate for loans for natural gas furnaces or boilers that meet or exceed

federal Energy Star standards and propane and oil furnaces and boilers that are at least 84% efficient.

The act appropriates \$2 million from the credited funds in FY 09 to DECD to provide additional loans for this program for the efficiency improvements, alternative energy devices, and replacement furnaces and boilers. It allows DECD to spend up to \$250,000 of the appropriation for administrative expenses and promotion of the program.

(PA 08-2, August Special Session, these provisions effective upon passage)

Energy Audits

The act requires OPM to establish a program to subsidize energy audits conducted by oil dealers or other entities for people who heat their homes with fuels other than natural gas or electricity. The program must cover the balance of the cost of such audits conducted from September 1, 2008 through June 30, 2009 for qualified oil companies or other entities that show they (1) provided an energy audit to a residential customer and (2) collected a \$75 fee from the customer for the audit.

The act appropriates \$7 million of the funds credited to the General Fund in FY 09 to OPM for the program. Any

unexpended funds do not lapse at the end of the FY 09 and are available for expenditure during FY 10.

(PA 08-2, August Special Session, these provisions effective upon passage)

Weatherization for Low Income Households

The act appropriates \$2 million of the credited funds to the DSS in FY 09 to develop a plan for (1) funding weatherization projects for low-income households who participate in the Connecticut energy assistance program, (2) giving priority to helping households with incomes below 200% of the federal poverty level, and (3) coordinating this assistance with the weatherization assistance provided to low-income households administered by the municipal electric utilities and utility companies under existing programs overseen by the FOCB and the Energy Conservation Management Board (ECMB). By November 1, 2008, and at least 45 days before implementing the plan, DSS must submit the plan to the Connecticut Energy Advisory Board, FOCB, and the ECMB for input and advice. ECMB may order that the plan be modified to ensure effective prioritization and coordination of weatherization assistance.

(PA 08-2, August Special Session, these provisions effective upon passage)

ENERGY SCARCITY AND SECURITY

This act requires that three studies be conducted on the state's energy future. It also requires that a plan be prepared regarding the state's solar energy industry.

It requires OPM to conduct a petroleum sensitivity study of state agencies. The study must include a statewide assessment and inventory of state departments and agencies and their activities and need to consume petroleum. OPM can use up to \$250,000 from the Clean Energy Fund for this purpose and contract with a consultant to perform the study. OPM must report the study findings to the Energy and Technology Committee by December 1, 2008.

The act establishes an eight-member task force to study energy scarcity and sustainability. The task force must conduct scenario planning for long-term petroleum and natural gas scarcity, steep price increases, and supply disruptions. The study must examine the impacts of natural gas and petroleum price and scarcity on the economy, food supply, transportation, education, health, and emergency response, and can address other issues. The task force must submit its report to the Energy and Technology Committee by January 1, 2009.

The act requires the Renewable Energy Investment Board (the group that determines how the Clean Energy Fund is spent) to contract with the Connecticut Academy of Science and Engineering to study how other states promote and increase the use and supply of renewable energy and clean energy. The board must report its findings to the Energy and Technology Committee by January 1, 2009.

The act also requires the board to convene a working group to develop a plan to maximize the use of solar power and create a self-sustaining solar industry in the state to help meet renewable portfolio standard (RPS) requirements and the greenhouse gas emissions limits of the Regional Greenhouse Gas Initiative. The RPS requires electric companies to get part of their power from renewable resources. The initiative is an agreement among northeastern states to limit emissions of carbon dioxide and other greenhouse gases.

(PA 08-168, effective upon passage)

GASOLINE

This act eliminates a scheduled July 1, 2008 increase in the petroleum products gross earnings tax rate from 7% to 7.5%, thus maintaining the 7% rate until the next scheduled increase to 8.1% on July 1, 2013.

The act bans gasoline franchise contracts from prohibiting gasoline dealers and distributors from offering discounts for using any method of payment.

(PA 08-2, June 11, 2008 Special Session, these provisions effective upon passage)

GLOBAL WARMING

This act mandates reductions in state greenhouse gas (GHG) emissions and makes changes designed to help the state achieve the reductions.

Prior law set state GHG emission reduction goals for 2010, 2020, and 2050. The act requires the state to meet its 2020 goal and a modified 2050 goal.

It requires certain state agencies to identify (1) activities and facility improvements to meet state energy saving goals and (2) policies and regulations they may adopt to help meet the emission limits. It also requires the Department of Environmental Protection (DEP) commissioner, with the help of a regional nonprofit air quality and climate organization, to publish a baseline inventory of GHG emissions and recommend strategies, regulatory actions, and policies to achieve the necessary reductions. It eliminates a requirement that the commissioner establishes a regional GHG registry to which certain emission sources must report, and related provisions.

The act requires the Governor's Steering Committee on Climate Change to create a subcommittee to assess the impact of climate change on the state and recommend to the governor and legislature ways the state can adapt to, and mitigate, harmful impacts. It authorizes the DEP commissioner to contract with, and serve on the board of, a nonprofit organization created to help the state implement a multistate air pollution control program.

It allows the commissioner to use funds from the greenhouse gas reduction fee on new motor vehicles to implement air pollution control requirements as well as the act's greenhouse gas reduction requirements.

It also (1) requires the Department of Transportation to continue to investigate, within available appropriations, the potential for improving the state transportation system in ways to reduce GHG emissions; (2) requires DEP to keep abreast of low carbon fuel standards in other states and elsewhere; (3) allows proceeds from the auction of GHG emission allowances to be used to cover certain state agency administrative costs; (4) authorizes DEP to work with other states and Canadian provinces to develop market-based compliance mechanisms to achieve the GHG limits, including a cap-and-trade program; (5) changes reporting requirements, and (6) makes other changes.

(**PA 08-98**, effective October 1, 2008, except for the provision concerning the DEP commissioner's contracting authority, which is effective on passage)

HEATING FUEL DEALERS

Prior law prohibited retail dealers of fuel oil or propane from requiring their regular customers to accept deliveries of the lesser of 150 gallons or 75% of the size of the primary tank. This act decreases the minimum delivery amount from 150 gallons to 100 gallons; the act does not affect the 75% limit.

(**PA 08-1**, June 11, 2008 Special Session, this provision effective upon passage)

This act prohibits retail dealers of fuel oil or propane from imposing delivery surcharges on deliveries of more than 100, rather 125 gallons. The law, unchanged by the act, prohibits these dealers from imposing delivery surcharges on any residential delivery the dealer initiates.

(**PA 08-2**, August Special Session, this provision effective September 1, 2008)

The law prohibits home heating oil and propane gas dealers from entering into prepaid or capped price-per-gallon contracts with consumers unless the dealer secures the contracts with either (1) futures contracts or similar commitments that allow them to purchase at a fixed price at least

75% of the oil or gas they commit to providing under all of their prepaid contracts or (2) a surety bond for at least 50% of the total amount they received from consumers under prepaid contracts. The act allows the contracts to be secured with any kind of forwards contract and increases the 75% requirement to 80%. In addition, the act makes the contract requirements apply to contracts renewed or extended after September 1, 2008 as well as to those entered into after the date.

The act requires a dealer who enters into, renews, or extends prepaid or capped price contracts to inform the consumer protection commissioner in writing of the fact and to identify the entities from which the dealer has obtained a futures or forwards contract or a similar commitment. A dealer must notify the commissioner any time the total secured amount is less than 80% of (1) the maximum number of gallons or (2) the amount of fuel the dealer is committed to delivering under the prepaid or capped price contracts or that he estimates he is committed to delivering.

The act requires a person from whom a dealer has obtained a future or forwards contract or a similar commitment to notify in writing the commissioner if a contract is cancelled within three business days.

(**PA 08-1**, August Special Session, these provisions effective September 1, 2008)

MUNICIPAL UTILITIES

This act expands the powers of a municipal electric energy cooperative. It also gives a cooperative more options in procuring supplies, materials, and equipment. The Connecticut Municipal Electric Energy Cooperative is currently the only such cooperative in Connecticut.

(PA 08-128, effective upon passage)

NUCLEAR POWER

This act requires a nuclear power plant operator to post on its website all plans for routine and continuous releases of radiation, including their dates and times and the types of radioactive material to be released. An operator must post the information as soon as the release is scheduled.

(PA 08-20, effective October 1, 2008)

RENEWABLE ENERGY

This act modifies what counts as “sustainable biomass” for purposes of the state’s renewable portfolio standard (RPS) Under the RPS, electric companies and competitive electric suppliers must get part of their power from renewable resources, with specific mandates for obtaining power from class I and II resources. The act affects the extent to which construction and

demolition waste, among other things, counts as sustainable biomass.

(PA 08-185, these provisions effective upon passage)

STEAM COMPANIES

This act temporarily subjected thermal energy transportation companies to the jurisdiction of the Department of Public Utility Control (DPUC) as utilities. Among others things, utilities are subject to DPUC rate regulation and must comply with its orders.

Thermal energy includes media such as steam and chilled water circulated through underground pipes to heat and cool buildings. A thermal energy system in Hartford serves various state buildings in Hartford, including the State Office Building and the Legislative Office Building.

(PA 08-77, effective upon passage)

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