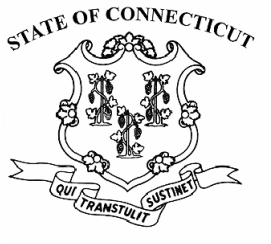

Senate Bill No. 493

Public Act No. 10-97

AN ACT REDUCING ELECTRICITY COSTS AND PROMOTING RENEWABLE ENERGY.

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

Section 1. Section 16-1b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

The Connecticut Energy and Technology Authority authorized under section 16-2, as amended by this act, shall be organized into two divisions as follows:

(1) There shall be a **[**Department**]** Division of Public Utility Control. The **[**department**]** division head shall be the **[**chairperson of the Public Utilities Control Authority**]** executive director of the division who shall report to the Connecticut Energy and Technology Authority; and

(2) There shall be a Division of Research, Energy and Technology, consisting of the bureaus of power procurement, conservation and renewal energy, and research.

Sec. 2. Section 16-2 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(a) There shall **[**continue to**]** be a **[**Public Utilities Control**]**

Connecticut Energy and Technology Authority, which shall constitute a successor authority to the Public Utilities Control Authority and shall consist of five electors of this state, appointed by the Governor with the advice and consent of both houses of the General Assembly. Not more than three members of said authority in office at any one time shall be members of any one political party. On or before July 1, 1983, and quadrennially thereafter, the Governor shall appoint three members to the authority and on or before July 1, 1985, and quadrennially thereafter, the Governor shall appoint two members. All such members shall serve for a term of four years. The procedure prescribed by section 4-7 shall apply to such appointments, except that the Governor shall submit each nomination on or before May first, and both houses shall confirm or reject it before adjournment sine die. The commissioners shall be sworn to the faithful performance of their duties.

(b) The authority shall elect a chairperson and vice-chairperson each June for one-year terms starting on July first of the same year. The vice-chairperson shall perform the duties of the chairperson in his absence.

(c) Any matter coming before the authority may be assigned by the chairperson to a panel of three commissioners, not more than two of whom shall be members of the same political party. Except as otherwise provided by statute or regulation, the panel shall determine whether a public hearing shall be held on the matter, and may designate one or two of its members to conduct such hearing or appoint an examiner to ascertain the facts and report thereon to the panel. The decision of the panel, if unanimous, shall be the decision of the authority. If the decision of the panel is not unanimous, the matter shall be referred to the entire authority for decision.

(d) The commissioners of the authority shall serve full time and shall make full public disclosure of their assets, liabilities and income at the time of their appointment, and thereafter each member of the

authority shall make such disclosure on or before July thirtieth of each year of such member's term, and shall file such disclosure with the office of the Secretary of the State. Each commissioner shall receive annually a salary equal to that established for management pay plan salary group seventy-five by the Commissioner of Administrative Services, except that the chairperson shall receive annually a salary equal to that established for management pay plan salary group seventy-seven.

(e) To insure the highest standard of public utility regulation, on and after October 1, 2007, any newly appointed commissioner of the authority shall have education or training and three or more years of experience in one or more of the following fields: Economics, engineering, law, accounting, finance, utility regulation, public or government administration, consumer advocacy, business management, and environmental management. On and after July 1, 1997, at least three of these fields shall be represented on the authority by individual commissioners at all times. Any time a commissioner is newly appointed, the chairperson shall identify at least one of the commissioners **[**shall have**]** as having experience in utility customer advocacy.

(f) The chairperson of the authority, with the consent of two or more other members of the authority, shall appoint an executive director, who shall be the chief administrative officer of the **[**Department**]** Division of Public Utility Control. The executive director shall be supervised by the chairperson of the authority, serve for a term of four years and annually receive a salary equal to that established for management pay plan salary group seventy-two by the Commissioner of Administrative Services. The executive director (1) shall conduct comprehensive planning with respect to the functions of the department; (2) shall coordinate the activities of the **[**department**]** division; (3) shall cause the administrative organization of the

[department**]** division to be examined with a view to promoting economy and efficiency; (4) shall, in concurrence with the chairperson of the authority, organize the department into such divisions, bureaus or other units as he deems necessary for the efficient conduct of the business of the **[**department**]** division and may from time to time abolish, transfer or consolidate within the **[**department**]** division, any other division, bureau or other units as may be necessary for the efficient conduct of the business of the department, provided such organization shall include any division, bureau or other unit which is specifically required by the general statutes; (5) shall, for any proceeding on a proposed rate amendment in which staff of the **[**department**]** division are to be made a party pursuant to section 16-19j, determine which staff shall appear and participate in the proceedings and which shall serve the members of the authority; (6) may enter into such contractual agreements, in accordance with established procedures, as may be necessary for the discharge of his duties; and (7) may, subject to the provisions of section 4-32, and unless otherwise provided by law, receive any money, revenue or services from the federal government, corporations, associations or individuals, including payments from the sale of printed matter or any other material or services. The executive director shall require the staff of the **[**department**]** division to have expertise in public utility engineering and accounting, finance, economics, computers and rate design. Subject to the provisions of chapter 67 and within available funds in any fiscal year, the executive director may appoint a secretary, and may employ such accountants, clerical assistants, engineers, inspectors, experts, consultants and agents as the **[**department**]** division may require.

(g) No member of the authority or employee of the **[**department**]** division shall, while serving as such, have any interest, financial or otherwise, direct or indirect, or engage in any business, employment, transaction or professional activity, or incur any obligation of any

nature, which is in substantial conflict with the proper discharge of his duties or employment in the public interest and of his responsibilities as prescribed in the laws of this state, as defined in section 1-85; provided, no such substantial conflict shall be deemed to exist solely by virtue of the fact that a member of the authority or employee of the **[**department**]** division, or any business in which such a person has an interest, receives utility service from one or more Connecticut utilities under the normal rates and conditions of service.

(h) No member of the authority or employee of the **[**department**]** division shall accept other employment which will either impair his independence of judgment as to his official duties or employment or require him, or induce him, to disclose confidential information acquired by him in the course of and by reason of his official duties.

(i) No member of the authority or employee of the **[**department**]** division shall wilfully and knowingly disclose, for pecuniary gain, to any other person, confidential information acquired by him in the course of and by reason of his official duties or employment or use any such information for the purpose of pecuniary gain.

(j) No member of the authority or employee of the **[**department**]** division shall agree to accept, or be in partnership or association with any person, or a member of a professional corporation or in membership with any union or professional association which partnership, association, professional corporation, union or professional association agrees to accept any employment, fee or other thing of value, or portion thereof, in consideration of his appearing, agreeing to appear, or taking any other action on behalf of another person before the authority, the Connecticut Siting Council, the Office of Policy and Management or the Commissioner of Environmental Protection.

(k) No commissioner of the authority shall, for a period of one year

following the termination of his or her service as a commissioner, accept employment: (1) By a public service company or by any person, firm or corporation engaged in lobbying activities with regard to governmental regulation of public service companies; (2) by a certified telecommunications provider or by any person, firm or corporation engaged in lobbying activities with regard to governmental regulation of persons, firms or corporations so certified; or (3) by an electric supplier or by any person, firm or corporation engaged in lobbying activities with regard to governmental regulation of electric suppliers. No such commissioner who is also an attorney shall in any capacity, appear or participate in any matter, or accept any compensation regarding a matter, before the authority, for a period of one year following the termination of his or her service as a commissioner.

Sec. 3. (NEW) (*Effective July 1, 2011*) (a) The Division of Research, Energy and Technology shall, in accordance with the comprehensive plan approved pursuant to section 16a-3a of the general statutes, as amended by this act, (1) increase the state's energy independence and security by promoting conservation and efficiency and the use of diverse indigenous and regional electric resources; (2) encourage the use of renewable energy resources and new electric technologies, particularly technologies that support economic development in the state and promote environmental sustainability; (3) minimize costs of electric services to state consumers while maintaining reliable service; (4) discourage undue price volatility of electric service; and (5) encourage competition, if in the interests of state consumers.

(b) The Connecticut Energy and Technology Authority (1) shall conduct comprehensive planning with respect to the functions of the division; (2) shall coordinate the activities of the division; (3) shall cause the administrative organization of the division to be examined with a view to promoting economy and efficiency; (4) may enter into such contractual agreements, in accordance with established

procedures, as may be necessary for the discharge of the division's duties; and (5) may, subject to the provisions of section 4-32 of the general statutes, and unless otherwise provided by law, receive any money, revenue or services from the federal government, corporations, associations or individuals, including payments from the sale of printed matter or any other material or services. Within available funds in any fiscal year, the authority may appoint a secretary and may employ such accountants, clerical assistants, engineers, inspectors, experts, consultants and agents as the division may require.

(c) The Connecticut Academy of Science and Engineering shall conduct a study on how best to implement a research office regarding electricity and other energy and technology matters within the division and shall report the findings of such study to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before November 1, 2011.

(d) The bureau of power procurement shall report directly to the authority commissioners and shall (1) be responsible for overseeing the procurement of electricity for the standard offer, (2) be a liaison to the New England Power Pool, the regional independent system operator and the Federal Energy Regulatory Commission, (3) recommend to the authority procurement expectations, and (4) report quarterly to the authority commissioners on how current purchasing is meeting the established expectations and if any adjustments should be made.

(e) The bureau of conservation and renewable energy shall report directly to the authority commissioners and shall (1) be responsible for the overall implementation of the authority's conservation and renewable energy goals, (2) provide expertise to the authority on conservation and renewable energy dockets and authority decisions, (3) develop, in consultation with the Energy Conservation Management Board and the electric distribution companies, an electric conservation plan, which shall include a review of electric

conservation programs and recommendations for meeting the conservation goals established pursuant to section 16a-3a of the general statutes, as amended by this act, (4) report annually to the authority on (A) the Energy Conservation Management Board's performance and how such board allocated its funds, and (B) an evaluation of other state conservation programs and recommendations for improving their efficiency.

Sec. 4. (*Effective from passage*) (a) There is established a working group that shall consist of the following: The Secretary of the Office of Policy and Management, the Consumer Counsel, the chairperson of the Public Utility Control Authority, the Attorney General, the executive director of Connecticut Innovations, Incorporated, or their designees, and the chairpersons and ranking members of the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(b) The purpose of the working group established pursuant to subsection (a) of this section shall be to develop plans for the implementation of organizational and structural changes in state government related to the establishment of the Connecticut Energy and Technology Authority and the Division of Public Utility Control and the Division of Research, Energy and Technology pursuant to section 1 of this act, as well as to provide recommendations for the most efficient and effective way to meet the goals of sections 2 and 3 of this act. On or before January 1, 2011, the working group shall issue a report of its findings, including, but not limited to, drafts of legislation necessary for such implementation to the General Assembly.

Sec. 5. Section 16a-48 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) As used in this section:

(1) "Office" means the Office of Policy and Management;

(2) "Fluorescent lamp ballast" or "ballast" means a device designed to operate fluorescent lamps by providing a starting voltage and current and limiting the current during normal operation, but does not include such devices that have a dimming capability or are intended for use in ambient temperatures of zero degrees Fahrenheit or less or have a power factor of less than sixty-one hundredths for a single F40T12 lamp;

(3) "F40T12 lamp" means a tubular fluorescent lamp that is a nominal forty-watt lamp, with a forty-eight-inch tube length and one and one-half inches in diameter;

(4) "F96T12 lamp" means a tubular fluorescent lamp that is a nominal seventy-five-watt lamp with a ninety-six-inch tube length and one and one-half inches in diameter;

(5) "Luminaire" means a complete lighting unit consisting of a fluorescent lamp, or lamps, together with parts designed to distribute the light, to position and protect such lamps, and to connect such lamps to the power supply;

(6) "New product" means a product that is sold, offered for sale, or installed for the first time and specifically includes floor models and demonstration units;

(7) "Secretary" means the Secretary of the Office of Policy and Management;

(8) "State Building Code" means the building code adopted pursuant to section 29-252;

(9) "Torchiere lighting fixture" means a portable electric lighting fixture with a reflector bowl giving light directed upward so as to give

indirect illumination;

(10) "Unit heater" means a self-contained, vented fan-type commercial space heater that uses natural gas or propane that is designed to be installed without ducts within the heated space. "Unit heater" does not include a product regulated by federal standards pursuant to 42 USC 6291, as amended from time to time, a product that is a direct vent, forced flue heater with a sealed combustion burner, or any oil fired heating system;

(11) "Transformer" means a device consisting of two or more coils of insulated wire that transfers alternating current by electromagnetic induction from one coil to another in order to change the original voltage or current value;

(12) "Low-voltage dry-type transformer" means a transformer that: (A) Has an input voltage of six hundred volts or less; (B) is between fourteen kilovolt-amperes and two thousand five hundred one kilovolt-amperes in size; (C) is air-cooled; and (D) does not use oil as a coolant. "Low-voltage dry-type transformer" does not include such transformers excluded from the low-voltage dry-type distribution transformer definition contained in the California Code of Regulations, Title 20: Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations;

(13) "Pass-through cabinet" means a refrigerator or freezer with hinged or sliding doors on both the front and rear of the refrigerator or freezer;

(14) "Reach-in cabinet" means a refrigerator, freezer, or combination thereof, with hinged or sliding doors or lids;

(15) "Roll-in" or "roll-through cabinet" means a refrigerator or freezer with hinged or sliding doors that allows wheeled racks of product to be rolled into or through the refrigerator or freezer;

(16) "Commercial refrigerators and freezers" means reach-in cabinets, pass-through cabinets, roll-in cabinets and roll-through cabinets that have less than eighty-five feet of capacity, which are designed for the refrigerated or frozen storage of food and food products;

(17) "Traffic signal module" means a standard eight-inch or twelve-inch round traffic signal indicator consisting of a light source, lens and all parts necessary for operation and communication of movement messages to drivers through red, amber and green colors;

(18) "Illuminated exit sign" means an internally illuminated sign that is designed to be permanently fixed in place and used to identify an exit by means of a light source that illuminates the sign or letters from within where the background of the exit sign is not transparent;

(19) "Packaged air-conditioning equipment" means air-conditioning equipment that is built as a package and shipped as a whole to end-user sites;

(20) "Large packaged air-conditioning equipment" means air-cooled packaged air-conditioning equipment having not less than two hundred forty thousand BTUs per hour of capacity;

(21) "Commercial clothes washer" means a soft mount front-loading or soft mount top-loading clothes washer that is designed for use in (A) applications where the occupants of more than one household will be using it, such as in multifamily housing common areas and coin laundries; or (B) other commercial applications, if the clothes container compartment is no greater than three and one-half cubic feet for horizontal-axis clothes washers or no greater than four cubic feet for vertical-axis clothes washers;

(22) "Energy efficiency ratio" means a measure of the relative efficiency of a heating or cooling appliance that is equal to the unit's

output in BTUs per hour divided by its consumption of energy, measured in watts;

(23) "Electricity ratio" means the ratio of furnace electricity use to total furnace energy use;

(24) "Boiler" means a space heater that is a self-contained appliance for supplying steam or hot water primarily intended for space-heating. "Boiler" does not include hot water supply boilers;

(25) "Central furnace" means a self-contained space heater designed to supply heated air through ducts of more than ten inches in length;

(26) "Residential furnace or boiler" means a product that utilizes only single-phase electric current or single-phase electric current or DC current in conjunction with natural gas, propane or home heating oil and that (A) is designed to be the principal heating source for the living space of a residence; (B) is not contained within the same cabinet as a central air conditioner with a rated cooling capacity of not less than sixty-five thousand BTUs per hour; (C) is an electric central furnace, electric boiler, forced-air central furnace, gravity central furnace or low pressure steam or hot water boiler; and (D) has a heat input rate of less than three hundred thousand BTUs per hour for an electric boiler and low pressure steam or hot water boiler and less than two hundred twenty-five thousand BTUs per hour for a forced-air central furnace, gravity central furnace and electric central furnace;

(27) "Furnace air handler" means the section of the furnace that includes the fan, blower and housing, generally upstream of the burners and heat exchanger. The furnace air handler may include a filter and a cooling coil;

(28) "High-intensity discharge lamp" means a lamp in which light is produced by the passage of an electric current through a vapor or gas, the light-producing arc is stabilized by bulb wall temperature and the

arc tube has a bulb wall loading in excess of three watts per square centimeter;

(29) "Metal halide lamp" means a high intensity discharge lamp in which the major portion of the light is produced by radiation of metal halides and their products of dissociation, possibly in combination with metallic vapors;

(30) "Metal halide lamp fixture" means a light fixture designed to be operated with a metal halide lamp and a ballast for a metal halide lamp;

(31) "Probe start metal halide ballast" means a ballast used to operate metal halide lamps that does not contain an ignitor and that instead starts lamps by using a third starting electrode probe in the arc tube;

(32) "Single voltage external AC to DC power supply" means a device that (A) is designed to convert line voltage AC input into lower voltage DC output; (B) is able to convert to only one DC output voltage at a time; (C) is sold with, or intended to be used with, a separate end-use product that constitutes the primary power load; (D) is contained within a separate physical enclosure from the end-use product; (E) is connected to the end-use product in a removable or hard-wired male and female electrical connection, cable, cord or other wiring; (F) does not have batteries or battery packs, including those that are removable or that physically attach directly to the power supply unit; (G) does not have a battery chemistry or type selector switch and indicator light or a battery chemistry or type selector switch and a state of charge meter; and (H) has a nameplate output power less than or equal to two hundred fifty watts;

(33) "State regulated incandescent reflector lamp" means a lamp that is not colored or designed for rough or vibration service applications,

has an inner reflective coating on the outer bulb to direct the light, has an E26 medium screw base, a rated voltage or voltage range that lies at least partially within one hundred fifteen to one hundred thirty volts, and that falls into one of the following categories: (A) A bulged reflector or elliptical reflector or a blown PAR bulb shape and that has a diameter that equals or exceeds two and one-quarter inches, or (B) a reflector, parabolic aluminized reflector, bulged reflector or similar bulb shape and that has a diameter of two and one-quarter to two and three-quarters inches. "State regulated incandescent reflector lamp" does not include ER30, BR30, BR40 and ER40 lamps of not more than fifty watts, BR30, BR40 and ER40 lamps of sixty-five watts and R20 lamps of not more than forty-five watts;

(34) "Bottle-type water dispenser" means a water dispenser that uses a bottle or reservoir as the source of potable water;

(35) "Commercial hot food holding cabinet" means a heated, fully-enclosed compartment with one or more solid or partial glass doors that is designed to maintain the temperature of hot food that has been cooked in a separate appliance. "Commercial hot food holding cabinet" does not include heated glass merchandizing cabinets, drawer warmers or cook-and-hold appliances;

(36) "Pool heater" means an appliance designed for heating nonpotable water contained at atmospheric pressure for swimming pools, spas, hot tubs and similar applications, including natural gas, heat pump, oil and electric resistance pool heaters;

(37) "Portable electric spa" means a factory-built electric spa or hot tub supplied with equipment for heating and circulating water;

(38) "Residential pool pump" means a pump used to circulate and filter pool water to maintain clarity and sanitation;

(39) "Walk-in refrigerator" means a space refrigerated to

temperatures at or above thirty-two degrees Fahrenheit that has a total chilled storage area of less than three thousand square feet, can be walked into and is designed for the refrigerated storage of food and food products. "Walk-in refrigerator" does not include refrigerated warehouses and products designed and marketed exclusively for medical, scientific or research purposes;

(40) "Walk-in freezer" means a space refrigerated to temperatures below thirty-two degrees Fahrenheit that has a total chilled storage area of less than three thousand square feet, can be walked into and is designed for the frozen storage of food and food products. "Walk-in freezer" does not include refrigerated warehouses and products designed and marketed exclusively for medical, scientific or research purposes;

(41) "Central air conditioner" means a central air conditioning model that consists of one or more factory-made assemblies, which normally include an evaporator or cooling coil, compressor and condenser. Central air conditioning models may provide the function of air cooling, air cleaning, dehumidifying or humidifying; **[**.**]**

(42) "Combination television" means a system in which a television or television monitor and an additional device or devices, including, but not limited to, a digital versatile disk player or video cassette recorder, are combined into a single unit in which the additional devices are included in the television casing;

(43) "Compact audio player" means an integrated audio system encased in a single housing that includes an amplifier and radio tuner with attached or separable speakers and can reproduce audio from one or more of the following media: Magnetic tape, compact disk, digital versatile disk or flash memory. "Compact audio player" does not mean a product that can be independently powered by internal batteries, has a powered external satellite antenna or can provide a video output

signal;

(44) "Component television" means a television composed of two or more separate components, such as a separate display device and tuner, marketed and sold as a television under one model or system designation, which may have more than one power cord;

(45) "Computer monitor" means an analog or digital device designed primarily for the display of computer generated signals and that is not marketed for use as a television;

(46) "Digital versatile disc" means a laser-encoded plastic medium capable of storing a large amount of digital audio, video and computer data;

(47) "Digital versatile disc player" means a commercially available electronic product encased in a single housing that includes an integral power supply and for which the sole purpose is the decoding of digitized video signals;

(48) "Digital versatile disc recorder" means a commercially available electronic product encased in a single housing that includes an integral power supply and for which the sole purpose is the production or recording of digitized audio, video and computer signals on a digital versatile disk. "Digital versatile disk recorder" does not include a model that has an electronic programming guide function;

(49) "Television" means an analog or digital device designed primarily for the display and reception of a terrestrial, satellite, cable, internet protocol television or other broadcast or recorded transmission of analog or digital video and audio signals. "Television" includes combination televisions, television monitors, component televisions and any unit that is marketed to consumers as a television but does not include a computer monitor;

(50) "Television monitor" means a television that does not have an internal tuner/receiver or playback device.

(b) The provisions of this section apply to the testing, certification and enforcement of efficiency standards for the following types of new products sold, offered for sale or installed in the state: (1) Commercial clothes washers; (2) commercial refrigerators and freezers; (3) illuminated exit signs; (4) large packaged air-conditioning equipment; (5) low voltage dry-type distribution transformers; (6) torchiere lighting fixtures; (7) traffic signal modules; (8) unit heaters; (9) residential furnaces and boilers; (10) residential pool pumps; (11) metal halide lamp fixtures; (12) single voltage external AC to DC power supplies; (13) state regulated incandescent reflector lamps; (14) bottle-type water dispensers; (15) commercial hot food holding cabinets; (16) portable electric spas; (17) walk-in refrigerators and walk-in freezers; (18) pool heaters; **[**and**]** (19) compact audio players; (20) televisions; (21) digital versatile disc players; (22) digital versatile disc recorders; and (23) any other products as may be designated by the office in accordance with subdivision (3) of subsection (d) of this section.

(c) The provisions of this section do not apply to (1) new products manufactured in the state and sold outside the state, (2) new products manufactured outside the state and sold at wholesale inside the state for final retail sale and installation outside the state, (3) products installed in mobile manufactured homes at the time of construction, or (4) products designed expressly for installation and use in recreational vehicles.

(d) (1) The office, in consultation with the Department of Public Utility Control, shall adopt regulations, in accordance with the provisions of chapter 54, to implement the provisions of this section and to establish minimum energy efficiency standards for the types of new products set forth in subsection (b) of this section. The regulations shall provide for the following minimum energy efficiency standards:

(A) Commercial clothes washers shall meet the requirements shown in Table P-3 of section 1605.3 of the California Code of Regulations, Title 20: Division 2, Chapter 4, Article 4;

(B) Commercial refrigerators and freezers shall meet the August 1, 2004, requirements shown in Table A-6 of said California regulation;

(C) Illuminated exit signs shall meet the version 2.0 product specification of the "Energy Star Program Requirements for Exit Signs" developed by the United States Environmental Protection Agency;

(D) Large packaged air-conditioning equipment having not more than seven hundred sixty thousand BTUs per hour of capacity shall meet a minimum energy efficiency ratio of 10.0 for units using both electric heat and air conditioning or units solely using electric air conditioning, and 9.8 for units using both natural gas heat and electric air conditioning;

(E) Large packaged air-conditioning equipment having not less than seven hundred sixty-one thousand BTUs per hour of capacity shall meet a minimum energy efficiency ratio of 9.7 for units using both electric heat and air conditioning or units solely using electric air conditioning, and 9.5 for units using both natural gas heat and electric air conditioning;

(F) Low voltage dry-type distribution transformers shall meet or exceed the energy efficiency values shown in Table 4-2 of the National Electrical Manufacturers Association Standard TP-1-2002;

(G) Torchiere lighting fixtures shall not consume more than one hundred ninety watts and shall not be capable of operating with lamps that total more than one hundred ninety watts;

(H) Traffic signal modules shall meet the product specification of the "Energy Star Program Requirements for Traffic Signals" developed

by the United States Environmental Protection Agency that took effect in February, 2001, except where the department, in consultation with the Commissioner of Transportation, determines that such specification would compromise safe signal operation;

(I) Unit heaters shall not have pilot lights and shall have either power venting or an automatic flue damper;

(J) On or after January 1, 2009, residential furnaces and boilers purchased by the state shall meet or exceed the following annual fuel utilization efficiency: (i) For gas and propane furnaces, ninety per cent annual fuel utilization efficiency, (ii) for oil furnaces, eighty-three per cent annual fuel utilization efficiency, (iii) for gas and propane hot water boilers, eighty-four per cent annual fuel utilization efficiency, (iv) for oil-fired hot water boilers, eighty-four per cent annual fuel utilization efficiency, (v) for gas and propane steam boilers, eighty-two per cent annual fuel utilization efficiency, (vi) for oil-fired steam boilers, eighty-two per cent annual fuel utilization efficiency, and (vii) for furnaces with furnace air handlers, an electricity ratio of not more than 2.0, except air handlers for oil furnaces with a capacity of less than ninety-four thousand BTUs per hour shall have an electricity ratio of 2.3 or less;

(K) On or after January 1, 2010, metal halide lamp fixtures designed to be operated with lamps rated greater than or equal to one hundred fifty watts but less than or equal to five hundred watts shall not contain a probe-start metal halide lamp ballast;

(L) Single-voltage external AC to DC power supplies manufactured on or after January 1, 2008, shall meet the energy efficiency standards of table U-1 of section 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations. This standard applies to single voltage AC to DC power supplies that are sold individually and to those that are sold

as a component of or in conjunction with another product. This standard shall not apply to single voltage external AC to DC power supplies sold with products subject to certification by the United States Food and Drug Administration. A single-voltage external AC to DC power supply that is made available by a manufacturer directly to a consumer or to a service or repair facility after and separate from the original sale of the product requiring the power supply as a service part or spare part shall not be required to meet the standards in said table U-1 until five years after the effective dates indicated in the table;

(M) On or after January 1, 2009, state regulated incandescent reflector lamps shall be manufactured to meet the minimum average lamp efficacy requirements for federally-regulated incandescent reflector lamps contained in 42 USC 6295(i)(1)(A). Each lamp shall indicate the date of manufacture;

(N) On or after January 1, 2009, bottle-type water dispensers, commercial hot food holding cabinets, portable electric spas, walk-in refrigerators and walk-in freezers shall meet the efficiency requirements of section 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations. On or after January 1, 2010, residential pool pumps shall meet said efficiency requirements;

(O) On or after January 1, 2009, pool heaters shall meet the efficiency requirements of sections 1605.1 and 1605.3 of the January 2006 California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4: Appliance Efficiency Regulations; **[.]**

(P) On or after January 1, 2013, compact audio players, digital versatile disc players and digital versatile disc recorders shall meet the requirements shown in Table V-1 of Section 1605.3 of the November 2009 amendments to the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4;

(Q) On or after January 1, 2013, televisions manufactured on or after the effective date of this section shall meet the requirements shown in Table V-2 of Section 1605.3 of the November 2009 amendments to the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4;

(R) In addition to the requirements of subparagraph (Q) of this subdivision, televisions manufactured on or after January 1, 2013, shall meet the efficiency requirements of Sections 1605.3(v)(3)(A), 1605.3(v)(3)(B) and 1605.3(v)(3)(C) of the November 2009 amendments to the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4.

(2) Such efficiency standards, where in conflict with the State Building Code, shall take precedence over the standards contained in the Building Code. Not later than July 1, 2007, and biennially thereafter, the office, in consultation with the Department of Public Utility Control, shall review and increase the level of such efficiency standards by adopting regulations in accordance with the provisions of chapter 54 upon a determination that increased efficiency standards would serve to promote energy conservation in the state and would be cost-effective for consumers who purchase and use such new products, provided no such increased efficiency standards shall become effective within one year following the adoption of any amended regulations providing for such increased efficiency standards.

(3) (A) The office, in consultation with the Department of Public Utility Control, shall adopt regulations, in accordance with the provisions of chapter 54, to designate additional products to be subject to the provisions of this section and to establish efficiency standards for such products upon a determination that such efficiency standards **[**(A)**]** (i) would serve to promote energy conservation in the state, **[**(B)**]** (ii) would be cost-effective for consumers who purchase and use such new products, and **[**(C)**]** (iii) that multiple products are available which

meet such standards, provided no such efficiency standards shall become effective within one year following their adoption pursuant to this subdivision.

(B) The office, in consultation with the Multi-State Appliance Standards Collaborative, shall identify additional appliance and equipment efficiency standards. Not later than six months after adoption of an efficiency standard by a cooperative member state regarding a product for which no equivalent Connecticut or federal standard currently exists, the office shall adopt regulations in accordance with the provisions of chapter 54 adopting such efficiency standard unless the office makes a specific finding that such standard does not meet the criteria in subparagraph (A) of this subdivision.

(e) On or after July 1, 2006, except for commercial clothes washers, for which the date shall be July 1, 2007, commercial refrigerators and freezers, for which the date shall be July 1, 2008, and large packaged air-conditioning equipment, for which the date shall be July 1, 2009, no new product of a type set forth in subsection (b) of this section or designated by the office may be sold, offered for sale, or installed in the state unless the energy efficiency of the new product meets or exceeds the efficiency standards set forth in such regulations adopted pursuant to subsection (d) of this section.

(f) The office, in consultation with the Department of Public Utility Control, shall adopt procedures for testing the energy efficiency of the new products set forth in subsection (b) of this section or designated by the department if such procedures are not provided for in the State Building Code. The office shall use United States Department of Energy approved test methods, or in the absence of such test methods, other appropriate nationally recognized test methods. The manufacturers of such products shall cause samples of such products to be tested in accordance with the test procedures adopted pursuant to this subsection or those specified in the State Building Code.

(g) Manufacturers of new products set forth in subsection (b) of this section or designated by the office shall certify to the secretary that such products are in compliance with the provisions of this section, except that certification is not required for single voltage external AC to DC power supplies and walk-in refrigerators and walk-in freezers. All single voltage external AC to DC power supplies shall be labeled as described in the January 2006 California Code of Regulations, Title 20, Section 1607 (9). The office, in consultation with the Department of Public Utility Control, shall promulgate regulations governing the certification of such products. The secretary shall publish an annual list of such products.

(h) The Attorney General may institute proceedings to enforce the provisions of this section. Any person who violates any provision of this section shall be subject to a civil penalty of not more than two hundred fifty dollars. Each violation of this section shall constitute a separate offense, and each day that such violation continues shall constitute a separate offense.

Sec. 6. Subdivision (44) of subsection (a) of section 16-1 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(44) "Class III source" means the electricity output from combined heat and power systems with an operating efficiency level of no less than fifty per cent<u>, determined quarterly on a rolling annual average basis,</u> that are part of customer-side distributed resources developed at commercial and industrial facilities in this state on or after January 1, 2006, a waste heat recovery system installed on or after April 1, 2007, that produces electrical or thermal energy by capturing preexisting waste heat or pressure from industrial or commercial processes, or the electricity savings created in this state from conservation and load management programs begun on or after January 1, 2006;

Sec. 7. 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, 2010*):

(3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing which compares the value and payback period of program benefits 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. Cost-effectiveness testing shall utilize available information obtained from real-time monitoring systems to ensure accurate validation and verification of energy use. Such testing shall include an analysis of the effects of investments on increasing the state's load factor. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable. 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. 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 (A) that documents expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, **[**and**]** (B) that documents 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, and (C) that documents the extent to which programs of such board have reduced electric bills for ratepayers. 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 by a certain rate class and the programs that

benefit such a rate class. Before conducting such evaluation, the board shall consult with the Renewable Energy Investments Board. The report shall include a description of the activities undertaken during the reporting period jointly or in collaboration with the Renewable Energy Investment Fund established pursuant to subsection (c) of section 16-245n.

Sec. 8. Subsection (f) of section 16-245n of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(f) The board shall issue annually a report to the Department of Public Utility Control reviewing the activities of the Renewable Energy Investment Fund in detail, including the condominium renewable energy grant program established pursuant to section 29 of this act, 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 and the Office of Consumer Counsel. 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 established pursuant to section 16-245m, as amended by this act.

Sec. 9. Section 16a-3a of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) The electric distribution companies, in consultation with the Connecticut Energy Advisory Board, established pursuant to section 16a-3, shall review the state's energy and capacity resource assessment and develop a comprehensive plan for the procurement of energy resources, including, but not limited to, conventional and renewable generating facilities, energy efficiency, load management, demand

response, combined heat and power facilities, distributed generation and other emerging energy technologies to meet the projected requirements of their customers in a manner that minimizes the cost of such resources to customers over time and maximizes consumer benefits consistent with the state's environmental goals and standards. Such plan shall seek to lower the cost of electricity.

(b) On or before January 1, 2008, and biennially thereafter, the companies shall submit to the Connecticut Energy Advisory Board an assessment of (1) the energy and capacity requirements of customers for the next three, five and ten years, (2) the manner of how best to eliminate growth in electric demand, (3) how best to level electric demand in the state by reducing peak demand and shifting demand to off-peak periods, (4) the impact of current and projected environmental standards, including, but not limited to, those related to greenhouse gas emissions and the federal Clean Air Act goals and how different resources could help achieve those standards and goals, (5) energy security and economic risks associated with potential energy resources, and (6) the estimated lifetime cost and availability of potential energy resources.

(c) Resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible. The projected customer cost impact of any demand-side resources considered pursuant to this subsection shall be reviewed on an equitable bases with nondemand-side resources. The procurement plan shall specify (1) the total amount of energy and capacity resources needed to meet the requirements of all customers, (2) the extent to which demand-side measures, including efficiency, conservation, demand response and load management can cost-effectively meet these needs, (3) needs for generating capacity and transmission and distribution improvements, (4) how the development of such resources will reduce and stabilize the costs of electricity to

consumers, and (5) the manner in which each of the proposed resources should be procured, including the optimal contract periods for various resources.

(d) The procurement plan shall consider: (1) Approaches to maximizing the impact of demand-side measures; (2) the extent to which generation needs can be met by renewable and combined heat and power facilities; (3) the optimization of the use of generation sites and generation portfolio existing within the state; (4) fuel types, diversity, availability, firmness of supply and security and environmental impacts thereof, including impacts on meeting the state's greenhouse gas emission goals; (5) reliability, peak load and energy forecasts, system contingencies and existing resource availabilities; (6) import limitations and the appropriate reliance on such imports; and (7) the impact of the procurement plan on the costs of electric customers. Such plan shall include options for lowering the cost of electricity.

(e) The board, in consultation with the regional independent system operator, shall review and approve or review, modify and approve the proposed procurement plan as submitted not later than one hundred twenty days after receipt. For calendar years 2009 and thereafter, the board shall conduct such review not later than sixty days after receipt. For the purpose of reviewing the plan, the Commissioners of Transportation and Agriculture and the chairperson of the Public Utilities Control Authority, or their respective designees, shall not participate as members of the board. The electric distribution companies shall provide any additional information requested by the board that is relevant to the consideration of the procurement plan. In the course of conducting such review, the board shall conduct a public hearing, may retain the services of a third-party entity with experience in the area of energy procurement and may consult with the regional independent system operator. The board shall submit the reviewed

procurement plan, together with a statement of any unresolved issues, to the Department of Public Utility Control. The department shall consider the procurement plan in an uncontested proceeding and shall conduct a hearing and provide an opportunity for interested parties to submit comments regarding the procurement plan. Not later than one hundred twenty days after submission of the procurement plan, the department shall approve, or modify and approve, the procurement plan.

(f) On or before September 30, 2009, and every two years thereafter, the Department of Public Utility Control shall report to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment regarding goals established and progress toward implementation of the procurement plan established pursuant to this section, as well as any recommendations for the process.

(g) All electric distribution companies' costs associated with the development of the resource assessment and the development of the procurement plan shall be recoverable through the systems benefits charge.

Sec. 10. (NEW) (*Effective from passage*) (a) The plan developed, pursuant to section 16a-3a of the general statutes, as amended by this act, to be adopted in 2010 shall indicate options to reduce the price of electricity by at least fifteen per cent less than the price as of the effective date of this section by July 1, 2012, and maintain at least such decrease for another five years. Such options may include the procurement of new sources of generation. In reviewing new sources of generation, the plan shall determine whether the private wholesale market can supply such additional sources or whether state financial assistance, long-term purchasing of electricity contracts or other interventions are needed to achieve the goal.

(b) If on and after July 1, 2010, the 2010 plan contains an option to procure new sources of generation, the Department of Public Utility Control shall pursue the most cost-effective approach. If the department seeks new sources of generation, it shall issue a notice of interest for generation without any financial assistance, including, but not limited to, long- term contract financing or ratepayer guarantees. If the department fails to receive any responsive proposal, it shall issue a request for proposals that may include such financial assistance.

Sec. 11. (NEW) (*Effective July 1, 2010*) (a) On or before June 30, 2011, the Department of Public Utility Control shall conduct a proceeding regarding development of low-income discounted rates for service provided by electric distribution companies, as defined in section 16-1 of the general statutes, as amended by this act, to low-income customers with an annual income that does not exceed sixty per cent of median income. Such proceeding shall include, but not be limited to, a review, for individuals who receive means-tested assistance administered by the state or federal governments, of the current and future availability of rate discounts through the electricity purchasing pool operated by the Office of Policy and Management pursuant to section 16a-14e of the general statutes, energy assistance benefits available through any plan adopted pursuant to section 16a-41a of the general statutes, state funded or administered programs, conservation assistance available pursuant to section 16-245m of the general statutes, as amended by this act, assistance funded or administered by the Department of Social Services or the Department of Public Utility Control, or matching payment program benefits available pursuant to subsection (b) of section 16-262c of the general statutes. Such proceeding shall also include an analysis of the cost of imposing a utility termination moratorium in households with a child age two or younger. The Division of Public Utility Control shall (1) coordinate resources and programs, to the extent practicable; (2) develop rates that take into account the indigency of persons of poverty status and

allow such persons' households to meet the costs of essential energy needs; (3) encourage the households to agree to have a home energy audit as a prerequisite to qualification; and (4) prepare an analysis of the benefits and anticipated costs of such low-income discounted rates.

(b) The department shall determine which, if any, of its programs shall be modified, terminated or have their funding reduced because such program beneficiaries would benefit more by the establishment of a low-income or discount rate. The department shall establish a rate reduction that is equal to the anticipated funds transferred from the programs modified, terminated or reduced by the department pursuant to this section and the reduced cost of providing service to those eligible for such discounted or low-income rates, any available energy assistance and other sources of coverage for such rates, including, but not limited to, generation available through the electricity purchasing pool operated by the department. The department may issue recommendations regarding programs administered by the Department of Social Services.

(c) The department shall order (1) filing by each electric company of proposed rates consistent with the department's decision pursuant to subsection (a) of this section not later than sixty days after its issuance; and (2) appropriate modification of existing low-income programs. Each company shall conduct outreach to make its low-income or discounted rates available to eligible customers and report to the Department of Public Utility Control at least annually regarding its outreach activities and the results of such activities.

(d) The cost of low-income and discounted rates and related outreach activities pursuant to this section shall be paid (1) through the normal rate- making procedures of the Department of Public Utility Control, (2) on a semiannual basis through the systems benefits charge for an electric distribution company, and (3) solely from the funds of the programs modified, terminated or reduced by the department

pursuant to this section and the reduced cost of providing service to those eligible for such discounted or low-income rates, any available energy assistance and other sources of coverage for such rates, including, but not limited to, generation available through the electricity purchasing pool operated by the department.

(e) On or before July 1, 2012, the department shall report, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the benefits and costs of the low-income or discounted rates established pursuant to subsection (a) of this section and any recommended modifications. If the low-income rate is not less than ninety per cent of the standard service rate, the department shall include in its report steps to achieve that goal.

(f) The department shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, to implement the provisions of this section.

Sec. 12. (NEW) (*Effective July 1, 2010*) (a) As used in this section:

(1) "Energy improvements" means any renovation or retrofitting of qualifying real property to reduce energy consumption or installation of a renewable energy system to service qualifying real property, provided such renovation, retrofit or installation is permanently fixed to such qualifying real property;

(2) "Qualifying real property" means a single-family or multifamily residential dwelling or a nonresidential commercial or industrial building, regardless of ownership, that a municipality has determined can benefit from energy improvements;

(3) "Property owner" means an owner of qualifying real property who desires to install energy improvements and provides free and willing consent to the contractual assessment; and

(4) "Sustainable energy program" means a municipal program that authorizes a municipality to enter into contractual assessments on qualifying real property with property owners to finance the purchase and installation of energy improvements to qualifying real property within its municipal boundaries.

(b) Any municipality, that determines it is in the public interest, may establish a sustainable energy program to facilitate the increase of energy efficiency and renewable energy. A municipality shall make such a determination after issuing public notice and providing an opportunity for public comment regarding the establishment of a sustainable energy program.

(c) Notwithstanding the provisions of section 7-374 of the general statutes or any other public or special act that limits or imposes conditions on municipal bond issues, any municipality that establishes a sustainable energy program under this section may issue bonds, as necessary, for the purpose of (1) financing energy improvements; (2) related energy audits; and (3) renewable energy system feasibility studies and the verification of the installation of such improvements. Such financing shall be secured by special contractual assessments on the qualifying real property.

(d) (1) Any municipality that establishes a sustainable energy program pursuant to this section may partner with another municipality or state agency to (A) maximize the opportunities for accessing public funds and private capital markets for long-term sustainable financing, and (B) secure state or federal funds available for this purpose.

(2) Any municipality that establishes a sustainable energy program and issues bonds pursuant to this section may supplement the security of such bonds with any other legally available funds solely at the municipality's discretion.

(3) Any municipality that establishes a sustainable energy program pursuant to this section may use the services of one or more private, public or quasi-public third-party administrators to provide support for the program.

(e) Before establishing a program under this section, the municipality shall provide notice to the electric distribution company, as defined in section 16-1 of the general statutes, as amended by this act, that services the municipality.

(f) If the owner of record of qualifying real property requests financing for energy improvements under this section, the municipality implementing the sustainable energy program shall:

(1) Require performance of an energy audit or renewable energy system feasibility analysis on the qualifying real property before approving such financing;

(2) Enter into a contractual assessment on the qualifying real property with the property owner in a principal amount sufficient to pay the costs of energy improvements and any associated costs the municipality determines will benefit the qualifying real property and may cover any associated costs;

(3) Impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the program; and

(4) Impose requirements and conditions on the financing to ensure timely repayment.

(g) Any assessment levied pursuant to this section shall have a term not to exceed the calculated payback period for the installed energy improvements, as determined by the municipality, and shall have no prepayment penalty. The municipality shall set a fixed rate of interest

for the repayment of the principal assessed amount at the time the assessment is made. Such interest rate, as may be supplemented with state or federal funding as may become available, shall be sufficient to pay the financing costs of the program, including delinquencies.

(h) Assessments levied pursuant to this section and the interest and any penalties thereon shall constitute a lien against the qualifying real property on which they are made until they are paid. Such lien shall be levied and collected in the same manner as the general taxes of the municipality on real property, including, in the event of default or delinquency, with respect to any penalties and remedies and lien priorities.

(i) The area encompassing the sustainable energy program in a municipality may be the entire municipal jurisdiction of the municipality or a subset of such.

Sec. 13. Section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) (1) On and after January 1, 2000, each electric distribution company shall make available to all customers in its service area, the provision of electric generation and distribution services through a standard offer. Under the standard offer, a customer shall receive electric services at a rate established by the Department of Public Utility Control pursuant to subdivision (2) of this subsection. Each electric distribution company shall provide electric generation services in accordance with such option to any customer who affirmatively chooses to receive electric generation services pursuant to the standard offer or does not or is unable to arrange for or maintain electric generation services with an electric supplier. The standard offer shall automatically terminate on January 1, 2004. While providing electric generation services under the standard offer, an electric distribution company may provide electric generation services through any of its

generation entities or affiliates, provided such entities or affiliates are licensed pursuant to section 16-245, as amended by this act.

(2) Not later than October 1, 1999, the Department of Public Utility Control shall establish the standard offer for each electric distribution company, effective January 1, 2000, which shall allocate the costs of such company among electric transmission and distribution services, electric generation services, the competitive transition assessment and the systems benefits charge. The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the standard offer. The standard offer shall provide that the total rate charged under the standard offer, including electric transmission and distribution services, the conservation and load management program charge described in section 16-245m, the renewable energy investment charge described in section 16-245n, electric generation services, the competitive transition assessment and the systems benefits charge shall be at least ten per cent less than the base rates, as defined in section 16-244a, in effect on December 31, 1996. The standard offer shall be adjusted to the extent of any increase or decrease in state taxes attributable to sections 12-264 and 12-265 and any other increase or decrease in state or federal taxes resulting from a change in state or federal law and shall continue to be adjusted during such period pursuant to section 16-19b. Notwithstanding the provisions of section 16-19b, the provisions of said section 16-19b shall apply to electric distribution companies. The standard offer may be adjusted, by an increase or decrease, to the extent approved by the department, in the event that (A) the revenue requirements of the company are affected as the result of changes in (i) legislative enactments other than public act 98-28, (ii) administrative requirements, or (iii) accounting standards occurring after July 1, 1998, provided such accounting standards are adopted by entities independent of the company that have authority to issue such standards, or (B) an electric distribution company incurs extraordinary

and unanticipated expenses required for the provision of safe and reliable electric service to the extent necessary to provide such service. Savings attributable to a reduction in taxes shall not be shifted between customer classes.

(3) The price reduction provided in subdivision (2) of this subsection shall not apply to customers who, on or after July 1, 1998, are purchasing electric services from an electric company or electric distribution company, as the case may be, under a special contract or flexible rate tariff, and the company's filed standard offer tariffs shall reflect that such customers shall not receive the standard offer price reduction.

(b) (1) (A) On and after January 1, 2004, each electric distribution company shall make available to all customers in its service area, the provision of electric generation and distribution services through a transitional standard offer. Under the transitional standard offer, a customer shall receive electric services at a rate established by the Department of Public Utility Control pursuant to subdivision (2) of this subsection. Each electric distribution company shall provide electric generation services in accordance with such option to any customer who affirmatively chooses to receive electric generation services pursuant to the transitional standard offer or does not or is unable to arrange for or maintain electric generation services with an electric supplier. The transitional standard offer shall terminate on December 31, 2006. While providing electric generation services under the transitional standard offer, an electric distribution company may provide electric generation services through any of its generation entities or affiliates, provided such entities or affiliates are licensed pursuant to section 16-245, as amended by this act.

(B) The department shall conduct a proceeding to determine whether a practical, effective, and cost-effective process exists under which an electric customer, when initiating electric service, may

receive information regarding selecting electric generating services from a qualified entity. The department shall complete such proceeding on or before December 1, 2005, and shall implement the resulting decision on or before March 1, 2006, or on such later date that the department considers appropriate. An electric distribution company's costs of participating in the proceeding and implementing the results of the department's decision shall be recoverable by the company as generation services costs through an adjustment mechanism as approved by the department.

(2) (A) Not later than December 15, 2003, the Department of Public Utility Control shall establish the transitional standard offer for each electric distribution company, effective January 1, 2004.

(B) The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the transitional standard offer. The transitional standard offer shall provide that the total rate charged under the transitional standard offer, including electric transmission and distribution services, the conservation and load management program charge described in section 16-245m, as amended by this act, the renewable energy investment charge described in section 16-245n, as amended by this act, electric generation services, the competitive transition assessment and the systems benefits charge, and excluding federally mandated congestion costs, shall not exceed the base rates, as defined in section 16-244a, in effect on December 31, 1996, excluding any rate reduction ordered by the department on September 26, 2002.

(C) (i) Each electric distribution company shall, on or before January 1, 2004, file with the department an application for an amendment of rates pursuant to section 16-19, which application shall include a four-year plan for the provision of electric transmission and distribution services. The department shall conduct a contested case proceeding pursuant to sections 16-19 and 16-19e to approve, reject or modify the

application and plan. Upon the approval of such plan, as filed or as modified by the department, the department shall order that such plan shall establish the electric transmission and distribution services component of the transitional standard offer.

(ii) Notwithstanding the provisions of this subparagraph, an electric distribution company that, on or after September 1, 2002, completed a proceeding pursuant to sections 16-19 and 16-19e, shall not be required to file an application for an amendment of rates as required by this subparagraph. The department shall establish the electric transmission and distribution services component of the transitional standard offer for any such company equal to the electric transmission and distribution services component of the standard offer established pursuant to subsection (a) of this section in effect on July 1, 2003, for such company. If such electric distribution company applies to the department, pursuant to section 16-19, for an amendment of its rates on or before December 31, 2006, the application of the electric distribution company shall include a four-year plan.

(D) The transitional standard offer (i) shall be adjusted to the extent of any increase or decrease in state taxes attributable to sections 12-264 and 12-265 and any other increase or decrease in state or federal taxes resulting from a change in state or federal law, (ii) shall be adjusted to provide for the cost of contracts under subdivision (2) of subsection (j) of this section and the administrative costs for the procurement of such contracts, and (iii) shall continue to be adjusted during such period pursuant to section 16-19b. Savings attributable to a reduction in taxes shall not be shifted between customer classes. Notwithstanding the provisions of section 16-19b, the provisions of section 16-19b shall apply to electric distribution companies.

(E) The transitional standard offer may be adjusted, by an increase or decrease, to the extent approved by the department, in the event that (i) the revenue requirements of the company are affected as the

result of changes in (I) legislative enactments other than public act 03-135 or public act 98-28, (II) administrative requirements, or (III) accounting standards adopted after July 1, 2003, provided such accounting standards are adopted by entities that are independent of the company and have authority to issue such standards, or (ii) an electric distribution company incurs extraordinary and unanticipated expenses required for the provision of safe and reliable electric service to the extent necessary to provide such service.

(3) The price provided in subdivision (2) of this subsection shall not apply to customers who, on or after July 1, 2003, purchase electric services from an electric company or electric distribution company, as the case may be, under a special contract or flexible rate tariff, provided the company's filed transitional standard offer tariffs shall reflect that such customers shall not receive the transitional standard offer price during the term of said contract or tariff.

(4) (A) In addition to its costs received pursuant to subsection (h) of this section, as compensation for providing transitional standard offer service, each electric distribution company shall receive an amount equal to five-tenths of one mill per kilowatt hour. Revenues from such compensation shall not be included in calculating the electric distribution company's earnings for purposes of, or in determining whether its rates are just and reasonable under, sections 16-19, 16-19a and 16-19e, including an earnings sharing mechanism. In addition, each electric distribution company may earn compensation for mitigating the prices of the contracts for the provision of electric generation services, as provided in subdivision (2) of this subsection.

(B) The department shall conduct a contested case proceeding pursuant to the provisions of chapter 54 to establish an incentive plan for the procurement of long-term contracts for transitional standard offer service by an electric distribution company. The incentive plan shall be based upon a comparison of the actual average firm full

requirements service contract price for electricity obtained by the electric distribution company compared to the regional average firm full requirements service contract price for electricity, adjusted for such variables as the department deems appropriate, including, but not limited to, differences in locational marginal pricing. If the actual average firm full requirements service contract price obtained by the electric distribution company is less than the actual regional average firm full requirements service contract price for the previous year, the department shall split five-tenths of one mill per kilowatt hour equally between ratepayers and the company. Revenues from such incentive plan shall not be included in calculating the electric distribution company's earnings for purposes of, or in determining whether its rates are just and reasonable under sections 16-19, 16-19a and 16-19e. The department may, as it deems necessary, retain a third party entity with expertise in energy procurement to assist with the development of such incentive plan.

(c) (1) On and after January 1, 2007, each electric distribution company shall provide electric generation services through standard service to any customer who (A) does not arrange for or is not receiving electric generation services from an electric supplier, and (B) does not use a demand meter or has a maximum demand of less than five hundred kilowatts.

(2) Not later than October 1, 2006, and periodically as required by subdivision (3) of this subsection, but not more often than every calendar quarter, the Department of Public Utility Control shall establish the standard service price for such customers pursuant to subdivision (3) of this subsection. Each electric distribution company shall recover the actual net costs of procuring and providing electric generation services pursuant to this subsection, provided such company mitigates the costs it incurs for the procurement of electric generation services for customers who are no longer receiving service

pursuant to this subsection. On or before July 1, 2012, and biennially thereafter, the Department of Public Utility Control shall conduct an uncontested proceeding, which shall include a public hearing to which the Consumer Counsel and Attorney General shall be participants, to review the performance of the electric distribution companies or such other entity selected by the department pursuant to this subsection. The department shall issue a written decision regarding the review. If the department determines that it is in the best interest of standard service customers to seek an alternative to the electric distribution companies' or such entity's procurement of electricity, the department shall conduct a request for proposals for such procurement services. Any contract entered into pursuant to this section shall be for not more than two years.

(3) An electric distribution company or such other entity selected by the department providing electric generation services pursuant to this subsection shall **[**mitigate the variation of the price of the service offered to its customers by procuring**]** procure electric generation services contracts in the manner prescribed in **[**a plan approved by the department. Such plan shall require the procurement of a portfolio of service contracts sufficient to meet the projected load of the electric distribution company. Such plan shall require that the portfolio of service contracts be procured in an overlapping pattern of fixed periods at such times and in such manner and duration as the department determines to be most likely to produce just, reasonable and reasonably stable retail rates while reflecting underlying wholesale market prices over time. The portfolio of contracts shall be assembled in such manner as to invite competition; guard against favoritism, improvidence, extravagance, fraud and corruption; and secure a reliable electricity supply while avoiding unusual, anomalous or excessive pricing. The portfolio of contracts procured under such plan shall be for terms of not less than six months, provided contracts for shorter periods may be procured under such conditions as the

department shall prescribe to (A) ensure the lowest rates possible for end-use customers; (B) ensure reliable service under extraordinary circumstances; and (C) ensure the prudent management of the contract portfolio**]** section 30 of this act. An electric distribution company may receive a bid for an electric generation services contract from any of its generation entities or affiliates, provided such generation entity or affiliate submits its bid the business day preceding the first day on which an unaffiliated electric supplier may submit its bid and further provided the electric distribution company and the generation entity or affiliate are in compliance with the code of conduct established in section 16-244h.

(4) **[**The**]** For standard service contracts procured prior to department approval of the plan developed pursuant to section 30 of this act, the department, in consultation with the Office of Consumer Counsel, **[**shall**]** may retain the services of a third-party entity with expertise in the area of energy procurement to oversee **[**the initial development of the**]** any request for proposals and the procurement of contracts by an electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection, for the provision of electric generation services offered pursuant to this subsection. Costs associated with the retention of such third-party entity shall be included in the cost of electric generation services that is included in such price.

(5) **[**Each**]** For standard service contracts procured prior to department approval of the plan developed pursuant to section 30 of this act, each bidder for a standard service contract shall submit its bid to the electric distribution company or such entity selected by the department, pursuant to subdivision (2) of this subsection, and the third-party entity who shall jointly review the bids and submit an overview of all bids together with a joint recommendation to the department as to the preferred bidders. The department may, within

ten business days of submission of the overview, reject the recommendation regarding preferred bidders. In the event that the department rejects the preferred bids, the electric distribution company or such entity selected by the department, pursuant to subdivision (2) of this subsection, and the third-party entity shall rebid the service pursuant to this subdivision. The department shall review each bid in an uncontested proceeding that shall include a public hearing and in which the Consumer Counsel and Attorney General may participate.

(6) After department approval of the plan developed pursuant to section 30 of this act, if an electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection seeks to enter into a purchase of energy or other market products for standard service of greater than one year and up to three years in duration, such company or entity shall propose the details of such proposed purchase to the department. The department shall review each proposed purchase in an uncontested proceeding that shall include a public hearing and in which the Consumer Counsel and Attorney General may participate. The department, in consultation with the Office of Consumer Counsel, may retain the services of a third-party entity with expertise in the area of energy procurement to assist in the development or review of the proposed purchase. The department may approve, with or without modification, or reject the proposed purchase as it deems appropriate. Any approval of the proposed purchase shall include a maximum price that the electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection may agree to pay for the proposed purchase. After such approval, the electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection shall procure the energy or market products at the lowest price available to it from sellers qualified to transact with the procuring entity, subject to the maximum price set

forth in the department's approval.

(7) After department approval of the plan developed pursuant to section 30 of this act, if an electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection seeks to enter into a purchase of energy or other market products for standard service of one year or less in duration, such company or entity shall propose the details of such proposed purchase to the department. The department may retain the services of a third-party entity with expertise in the area of energy procurement to assist in the review of the proposed purchase. The department may approve, with or without modification, or reject the proposed purchase as the department deems appropriate. Any approval of the proposed purchase shall include a maximum price that the electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection may agree to pay for the proposed purchase. After such approval, the electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection shall procure the energy or market products at the lowest price available to it from sellers qualified to transact with the procuring entity, subject to the maximum price set forth in the department's approval.

(8) Any contract for standard service of greater than three years in duration, or any contract for standard service that would directly result in the construction of a generating facility is subject to the review and approval of the department. The electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection shall execute such contract subject to approval of the department and shall present such contract to the department for approval. The department shall review each contract in an uncontested proceeding that shall include a public hearing and in which the Consumer Counsel and Attorney General may participate.

The department, in consultation with the Office of Consumer Counsel, may retain the services of a third-party entity with expertise in the area of energy procurement to assist in the development or review of the contract. The department shall issue a decision on the contract within ninety days of submission by the electric distribution company or such entity selected by the department pursuant to subdivision (2) of this subsection.

(d) (1) Notwithstanding the provisions of this section regarding the electric generation services component of the transitional standard offer or the procurement of electric generation services under standard service, section 16-244h or 16-245o, as amended by this act, the Department of Public Utility Control may, from time to time, direct an electric distribution company to offer, through an electric supplier or electric suppliers, before January 1, 2007, one or more alternative transitional standard offer options or, on or after January 1, 2007, one or more alternative standard service options. Such alternative options shall include, but not be limited to, an option that consists of the provision of electric generation services that exceed the renewable portfolio standards established in section 16-245a and may include an option that utilizes strategies or technologies that reduce the overall consumption of electricity of the customer.

(2) (A) The department shall develop such alternative option or options in a contested case conducted in accordance with the provisions of chapter 54. The department shall determine the terms and conditions of such alternative option or options, including, but not limited to, (i) the minimum contract terms, including pricing, length and termination of the contract, and (ii) the minimum percentage of electricity derived from Class I or Class II renewable energy sources, if applicable. The electric distribution company shall, under the supervision of the department, subsequently conduct a bidding process in order to solicit electric suppliers to provide such alternative

option or options.

(B) The department may reject some or all of the bids received pursuant to the bidding process.

(3) The department may require an electric supplier to provide forms of assurance to satisfy the department that the contracts resulting from the bidding process will be fulfilled.

(4) An electric supplier who fails to fulfill its contractual obligations resulting from this subdivision shall be subject to civil penalties, in accordance with the provisions of section 16-41, or the suspension or revocation of such supplier's license or a prohibition on the acceptance of new customers, following a hearing that is conducted as a contested case, in accordance with the provisions of chapter 54.

(e) (1) On and after January 1, 2007, an electric distribution company shall serve customers that are not eligible to receive standard service pursuant to subsection (c) of this section as the supplier of last resort. This subsection shall not apply to customers purchasing power under contracts entered into pursuant to section 16-19hh.

(2) An electric distribution company shall procure electricity at least every calendar quarter to provide electric generation services to customers pursuant to this subsection. The Department of Public Utility Control shall determine a price for such customers that reflects the full cost of providing the electricity on a monthly basis. Each electric distribution company shall recover the actual net costs of procuring and providing electric generation services pursuant to this subsection, provided such company mitigates the costs it incurs for the procurement of electric generation services for customers that are no longer receiving service pursuant to this subsection.

(f) On and after January 1, 2000, and until such time the regional independent system operator implements procedures for the provision

of back-up power to the satisfaction of the Department of Public Utility Control, each electric distribution company shall provide electric generation services to any customer who has entered into a service contract with an electric supplier that fails to provide electric generation services for reasons other than the customer's failure to pay for such services. Between January 1, 2000, and December 31, 2006, an electric distribution company may procure electric generation services through a competitive bidding process or through any of its generation entities or affiliates. On and after January 1, 2007, such company shall procure electric generation services through a competitive bidding process pursuant to a plan submitted by the electric distribution company and approved by the department. Such company may procure electric generation services through any of its generation entities or affiliates, provided such entity or affiliate is the lowest qualified bidder and provided further any such entity or affiliate is licensed pursuant to section 16-245, as amended by this act.

(g) An electric distribution company is not required to be licensed pursuant to section 16-245, as amended by this act, to provide standard offer electric generation services in accordance with subsection (a) of this section, transitional standard offer service pursuant to subsection (b) of this section, standard service pursuant to subsection (c) of this section, supplier of last resort service pursuant to subsection (e) of this section or back-up electric generation service pursuant to subsection (f) of this section.

(h) The electric distribution company shall be entitled to recover reasonable costs incurred as a result of providing standard offer electric generation services pursuant to the provisions of subsection (a) of this section, transitional standard offer service pursuant to subsection (b) of this section, standard service pursuant to subsection (c) of this section or back-up electric generation service pursuant to subsection (f) of this section. The provisions of this section and section

16-244a shall satisfy the requirements of section 16-19a until January 1, 2007.

(i) The Department of Public Utility Control shall establish, by regulations adopted pursuant to chapter 54, procedures for when and how a customer is notified that his electric supplier has defaulted and of the need for the customer to choose a new electric supplier within a reasonable period of time.

(j) (1) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, 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 Department of Public Utility Control shall annually conduct a contested case, in accordance with the provisions of chapter 54, in order to determine 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 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. 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 Renewable Energy Investment Fund for the development of Class I renewable energy sources. Any payment made pursuant to this section shall not be considered revenue or income to the electric distribution company.

(2) Notwithstanding the provisions of subsection (d) of this section

regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall, not later than July 1, **[**2008**]** 2011, file with the Department of Public Utility Control for its approval one or more long-term power purchase contracts from Class I renewable energy source projects comprised of twenty-five megawatts of wind generation, fifteen megawatts of low head hydro-electricity, and five megawatts of other Class I renewable energy sources located in Connecticut that receive funding from the Renewable Energy Investment Fund, **[**and that are not less than one megawatt in size,**]** at a price that is either, at the determination of the project owner, (A) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (B) **[**fifty per cent of the wholesale market electricity cost at the point at which transmission lines intersect with each other or interface with the distribution system, plus the project cost of fuel indexed to natural gas futures contracts on the New York Mercantile Exchange at the natural gas pipeline interchange located in Vermillion Parish, Louisiana that serves as the delivery point for such futures contracts, plus the fuel delivery charge for transporting fuel to the project, plus five**]** twelve and one-half cents per kilowatt hour adjusted for inflation. Department of Public Utility Control, in consultation with the Renewable Energy Investments Board, shall solicit offers from such projects not later than October 1, 2010. In its approval of such contracts, the department shall give preference to purchase contracts from those projects that would provide a financial benefit to ratepayers or would enhance the reliability of the electric transmission system of the state. Such projects shall be located in this state. The one-hundred-fifty-megawatt limit for such projects may be exceeded only if the contracts for wind generation, Class I renewable energy sources and alternative renewable energy sources pursuant to this section and

contracts committed as of the effective date of this section exceed such limit. The owner of a fuel cell project principally manufactured in this state shall be allocated all available air emissions credits and tax credits attributable to the project and no less than fifty per cent of the energy credits in the Class I renewable energy credits program established in section 16-245a attributable to the project. On and after October 1, 2007, and until September 30, 2008, such contracts shall be comprised of not less than a total, apportioned among each electric distribution company, of one hundred twenty-five megawatts; and on and after October 1, 2008, such contracts shall be comprised of not less than a total, apportioned among each electrical distribution company, of one hundred fifty megawatts. The cost of such contracts and the administrative costs for the procurement of such contracts directly incurred shall be eligible for inclusion in the adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided such contracts are for a period of time sufficient to provide financing for such projects, but not less than ten years, and are for projects which began operation on or after July 1, 2003. Except as provided in this subdivision, the amount from Class I renewable energy sources contracted under such contracts shall be applied to reduce the applicable Class I renewable energy source portfolio standards. For purposes of this subdivision, the department's determination of the comparable wholesale market price for generation shall be based upon a reasonable estimate. On or before September 1, 2007, the department, in consultation with the Office of Consumer Counsel and the Renewable Energy Investments **[**Advisory Council**]** Board, shall study the operation of such renewable energy contracts and report its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(k) (1) As used in this section:

(A) "Participating electric supplier" means an electric supplier that is licensed by the department to provide electric service, pursuant to this subsection, to residential or small commercial customers.

(B) "Residential customer" means a customer who is eligible for standard service and who takes electric distribution-related service from an electric distribution company pursuant to a residential tariff.

(C) "Small commercial customer" means a customer who is eligible for standard service and who takes electric distribution-related service from an electric distribution company pursuant to a small commercial tariff.

(D) "Qualifying electric offer" means an offer to provide full requirements commodity electric service and all other generation-related service to a residential or small commercial customer at a fixed price per kilowatt hour for a term of no less than one year.

(2) In the manner determined by the department, residential or small commercial service customers (A) initiating new utility service, (B) reinitiating service following a change of residence or business location, (C) making an inquiry regarding their utility rates, or (D) seeking information regarding energy efficiency shall be offered the option to learn about their ability to enroll with a participating electric supplier. Customers expressing an interest to learn about their electric supply options shall be informed of the qualifying electric offers then available from participating electric suppliers. The electric distribution companies shall describe then available qualifying electric offers through a method reviewed and approved by the department. The information conveyed to customers expressing an interest to learn about their electric supply options shall include, at a minimum, the price and term of the available electric supply option. Customers expressing an interest in a particular qualifying electric offer shall be immediately transferred to a call center operated by that participating

electric supplier.

(3) Not later than September 1, 2007, the department shall establish terms and conditions under which a participating electric supplier can be included in the referral program described in subdivision (2) of this subsection. Such terms shall include, but not be limited to, requiring participating electrical suppliers to offer time-of-use and real-time use rates to residential customers.

(4) Each calendar quarter, participating electric suppliers shall be allowed to list qualifying offers to provide electric generation service to residential and small commercial customers with each customer's utility bill. The department shall determine the manner such information is presented in customers' utility bills.

(5) Any customer that receives electric generation service from a participating electric supplier may return to standard service or may choose another participating electric supplier at any time, including during the qualifying electric offer, without the imposition of any additional charges. Any customer that is receiving electric generation service from an electric distribution company pursuant to standard service can switch to another participating electric supplier at any time without the imposition of additional charges.

(l) Each electric distribution company shall offer to bill customers on behalf of participating electric suppliers and to pay such suppliers in a timely manner the amounts due such suppliers from customers for generation services, less a percentage of such amounts that reflects uncollectible bills and overdue payments as approved by the Department of Public Utility Control.

(m) On or before July 1, 2007, the Department of Public Utility Control shall initiate a proceeding to examine whether electric supplier bills rendered pursuant to section 16-245d, as amended by this act, and

any regulations adopted thereunder sufficiently enable customers to compare pricing policies and charges among electric suppliers.

(n) The department shall conduct a proceeding to determine the cost of billing, collection and other services provided by the electric distribution companies or the department solely for the benefit of participating electric suppliers and aggregators. The department shall order an equitable allocation of such costs among electric suppliers and aggregators. As part of this same proceeding, the department shall also determine the costs that the electric distribution companies incur solely for the benefit of standard service and last resort service customers. The department shall allocate and provide for the equitable recovery of such costs from standard service or last resort service customers.

[(n)**]** (o) Nothing in the provisions of this section shall preclude an electric distribution company from entering into standard service supply contracts or standard service supply components with electric generating facilities.

Sec. 14. Subdivision (30) of subsection (a) of section 16-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(30) "Electric supplier" means any person **[**, including an electric aggregator**]** or participating municipal electric utility that is licensed by the Department of Public Utility Control in accordance with section 16-245, **[**that**]** as amended by this act, and provides electric generation services to end use customers in the state using the transmission or distribution facilities of an electric distribution company, regardless of whether or not such person takes title to such generation services, but does not include: (A) A municipal electric utility established under chapter 101, other than a participating municipal electric utility; (B) a municipal electric energy cooperative established under chapter 101a;

(C) an electric cooperative established under chapter 597; (D) any other electric utility owned, leased, maintained, operated, managed or controlled by any unit of local government under any general statute or special act; or (E) an electric distribution company in its provision of electric generation services in accordance with subsection (a) or, prior to January 1, 2004, subsection (c) of section 16-244c, as amended by this act.

Sec. 15. Subdivision (31) of subsection (a) of section 16-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(31) "Electric aggregator" means **[**(A) a person, municipality or regional water authority that**]** any person, municipality or regional water authority or the Connecticut Resource Recovery Authority, if such entity gathers together electric customers for the purpose of negotiating the purchase of electric generation services from an electric supplier, **[**or (B) the Connecticut Resources Recovery Authority, if it gathers together electric customers for the purpose of negotiating the purchase of electric generation services from an electric supplier,**]** provided such **[**person, municipality or authority**]** entity is not engaged in the purchase or resale of electric generation services, and provided further such customers contract for electric generation services directly with an electric supplier, and may include an electric cooperative established pursuant to chapter 597.

Sec. 16. Section 16-245d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) The Department of Public Utility Control shall, by regulations adopted pursuant to chapter 54, develop a standard billing format that enables customers to compare pricing policies and charges among electric suppliers. **[**Not later than January 1, 2006, the**]** The department shall adopt regulations, in accordance with the provisions of chapter

54, to provide that an electric supplier, until October 1, 2010, may provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such supplier provides to its customers **[**that have**]** with a maximum demand of not less than one hundred kilowatts **[**and**]** that choose to receive a bill directly from such supplier and, on and after October 1, 2010, shall provide direct billing and collection services for electric generation services and related federally mandated congestion charges that such suppliers provide to their customers or may choose to obtain such billing and collection service through an electric distribution company and pay its pro rata share in accordance with the provisions of subsection (h) of section 16-244c, as amended by this act. Any customer of an electric supplier, which is choosing to provide direct billing, who paid for the cost of billing and other services to an electric distribution company shall receive a credit on their monthly bill.

(1) An electric supplier that chooses to provide billing and collection services shall, in accordance with the billing format developed by the department, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show (i) the electric generation services component and any additional charges imposed by the electric supplier, and (ii) federally mandated congestion charges applicable to the generation services; (B) any unpaid amounts from previous bills, which shall be listed separately from current charges; (C) the rate and usage for the current month and each of the previous twelve months in bar graph form or other visual format; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the Department of Public Utility Control for questions or complaints; and (G) the toll-free telephone number and address of the electric supplier.

(2) An **[**electric company,**]** electric distribution company **[**or electric supplier that provides direct billing of the electric generation service

component and related federally mandated congestion charges, as the case may be,**]** shall, in accordance with the billing format developed by the department, include the following information in each customer's bill: **[**, as appropriate: (1)**]** (A) The total amount owed by the customer, which shall be itemized to show, **[**(A)**]** (i) the electric generation services component **[**and any additional charges imposed by the electric supplier, if applicable, (B)**]** if the customer obtains standard service or last resort service from the electric distribution company, (ii) the distribution charge, including all applicable taxes and the systems benefits charge, as provided in section 16-245*l*, **[**(C)**]** (iii) the transmission rate as adjusted pursuant to subsection (d) of section 16-19b, **[**(D)**]** (iv) the competitive transition assessment, as provided in section 16-245g, **[**(E)**]** (v) federally mandated congestion charges, and **[**(F)**]** (vi) the conservation and renewable energy charge, consisting of the conservation and load management program charge, as provided in section 16-245m, as amended by this act, and the renewable energy investment charge, as provided in section 16-245n, as amended by this act; **[**(2)**]** (B) any unpaid amounts from previous bills which shall be listed separately from current charges; **[**(3)**]** (C) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; **[**(4)**]** (D) the payment due date; **[**(5)**]** (E) the interest rate applicable to any unpaid amount; **[**(6)**]** (F) the toll-free telephone number of the electric distribution company to report power losses; **[**(7)**]** (G) the toll-free telephone number of the Department of Public Utility Control for questions or complaints; **[**(8) the toll-free telephone number and address of the electric supplier; and (9)**]** and (H) if a customer has a demand of five hundred kilowatts or less during the preceding twelve months, a statement about the availability of information concerning electric suppliers pursuant to section 16-245p.

(b) The regulations shall provide guidelines for determining until October 1, 2010, the billing relationship between the electric

distribution company and electric suppliers, including, but not limited to, the allocation of partial bill payments and late payments between the electric distribution company and the electric supplier. An electric distribution company that provides billing services for an electric supplier shall be entitled to recover from the electric supplier all reasonable transaction costs to provide such billing services as well as a reasonable rate of return, in accordance with the principles in subsection (a) of section 16-19e.

Sec. 17. Section 16-245o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) To protect a customer's right to privacy from unwanted solicitation, each electric company or electric distribution company, as the case may be, shall distribute to each customer a form approved by the Department of Public Utility Control which the customer shall submit to the customer's electric or electric distribution company in a timely manner if the customer does not want the customer's name, address, telephone number and rate class to be released to electric suppliers. On and after July 1, 1999, each electric or electric distribution company, as the case may be, shall make available to all electric suppliers customer names, addresses, telephone numbers, if known, and rate class, unless the electric company or electric distribution company has received a form from a customer requesting that such information not be released. Additional information about a customer for marketing purposes shall not be released to any electric supplier unless a customer consents to a release by one of the following: (1) An independent third-party telephone verification; (2) receipt of a written confirmation received in the mail from the customer after the customer has received an information package confirming any telephone agreement; (3) the customer signs a document fully explaining the nature and effect of the release; or (4) the customer's consent is obtained through electronic means, including, but not limited to, a

computer transaction.

(b) All electric suppliers shall have equal access to customer information required to be disclosed under subsection (a) of this section. No electric supplier shall have preferential access to historical distribution company customer usage data.

(c) No electric or electric distribution company shall include in any bill or bill insert anything that directly or indirectly promotes a generation entity or affiliate of the electric distribution company. No electric supplier shall include a bill insert in an electric bill of an electric distribution company.

(d) All marketing information provided pursuant to the provisions of this section shall be formatted electronically by the electric company or electric distribution company, as the case may be, in a form that is readily usable by standard commercial software packages. Updated lists shall be made available within a reasonable time, as determined by the department, following a request by an electric supplier. Each electric supplier seeking the information shall pay a fee to the electric company or electric distribution company, as the case may be, which reflects the incremental costs of formatting, sorting and distributing this information, together with related software changes. Customers shall be entitled to any available individual information about their loads or usage at no cost.

(e) Each electric supplier shall, prior to the initiation of electric generation services, provide the potential customer with a written notice describing the rates, information on air emissions and resource mix of generation facilities operated by and under long-term contract to the supplier, terms and conditions of the service, and a notice describing the customer's right to cancel the service, as provided in this section. No electric supplier shall provide electric generation services unless the customer has signed a service contract or consents to such

services by one of the following: (1) An independent third-party telephone verification; (2) receipt of a written confirmation received in the mail from the customer after the customer has received an information package confirming any telephone agreement; (3) the customer signs a **[**document fully explaining the nature and effect of the initiation of the service**]** contract that conforms with the provisions of this section; or (4) the customer's consent is obtained through electronic means, including, but not limited to, a computer transaction. Each electric supplier shall provide each customer with a demand of less than one hundred kilowatts, a written contract that conforms with the provisions of this section and maintain records of such signed service contract or consent to service for a period of not less than two years from the date of expiration of such contract, which records shall be provided to the division or the customer upon request. Each contract for electric generation services shall contain all material terms of the agreement, a clear and conspicuous statement explaining the rates that such customer will be paying, including the circumstances under which the rates may change, a statement that provides specific directions to the customer as to how to compare the price term in the contract to the customer's existing electric generation service charge on the electric bill and how long those rates are guaranteed. Such contract shall also include a clear and conspicuous statement providing the customer's right to cancel such contract within three days of signature or receipt in accordance with the provisions of this subsection, describing under what circumstances, if any, the supplier may terminate the contract and describing any penalty for early termination of such contract. Each contract shall be signed by the customer, or otherwise agreed to in accordance with the provisions of this subsection. A customer who has a maximum demand of five hundred kilowatts or less shall, until midnight of the third business day after the latter of the day on which the customer enters into a service agreement or the day on which the customer receives the written contract from the electric supplier as provided in this section, have the

right to cancel a contract for electric generation services entered into with an electric supplier.

[(f) An electric supplier shall not advertise or disclose the price of electricity in such a manner as to mislead a reasonable person into believing that the electric generation services portion of the bill will be the total bill amount for the delivery of electricity to the customer's location. When advertising or disclosing the price for electricity, the electric supplier shall also disclose the electric distribution company's average current charges, including the competitive transition assessment and the systems benefits charge, for that customer class.**]**

(f) (1) Any third-party agent who contracts with or is otherwise compensated by an electric supplier to sell electric generation services shall be a legal agent of the electric supplier. No third-party agent may sell electric generation services on behalf of an electric supplier unless (i) the third-party agent is an employee or independent contractor of such electric supplier, and (ii) the third-party agent has received appropriate training directly from such electric supplier.

(2) On or after July 1, 2010, all sales and solicitations of electric generation services by an electric supplier, aggregator or agent of an electric supplier or aggregator to a customer with a maximum demand of one hundred kilowatts or less conducted and consummated entirely by mail, door-to-door sale, telephone or other electronic means, during a scheduled appointment at the premises of a customer or at a fair, trade or business show, convention or exposition in addition to complying with the provisions of subsection (e) of this section shall:

(A) For any sale or solicitation, including from any person representing such electric supplier, aggregator or agent of an electric supplier or aggregator (i) identify the person and the electric generation services company or companies the person represents; (ii) provide a statement that the person does not represent an electric

distribution company; (iii) explain the purpose of the solicitation; and (iv) explain all rates, fees, variable charges and terms and conditions for the services provided; and

(B) For door-to-door sales to customers with a maximum demand of one hundred kilowatts, which shall include the sale of electric generation services in which the electric supplier, aggregator or agent of an electric supplier or aggregator solicits the sale and receives the customer's agreement or offer to purchase at a place other than the seller's place of business, be conducted (i) in accordance with any municipal and local ordinances regarding door-to-door solicitations, (ii) between the hours of ten o'clock a.m. and six o'clock p.m., and (iii) with both Spanish and English written materials available. Any representative of an electric supplier, aggregator or agent of an electric supplier or aggregator shall prominently display or wear a photo identification badge stating the name of such person's employer or the electric supplier the person represents. Each such supplier, aggregator or agent shall conduct a criminal background check on each person such entity employs to conduct such door-to-door sales and no one who has been convicted of a felony or a misdemeanor involving robbery, theft, misrepresentation or any other similar crime shall be employed to conduct such sales.

(3) No electric supplier, aggregator or agent of an electric supplier or aggregator shall advertise or disclose the price of electricity to mislead a reasonable person into believing that the electric generation services portion of the bill will be the total bill amount for the delivery of electricity to the customer's location. When advertising or disclosing the price for electricity, the electric supplier, aggregator or agent of an electric supplier or aggregator shall also disclose the electric distribution company's current charges, including the competitive transition assessment and the systems benefits charge, for that customer class.

(4) No entity, including an aggregator or agent of an electric supplier or aggregator, who sells or offers for sale any electric generation services for or on behalf of an electric supplier, shall engage in any deceptive acts or practices in the marketing, sale or solicitation of electric generation services.

(5) Each electric supplier shall disclose to the Department of Public Utility Control in a standardized format (A) the amount of additional renewable energy credits such supplier will purchase beyond required credits, (B) where such additional credits are being sourced from, and (C) the types of renewable energy sources that will be purchased. Each electric supplier shall only advertise renewable energy credits purchased beyond those required pursuant to section 16-245a and shall report to the department the renewable energy sources of such credits and whenever the mix of such sources changes.

(6) No contract for electric generation services by an electric supplier shall require a residential customer to pay any fee for termination or early cancellation of a contract in excess of (A) one hundred dollars; or (B) twice the estimated bill for energy services for an average month, whichever is less, provided when an electric supplier offers a contract, it provides the residential customer an estimate of such customer's average monthly bill.

(7) An electric supplier shall not make a material change in the terms or duration of any contract for the provision of electric generation services by an electric supplier without the express consent of the customer. Nothing in this subdivision shall restrict an electric supplier from renewing a contract by clearly informing the customer in writing, not less than thirty days nor more than sixty days before the renewal date, of the renewal terms and of the option not to accept the renewal offer, provided no fee pursuant to subdivision (6) of this section shall be charged to a customer who terminates or cancels such renewal not later than seven business days after receiving the first

billing statement for the renewed contract.

(g) Each electric supplier, aggregator or agent of an electric supplier or aggregator shall comply with the provisions of the telemarketing regulations adopted pursuant to 15 USC 6102.

(h) Any violation of this section shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b. Any contract for electric generation services that the division finds to be the product of unfair or deceptive marketing practices or in material violation of the provisions of this section shall be void and unenforceable. Any waiver of the provisions of this section by a customer of electric generation services shall be deemed void and unenforceable by the electric supplier.

(i) Any violation or failure to comply with any provision of this section shall be subject to (1) civil penalties by the department in accordance with section 16-41, (2) the suspension or revocation of an electric supplier or aggregator's license, or (3) a prohibition on accepting new customers following a hearing that is conducted as a contested case in accordance with chapter 54.

(j) The department may adopt regulations, in accordance with the provisions of chapter 54, to include, but not be limited to, abusive switching practices, solicitations and renewals by electric suppliers.

Sec. 18. Subsection (g) of section 16-245 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(g) As conditions of continued licensure, in addition to the requirements of subsection (c) of this section: (1) The licensee shall comply with the National Labor Relations Act and regulations, if applicable; (2) the licensee shall comply with the Connecticut Unfair Trade Practices Act and applicable regulations; (3) each generating

facility operated by or under long-term contract to the licensee shall comply with regulations adopted by the Commissioner of Environmental Protection, pursuant to section 22a-174j; (4) the licensee shall comply with the portfolio standards, pursuant to section 16-245a; (5) the licensee shall be a member of the New England Power Pool or its successor or have a contractual relationship with one or more entities who are members of the New England Power Pool or its successor and the licensee shall comply with the rules of the regional independent system operator and standards and any other reliability guidelines of the regional independent systems operator; (6) the licensee shall agree to cooperate with the department and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of electric service; (7) the licensee shall comply with the code of conduct established pursuant to section 16-244h; (8) for a license to a participating municipal electric utility, the licensee shall provide open and nondiscriminatory access to its distribution facilities to other licensed electric suppliers; (9) the licensee or the entity or entities with whom the licensee has a contractual relationship to purchase power shall be in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission; (10) each generating facility operated by or under long-term contract to the licensee shall be in compliance with chapter 277a and state environmental laws and regulations; (11) the licensee shall comply with the renewable portfolio standards established in section 16-245a; (12) the licensee shall offer a time-of-use rate option to customers that provides for a peak period use rate of at least a five hundred per cent increase in the standard nonpeak use rate. Such peak period shall be not more than four hours in any twenty-four-hour period. The standard nonpeak use rate under this option shall be less than the standard use rate offer by such supplier to the customer. Nothing in this subdivision shall preclude such supplier from offering other time of use options; and **[**(12)**]** (13) the licensee shall acknowledge that it is subject to chapters 208, 212, 212a and 219, as applicable, and the

licensee shall pay all taxes it is subject to in this state. Also as a condition of licensure, the department shall prohibit each licensee from declining to provide service to customers for the reason that the customers are located in economically distressed areas. The department may establish additional reasonable conditions to assure that all retail customers will continue to have access to electric generation services.

Sec. 19. (NEW) (*Effective July 1, 2010*) (a) The Renewable Energy Investments Board, shall structure and implement a residential solar investment program pursuant to this section and shall result in a minimum of thirty megawatts of new residential solar photovoltaic installations located in this state on or before December 31, 2021. For the purposes of this section and sections 28 and 29 of this act, "residential" means dwellings with one to four units.

(b) The Renewable Energy Investments Board shall offer direct financial incentives, in the form of performance-based incentives or expected performance-based buydowns, for the purchase or lease of qualifying residential solar photovoltaic systems. For the purposes of this section, "performance-based incentives" means incentives paid out on a per kilowatt-hour basis, and "expected performance-based buydowns" means incentives paid out as a one-time upfront incentive based on expected system performance. The board shall consider willingness to pay studies and verified solar photovoltaic system characteristics, such as operational efficiency, size, location, shading and orientation, when determining the type and amount of incentive.

(c) Beginning with the comprehensive plan covering the period from July 1, 2010, to June 30, 2012, the Renewable Energy Investments Board shall develop and publish in each such plan a proposed schedule for the offering of performance-based incentives or expected performance-based buydowns over the duration of any such solar incentive program. Such schedule shall: (1) Provide for a series of solar

capacity blocks the combined total of which shall be a minimum of thirty megawatts and projected incentive levels for each such block; (2) provide incentives that are sufficient to meet reasonable payback expectations of the residential consumer, taking into consideration the estimated cost of residential solar installations, the value of the energy offset by the system and the availability and estimated value of other incentives, including, but not limited to, federal and state tax incentives and revenues from the sale of solar renewable energy credits; (3) provide incentives that decline over time and will foster the sustained, orderly development of a state-based solar industry; (4) automatically adjust to the next block once the board has issued reservations for financial incentives provided pursuant to this section from the board fully committing the target solar capacity and available incentives in that block; and (5) provide comparable economic incentives for the purchase or lease of qualifying residential solar photovoltaic systems. The board may retain the services of a third-party entity with expertise in the area of solar energy program design to assist in the development of the incentive schedule or schedules. The department shall review and approve such schedule. Nothing in this subsection shall restrict the board from modifying the approved incentive schedule before the issuance of its next comprehensive plan to account for changes in federal or state law or regulation or developments in the solar market when such changes would affect the expected return on investment for a typical residential solar photovoltaic system by twenty per cent or more.

(d) The Renewable Energy Investments Board shall establish and periodically update program guidelines, including, but not limited to, requirements for systems and program participants related to: (1) Eligibility criteria; (2) standards for deployment of energy efficient equipment or building practices as a condition for receiving incentive funding; (3) procedures to provide reasonable assurance that such reservations are made and incentives are paid out only to qualifying

residential solar photovoltaic systems demonstrating a high likelihood of being installed and operated as indicated in application materials; and (4) reasonable protocols for the measurement and verification of energy production.

(e) The Renewable Energy Investments Board shall maintain on its web site the schedule of incentives, solar capacity remaining in the current block and available funding and incentive estimators.

(f) Funding for the residential performance-based incentive program and expected performance-based buydowns shall be apportioned from the moneys collected under the surcharge specified in section 16-245n of the general statutes, as amended by this act, provided such apportionment shall not exceed one-third of the total surcharge collected annually, and supplemented by federal funding as may become available.

(g) The Renewable Energy Investments Board shall identify barriers to the development of a permanent Connecticut-based solar workforce and shall make provision for comprehensive training, accreditation and certification programs through institutions and individuals accredited and certified to national standards.

(h) On or before January 1, 2013, and every two years thereafter for the duration of the program, the Renewable Energy Investments Board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on progress toward the goals identified in subsection (a) of this section.

Sec. 20. (NEW) (*Effective July 1, 2010*) (a) Commencing on January 1, 2011, and within the period established in subsection (a) of section 21 of this act, each electric distribution company shall solicit and file with the Department of Public Utility Control for its approval, one or more long-term power purchase contracts with owners or developers of

customer-sited solar photovoltaic generation projects that are less than two thousand kilowatts in size, located on the customer side of the revenue meter and serve the distribution system of the electric distribution company.

(b) Solicitations conducted by the electric distribution company shall be for the purchase of solar renewable energy credits produced by eligible customer-sited solar photovoltaic generating projects over the duration of the long-term contract. For purposes of this section, a long-term contract is a contract for a minimum of fifteen years. The electric distribution company may solicit proposals for a combination of renewable energy and associated solar renewable energy credits.

(c) The aggregate procurement of solar renewable energy credits by electric distribution companies pursuant to this section shall be no less than four million three hundred fifty thousand. The production of a megawatt hour of electricity from a Class I solar renewable energy source first placed in service on or after the effective date of this section shall create one solar renewable energy credit. A solar renewable energy credit shall have an effective life covering the year in which the credit was created and the following calendar year. The obligation to purchase solar renewable energy credits shall be apportioned to electric distribution companies based on their respective distribution system loads at the commencement of the procurement period, as determined by the department. An electric distribution company shall not be required to enter into a contract that provides a payment of more than six hundred fifty dollars per megawatt hour in the initial year of the contract.

(d) Notwithstanding subdivision (1) of subsection (j) of section 16-244c of the general statutes, as amended by this act, an electric distribution company may retire the solar renewable energy credits it procures through long-term contracting to satisfy its obligation pursuant to section 16-245a of the general statutes.

(e) Nothing in this section shall preclude the resale or other disposition of energy or associated solar renewable energy credits purchased by the electric distribution company, provided the distribution company shall net the cost of payments made to projects under the long-term contracts against the proceeds of the sale of energy or solar renewable energy credits and the difference shall be credited or charged to distribution customers through a reconciling component of electric rates as determined by the department.

Sec. 21. (NEW) (*Effective July 1, 2010*) (a) Each electric distribution company shall, not later than one hundred eighty days after the effective date of this section, propose a ten-year solar solicitation plan that shall include a timetable and methodology for soliciting proposals for long-term solar renewable energy credits or energy contracts from in-state generators and that shall end in calendar year 2021. The electric distribution company's solar solicitation plan shall be subject to the review and approval of the department, provided contracts comprising no less than twenty-five per cent of the electric distribution company's obligation shall be submitted for department approval on or before January 1, 2012, no less than fifty per cent of such obligation shall be submitted for such approval on or before July 1, 2014, and no less than seventy-five per cent of such obligation shall be submitted for such approval on or before July 1, 2016.

(b) The electric distribution company's approved solar solicitation plan shall be designed to foster a diversity of solar project sizes and participation among all eligible customer classes subject to cost-effectiveness considerations. Separate procurement processes shall be conducted for (1) systems up to fifty kilowatts; (2) systems greater than fifty kilowatts but less than two hundred kilowatts; and (3) systems between two hundred and two thousand kilowatts. The Department of Public Utility Control shall give preference to competitive bidding for resources of more than fifty kilowatts, unless the department

determines that an alternative methodology is in the best interests of the electric distribution company's customers and the development of a competitive and self-sustaining solar market. Systems up to fifty kilowatts in size shall be eligible to receive, on an ongoing and continuous basis, a solar renewable energy credit offer price equivalent to the weighted average accepted bid price in the most recent solicitation for systems greater than fifty kilowatts but less than two hundred kilowatts, plus an additional incentive of ten per cent. Participation in the direct incentive program under section 26 of this act shall not disqualify an owner or operator of a qualified residential solar energy system to be eligible for this offer price. The offer price shall remain open at least until the electric distribution company has satisfied its procurement requirement for solar renewable energy credits, as specified in section 20 of this act. Once the offer price is closed, the owner or holder of a residential solar renewable energy credit may bid any outstanding or future credits in a competitive solicitation conducted by the electric distribution company pursuant to this subsection.

(c) Each electric distribution company shall execute its approved ten-year solicitation plan and submit for review by the Department of Public Utility Control and approval of its preferred solar procurement plan comprised of any proposed contract or contracts with independent solar developers.

(d) The Department of Public Utility Control shall hold a hearing that shall be conducted as an uncontested case, in accordance with the provisions of chapter 54 of the general statutes, to approve, reject or modify an application for approval of the electric distribution company's solar procurement plan. The department shall only approve such proposed plan if the department finds that (1) the solicitation and evaluation conducted by the electric distribution company was the result of a fair, open, competitive and transparent process; (2) approval

of the solar procurement plan would result in the greatest expected ratepayer value from solar energy or solar renewable energy credits at the lowest reasonable cost; and (3) such procurement plan satisfies other criteria established in the approved solicitation plan. The department shall not approve any proposal made under such plan unless it determines that the plan and proposals encompass all foreseeable sources of revenue or benefits and that such proposals, together with such revenue or benefits, would result in the greatest expected ratepayer value from solar energy or solar renewable energy credits. The department may, in its discretion, retain the services of an independent consultant with expertise in the area of energy procurement. The independent consultant shall be unaffiliated with the electric distribution company or its affiliates and shall not, directly or indirectly, have benefited from employment or contracts with the electric distribution company or its affiliates in the preceding five years, except as an independent consultant. For purposes of such audit, the electric distribution company shall provide the independent consultant immediate and continuing access to all documents and data reviewed, used or produced by the electric distribution company in its bid solicitation and evaluation process. The electric distribution company shall make all its personnel, agents and contractors used in the bid solicitation and evaluation available for interview by the consultant. The electric distribution company shall conduct any additional modeling requested by the independent auditor to test the assumptions and results of the bid evaluation process. The independent consultant shall not participate in or advise the electric distribution company with respect to any decisions in the bid solicitation or bid evaluation process. The department's administrative costs in reviewing the electric distribution company's solar procurement plan and the costs of the consultant shall be recovered through a reconciling component of electric rates as determined by the department.

(e) The electric distribution company shall be entitled to recover its reasonable costs of complying with its approved solar procurement plan through a reconciling component of electric rates as determined by the department.

(f) If, by January 1, 2012, the department has not received proposed long-term solar renewable energy credit contracts consisting of at least twenty-five per cent of each electric distribution company's procurement obligation or by July 1, 2014, has not received proposed long-term solar renewable energy contracts consisting of at least fifty per cent of each electric distribution company's procurement obligation, or by July 1, 2016, has not received proposed long-term solar renewable energy contracts consisting of at least seventy-five per cent of each electric distribution company's procurement obligation, respectively, the department shall notify the electric distribution company of the shortfall. Unless, upon petition by the electric distribution company, the department grants the distribution company an extension not to exceed ninety days to correct this deficiency, the electric distribution company shall be assessed a noncompliance fee of five hundred dollars for each solar renewable energy credit shortfall in the initial year of the procurement, with the per credit fee declining by seven per cent annually over the duration of the ten-year solicitation plan. The noncompliance fees associated with the procurement shortfall shall be collected by the distribution company, maintained in a separate interest-bearing account and disbursed to the department on a quarterly basis. Funds collected by the department pursuant to this section shall be used to support the deployment of solar photovoltaic generating systems installed in the state with priority given to otherwise underserved market segments, including, but not limited to, low-income housing, schools and other public buildings and nonprofits.

(g) No project that receives funding pursuant to this section shall be

eligible for funding pursuant to section 23 of this act.

(h) Not later than sixty days after its approval of the distribution company procurement plans submitted on or before January 1, 2012, the Department of Public Utility Control shall submit a report to the joint standing committee of the General Assembly having cognizance of matters relating to energy. The report shall document for each distribution company procurement plan: (1) The total number of solar renewable energy credits bid relative to the number of solar renewable energy credits requested by the distribution company; (2) the total number of bidders in each market segment; (3) the number of contracts awarded; and (4) the total weighted average price of the solar renewable energy credits or energy so purchased. The department shall not report individual bid information or other proprietary information.

Sec. 22. (NEW) (*Effective July 1, 2010*) (a) On or before July 1, 2011, the Department of Public Utility Control, in consultation with the Office of Policy and Management and the Department of Public Works, shall, within available funding, complete, or cause to be completed by private vendors, a comprehensive solar feasibility survey of facilities owned or operated by the state with a load of fifty kilowatts or more. The survey shall rank state-owned or operated facilities based on their technical feasibility to accommodate solar photovoltaic generating systems by considering such factors as: (1) On-site energy consumption; (2) building orientation; (3) roof age and condition; (4) shading and the potential for obstruction to sunlight over the life of the solar system; (5) structural load capacity; (6) availability of ancillary facilities, such as parking lots, walkways or maintenance areas; (7) nonenergy related amenities; and (8) other factors that the Department of Public Utility Control deems may bear on the technical feasibility of such solar deployment.

(b) The Department of Public Utility Control, shall, within available

funding, issue one or more requests for proposals for the deployment of solar photovoltaic generating systems at state-owned or operated facilities. Any such request for proposals shall be structured to maximize the state's ability to secure incentives available from the federal government or other sources. The department may seek in any request for proposals the services of an entity to finance, design, construct, own or maintain such solar photovoltaic system under a long-term solar services agreement. Any such entity chosen to provide such services shall not be considered a public service company under section 16-1 of the general statutes, as amended by this act.

Sec. 23. (NEW) (*Effective July 1, 2010*) (a) Each electric distribution company shall, not later than July 1, 2011, file with the Department of Public Utility Control for its approval a tariff for production-based payments to owners or operators of Class I solar renewable energy source projects located in this state that are not less than one megawatt and connected directly to the distribution system of an electric distribution company.

(b) Such tariffs shall provide production-based payments for a period not less than fifteen years from the in-service date of the Class I solar renewable energy source project at a price that is, at the determination of the Department of Public Utility Control, a cost-based payment consisting of the fully allocated cost of constructing and operating a Class I solar renewable energy source of from one megawatt to seven and one-half megawatts were such construction and operation to be undertaken or procured by the electric distribution company itself. In calculating the cost-based tariff, the department shall consider actual cost data for Class I solar energy sources constructed and operated by the electric distribution company pursuant to subsection (e) of this section taking into consideration all available state and federal incentives.

(c) Such tariffs shall include a per project eligibility cap of seven and

one-half megawatts and an aggregate eligibility cap of fifty megawatts, apportioned among each electric distribution company in proportion to distribution load.

(d) The cost of such tariff payments shall be eligible for inclusion in any subsequent rates, provided such payments are for projects operational on or after the effective date of this section, and recovered through a reconciling component of electric rates as determined by the Department of Public Utility Control.

(e) On and after July 1, 2011, electric distribution companies may construct, own and operate solar electric generating facilities up to one-third of their proportional share of the total cap amounts specified under subsection (c) of this section, provided any such development shall be phased in over a period of no less than three years. Such projects shall be located on brownfields or other locations in a targeted investment community. The Department of Public Utility Control in a contested case, shall (1) authorize the electric distribution company to recover in rates its costs to construct, own and operate solar electric generating facilities, including a reasonable return on its investment not to exceed eight per cent, if such approval would result in a reasonable cost of meeting the solar energy requirements pursuant to said subsection (c) of this section and that such investment will not restrict competition or restrict growth in the state's solar energy industry or unfairly employ in a manner which would restrict competition in the market for solar energy systems any financial, marketing, distributing or generating advantage that the electric distribution company may exercise as a result of its authority to operate as a public service company, and (2) establish a mechanism for the electric distribution company to use a portion of such revenues to offset the development of an economic development rate to benefit residents of such targeted investment community.

(f) Notwithstanding subdivision (1) of subsection (j) of section 16-

244c of the general statutes, as amended by this act, the amount of renewable energy produced from Class I renewable energy sources receiving tariff payments or included in utility rates under this section shall be applied to reduce the electric distribution company's Class I renewable energy source portfolio standard.

(g) No project that receives funding pursuant to this section shall be eligible for funding pursuant to section 21 of this act.

(h) On or before September 1, 2012, the department, in consultation with the Office of Consumer Counsel and the Renewable Energy Investments Board, shall study the operation of solar renewable energy tariffs and shall report, in accordance with the provisions of section 11-4a of the general statutes, its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

(i) The department shall suspend the tariff established pursuant to this section upon the earlier of (1) an electric distribution company reaching its aggregate cap pursuant to subsection (c) of this section, or (2) three years from the effective date of the tariff.

Sec. 24. (NEW) (*Effective July 1, 2010*) The Department of Public Utility Control in consultation with the Renewable Energy Investment Fund and the Conservation and Load Management Fund, shall develop coordinated programs to create a self-sustaining market for solar thermal systems for electricity, natural gas and fuel oil customers.

Sec. 25. (NEW) (*Effective July 1, 2010*) The Department of Public Utility Control shall provide an additional incentive of up to five per cent of the then-applicable incentive provided pursuant to sections 19 and 24 of this act for the use of major system components manufactured or assembled in Connecticut, and another additional incentive of up to five per cent of the then applicable incentive

provided pursuant to sections 19 and 24 of this act for the use of major system components manufactured or assembled in a distressed municipality, as defined in section 32-9p of the general statutes, or a targeted investment community, as defined in section 32-222 of the general statutes.

Sec. 26. (NEW) (*Effective July 1, 2010*) (a) For the two-year period starting January 1, 2011, and ending June 30, 2013, the aggregate net annual cost recovered from electric ratepayers pursuant to sections 19 to 25, inclusive, of this act and subsection (i) of section 16-245n of the general statutes shall not exceed one-half of one per cent of total retail electricity sales revenues of each electric distribution company. For the two-year period starting July 1, 2013, and ending June 30, 2015, the aggregate net annual cost recovered for electric ratepayers pursuant to sections 19 to 25, inclusive, of this act and subsection (i) of section 16-245n of the general statutes shall not exceed three-fourths of one per cent of total retail electricity sales revenues of each electric distribution company. For each twelve-month period starting July 1, 2015, and every July first thereafter for the duration of the solar programs established pursuant to sections 19 to 25, inclusive, of this act and subsection (i) of section 16-245n of the general statutes the aggregate net cost of such programs recovered for electric ratepayers shall not exceed one per cent of total retail electricity sales revenues of each electric distribution company.

(b) The Department of Public Utility Control shall net out the incentives paid by the Renewable Energy Investment Fund pursuant to section 16-245n of the general statutes, as amended by this act, for solar deployment programs against the aggregate annual costs identified in this section.

(c) The Department of Public Utility Control shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy when the annual cost cap is within twenty

per cent of being exceeded. If the department projects that the annual cost cap will be exceeded, the department shall take measures to ensure such cap will not be exceeded. Such measures may include: (1) Delay or modify the development of solar electric generating facilities by electric distribution companies pursuant to subsection (e) of section 23 of this act; (2) temporarily suspend the availability of production-based incentives to customers not already eligible to receive such incentives under section 23 of this act; and (3) extend the scheduled electric distribution company solar renewable energy credit procurement plans under subsection (i) of section 16-245n of the general statutes. If the department determines that cost mitigation measures are required, it shall reduce proportionally the annual funding for the programs identified in subdivisions (1) to (3), inclusive, of this subsection and only to the extent required to bring projected annual costs below the cost cap.

(d) On or before January 1, 2014, the Department of Public Utility Control shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on the cost and charges involved in the implementation of this program, including a cost-benefit analysis.

Sec. 27. (NEW) (*Effective July 1, 2010*) (a) The Renewable Energy Investments Board shall establish and administer a fuel cell pilot program to install fuel cells in state buildings using five million dollars of the funds collected pursuant to section 16-245n of the general statutes, as amended by this act. As part of the pilot program established pursuant to this subsection, the board shall identify state buildings in which installing fuel cells would provide the greatest public benefit and cause the greatest reduction in total energy consumption, consider the reliability and environmental characteristics of a fuel cell and require state buildings to undergo energy efficiency upgrades before receiving fuel cells pursuant to this subsection.

(b) On or before December 31, 2012, the board and the Connecticut Center for Advanced Technology shall jointly report, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the extent to which the pilot program established pursuant to subsection (a) of this section reduced the cost of producing fuel cells by twenty-five per cent and the total cost of energy from fuel cells compared to other Class I renewable energy sources and whether projects reduced the state's cost of power and providing recommendations regarding whether providing an additional five million dollars in funding would make fuel cells competitive with other Class I renewable energy sources.

Sec. 28. (NEW) (*Effective July 1, 2010*) The Department of Public Utility Control shall require each electric distribution company to notify its customers on an ongoing basis regarding the availability of time-of-use meters, if applicable.

Sec. 29. (NEW) (*Effective October 1, 2010*) The Renewable Energy Investments Board created pursuant to section 16-245n, as amended by this act, of the general statutes, in consultation with the Department of Public Utility Control, may establish a program to be known as the "condominium renewable energy grant program". Under such program, the board may provide grants to residential condominium associations and residential condominium owners, within available funds, for purchasing renewable energy sources, including solar energy, geothermal energy and fuel cells or other energy-efficient hydrogen-fueled energy.

Sec. 30. (NEW) (*Effective July 1, 2010*) (a) On or before January 1, 2011, and annually thereafter, the procurement officer of the Department of Public Utility Control in consultation with each electric distribution company or other such entity selected pursuant to subdivision (2) of subsection (c) of section 16-244c of the general

statutes, as amended by this act, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products that will enable the company to manage a portfolio of contracts to reduce the average cost of standard service, over time, compared to the average cost of standard service obtained through contracts procured through the procurement plan and process approved pursuant to section 16-244c of the general statutes, as amended by this act, prior to the effective date of this section while seeking to limit standard service cost volatility. Each procurement plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the company to use other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts, and may provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers. The plan, developed in 2011, shall ensure that the percentage of full requirements contracts will be changed incrementally over time as to ensure stability of market while reducing standard service prices. The department may increase its purchase of contracts that are not full requirements if it determines such purchases will reduce standard service rates for the plan, developed in 2012, and subsequent plans. The department shall review each proposed procurement plan in an uncontested proceeding and may retain an independent consultant to assist in the review.

(b) The procurement plan shall include proposed parameters for use of the contracts, the proposed review procedure by the division to assure compliance with the plan, how the procurement plan will further the interest of customers compared with the procurement plan previously approved by the department pursuant to section 16-244c of the general statutes and the proposed means of transitioning from the previously approved procurement plan. The department shall

approve, modify or reject the proposed procurement plan not later than July 1, 2011, and annually thereafter. An electric distribution company shall recover all costs incurred in connection with the development and implementation of its approved procurement plan, including costs of contracts entered into in accordance with the plan.

(c) The procurement officer shall, not less than quarterly, meet with the Public Utilities Control Authority to report on the implementation of the plan and recommend any necessary adjustments to the plan to address market conditions or to otherwise reduce the costs of standard service. Such quarterly reports shall be public documents.

(d) If the costs of procurement exceed the revenues generated by the standard service, such deficit shall be borne solely by the standard service customer. Such surplus shall inure solely to the benefit of standard service customers.

Sec. 31. (NEW) (*Effective July 1, 2010*) (a) As used in this section:

(1) "Eligible entity" means (A) any residential, commercial, institutional or industrial customer of an electric distribution company or natural gas company, as defined in section 16-1 of the general statutes, as amended by this act, who employs or installs an eligible in-state energy savings technology, (B) an energy service company certified as a Connecticut electric efficiency partner by the Department of Public Utility Control, or (C) an installer certified by the Renewable Energy Investments Fund; and

(2) "Energy savings infrastructure" means tangible equipment, installation, labor, cost of engineering, permits, application fees and other reasonable costs incurred by eligible entities for operating eligible in-state energy savings technologies designed to reduce electricity consumption, natural gas consumption, heating oil consumption or promote combined heat and power systems.

(b) The Department of Public Utility Control shall establish an energy savings infrastructure pilot program consisting of financial incentives for the installation of combined heat and power systems, energy efficient heating oil burners, boilers and furnaces and natural gas boilers and furnaces by eligible entities. On or before June 30, 2013, the department shall evaluate the efficacy of the program established pursuant to this section.

(c) (1) On or before October 1, 2010, the department shall begin accepting applications for financial incentives for combined heat and power systems of not more than one megawatt of power. To qualify for such financial incentives, such combined heat and power system shall reduce energy costs at an amount equal to or greater than the amount of the installation cost of the system within ten years of the installation. The department shall review the current market conditions for such systems, including any existing federal or state financial incentives, and determine the appropriate financial incentives under this program necessary to encourage installation of such systems. These financial incentives may include providing private financial institutions with loan loss protection or grants to lower borrowing costs. Financial incentives pursuant to this subdivision shall not exceed two hundred dollars per kilowatt. A project accepted for such incentives shall qualify for a waiver of (A) the backup power rate under section 16-243o of the general statutes, and (B) the requirement to provide baseload electricity under section 16-243i of the general statutes. Any purchase of natural gas for any combined heat and power system installed pursuant to this subdivision shall not include a distribution charge pursuant to section 16-243*l* of the general statutes.

(2) On or before December 31, 2010, the department shall begin accepting applications for financial incentives for the installation of more efficient fuel oil and natural gas boilers and furnaces that replace existing boilers or furnaces that are not less than seven years old with

an efficiency rating of not more than seventy-five per cent. A qualifying fuel oil furnace shall have an efficiency rating of not less than eighty-six per cent. A qualifying fuel oil boiler shall have an efficiency rating of not less than eighty-six per cent with thermal purge or temperature reset controls. A qualifying natural gas boiler shall have an annual fuel utilization efficiency rating of not less than ninety per cent and a qualifying natural gas furnace shall have an annual fuel utilization efficiency rating of not less than ninety-five per cent. The department shall review the current market conditions for such systems and equipment upgrades, including, but not limited to, any existing federal or state financial incentives, and establish the appropriate financial incentives under this program necessary to encourage such upgrades. Financial incentives shall provide private financial institutions with loan loss protection or grants to lower borrowing costs and, if the department deems it necessary, grants to the lending financial institution to lower borrowing costs and allow for a ten-year loan. Such financial incentive package shall ensure that the annual loan payment by the applicant shall be at not more than the projected annual energy savings less one hundred dollars. Any loan provided as a financial incentive pursuant to this subdivision shall include the cost of any related incentives, as determined by the department. The department shall arrange with an electric distribution or gas company to provide for payment of any loan made as financial assistance under this subdivision through the loan recipient's monthly electric or gas bill, as applicable.

(d) Eligible entities seeking a loan under the loan program established in this section shall (1) contract with Connecticut-based licensed contractors, installers or tradesmen for the installation of an eligible in-state energy savings technology; (2) provide evidence of the cost of purchase and installation of the eligible in-state energy savings technology; and (3) periodically provide evidence of the operation and functionality of the eligible in-state energy savings technology to

ensure that such technology is operating as intended during the term of the loan.

(e) The department shall develop a prescriptive one-page loan application. Such application shall include, but not be limited to: (1) Detailed information, specifications and documentation of the eligible in-state energy technology's installed costs and projected energy savings, and (2) for requests for loans in excess of one hundred thousand dollars, certification by a licensed professional engineer, licensed contractor, installer or tradesman with a state license held in good standing.

(f) On or before October 1, 2010, the department shall establish a plan that includes procedures and parameters for its energy savings infrastructure pilot program established pursuant to this section.

(g) On or before October 1, 2013, the department shall, in accordance with the provisions of section 11-4a of the general statutes, report to the joint standing committee of the General Assembly having cognizance of matters relating to energy with regard to the projects assisted by the energy savings infrastructure pilot program established pursuant to this section, the amount of public funding, the energy savings from the technologies installed and any recommendations for changes to the program, including, but not limited to, incentives that encourage consumers to install more efficient fuel oil and natural gas boilers and furnaces prior to failure or gross inefficiency of their current heating system.

Sec. 32. Subsection (b) of section 16-32f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(b) Not later than October 1, 2005, and annually thereafter, a gas company, as defined in section 16-1, <u>as amended by this act,</u> shall

submit to the Department of Public Utility Control a gas conservation plan, in accordance with the provisions of this section, to implement cost-effective energy conservation programs 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. Such plan shall be funded during each state fiscal year by the revenue from the tax imposed by section 12-264 on the gross receipts of sales of all public services companies that is in excess of the revenue estimate for said tax that is approved by the General Assembly in the appropriations act for such fiscal year, provided (1) the amount of such excess revenue that shall be allocated to fund such plan in any state fiscal year shall not exceed ten million dollars, and (2) in the fiscal years commencing July 1, 2010, July 1, 2011, and July 1, 2012, fifty per cent of such excess revenue shall be allocated to the natural gas projects within the energy savings infrastructure pilot program pursuant to subdivision (2) of section 31 of this act. Before the accounts for the General Fund have been closed for each fiscal year, such excess revenue shall be deposited by the Comptroller in an account held by the Energy Conservation Management Board, established pursuant to section 16-245m. Services provided under the plan shall be available to all gas company customers. Each gas company shall apply to the Energy Conservation Management Board for reimbursement for expenditures pursuant to the plan. The department shall, in an uncontested proceeding during which the department may hold a public hearing, approve, modify or reject the plan.

Sec. 33. Subsection (e) of section 16-243v of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(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 department. In evaluating a proposal, the department 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 department 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 department shall (1) ensure that all ratepayer investments maintain a minimum **[**two-to-one**]** one-and-one-half-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 and for the fiscal years commencing July 1, 2010, July 1, 2011, and July 1, 2012, five million dollars of such annual ratepayer investment shall be used for combined heat and power projects and five million dollars of such annual ratepayer investment shall be used for fuel oil burner, boiler and furnace replacement projects, under the energy savings infrastructure pilot program established pursuant to section 31 of this act. 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 for such technology. The department may conduct additional requests for proposals from time to time as it deems appropriate. The department shall specify the manner in which a Connecticut electric efficiency partner shall address measures of effectiveness and shall

include performance milestones.

Sec. 34. (NEW) (*Effective July 1, 2010*) The Department of Public Utility Control shall require the Energy Conservation Management Board, the Renewable Energy Investments Board and electric distribution companies, as defined in section 16-1 of the general statutes, as amended by this act, to establish a program to provide financial assistance for energy conservation and load management projects to electric distribution company customers in underserved communities. The aggregate financial assistance such program shall provide shall be in an amount equal to at least three per cent of the moneys collected for the Energy Conservation and Load Management and at least three per cent of the moneys collected for the Renewable Energy Investment Funds pursuant to sections 16-245m and 16-245n of the general statutes, as amended by this act. Such funds shall be provided for programs directly benefiting residential or small business electric customers in underserved communities. The moneys for the program shall be derived (1) initially from, if available, the federal American Recovery and Reinvestment Act of 2009, and (2) for conservation projects from the Energy Conservation and Load Management and renewable energy projects from Renewable Energy Investment Funds. Such program shall include a job training component for existing or potential minority business enterprises, as defined in section 4a-60g of the general statutes. For the purposes of this section, "underserved communities" means municipalities meeting the criteria set forth in subsection (a) of section 32-70 of the general statutes. The department shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy on or before February 1, 2011, and annually thereafter, regarding the program established pursuant to this section.

Sec. 35. (NEW) (*Effective July 1, 2010*) On or before September 1,

2010, the Department of Public Utility Control shall initiate a request for proposals to award one bilateral purchasing contract for electricity from an existing generator, provided such contract shall be for a term of not less than five years and not more than fifteen years, shall reduce electricity rates by pricing such electricity on a cost-of-service basis and shall (1) provide electricity at lower rates for Connecticut consumers, or (2) based on the department's determination, be used in combination with other initiatives to lower or stabilize electric rates.

Sec. 36. (NEW) (*Effective July 1, 2010*) On or before September 1, 2010, the Department of Public Utility Control shall review any proposed commercial transmission line project (1) in which a Connecticut electric distribution company may have a financial interest, or (2) that may be constructed in whole or in part in this state to determine whether to obtain electricity from such transmission lines at a rate that will lower electricity rates for Connecticut consumers.

Sec. 37. Section 4-5 of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

As used in sections 4-6, 4-7 and 4-8, the term "department head" means Secretary of the Office of Policy and Management, Commissioner of Administrative Services, Commissioner of Revenue Services, Banking Commissioner, Commissioner of Children and Families, Commissioner of Consumer Protection, Commissioner of Correction, Commissioner of Economic and Community Development, State Board of Education, Commissioner of Emergency Management and Homeland Security, Commissioner of Environmental Protection, Commissioner of Agriculture, Commissioner of Public Health, Insurance Commissioner, Labor Commissioner, Liquor Control Commission, Commissioner of Mental Health and Addiction Services, Commissioner of Public Safety, Commissioner of Social Services, Commissioner of Developmental Services, Commissioner of Motor

Vehicles, Commissioner of Transportation, Commissioner of Public Works, Commissioner of Veterans' Affairs, Chief Information Officer, the chairperson of the **[**Public Utilities Control**]** Connecticut Energy and Technology Authority, the executive director of the Board of Education and Services for the Blind, the executive director of the Connecticut Commission on Culture and Tourism, and the executive director of the Office of Military Affairs. As used in sections 4-6 and 4-7, "department head" also means the Commissioner of Education.

Sec. 38. Section 4-38c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

There shall be within the executive branch of state government the following departments: Office of Policy and Management, Department of Administrative Services, Department of Revenue Services, Department of Banking, Department of Agriculture, Department of Children and Families, Department of Consumer Protection, Department of Correction, Department of Economic and Community Development, State Board of Education, Department of Emergency Management and Homeland Security, Department of Environmental Protection, Department of Public Health, Board of Governors of Higher Education, Insurance Department, Labor Department, Department of Mental Health and Addiction Services, Department of Developmental Services, Department of Public Safety, Department of Social Services, Department of Transportation, Department of Motor Vehicles, Department of Veterans' Affairs, Department of Public Works and **[**Department of Public Utility Control**]** Connecticut Energy and Technology Authority.

Sec. 39. (*Effective from passage*) On or before August 1, 2010, the Department of Public Utility Control shall initiate a proceeding to identify the impact on Connecticut ratepayers and the New England and state wholesale electric power market of the operation of the regional independent system operator, as defined in section 16-1 of the

general statutes, as amended by this act, and of Market Rule 1 as promulgated by said regional independent system operator. Such proceeding shall include, but not be limited to, (1) a review of the accountability of said independent system operator to Connecticut ratepayers and energy policymakers, (2) consideration of strategies and mechanisms that may mitigate any adverse impacts Market Rule 1 may have on wholesale generation prices in Connecticut and New England and may reduce Connecticut's reliance on the wholesale power market, including, but not limited to, long-term contracts, and (3) consideration of the costs and benefits associated with participating in said independent system operator and any potential benefits of joining another independent system operator or operating outside of the existing independent operator systems. On or before January 1, 2011, the department shall report, in accordance with the provisions of section 11-4a of the general statutes, its findings to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

Sec. 40. Subparagraph (B) of subdivision (6) of subsection (b) of section 7-148 of the general statutes is amended by adding a new clause (v) as follows (*Effective July 1, 2010*):

(NEW) (v) Enter into performance-based energy contracts;

Sec. 41. Section 16-261a of the general statutes is repealed. (*Effective July 1, 2010*)

Vetoed May 24, 2010