



General Assembly

**Governor's Bill No. 9**

February Session, 2018

LCO No. 340



Referred to Committee on ENERGY AND TECHNOLOGY

Introduced by:

SEN. LOONEY, 11<sup>th</sup> Dist.

SEN. DUFF, 25<sup>th</sup> Dist.

REP. ARESIMOWICZ, 30<sup>th</sup> Dist.

REP. RITTER M., 1<sup>st</sup> Dist.

***AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE.***

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

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2 to the general statutes is repealed and the following is substituted in  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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

687 (Effective July 1, 2020):

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

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

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

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



753 1, 2020):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

**Statement of Purpose:**

To implement the Governor's budget recommendations.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*