

845 Brook Street, Rocky Hill, CT 06067  
T 860.563.0015  
ctgreenbank.com



February 13, 2018

Dear Connecticut Green Bank Board of Directors:

We have a special meeting of the Board of Directors scheduled for Thursday, February 15, 2018 from 5:00-6:00 p.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following:

- **Consent Agenda** – approval of the meeting minutes for January 26, 2018 and report outs on cash flow projections by month for FY 2018 and annually for FY 2019.
- **Legislative Business** – As you know, the Governor recently proposed in his FY 2019 budget, a restoration of the Clean Energy Fund (i.e., \$14 million) and RGGI (i.e., \$10 million), which, if passed, would restore the Connecticut Green Bank in FY 2019.

We are going to focus the meeting on a discussion with regards to Governor's Bill No. 9 – An Act Concerning Connecticut's Energy Future. In an effort to continue supporting the Connecticut Green Bank, the Governor's energy bill proposes to increase the Clean Energy Fund by an additional mill – to two mills (or \$54 million a year) – with a sunset of the Clean Energy Fund by the end of 2025. We would like to present an alternative policy proposal and get the Board of Director's guidance on a pathway forward.

If you have any questions, comments or concerns, please feel free to contact me at any time.

We look forward to seeing you later on this week.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Garcia", with a long horizontal flourish extending to the right.

Bryan Garcia  
President and CEO



## **AGENDA**

Board of Directors of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Thursday, February 15, 2018  
5:00-6:00 p.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Legislative Business – 50 minutes
5. Adjourn

Next Regular Meeting: Friday, April 27, 2018 from 9:00-11:00 a.m.  
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



## **RESOLUTIONS**

Board of Directors of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Thursday, February 15, 2018  
5:00-6:00 p.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes

### **Resolution #1**

Motion to approve the minutes of the Board of Directors Meeting for January 26, 2018.

4. Legislative Business – 50 minutes

### **Resolution #2**

**WHEREAS**, on October 31, 2017, a veto-proof bipartisan budget was approved that swept \$173 million of ratepayer and Regional Greenhouse Gas Initiative (RGGI) funds over FY 2018 and FY 2019 to the General Fund, including \$125 million from the Conservation and Load Management Fund (C&LMF), \$28 million from the Clean Energy Fund (CEF), and \$20 million from RGGI;

**WHEREAS**, in response to the sweeps, on December 15, 2017 the Board of Directors of the Connecticut Green Bank approved of a budget mitigation strategy consistent with the Sustainability Pathway Strategy;

**WHEREAS**, on February 5, 2018, Governor Malloy released to the Connecticut General Assembly his proposed budget revisions which included a restoration of the CEF and RGGI for FY 2019;

**WHEREAS**, on February 8, 2018, Governor Malloy released his proposed energy legislation, "An Act Concerning Connecticut's Energy Future," which proposes to increase the CEF to 2 mills with a sunset of the entire CEF by the end of FY 2025; and

**WHEREAS**, on February 15, 2018, the senior staff of the Connecticut Green Bank have brought forth an alternative proposal for the review and guidance by its Board of Directors.

**NOW**, therefore be it:

**RESOLVED**, that the Board of Directors has directed staff of the Connecticut Green Bank to propose an alternative to the Governor's proposed energy legislation that would include the following features:

1. Requiring that the legislature, when considering future sweeps of the system benefit funds, conduct a ratepayer impact statement to assess the implications of sweeps; and
2. Strengthening of the Connecticut Green Bank's non-impairment statute which protects the rights of counterparties engaging in contractual relationships with the Green Bank.

5. Adjourn

Next Regular Meeting: Friday, April 27, 2018 from 9:00-11:00 a.m.  
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



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**GREEN BANK** SM

# Board of Directors Meeting

February 15, 2018

# Board of Directors

## Agenda Item #1

### Call to Order

Board of Directors  
Agenda Item #2  
Public Comments

Board of Directors  
Agenda Item #3  
Consent Agenda



# Consent Agenda

## Resolution 1



1. **Meeting Minutes** – approval of meeting minutes of January 26, 2018
  - **Cash Flow Projections** – memo and monthly projections through FY 2018 and then annually for FY 2019
  - **Update on SHREC** – status on recent RFP

Board of Directors  
Agenda Item #4  
Legislative Business

# Policy Objectives

## Legislative Session



- **Objectives** – the following are our policy objectives:
  - **Legislative Leaders** – meet with as many key legislative leaders *and their staffs* as we can to educate them about the CGB – impact of sweeps, detraction of private investment, financial position, etc.
  - **Office of Fiscal Analysis** – educate staff about CGB quarterly filings and financial statements (e.g., CGB does not have \$130 million in unrestricted cash)
  - **Office of Legislative Research** – support Representative Lonnie Reed’s production of an OLR report on the CGB (i.e., breakdown of annual sources of funds, sweeps, impact, etc.)
  - **Public Policy** – (1) to support the restoration of RGGI, (2) support the restoration of the system benefit funds, and (3) prevent “deeper” sweeps.

# Policy Objectives

## Legislative Session (cont'd)

- **Leadership and Advocates** – steady progress from political leaders and advocates, including:
  - **Governor** – proposed in current two-year budget, which has modest deficits, restoring RGGI (\$10 MM) and CEF (\$14 MM) in FY 2019
  - **Legislators** – pressing to restore sweeps
  - **Advocates** – Efficiency for All, Acadia Center, Solar CT, REEBA, CT Fund for the Environment, Environment CT, and others

HARTFORD BUSINESS.COM



House coalition wants reversal of energy funds raid

By Matt Pilon  
February 13, 2018

the ct mirror



Lawmakers urge reversing clean-energy cuts, but lack budget fix

By Keith Phaneuf  
February 13, 2018

CT NEWS Junkie.com  
BECAUSE YOU NEED IT. BAD.



Lawmakers Express Remorse Over Energy Fund Sweeps

By Christine Stuart  
February 13, 2018

# Governor's Bill No. 9

## Overview



- **Overview** – sets an aggressive pathway towards building a clean energy economy through energy and climate leadership – delivering on GWSA and GC3...zero carbon grid (e.g., EE, RE, etc.), EV's, and RTT's.
  
- **Energy Efficiency** – advancing a number of policies, including:
  - **System Benefit Funds** – transferring 3 mills from C&LMF to CAM to protect from sweeps
  - **Competitive Procurement** – allowing up to 25 MW of EE procurement a year (equivalent to 3 mills)
  - **Electric Efficiency Partner Program** – set aside \$60 million a year on non-EDC administered EE program
  - **Fuel Blind Energy Consumption Target** – established a 1.6 million MMBtu energy consumption reduction target (equal to 30,000 ASHP or 27,000 GSHP per year at 100% of load for residential end-users).

# Governor's Bill No. 9

## Overview (cont'd)



- **Renewable Energy** – advancing a number of policies, including:
  - **Class I RPS** – increasing it to 40% by 2030 with a decrease in the ACP to \$40
  - **Residential Solar PV Expansion** – transition beyond net metering following 300 MW RSIP, towards an additional 400 MW through tariff to ensure sustained orderly development of local solar industry
  - **Commercial and Industrial Expansion** – transition beyond net metering following conclusion of ZREC-LREC to support more “cost effective” tariff-based structure delivering an additional 500-600 MW, including VNM and SCEF as well.
  
- **Connecticut Green Bank** – protecting to accelerate self-sufficiency, including:
  - **Mill Increase** – proposes increasing CEF by an additional mill (i.e., \$27 million per year for 6 years – or \$162 million additional funds)
  - **Sunset** – proposes sunsetting the entire CEF by the end of FY 2025

# Alternative Proposal

## Senior Staff Recommendation



- **No Sunset of System Benefit Fund** – focus on protecting the system benefit funds from being swept;
- **System Benefit Fund Assessment** – require the legislature to conduct an assessment on how any proposed sweeps impact the Connecticut Green Bank, its operations (including bankruptcy, solvency, covenants, etc.), and our bond credit rating; and
- **Non-Impairment** – clarify and strengthen the language on non-impairment in the statute which protects the rights of counterparties engaged in contractual arrangements with the Connecticut Green Bank.

# Draft Policy Language

## System Benefit Fund Assessment



The System Benefit Fund Assessment provision would be new language added to Conn. General Statutes Section 16-245n (the Green Bank's existing enabling legislation), as follows:

(NEW) Subsection (k) to read as follows:

(k) (i) No transfer or withdrawal of funds shall be made from the undesignated funds of the clean energy fund unless and until the legislative committee of cognizance conducts an assessment of the impact of such transfer or withdrawal on the financial stability and sustainability of such funds.

(ii) No transfer or withdrawal of funds shall be made from the undesignated funds of the bank unless and until the legislative committee of cognizance conducts an assessment of the impact of such transfer or withdrawal on the ability of the bank to perform its essential public and governmental function and the bond credit rating of the bank, if applicable.



# Draft Policy Language

## Non-Impairment



The bolstered non-impairment language as provided for in Conn. General Statutes Section 16-245n that will further protect the Green Bank from sweeps is set forth below (new language is underscored):

- (h) (i) The state of Connecticut does hereby pledge to and agree with any person with whom the Connecticut Green Bank may enter into contracts pursuant to the provisions of this section that the state will not limit or alter the rights hereby vested in said bank until such contracts and the obligations thereunder are fully met and performed on the part of said bank, provided nothing herein contained shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with said bank. The pledge provided by this subsection shall be interpreted and applied broadly to effectuate and maintain the bank's financial capacity to perform its essential public and governmental function.
- (ii) The contracts and obligations thereunder of said bank shall be obligatory upon the bank, and the bank may appropriate in each year during the term of such contracts, an amount of money that, together with other funds of the bank available for such purposes, shall be sufficient to pay such contracts and obligations or meet any contractual covenants or warranties, and there shall be included in the charge assessed to each end use customer of electric services, as provided in subsection (b) of this section, an amount that, together with other funds of the bank available for such purposes, shall be sufficient to meet such appropriation.

Board of Directors  
Agenda Item #5  
Adjourn



Board of Directors of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Friday, January 26, 2018  
9:00-11:00 a.m.

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the "Green Bank")** was held on January 26, 2018 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

**1. Call to order**

Commissioner Smith called the meeting to order at 9:02 am. Board members participating: Catherine Smith, Rob Klee, Bettina Bronisz, Eric Brown, John Harrity, Gina McCarthy, Reed Hundt (by phone), Betsy Crum (by phone), Tom Flynn (by phone) and Matt Ranelli (by phone).

Members Absent: Kevin Walsh

Staff Attending: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Kerry O'Neill, Eric Shrago, Cheryl Samuels, Kim Stevenson, Mike Yu (by phone), Ben Healey (by phone) Nicholas Zuba (by phone), Jane Murphy, Catherine Duncan, Alex Kovtunenکو, Anthony Clark, Joe Buonannata, Chris Magalhaes (by phone) and Tyler Magnano.

**2. Public Comments – 5 minutes**

There were no public comments.

**3. Consent Agenda\* – 5 minutes**

**Resolution #1**

Motion to approve the minutes of the Board of Directors Meeting for December 15, 2017. – No discussion. Resolution #1 – John Harrity moves, Gina McCarthy seconds. Unanimous approval.

**4. Incentive Business – RSIP/SHREC**

SHREC Update Bryan Garcia provided an overview of the Sustainability Plan approved by the Board of Directors at the December 15, 2017 meeting. He stressed that as the CGB operationalizes the plan, that the first priority area of focus is the incentive business where it will be necessary to securitize SHRECs in order to assist with the cash flow

management of the organization. Mike Yu provided an overview of the SHREC securitization. Mike Yu continued with a summary of the 2 concurrent RFPs that are open, one that is for underwriters (proposals due February 2<sup>nd</sup>, 2018) and the other for independent engineers (proposals due January 29<sup>th</sup>, 2018). Mike added that CGB has strong proposals coming in from many of the engineers. Mike explained that for internal data management CGB has completed migration of Powerclerk 1 and 2 systems to Solar Anywhere. He added that there would be continued review of the cost model.

Bert Hunter added, this is a big team effort – finance team, Eric Shrago, Brian Farnen, Dale Hedman, George Bellas; CGB has seen great progress made. He explained that there are potential partners with lots of international interest, noting financial institutions from France, Australia, the Netherlands, Korea and Switzerland expected to submit bids and observing that this is evidence that people around the globe are noticing the CGB.

Commissioner Smith questioned the securitization dependent on systems upgrades to make that data available. Eric Shrago confirmed that the green bank is streamlining the data warehouse currently and making progress. Commissioner Smith asked what the timeline for getting securitization in place would be. Bert Hunter explained it would depend on which is better for the green bank to select – a private placement would be faster, but a public markets issuance could stretch the process into August or September. He noted that a bridge facility would be needed if the process isn't concluded until late summer. Commissioner Smith wanted to ensure that all the dependencies are thought through to confirm timing. Bert Hunter responded, absolutely. Bettina Bronisz asked if the CGB is going to be selling Green Bonds. Bert Hunter answered that it depends on applications – and that the potential for a green bond certification is there. To another question from on term, he responded that the maximum term generally would be 15 years, but that for the initial issue since we have less than 15 years to go on the underlying contract with the utilities, the term would be a year or so less. Matt Ranelli asked if there was a SHREC update report. Commissioner Smith responded, no, just the slides. Commissioner Smith added the board will be watching with great interest and expressed thanks to Bert and entire team. Bert Hunter explained that the staff will update Board leadership throughout the process and that updates to the entire board would flow from there.

## 5. Investment Business – Clean Energy Finance

### a. C-PACE Transaction – Middlefield

Bryan Garcia set additional context for the implementation of the Sustainability Plan and discussed the investment business of the CGB which focuses on clean energy finance, with the focus on achieving cash flows from investments that deliver a 5 percent return based on a 10-year maturity term generating revenues to the CGB while lowering operating expenses to break-even point within 4-7 years.

Mackey Dykes presented two C-PACE deals. The first is a 20-year 6.25% solar PV project in Middlefield, CT at Powder Ridge ski lodge. Mackey explained that there are non-standard issues with the project, specifically the size makes it a bit riskier (just under 1 MW). Mackey added that the project scaled back, almost in half, and that although this is a new business

Connecticut Green Bank, Draft Minutes, 01/26/18  
Subject to changes and deletions

(purchased in 2013) staff had obtained a guarantee from parent company (Brownstone), who has been in business much longer and has a very successful recreation business. Mackey clarified that this special use of the property (skiing and recreation) could be an issue if foreclosed.

John Harrity questioned how the new tariff on solar panels would impact this. Mackey Dykes explained that CGB believes the contractor has secured all the equipment but will investigate and report back. Commissioner Smith asked Mackey what he thought about the issue generally. Bryan Garcia explained that on the residential side CGB asked Solar CT about the tariff and they thought minimal change on the residential solar side would be seen (i.e., about \$0.10-\$0.15 per installed watt), and that we would see a bigger impact on C&I and utility scale. Dale added that many American solar companies expected this tariff and were able factor it into pricing already. Mackey Dykes confirmed that there was more worry on the C&I side because of the reduction of tax rate and expiration of ZREC.

Matt Ranelli questioned if this would be positive cash flows every year and Mackey confirmed this. Commissioner Smith asked if there was a loan loss reserve. Bert Hunter said there indeed was, meaning that the Green Bank establishes a provision for loan loss against all of our investments.

Mackey Dykes proposed an edit to the resolution, stating that typically there is a 120-day cap on approval; and he wanted to ask for 180 days because there is an SBA loan and needed to obtain consent for it, which would be the first time doing that. Mackey Dykes then thanked the team, acknowledged that they have been working on this project for 2 years. Gina McCarthy noted that investing in clean energy that produces snow for ski resorts given the state of climate change in New England was something to be conscious of. Commissioner Smith noted that the business on the property also includes year-round outdoor activity but noted that Gina McCarthy's point was an important one to raise to the staff.

Commissioner Klee moves, John Harrity seconds. Unanimous approval

Mackey presented a second CPACE transaction, for 6 Shaws Cove in New London.

Matt Ranelli said that there are a few years of a small amount of negative cash flow. He questioned if CGB should offer projects to sculpt the PACE payment to have all positive years. Mackey responded that the team didn't do it on this one, but we can go back to the property owner - if they are interested. Mackey and Matt agreed that on a go-forward basis, CGB will investigate this question. Commissioner Klee moves and John Harrity seconded.

Anthony Clark discussed C-PACE New Construction Guidelines. He explained that many might recall that CGB was able to pass C-PACE legislation last session that allows for new construction projects to be allowed access to the C-PACE benefit assessment. He continued, the CGB is proposing to draft guidelines that will need to go through public comment through the Connecticut Law Journal. He added that CGB has several projects in the pipeline that want

to use C-PACE financing that we are looking to close in the spring.

Anthony Clark proposed a 2-year pilot to evolve CPACE, regarding the new construction guidelines. Anthony stated that CT benefits from being able to follow the lead of other states who already have this. Anthony encouraged not waiting on a retrofit opportunity, but rather getting the property better from the start; he confirmed that there are already a few potential projects in the pipeline and that pilot methodology is not the standard SIR calculation. Anthony clarified that maximum CPACE financing allowed is \$1.5M.

Matt Ranelli asked if Anthony Clark looked at the state high performance building code. Matt recommended modeling software and questioned why we are only looking for 10% better than baseline. Anthony responded, that he did speak with DEEP about the software and that there are 4-5 software options recognized as valid in the space. Anthony explained that using a percentage above code gets very challenging as codes change. Commissioner Klee added that he felt this is very interesting and exciting. Commissioner Klee asked if the green bank has broad enough authority under CPACE statute to do this and questioned for new construction, if there is an evaluated the risk pool. Brian Farnen explained the Green Bank received greater clarity last legislative session that CGB does have authority to do new construction.

Commissioner Smith asked if this is more like a traditional bank, pay as you go rather than all upfront financing and underwriting guidelines. Anthony Clark responded that that was correct, and it would require a 30-day public review period for the change. Mackey Dykes added that this is our administrator hat; where we are providing more technical framework and that this would open opportunity for the green bank to do new construction through CPACE lending. Anthony responded that it is an exciting new market opportunity. Gina McCarthy asked about portfolio managers and encouraged the movement of models and standards forward. Anthony Clark expressed that it is a good thing to look at during the 2-year pilot. John Harrity and Betsy Crum add support for the pilot; Betsy added that she's been looking forward to this opportunity for some time. Matt Ranelli responded that he thinks the goal should be above 10%. Anthony Clark explained that the green bank is already seeing that the initial interest might be over 10%; following the lead of other states with the 10%. Commissioner Smith explained that she is cognizant of the risk and is excited. Commissioner Klee moves and John Harrity seconded. Unanimous approval.

Bert Hunter introduced the next matter before the Board, stating that the project, a fuel cell in Danbury, was previously approved by the Board, but noted that as Chris Magalhaes will explain, staff needs additional time to finalize the financing and that due to the budget sweep of Green Bank funds, staff has been working with another investor to share the funding for the transaction. Chris Magalhaes discussed the 3.7 MW fuel cell located at 64 Triangle Street, Danbury, CT. Chris explained that this is a \$14 million project that would be manufactured, owned, operated, and maintained by FCE. Chris added that this would create 30 direct/indirect local jobs, with an expected \$700,000 system sales tax revenue to the state, and up to 1 million dollars in property tax revenue over 20 years to the city of Danbury. Chris continued that this project involves a high efficiency fuel cell that can achieve up to 60% electric power generation system efficiency (compared with 47% in previous configurations).

Chris Magalhaes discussed the financial summary for the Triangle Street Credit Facility. Chris explained that as our funding will go in after completion of the project, there would be no construction risk, there would be unconditional FCE payment and performance guaranty, and

first priority perfected lien on all property assets and cash flows. He added that there would be \$3 million cash collateral available in year 8+ from the Bridgeport fuel cell project, as well as 6.50% expected interest rate with a 1.00% minimum interest rate. Chris clarified that this would be a 20-year term (fully amortizing at 1%) and bullet repayment for all principal outstanding and accrued, but unpaid interest.

Chris discussed the updated approval requests for the Triangle Street Credit Facility. He explained that as Bert Hunter had mentioned, staff is looking for approval of an updated term sheet, which was executed by FCE staff on April 27, 2017 and inclusive of key changes such as using swept cash to pay down principal outstanding immediately (per guidance from the Board). Chris continued that staff is also looking for an extension of the deadline for advance date. The extension would be from December 31, 2017 to May 1, 2018. Chris explained the benefits of extended advance date include more performance data for green bank review and consideration of FCE project development timeline. Chris added that CGB is looking for the ability to sell a portion of credit facility to 3<sup>rd</sup> party investor(s). Chris explained this would provide flexibility for opportunistic asset sale and value realization and allows the ability of CGB to provide guaranty for portion sold in exchange for additional consideration(s).

John Harrity responded that he is very happy to see a CT manufactured product used in this way. John Harrity moves, Eric Brown seconds. Unanimous approval

### **Resolution #2**

**WHEREAS**, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the Connecticut Green Bank (Green Bank) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

**WHEREAS**, the Green Bank Board of Directors (the "Board") has approved a \$40,000,000 C-PACE construction and term loan program; and

**WHEREAS**, the Green Bank seeks to provide a **\$2,006,822** construction and (potentially) term loan under the C-PACE program to Powder Ridge Mountain and Resort LLC, the building owner of 99 Powder Hill Road, Middlefield, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

**WHEREAS**, the Green Bank may also provide a short-term unsecured loan (the "Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the C-PACE authorizing statute, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the

Board dated January 19, 2018, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board of Directors;

**RESOLVED**, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

**RESOLVED**, that the proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

b. C-PACE Transaction – New London

**Resolution #3**

**WHEREAS**, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the Connecticut Green Bank (Green Bank) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

**WHEREAS**, the Green Bank Board of Directors (the "Board") has approved a \$40,000,000 C-PACE construction and term loan program;

**WHEREAS**, the Green Bank seeks to provide a \$1,307,882 construction and (potentially) term loan under the C-PACE program to 6 Shaw's Cove, LLC., the building owner of 6 Shaw's Cove, New London, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

**WHEREAS**, the Green Bank may also provide a short-term unsecured loan (the "Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the C-PACE authorizing statute, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated January 23, 2018, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board of Directors;

**RESOLVED**, that before executing the Loan, the President of the Green Bank



and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

**RESOLVED**, that the proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

c. C-PACE – Proposed Guidelines for New Construction

**Resolution #4**

**WHEREAS**, Conn. Gen. Stat. Section 16a-40g (the “Authorizing Statute”) authorizes what has come to be known as the Commercial Property Assessed Clean Energy Program (“C-PACE”), the Authorizing Statute designates the Connecticut Green Bank (“CGB”) as the state-wide administrator of the program; and

**WHEREAS**, the Authorizing Statute charges CGB to develop program guidelines governing the terms and conditions under which state and third-party financing may be made available to C-PACE.

**NOW**, therefore be it:

**RESOLVED**, the CGB Board of Directors (the “Board”) approves the proposed New Construction Pilot, substantially in the form of attached to that certain memo to the Board dated January 19, 2018.

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned New Construction Pilot.

d. Fuel Cell Energy – Triangle Project – Danbury

**Resolution #6**

**WHEREAS**, FuelCell Energy, Inc., of Danbury, Connecticut (“FCE”) has used previously committed funding (the “Bridgeport Loan”) from Green Bank to successfully develop a 15 megawatt fuel cell facility in Bridgeport, Connecticut (the “Bridgeport Project”), and FCE has operated and maintained the Bridgeport Project without material incident, is current on payments under the Bridgeport Loan, and has requested financing support from the Green Bank to develop a 3.7 megawatt high efficiency fuel cell project in Danbury, Connecticut (the “Project”);

**WHEREAS**, staff has considered the merits of the Project and the ability of FCE to construct, operate and maintain the facility, support the obligations under the Loan throughout its 20 year life, and as set forth in the due diligence memorandum dated March 10, 2017, has recommended this support be in the form of a term loan not to

exceed \$5,000,000, secured by all project assets, contracts and revenues as well as an unconditional performance and payment guarantee of FCE (the "Term Loan");

**WHEREAS**, the Green Bank Board of Directors ("Board") has approved the Term Loan, as recommended and requested in the due diligence memorandum dated March 10, 2017;

**WHEREAS**, staff has set forth in the project qualification memo dated January 26, 2018 requests for the Board to approve updates to the previously-approved Term Sheet, a new deadline for advance of May 1, 2018, and the ability to sell off all, or a portion, of the Term Loan to 3rd party investors and the ability to guaranty all (for a fee or additional consideration), or a portion, of the amount of the Term Loan sold subject to subsequent Board approval on the terms and conditions thereof.

**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Board of Directors hereby approves the updated Term Sheet, the new deadline for advance of May 1, 2018, the ability to sell and guaranty portions of the Term Loan to 3rd party investors; and

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer is authorized to take appropriate actions to make the Term Loan to FCE (or a special purpose entity wholly-owned by FCE) in an amount not to exceed \$5,000,000 with terms and conditions consistent with the memorandum submitted to the Board dated January 26, 2017, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors; and

**RESOLVED**, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned Term Loan.

6. Non-Profit Organization – Underserved Markets –
  - a. Non-Profit Organization – Discussion

Bryan Garcia introduced the last piece of the Sustainability Plan, to work with partners to establish a non-profit organization that would provide support for underserved markets (e.g., low to moderate income households) and unconventional credits (e.g., non-profits).

Kerry O'Neill provided an overview of the various issues raised by the members of the BOD over the past 6 months and discussed the pathway forward for the creation of a non-profit organization. Kerry explained that this entity will help CGB lower its operating expenses while also providing the CGB with greater flexibility to access private investment to help increase impact in Connecticut indirectly through a private non-profit.

Brian Farnen clarified that this is not a subsidiary and that CGB is working through ethic's requirements, governance process, bylaws and operating procedures of the Green Bank to enable the transition of existing employees to a non-profit. Brian explained CGB will also work

through this with the office of state ethics to seek out a formal opinion approving of the proposed structure. He added that no matter what is done, we want to ensure we're adhering to both the letter and spirit of the law from an ethics and legal perspective. George Bellas explained the intent is to not have non-profit involved in the audited financials of the Green Bank. Brian Farnen added there is the potential for third party capital money coming into the non-profit in certain ways that would not occur within the Green Bank due to the sweeps of ratepayer funds. Bettina Bronisz had a question about the language talking about current employees when the resolution says former. Brian Farnen clarified that these employees are current now but would be former when transitioned to this non-profit.

Commissioner Smith asked if there is anything in our statute that prevents CGB from giving ratepayer dollars to other entities. Brian Farnen explained that the language says our funds need to be used for clean energy financing within the state of CT only. Commissioner Klee clarified that the DEEP \$5M funds are not ratepayer and are from utility mergers and RGGI administrator funds to be used for clean energy in CT. Reed Hundt asked if it was important that the non-profit is independent and wanted to know what would make it independent. Kerry O'Neill explained that independence is important and that it would be a 501c3, filed as its own legal organization. Reed asked if there would be overlapping board membership. Brian Farnen explained there needs to be a review here to ensure overlapping Board governance does not cause the non-profit to roll up into the Green Bank's financials. Reed Hundt asked what the governance of the non-profit would be and wondered who the CEO and Chair would be. Brian Farnen explained that is to be determined and will need to be presented to the Board as part of a business plan for the proposed structure. Reed added that he is not comfortable giving the President of the Green Bank the authority to establish the entity. Reed explained he felt the question of independence really needs to be answered. Gina McCarthy responded that she felt this is a very transparent decision and we will be very transparent on how to carry it out. Gina explained she wanted to make sure we accomplish what we want with this and doing it legally.

Commissioner Smith clarified that the CGB BOD approval isn't needed for CGB to go to the Office of State Ethics. Reed questioned if everyone in CT knows this is happening. Bryan Garcia responded that CGB staff have had many conversations with the legislators since the sweeps and following on from the Sustainability Plan approved by the board in December. He also noted that there have been many articles in the press, including in Hartford Business Journal and the CT Mirror following the last meeting that have highlighted specifically the CGB's efforts to work with partners establish a non-profit organization. Bryan Garcia referenced the creation of Smart Power by Connecticut Innovations (administrator of the Clean Energy Fund before the CGB) in partnership with several private foundations in 2001 as an example of how there is a history of this being done. Bettina Bronisz questioned if the staff are identified and named. Bryan Garcia explained CGB did communicate to staff of the updates on non-profit.

Eric Brown said he felt strongly that this is a very critical year for the Green Bank and offered to meet with the team that deals with government and public relations. He added we cannot underestimate allowing that cynicism doesn't rule the day. Matt Ranelli suggested to look at legal, ethical opinions. Commissioner Smith motioned to move forward without any resolution today.

## 7. Other Business

a. Eric and sector heads: Budget & Operations Committee

Eric Shrago provided an overview of what was discussed in the Budget and Operations Committee. Eric discussed progress to date on our FY 2018 targets (i.e., we are ahead of target), and proposed only slight changes (e.g., cancellation of AD investment target) to the targets based on the revised FY 2018 budget approved at the December BOD meeting.

Dale Hedman added that CGB had suspended anaerobic digestion projects indefinitely. Regarding RSIP Dale said, third-party and Smart-E EPBB RSIP has driven EPBB project higher than expected for the 1<sup>st</sup> two fiscal quarters.

Kerry O'Neill discussed the success of the Smart-E 0.99% offer and how it has engaged with lots of new contractors. Kerry explained that moving forward the focus is to now retain the contractors. She added that PosiGen is seeing approximately 60 projects a month and CGB had to eliminate marketing and outreach support for that program due to budget cuts. Multifamily trend is fewer projects but much higher project size. Kerry clarified that this is not Green Bank capital, and this is MacArthur and Capital for Change money. The program is seeing more corporate portfolios in the market. Kerry thanked Ms. Crum for facilitating a training with the CT Housing Coalition – a green building training for multifamily.

Mackey Dykes discussed the comprehensive plan for the Commercial, Industrial and Institutional sector. Mackey explained that CPACE and Commercial Lease doing well, and that the impact of budget cuts won't be seen this year due to CPACE development timelines. He added that SBEA missed implementation target but work with utilities continue.

Commissioner Klee explained that this will be the last 6-month sector check in before the effects of the budget are more visible on targets. John Harrity moves, Commissioner Klee seconds. Unanimous approval on targets.

**Resolution #8**

WHEREAS, the Connecticut Green Bank Staff has assessed program and product performance through the second quarter of the fiscal year 2018,

WHEREAS, the Connecticut Green Bank Board of Directors Budget and Operations Committee has discussed and reviewed these new targets,

RESOLVED, the Connecticut Green Bank Board of Directors approves the fiscal year 2018 target adjustments outlined above.

8. Adjourn

Upon a motion made by Commissioner Klee and seconded by Bettina Bronisz, the meeting was adjourned at 11:02 am.

\*Denotes item requiring Board action

Next Regular Meeting: Friday, April 27, 2018 from 9:00-11:00 a.m.  
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

Respectfully Submitted,

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Catherine Smith, Chairperson

DRAFT



# Memo

**To:** Connecticut Green Bank (the “Green Bank”) Board of Directors  
**From:** George Bellas  
**CC:** Bryan Garcia, Eric Shrago  
**Date:** February 13, 2018  
**Re:** Updated cash flow projections for Investment and Incentive business segments as of January 31, 2018

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I am enclosing updated cash flow projection worksheets for the Investment and Incentive business segments of the Green Bank using the cash flow models presented to the Board at the December 2017 meeting. I have expanded the current fiscal year presentation to track cash flows by month. I will expand fiscal year 2019 budget by month with next month’s distribution. The fiscal year 2018 monthly presentation includes actual as well as projected data.

I will update the model after the close of each month and forward the Board updated schedules.

In summary:

Cash Balances as of January 31, 2018:

Unrestricted cash:		\$	12,890,952
Restricted cash:			
Federal ARRA funds	\$	4,861,102	
Proceeds from CSCU CREBs	\$	9,102,078	
SCRf for CSCU CREBs	\$	961,960	
Contingency & Reserves for Meriden CREBs	\$	363,374	
Restricted for Loan Guarantees	\$	1,294,663	
Energy on the Line	\$	714,881	
Smart E LLR	\$	2,788,084	
Health & Safety Revolving Loan Fund	\$	1,500,000	
		\$	21,586,141
Total cash on hand :		\$	34,477,093

## Attachments

- Attachment A – Incentive Business
- Attachment B – Investment Business
- Attachment C – Investment Pipeline

# ATTACHMENT A: Incentive Business

## Cash Flow Projections Monthly through FY 2018 and Annually for FY 2019

	By Month									Summary	
	Actual Nov-17	Actual Dec-17	Actual Jan-18	Projected Feb-18	Projected Mar-18	Projected Apr-18	Projected May-18	Projected Jun-18	Projected Jul-18	Nov 2017 to June 2018	July 2018 to June 2019
<b>1. Cash On Hand</b>											
[Beginning of month]	\$ -	\$ (770.5)	\$ (1,916.9)	\$ (2,600.8)	\$ (3,261.7)	\$ (4,754.2)	\$ (6,177.7)	\$ (6,290.3)		\$ -	\$ 152.9
<b>2. Cash Receipts</b>											
REC Sales - Non-SHREC	-	135.0	-	-	-	-	292.2	-		\$ 427.2	\$ 839.0
REC Sales - SHREC (not securitized)	597.0	-	148.9	762.6	-	-	1,018.6	-		\$ 2,527.0	
SHREC Securitization "release"	-	-	-	-	-	-	-	18,000.0		\$ 18,000.0	\$ 15,000.0
SBC for Non-SHREC PBIs net of REC	-	-	-	-	-	-	-	3,369.0		\$ 3,369.0	\$ 3,523.3
<b>3. Total Cash Receipts</b>	<b>597.0</b>	<b>135.0</b>	<b>148.9</b>	<b>762.6</b>	<b>-</b>	<b>-</b>	<b>1,310.8</b>	<b>21,369.0</b>		<b>\$ 24,323.3</b>	<b>\$ 19,362.3</b>
<b>4. Total Cash Available</b>	<b>597.0</b>	<b>(635.5)</b>	<b>(1,768.0)</b>	<b>(1,838.3)</b>	<b>(3,261.7)</b>	<b>(4,754.2)</b>	<b>(4,866.8)</b>	<b>15,078.7</b>		<b>\$ 24,323.3</b>	<b>\$ 19,515.2</b>
<b>5. Cash Paid Out</b>											
Compensation and Benefits	2 % inflation	125.6	123.7	119.6	138.0	207.0	138.0	138.0	140.5	\$ 1,130.3	\$ 1,563.2
Interest											
Other administrative expenses	2 % inflation	52.5	41.7	10.0	54.6	54.6	54.6	54.6	54.7	\$ 377.3	\$ 2,132.9
Total Administrative Expenses		178.1	165.4	129.6	192.6	261.6	192.6	192.6	195.2	\$ 1,507.7	\$ 3,696.2
Financial Incentives PBI SHREC (40%)		399.0	277.5	197.2	305.5	305.5	305.5	305.5	305.5	\$ 2,401.4	\$ 4,362.3
Financial Incentives PBI NON SHREC (60%)		598.5	416.2	295.8	497.2	497.2	497.2	497.2	497.0	\$ 3,796.3	\$ 4,362.3
Financial Incentives EPBB		191.9	422.2	210.2	428.2	428.2	428.2	428.2	428.1	\$ 2,965.0	\$ 5,039.9
Total Incentives		1,189.4	1,115.9	703.2	1,230.9	1,230.9	1,230.9	1,230.9	1,230.6	\$ 9,162.7	\$ 13,764.5
Subtotal		1,367.5	1,281.3	832.8	1,423.5	1,492.5	1,423.5	1,423.5	1,425.8	\$ 10,670.3	\$ 17,460.7
Reimburse CORE for RSIP expenses paid		-	-	-	-	-	-	-	13,500.0	\$ 13,500.0	\$ 2,000.0
<b>6. Total Cash Paid Out</b>		<b>1,367.5</b>	<b>1,281.3</b>	<b>832.8</b>	<b>1,423.5</b>	<b>1,492.5</b>	<b>1,423.5</b>	<b>1,423.5</b>	<b>14,925.8</b>	<b>\$ 24,170.3</b>	<b>\$ 19,460.7</b>
<b>7. Net Cash Position</b>		<b>(770.5)</b>	<b>(1,916.9)</b>	<b>(2,600.8)</b>	<b>(3,261.7)</b>	<b>(4,754.2)</b>	<b>(6,177.7)</b>	<b>(6,290.3)</b>	<b>152.9</b>	<b>\$ 152.9</b>	<b>\$ 54.6</b>

# ATTACHMENT B: Investment Business

## Cash Flow Projections Monthly through FY 2018 and Annually for FY 2019

Personnel Related Operating Expense Reductions from Non-Profit \$ 1,150

Projection Assumptions	By Month									Summary		
	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Nov 2017 to	July 2018 to	
	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jun 2018	Jun 2019		
<b>1. Cash On Hand</b>												
[Beginning of month]	\$13,450.0	\$15,541.8	\$14,262.4	\$15,491.7	\$16,159.5	\$16,150.0	\$15,372.2	\$15,948.5	\$13,450.0	\$11,641.9		
<b>2. Cash Receipts</b>												
Receipts based on investments thru FY18	0.10%	243.4	231.3	575.7	347.9	347.9	347.9	347.9	347.7	2,789.7	\$ 5,226.0	
RGGI Proceeds and ACP payments		1,276.8	-	-	-	-	-	-	-	1,276.8		
Receipts (P&I) on investments made in FY19 and forward	5.00%											
Payment Amortization (Years)	10.00%											
SBC, net of sweep		2,058.8	1,947.6	2,133.6	2,334.4	2,099.5	2,057.5	2,011.5	(12,327.1)	2,315.8	12,300.0	
Growth rate for SBC	0.00%											
Repayment of WC Loan Advances		-	235.1	-	-	-	-	2,900.0	-	3,135.1	-	
Kresge Loan		-	-	-	-	-	-	-	-	-	3,000.0	
DEEP Grant for Low Income and Multifamily		-	-	-	5,000.0	-	-	-	-	5,000.0	-	
Repayment of RSIP expenses paid by CORE		-	-	-	-	-	-	-	13,500.0	13,500.0	2,000.0	
<b>3. Total Cash Receipts</b>		\$ 3,579.0	\$ 2,414.0	\$ 2,709.3	\$ 7,682.3	\$ 2,447.4	\$ 2,405.4	\$ 5,259.4	\$ 1,520.6	\$ 28,017.4	\$ 22,526.0	
<b>4. Total Cash Available</b>		\$ 0.00	\$ 17,029.0	\$ 17,955.8	\$ 16,971.8	\$ 23,174.0	\$ 18,606.9	\$ 18,555.4	\$ 20,631.6	\$ 17,469.1	\$ 41,467.4	\$ 34,167.9
<b>5. Cash Paid Out</b>												
Compensation and Benefits	2.00%	570.2	571.3	584.6	547.1	820.7	547.1	547.1	550.2	4,738.4	\$ 5,463.4	
Interest Expense												
Other administrative expenses	2.00%	480.2	555.1	510.8	636.1	636.1	636.1	636.0	636.0	4,726.4	\$ 5,257.0	
Financial Incentives - non RSIP		-	-	-	-	-	-	-	265.0	265.0		
Investments per Year	\$ 8,000.00	345.4	476.2	368.8	831.3	1,000.0	2,000.0	3,500.0	5,500.0	14,021.7	\$ 11,000.0	
Sale of CPACE Portfolio to Hannon		-	-	-	-	-	-	-	(4,493.0)	(4,493.0)		
Grants to Non-Profit (Transfer from DEEP)		-	-	-	5,000.0	-	-	-	-	5,000.0		
Investments vis a vis Affiliate		-	-	-	-	-	-	-	-	-		
CGB/Affiliate PSA for services											\$ 1,150.0	
Subtotal		\$ 1,395.8	\$ 1,602.6	\$ 1,464.2	\$ 7,014.5	\$ 2,456.8	\$ 3,183.2	\$ 4,683.1	\$ 2,458.2	\$ 24,258.5	\$ 22,870.4	
Loan Principal Payment (Kresge)												
Capital Purchases												
Payment of Meriden Hydro CREBS P & I		64.0	-	-	-	-	-	-	-	64.0	-	
WC advance to CGB Meriden Hydro		27.4	14.0	15.9	-	-	-	-	-	57.3	-	
Transfer to Restricted Cash - SCRF for CSCU CREBS		-	962.2	-	-	-	-	-	-	962.2	-	
Transfer to Restricted Cash - Smart E LLR		-	1,114.5	-	-	-	-	-	-	1,114.5	-	
SBC for Non-SHREC PBLs net of REC recovery		-	-	-	-	-	-	-	3,369.0	3,369.0	3,523.3	
<b>6. Total Cash Paid Out</b>		\$ 1,487.2	\$ 3,693.3	\$ 1,480.1	\$ 7,014.5	\$ 2,456.8	\$ 3,183.2	\$ 4,683.1	\$ 5,827.2	\$ 29,825.5	\$ 26,393.7	
<b>7. Cash Position</b>		\$ 15,541.8	\$ 14,262.4	\$ 15,491.7	\$ 16,159.5	\$ 16,150.0	\$ 15,372.2	\$ 15,948.5	\$ 11,641.9	\$ 11,641.9	\$ 7,774.2	
Required \$4 million cash												
<b>CORE BUSINESS NET</b>		(\$807.0)	(\$895.1)	(\$519.7)	(\$835.3)	(\$1,108.9)	(\$835.3)	(\$835.2)	(\$838.5)	(\$6,675.1)	\$ (6,644.4)	



# ATTACHMENT C: Investment Pipeline

INVESTMENTS	Nov 2017 to 6/30/2018 Adjusted	Funding by Others	Net CGB Cash Requirement	Funded through January 2018	Remaining Funding	Portfolio Sales	Notes/Adjustments
<b>Program Loan Advances</b>	(24,021,683)	10,000,000	(14,021,683)	1,090,734	(12,930,949)	4,492,999	
<b>S&amp;I Programs</b>							
<b>CHP</b>							
Bridgeport Microgrid LLC- Bridgeport Town Hall	(6,537)	-	(6,537)	6,537	-		
<b>CI&amp;I Loan Programs</b>							
<b><u>CPACE Benefit Assessment Loan Portfolio - Closed Loans</u></b>	(1,472,999)		(1,472,999)	1,032,545	(440,454)	1,492,999	Sale to Hannon
<b><u>CPACE Benefit Assessment Loan Portfolio - Pipeline</u></b>	(4,981,422)		(4,981,422)		(4,981,422)	3,000,000	Sale to Hannon
<b><u>ESA &amp; CI&amp;I Pilot Programs - Non State LBE projects</u></b>	(250,000)	-	(250,000)		(250,000)		
<b><u>CGB SBEA LLC</u></b>							
Working Capital Loan	(500,000)	500,000	-				Assume funded 100% by Webster Bank
Subordinated Debt	(3,000,000)	3,000,000	-				Assume funded 100% by Webster Bank
<b><u>Multifamily Programs:</u></b>							
Predevelopment loan advances Navigator & Sherpa	(310,725)	-	(310,725)	51,652	(259,073)		
Catalyst Fund (preliminary from Kim S. - \$2MM)	(2,000,000)	2,000,000	-				Possibly funded \$2.5 mm with DEEP funds
<b><u>Residential Programs:</u></b>							
Posigen - 2nd Term Loan	(1,500,000)	-	(1,500,000)		(1,500,000)		
Posigen - 3rd Term Loan	(5,000,000)	2,500,000	(2,500,000)		(2,500,000)		Possibly funded \$2.5 mm with DEEP funds
<b><u>Clean Energy Financing Programs:</u></b>							
FCE/Triangle St., Danbury, CT	(5,000,000)	2,000,000	(3,000,000)		(3,000,000)		Possibly funded \$2.0 mm with co-lender



# Memo

**To:** Connecticut Green Bank Board of Directors (the “Board”)  
**From:** Bryan Garcia (President and CEO)  
**CC:** Senior Staff  
**Date:** February 13, 2018  
**Re:** Governor’s Bill No. 9 – Alternative Proposal

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On February 8, as part of a package of legislation to implement Governor Malloy’s budget recommendations, Senators Looney and Duff and Representatives Aresimowicz and Ritter introduced Governor’s Bill No. 9, An Act Concerning Connecticut’s Energy Future (“Bill No. 9”). Bill No. 9 proposes significant changes to energy policy in addition to those introduced under Governor’s Bill No. 7: An Act Concerning Climate Change Planning and Resiliency. Among other policy changes, Bill No. 9 would increase the system benefit charge to all end use customers in Connecticut for the Clean Energy Fund from one mill per kilowatt hour to two mills commencing with FY2020 (i.e., from and after July 1, 2019). At the same time, Bill No. 9, as introduced, would sunset all system benefit charges for the Clean Energy Fund at the end of FY2025. Such a change in energy policy would have significant implications for the Connecticut Green Bank (Green Bank).

The purpose of this memo is to provide context and understanding for the Governor’s proposals under Bill No. 9, particularly their potential impact on the Green Bank and its ability to accomplish its Comprehensive Plan in support of Connecticut’s energy and environmental policy goals. Moreover, the memo will introduce, in response to Bill No. 9, an alternative proposal from Senior Staff for consideration by the Board during its Special Meeting to be held at 5:00 p.m. this Thursday, February 15.

## **Background**

As noted by the Commission on Fiscal Stability and Economic Growth,<sup>1</sup> the State of Connecticut has significant long-term liabilities that will present challenges for state budgets for years to come. As fixed expenditures grow and accelerate – including pensions, retiree healthcare, and debt service – fixed costs now represent 52 percent of total General Fund expenditures of \$18.72 billion in FY 2018. The state’s fiscal challenges are being exacerbated and will be a long-term problem for the Green Bank.

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<sup>1</sup> PA 17-2 Sec. 250. Sec. 250. (Effective from passage) (a) There is established a Commission on Fiscal Stability and Economic Growth which shall develop and recommend policies to achieve state government fiscal stability and promote economic growth and competitiveness within the state. The commission shall study and make recommendations regarding state revenues, tax structures, spending, debt, administrative and organizational actions and related activities, including relevant municipal activities, to (1) achieve consistently balanced and timely budgets that are supportive of the interests of families and businesses and the revitalization of major cities within the state, and (2) materially improve the attractiveness of the state for existing and future businesses and residents.

### *System Benefit Funds and RGGI Allowance Proceeds*

This budget climate will continue to put pressure on the executive and legislative branches to find resources, specifically as it applies to the Conservation and Load Management Fund (C&LMF), Clean Energy Fund (CEF), and Regional Greenhouse Gas Initiative (RGGI) allowance proceeds. The two system benefit funds (i.e., C&LMF and CEF) have a consistent history of sweeps since electric deregulation began in the early 2000's.

The following is a breakdown of these three funds:

- **C&LMF** – 3 mill surcharge (\$0.003/kWh) on electric ratepayer bills that generates approximately \$81 million a year for energy efficiency incentives, in addition to up to a 3 mill Conservation Adjustment Mechanism (CAM) for an additional \$81 million, for a total of \$162 million, that are administered by the electric distribution companies (EDC) (i.e., Eversource Energy and Avangrid).<sup>2</sup>
- **CEF** – 1 mill surcharge (\$0.001/kWh) on electric ratepayer bills that generates approximately \$27 million a year for clean energy financing programs, administered by the Connecticut Green Bank.
- **RGGI** – proceeds available from a regional cap-and-trade program designed to reduce greenhouse gas emissions from stationary sources, of which the EDC's receive 70 percent, Connecticut Green Bank 23 percent, and DEEP 7 percent of the allowance proceeds.

### *Sweeps to the General Fund*

Last October, a veto-proof bipartisan budget was approved and included the following sweeps:

- **C&LMF** – \$62.5 million each year for FY 2018 and FY 2019 for a total of \$125 million – 39 percent of the C&LMF and CAM.
- **CEF** – \$14 million each year for FY 2018 and FY 2019 for a total of \$28 million – 52 percent of the CEF.
- **RGGI** – \$10 million each year for FY 2018 and FY 2019, of which the Green Bank receives 23%, or \$2.3 million each year for a total of \$4.6 million from allowance proceeds.

Taken together, the sweeps resulted in a 56% decrease of funds for the Green Bank and a 26% drop for funds for programs run by the utilities from all public sources (system benefit charge, RGGI, CAM and NE-ISO funds).

The Green Bank has had to adjust to these sweeps, with the recent restructuring plan approved by the Board on December 15, 2017 which focuses on sustainability and getting to operational breakeven in 4 to 7 years.

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## **Governor Malloy Proposed FY 2019 Budget and Proposed Energy Policy**

Most recently, in his proposed FY 2019 budget issued on February 5, 2018, the Governor proposes to restore the CEF (i.e., \$14 million) and RGGI (i.e., \$10 million). We presume that given the size of

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<sup>2</sup> Note – this does not include additional funds for natural gas conservation programs that would bring funds administered by the EDC's to approximately \$260 million a year (see Appendix 1).

the C&LMF sweeps of \$62.5 million in FY 2019, and the disproportionate impact on the Green Bank versus the EDCs from the original sweeps, that this was too much of a lift for Governor Malloy to propose – therefore he focused on the CEF and RGGI.

There is further evidence of the Governor’s continued support of these funds – specifically the C&LMF and CEF – in his proposed energy legislation – see attached Governor’s Bill No. 9.

As part of the Governor’s Council on Climate Change (GC3), which includes Commissioner Klee, Commissioner Smith, and myself, the state must focus on decarbonizing the electricity grid in order to achieve its long-term greenhouse gas (GHG) emissions reduction policy target – as outlined in the Global Warming Solutions Act of 2008 – which is 80 percent below 2001 levels by 2050. Key areas of policy focus of the GC3, included energy efficiency and clean energy policies; whose analysis not only demonstrated the ability to achieve the long-term GHG emission reduction policy target, but also improving the state economy, creating jobs, and contributing tax revenues to the state along the way.

### *Energy Efficiency*

Within the Governor’s legislation, he proposes to eliminate the 3 mills within the C&LMF [Lines 455-458] while moving those funds to the CAM – which originally housed 3 mills and would now house 6 mills [Lines 458-465]. Given the structure of the CAM, it would presumably be harder for the legislature to sweep them in the CAM than it had been in the C&LMF.

Further demonstrating his support for energy efficiency, through more competitive means and approaches that facilitate more private investment, the Governor’s bill also proposes:

- **Competitive Procurement** – 25 MW of competitive procurement of energy efficiency [Lines 514-523] – which is equivalent to another 3 mills;
- **Electric Efficiency Partner Program** – supporting the Connecticut electric efficiency partner program at \$60 million per year – approximately 2 mills – for energy efficiency outside of the EDC administered programs.<sup>3</sup>

Between the CAM, the competitive procurement, and partner program policy proposals, energy efficiency would see about 11 mills of support – or about \$300 million annually from electric ratepayers – with about 5 mills of that being through competitive procurements, open markets, and private investment (i.e., outside of programs administered by the EDCs). This demonstrates Governor Malloy’s commitment to energy efficiency.

### *Clean Energy*

Within the Governor’s legislation, he proposes significant clean energy policies, including:

- **Class I RPS Expansion** – a responsible expansion of the Class I RPS from 20 percent by 2020 to 40 percent by 2030 [Lines 77-131], including a reduction of the Alternative Compliance Payment to \$40 [Lines 164-171] – which will alleviate public policy costs on electric ratepayers with the RPS expansion.
- **Residential Solar PV Expansion** – beyond the RSIP policy of 300 MW, the Governor’s policy proposes to grandfather RSIP projects for 20 years under net metering policy, while

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<sup>3</sup> The Connecticut Electric Efficiency Partner program was public policy that was part of PA 07-242 – An Act Concerning Electricity and Energy Efficiency.

putting forth a sustained orderly development transition from net metering to a tariff-based structure at the conclusion of the RSIP for an additional 400 MW of residential solar PV.

- **Commercial and Industrial Expansion** – beyond the ZREC-LREC, VNM, and Shared Clean Energy Facility policies currently being implemented, the Governor’s policy proposes to expand those efforts through a more “cost effective” tariff-based structure that will deliver another 500-600 MW of Class I resources, including fuel cells.
- **Fuel Blind Energy Consumption Target** – one of the largest GHG emission producers in Connecticut is how we heat our buildings, the Governor’s bill puts forth a fuel blind energy consumption reduction target of 1.6 million MMBtu, which will support the market development for renewable heating and cooling technologies – the equivalent of about 30,000 air source heat pumps<sup>4</sup> or 27,000 ground source heat pumps<sup>5</sup> per year at 100 percent load for residential installations.

These are significant policies that seek to expand the competitive markets for clean energy deployment in Connecticut, and if passed would set forth a long-term market signal to developers, investors, and consumers of clean energy.

#### *Connecticut Green Bank*

With regards to the Green Bank, given the continuity of the sweeps and the budget situation, the Governor proposes adding an additional mill to the CEF from FY 2020 through FY 2025 on top of the current mill (i.e., \$324 million total for 2 mills received during this period), while then sunsetting the CEF at the end of 2025 [Lines 554-564]. This proposal, while well intended – to position the Green Bank to be self-sustainable by the end of 2025 – presents risks in light of alternative policy options supported by the entire senior staff of the Green Bank, including myself.

Key among these risks are:

- While the extra mill would provide additional funds for investment which (inclusive of private capital leveraged in at \$8 to \$1) could result in an additional \$1.5 billion of investment and roughly 20,000 direct and induced job-years of employment – given the past history of the legislature to sweep the quasi-publics for funds for budgetary purposes in times of a crisis, the incremental funds are far from assured. So the trade of additional funds with a defined endpoint is potentially a poor value proposition for clean energy investment in the State because it is no way ensured that additional sweeps would not occur before or after the sunset;
- As a result of the current budget sweeps (which at one stage threatened a loss of 100% of CEF funding) the Green Bank has already experienced the loss of a \$10 million funding facility for the benefit of programs for low-to-moderate income families that was in the final steps of documentation. Moreover, one major financial institution which has provided funding to the Green Bank in the past cited the budget sweeps as the key reason for not submitting a proposal for the SHREC and even for a 1 year working capital facility. With a “funding cliff” on the horizon plus the uncertainty of budget sweeps in the intervening years, capital providers and their credit committees will have to ponder additional uncertainty for the Green Bank’s future financial condition; and

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<sup>4</sup> COP 2.5

<sup>5</sup> COP 3.0

- At a time when the clean energy and environmental policy is under attack at the Federal level and the Governor rightly commits to even bolder energy and climate change policy goals, a “sunset” for funding a policy tool that is held up universally as a global model for success in clean energy finance sends the wrong signal at the wrong time and could inject confusion to the discourse of clean energy policy.

### **Alternative Policy Option to Governor’s Proposal**

In consideration of the potential risks noted, senior staff recommends the Board consider the following elements of an alternative proposal to the Governor’s bill in respect of the additional mill and the proposed end of 2025 sunset:

1. **System Benefit Fund Assessment** – require the legislature to conduct an assessment on how any proposed future sweeps impact the system benefit funds, their operations, including bankruptcy, and the state’s bond credit rating; and
2. **Non-Impairment** – clarify and strengthen the language in the Green Bank’s non-impairment statute which protects the rights of counterparties engaging in contractual arrangements with the Green Bank.

The bolstered non-impairment language as provided for in Conn. General Statute 16-245n that will further protect the Connecticut Green Bank from sweeps is set forth below:

(h) The state of Connecticut does hereby pledge to and agree with any person with whom the Connecticut Green Bank may enter into contracts pursuant to the provisions of this section that the state will not limit or alter the rights hereby vested in said bank until such contracts and the obligations thereunder are fully met and performed on the part of said bank, provided nothing herein contained shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with said bank.

The contracts and obligations thereunder of said bank shall be obligatory upon the bank, and the bank may appropriate in each year during the term of such contracts, an amount of money that, together with other funds of the bank available for such purposes, shall be sufficient to pay such contracts and obligations or meet any contractual covenants or warranties, and there shall be included in the charge assessed to each end use customer of electric services, as provided in subsection (b) of this section, an amount that, together with other funds of the bank available for such purposes, shall be sufficient to meet such appropriation. The pledge provided by this subsection shall be interpreted and applied broadly to effectuate and maintain the bank’s financial capacity to perform its essential public and governmental function.

The Green Bank has worked tirelessly and is executing a proactive aggressive outreach and education strategy to defend itself from future raids. In addition to the proposed alternative policy referenced above, the Green Bank is also considering language similar to the ratepayer impact statement legislation enacted as part of Public Act 17-144. This new proposal would provide that no bill without an assessment appended thereto which, if passed, would have a financial impact on the Green Bank’s ability to carry out its functions in accordance with Section 16-245n of the Connecticut General Statutes shall be acted upon by either house of the General Assembly unless said requirement of an assessment is dispensed with by a vote of at least two-thirds of such house.

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## Resolution

**WHEREAS**, on October 31, 2017, a veto-proof bipartisan budget was approved that swept \$173 million of ratepayer and Regional Greenhouse Gas Initiative (RGGI) funds over FY 2018 and FY 2019 to the General Fund, including \$125 million from the Conservation and Load Management Fund (C&LMF), \$28 million from the Clean Energy Fund (CEF), and \$20 million from RGGI;

**WHEREAS**, in response to the sweeps, on December 15, 2017 the Board of Directors of the Connecticut Green Bank approved of a budget mitigation strategy consistent with the Sustainability Pathway Strategy;

**WHEREAS**, on February 5, 2018, Governor Malloy released to the Connecticut General Assembly his proposed budget revisions which included a restoration of the CEF and RGGI for FY 2019;

**WHEREAS**, on February 8, 2018, Governor Malloy released his proposed energy legislation, "An Act Concerning Connecticut's Energy Future," which proposes to increase the CEF to 2 mills with a sunset of the entire CEF by the end of FY 2025; and

**WHEREAS**, on February 15, 2018, the senior staff of the Connecticut Green Bank have brought forth an alternative proposal for the review and guidance by its Board of Directors.

**NOW**, therefore be it:

**RESOLVED**, that the Board of Directors has directed staff of the Connecticut Green Bank to propose an alternative to the Governor's proposed energy legislation that would include the following features:

1. Requiring that the legislature, when considering future sweeps of the system benefit funds, conduct a ratepayer impact statement to assess the implications of sweeps; and
2. Strengthening of the Connecticut Green Bank's non-impairment statute which protects the rights of counterparties engaging in contractual relationships with the Green Bank.

## Appendix 1

### Funding Sources for Utility Conservation and Load Management Plans

(Tables from the 2016-2018 Electric and Natural Gas  
Conservation & Load Management Plan)

Table 1-5: Electric Program Funding Sources\*

	2016 ES CT Electric Revenues	2016 UI Revenues	2016 Combined Total	2017 ES CT Electric Revenues	2017 UI Revenues	2017 Combined Total	2018 ES CT Electric Revenues	2018 UI Revenues	2018 Combined Total
<b>Collections (Mill Rate)</b>	\$66.7	\$15.9	\$82.6	\$66.8	\$15.7	\$82.5	\$65.8	\$15.5	\$81.4
<b>ISO New England</b>	\$9.7	\$2.7	\$12.4	\$20.2	\$5.2	\$25.4	\$20.4	\$4.5	\$24.9
<b>RGGI</b>	\$16.7	\$4.2	\$20.8	\$17.1	\$4.3	\$21.4	\$17.5	\$4.4	\$21.9
<b>CAM (Net of Gross Receipts Tax)</b>	\$62.0	\$14.8	\$76.9	\$62.1	\$14.6	\$76.7	\$61.2	\$14.5	\$75.7
<b>TOTAL (Energy Efficiency Revenues)</b>	<b>\$155.1</b>	<b>\$37.6</b>	<b>\$192.7</b>	<b>\$166.2</b>	<b>\$39.8</b>	<b>\$206.0</b>	<b>\$164.9</b>	<b>\$39.0</b>	<b>\$203.9</b>

\* In millions.

Table 1-6: Natural Gas Program Funding Sources\*

<b>Natural Gas Energy Efficiency Revenues</b>	<b>2016 Conservation Adjustment Mechanism</b>	<b>2017 Conservation Adjustment Mechanism</b>	<b>2018 Conservation Adjustment Mechanism</b>
<b>Eversource CT Gas Revenues</b>	\$20.4	\$24.2	\$26.9
<b>Connecticut Natural Gas Revenues</b>	\$15.9	\$16.6	\$17.3
<b>Southern Connecticut Gas Revenues</b>	\$11.4	\$14.1	\$14.7
<b>Total Energy- Efficiency Revenues</b>	<b>\$47.7</b>	<b>\$54.9</b>	<b>\$59.0</b>

\* In millions.





General Assembly

February Session, 2018

**Governor's Bill No. 9**

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.]*