

Public Act 07-242

Connecticut's Energy Future



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Legislative Objectives

- Reduction in Peak Demand Growth
- Provides financial incentives
- Energy efficiency
- Renewables
- Establishes new planning process
- Allows some utility ownership of generation resources and contractual capacity arrangements

Residential Incentives

- §§1-2 (OPM) Replacement furnace rebate – up to \$5 million annually to be used on either low interest energy efficiency loans or rebates.
- §3 (ECMB) A/C (\$25-\$100) and central air (up to \$500) rebates, 1/1/08-9/1/08, if ECMB finds cost-effective.

Residential Incentives, cont.

- §§68-70 Sales tax exemption for energy efficiency products: CFLs, insulation, thermostats, setbacks, Energy Star appliances and gas furnaces, solar water and space heating, geothermal, ice storage systems.
- §§75, 80 Low interest energy conservation loans
 - expands income eligibility, maximum loan amount and eligible energy efficient projects

Municipalities

- §§ 10, 11 Green schools - tightens energy efficiency requirements for construction projects over \$5mm or renovations over \$2mm; increases reimbursement rate by 2 percentage points up to 100%.
- § 21-36 Allows towns to create Energy Improvement Districts – operate equipment, hire staff, issue bonds. Allows municipalities powers to aid districts, e.g., guarantee district bonds, appropriate funds for EID.

Municipalities, cont.

- §§ 46-47 Requires towns to exempt from property tax Class I renewable improvements and solar water or space heating or geothermal system.
- §§ 90, 91 Municipal grants – Authorizes CII to establish municipal renewable energy and efficient energy generation grant program for renewable energy, energy efficient generation sources, including CHP. \$50 mm authorized for bonding over 5 years.

Buildings and Building Standards

- §10 State buildings standards
- §73 (DPW) State Buildings – Authorizes up to \$30 million in state bonds to finance energy efficiency projects in State buildings.

Buildings and Building Standards, cont.

- §74 Authorizes CT Health and Educational Facilities Authority to provide grants for EE and renewable projects in colleges, health care facilities, nursing homes, day care centers, and other non-profit organizations
- §78 State building code to require all buildings costing more than \$5 million (2009) or renovations costing more than \$2 million (2010) to meet LEED Silver Standard.

Peaking Generation

- § 50 Requires electric companies to submit a plan in 2008 to build peaking generation; other entities may submit.
- DPUC to conduct a contested case to determine if plant is in the public interest.
- Selected applicant(s) can only recover just and reasonable costs; recovery of costs set in an annual rate case.

Integrated Resource Planning

- §§ 50 51-53, 62, 63 Electric companies submit annually to CEAB:
- 3-, 5-, and 10-year energy and capacity requirements
- Plans for stabilizing annual electric growth
- Impact of environmental standards
- Energy security and economic risks of potential energy resources
- Lifetime cost and availability of potential resources

IRP - Resource Procurement

- Electric Companies and CEAB review IRP annually for procuring energy resources.
- Plan must include a wide range of resources.
- Goal: minimize cost, maximize customer benefit
- Resource needs must be met first through EE and demand reduction

Procurement Plan must specify:

- Total energy and capacity needed
- Extent demand side measures can cost-effectively meet these needs
- Need for T&D improvements
- Types and locations of generation needed
- Fuel type, availability, diversity, etc.
- Optimal procurement contract period
- Impact on electric costs

IRP - Plan Review

- CEAB reviews/modifies plan, submits to DPUC
- DPUC reviews CEAB plan in uncontested docket; approves/modifies plan

IRP - Plan Implementation

- Electric companies implement T&D improvements under DPUC oversight.
- Demand side measures implemented as part of C&LM plans.
- Generation resources to be procured through DPUC RFP process.
- RFP process similar to EIA capacity RFP provisions.

ECMB Conservation Study

- §84 ECMB to contract with independent third party to assess CT's energy efficiency potential, including demand response and load management
- ECMB to recommend funding mechanisms to finance new or expanded initiatives as recommended in assessment

Renewable Portfolio Standard

- §40 Current RPS requires at least 3.5% of electric supply from class I in 2007, up to 7% in 2010 and subsequent years.
- RPS for class I resources rises to 8% in 2011, increasing annually up to 20% in 2020 and thereafter.
- May be alternatively met by buying power and associated “attributes” from residential net-metering customers.

Class III Resources

- §§ 42, 43, 44 Expands Class III to include (1) systems that recover waste heat or pressure from C&I processes installed after 4/1/07 and (2) all C&LM program savings after 1/1/06.

CT Electric Efficiency Partnership

- §§ 94, 96 ECMB, with CEF advisory committee, to evaluate and approve technologies that can be used to reduce electric demand.
- May include demand or supply side measures.
- 4/01/08 -- anyone can seek DPUC approval and funding by showing adequate technical, financial and managerial ability, payback ratio.

CT Electric Efficiency Partnership, cont.

- Starting 2/1/2010, Projects can receive funding if chosen in RFP by DPUC.
- Up to \$60 million annual funding for incentives.
- DPUC and CDA to develop low interest loan program to finance customer share of capital cost of projects.

Restoration of CEEF and CEF

- HB 8001, §134 provides \$85 mm from 2007 General Fund surplus to defease bonds after 12/30/07.
- After bonds are defeased, CEEF and CEF are fully funded.

Questions?