



General Assembly

January Session, 2023

**Raised Bill No. 6749**

LCO No. 4633



Referred to Committee on BANKING

Introduced by:

(BA)

***AN ACT EXPANDING A FINANCING PROGRAM FOR RENEWABLE HOME ENERGY PROJECTS.***

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

1 Section 1. Subsections (a) to (g), inclusive, of section 16a-40l of the  
2 general statutes are repealed and the following is substituted in lieu  
3 thereof (*Effective October 1, 2023*):

4 (a) On or before October 1, 2011, the Department of Energy and  
5 Environmental Protection shall establish a residential heating  
6 equipment financing program. Such program shall allow residential  
7 customers to finance, through on-bill financing or [other] another  
8 mechanism, the installation of energy efficient (1) natural gas or heating  
9 oil burners, boilers and furnaces, [or] ductless heat pumps or  
10 geothermal heating and cooling systems to replace [(1)] (A) burners,  
11 boilers and furnaces that are not less than seven years old with an  
12 efficiency rating of not more than seventy-five per cent, or [(2)] (B)  
13 electric heating systems, or (2) heat pump dryers to replace less efficient  
14 dryers. Eligible fuel oil furnaces shall have an efficiency rating of not  
15 less than eighty-six per cent. An eligible fuel oil burner shall have an

16 efficiency rating of not less than eighty-six per cent with temperature  
17 reset controls. An eligible natural gas boiler shall have an annual fuel  
18 utilization efficiency rating of not less than ninety per cent and an  
19 eligible natural gas furnace shall have an annual fuel utilization  
20 efficiency rating of not less than ninety-five per cent. To participate in  
21 the program established pursuant to this subsection, a customer shall  
22 first have a home energy audit, the cost of which may be financed  
23 pursuant to subsection (b) of this section.

24 (b) Any customer who participates in the financing program  
25 established pursuant to this section may repay such financing as part of  
26 such customer's monthly gas or electric distribution company bill. Said  
27 program may be funded by the residential financing program offered  
28 by the Energy Efficiency Fund or the Clean Energy Fund established  
29 pursuant to section 16-245n.

30 (c) "Eligible entity" means (1) any residential, commercial,  
31 institutional or industrial customer of an electric distribution company  
32 or natural gas company, as defined in section 16-1, who employs or  
33 installs an eligible in-state energy savings technology, (2) an energy  
34 service company certified as a Connecticut electric efficiency partner by  
35 the Department of Energy and Environmental Protection, or (3) an  
36 installer certified by the Connecticut Green Bank.

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

43 (e) The Department of Energy and Environmental Protection shall  
44 establish an energy savings infrastructure pilot program consisting of  
45 financial incentives for the installation of combined heat and power  
46 systems, energy efficient heating oil burners, boilers and furnaces, [and]  
47 natural gas boilers and furnaces, geothermal heating and cooling

48 systems and heat pump dryers by eligible entities. [On or before June  
49 30, 2014, the department shall evaluate the efficacy of the program  
50 established pursuant to this section.]

51 (f) On or before October 1, 2011, the department shall begin accepting  
52 applications for financial incentives for combined heat and power  
53 systems of not more than one megawatt of power. To qualify for such  
54 financial incentives, such combined heat and power system shall reduce  
55 energy costs at an amount equal to or greater than the amount of the  
56 installation cost of the system within ten years of the installation. The  
57 department shall review the current market conditions for such systems,  
58 including any existing federal or state financial incentives, and  
59 determine the appropriate financial incentives under this program  
60 necessary to encourage installation of such systems. Such financial  
61 incentives may include providing private financial institutions with  
62 loan loss protection or grants to lower borrowing costs. Financial  
63 incentives pursuant to this subdivision shall not exceed two hundred  
64 dollars per kilowatt. A project accepted for such incentives shall qualify  
65 for a waiver of (1) the backup power rate under section 16-243o, and (2)  
66 the requirement to provide baseload electricity under section 16-243i.  
67 Any purchase of natural gas for any combined heat and power system  
68 installed pursuant to this subdivision shall not include a distribution  
69 charge pursuant to section 16-243l.

70 (g) [On or before December 31, 2011, the] The department shall [begin  
71 accepting] accept applications for financial incentives for the installation  
72 of more efficient (1) fuel oil and natural gas boilers and furnaces and  
73 geothermal heating and cooling systems that replace existing boilers or  
74 furnaces that are not less than seven years old with an efficiency rating  
75 of not more than seventy-five per cent, or (2) heat pump dryers to  
76 replace less efficient dryers. A qualifying fuel oil furnace shall have an  
77 efficiency rating of not less than eighty-six per cent. A qualifying fuel oil  
78 boiler shall have an efficiency rating of not less than eighty-six per cent  
79 with temperature reset controls. A qualifying natural gas boiler shall  
80 have an annual fuel utilization efficiency rating of not less than ninety  
81 per cent and a qualifying natural gas furnace shall have an annual fuel

82 utilization efficiency rating of not less than ninety-five per cent. The  
83 department shall review the current market conditions for such systems  
84 and equipment upgrades, including, but not limited to, any existing  
85 federal or state financial incentives, and establish the appropriate  
86 financial incentives under this program necessary to encourage such  
87 upgrades. Financial incentives shall provide private financial  
88 institutions with loan loss protection or grants to lower borrowing costs  
89 and, if the department deems it necessary, grants to the lending financial  
90 institution to lower borrowing costs and allow for a ten-year loan. Such  
91 financial incentive package shall ensure that the annual loan payment  
92 by the applicant shall be at not more than the projected annual energy  
93 savings less one hundred dollars. Any loan provided as a financial  
94 incentive pursuant to this subsection shall include the cost of any related  
95 incentives, as determined by the department. The department shall  
96 arrange with an electric distribution or gas company to provide for  
97 payment of any loan made as financial assistance under this subsection  
98 through the loan recipient's monthly electric or gas bill, as applicable.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	October 1, 2023	16a-401(a) to (g)
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**Statement of Purpose:**

To expand the residential heating equipment financing program to include geothermal heating and cooling systems and heat pump dryers.

*[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.]*