

STATE OF CONNECTICUT  
**REGULATION**  
 OF

NAME OF AGENCY

Environmental Protection

Sec: 1  
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under penalty of law that I have personally examined, and am familiar with, the statements and information submitted in this document and all its attachments. Based on my inquiry of those individuals with primary responsibility for obtaining the information, I certify that the statements and information are to the best of my knowledge and belief true, accurate and complete. I am aware that there are significant penalties for submitting false statements and information or omitting required statements and information, including the possibility of fine or imprisonment."

- (j) **Ratepayer relief.** For purposes of this subsection, "auction clearing price" means the specified monetary value assigned to a CO<sub>2</sub> allowance as determined by the bids of buyers in a CO<sub>2</sub> allowance auction pursuant to subsection (f)(4) of this section.
- (1) If the auction clearing price of a CO<sub>2</sub> allowance exceeds the threshold price identified in subdivision (3) of this subsection, the commissioner shall return a portion of the proceeds generated by the auction of CO<sub>2</sub> allowances under subsection (f)(4) of this section to the Department of Public Utility Control for return to Connecticut electric ratepayers. Not later than December 31, 2009 and each year thereafter, the commissioner shall transfer such funds calculated in subdivision (3) of this subsection to the Department of Public Utility Control.
- (2) If the auction clearing price of a CO<sub>2</sub> allowance does not exceed the threshold price identified in subdivision (3) of this subsection, the commissioner shall distribute auction proceeds pursuant to the requirements set forth in subsection (f)(5) of this section.
- (3) The amount of proceeds to be transferred to the Department of Public Utility Control shall be determined as follows:

$$R_r = (Q_1 * (A_p - T_p))$$

Where:

$R_r$  = Revenue to be returned to Connecticut electric ratepayers;

$Q_1$  = Quantity of Connecticut CO<sub>2</sub> allowances sold at auction;

$A_p$  = Auction clearing price for a CO<sub>2</sub> allowance; and

$T_p$  = Threshold price for a CO<sub>2</sub> allowance shall be five dollars multiplied by the ratio of the Consumer Price Index for all-Urban consumers published by the United States Department of Labor, as of August 31 of the previous calendar year to the Consumer Price Index for all-Urban consumers for August 2008.

(k) **Severability.**

Each provision of this section is deemed severable, and in the event that any provision of this section is held to be invalid, the remainder of this section shall continue in full force and effect.

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$A_{\text{CDR-AV}}$  = the number of CO<sub>2</sub> allowances available for a allocation from the CDR Set-aside Account;

$A_{\text{CDR-ALLOCATED}}$  = the number of CO<sub>2</sub> allowances the commissioner shall allocate to the compliance account of each CO<sub>2</sub> budget source;

The commissioner may adjust an allowance allocation under this subparagraph as necessary to not exceed  $A_{\text{CDR-AV}}$ ; and

- (Q) If  $\Sigma A_{\text{CDR}} < A_{\text{CDR-AV}}$ , allowances from the CDR Set-aside Account not allocated for a vintage year shall be transferred to the Connecticut Auction Account, from which such allowances shall be auctioned in accordance with subdivision (4) of this subsection.
- (4) CO<sub>2</sub> allowance auctions.
- (A) For purposes of this subdivision, "auction" means the open and transparent process by which the commissioner or a contractor or trustee selected by the commissioner, in consultation with the Department of Public Utility Control, shall offer for sale and sell the CO<sub>2</sub> allowances in the Connecticut Auction Account at least once per year;
- (B) Except as provided by subparagraph (C) of this subdivision, by December 31 of each allocation year, the commissioner or a contractor or trustee selected by the commissioner shall offer for sale the CO<sub>2</sub> allowances with the same allocation year that are held in the Connecticut Auction Account. Such auction shall be conducted under the oversight of the commissioner and the Department of Public Utility Control; and
- (C) CO<sub>2</sub> allowances which are transferred to the Connecticut Auction Account from the CHP Useful Thermal Energy Set-aside Account pursuant to subdivision (3)(D) of this subsection, from the CHP Long-term PPA Set-aside Account pursuant to subdivision (3)(N) of this subsection, from the CDR Set-aside Account pursuant to subdivision (3)(Q) or from the Voluntary Clean Energy Purchase Set-aside Account pursuant to subdivision (6)(C) of this subsection shall be offered for sale at the next auction held following the transfer of such allowances.
- (5) Distribution of auction proceeds. Proceeds derived from the sale of CO<sub>2</sub> allowances held in the Connecticut Auction Account shall be distributed as follows:
- (A) Seven and one-half (7.5) percent of auction proceeds, less any amount of revenue refunded pursuant to subsection (j) of this section, shall be retained by the commissioner for use in accordance with section 22a-200c(c) of the Connecticut General Statutes;
- (B) By December 31, 2009 and December 31 of each year thereafter, up to twenty-three (23) percent of proceeds from auctions, less any amount of revenue refunded pursuant to subsection (j) of this section, may be transferred to an account held by the Connecticut Clean Energy Fund. Proceeds are to be used to support the development of Class I renewable energy sources. The amount of proceeds to be transferred to CCEF shall be determined based on the following criteria:
- (i) By October 31, 2009 and October 31 of each year thereafter, CCEF may apply for such funds on forms prescribed by the commissioner; and

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- (ii) The commissioner shall transfer funds to CCEF provided that CCEF demonstrates such funds will be committed within twelve months from the date of receipt to support the development of Class I renewable energy sources and further provided that for the prior year ending June 30 there is no more than ten million dollars unallocated;
- (C) By December 31, 2009 and December 31 of each year thereafter, at least sixty-nine and one-half (69.5) percent of proceeds from auctions, less any amount of revenue refunded pursuant to subsection (j) of this section, shall be transferred to accounts held by Connecticut Light & Power (CL&P) and United Illuminating (UI) and overseen by the Connecticut Energy Conservation Management Board and to an account held by the Connecticut Municipal Electric Energy Cooperative (CMEEC). Seventy five (75) percent of this subtotal shall be distributed to the CL&P account, eighteen and three-fourths (18.75) percent shall be distributed to the UI account and six and one-fourth (6.25) percent shall be distributed to the CMEEC account. Proceeds are to be used to support the development of energy efficiency measure; and
- (D) CMEEC shall provide a full accounting of the use of funds transferred to the CMEEC account in accordance with the provisions of subparagraph (C) of this subdivision. Such report shall be submitted to the commissioner, the chairperson of the Department of Public Utility Control, the chairpersons of the Energy Conservation and Management Board and the chief elected officials in any municipality served by CMEEC municipal utilities no later than March 31, 2010 and annually thereafter through the year following the date of the final expenditure of any funds received pursuant to subparagraph (C) of this subdivision.
- (6) Retirement of Allowances for Clean Energy Purchases. The commissioner shall permanently retire a number of CO<sub>2</sub> allowances from the Voluntary Clean Energy Purchase Set-aside Account based upon documented voluntary renewable energy purchases by customers in Connecticut that represent RECs sold through the Connecticut Clean Energy Options program or renewable energy generated from within any participating state. Any retirement of allowances shall be determined as follows:
- (A) The commissioner shall retire the number of CO<sub>2</sub> allowances equal to the amount determined by the following equation (rounded to the nearest whole ton), subject to the limitations in subparagraph (B) of this subdivision and the requirements of subparagraphs (E) and (F) of this subdivision:
- $$(MWH_{CCEO} + MWH_{RECS}) \times (0.554 \text{ tons CO}_2 / \text{MWh})$$
- Where:
- MWH<sub>CCEO</sub> = the total number of RECs sold (in MWhs) to Connecticut customers through the Connecticut Clean Energy Options program in the year prior to the vintage year of the CO<sub>2</sub> allowances to be retired;
- MWH<sub>RECS</sub> = the total number of RECs from renewable energy sources located within any participating state sold (in MWhs) to Connecticut customers through means other than the Connecticut Clean Energy Options program in the year prior to the vintage year of the CO<sub>2</sub> allowances to be retired;