

Working Group Name: Environmental

List the priorities of your working group in the appropriate areas below...

PRIORITY INITIATIVES: Things that should be addressed during the 2011 budget/legislative process

	Policy Initiative	Policy Initiative Report Section	Immediate Fiscal Impact
1.	Mitigate/Eliminate Securitization of Energy Efficiency Funds	III A	None / positive savings
2.	Strengthen & Clarify Commitment to Prioritize Energy Efficiency	III A	None to state
3.	Promote LIS Action Plan and LIS access and education	II B	None
4.	Continue Clean Water Fund Allocations	II A & B	Bonding
5.	Consolidate Offices & Programs regarding Brownfields and DECD Office (Responsible Growth and Brownfields) Promote Green Infrastructure	I C	None
6.	Encourage Governor to articulate a Smart Growth Vision and direct agencies to follow principles in PA09-230.	I A B C	

SHORT-TERM INITIATIVES: Things that should be addressed by 2012/2013

	Policy Initiative	Policy Initiative Report Section	Short Term Fiscal Impact
1.	Establish Targeted Brownfields/TOD/Development Program	I A	None now
2.	Evaluate Transfer Act and other Brownfields and Remediation Laws and Programs for possible revision consistent with Smart Growth strategies	I B	None
3.	Leadership on RGGI Reform & Retention of Dedicated Funding	III B	None
	Work with new DEP Commissioner to help establish better communication and collaboration among stakeholders to achieve environmental goals	IV	At least current funding
4.	Incent Green Infrastructure Projects in CSO Towns	II A	Expanded use of existing \$
5.	Preserve Community Investment Act Funding		No change

LONG-TERM INITIATIVES: Things that should be considered beyond 2013

	Policy Initiative	Policy Initiative Report Section	Long Term Fiscal Impact
1.	Comprehensive Review of Environmental Laws and DEP Programs to ensure that resources are being used to achieve the most environmental benefit	IV	None (except perhaps “savings” attendant to streamlining)
2.	Additional Financial Incentives for Smart Growth and Brownfields Development	I	Amount of Funding TBD

ENVIRONMENTAL INITIATIVES AND POLICY GUIDELINES

Submitted by the Environment Working Group

December 20, 2010

ENVIRONMENTAL INITIATIVES AND POLICY GUIDELINES

Submitted by the Environment Working Group

The Environment Working Group is grateful for the opportunity to provide suggestions to the Malloy Transition Team regarding Connecticut's environmental policy. We have been guided by the principle that a clean, safe and sustainable environment can be and should be complimentary to business growth and economic development in the State of Connecticut. Encouraging the development of new technologies in energy efficiency and alternative energy not only reduces pollution, saves businesses and individuals money, but also creates new business opportunities in the State. Innovative programs such as the Green Infrastructure initiative not only helps to protect our rivers, streams and Long Island Sound, but will result in the creation of skilled jobs for Connecticut. Planned development based on responsible growth concepts will revitalize our urban centers while ensuring that Connecticut's open space remains protected for future generations.

Our proposals have been carefully considered by a broad array of stakeholders and have been drafted with a critical eye to the fiscal condition in which the State finds itself. Fortunately, much can be done in the area of environmental policy that does not require the infusion of new funds, at least in the short term. To that end, the Environment Working Group offers what we believe are realistic proposals in the following areas: (i) Responsible Growth/Brownfields/Transit Oriented Development; (ii) Clean Water/Long Island Sound; (iii) Clean Air/Energy Efficiency and (iv) A New Approach at DEP. We believe that these proposals, if implemented under the capable leadership of Dan Malloy, as Connecticut's next governor, will go a long way towards protecting the environment and promoting economic development.

I. RESPONSIBLE GROWTH/BROWNFIELDS/TRANSIT ORIENTED DEVELOPMENT

Connecticut is blessed with many advantages, most notably, its abundant natural resources including bucolic farms, beautiful vistas, diverse open space, Long Island Sound and magnificent rivers and streams, all of which make Connecticut a desirable place to work and live.

It is critical, especially in the current economic climate, to ensure that our natural resources are preserved and restored. Responsible growth, incorporating an effective Brownfields initiative and transit oriented development, can advance this goal while creating jobs, economic development opportunities and healthy, vibrant communities.

Brownfields redevelopment is a key contributor to responsible growth in Connecticut. A 2001 EPA-sponsored study found that 4.5 acres of greenfields are saved for every one acre of Brownfields that is redeveloped. By reducing the conversion of our valuable undeveloped land, we can limit pollution, congestion and sprawl.

Brownfields projects are most often found in our transit hubs or along established transit corridors and are often proximate to population centers which are amenable to using mass transit or alternative, non auto centric means of transport. Returning these transit friendly sites to productive use can by itself contribute to the goals of transit oriented development.

The Environment Working Group offers the following proposals as necessary first steps in eliminating structural and programmatic impediments to Brownfield redevelopment and the promotion of responsible growth:

1. Establish a targeted Brownfields program with specific criteria to be used by the Department of Economic and Community Development (“DECD”) for purposes of identifying eligible sites and parties, prioritizing projects for which resources will be made available and affording various Brownfields program incentives, including those not requiring state funding.
2. Expand the existing Brownfield Remediation and Development Working Group, beginning in January 2011, to comprehensively review, and develop recommendations for a more effective and efficient implementation of Connecticut's environmental liability statutes, regulations and policies affecting Brownfields remediation and development.
3. Formally coordinate and consolidate the various responsible growth/brownfield-related offices and functions (including DECD permit ombudsman, the Office of Brownfields Remediation and Development, the Office of Responsible Development and the Office of Responsible Growth) into a single, deputy commissioner level office within DECD.

A. Establish a Targeted Brownfields Redevelopment Program

While Connecticut has made strides in attracting investment in Brownfields redevelopment and there are “success” stories¹, the reality is that the measures in place or as presently implemented have not yet produced the desired results. Pending a more comprehensive and strategic review of existing relevant statutory schemes, there are efforts that could be implemented in the short term, some likely requiring legislative action, but others not, that would benefit and enhance progress in this area.

A consolidated responsible growth and Brownfields office headed by an individual at the deputy commissioner level and located within DECD could be charged with assuring that various incentives – economic and non-economic – were coordinated and delivered in a timely and effective manner, with priority being given to discrete projects. Consistent with Governor-elect Malloy’s platform on environmental matters, an initiative of this nature would draw on experiences where the State has seen its investment work and facilitate the pursuit of the opportunities for economic development best positioned to respond to the new administration’s goals. Reasonable fees, particularly if tied to or linked with the various phases of a

¹ See Appendices B, C and D.

redevelopment project, could provide additional funding for this program and its various benefits, without being a disincentive to the pursuit of the project.

The consolidated DECD office would identify Brownfield sites eligible for inclusion in the State's targeted Brownfields program based upon consideration of multiple factors including, but not necessarily requiring all of, the following:

1. Jobs it would create.
2. The support of the community wherein the site is located.
3. The extent to which the redevelopment incorporates and/or supports sustainable growth and/or transit oriented development principles.
4. The extent to which the redevelopment will promote "environmental justice" or benefit "distressed" communities.
5. Presence or lack of existing infrastructure and the extent to which additions to or the reworking of the existing infrastructure are part of the redevelopment.
6. Whether the redevelopment is a project authorized for expedited review by the office of permit ombudsman.
7. Support and resources available from other stakeholders.

Eligible parties would include:

1. Innocent landowners, as defined by state statute and including municipalities.
2. Bona Fide Prospective Purchasers (BFPP), as defined in CERCLA.
3. Parties acquiring sites from either an Innocent Landowner or a BFPP and having no prior relationship to the site.

Program benefits could include:

1. Commitment and coordination of existing state resources.
2. Expedited permitting.
3. Access to available funding.
4. Specified milestones with an explicit State "no further action" notification or formal closeout.
5. Fast track determination on audit consideration.
6. Inclusion in potential liability limitation proposals as well as liability relief from State claims.
7. State and municipal partnering to promote the redevelopment.
8. Potential limitation on off-site investigation and remediation.

B. Comprehensive Review of Brownfields and Remediation Laws and Program

The Malloy Administration should conduct a comprehensive review of all existing Brownfields and remediation programs and implementing statutes, including the Transfer Act, with the intent of creating a unified and efficient scheme for remediating Brownfields and other impacted properties that will eliminate or reduce duplicity and better coordinate incentives and obligation for the acquisition and/or remediation of Brownfields by innocent parties, redevelopers or municipalities.

The current program of Brownfields incentives and liability protection in Connecticut is fragmented and piecemeal, the result of well-meaning legislation that has been amended over the years to address specific and limited concerns.² This scattered approach of parallel, uncoordinated programs, incentives and obligations makes it more, rather than less, complicated to acquire and remediate Brownfields in Connecticut.

The over-riding intent is to simplify and streamline the process, coordinate existing incentives and create additional incentives as appropriate; those incentives include liability protections where appropriate, and a clear timely path to completion for responsible parties conducting remediation whether voluntarily or pursuant to statutory requirements. By making better use of our remediation programs and staff, Connecticut's environment can be improved by spurring remediation of more sites and better serve our State's commitment to protect human health and the environment.

The specific proposal is to start the review of the existing statutes and programs in January, with a goal to introduce proposed legislation in 2012. The review would be conducted by the State Brownfield Remediation and Development Working Group. It is suggested the Working Group be expanded to include additional stakeholders with a variety of perspectives and experience.

C. Consolidation of Responsible Growth and Brownfields Offices

Brownfield programs in the State are administered through the DECD, the Connecticut Development Authority/ Connecticut Brownfields Redevelopment Authority ("CDA/CBRA"), and the Department of Environmental Protection ("DEP"). The programs are numerous, appear duplicative and confusing to the communities the programs are designed to serve. The Office of Brownfields Remediation and Development ("OBRD") was initially created through Public Act 06-184 as an office to help to streamline the process. In the first report of the Brownfields Task Force, also created through PA 06-184, the Task Force recommended that OBRD serve as the institutional focal point for Brownfield issues in the State of Connecticut and be the initial point of contact between the state agencies and the public. The report stated that "In an ideal world, the OBRD would be a separate agency, reporting directly to the Governor; however, given the State's budgetary constraints, and familiarity with brownfield issues, the Task Force recommends that the OBRD be located within DECD's existing organizational structure and staffed with individuals solely dedicated to Brownfields initiatives. The OBRD should report directly to the Commissioner." Thereafter, Public Act 07-233 provided further definition to the office.

While OBRD was conceived to be the focal point and a "one stop shop" to coordinate the myriad, and oftentimes confusing, Brownfields programs in the State and to bring together all the agencies that implement the variety of existing Brownfields programs, the potential of OBRD has not been realized. The State failed to hire a high level director solely dedicated to the coordination, advancement and betterment of Brownfields programs. Similarly, staff assigned to OBRD have other responsibilities within DECD. And, the marketing and educational component necessary to assist municipalities in the state struggling with Brownfields, has not occurred.

² See Appendix E.

While the Brownfield initiative was undertaken, in 2006 Governor Rell issued Executive Order No. 15 establishing the Office of Responsible Growth within the Office of Policy and Management (“OPM”) to develop and coordinate responsible growth policies in the State. Originally conceived to provide and coordinate responsible growth initiatives, its efforts have only been marginally successful. In addition, the Office of Responsible Development (“ORD”) was developed within DECD. Among other tasks, ORD manages programs and projects to foster growth and sustain Connecticut’s communities. ORD’s responsibilities include managing, planning and development responsible growth projects and to coordinate with other state agencies and permitting processes that advance and affect responsible growth. OBRD has recently been moved into or merged with ORD.

Also within DECD is yet another office with potentially overlapping and duplicative responsibilities with ORD and OBRD. Created through Section 3 of Public Act 10-158, is a permit ombudsman office that is to assist with the expeditious review of applications for state licenses and permits. The office is intended to coordinate and expedite permits and approvals with DEP, the Department of Transportation (“DOT”) and the Department of Public Health (“DPH”) for certain defined projects (e.g., those that are consistent with responsible growth initiatives).

Reorganization of these “offices” into one deputy commissioner level office directly reporting to the Commissioner of DECD and/or the Governor, with sufficient staff focused on the mission of coordinating Brownfield redevelopment, permitting transit oriented development and responsible growth is recommended. It needs to be accessible to the development community and vested with the appropriate authority to oversee and manage large and small projects, implement the funding (grant and loan programs) and market/educate the business and development community and the municipalities as to the programs and assistance the state provides. Brownfield programs and responsible growth initiatives should run through this office and it should be the “one stop shop” for such development.

D. Additional Recommendations

The three proposals offered involve: (i) the consolidation of duplicative offices; (ii) the simplification and streamlining of remediation laws, policies, incentives and programs; and (iii) the targeting of existing resources to Brownfield initiatives that promote the Malloy Administration’s goal of responsible growth and transit oriented development. All three proposals involve little additional funding at the outset and, in fact, will result in savings to both the State and the private sector within a short time of implementation.

The Working Group recognizes that the State will be unable to make a significant financial investment in any program in the near future on account of the State’s dire fiscal condition; nevertheless, the Working Group recommends that as soon as the State is able to get its fiscal house in order, it must fund (through block grants) existing and proposed grant and loan programs directed towards responsible growth, brownfield initiatives and transit oriented development. Without the kind of financial incentives offered by other states, Connecticut will not be able to make the long-term progress necessary to improve its environment, promote economic development and create sustainable communities.

II. CLEAN WATER/LONG ISLAND SOUND

A. Long Island Sound – Green Infrastructure

Issue: Last year Connecticut closed or issued advisories on its beaches on 108 occasions, each of the last five years shellfishermen in Fairfield County lost 50% of their harvestable days to excess pollution, and in the western Long Island Sound, oxygen levels dip so low, wildlife cannot be sustained. The primary causes of this are stormwater run off and combined sewer overflows (CSO).

Pilot Green Infrastructure Initiative³: In order to cost effectively reduce stormwater and bacteria pollution while providing for quality of life improvements in two urban centers and creating much needed jobs, financing options and incentives to implement green infrastructure technologies are needed. There are two strategies that could dramatically cut the cost of CSO separation, provide an independent funding stream for stormwater mitigation, and provide financial incentives to the development community:

1. Providing Clean Water Fund (CWF) allocations, within existing authorization levels, to green infrastructure projects in the combined sewer overflow communities of New Haven and Bridgeport.
2. Expanding bonding and enforcement authority for the three existing pilot Stormwater Authority (SWA) communities (Norwalk, New Haven, and New London).

Overview: Green infrastructure (“GI”) can provide healthier waterways and secondary benefits like urban greening, flood control, carbon sequestration, energy efficiency, job creation and career retraining opportunities.

GI techniques, such as green roofs, bio-swales, rain gardens and permeable pavers—mitigate the stormwater based bacteria and nutrients influx that cause the low oxygen dead zone and close beaches and shellfish beds in Long Island Sound. These techniques also can significantly reduce water flow into the combined sewer overflows (“CSO”) systems of older urban communities; instead of releasing diluted sewage during rain events, cities like Bridgeport and New Haven would have the capacity to provide treatment.

A one year feasibility report to catalog real-world green infrastructure options for Bridgeport and New Haven will indicate local GI projects that can mitigate CSO releases without the elevated costs associated with extensive pipe engineering. If GI is incorporated into their Long Term Control Plans and CWF CSO dollars are extended to these communities to incorporate critical GI projects, pollution reduction would occur at a fraction of the traditional cost. Additionally, by providing existing pilot Stormwater Authorities with expanded authority—like bonding, enforcement, and green infrastructure credit allowances—Connecticut could test the productivity of a locally administrated fund which would offset currently unfunded Clean Water Act

³ See the GI Environmental Initiatives and Policy Options in Appendix I for additional information on CWF authorizations and job creation benefits.

requirements, provide local operational funding, and hopefully enable a small granting program for developers who integrate GI into their urban projects.

Executive Action in Year One:

- Work with DEP to adjust the Clean Water Fund Priority List rating system for CSO communities. One option could be to provide additional points to CSO communities integrating GI into their CSO abatement plan.
- Ensure adequate Clean Water Fund Authorizations are made.
- Include release of Clean Water Funds on the Bond Commission Agenda.
- Expand authority to the three cities within the Stormwater Authority Pilot Program.
- Announce release of the Bridgeport and New Haven GI reports

Executive Action moving forward:

- Highlight any CWF funding that result in visible, on-the-ground GI implementation projects in Bridgeport and New Haven.
- Expand GI implementation and SWA statewide.

B. Long Island Sound – Planning, Protection, and Public Access

First and foremost, Connecticut needs to maintain funding for the Clean Water Fund. At a minimum, authorizations should approximate the reinvestment levels started in FY 2008. Providing \$90 million in General Obligation Bonds for grants and \$150 million in Revenue Bonds for low interest loans in each of fiscal years 2012 and 2013 will help municipalities construct the water quality upgrades that will keep Connecticut on its path to restore Long Island Sound. As Governor-Elect Malloy said “the Clean Water Fund is a critically important program that both cuts water pollution thereby protecting marine trades, seafood and tourism industries, and grows jobs in construction, science and facilities managements”.

Connecticut will also have two critical opportunities in the next year to work with New York State to set a new course for the protection and sustainable use of Long Island Sound (LIS) and its resources.

First, by March 2011, a draft multi-year Long Island Sound Vision Plan is due to be completed by a broad array of Connecticut and New York businesses, and environmental and marine trade organizations. These organizations comprise the 37 member Citizens Advisory Committee (CAC) to the Long Island Sound Study (LISS). The plan will identify initiatives necessary to enhance coastal and marine habitats, improve public access to the Sound, and better plan the uses of its shoreline and waters. The major federal and state agencies that set restoration policy for the Sound are anxious to use the Sound Vision document as a starting point for preparing a short term LIS Action Agreement.

A voluntary fee-based donation fund, modeled on the existing LIS license plate fund, and promoting such concepts as charitable donations with the purchase of boats or sales of Sound Supporter plaques to waterfront residents, should be launched to fund projects implementing the Vision plan.

Second, a major component of the Vision Plan will be Connecticut and New York's implementation of Coastal and Marine Spatial Planning (CMSP). The CMSP process, which has been promoted by the Obama administration, would allow the two states to proactively plan for the Sound ecosystem, establishing mechanisms such as aquaculture zones or utility corridors, and managing use conflicts. Use of this process in other states has often been prompted by proposed offshore energy facilities, since existing regulation by sector and by species has proven inadequate.

With its multiple intense uses, manageable size, ongoing mapping efforts, and proprietary status of state waters, LIS can benefit from CMSP. Proposed uses and existing regulatory programs would be required to be consistent with the CMS Plan, which would be developed through a stakeholder process, in coordination with the Northeast Regional Ocean Council (NROC) and the Long Island Sound Study. The Plan's goal would be to preserve habitats and promote historic public trust uses: recreational and commercial navigation (*including navigational dredging and dredged material disposal as necessary*), recreational and commercial fishing, aquaculture, and public access. DEP is currently using existing staff resources and settlement monies, and working with other entities, to commence sea floor mapping which will be a necessary component of future CMSP.

Integrally linked to an overarching LIS Action Plan, the related CMSP recommendation, and the implementation of a LIS Recovery and Access Fund, is improving public access and education. Both serve as the foundation for citizen awareness and action. In order to connect with, and then protect, Long Island Sound, the public should begin learning from an early age how coastal systems and waterways relate to the wildlife, residents, and the economy of Connecticut. Therefore, providing integrated LIS curricula in all K-12 schools could be an essential tool in building a state of citizens dedicated to the protection of our greatest natural resource. Because education does not stop at the building's threshold, providing enhanced opportunities for all state residents to access Long Island Sound could build support for continued stewardship, while increasing the quality of life our state offers.

Executive and Legislative Action Needed:

1. Administration to provide input to, sign, and implement the Long Island Sound Action Agreement – Summer 2011 – No new state funding needed
2. Administration to propose legislation to establish voluntary LIS Recovery and Access Fund – January 2011 – No new state funding needed
3. Commit to implementing CMSP by 1) creating a task force to work with DEP to develop the most effective approach to the process and recommendations for future legislation – March 2011; and 2) supporting DEP's application to NROC for federal NOAA CMSP funding – January 2011 – No new state funding needed.
4. Direct the Department of Education and DEP to develop recommendations to more effectively integrate instruction about coastal, marine, and water issues into public school curricula.

III. CLEAN AIR/ENERGY EFFICIENCY

A. Prioritize Energy Efficiency

Malloy-Wyman on Energy Efficiency: *“The environment and energy efficiency go hand in hand – becoming more energy efficient will help lower energy costs, make Connecticut more competitive, grow the economy and positively impact our environment.”*

Policy Priorities:

- Clarify and strengthen Connecticut’s existing policy commitment to prioritize energy efficiency. Simplify and streamline the planning and implementation process to maximize efficiency efforts which are the most immediate, plentiful and cost effective way to help Connecticut reduce energy costs for business, residents and governmental entities and achieve the emission reductions needed to meet federal EPA and state requirements imposed to improve air quality and reduce global warming. Reinforce existing requirements that the electric and natural gas utilities procure all cost-effective efficiency on behalf of their customers.
- Strengthen the statutes to reflect Connecticut’s commitment to all cost-effective efficiency and counter the DPUC’s interpretation that this directive applies only when there is a capacity shortage; that interpretation will deprive Connecticut ratepayers \$423 million in electric bill savings next year. Meanwhile the same statutory mandates in Massachusetts and Rhode Island have led those Public Utility Commissions to approve, respectively, a quadrupling and tripling of energy efficiency investments securing hundreds of millions of dollars in savings for their consumers. Connecticut’s electric efficiency investment goal should yield a minimum 2% per year in reduced consumption. (MA = .4%, RI = .6%). Similar benefits accrue with expanded natural gas efficiency and even greater would be realized from oil efficiency investments.⁴
- Clarify the decoupling mandate to eliminate any utility disincentive to reduce consumption. (Proposed language follows).
- Mitigate effects of the 2010 budget provision that calls for securitizing 35% of the CEEF monies (\$8.7m) a year for each of the next eight years costing ratepayers an additional \$800 million for energy over that time. Since the amount of Economic Recovery Revenue Bonds needed has decreased since June, an opportunity may exist to eliminate or minimize the diversion of these funds.
- Utilize existing ARRA and remaining bond funds to immediately begin to reverse the 60% increase in state energy costs over the last four years with an anticipated savings of 10-20% or **\$10-20m a year.**

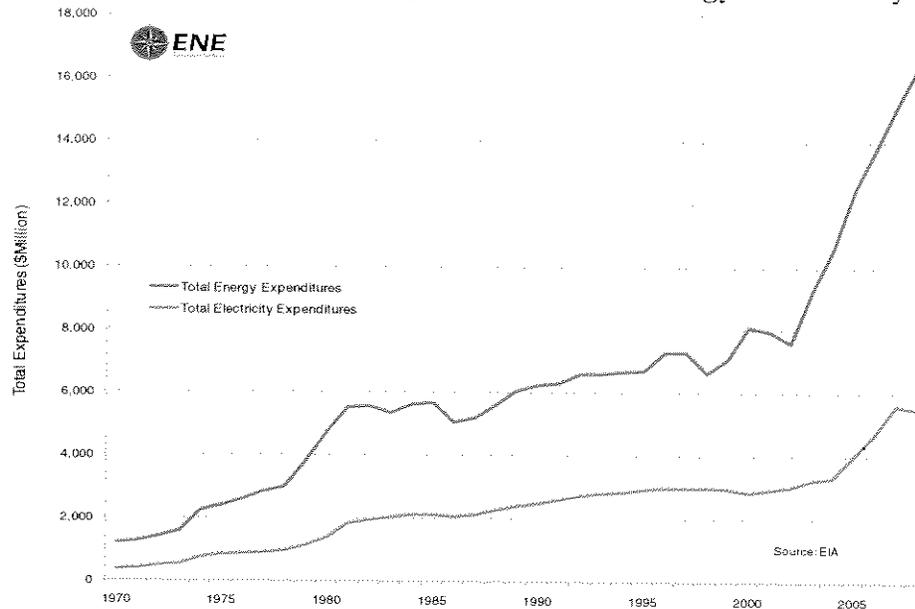
Connecticut Energy Costs:

As shown in the figure below, total state expenditures on energy is in the billions and have risen painfully over the last few decades, putting a drag on the state’s economy as more money is sent

⁴ See Appendix F for Proposed Language Changes Concerning Energy Efficiency.

out of state to pay for imported fuels. These data are through 2008 and even though energy prices have declined since then, the fact that total spending can increase from \$8B to \$10B over a matter of years and electric spending can go from \$3 to over \$5, understandably gets policy maker's attention.

Figure 1: Connecticut Total Expenditures on All Energy & Electricity



While Connecticut fairs poorly in terms of total spending and prices (rates) for energy, there are some bright spots. As shown below, Connecticut's energy consumption per person and per unit of economic output is quite good, when compared to other states. Since there is very little Connecticut can do to change generation costs which are largely set by fossil fuel prices, continuing build on our success in reducing consumption through energy efficiency and demand side measures is the state's best option for lowering overall energy costs.

Table 1: State of Connecticut Energy Rankings in 2008

Energy Metric	State Rank	Meaning		
		Good	Middle	Bad
Efficiency				
Total Energy Consumption per Capita	47	Good		
Energy Consumption per Real Dollar of GDP	49	Good		
Total Costs or Expenditures				
Expenditures per Capita	26	Middle		
Energy Expenditures as a Share of GDP	47	Good		
Prices				
Average Prices Across all Fuels	2	Bad		
Electricity	2	Bad		
Natural Gas	6	Bad		
Petroleum	3	Bad		

Source: EIA

Energy Efficiency Costs and Benefits:

In addition to lowering customer bills by \$400-500 million a year, the money saved on energy bills is largely used to purchase in-state goods and services and increases the GSP by \$5.6 for every dollar invested in efficiency and supports 40 job years for every million dollars invested. Maximizing efficiency is also the best and cheapest way to meet environmental requirements and avoid far larger costs associated with either not meeting them or utilizing other control methods to do so. Modeling done for the 2010 IRP showed rate increases of less than two tenths of a cent to fund the incentives needed to overcome market barriers and encourage customers to access program. Those costs are fully offset by benefits and lower bills (customers pay bills equal to rate times consumption).



The utilities have been piloting a residential financing program to encourage customers to undertake additional efficiency measures. In the next year, this program will utilize capital obtained at a competitive cost. A more long term goal should be creation of a revolving loan fund that attracts private capital at a low cost to encourage a continuation of deep energy retrofits.⁵

B. Regional Greenhouse Gas Initiative.

The Environmental Working Group recommends that the Malloy Administration work with the ten other Regional Greenhouse Gas Initiative (RGGI) states, and pass legislation in Connecticut, to tighten the emissions cap under RGGI and make other improvements to the program. Continue to direct all revenues from the program, as directed under existing statutes, to energy efficiency programs, and other climate-change-related initiatives.

In its first three years, RGGI has shown that auctions for carbon emission allowances can be conducted in a fair way that does not significantly affect energy costs. It has provided hundreds of millions of dollars for critical energy efficiency and renewable energy programs in the ten states. The current emissions cap under the RGGI program was set too high and if not tightened, will hinder the program's ability to reduce emissions and generate funding for energy efficiency initiatives.

By tightening the emissions cap under RGGI and implementing the other aspects of this proposal, meaningful progress towards reducing Connecticut's and the region's greenhouse gas emissions, and greater use of, and creation of jobs in, energy efficiency and renewable energy.

⁵ See Appendix G for Supplemental Proposal from Lamont Financial /CFE

The program does not require additional state funding and, in fact, generates revenues which are directed towards the State's energy efficiency and renewable energy programs. The proposal will have a financial impact on large electric producers, who must purchase allowances to emit greenhouse gases.

IV. A NEW APPROACH AT DEPARTMENT OF ENVIRONMENTAL PROTECTION

A. Issues Regarding Funding, Standards, Permitting, Enforcement and Regulations

The Environment Working Group was united in feeling that there is a deep need for the new administration and a new DEP commissioner to work to significantly improve communication between the agency and stakeholders within the advocacy and regulated communities. By cultivating a culture of communication, there are a number of areas that could be explored to better align the state's environmental and economic goals consistent with Governor-elect Malloy's campaign pledge to bring a "new sensibility to environmental stewardship that unites maintaining critical environmental standards with economic realities". With the right leadership and a shared commitment to maintaining strong environmental protections, much might be done to better use the already too limited resources of the DEP, as well as those of the regulated community, while also achieving equal or better protection of our environment and human health. The need for a new approach is marked and it is our hope that the Malloy administration will act to set a tone that encourages deliberate, open communication in order to improve the regulatory process and a path to reform several core environmental laws to better achieve their goals. The Committee also supports appropriate allocation of funding and staffing to provide an improved opportunity for the DEP Commissioner and professional staff to successfully implement the needed changes.

We would suggest that the incoming administration work with the General Assembly, stakeholders and the DEP to convene the appropriate forums to consider some or all of the following:

- CEPA Conn. Gen. Statutes 22a-1(b) - better focus the scope of work required of state agencies to reduce the resource investment while still providing the environmental information need for agency decision making;
- The Transfer Act - clarify important certifying party obligations and improve workflow;
- DEP Rulemaking - consider better ways to assure that the economic implications of proposed rules, permitting practices and regulations are evaluated in addition to, and in relation to, the environmental benefits of such; discussion of whether a negotiated rulemaking process might provide a beneficial alternative for the DEP Commissioner in some instances and whether consistency and variance between state and federal regulations is adequately considered.
- Compliance and Enforcement - increased compliance assistance (particularly for small businesses) and greater enforcement flexibility tied to the nature of the violation and its harm to public health and/or the environment.

Appendix A

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Appendix B

Selected Brownfield Programs and Fund Balance

Brownfield Programs Balances - November 2010 Update

Program	Funding Contracted, Committed, or Pending Commitments	Balance
EPA Assessment Program	\$210,569	\$189,431
EPA Revolving Loan Fund - Statewide	\$919,568	\$880,432
EPA Revolving Loan Fund - Hartford	\$602,171	\$0
SCPRIF	\$1,820,600	\$506,285
Targeted Brownfield Loan	0	\$2,500,000
Urban Sites Remedial Action Program	\$2,000,000	0
Total	\$5,552,908	\$4,076,148

Appendix C

Brownfield Municipal Pilot Program

Brownfield Municipal Pilot Update – November 2010

Brownfield Municipal Pilots – Round I			
Municipality	Project	Grant	Status
Stamford	Harbor Point Partnership	\$450,000	Project nearly complete
Redding	Georgetown Remediation Project	\$425,000	Contract in closing. Delays due to project scheduling & funding issues
Waterbury	Cherry St. Industrial Park Remediation	\$650,000	Funding closed, project in process
Shelton	Axton Cross Remediation	\$425,000	Funding closed, project in progress
Norwalk	South Norwalk Transit Remediation	\$300,000	Funding closed, project in progress
Total		\$2,250,000	

Brownfield Municipal Pilots – Round II			
Municipality	Project	Grant	Status
Hartford	Swift Factory	\$600,000	Closing on funding
Waterbury	Waterbury Industrial Commons	\$600,000	Finalizing proposal.
Meriden	Factory H	\$300,000	Closing on funding
Madison	Former Griswold Airport	\$200,000	Closing on funding
Naugatuck	Train Station	\$50,000	Closing on funding
Putnam	Cargill Falls Mill	\$500,000	Closing on funding
Total		\$2,250,000	

Appendix D

Accomplishments of the Office of Brownfields Remediation and Development

Office of Brownfield Remediation and Development (OBRD)
Department of Economic & Community Development

- OBRD created under Public Act 06-184
- 2006 - OBRD website development
- 2007 MOU signed – DECD, DEP, DPH, CDA
- 2007 – OBRD awarded \$1M statewide revolving loan fund (RLF) for remediation by EPA
- 2008 – Formalized partners meetings, streamlined application
- 2008 – OBRD awarded \$400,000 for environmental assessment by EPA
- 2008 – 1st round Brownfield Municipal Pilot Program remediation projects (\$2.25M):
 - Stamford, Commons Park at Harbor Point
 - Waterbury, Cherry Street Industrial Park
 - Redding, Georgetown
 - Norwalk, Train Station
 - Shelton, Axton Cross
- 2009 – Pope Park Zion remediation, Hartford (EPA HTFD RLF)
- 2009 - Roosevelt Mills Project, Vernon
- 2009 – Former Decker’s Laundry assessment, Salisbury
- 2009 – OBRD awarded \$600,000 in supplemental revolving loan funding by EPA
- 2009 - Legislative
 - Abandoned Brownfields Program
 - Targeted Brownfield Loan Program
 - Streamlined brownfield remediation in floodplains (2007)
- 2010 – 2nd round Brownfield Municipal Pilot Program (\$2.25M)
 - Hartford, Swift Factory
 - Waterbury, Waterbury Industrial Commons
 - Meriden, Factory H
 - Madison, Griswold Airport
 - Naugatuck, Train Station
 - Putnam, Cargill Falls Mill
- 2010 – Current EPA RLF remediation projects
 - Habitat for Humanity, New London
 - Remington Rand, Middletown
 - Willimantic Whitewater Partnership, Willimantic
 - 14 Bridge Street, Montville
- 2010 – Assessment projects
 - Willimantic Whitewater Partnership, Willimantic
 - 98 Prospect St., Enfield
 - P & A Mill, Killingly
 - Former Decker’s Laundry, Salisbury
 - Former Swift Factory Hartford
 - Former Hi-G, South Windsor
- 2010 – (Fall) Brownfield Opportunities list available on website

- 2010 – OBRD awarded \$200,000 in EPA RLF supplemental funds
- 2010 – OBRD collaborated with Windham Region Council of Governments & Northeast CT Council of Governments on \$1M EPA assessment funding application

Appendix E

List of Representative Brownfield Programs and Incentives in Connecticut

List of Representative Brownfield Programs and Incentives in Connecticut

Remediation Programs/Incentives	Statutory Authority	Description/Comment	Primary Agency
Property Transfer Program	§ 22a-134 - 134e	Requires the disclosure of environmental conditions when certain real properties and/or businesses ("establishments") are transferred. When an establishment is transferred, one of eight Property Transfer Forms must be executed, and a copy of the form must be filed with the DEP. When transferring an establishment where there has been a release of a hazardous waste or a hazardous substance, the parties negotiate who will sign the Property Transfer Form as the Certifying Party to investigate the parcel and remediate pollution caused by any release of a hazardous waste or hazardous substance from the establishment. In all transfers, an investigation of the parcel is required in accordance with prevailing standards and guidelines.	DEP
Voluntary Remediation Program	§ 22a-133y	This voluntary program can be utilized for property where the groundwater is classified as GB or GC and such property is not subject to any order, consent order or stipulated judgment issued by the DEP Commissioner. Prior to commencement of remedial action, the owner of the property must submit a remedial action plan prepared by a LEP to the Commissioner for review.	DEP
Voluntary Remediation Program	§ 22a-133x	This voluntary program can be utilized by owners of sites which are (1) owned by a municipality, or (2) defined as establishments pursuant to § 22a-134 of the General Statutes or (3) on the inventory of hazardous waste disposal sites maintained pursuant to § 22a-133c of the General Statutes, or (4) located in a GA or GAA groundwater area.	DEP
Third-party liability protection	§ 22a-133ee	Provides for third-liability protection for owners that conduct investigation and remediation, the reports for which are approved by DEP, provided the owner did not cause the condition and is not related to or affiliated with the party that caused the condition	DEP
Urban Sites Remedial Action Plan	§ 22a-133m	Sites are targeted for evaluation and remediation on a prioritized basis that includes factors such as cost, complexity and development benefits.	DECD/DEP
Special Contaminated Property Remediation and Insurance Fund	§ 22a-133u	Provide financial assistance to investigate the environmental conditions of a site, remediate the site and ultimately encourage property redevelopment that is beneficial to the community. Assistance is provided through low-interest loans that have a term of five years	DECD/DEP
Covenants Not To Sue	§§ 22a-133aa and 22a-133bb,	Agreement by the Commissioner that the Commissioner shall release claims that are related to pollution or contamination on or emanating from the property, which contamination resulted from a discharge, spillage, uncontrolled loss, seepage, or filtration on such property prior to the effective date of the covenant. (first is discretionary, but fee is high; second is mandatory, has less "protection," and has no fee.	DEP
Brownfield Municipal Pilot Program	§§ 32-9 cc (c) and (f); 32-9ee; and 32-9 ff	Fund Brownfield projects with significant anticipated economic impact in five municipalities or municipal entities based on population as follows: two (2) in municipalities with populations > 100,000; one (1) in a municipality with population between 50,000 and 100,000; one (1) in a municipality with population < 50,000; and one (1) in a municipality selected by the Commissioner without regard to population	DECD
Tax Increment Financing (TIF) for Brownfields	§ 8-134 & 8-134a	Provide "up-front" funding for developers that remediate and redevelop environmentally contaminated properties. The incentive is equal to the net present value of a portion of the future incremental municipal tax revenues generated by the project.	CDAC/BRA

Remediation Programs/Incentives	Statutory Authority	Description/Comment	Primary Agency
Dry Cleaner Establishment Remediation Fund	§ 12-263m (a)	Provides grants to owners or operators of dry cleaning businesses for clean up of dry cleaner establishments. It is funded by a 1 percent surcharge on the gross receipts of dry cleaning establishments	DECD
Targeted Brownfield Development Loan Program	32-9 kk (f)	The Targeted Brownfield Development Loan Program provides financial assistance in the form of low-interest loans to applicants who seek to develop property for purposes of retaining or expanding jobs in the state or for developing housing to serve the needs of first-time home buyers.	DECD
Connecticut Abandoned Brownfield Cleanup (ABC) Program	§ 32-9ll	The Commissioner of Economic and Community Development shall determine, in consultation with the Commissioner of Environmental Protection determine eligible sites for a program that allows innocent purchasers to participate in a streamlined remediation of the site.	DECD/DEP
Environmental Insurance Program	§ 32-222	Funded through the Economic Development and Manufacturing Assistance Act (EDMAA). Provides state funds for environmental insurance policy premiums and pay insurance deductibles and OBRD review of the policy.	DECD/OBRD
Property Tax Abatement or Forgiveness Program	§ 12-81r	Authorizes municipalities in certain circumstances to abate taxes for up to seven years if the owner agrees to assess and remediate contaminated site.	

Appendix F

**Proposed Legislative Changes Concerning
Energy Efficiency**

PROPOSED LEGISLATIVE CHANGES CONCERNING ENERGY EFFICIENCY

December 16, 2011

Proposal:

CLARIFYING THE ALL-COST EFFECTIVE MANDATE BY ALIGNING DPUC RATEMAKING PRINCIPLES WITH THE STATE'S ENERGY EFFICIENCY POLICY:

Section 16-19e of the general statutes is amended as follows:

(a) In the exercise of its powers under the provisions of this title, the Department of Public Utility Control shall examine and regulate the transfer of existing assets and franchises, the expansion of the plant and equipment of existing public service companies, the operations and internal workings of public service companies and the establishment of the level and structure of rates in accordance with the following principles: (1) That there is a clear public need for the service being proposed or provided; (2) that the public service company shall be fully competent to provide efficient and adequate service to the public in that such company is technically, financially and managerially expert and efficient; (3) that the department and all public service companies shall perform all of their respective public responsibilities with economy, efficiency and care for public safety and energy security, and so as to promote economic development within the state with consideration for energy and water conservation, to ensure that electric and natural gas resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost effective, even in the absence of a strict reliability need and without further subjecting increased energy efficiency to the Department's Three Criteria Test, initially set forth in docket 08-07-01, and to support the development and utilization of renewable sources of energy and for the prudent management of the natural environment; (4) that the department and all public service companies shall plan for meeting the public's need for energy services in a manner that considers environmental, health, and economic costs that include the associated goals and financial risks related to greenhouse gas emission; (5)-(4) that the level and structure of rates be sufficient, but no more than sufficient, to allow public service companies to cover their operating costs including, but not limited to, appropriate staffing levels, and capital costs, to attract needed capital and to maintain their financial integrity, and yet provide appropriate protection to the relevant public interests, both existing and foreseeable which shall include, but not be limited to, reasonable costs of security of assets, facilities and equipment that are incurred solely for the purpose of responding to security needs associated with the terrorist attacks of September 11, 2001, and the continuing war on terrorism; (6)-(5) that the level and structure of rates charged customers shall reflect prudent and efficient management of the franchise

operation; and ~~(7)~~ (6) that the rates, charges, conditions of service and categories of service of the companies not discriminate against customers which utilize renewable energy sources or cogeneration technology to meet a portion of their energy requirements.

DEMONSTRATING CONNECTICUT'S COMMITMENT TO EFFICIENCY BY RESTORING THE ENERGY CONSERVATION AND LOAD MANAGEMENT FUND:

Section 16-245m(a)(3) of the general statutes, as amended by Section 134 of PA 10-179, is either repealed in full, or at a minimum, the following is substituted in lieu thereof:

(3) In the financing order authorizing the economic recovery revenue bonds, or other appropriate order, the department shall reduce the charge assessed by subdivision (1) of this subsection by thirty-five per cent. Such reduction shall become effective on April 4, 2012, or such earlier date set by the department in the financing order. ~~An amount equivalent to such reduction shall constitute a portion of the competitive transition assessment in respect of the economic recovery revenue bonds, provided any failure to offset all or any portion of such competitive transition assessment shall not affect the requirement to implement the full amount of such competitive transition assessment, as required by sections 16-245c to 16-245k, inclusive, as amended by this act. All receipts from the remaining charge, after reduction of such charge as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund. The competitive transition assessment in respect to the economic recovery revenue bonds or the decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under the economic recovery revenue bonds shall be included as rate adjustments on customer bills.~~

Notwithstanding the provisions of this section, receipts from such charge shall be disbursed to the resources of the General Fund during the specified period, unless the department shall, upon the direction of the Governor, the Office of the Treasurer, or the General Assembly, before the economic recovery revenue bonds are sold, issue a financing order for each affected electric distribution company to restore or sustain funding of conservation and load management programs by substituting an equivalent amount, as determined by the department in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the specified period. The department shall, in such financing order or other appropriate order, offset the reduction to the charge imposed under this subsection with an equivalent increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such economic recovery revenue bonds, provided any failure to offset all or any portion of such increase in the

competitive transition assessment shall not affect the need to implement the full amount of such increase as required. Such financing order shall also provide if the economic recovery revenue bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for conservation and load management programs shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge. All receipts from the remaining charge imposed under this subsection, after reduction of such charge to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund. Any increase in the competitive transition assessment or decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under economic recovery revenue bonds shall be included as rate adjustments on customer bills as a separate, clearly-labeled line item.

CLARIFYING THE DECOUPLING MANDATE:

Section 16-19tt of the general statutes is repealed and the following is substituted in lieu thereof:

In any rate case currently pending or initiated on and after [effective date] June 4, 2007, the Department of Public Utility Control shall order the state's gas and electric distribution companies to decouple distribution revenues from the volume of natural gas or electricity sales through ~~any of the following strategies, singly or in combination: (1) A mechanism that adjusts actual distribution revenues to allowed distribution revenues, (2) rate design changes that increase the amount of revenue recovered through fixed distribution charges, or (3) a sales adjustment clause, rate design changes that increase the amount of revenue recovered through fixed distribution charges, or both.~~ In making its determination on this matter, the department shall consider the impact of decoupling on the gas or electric distribution company's return on equity and make necessary adjustments thereto a full revenue decoupling reconciliation mechanism that reconciles annually the revenue requirement allowed in the company's base distribution rate case to revenues actually received for the applicable twelve (12) month period, provided that the mechanism for gas distribution may be determined on a revenue per-customer basis, in a manner typically employed for gas distribution companies in the industry. Any revenues over-recovered or under-recovered shall be credited to or recovered from customers, as applicable.

Section 16-19kk of the general statutes is amended as follows:

(a) The General Assembly finds that if the earnings of electric, gas, telephone and water public service companies, as defined in section 16-1, are adversely affected by such companies' conservation and load management programs or other programs promoting the state's economic development, energy and other policy, those companies will have a disincentive to implement such programs. The General Assembly further finds that in order to further the implementation of such programs the earnings of electric, gas, telephone and water companies should be consistent with the principles and guidelines set forth in sections 16-19e, 16-19aa and 16-19kk to 16-19oo, inclusive, 16-19tt, and 16a-49 notwithstanding participation in conservation and load management programs and other programs authorized by the Department of Public Utility Control, promoting the state's economic development, energy and other policy.

CLARIFYING THE ALL COST-EFFECTIVE MANDATE:

Sections 16a-3a through 16a-3c shall be repealed and substituted by an agency-level, comprehensive energy planning procedure, to be developed in a separate section and not yet detailed below at this time. However, energy efficiency planning and procurement should be strengthened by clarifying the all cost-effective mandate through a modified, more streamlined process in Section 16-245m.

Section 16-245m is repealed and the following is substituted in lieu thereof:

(a) (1) On and after January 1, 2000, the Department of Public Utility Control shall assess or cause to be assessed a charge of three mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company to be used to implement the program as provided in this section for conservation and load management programs but not for the amortization of costs incurred prior to July 1, 1997, for such conservation and load management programs.

~~(2) Notwithstanding the provisions of this section, receipts from such charge shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the department shall, on or before October 30, 2003, issue a financing order for each affected electric distribution company in accordance with sections 16-245e to 16-245k, inclusive, as amended by this act, to sustain funding of conservation and load management programs by substituting an equivalent amount, as determined by the department in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The department may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both the charge under this subsection~~

and under subsection (b) of section 16-245n, as amended by this act, and also may, in its discretion, authorize the issuance of rate reduction bonds under this subsection and subsection (b) of section 16-245n, as amended by this act, that relate to more than one electric distribution company. The department shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charge imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and by sections 16-245e to 16-245k, inclusive, as amended by this act. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for conservation and load management programs, provided such expenditures were approved by the department after August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge but such expenditures shall not exceed four million dollars per month. All receipts from the remaining charge imposed under this subsection, after reduction of such charge to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the conservation and load management component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(3) In the financing order authorizing the economic recovery revenue bonds, or other appropriate order, the department shall reduce the charge assessed by subdivision (1) of this subsection by thirty five per cent. Such reduction shall become effective on April 4, 2012, or such earlier date set by the department in the financing order. An amount equivalent to such reduction shall constitute a portion of the competitive transition assessment in respect of the economic recovery revenue bonds, provided any failure to offset all or any portion of such competitive transition assessment shall not affect the requirement to implement the full amount of such competitive transition assessment, as required by sections 16-245e to 16-245k, inclusive, as amended by this act. All receipts from the remaining charge, after reduction of such charge as provided in this subsection, shall be disbursed to the Energy Conservation and Load Management Fund. The competitive transition assessment in respect to the economic recovery revenue bonds or the decrease in the conservation and load management component

~~of an electric distribution company's rates resulting from the issuance of or obligations under the economic recovery revenue bonds shall be included as rate adjustments on customer bills.~~

(b) The electric distribution company shall establish an Energy Conservation and Load Management Fund which shall be held separate and apart from all other funds or accounts. Receipts from the charge imposed under subsection (a) of this section shall be deposited into the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Budgets within each three-year period covered by a triennial plan shall be rolling. Disbursements from the fund by electric distribution companies to carry out the plan developed under subsection (d) of this section shall be authorized by the Department of Public Utility Control upon its approval of such plan.

(c) The Department of Public Utility Control shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) the Office of Consumer Counsel; (3) the Attorney General; (4) the Department of Environmental Protection; (5) the electric distribution companies in whose territories the activities take place for such programs; (6) a state-wide manufacturing association; (7) a chamber of commerce; (8) a state-wide business association; (9) a state-wide retail organization; (10) a representative of a municipal electric energy cooperative created pursuant to chapter 101a; (11) two representatives selected by the gas companies in this state; ~~and~~ (12) residential customers; ~~(13) low-income customers; and (14) an academic knowledgeable in energy efficiency and environmental issues.~~ Such members shall serve for a period of five years and may be reappointed. Representatives of the gas ~~and electric distribution companies and municipal electric energy cooperative shall be ex officio, non-voting members, not vote on matters unrelated to gas conservation.~~ Representatives of the electric distribution companies ~~and the municipal electric energy cooperative shall not vote on matters unrelated to electricity conservation.~~

(d) (1) Every 3 years, on or before June 1, 2012, the gas and electric distribution companies shall prepare an electric and natural gas efficiency investment plan. Each plan shall provide for the acquisition of all available energy efficiency and demand reduction resources that are cost-effective, and within four years shall achieve annual first-year energy savings in excess of two percent for electric and one and a half percent for gas. The Energy Conservation Management Board shall advise and assist the gas and electric distribution companies in the development and implementation of a such comprehensive triennial plan, which plan shall be approved by the Department of Public Utility Control in accordance with subsection 6, to implement cost-effective energy conservation programs and market transformation initiatives. Each program contained in the plan shall be reviewed by the electric distribution company and either accepted or rejected by the Energy Conservation Management Board prior to submission to

the department for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. ~~The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges. The Department of Public Utility Control shall, in an uncontested proceeding during which the department may hold a public hearing, approve, modify or reject the comprehensive plan prepared pursuant to this subsection.~~

(2) There shall be a joint committee of the Energy Conservation Management Board and the Renewable Energy Investments Board. The board and the advisory committee shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Renewable Energy Investment Fund pursuant to section 16-245n with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.

(3) Programs included in the plan developed under subdivision (1) of this subsection shall be ~~screened for cost effectiveness, defined as meeting through the total resource cost test, which requires that the net present value of economic benefits over the life of the program or measure, including avoided supply and delivery costs and deferred or avoided investments, is greater than the net present value of the economic costs over the life of the program, including program costs and incremental costs borne by the state's energy consumers, cost-effectiveness testing which compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs.~~ Cost-effectiveness testing shall utilize available information obtained from real-time monitoring systems ~~and other rigorous and industry standard-practice evaluation, monitoring, and verification methods~~ to ensure accurate validation and verification of energy use. ~~Evaluation, monitoring, and verification activities shall be determined by and contracted for by the Energy Conservation Management Board.~~ Such testing shall include an analysis of the effects of investments on increasing the state's load factor. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance

with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment (A) that documents expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) that documents the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the Renewable Energy Investments Board. The report shall include a description of the activities undertaken during the reporting period jointly or in collaboration with the Renewable Energy Investment Fund established pursuant to subsection (c) of section 16-245n.

(4) The triennial plan shall include: (i) an assessment of the estimated lifetime cost, reliability and magnitude of all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply, that will achieve a savings goal no less than two percent per year for electric and one and a half percent for natural gas; (ii) the amount of demand resources, including efficiency, conservation, demand response and load management, that are proposed to be acquired under the plan and the basis for this determination; (iii) the estimated energy cost savings that the acquisition of such resources will provide to electricity and natural gas consumers, including, but not limited to, reductions in energy and capacity costs and increases in rate stability and affordability for low-income customers; (iv) environmental and energy independence benefits of the program investments; (v) a description of Pprograms included in the plan developed under subdivision (1) of this subsection which may include, but are not be-limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; (I) public education regarding conservation; and (J) the demand-side technology programs recommended by the procurement plan approved by the Department of Public Utility Control pursuant to section 16a-3a; (vi) a mechanism which provides performance

incentives to the companies based on their success in meeting or exceeding the goals in the plan at a reasonable cost, which shall be developed by the Energy Conservation Management Board, in conjunction with the gas and electric distribution companies; (vii) the budget that is needed to support the programs at a level such that total program funding shall be no less than the total approved conservation and load management budgets for calendar year 2010 and shall increase to capture all cost-effective efficiency; (viii) a fully reconciling funding mechanism consistent with the goals of the triennial plan; (ix) the estimated amount of reduction in peak load that will be reduced from each option and any estimated economic benefits for such projects, including job retention, job growth or economic development; and (x) data showing the percentage of all monies collected that will be used for direct consumer benefit, such as incentives and technical assistance to carry the plan. With the approval of the Energy Conservation Management Board, the plan may also include a mechanism to prioritize cost-effective projects that have substantial benefits in reducing the energy consumption or costs of municipalities or other governmental bodies, or that have higher levels of economic development, job creation or job retention benefits. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

(5) The Energy Conservation Management Board shall review and approve the triennial plan by affirmative vote of two thirds of voting members upon a finding that the plan is consistent with the statutory authority for each source of funds that will be used to implement the plan, appropriate energy efficiency targets, and best practices of program administration. The Energy Conservation Management Board shall review the triennial plan and any additional information and shall submit its approval or requested changes to the program administrators not later than 3 months after submission of the plan. Upon agreement and consent, the gas and electric distribution companies shall make changes or revisions to reflect the input of the Energy Conservation Management Board. The Energy Conservation Management Board may submit any suggested changes or revisions not included in the triennial plan to the Department of Public Utility Control for a determination.

(6) Prior to submission of the triennial plan to the Department of Public Utility Control, the Energy Conservation Management Board shall offer to provide a detailed briefing on the draft plan to the joint standing committee of the General Assembly having cognizance of matters relating to energy. Upon

review and approval by the Energy Conservation Management Board that the plan is cost-effective according to the total resource costs test, the Department of Public Utility Control: (i) shall open a contested proceeding; (ii) shall make determinations on the triennial plan arising from any disagreement between the program administrators and the Energy Conservation Management Board; and (iii) shall approve a fully reconciling funding mechanism to fully fund the plan within 150 days. In order to ensure adequate public oversight with respect to priority state energy policy goals as established by the General Assembly, this docket shall be directly appealable to the superior court in the judicial district of New Britain by any participant or intervenor in said proceeding.

(7) If an electric or natural gas distribution company has not reasonably complied with the plan, the Department of Public Utility Control may open an investigation. In any such investigation, the utility company shall have the burden of proof to show whether it had good cause for failing to reasonably comply with the plan. If the utility company does not meet its burden, the Department of Public Utility Control, with significant coordination with the Energy Conservation Management Board, may reduce performance incentives to the distribution companies.

(8) The triennial plan shall be in effect for 3 years.

(9) The electric and natural gas distribution companies shall provide quarterly reports to the Energy Conservation Management Board on the implementation of their respective plans. The reports shall include a description of the progress in implementing the plan, a summary of the savings secured to date and such other information as the Energy Conservation Management Board shall determine.

(10) The gas and electric distribution companies may, from time to time, and with the affirmative vote of two thirds of voting Energy Conservation Management Board members in accordance with subsection (5), make appropriate adjustments to the plan to incorporate changes to address, for example, unforeseen circumstances and new opportunities. Upon a motion by a gas or electric distribution company, the Department of Public Utility Control shall reopen the proceeding approving the triennial plan and further shall approve the adjustment in accordance with subsection (6).

(11) It shall remain the policy of the state that resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost-effective, reliable and feasible. The department shall therefore ensure that electric and natural gas resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost effective, even in the absence of a strict reliability need and without further subjecting increased energy efficiency to the Department's Three Criteria Test, initially set forth in docket 08-07-01.

~~(c) Notwithstanding the provisions of subsections (a) to (d), inclusive, of this section, the Department of Public Utility Control shall authorize the disbursement of a total of one million dollars in each month, commencing with July, 2003, and ending with July, 2005, from the Energy Conservation and Load Management Funds established pursuant to said subsections. The amount disbursed from each Energy Conservation and Load Management Fund shall be proportionately based on the receipts received by each fund. Such disbursements shall be deposited in the General Fund.~~

~~(c) (f)~~ No later than December 31, 2006, and no later than December thirty-first every five years thereafter, the Energy Conservation Management Board, after consulting with the Renewable Energy Investments Board, conduct an evaluation of the performance of the programs and activities of the fund and submit a report, in accordance with the provisions of section 11-4a, of the evaluation to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

~~(g) Repealed by~~

Appendix G

Energy Efficiency Loan Program Lamont Financial Services

MEMORANDUM

Date: October 21, 2010

To: Don Strait
Connecticut Fund for the Environment
CC: Charles Rothenberger

From: Bob Lamb
Chris Valentino
Lamont Financial Services

Re: Connecticut Fund for the Environment - Energy Efficiency Loan Program

Executive Summary:

Lamont Financial Services ("Lamont") was engaged by the Connecticut Fund for the Environment ("CFE") to research and outline the steps necessary to establish a Residential Energy Efficiency Loan ("REEL") pool program in Connecticut. This engagement involved researching loan programs in other states that are either already in existence or currently being developed to fund energy efficiency improvements on residential and small commercial buildings. Lamont studied several potential program structures, including Property Assessed Clean Energy ("PACE"), On-Bill Recovery, Unsecured Direct Loans and a statewide Loan Guarantee Program. During the time of this engagement, PACE was stalled at the federal level due to problems with its basic structure, which created an assessment on the property that would be senior to the homeowner's mortgage. Given the resistance to this structure by the Federal Housing Finance Agency and the Office of the Controller of Currency, PACE is no longer considered a viable loan program. As a result, Lamont has focused on the other alternatives listed above as the focus of this study.

The outline below shows the necessary steps that must be taken to establish a residential and small commercial loan pool program and describes the elements that the program will include once it is completed.

1. Program Structure

- Loan Guarantee Program – The Connecticut Health and Educational Facilities Authority ("CHEFA") was given the authority by the State Legislature to establish a "Green Connecticut Loan Guaranty Fund program." Through this legislation, CHEFA can request up to \$18 million in state funds to fund the loan guarantee program. These funds will be designated "for the purpose of guaranteeing loans made by participating lending institutions to a participating qualified nonprofit

LAMONT

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organization for eligible energy conservation projects, including for two or more joint eligible energy conservation projects." Actual funding for these projects will be derived from the sale of taxable bonds, which will require approval by the State Bond Commission.

As described in the mandate above, CHEFA will need to find qualified organizations to which they can disseminate the funds to guarantee energy efficiency loans. Based on the powers given to CHEFA in the legislation, the use of funds does not rule out using the money to guarantee residential energy efficiency loans. In order to have all or part of the funds used for this purpose, however, CHEFA would need to be persuaded that a viable residential loan program could be established with the funds. This process is already underway, following a meeting between CFE and CHEFA on August 18. As a result of that meeting, CHEFA is currently contemplating an energy efficiency loan program that would include separate pieces for residential, small commercial, and not-for-profit buildings.

- On-Bill Recovery – An on-bill recovery program involves making loans to homeowners through funds collected by the utilities. These funds can either be collected through the existing "system benefit charge" on the utility bill or through a separate charge that the utilities would have to agree to collect. These loans will be repaid monthly through the gas and electric bill as a separate line item on the bill. Homeowners within the participating utility's service area will be eligible for the program, provided that they meet a pre-defined criteria based on their bill-paying history and certain other financial considerations (described below). Given the current legislative environment in Connecticut, the on-bill program likely represents the most viable and immediate option for the program. It is also worth noting that in the absence of legislation, the program administrator could enter into separate agreements with the utilities to launch a pilot on-bill program.
- Unsecured – Unsecured consumer financings are financings originated through banks, credit unions, and other regulated financial institutions that agree to participate in the program. These financings will be made for projects that will create annual energy savings that are at least equal to the annual debt service on the financings. Prior to receiving funds, the home that will be improved must undergo a comprehensive energy audit in order to determine potential energy savings. These loans tend to be of a shorter duration than the other types of lending that has been previously discussed.

2. Program implementation

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- Existing Legislation – As mentioned above, legislation for the Loan Guarantee Program is already in place. In addition, legislation for the on-bill recovery program is also in place, having been voted into law in 2007. Though this legislation required the utilities to institute a residential on-bill loan program, implementation was stalled for several years. In early 2010, the Connecticut Department of Public Utility Control (“DPUC”) directed the utilities to institute a pilot program beginning in June 2010.¹ While that loan program is currently underway, it is burdened by an unsustainable interest rate buy-down requirement, necessitating the need for lower-cost capital. The REEL program can explore the use of other sources of funds to seed the program and enhance program reserves.
- Administration – Program implementation will require a State or quasi-public entity to serve as administrator. CHEFA’s program discussed above will likely have separate administrators for each of the residential, small commercial, and not-for-profit pieces. These entities will take the lead in program administration and provide use of their market access to ultimately issue bonds. CHEFA has begun discussions with the Connecticut Development Authority (“CDA”) and the Connecticut Housing Finance Authority (“CHFA”) to serve as partners for the program. CDA would be best suited for development and implementation of the portion of the program which targets small commercial buildings, while CHFA is suited to participate in the development of a residential loan program. CHEFA’s role would be to develop and administer the program for non-profits. All three of these entities are established issuers of municipal securities with names that are recognizable by market participants and have numerous series of bonds outstanding. Establishing and defining the relationship between these entities is a key part of the program implementation process.
- Advisory Board. An advisory Council shall be established to advise the program administrators on program design and implementation. The Advisory Board will provide input on the draft operating plan prepared by the program administrators that summarizes and describes the individual programs to be supported pursuant to Connecticut Loan Guaranty Fund Program. Thereafter, the Advisory Council will meet on at least an annual basis to review and provide input on the program. Legislation will be needed to establish the Advisory Board. The composition of the Advisory Board should include (1) the heads of CHEFA, CDA, CHFA, OPM, DEP, OCC and (2); Consumer Advocates on utility, housing and environmental issues; and financing and investment market experts.

¹ DPUC Review of the Connecticut Energy Efficiency Fund’s Conservation and Load Management Plan for 2010, Docket No. 09-10-03, pp. 31-40 (March 17, 2010)

- New Legislation - Prior to proposing any new legislation to the State Legislature, CFE must have a clear understanding of who its partners will be and what roles each entity will play. The above partners must be in place and fully included in the planning and development of the program before any efforts are made to get new legislation passed. Given that the Loan Guarantee Program is the most immediate option being discussed, CFE will also need to work with the entities above to find sources of seed money for making the loans. It is possible that one or all of these entities will have a means to access capital that should be used to fund program loans, which should be explored by CFE and the staff at these agencies.
- Program Mechanics - Once the programs have been established, agreements will be needed to define the loan repayment process. Program administrators will need to develop the following documents:
 - Agreements with participating utilities or municipalities, if necessary
 - Financial Partnership Agreements with local banks and financial institutions. These will specify that they will do loan origination, be compensated for that, and the specific functions that they will perform will be outlined. It is expected that these loans will be coordinated with a “Master Servicer” via a secure network portal.
 - Master Trust Indenture (should have cross-collateralization to increase security of each program element, assuming multiple program elements)
 - Loan application and documentation – Should be simple one doubled-sided page application with additional information regarding the nature of the financing, interest rate, term, remedies, etc.
 - Lending and closing procedures
 - Certification procedures
 - Underwriting standards acceptable to the capital markets
 - Marketing materials

3. Capital Markets Takeout

In order to maximize program resources, the loans should be pooled and securitized through a taxable municipal bond issue. This will allow for leveraging the program and recycling loan debt service for use in making new loans. Leveraging the initial program investment has significant benefits, including increasing loan supply, creating a means to lower loan rates, and enhancing overall program security. The basic structure of a leveraging program is below:

- Make direct loans from initial capital

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- After loans are made, pledge repayments to bond issue
- Bond proceeds fund new loans
- Bond issuance depends on minimum debt service coverage being met programmatically
- No further investment required related to future recycling
- Reserve capital serves as bond security

Using a basic leveraging structure which assumes \$8 million in initial capital², the benefits of leverage can be seen in the numbers below. The impact of leveraging is shown at different loan interest rates, with 5.99% used as the base case. With no additional contribution, the initial \$8 million can fund over \$28 million in loans by the fifth loan/bond cycle. Clearly, if equity is added to the program over time, the magnitude of this leverage will increase. Note that increasing the percentage of program contributions that are needed for loan loss reserves and additional rate reduction will limit the benefit of leverage over time.

² Assuming an \$8,000 average loan size, 1,000 loans in the first year would require \$8,000,000 in initial funding

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LOAN BOND CYCLE 1				
Initial Program Funding	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Loan Guarantee Contribution	\$1,600,000	\$1,600,000	\$1,600,000	\$1,600,000
Average loan amount	\$8,000	\$8,000	\$8,000	\$8,000
# of loans prior to securitization	1,000	1,000	1,000	1,000
Loan interest rate	5.99%	4.99%	3.99%	2.99%
Total loan repayments	12,143,760	11,379,928	10,644,291	9,937,451
Origination and Servicing Fees	5.00%	5.00%	5.00%	5.00%
Assumed losses on loans	2.00%	2.00%	2.00%	2.00%
Total Loan Loss and Fees	(\$560,000)	(\$560,000)	(\$560,000)	(\$560,000)
Net Repayments	11,583,760	10,819,928	10,084,291	9,377,451
Bond interest rate	7.50%	7.50%	7.50%	7.50%
Bond cost of issuance	2%	2%	2%	2%
Bond debt service	(\$12,503,840)	(\$12,457,824)	(\$12,409,116)	(\$12,357,688)
Bond cost of issuance	(\$153,208)	(\$152,644)	(\$152,047)	(\$151,417)
Loan repayments less bond debt service, fees and losses	(\$1,412,895)	(\$2,158,338)	(\$2,874,511)	(\$3,560,799)
Net amount returned and available to recycle	\$6,587,105	\$5,841,662	\$5,125,489	\$4,439,201
LOAN BOND CYCLE 2				
Initial Program Funding	\$6,587,105	\$5,841,662	\$5,125,489	\$4,439,201
Loan Guarantee Contribution	\$1,317,421	\$1,168,332	\$1,025,098	\$887,840
Average loan amount	\$8,000	\$8,000	\$8,000	\$8,000
# of loans prior to securitization	823	730	641	555
Loan interest rate	5.99%	4.99%	3.99%	2.99%
Total loan repayments	\$9,999,028	\$8,309,712	\$6,819,650	\$5,514,293
Origination and Servicing Fees	5.00%	5.00%	5.00%	5.00%
Assumed losses on loans	2.00%	2.00%	2.00%	2.00%
Total Loan Loss and Fees	(\$461,097)	(\$408,916)	(\$358,784)	(\$310,744)
Net Repayments	9,537,931	7,900,796	6,460,866	5,203,549
Bond interest rate	7.50%	7.50%	7.50%	7.50%
Bond debt service	(\$10,295,514)	(\$9,096,800)	(\$7,950,349)	(\$6,857,282)
Bond cost of issuance	(\$126,150)	(\$111,462)	(\$97,415)	(\$84,021)
Loan repayments less bond debt service, fees and losses	(\$1,163,361)	(\$1,576,035)	(\$1,841,659)	(\$1,975,888)
Net amount returned and available to recycle	\$5,423,745	\$4,265,627	\$3,283,830	\$2,463,313

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Total Loans Made to Date	\$14,587,105	\$13,841,662	\$13,125,489	\$12,439,201
LOAN CYCLE 3				
Initial Program Funding	\$5,423,745	\$4,265,627	\$3,283,830	\$2,463,313
Loan Guarantee Contribution	\$1,084,749	\$853,125	\$656,766	\$492,663
Average loan amount	\$8,000	\$8,000	\$8,000	\$8,000
# of loans prior to securitization	678	533	410	308
Loan interest rate	5.99%	4.99%	3.99%	2.99%
Total loan repayments	\$8,233,081	\$6,067,816	\$4,369,256	\$3,059,881
Origination and Servicing Fees	5.00%	5.00%	5.00%	5.00%
Assumed losses on loans	2.00%	2.00%	2.00%	2.00%
Total Loan Loss and Fees	(\$379,662)	(\$298,594)	(\$229,868)	(\$172,432)
Net Repayments	7,853,419	5,769,222	4,139,387	2,887,450
Bond interest rate	7.50%	7.50%	7.50%	7.50%
Bond debt service	-\$8,477,204	-\$6,642,554	-\$5,093,679	-\$3,805,106
Bond cost of issuance	-\$103,870	-\$81,390	-\$62,412	-\$46,623
Loan repayments less bond debt service, fees and losses	(\$957,897)	(\$1,150,833)	(\$1,179,926)	(\$1,096,420)
Net amount returned and available to recycle	\$4,465,847	\$3,114,794	\$2,103,905	\$1,366,892
Total Loans Made to Date				
	\$20,010,850	\$18,107,289	\$16,409,319	\$14,902,513
LOAN CYCLE 4				
Initial Program Funding	\$4,465,847	\$3,114,794	\$2,103,905	\$1,366,892
Loan Guarantee Contribution	\$893,169	\$622,959	\$420,781	\$273,378
Average loan amount	\$8,000	\$8,000	\$8,000	\$8,000
# of loans prior to securitization	558	389	263	171
Loan interest rate	5.99%	4.99%	3.99%	2.99%
Total loan repayments	\$6,779,022	\$4,430,766	\$2,799,322	\$1,697,928
Origination and Servicing Fees	5.00%	5.00%	5.00%	5.00%
Assumed losses on loans	2.00%	2.00%	2.00%	2.00%
Total Loan Loss and Fees	(\$312,609)	(\$218,036)	(\$147,273)	(\$95,682)
Net Repayments	6,466,413	4,212,731	2,652,048	1,602,246
Bond interest rate	7.50%	7.50%	7.50%	7.50%
Bond term	168	168	168	168
Bond debt service	-\$6,980,030	-\$4,850,444	-\$3,263,449	-\$2,111,454
Bond cost of issuance	-\$85,525	-\$59,432	-\$39,987	-\$25,871
Loan repayments less bond debt service, fees and losses	(\$788,721)	(\$840,347)	(\$755,962)	(\$608,404)
Net amount returned and available to recycle	\$3,677,126	\$2,274,447	\$1,347,943	\$758,489

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Total Loans Made to Date	\$24,476,697	\$21,222,083	\$18,513,224	\$16,269,406
LOAN CYCLE 5				
Initial Program Funding	\$3,677,126	\$2,274,447	\$1,347,943	\$758,489
Loan Guarantee Contribution	\$735,425	\$454,889	\$269,589	\$151,698
Average loan amount	\$8,000	\$8,000	\$8,000	\$8,000
# of loans prior to securitization	460	284	168	95
Loan interest rate	5.99%	4.99%	3.99%	2.99%
Total loan repayments	\$5,581,766	\$3,235,380	\$1,793,487	\$942,181
Origination and Servicing Fees	5.00%	5.00%	5.00%	5.00%
Assumed losses on loans	2.00%	2.00%	2.00%	2.00%
Total Loan Loss and Fees	(\$257,399)	(\$159,211)	(\$94,356)	(\$53,094)
Net Repayments	5,324,368	3,076,169	1,699,131	889,086
Bond interest rate	7.50%	7.50%	7.50%	7.50%
Bond debt service	(\$5,747,274)	(\$3,541,832)	(\$2,090,847)	(\$1,171,646)
Bond cost of issuance	(\$70,421)	(\$43,398)	(\$25,619)	(\$14,356)
Loan repayments less bond debt service, fees and losses	(\$649,424)	(\$613,628)	(\$484,334)	(\$337,603)
Net amount returned and available to recycle	\$3,027,702	\$1,660,818	\$863,608	\$420,885
Total Loans Made to Date	\$28,153,823	\$23,496,529	\$19,861,166	\$17,027,895

4. Loan servicing process

On-Bill

Though the on-bill program has already been enabled by legislation, the mechanics and administration of the program have not yet been defined. The key to this process will be for the program administrator to establish agreements with the local utilities which clarify how funds will be distributed and how debt service will be collected. One major hurdle will be the desire by the utilities to have the State or REEL program pay for system upgrades needed to accommodate the collection of loan repayments and other costs associated with program administration. Alternatively, the program administrator could use the "Master Servicer" model described below.

Unsecured

The program administrator will select a "Master Servicer" to process and monitor loans once they have been originated by program lenders. Upon closing of each loan, the master servicer will disburse loan proceeds and assume responsibilities for servicing the loan. The Master Servicer will implement and manage a software platform that will

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provide electronic communication between the Program administrator and the Master Servicer. Responsibilities of the Master Servicer will include the following:

1. Verify payment of principal and interest on Loans and associated fees;
2. Compliance checking and monitoring based on reports submitted;
3. Perform loan balancing and reconciliation with borrowers
4. Intervene in payment reconciliation efforts;
5. If necessary, participate in collection efforts
6. Conduct periodic detailed examination of individual loans and the financial and operational aspects of such loans

Initially the Master Servicer can be hired on an interim basis as servicer to the Pilot program.

5. Lending Criteria

Below are the lending criteria for each element of the Energy Efficiency Loan Program. Given the recent failures of home equity loan pools and other mortgage pools during the credit crisis, borrower credit criteria will be a very highly scrutinized aspect of the loan pool. The REEL program will purchase the loans from the originators when they close. Once a sufficient number of loans have been made, the REEL program will then issue bonds to fund new loans. Debt service on the bonds will be paid from the existing loan repayments, with a predetermined amount set aside as a reserve fund (to cover late payments, loan defaults, etc.). The below lending standards have been established with the ultimate goal of this bond issue in mind. These standards must be sufficiently stringent to allow the bond issue to be accepted by and marketable to investors in the capital markets. Given the likelihood that many borrowers will not meet the initial lending criteria, the REEL program administrator should eventually roll out a "Tier 2" program which is designed for borrowers with weaker credit and will be subsidized by funds from foundations and other mission-oriented investors. The initial set of loans (the Pilot Program), however, should be subject to the rigorous standards below so that investors in the capital markets are comfortable that the overall structure is secure. As these loans become more seasoned and program performance can be quantified, the Tier 2 program will be more acceptable to the markets.

In addition, prior to program implementation, the program administrator must develop a list of eligible projects for which the financing options will be used.

On-Bill Repayment Program

- History of Utility Payment – Applicant shall not have been past due by more than 30 days more than one time in past 12 months and shall not have been 60 days past due at any time in the past 24 months. Note: Depending on political forces

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and input of advocacy groups, utility bill payment history can be seen as a way to exclude low-income participants. If these pressures arise, an alternative is to allow delinquencies during the year provided that the homeowner catches up at some point during the year and the account is no longer past due for half the year.

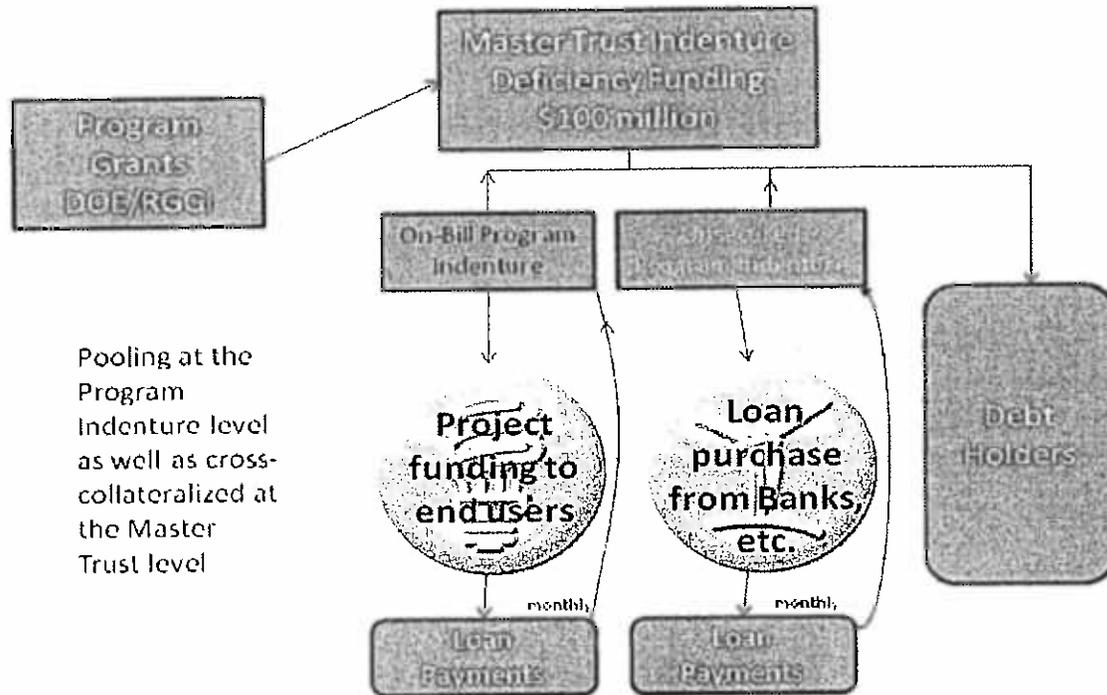
- Bill payment history for prior 2 years will be used. If applicant has not lived in home for 2 years, history for prior residence may be used. Applicant with FICO score above 660 can forego the bill payment history test.
- Minimum FICO Score (640 is Fannie Mae standard). This may need to be relaxed depending on political climate due to "exclusion" issue described above.
- Applicant must be employed for at least 6 months and monthly debt-to-income ratio should be below 55%.
- No bankruptcy within last 7 years.
- There shall not be current liens on the property other than a mortgage and/or home equity line of credit.
- Comprehensive energy audit must be completed at onset. A signed work scope must be completed by homeowner and contractor and submitted for approval.
- Maximum loan-to-value ratio of 85% (or 90% for borrowers with FICO score above 700).
- Projects must be cost-effective (Savings-to-Investment ratio above 1)
- Homeowner must grant program administrator right to check credit (FICO score) and utility bill paying history
- Financing will be for net cost of project after subtracting all available utility rebates and incentives
- Loan funds will be paid directly to contractor after homeowner agrees that work has been completed to satisfaction
- Payback period should be long enough so that annual energy savings will pay for annual cost of project
- Loan must be paid off when home is sold.
- One unique aspect of the on-bill program is the potential for participation by foundations and mission-oriented investors. This would create a source for additional funds to subsidize low-income borrowers whose credit does not meet the criteria defined above. The on-bill program administrator should be active in seeking out such investors during the program development phase.
- In instances of customers making partial payments, the partial payment will be applied to the energy bill and the loan obligation in proportion to the amount owed for each, and the customer may be considered in default of both the energy bill and the loan obligation.
- Applicants who do not qualify for financing shall be referred back to the appropriate rebate and incentive programs

Unsecured Program

- Comprehensive energy audit must be completed prior to start of project. The auditor will make recommendations for the retrofit project based on the modeled performance of the home, including proposed costs and energy savings.
- Each work scope must be approved by program administrator
- All projects must be cost effective with an SIR greater than 1. The SIR is equal to the present value of anticipated energy savings over the weighted useful life of the measures installed divided by the total cost of the project...
- Each applicant must complete and sign financing documentation, with an agreement that the REEL program administrator has the right to check a credit report, check a FICO score, check with the appropriate municipal corporation regarding liens on the property, check the property assessment, contact the mortgagee, and similar matters regarding credit approval
- Loan funds will be paid directly to contractor after homeowner agrees that work has been completed to satisfaction
- Payback period should be long enough so that annual energy savings will pay for annual cost of project
- Loan must be paid off when home is sold.
- There shall not be current liens on the property other than a mortgage and/or home equity line of credit.
- Applicants who do not qualify for financing shall be referred back to the appropriate rebate and incentive programs,

6. Structure of Program Indenture

The program elements will be a part of Master Trust Indenture that will be cross-collateralized as shown in the diagram below. The purpose of setting up the Master Trust Indenture is to put the legal pieces in place for a capital markets takeout of the loans. This would likely entail the issuance of taxable municipal bonds once the REEL program has made sufficient loans to pool into a bond issue (ideally at least \$15-\$20 million.) Once the aggregate loan amount has grown to this level, bonds will be issued and the proceeds from that issue will buy the loans from the program. The incoming loan repayments from the individual homeowners will be used to pay the debt service on the bonds, along with funds that are set aside into a reserve fund at the time of the bond sale (from one of the sources described in section 2 above).



7. Program Marketing

On-Bill

- Easiest of the three program elements to market due to participation of the utilities.
- Develop bill-stuffers to advertise the program
- Program marketing will center on idea that program participant is not really seeing any additional monthly cost – energy savings will match loan debt service amount.
- Separate marketing structure can be used for low-income (second tier) borrowers whose contribution will be supplemented by foundations and mission-oriented investors

Unsecured Program

- Utilize utility-bill stuffers to market loan program availability
- Marketing to banks, finance companies, and real estate market
- Program administrator should be careful to work out details related to risk sharing, etc.
- Once loans are closed, they will be purchased by the REEL program administrator
- Marketing strategy will be based on incentivizing banks to offer lower rates on loans for energy efficiency improvements

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- Could be Home Equity Loans or business loans

8. Other Considerations

- IT infrastructure/privacy – program should be developed in compliance with existing privacy guidelines to protect an applicant's personal information
- Pilot program features - initial program implementation should be launched using a population of borrowers that is more credit worthy and reliable than the eventual larger-scale program.

9. Alternatives to PACE

With Property Assessed Clean Energy (PACE) programs currently being rejected by lenders, below is an alternative financing program that may be adaptable to residential energy efficiency lending:

Property Improvement Loan Insurance (Title 1)

- Title I program goes back to the Depression
- HUD insures lenders against most losses on home improvement loans, making it easier for borrowers to obtain affordable loans
- Finance up to \$25,000 per single-family home (\$12,000 per multi-family unit) for any kind of permanent home improvement
- Fixed rate loans with a financing term up to 20 years. Rates are not subsidized by HUD and move with the Treasury market, but are relatively low (~6% currently)
- FHA insures private lenders against the risk of default for up to 90% of any single loan. The annual premium for this insurance is \$1 per \$100 of the amount advanced (usually added to funding cost)
- Program is administered by eligible private lenders.
- Eligible borrowers include the owner of the property to be improved, the person leasing the property, or someone purchasing the property under a land installment contract
- HUD/FHA still working on adapting program to use for energy efficiency/PACE replacement
- Working on ways to address potential demand and improve turnaround times
- Home improvement loans are closely coordinated with contractors and proceeds go directly to them for work performed. Title I loans may be used to finance permanent property improvements that protect or improve the basic livability or utility of the property
- Program allows unsecured loans of up to \$7500 and requires second mortgage security for amounts above that and up to the program limit.
- This program is authorized under Title I, Section 2, of the National Housing Act (12 U.S.C. 1703).

Appendix H

**Environment Working Group
Member Proposals**

Responsible Growth/Brownfields/Transit Oriented Development

Environmental Initiatives and Policy Priorities

Name: Ann Catino
Organization/Company: Halloran & Sage
Title/Position: Attorney
Address: One Goodwin Square, Hartford, CT 06103
Phone: 860-297-4682
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Brief Description of Proposal: (Maximum 200 words) *Develop a urban site remediation initiative designed to remediate urban properties in a cost effective way that stimulates the urban area . Many brownfield sites exist in our state's cities and the downtowns are lined with empty storefronts, gas stations, printers, and former manufacturers. To a large degree, these sites were built on fill material that has some contaminants on it due to the existence of fill, which exists on adjoining properties but may not constitute widespread polluted fill under DEP regulations.*

Problem addressed: (Max 25 words) *Stimulates urban center renewal and provides for smart and TOD growth to happen.*

Desired Outcome (Max 25 words) *Create an urban historic fill designation that recognizes the complexity of urban sites and allows development to occur under a more site-by-site process than currently exists under the rigidity of the state's remediation standard regulations.*

Public Sector Cost/Savings *Licensed Environmental Professionals would do the site evaluations and make recommendations and DEP would approve it.*

Source of Funding *No money. If more staff is needed because the program is wildly successful, that is a good thing.*

Private Sector Financial Implications. *Would likely lessen the cost of redeveloping an urban site.*

Implementing Agency *DEP*

Requires Legislation	Yes	No
Requires Regulations	Yes	No
Executive Order/Action	Yes	No

Municipal Impact/Opportunity/Role? *None, but it may bring back downtowns and income producing properties, which means more property taxes.*

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics) *Massachusetts has been in the process of developing a historic fill regulatory designation, maybe other states.*

Sources of Support *municipalities, city groups, businesses, consultants*

Nature/Sources of Opposition *unsure.*

Environmental Initiatives and Policy Priorities

Name: Beth Barton
Organization/Company: Day Pitney, LLP
Title/Position: Partner
Address: 242 Trumbull Street, Hartford, CT 06103
Phone: (860) 275-0371
Email: ecbarton@daypitney.com

Brief Description of Proposal: (Maximum 200 words)

Expand eligibility for brownfields fast track encompassing sites (large and small) that further economic recovery. Jobs are an indicator, but they should not be the only factor when evaluating the potential contribution of a redeveloped site to economic recovery. An appropriate and best use could be a warehouse, which may not mean many jobs, but, if taxes will be paid and nearby redevelopment is triggered, there is favorable economic impact. Eligible parties exclude those responsible for conditions requiring investigation and remediation, but benefits would extend to subsequent owners, if that owner were not a responsible party. Benefits include: (1) access to loans and grants; (2) certain liability relief; (3) a streamlining of required investigation where there will be an enforceable limitation on the generic end use and up-front identification of the projected remedy (sitewide capping), that would comply with the applicable standards; and (4) no requirement to pursue off-site contamination when on-site sources are addressed. Identify the agency team implementing this track and also a process whereby, within a set time frame and upon consideration of delineated factors, there will be an agency decision as to eligibility.

Problem addressed: (Max 25 words)

Need for enhanced and largely non-economic incentives for smart growth and brownfields redevelopment.

Desired Outcome: (max 25 words)

Greater and clearer incentives with expedited and defined time frames for implementation.

Public Sector Cost/Savings:

If the same endpoint were reached in less time and perhaps with the involvement of fewer agency representatives, all of whom would be dedicated to and therefore trained to handle this type of redevelopment, the public sector cost could be less than under the present setting. If one were to assume that absent relief from the need to investigate and remediate off-site, such activities would occur there could be a public cost. However, the presumption is that without the relief the redevelopment would not take place and in any event the responsible party is not being relieved of any liability it might otherwise have.

Source of Funding:

While there could be some reorganization related costs at the outset, funding is believed N/A.

Private Sector Financial Implications:

Mitigation of potential disincentive to redevelopment of brownfields.

Implementing Agency DECD (OBRD) and DEP or equivalent

Requires Legislation	Yes X	No
Requires Regulations	Yes	No X
Executive Order/Action	Yes	No X

Municipal Impact/Opportunity/Role?

Municipality could have input into the eligibility determination for a site and a party and any municipal approvals should ideally be identified and facilitated via or coincident with the state fast track.

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics)

In the context of their overall redevelopment programs, many states have similar incentives, i.e., PA, NY.

Sources of Support: Property owners, tenants, developers, municipalities

Nature/Sources of Opposition: Project owners/proponents not eligible for inclusion in the expedited program.

Environmental Initiatives and Policy Priorities

Name: Pamela Ellcow
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Title/Position: Partner
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Brief Description of Proposal: (Maximum 200 words)

Revise Remediation Standard Regulations, incorporating many improvements from last draft. Save time by leveraging on EPA processes and approvals. For example: with respect to PCBs, if EPA approves, DEP approval should be automatic; with respect to ecological risk assessment, follow EPA protocol, without being "more stringent," and hire staff that understand these issues. Provide for a periodic update of regulations incorporating criteria for additional substances, rather than piecemeal guidance.

Problem addressed: (Max 25 words): Fifteen-year old regulations that need improvement, based on both DEP and regulated community experience. We've learned a lot, let's take advantage of that knowledge.

Desired Outcome: (Max 25 words): Address quirks and other provisions of the RSRs that are not protective of human health or the environment.

Public Sector Cost/Savings: Staff time to review/revise regulations, meet with regulated community.

Source of Funding: n/a

Private Sector Financial Implications:

Implementing Agency: DEP

Requires Legislation	Yes	No
Requires Regulations	<u>Yes</u>	No
Executive Order/Action	Yes	No

Municipal Impact/Opportunity/Role? Don't see any

Timeframes (costs/impacts): 2 years, should include real input from regulated community

Done Elsewhere (if so provide specifics)

Sources of Support: Business Community, Real estate community

Nature/ Sources of Opposition: DEP

Environmental Initiatives and Policy Priorities

Name: Pamela Elkow
Organization/Company: Robinson & Cole LLP
Title/Position: Partner
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Brief Description of Proposal: (Maximum 200 words)

Reorganization of Brownfields Office at state level. Combine Office of Responsible Growth (DECD) and Connecticut Brownfields Redevelopment Authority (CDA), and provide for one-stop Brownfields contact (place in DECD). Create Brownfields "ombudsman" role, to facilitate redevelopment by identifying permitting, remediation, and financing opportunities at state and local level. Create state revolving loan fund (need initial financing), to be used for investigation and remediation of Brownfields. Default results in state "ownership" of reports/information. Stop assembling lists of "Brownfields" but may not be for sale; real estate brokers are a ready source of information of properties on the market.

Problem addressed: (Max 25 words): Bifurcation of Brownfields redevelopment roles; assistance in navigating state and local requirements to facilitate remediation and redevelopment; upfront financing of investigations/remediation.

Desired Outcome: (Max 25 words): Redevelopment of Brownfields that are currently vacant or underutilized.

Public Sector Cost/Savings: Savings by combining two offices, but may need to increase staff to ensure competencies and resources are available. Save by not paying consultants to assemble lists of "Brownfields". Initial cost of RLF.

Source of Funding: Bonding for RLF.

Private Sector Financial Implications: Unclear.

Implementing Agency: DECD/CDA

Requires Legislation	Yes	No	<u>Don't know</u>
Requires Regulations	Yes	No	<u>Don't know</u>
Executive Order/Action	<u>Yes</u>	No	

Municipal Impact/Opportunity/Role? Municipal opportunity in additional resources from state to facilitate development. Municipal role, consider tax incentives to incentive developers; cooperate in ombudsman efforts to facilitate development.

Timeframes (costs/impacts): I assume DECD and CDA maybe combined anyway, so this could be part of it. Even if not, this could happen fairly quickly.

Done Elsewhere (if so provide specifics):

Sources of Support: Business Community, Real estate community

Nature/ Sources of Opposition: CDA?

Environmental Initiatives and Policy Priorities

Name: Pamela Elkow
Organization/Company: Robinson & Cole LLP
Title/Position: Partner
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Brief Description of Proposal: (Maximum 200 words)

Review of existing liability protection statutes and policies, and coordination of such statutes/policies, into one program. If an entity remediates a site, there should be one procedure (whether voluntary or under Transfer Act), rather than some remediations being potentially delegated to LEP's and others needing to be approved by DEP. If the entity is an "innocent" purchaser, third-party liability protection and a covenant not to sue should attach when complete. If the entity is the responsible party, a covenant not to sue should attach when complete. Shorten possible audit time to much less than 3 years, perhaps six months, and certainly no longer than a year. Have formal recognition by DEP of being "done", through successful completion of an audit, the passage of time for an audit to occur, or the decision not to audit. Amend or reinterpret Transfer Act to provide that certifying party is only responsible for remediation of contamination existing at the time of the transfer/filing, unless certifying party continues to own or operate the site.

Problem addressed: (Max 25 words): Piecemeal programs – voluntary remediation (both), Transfer Act, third-party liability protection under CGS 22a-133ee, covenants not to sue (both), innocent purchaser protections – all with different procedures and impacts.

Desired Outcome: (Max 25 words): Liability protection and (more) certainty around timing will incentive remediation of contaminated sites and redevelopment of Brownfields.

Public Sector Cost/Savings: If most investigations/remediations are overseen by LEPs, savings on staff time. By reducing the number of audits, savings on staff time. Should be no additional costs.

Source of Funding: n/a

Private Sector Financial Implications: Time is money. The uncertainty of being "done" is significant. If the window for audits is smaller, the certainty of being done is greater. If we can change the mind-set at DEP such that LEPs can stop playing defense to an audit, that should also speed things up.

Implementing Agency:	DEP		
Requires Legislation	<u>Yes</u>	No	
Requires Regulations	Yes	No	<u>Don't know</u>
Executive Order/Action	<u>Yes</u>	No	

Municipal Impact/Opportunity/Role? Don't see any

Timeframes (costs/impacts): Should be do-able by legislative session beginning in Sept. 2011.

Done Elsewhere (if so provide specifics): NYS Brownfields cleanup program distinguishes between volunteers and participants (different tax benefit and extent of remedial obligations.) NJ ISRA requires remediation (or plan) prior to transfer, so focus is on pre-existing conditions.

Sources of Support: Business Community, Real estate community

Nature/ Sources of Opposition: DEP

Environmental Initiatives and Policy Priorities

Name: Eric Brown
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Brief Description of Proposal: Substantially bolster brownfield revitalization in Connecticut through non-economic incentives, as well as economic incentives as feasible, for eligible sites. Both the site and the person developing the site would have to qualify for eligibility.

Qualified sites would be determined by the Department of Economic and Community development based on considerations that include:

- a. Likely job creation
- b. Desires of the community where located
- c. Not the subject of a current state or federal enforcement action
- d. Would incorporate sustainable growth and/or transit oriented development principles
- e. Would benefit an "environmental justice" or "distressed" community

Eligible persons would include:

- a. Innocent landowners, as defined in state statute and that may include a municipality.
- b. Bona Fide Prospective Purchasers ("BFPP"), as defined in CERCLA and which may include a municipalities;
- c. A party who receives property from either an Innocent Landowner or a BFPP and has no prior relationship to the site.

Benefits of the program include:

- a. Expedited permitting
- b. Limited liability to the State (not necessarily 3rd parties) to on-site investigation and cleanup where such limited liability would be transferrable to a subsequent owner
- c. Exemption from the CT Transfer Act
- d. Access to potential low-interest loan funds
- e. Possible privately-run insurance program

Problem addressed:

Stimulate private investment in brownfield revitalization thereby creating jobs and improving the environment and providing new tax dollars to the State and local communities

Desired Outcome:

A substantial increase in the number of brownfield sites being revitalized in our state and returned to productive use.

Public Sector Cost/Savings:

Costs would be expected to be minimal – mostly in the area of additional, targeted permitting resources that could be paid through a “surcharge” of sorts on developers seeking to enter the program. Savings have not been identified but additional revenues to the State and local communities would be substantial.

Source of Funding:

Potential surcharge on development projects in these areas to support “streamlined permitting” benefit.

Private Sector Financial Implications:

Potentially substantial increase in economic activity associated with revitalizing these sites and the neighborhoods where they are located. New business loans for financial institutions based on private-sector economic development investments. Possible new business opportunity for insurers wishing to participate in private-sector environmental insurance program.

Implementing Agency

DECD in coordination with DEP and DOT

Requires Legislation?:

Yes

Requires Regulations?:

Yes

Executive Order/Action?:

No

Municipal Impact/Opportunity/Role?

Substantial economic and environmental benefits from getting blighted properties back to where they are employing people, improving neighborhoods, increasing property and housing values thereby generating more revenues for the municipality. Municipalities are also contemplated to have a role in identifying “high priority” sites in their jurisdictions.

Timeframes (costs/impacts):

We anticipate one to two years to implement with minimal costs

Done Elsewhere? (specifics):

Similar concepts are used in New York, New Jersey and Pennsylvania

Sources of support:

Support for revitalizing brownfields is virtually unanimous.

Nature/Sources of Opposition:

Concerns about liability limitations may come from the trial bar but this proposal has components that address some of the concerns they have expressed in the past

ENVIRONMENTAL INITIATIVES AND POLICY PRIORITIES

Name: Susan Merrow
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Title: Chair
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Brief Description of Proposal: Mandate the application of the State plan of Conservation and Development and the principles of smart growth to actions undertaken by state agencies. Require state agencies to work together to implement these principles.

Problem Addressed: Two years ago, principles of smart growth were embodied in state law in 2009 in the form of PA09-230. They are not currently being acknowledged, observed, and utilized in a systematic manner. Agency heads are often operating independently where transportation, housing, brownfield, and other projects influencing land use overlap and influence one another .

Desired Outcome: Collaboration of State Agencies in pursuit of smart growth principles. More efficient use of state resources.

Public Sector Cost\Savings: Costs are minimal, and savings are hard to quantify, except to say that sprawl is costly in terms of infrastructure, services, and general inefficiency.

Implementing Agency: Governor's Office executive order, requiring state agencies to work together in pursuit of smart growth principles.

Requires Legislation? No, if can be handled by executive order.

Executive Order? Yes

Municipal Impact/Opportunity/Role? Yes. If state agencies can target grant opportunities and incentives toward municipal projects that observe smart growth principles and provide technical assistance targetted to these principles.

Timeframe: Immediate

Sources of Support: 1000 Friends, and possibly CFE, Main Street, Bike\Walk Connecticut.

Opposition: Potentially, Home Builders

Guide for State Leaders

from

1000 Friends of Connecticut

Our future should not merely be subject to the whims of fortune, like a leaf blown about by swirling winds in a chaotic storm of events. Both our state and our nation should instead develop a vision to which our society can aspire, and a strategic plan to make that vision a reality.

The members of *1000 Friends of Connecticut* believe that our state should seek to achieve prosperity for all of its residents, able to sustain a high quality of life. True prosperity is based on

- productive growth (boosting innovation and entrepreneurship, generating quality jobs and rising incomes),
- inclusive growth (expanding educational and employment opportunities, reducing poverty, and fostering a strong and diverse middle class), and
- sustainable growth (strengthening existing cities and communities, conserving fiscal and natural resources, mitigating climate change and achieving energy independence).

This vision is perhaps best encapsulated in the term “smart growth,” which is embedded in Connecticut law (P.A. 09-230) as a consequence of efforts by *1000 Friends* and its allies. Smart growth in Connecticut is also supported by the HOMEConnecticut program, which provides financial incentives to communities which voluntarily adopt Incentive Housing Zones,¹ overlay zones that permit developers to construct high-density, mixed-use facilities in community centers and near transportation nodes. Incentive Housing Zones encourage the creation of affordable housing, and discourage sprawl.²

At the national level, smart growth is promoted by an interagency partnership of HUD, DOT and EPA, which aims to encourage Sustainable Communities. See www.epa.gov/dced/partnership/index.html, which provides an overview of the

¹ Chapter 124b of the Connecticut General Statutes, “Incentive Housing Zones,” includes Sections 8-13m through 8-18x, which outline the program.

² Sprawl – as opposed to denser development in natural centers of population – has the following adverse consequences: “Not only do local governments absorb much of the cost of more and more local roadways, profoundly longer water and electrical lines, and much larger sewer systems to support sprawling development, they must also fund public services to the new residents who live farther and farther from the core community. These new residents need police and fire protection, schools, libraries, trash removal, and other services. Stretching all these basic services over ever-growing geographic areas places a great burden on local government.” Richard M. Haughey, Higher Density Development: Myth and Fact (Urban Land Institute, 2005), as quoted in David Owen, Green Metropolis (Riverhead Books, 2009), p. 103.

partnership agreement, a summary of livability principles to which the Obama administration is committed, and links to information about funding availability for the Sustainable Communities Planning Grant Program. To further support this initiative, already funded in the 2010 budget at \$150 million, Congress is also considering the "Livable Communities Act," which would help communities cut traffic congestion, reduce greenhouse gas emissions and fuel consumption, protect green spaces, create more affordable housing, and revitalize existing Main Streets and urban centers.

Let's Continue to Move Forward!

In the next biennium, Connecticut needs to build on the achievements of the past. Specifically, *1000 Friends of Connecticut* asks every candidate for the General Assembly and statewide office to commit to:

- directing the executive agencies of the state to work together to take advantage of federal funding of Sustainable Communities
- enacting any statutory changes necessary to leverage federal funding for Livable Communities
- continuing to fund planning for and implementation of Housing Incentive Zones
- using state permitting authority to provide incentives to developers to incorporate recognized "smart growth" walkability and connectivity principles into their projects
- supporting educational tools (like a standard "Municipal Scorecard") to inform municipal residents of how smart growth principles can be incorporated into local land use decisions
- promulgating "model" – not "mandatory" – zoning codes and regulations that towns may voluntarily adopt to enhance revitalization and economic growth of their communities
- expanding and strengthening the state government's planning infrastructure
- incorporating the principles of smart growth into the state plan of conservation and development
- revising and expanding the existing state plan of conservation and development to include transportation, energy, economic development, housing and environmental policy goals (as already mandated in state statute)
- mandating the application of the state plan of conservation and development and the principles of smart growth to actions undertaken by state agencies
- encouraging municipal and regional plans of conservation and development to incorporate smart growth principles

Conceptual support for the Policy Agenda of *1000 Friends of Connecticut* is drawn in part from the following sources:

Christopher Beddor, Winny Chen, Rudy deLeon, Shiyong Park, and Daniel J. Weiss, "Securing America's Future: Enhancing our National Security by Reducing Oil Dependence and Environmental Damage," Center for American Progress, August 2009.
(www.americanprogress.org/issues/2009/08/pdf/energy_security.pdf)

Roger C. Altman, Jason E. Bordoff, Peter R. Orszag, Robert E. Rubin, "An Economic Strategy to Advance Opportunity, Prosperity, and Growth," The Hamilton Project at The Brookings Institution, April 2006.
(www.brookings.edu/~media/Files/rc/papers/2006/04useconomics_altman/THP_Strategy.pdf)

Will Marshall and Mark Ribbing (editors), "Memos to the New President," Progressive Policy Institute, January 2009.
(www.ppionline.org/documents/Memos_to_the_New_President.pdf)

"Blueprint for American Prosperity: Unleashing the Potential of a Metropolitan Nation," The Metropolitan Policy Project at The Brookings Institution, 2007.
(www.brookings.edu/~media/Files/Projects/blueprint/prospectus_bp.pdf)

Elizabeth Kneebone, "Job Sprawl Revisited: The Changing Geography of Metropolitan Employment," The Metropolitan Policy Program at The Brookings Institution, April 2009.
(www.brookings.edu/~media/Files/rc/reports/2009/0406_job_sprawl_kneebone/20090406_jobsprawl_kneebone.pdf)

Robert Puentes, "A Bridge to Somewhere: Rethinking American Transportation for the 21st Century," The Metropolitan Policy Program at The Brookings Institution, 2008.
(www.brookings.edu/~media/Files/rc/reports/2008/06_transportation_puentes/06_transportation_puentes_report.pdf)

- prioritizing the elements of the state's economic development strategy to effectuate smart growth principles, and implementing the priorities of the strategic plan
- collecting data which can be used to enhance transparency and accountability of state, regional and local governments
- establishing benchmarks to measure progress, and reporting publicly on the degree to which benchmarks have been achieved
- encouraging inter-municipal cooperation throughout a region – including cooperative actions with the central city of the region
- laying the groundwork for property tax reform
- developing a dedicated revenue stream to fund transit, transit-oriented-development, brownfield cleanup, and investments in sustainable energy technologies

Environmental Initiatives and Policy Options

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Brief Description of Proposal: (Maximum 200 words)

Transit oriented development (TOD) can be spurred by the state working with, empowering and incentivizing municipalities to adopt land use ordinances that both supports their vision and the state's objectives of spurring economic growth that supports transit use. Plans would include development of mixed use and income housing, retail and commercial development supported by brownfield redevelopment and land use reform around transit centers. Once the land use plans are developed, public and private partners would strategically direct resources to implement these plans, increase property values and leverage private financing and investment. This is the core of the successful NJ Transit Village program.

The program is *a state-private partnership to empower TOD land use reform in key municipalities*. The Administration provides incentives, essential planning support and an overarching real estate market analysis to expand and create TOD plans in partnership with municipalities and stakeholders.

Key state policies include prioritizing transit station investments with partnering municipalities and focusing brownfield remediation investments at brownfields surrounding these priority transit locations. At least one-half of this investment should be focused on locations with high real estate and value-capture potential to maximize potential for on-going funding streams and likely economic development success. Brownfields redevelopment potential could be another driver. The process will create livable, vibrant communities around transit hubs, increase property values, attract financial investment, reduce traffic congestion and associated air pollution and prevent destruction of greenfields.

Problem addressed: (Max 25 words)

Economic stagnation, environmental destruction and poor quality of life caused by sprawling, disconnected and poorly planned development driven primarily by property tax needs.

Desired Outcome: (Max 25 words)

Within two years, completion of TOD land use plans and the beginning of private investment in ten to fifteen priority communities around transit stations with associated transit station investments (if necessary), affordable housing, brownfield remediation funding targeting and economic development marketing of key parcels.

Public Sector Cost/Savings:

This project will leverage substantial existing federal, regional and private funding sources and generate substantial additional tax revenues.

Source of Funding:

State resources: There would be no state fiscal impact. The state resources would consist of the permit ombudsman that was already created by P.A. 10-158 and negotiating with the federal government to invest one percent of our committed federal capital transit funding toward this effort. For Brownfields remediation, the various pools of funds could be consolidated and directed toward priority sites and a revolving loan fund could be created through tax incremental funding and other methods.

Private and federal sources: Possible partners include the CRCOG and the Regional Plan Association (RPA) who recently received two separate awards totaling \$8 million in HUD Sustainable Cities Grants to foster TOD around two transit corridors. A regional private foundation collaborative is planning on investing another \$1.2 million annually in TOD implementation efforts in the tri-state region. The state could access another \$8 million by negotiating with the federal government to invest one percent of committed federal capital investments (around \$800 million total) toward supporting this TOD collaborations.

Private Sector Financial Implication: This initiative will spur private economic investment in transit corridors.

Implementing Agency: Primarily DOT and DECD with partnership from DEP and CHFA

Requires Legislation: NO

Requires Regulations: NO

Executive Order/Action:

- ✓ Negotiation with federal government to redirect federal transportation funding toward collaborative TOD development efforts.
- ✓ Focus existing brownfield remediation resources to priority TOD locations;
- ✓ Prioritizing transit station investments to the most promising TOD locations within cooperating municipalities;

Municipal Impact/Role?: Will provide the selected municipalities with the tools to create a community vision of TOD, funding for revising their zoning regulations to enact this vision, but will not require specific expenditures and will provide substantial benefits in terms of economic development.

Timeframes (costs/impacts): The first 12 months would involve restructuring of agency, negotiation with federal government to redirect spending, adoption of state policies to support TOD and a real estate valuation and value-capture analysis of TOD

sites. The goal for the first 24 months would be completion of ten to fifteen TOD plans with implementation beginning and another 15 plans under way.

Done Elsewhere (if so provide specifics): YES. New Jersey has a highly successful Transit Village Initiative that has employed these methods. It has been highly successful in spurring economic development and redirecting growth to walkable, shoppable liveable communities that are less automobile dependent.

<http://www.state.nj.us/transportation/community/village/index.shtml>

Sources of Support:

CFE, 1000 Friends, CRCOG, RPA, Home CT, business community, environmental community private funders (these are potential partners).

Nature/Sources of Opposition:

None identified or anticipated.

Environmental Initiatives and Policy Priorities

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Brief Description of Proposal: (Maximum 200 words)

Revisit/revise DEP's proposed stream flow regulations to provide for a less cumbersome and protracted process for obtaining groundwater and surface water classifications than that presently provided for in the draft stream flow regulations. The draft stream flow regulations in essence require an amendment to the regulations to accomplish a reclassification. Particularly since groundwater can, for example, be classified GA by default as opposed to site specific conditions and there are frequently sites, including brownfield sites and sites of significance to municipal development plans, a portion of which can require reclassification for commercial development with a public water supply for compliance with the Remediation Regulation Standards, the need to go through the regulatory amendment process is unduly burdensome and, as such, a potential disincentive to desirable and smart growth. These draft regulations are presently before the Regulations Review Committee.

Problem addressed: (Max 25 words)

Elimination of a potential disincentive to brownfields development and/or development with smart growth principles.

Desired Outcome: (max 25 words)

A less cumbersome and time-consuming process for the handling of reclassification petitions, while still being adequately protective of human health and the environment.

Public Sector Cost/Savings:

Avoidance of cost of pursuing a regulatory amendment.

Source of Funding:

N/A

Private Sector Financial Implications:

Mitigation of potential disincentive to development and avoidance of the cost of, and time involved in, pursuing a regulatory amendment to accomplish reclassification.

Implementing Agency

Requires Legislation	Yes	No X	
Requires Regulations	Yes/Maybe X*		No
Executive Order/Action	Yes	No X	

Municipal Impact/Opportunity/Role?

Adverse impact to the municipality if desirable growth frustrated; beneficial impact if less cumbersome process eliminates or mitigates a disincentive to desirable growth.

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics)

Sources of Support: Property owners, tenants, developers, municipalities

Nature/Sources of Opposition:

* Dependent on whether the current proposed Stream Flow Regulations are adopted.

Environmental Initiatives and Policy Priorities

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Brief Description of Proposal: (Maximum 200 words)

Pursue availability of insurance products to facilitate discrete liability relief in connection with brownfields redevelopment. Could mitigate the risk being taken on by a party not otherwise liable for certain unknown contamination attributable to historical activities on a brownfields site, complement any liability relief for a responsible party once investigation and remediation have been fully implemented by that responsible party in accordance with applicable standards or allow the State or a municipal development entity to assume residual risk attendant to, for example, natural attenuation monitoring or an investigation and remediation completed in accordance with applicable standards.

Problem addressed: (Max 25 words)

Need for further incentives for brownfields redevelopment.

Desired Outcome: (max 25 words)

Increased brownfields redevelopment or extent of interest in same because of reduced risk profile.

Public Sector Cost/Savings:

NA unless and to the extent the state and/or the municipality would contribute to the cost of the insurance coverage. Depending upon whether the state and/or the municipality had a role, there could be a reporting cost. Savings would be those associated with or resulting from the ability to return an otherwise underutilized property to productive reuse.

Source of Funding:

N/A. If there were any state or municipal cost, could be contribution by developer and/or property owner to defray or cover same.

Private Sector Financial Implications:

Positive to the extent redevelopment is facilitated and risk is reduced.

Implementing Agency DECD (OBRD) and/or DEP or equivalent

Requires Legislation	Yes X	No
Requires Regulations	Yes	No
Executive Order/Action	Yes	No

Municipal Impact/Opportunity/Role?

Depending upon particulars of insurance product. To the extent a brownfield is redeveloped would be benefit to the host municipality.

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics)

Insurance products have been used by states in various ways as a component of their brownfields redevelopment initiatives, i.e., MA, WI.

Sources of Support: Property owners, developers, municipalities, brownfields proponents

Nature/Sources of Opposition: Opponents of any form of liability relief associated with brownfields

Environmental Initiatives and Policy Priorities

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Brief Description of Proposal: Maintain full funding for the Community Investment Act (CIA), which provides matching grants to municipalities and non-profits for affordable housing, farmland preservation, historic preservation, and open space acquisition. Since 2005, the program has provided essential funding to 138 cities and towns to implement over 450 smart growth projects, has generated a better than two to one match from federal, local, and private sources, and has directly generated over 2,000 jobs.

The open space matching grants program, which is partially funded by the CIA, has provided grants to scores of towns, including _____ Distressed and Targeted Municipalities, to protect water supplies and critical habitats, create urban community gardens provide outdoor recreation, and restore urban parks.

A *Hartford Courant* Editorial (12/12/09), opposing a proposed "sweep" of CIA funds, stated: "No program has done as much as this one to preserve the state's scenic and environmental character. With prices low, now is the time to acquire important parcels of land and to preserve significant historic structures. The act's grants are vital to increasing agriculture in the state, and public policy should support locally grown food."

Problem addressed: Local communities need financial assistance in implementing projects which meet state smart growth objectives.

Desired Outcome: The state will feature a mix of livable urban and village centers, thriving agricultural businesses, and healthy natural habitats buffering rivers and water supplies.

Public Sector Cost/Savings: Requires continued state dedication of an existing revenue source, and matching funds from local communities.

Source of Funding: Existing Surcharge on Recording Real Estate documents with Town Clerks

Private Sector Financial Implications: Private non-profit organizations can and have provided matching funds for CIA grants.

Implementing Agency DEP, DECD, DoA, CCT

Requires Legislation Simply maintenance of the status quo

Requires Regulations No

Executive Order/Action Simply maintenance of the status quo

Municipal Impact/Opportunity/Role? Municipalities are the primary recipients of CIA grants and provide significant matching funds.

Timeframes (costs/impacts) Revenues are distributed to the four state agencies four times per year; the agencies generally hold one to two grant rounds per year.

Done Elsewhere (if so provide specifics) Massachusetts uses the same revenue source to implement a similar program

Sources of Support: Audubon CT, CT Assoc. of Conservation & Inland Wetlands, Commissions, CT Audubon Society, CT Community Development Assoc., CT Farm Bureau, CT Farmland Trust, CT Fund for the Environment, CT Forest & Park Association, CT Housing Coalition, CT Land Conservation Council, CT League of Conservation Voters, CT Main Street Center, CT Preservation Action, CT State Grange, CT Trust for Historic Preservation, Eastern CT Resource Conservation & Development, Farmington Land Trust, Hartford Preservation Alliance, Local Initiatives Support Corp., 1,000 Friends of Connecticut, Partnership for Strong Communities, Rivers Alliance of CT, Sierra Club, S. Central CT Regional Water Authority, The Nature Conservancy, The Trust for Public Land, Working Lands Alliance/American Farmland Trust

Nature/ Sources of Opposition: No organized opposition

Environmental Initiatives and Policy Priorities

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Description: Put conservation easements on state-owned farmland and open space that currently is not restricted. This would move the state closer to its farmland and open space goals at very little cost. A 2010 report identifies 1,300 acres of productive farmland owned by DDS, DMHAS, DOC and other agencies, usually leased to private farmers. Agencies also own unrestricted watershed land and other lands that would meet state criteria for open space preservation. The CEQ should be requested to report annually on the acreage preserved in this manner.

Problem: The state is not on track to meet its goals for open space and farmland preservation.

Desired Outcome: The State of Connecticut would be closer to its farmland and open space preservation goals because it protected thousands of acres in perpetuity at almost no cost.

Public Sector Cost/Savings: \$12 million saved, based on 2,000 acres the state would not need to otherwise acquire to meet its goals. Potential probably is greater. The DEP and DOAG would be burdened with some minor costs for surveys and paperwork.

Source of Funding: n.a.

Private Sector Financial Implications: None

Implementing Agency: DOAG and DEP

Requires Legislation	NO
Requires Regulations	NO
Executive Order/Action	YES

Municipal Impact/Opportunity/Role: Minimal; see below (opposition).

Timeframes: Could be implemented almost immediately. At 1,000 acres per year, could save \$6 million per year, though these "free" acquisitions are not intended to completely replace purchases.

Done elsewhere: Commonly done by municipalities. In Connecticut, several DEP-owned open space parcels have perpetual-preservation language in the deeds (i.e., belts and suspenders).

Sources of Support: Working Lands Alliance (a coalition), Farmland Preservation Advisory Board, others.

Nature/Sources of Opposition: Some municipal leaders might be harboring hope that the land will be made available for development in the future; this appears to be what happened in 2009 when a bill was introduced to place a conservation easement on Connecticut Valley Hospital watershed land in Middletown.

Environmental Initiatives and Policy Priorities

Karl Wagener
Council on Environmental Quality
Executive Director
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860-424-4000
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Description: Restructure Property Transfer Law ("Transfer Act") to phase out DEP's direct administrative role. DEP's role would be replaced with system that gives landowners the responsibility and rights to manage remediation. Landowners could still be required to file notices for public record, ideally on a searchable online database. This is a complicated proposition, and the immediate proposal is to order CEQ or a temporary commission to recommend specifics of an overhaul by April 1.

Problem: The DEP has received thousands of filings and spends much time on reviewing individual cases, while remediation priorities lag.

Desired Outcome: DEP remediation staff would work on brownfield remediation, as the DEP's Transfer Act role would be limited largely to setting RSRs and enforcement. Remediation speeds up!

Public Sector Cost/Savings: Substantial savings, but DEP might lose filing fees.

Source of Funding: n.a.

Private Sector Financial Implications: Some projects could be speeded up. Lenders and investors would have to adjust to the new system, or businesses might have a hard time getting credit.

Implementing Agency: DEP.

Requires Legislation	YES, ultimately
Requires Regulations	YES, ultimately
Executive Order/Action	YES, to get started

Municipal Impact/Opportunity/Role: Minimal; municipal projects could move faster.

Timeframes: Legislation in 2011. Implementation and benefits would begin in 2012. A phased restructuring is probably necessary because of all the filings in the pipeline.

Done elsewhere: States vary greatly.

Sources of Support: Some businesses would be pleased. CBIA will say "the devil is in the details."

Nature/Sources of Opposition: Citizen groups, if there is no public notice.

Environmental Initiatives and Policy Priorities

Name: Nicholas Hastings, PG, LEP
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Brief Description of Proposal: (Maximum 200 words):

The Transfer of Hazardous Waste Establishments Act, CGS Sections 22a-134 et seq. (the "Transfer Act") requires an owner, at the time of transfer, to determine whether its real property or business operation is an Establishment, and if it is, make a filing to the transferee and to the CTDEP on one of eight forms that informs the transferee and the DEP of the environmental status of the site and initiates DEP oversight. In connection with the filing, one of the parties associated with the transfer must agree to be the "Certifying Party" (CP) who is responsible for investigation and, if necessary, remediation of pollution at the site.

Current interpretation of the Transfer Act by CTDEP requires that Verifications subsequently filed by the CP must certify that the site meets the Remediation Standards as of the date the Verification is rendered. DEP staff members have also stated that in cases where there is more than one CP for a site, it is the DEP's policy to hold each CP jointly and severally responsible for the investigation and remediation of the site. The practical effect of these two policies is that it extends the liability of a CP to those releases and potential releases that occur at the site after the date of its Form filing, when such CP no longer owns or has control over the site. This has resulted in substantial delays in Verification filings and resulting significant backlog of Transfer Act filings that remain unresolved due to the disconnect between a CP's responsibilities and the moving target of verifying a site up to a date long after they have relinquished control.

Suggested addition to CGS Section 22a-134a:

(NEW) (n) Notwithstanding any other provisions of this section, signing of a Form III or a Form IV shall not require a Certifying Party to investigate or remediate any release or potential release of pollution at the establishment that occurs from and after the date of the transfer of establishment for which such Form III or Form IV was signed.

Problem addressed: (Max 25 words): see above

Desired Outcome: (Max 25 words): Allow for Verifications under the Transfer Act pertaining to the contamination in existence at the time the Certifying Party submits its certification.

Public Sector Cost/Savings: Will result in smaller backlog of active Transfer Act filings requiring administrative tracking and oversight.

Source of Funding: Within existing programs at CTDEP

Private Sector Financial Implications: Cost savings through streamlining, clarification and alignment of responsibilities.

Implementing Agency: CTDEP

Requires Legislation	<input checked="" type="radio"/> Yes	<input type="radio"/> No
Requires Regulations	<input type="radio"/> Yes	<input checked="" type="radio"/> No
Executive Order/Action	<input type="radio"/> Yes	<input checked="" type="radio"/> No

Municipal Impact/Opportunity/Role?: Same protection afforded to Municipalities when party to Property Transfers.

Timeframes (costs/impacts): Potential short-term increase in Verifications requiring review and audit review by DEP, but DEP has 3 years to audit Verifications. Thus should be plenty of time for these new sites to work through the system no matter the volume. DEP seems to be in the mode of issuing No Audit letters or notices of audits relatively promptly now, and therefore this may be expected to lengthen somewhat assuming no increase in resources (i.e., no new analysts hired), but not enough to run afoul of the 3 year limit.

Done Elsewhere (if so provide specifics): Most other State and EPA programs assign/limit responsibility to parties based on the timeframe of their control or operation of the site (and historic releases having occurred up to that time).

Sources of Support: Regulated community (Certifying Parties, developers, etc.), LEPs, transactional and environmental attorneys

Nature/ Sources of Opposition: CTDEP and other interested parties may be concerned about the potential disputes between the Certifying Party (CP) and the current owner as to whether contamination was present at time of filing or occurred subsequently. However, (i) Areas of Concern (AOCs, i.e. locations where releases to the environment may have occurred) are generally been identified at time of Form filing (because a Phase I study has been done), so CP, DEP and new owner will know what needs to be addressed (ii) new AOCs caused by the owner are easily identified (because they are new) and (iii) ongoing sources of contamination from existing AOCs are likely to be eliminated because otherwise the CP will be wasting their money in remediation and monitoring.



December 15, 2010

TO: Malloy Transition Team Policy Group – Environment, Co-Chairs

FROM: Kachina Walsh-Weaver, Senior Legislative Associate
900 Chapel Street, 9th Floor
New Haven, CT 06512
(203) 498-3026
kweaver@ccm-ct.org

RE: CCM Proposals

1. Create a program that would use state bonding to purchase and remediate abandoned brownfield properties – and give permit approval to re-use of those properties – so that distressed municipalities can attract economic development to the properties.

Desired Outcome: Spur investment in the state, create jobs, restore tax base, and improve aesthetics.

Costs to State/Towns: The Brownfields Task Force recommends “an initial capitalization of \$75 million, with an additional \$25 million/year for five years. Alternatively, or in combination with funding, tax credits should be provided to developers. Brownfield tax credits focused on commercial and industrial development, mixed use and housing will play an important role in stimulating development. The historic tax credit program should not be eliminated; rather it should be extended to cover commercial and mixed use in order to stimulate growth. Such credits provide incentives that lead to construction jobs and the restoration of property and should be retained and expanded so that Brownfield sites are part of the package.”

Source of Needed Money: State Bond Funding and Tax Credits (see above)

Municipal impact/role: Would help local governments increase appropriate economic development, improve the visual landscape, create/sustain jobs and increase their grand lists.

Other Supporters: Members of the Brownfields Task Force (Connecticut Brownfields Redevelopment Authority, Connecticut Development Authority, Connecticut Department of Economic Development, Connecticut Department of Environmental Protection), the business community, the construction industry, and labor unions.

2. Allow municipalities to utilize licensed professional engineers to certify that work on economic development projects is being done in conformance with state permit requirements, to reduce permit-approval backlogs in state agencies. (A model is the "licensed environmental professional" program within DEP), or otherwise create an expedited approval process for the duration of the economic slump.

Desired Outcome: Improve the permit-approval process, increase timeliness of action, support economic development.

Costs to State/Towns: No cost

Source of Needed Money: N/A

Municipal impact/role: Would provide more certainty for project owners and spur on economic development investment.

Other Supporters: The business community, the construction industry, and labor unions.

3. Provide a credit against environmental penalties for businesses located in distressed municipalities, if the amount of the credit is used to remediate or address the violation.

Desired Outcome: Increase remediation of environmental hazards.

Costs to State/Towns: No Cost

Source of Needed Money: N/A

Municipal impact/role: Increased remediation of environmental hazards, improve the visual landscape, and restore tax base.

Other Supporters: The business community and environmental organizations.

4. Reduce municipal liability for injuries incurred on municipally owned recreational land and open space.

Desired Outcome: Provide municipalities with greater protection from frivolous lawsuits and increase availability of open space lands for public use.

Costs to State/Towns: No Cost

Source of Needed Money: N/A

Municipal impact/role: Municipalities want to preserve open space and make it available for public use.

Other Supporters: Connecticut Fund for the Environment, Sierra Club, The Nature Conservancy, Audubon Connecticut, and many other environmental groups.

Appendix I

**Environment Working Group
Member Proposals
Clean Water/Long Island Sound**

Environmental Initiatives and Policy Options

Name: Leah Schmalz
Organization/Company: Save the Sound, a program of CFE
Title/Position: Dir. Legislative and Legal Affairs
Address: 142 Temple Street, Suite 305
New Haven, CT 06511
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Brief Description of Proposal: (Maximum 200 words)

Green infrastructure ("GI") can provide healthier waterways and secondary benefits like urban greening, flood control, carbon sequestration, energy efficiency, job creation and career retraining opportunities.

GI techniques, like green roofs, bio-swales, rain gardens and permeable pavers—mitigate the stormwater based bacteria and nutrients that cause the low oxygen dead zone and closed beach and shellfish beds in Long Island Sound. It also significantly reduces water flow into the combined sewer overflows ("CSO") systems of older urban communities; instead of releasing diluted sewage during rain events, cities like Bridgeport, New Haven and Hartford could provide treatment.

A one year scan to assess feasibility in Bridgeport and New Haven is currently underway. It will catalog real-world green infrastructure improvement options for each city, determine the cost of implementing improvements, and then align stormwater flow control solutions with needed CSO reduction to determine the overall benefit of GI. A comparison of the value of such investments to the cost of strict stormwater and CSO engineering will demonstrate cost effective measures for the cities.

Financing options and incentives, like statewide adoption of Stormwater Authorities and Clean Water Fund allocations to GI projects in CSO communities, are needed to make these GI projects a reality.

Problem addressed: (Max 25 words)

Reduced impacts to the livelihood of shell-fishermen, the impaired quality of life of residents, and oxygen deprived habitat.

Desired Outcome: (Max 25 words)

Extension of Clean Water Fund allocations to GI projects, the adoption of Stormwater Authorities statewide, and expanded opportunities for job creation.

Public Sector Cost/Savings:

This program would provide an opportunity to leverage growing federal funding for GI while potentially lowering the cost of CSO projects currently eligible for CT's existing Clean Water Fund dollars. Eventually, municipal or regional Stormwater Authorities could use revenue generated locally through stormwater service fees, to invest or incentivize green infrastructure. Such action would further limit the state's contribution

to sewage system upgrades and could provide municipalities with an additional route to comply with stormwater, nitrogen and CSO discharge requirements.

Source of Funding:

Relying on the stated requirement for this exercise that proposals not require additional state spending, any expenditure in furtherance of GI projects could be funded through the Clean Water Fund's existing authorizations.

The Clean Water Fund is authorized for \$15M in general obligation bonds and \$120M in revenue bonds for FY '11 and leverages additional federal CWSRF dollars. In FY '10 that federal share was \$25M, and it is estimated that FY '11 will bring at least another \$8.7M.

The previous administration has proposed \$48M in GO and \$120M in Revenue bonds for each of FY 2012 and FY 2013. However, for the region to meet obligations established for Long Island Sound's health, a return to FY'08 CWF investment levels would be required.

Private Sector Financial Implication:

GI requires design, engineering and construction phases that will create many jobs across a variety of sectors that include plumbing, landscaping, building, and design and supports jobs connected with manufacturing of materials such as roof membranes, rain barrels, and permeable pavement or pervious concrete.

Implementing Agency:

DEP

Requires Legislation: YES

Clean Water Fund authorization for FY '12 and FY '13 are required and expanded bonding and enforcement capabilities for Stormwater Authority pilot programs are needed.

Requires Regulations: No

Executive Order/Action: YES

- 1) Place Clean Water Funds on the Bond Commission agenda.
- 2) To the extent public exposure is desired, participation in the release of the reports highlighting implementation opportunities and economic analysis of GI in Bridgeport and New Haven.

Municipal Impact/Role?:

Grants and low interest loans through the existing Clean Water Fund allotment would provide two cash strapped urban centers with funds to invest in GI capital improvements. New Haven, one of the Stormwater Authority pilot towns, would be able to advance its Stormwater Authority if provided expanded authority for bonding and enforcement.

Timeframes (costs/impacts):

June 2011: Announce release of the two GI reports, the FY '12 and FY '13 CWF authorizations, and Stormwater Authority pilot program expansion.

Dec 2011: Announce release of the two GI reports

Jan 2013: Funding from the CWF would result in visible, on-the-ground GI implementation projects in Bridgeport and New Haven.

Done Elsewhere (if so provide specifics): YES

Substantially similar GI programs are underway in PA (Philadelphia), NY (NYC), and Oregon (Portland), and Washington D.C. (see attachments)

Sources of Support:

Sources of existing and potential support include municipalities, landscape architects, construction and engineering industry, environmental advocates, and work force development interests

Nature/Sources of Opposition:

None are known at this time

Green Infrastructure Community Profile

Portland, Oregon



Summary

The City of Portland's Sustainable Stormwater program has moved from pilot projects to citywide Green Infrastructure standards and neighborhood scale applications. Monitored projects show cost-effective on-site capture of 80-95% of stormwater runoff, significant sewer overflow reductions, and pollutant removal.

Results

After 10 years, Portland has found that Green Infrastructure techniques can reduce peak flows by at least 80-85%, retaining at least 60% of the storm volume of a CSO design storm. Disconnection of over 49,000 downspouts, paying \$53 per downspout for a total cost of about \$2.5 million, has reduced over 1.2 billion gallons of runoff from reaching sewers, reducing sewer overflows by 10 percent.

Other results of the Sustainable Stormwater initiative in 2006 include:

- Two water quality friendly streets projects where 95% of the storm water volume will be infiltrated onsite.
- Conversion of 340 linear feet of roadside ditches to swales
- Planting 105,996 new trees and shrubs across six regulated sub-watersheds.
- Public outreach involving 22,000 students and 10,000 community participants, distributing over 267,000 publications.

Ordinance/Legal Framework

Portland's Watershed Management Plan, adopted in 2006, requires City agencies to incorporate effective and innovative stormwater management techniques into routine sewer and road projects, and to encourage developers to build water quality protection into new construction.

A Stormwater Management Manual, in conjunction with city code, establishes green designs through which significant new developments and redevelopments must:

- Remove 70 percent of total suspended solids (TSS) from runoff generated by a design storm up to and including 0.83 inches of rainfall over a 24-hour period
- Use surface retention facilities "to the maximum extent practicable"
- Provide on-site infiltration "to the maximum extent practicable"
- Ensure that on-site flow control is sufficient to maintain peak flows at their pre-development levels for the 2-year, 5-year, and 10-year runoff events

The Clean River Rewards Program offers up to 35% discount for stormwater charges to ratepayers who register on site Green Infrastructure practices.

In April 2007 the Portland City Council approved the Green Streets policy to incorporate Green Infrastructure to manage stormwater in all City funded development, redevelopment, or enhancement projects.



Photo Courtesy of City of Portland

Green Streets – Citywide Standards In Right of Way Projects

"A basement flooding relief project currently in design is projected to cost 60% of what would have been the cost of a traditional pipe upsized and replacement project. This is because the solution, a mix of Green Streets and private system disconnects, intercepts and infiltrates the water before it enters the public storm system thereby reducing the need to dig up and upsized the existing piped infrastructure."

- "Green Streets Policy", page 3, see More Info

For more information, contact Steve Wise,
Natural Resources Portfolio Manager

Green Infrastructure Community Profile: Portland, Oregon

Program Highlights

Green Streets

The Green Streets program relies on street planters, curb extension swales, rain gardens, and permeable pavements to meet "guiding principles":

- Manage stormwater runoff both at the source and the surface.
- Use plants and soil to slow, filter, cleanse, and infiltrate runoff.
- Design facilities that aesthetically enhance the community.

Projects that do not incorporate Green Infrastructure could be required to contribute to a "1 %" for Green" Streets fund.

The program has produced several key steps towards a programmatic citywide approach:

- Clarifying the authority responsible for maintenance (currently the Bureau of Environmental Services in Portland) and the importance of inter-departmental cooperation in implementing a citywide stormwater policy.
- Overlaying multi-bureau project plans and scheduled Capital Improvement Program projects to identify opportunities for green streets development.
- A Green Streets Profile Notebook that provides technical guidance and cost, maintenance and permitting considerations.

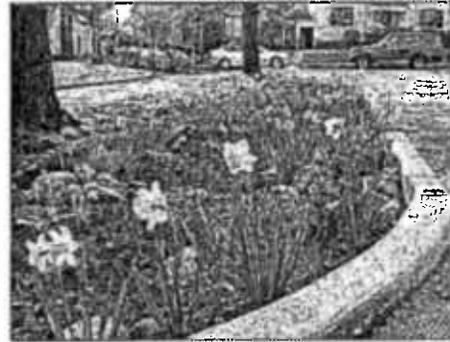


Photo Courtesy of City of Portland

Innovative Wet Weather Program

Portland's Innovative Wet Weather Program explores stormwater management projects that improve water quality and watershed health. Projects help reduce combined sewer overflows, stormwater runoff peaks and volumes, and stormwater pollution. Between 2002 and 2005, the U.S. Environmental Protection Agency (EPA) granted the city \$2.6 million for over 25 innovative public and private projects throughout the city that demonstrate sustainable, low-impact stormwater solutions.

Monitoring Results

Monitoring of the effectiveness of existing and new stormwater management facilities to reduce pollutants in discharges and better manage stormwater has found that green roofs reduce peak flows by 87% and retain up to 61% of the volume of a CSO design storm. The average peak flow reduction resulting from vegetated facilities in the public right-of-way was over 80%, and a similar reduction for vegetated infiltration basins, or rain gardens. Rain gardens were also found to retain over 80% of the volume from a CSO design storm, 94% in the case of the Glencoe Rain Garden.

For More Info

Portland Stormwater Management

<http://www.portlandonline.com/bes/index.cfm?c=31892>

Portland Green Street Program

<http://www.portlandonline.com/bes/index.cfm?c=44407&>

Innovative Wet Weather Program

<http://www.portlandonline.com/bes/index.cfm?c=35941&>

Clean River Rewards

<http://www.portlandonline.com/bes/index.cfm?c=ebjhg>

Environmental Initiatives and Policy Options

Name: Curt Johnson
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CT co-chair, LIS Citizens Advisory Committee
Title/Position: Director of Programs
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New Haven, CT 06510
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Brief Description of Proposal: (Maximum 200 words)

Creating a focused Long Island Sound Action Plans and Innovation Fund

Governor Malloy can set a new course for Long Island Sound recovery and launch a voluntary fee-based donation fund to leverage that recovery. A draft multi-year Long Island Sound Vision plan will be completed by a broad array of Connecticut and New York businesses, environmental and marine trade organizations by March 2011. These organizations comprise the 37 member Citizens Advisory Committee (CAC) to the Long Island Sound Study (LISS). Science advisors to the LISS have engaged in the Sound Vision process and provided scientific input.

The major federal and state agencies that set restoration policy for the Sound (CT DEP, NY DEC, USEPA Regions I and II) are anxious to use the Sound Vision document as a starting point for preparing a short term LIS Action Agreement. Such an Action Agreement will require input, support and signature by Governor Malloy and Governor Cuomo late this summer.

Furthermore, all players of the LISS are supportive of using the Sound Vision plan as a foundation on which to re-vision the longer term recovery plan— an opportunity two years down the road. Traditionally, signing ceremonies to these plans are significant media events and an opportunity to develop support for focused Sound recovery strategies.

Governor Malloy can use the announcement of these action plans to rally citizens to voluntarily support and donate to this Sound recovery vision. These donations will provide seed money to leverage federal and private funding.

Problem addressed: (Max 25 words)

The recovery of Long Island Sound has suffered from a lack of high level leadership attention for 16 years. Governors launched the 1986 comprehensive recovery plan which in turn generated a major investment in the Sound. Since then leadership support has waned. As a result, awareness and support for the recovery of the Sound has suffered.

Desired Outcome: (Max 25 words)

Bi-state governor leadership creating agency alignment and increased public support for a set of priority Long Island Sound recovery actions. Creation of a voluntary ongoing fund for a competitive Long Island Sound Innovations program.

Public Sector Cost/Savings:

None

Source of Funding:

Create a new voluntary fee funding stream for LIS recovery. Use our successful voluntary Long Island Sound license plate fund as a model. Expand the voluntary Long Island Sound plate program to boat trailers. Provide a snazzier plate or image to LIS license plate holders who voluntarily provide an additional re-registration fee. Consider offering an attractive Sound Recovery Supporter plaque to waterfront residents in return for a minimum voluntary gift to the fund. Consider a voluntary donation option for Sound recovery at the time of a new boat sale or to existing boat owners in return for an attractive LIS frame for mounting their boat registration numbers.

Private Sector Financial Implication:

Long Island Sound and all of our activities on it support approximately \$8 billion in economic activity each year. Further recovery of the Sound will only increase economic activity.

Implementing Agency:

CT DEP

Requires Legislation: YES, enabling legislation

Requires Regulations: NO

Executive Order/Action: YES

Support and leadership of the Governor

Municipal Impact/Role?: Municipalities would be eligible to apply for the Innovation grants.

Timeframes (costs/impacts):

August 2011 – Governor Malloy and Governor Cuomo announce short term Long Island Sound Action plan

October 2012 – Creation of the voluntarily funded Sound Innovations fund

2013 – 2014 Governor Malloy and Governor Cuomo launch Comprehensive Recovery Plan for the Sound.

No additional costs expected for DEP administration. Can be administered as a parallel set of awards to the current LIS License Plate fund.

Done Elsewhere (if so provide specifics): YES – Our Long Island Sound License Plate program

Sources of Support: Wide array of LIS advocacy, education and community groups that support a healthy Long Island Sound.

Nature/Sources of Opposition: None anticipated

Environment Working Group

Recommendations for Long Island Sound

December 2010

OVERVIEW

Long Island Sound is a magnificent and important natural resource to Connecticut. Its natural beauty is visible from a coastline that runs from Greenwich to Stonington and it provides recreation, fishing, sailing and boating to hundreds of thousands residents and tourists. The Sound is also an important economic resource to Connecticut and in a study by a University of Connecticut professor approximately 12 years ago it was estimated that **Long Island Sound** produced about \$6 billion dollars on an annual basis to the state's economy.

The Sound, like many natural resources, was abused over the years and in the late 1980s the western part of the Sound became so unhealthy that hundreds of thousands of various species of fish died very suddenly from a condition known as hypoxia. It was determined that the Sound had accumulated far too much nitrogen which primarily came from sewage treatment plants. Since then numerous treatment plants have been upgraded and no longer produce nitro gents that pollute the Sound. There are however many treatment plants that still need to be upgraded.

Since the late 1980s much attention has been paid to **Long Island Sound** and in some ways there has been a gradual improvement to its health. There is still a long way to go witnessed by the significant lobster kill about ten years ago. Over the course of a summer the lobster population decreased by about 80% and they still have not even come close to attaining their pre-kill population. There is still no consensus about what caused this kill

off of the lobsters but many scientists believe it was the spray that was used during the West Nile Virus scare.

The Sound was more recently threatened by a potential large liquefied natural gas depot known as Broadwater. This would have created not only an environmental hazard but a significant safety hazard as well. Fortunately this project was rejected by almost all regulatory authorities and it is no longer being considered.

What is important to note is that **Long Island Sound** is a magnificent resource whose future is still precarious. It will continue to need protection that should be provided by Connecticut and its citizens. Following are some brief descriptions of recommendations that would be relatively easy to implement and would provide the Sound with the protection and attention that it needs.

RECCOMENTATIONS

I Long Island Sound Economic Study Update

A number of years ago a study was done by a professor at the University of Connecticut. This study is more than 10 years old and it should be updated. Private funding should be available to fund this project completed by June 2011.

II Create Statewide Sound Coalition

Connecticut could provide the initiative to this coalition. It would be important to include watershed communities that impact the Sound as well as the coastal communities. This coalition should be non political and include representatives from municipal governments as well as private industry, individuals and nonprofit organizations. It should be charged with long term planning as well as education and support. The Governor and others in state government could play a bully pulpit role to encourage others to appreciate and care for the Sound.

III Access

More people need to have access to **Long Island Sound**. Walking trails and public access ways need to be improved or created. Students and adults should be offered incentives to visit tourist attractions along the Sound and also to experience the Sound on ships that offer sailing experiences that are presently in Mystic, New Haven and Stamford. The State can offer either through its tourism efforts or DEP initiatives to help make this happen.

IV Cities and the Sound

Stamford, Norwalk, Bridgeport, New Haven and New London are all on Long Island Sound. They have large populations that use and enjoy the Sound and they could play a greater role in taking care of the Sound. Some cities have done more than others to protect the Sound and they could create models of how a healthy and vibrant city coexists with this great natural resource. Again the state could provide leadership in establishing a working group of representatives from these cities to help create urban environmental programs that will benefit the cities and the Sound.

V Connecticut Sound Education

More students as well as adults need to learn about **Long Island Sound**. Some states actually require students to participate in programs and studies about important water resources in their states. These programs could be research based, science and environment based, and exploration. Many students today participate in these programs but there should be a statewide initiative to encourage or perhaps even require the participation of local school districts. It is probable that private funding as well as federal funds could be made available for these programs. The state could provide funding as well but it would not be additional funds but funds shifted from other programs.

V Active Connecticut and New York Partnership Established

Long Island Sound is shared by two states and there needs to be more communication, cooperation and collaboration between the states. Both states now have new governors and this would be an excellent time to establish a working group to study ways the states can be partners in protecting the Sound.

VI Upgrading of Sewage Treatment Plants

There needs to be a bi-state agreement with regards to the upgrading of sewage treatment plants to complete this process by a date certain. In addition Connecticut and New York need to receive federal funding along with perhaps state bonding. It is imperative that this project begins as soon as possible.

Note: The above recommendations could be expanded upon if there appears to be support for them. It does not appear likely that legislation will be required for any of the recommendations nor would it be necessary for Connecticut to provide funding in order for there to be implantation. I would be happy to provide additional details over the next week or so if required.

Len Miller

December 2010

Environmental Initiatives and Policy Priorities

Name: *Nick Hastings, LEP*
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Title/Position: *Sr. Vice President/Licensed Environmental Professional*
Address: *1520 Highland Avenue, Cheshire, CT 06410*
Phone: *203-271-0379*
Email: *NHastings@WoodardCurran.com*

Brief Description of Proposal: (Maximum 200 words)

Continue to drive water quality improvements in Long Island Sound by supporting CTDEP in the reduction of nutrients. Nitrogen to LIS is currently being managed through the CTDEP Nitrogen Trading Program. Phosphorus is the next nutrient to be reduced. Current legislation does not support using CT Clean Water Funds on phosphorus reduction projects. Simply modifying the enabling legislation of the Clean Water Funds to say "nutrient reductions" rather than "nitrogen reduction" will allow CTDEP to fund Phosphorus reduction projects.

Problem addressed: (Max 25 words)

Provides funding mechanism for wastewater utilities to continue to reduce nutrient loadings to Long Island Sound.

Desired outcome: (Max 25 words)

Improves water quality in CT surface waters and Long Island Sound.

Public Sector Cost/Savings:

Municipal utilities will be able to utilize existing State/Federal funds for required improvements that would otherwise cost them >\$50 million

Source of Funding:

Current CWF funding is already provided (mostly by EPA)

Private Sector Financial Implications:

None

Implementing Agency:

CTDEP

Requires Legislation	Yes	No
Requires Regulations	Yes	No
Executive Order/Action	Yes	No

Municipal Impact/Opportunity/Role?

Municipal utilities will have immediate benefit

Timeframes (costs/impacts)

2011 with little cost implications

Done Elsewhere (if so provide specifics)

Many other states (Massachusetts, etc.) already allow state revolving funds for phosphorus improvement projects

Sources of Support:

CT Association of Water Pollution Control Authorities, CTDEP

Nature/Sources of Opposition:

None

Environmental Initiatives and Policy Priorities

Name: David Sutherland

Organization/Company: The Nature Conservancy

Title/Position: Director of Government Relations

Address: 55 Church Street, New Haven, CT 06510

Phone: 860-508-0222 (c) 203-568-6297 (o)

Email: dsutherland@tnc.org

Brief Description of Proposal: Maintain bond funding for the Clean Water Fund at 2008-09 levels of \$90 million annually in General Obligation bonds for grants to municipalities for sewage treatment plant upgrades and \$150 million in Revenue Bonds for loans to towns. This funding has been essential for improving water quality in our rivers and Long Island Sound, and has directly created thousands of jobs.

Problem addressed: Outdated or old sewage treatment plants allow excessive pollutants into our rivers and Long Island Sound, severely degrading water quality, habitats, and fisheries.

Desired Outcome: Healthy rivers and a healthy Long Island Sound which would support thriving fisheries and related industries, and better coastal and river recreational opportunities.

Public Sector Cost/Savings: This would continue to cost the state to repay GO Bonds, and would cost municipalities to repay loans.

Source of Funding: State Revenue and G.O. Bonds

Private Sector Financial Implications:

Implementing Agency DEP

Requires Legislation Bond Budget

Requires Regulations No

Executive Order/Action Continued implementation of existing program

Municipal Impact/Opportunity/Role? Municipalities use these grants and loans to upgrade sewage treatment facilities.

Timeframes (costs/impacts); Multi-year

Done Elsewhere (if so provide specifics)

Sources of Support: Construction Industry, Environmental organizations, CCM

Nature/ Sources of Opposition:

Environmental Initiatives and Policy Priorities

Name: David Sutherland

Organization/Company: The Nature Conservancy

Title/Position: Director of Government Relations

Address: 55 Church Street, New Haven, CT 06510

Phone: 860-508-0222 (c) 203-568-6297 (o)

Email: dsutherland@tnc.org

Brief Description of Proposal: Ecosystem-based coastal and marine spatial planning (CMSP) is a major focus of federal ocean policy as well as regional and state action. <http://www.cmssp.noaa.gov/> CMSP has often been prompted by offshore energy facilities, particularly wind farms, and by needs to manage ecosystem services and use conflicts, since existing regulation by sector and by species has proven inadequate. With its multiple intense uses, manageable size, ongoing mapping efforts, and proprietary status of state waters, LIS can benefit from CMSP. The proposal would allow CT to proactively plan for the Sound ecosystem, establishing mechanisms such as aquaculture zones or utility corridors, managing use conflicts, and recovering compensation via submerged lands leases for compatible but nontraditional uses of the public trust. Proposed uses and existing regulatory programs would be required to be consistent with the CMS Plan, which would be developed through a stakeholder process, in coordination with the Northeast Regional Ocean Council (NROC) <http://collaborate.csc.noaa.gov/nroc/default.aspx>, the Long Island Sound Study (LISS) <http://longislandsoundstudy.net/> and New York State. The Plan's goal would be to preserve habitats and promote historic public trust uses: recreational and commercial navigation (including navigational dredging and dredged material disposal as necessary), recreational and commercial fishing, aquaculture, and public access.

Problem addressed: No mechanism for comprehensive planning and management in LIS, leaving Connecticut vulnerable to use conflicts, habitat loss and inappropriate energy development.

Desired Outcome: Spatially-oriented ecosystem-based management of Long Island Sound in coordination with LISS, New York; protection of Connecticut's public trust, maritime commercial and environmental interests.

Public Sector Cost/Savings: Some staff resources may be diverted from existing programs; ultimately, program mapping and planning operations could be self-supporting through federal grants and lease fees.

Source of Funding: Current federal funding opportunity through NROC's application for NOAA Regional CMSP grant <http://www.csc.noaa.gov/funding/PDFs/noaa-nos-csc-2011-2002721-ffo-report.pdf> and potential future appropriations to support the national priority of CMSP; Cross-Sound Cable Fund for seafloor mapping projects; future submerged lands lease revenues.

Private Sector Financial Implications: Utility companies and other leaseholders would pay lease fees; water-dependent businesses would enjoy greater certainty and predictability.

Implementing Agency Department of Environmental Protection

Requires Legislation	Yes	No
Requires Regulations	Yes	No
Executive Order/Action	Yes	No Maybe

Municipal Impact/Opportunity/Role? Continued coordination through LISS, harbor management and coastal management; participation in stakeholder process of Plan development.

Timeframes (costs/impacts) While DEP-OLISP has drafted a previous legislative proposal on this topic, initial program development and plan implementation could take several years after enabling legislation. Costs of mapping and Plan administration would arise in later years.

Done Elsewhere (if so provide specifics)

All neighboring states have undertaken CMSP initiatives: Rhode Island

<http://seagrant.gso.uri.edu/oceansamp/>; New York

http://www.nyswaterfronts.com/downloads/pdfs/NYS_CMP_Amendment.pdf; and

Massachusetts in particular, a national leader and model for this proposal.

<http://massoceanpartnership.org/ma-ocean-plan/plan-overview/>

Sources of Support: DEP, Environmental advocates such as The Nature Conservancy and Save the Sound/CFE; Obama Administration and federal agencies such as NOAA and the National Ocean Council; neighboring states and NROC.

Nature/ Sources of Opposition: Some marine trades interests erroneously believe that CMSP will inevitably lead to no-fish, no-boat zones. No such measure seems warranted now, and would only be enacted after full public process in any case.

Environmental Initiatives and Policy Priorities

Name: Beth Barton
Organization/Company: Day Pitney, LLP
Title/Position: Partner
Address: 242 Trumbull Street, Hartford, CT 06103
Phone: (860) 275-0371
Email: ecbarton@daypitney.com

Brief Description of Proposal: (Maximum 200 words)

Streamline OLISP permitting by eliminating/addressing need for duplicate (or sometimes more) solicitation by applicant of advisory input from local commissions, i.e., shellfish and harbor management commissions. Presently, a permit application for a Structures, Dredging & Fill permit and/or a Tidal Wetlands permit is not deemed complete until the local commissions (and the Department of Agriculture/Bureau of Aquaculture) have received a DEP Permit Consultation Form from the applicant and returned the form to the applicant with a determination as to whether the work that is the subject of the permit application will or will not adversely impact areas within their respective jurisdictions. Frequently a local commission will require that the applicant appear before it prior to making their determination and then again once the DEP has reviewed and prepared a draft permit. The scheduling constraints at the commission level alone can unnecessarily extend the length of time before the final OLISP permit is issued. Urge there be a mechanism identified whereby the commissions being consulted have a meaningful way to participate and provide their advisory input without adding significantly to the length of the OLISP permitting process.

Problem addressed: (Max 25 words)

Length of certain OLISP processes.

Desired Outcome: (max 25 words)

Shorten the length of the permitting process while assuring the opportunity for advisory input from local commissions.

Public Sector Cost/Savings:

If the final decision by OLISP were reached in less time and involved fewer meetings and/or appearances before commissions, the public sector cost would presumably be less than under the present setting.

Source of Funding:

N/A.

Private Sector Financial Implications:

Positive financial implications for a private sector applicant because there would be fewer meetings and/or appearances before commissions and a contraction of the length of the OLISP permitting process.

Implementing Agency DEP

Requires Legislation Yes No X

Requires Regulations Yes No X

Executive Order/Action Yes No X

Municipal Impact/Opportunity/Role?

Municipal commissions would continue to have advisory input into the OLISP permitting process.

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics)

Sources of Support: Property owners, developers

Nature/Sources of Opposition:

Environmental Initiatives and Policy Priorities

Name: *Nick Hastings, LEP*
Organization/Company: *Woodard & Curran*
Title/Position: *Sr. Vice President/Licensed Environmental Professional*
Address: *1520 Highland Avenue, Cheshire, CT 06410*
Phone: *203-271-0379*
Email: *NHastings@WoodardCurran.com*

Brief Description of Proposal: (Maximum 200 words)

There are 1,260 registered wastewater professionals in the State of Connecticut. Within 5 years, 40% of this workforce will be eligible for retirement. If the CTDEP would institute annual/ semi-annual training requirements for Connecticut wastewater operators, it would improve water quality, create green jobs, address and create succession-planning opportunities at utilities, and improve the technical workforce.

Problem addressed: (Max 25 words)

Improve water quality, create green jobs, address and create succession-planning opportunities at utilities, and improve the technical workforce.

Desired outcome: (Max 25 words)

Annual/semi-annual training requirement for wastewater operators

Public Sector Cost/Savings:

Minimal cost for municipal utilities and for state management of program

Source of Funding:

Existing funding programs

Private Sector Financial Implications:

None

Implementing Agency:

CTDEP

Requires Legislation

Yes

No

Requires Regulations Yes No

Executive Order/Action Yes No

Municipal Impact/Opportunity/Role?

This will support municipal utilities with succession planning challenges

Timeframes (costs/impacts)

2011 development, 2012 roll-out

Done Elsewhere (if so provide specifics)

Massachusetts, New York, Maine

Sources of Support:

CT Association of Water Pollution Control Authorities, CTDEP, others

Nature/Sources of Opposition:

None

Environmental Initiatives and Policy Priorities

Name: *Nick Hastings, LEP*
Organization/Company: *Woodard & Curran*
Title/Position: *Sr. Vice President/Licensed Environmental Professional*
Address: *1520 Highland Avenue, Cheshire, CT 06410*
Phone: *203-271-0379*
Email: *NHastings@WoodardCurran.com*

Brief Description of Proposal: (Maximum 200 words)

Continue to drive water quality improvements in Long Island Sound by supporting CTDEP in the reduction of nutrients. Nitrogen to LIS is currently being managed through the CTDEP Nitrogen Trading Program. Phosphorus is the next nutrient to be reduced. Current legislation does not support using CT Clean Water Funds on phosphorus reduction projects. Simply modifying the enabling legislation of the Clean Water Funds to say "nutrient reductions" rather than "nitrogen reduction" will allow CTDEP to fund Phosphorus reduction projects.

Problem addressed: (Max 25 words)

Provides funding mechanism for wastewater utilities to continue to reduce nutrient loadings to Long Island Sound.

Desired outcome: (Max 25 words)

Improves water quality in CT surface waters and Long Island Sound.

Public Sector Cost/Savings:

Municipal utilities will be able to utilize existing State/Federal funds for required improvements that would otherwise cost them >\$50 million

Source of Funding:

Current CWF funding is already provided (mostly by EPA)

Private Sector Financial Implications:

None

Implementing Agency:

CTDEP

Requires Legislation	Yes	No
Requires Regulations	Yes	No
Executive Order/Action	Yes	No

Municipal Impact/Opportunity/Role?

Municipal utilities will have immediate benefit

Timeframes (costs/impacts)

2011 with little cost implications

Done Elsewhere (if so provide specifics)

Many other states (Massachusetts, etc.) already allow state revolving funds for phosphorus improvement projects

Sources of Support:

CT Association of Water Pollution Control Authorities, CTDEP

Nature/Sources of Opposition:

None

Environmental Initiatives and Policy Priorities

Name: Nick Hastings
Organization/Company: Woodard & Curran
Title/Position: Sr. Vice President/Licensed Environmental Professional
Address: 1520 Highland Avenue, Cheshire, CT 06410
Phone: 203-271-0379
Email: NHastings@WoodardCurran.com

Brief Description of Proposal: (Maximum 200 words)

Consolidate the drinking water-related functions of the CTDPH into the CTDEP. This would present a cost savings to the State of Connecticut through functional efficiency opportunities and reductions in departmental redundancies. This change was recommended by the CT Water Advisory Council circa 2003 and is consistent with the operations of environmental agencies in most U.S. States.

Problem addressed: (Max 25 words)

Reduces State budget and clarifies/streamlines water regulation for businesses and municipalities.

Desired outcome: (Max 25 words)

CTDEP now includes the water quality functions of the CTDPH reducing the state budget and streamlining enforcement.

Public Sector Cost/Savings:

It is estimated that this would result in a \$_____ million reduction in state operating budget.

Source of Funding:

Not applicable

Private Sector Financial Implications:

Clarification of regulatory requirements would support private sector

Implementing Agency:

CTDEP/CTDPH

Requires Legislation Yes No

Requires Regulations Yes No

Executive Order/Action Yes No

Municipal Impact/Opportunity/Role?

Municipal utility involvement (CT Water Works Association) on a Transition Task Force would help create buy-in

Timeframes (costs/impacts)

This transition would take 2-3 years depending on the aggressiveness of the implementation plan

Done Elsewhere (if so provide specifics)

Most U.S. states have consolidated departments

Sources of Support:

CT Water Advisory Council

Nature/Sources of Opposition:

CTDPH

Environmental Initiatives and Policy Priorities

Karl Wagener
Council on Environmental Quality
Executive Director
79 Elm Street, Hartford, CT 06106
860-424-4000
karl.wagener@ct.gov

Description: Consolidate drinking water programs in one agency (probably DPH). This would integrate programs that deliver services (bottled water, filters, testing, regulation) to communities with contaminated wells. Would integrate services to residential (now handled by DEP) and commercial (now handled by DPH and local health departments/districts) properties. The purposes would be to 1) Give residents and businesses a single point of contact, 2) centralize priority-setting and responsibility, and 3) get highly-trained DEP remediation analysts to work on remediation priorities instead of taking individual home water samples, ordering filters, communicating with individual citizens about test results, etc. The CEQ should be requested to measure and report on agencies' progress.

Problem: DEP has backlog of remediation work, but analysts must attend to hundreds of homeowners, and action is slow. Residents fall through cracks.

Desired Outcome: DEP staff works on remediation priorities. Drinking water is handled by DPH and local health departments. Smooth and effective operation.

Public Sector Cost/Savings: Some re-structuring necessary; net cost might be same. However, if DEP "loses" staff to DPH, then remediation benefits won't be realized. Some of the services could be done more cheaply by contractors, but that money might need to be appropriated.

Source of Funding: Should be responsible parties, but that doesn't happen. From groundwater penalties?

Private Sector Financial Implications: No negative impact. Some development projects could be quickened as DEP remediation staff spends more time on remediation. Some possible opportunities for contractors.

Implementing Agencies: DEP and DPH.

Requires Legislation	YES
Requires Regulations	Probably
Executive Order/Action	Maybe

Municipal Impact/Opportunity/Role: Municipalities will expect compensation if their health departments are expected to take over testing and monitoring responsibility.

Timeframes: Some near-term costs for restructuring; benefits start to be realized in FY12.

Done elsewhere: Programs are consolidated in some states. Some states do not provide water to contaminated homes at public expense.

Sources of Support: Perhaps Citizens for Clean Groundwater, others.

Nature/Sources of Opposition: ?

Environmental Initiatives and Policy Priorities

Name: Beth Barton
Organization/Company: Day Pitney, LLP
Title/Position: Partner
Address: 242 Trumbull Street, Hartford, CT 06103
Phone: (860) 275-0371
Email: ecbarton@daypitney.com

Brief Description of Proposal: (Maximum 200 words)

Revisit/revise DEP's proposed stream flow regulations to provide for a less cumbersome and protracted process for obtaining groundwater and surface water classifications than that presently provided for in the draft stream flow regulations. The draft stream flow regulations in essence require an amendment to the regulations to accomplish a reclassification. Particularly since groundwater can, for example, be classified GA by default as opposed to site specific conditions and there are frequently sites, including brownfield sites and sites of significance to municipal development plans, a portion of which can require reclassification for commercial development with a public water supply for compliance with the Remediation Regulation Standards, the need to go through the regulatory amendment process is unduly burdensome and, as such, a potential disincentive to desirable and smart growth. These draft regulations are presently before the Regulations Review Committee.

Problem addressed: (Max 25 words)

Elimination of a potential disincentive to brownfields development and/or development with smart growth principles.

Desired Outcome: (max 25 words)

A less cumbersome and time-consuming process for the handling of reclassification petitions, while still being adequately protective of human health and the environment.

Public Sector Cost/Savings:

Avoidance of cost of pursuing a regulatory amendment.

Source of Funding:

N/A

Private Sector Financial Implications:

Mitigation of potential disincentive to development and avoidance of the cost of, and time involved in, pursuing a regulatory amendment to accomplish reclassification.

Implementing Agency

Requires Legislation	Yes	No X	
Requires Regulations	Yes/Maybe X*		No
Executive Order/Action	Yes	No X	

Municipal Impact/Opportunity/Role?

Adverse impact to the municipality if desirable growth frustrated; beneficial impact if less cumbersome process eliminates or mitigates a disincentive to desirable growth.

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics)

Sources of Support: Property owners, tenants, developers, municipalities

Nature/Sources of Opposition:

* Dependent on whether the current proposed Stream Flow Regulations are adopted.

Environmental Initiatives and Policy Priorities

Name:	Kachina Walsh-Weaver	Leah Schmalz	Jay Sheehan, P.E.
Organization:	Connecticut Conference of Municipalities	Save The Sound, A Program of Connecticut Fund for the Environment	Woodard & Curran
Title/Position:	Sr. Legislative Associate	Dir. of Legislative and Legal Affairs	Senior Vice President
Address:	900 Chapel Street New Haven, CT 06106	142 Temple St. 3rd Floor New Haven, CT 06510	1520 Highland Avenue Cheshire, CT 06410
Phone:	(203) 710-9525	(203) 787-0646 x121	(203) 605-3127
Email:	kweaver@ccm-ct.org	lschmalz@savethesound.org	jsheehan@woodardcurran.com

Brief Description of Proposal: (Maximum 200 words)

Continue to drive water quality improvements in Long Island Sound by supporting the Connecticut Department of Environmental Protection (DEP) in the reduction of certain nutrient effluents. Nitrogen effluent into LIS is currently being addressed through a combination of Clean Water Fund (CWF) grants and loans along with the DEP Nitrogen Trading Program. Phosphorus is the next nutrient that the US EPA is requiring states to address. The current structure of the CWF does not provide for using these funds for phosphorus reduction projects. While it is critical that focus not be diverted from the current priorities of CSO abatement and nitrogen reductions, the highly successful Clean Water Fund program could assist in both incentivizing nutrient upgrades and limiting, to the extent possible, elevated costs to municipalities throughout the state. Slight modification to the program could provide opportunities for phosphorous funding while ensuring the Clean Water Fund's effectiveness is not diluted. Specifically the state could 1) increase priority points within the Clean Water Fund Priority List ranking system for nitrogen projects that incorporate phosphorus reduction measures, and (2) to the extent funding is available, provide 0% interest loans for those municipalities proposing phosphorus-only reduction. Lastly, it is anticipated that once all plants have complied with the nitrogen upgrade requirements, phosphorous would become the priority nutrient for Clean Water Fund allocations.

Problem addressed: (Max 25 words)

Help meet the federal mandate of reducing phosphorus effluent by providing (1) increased priority for nitrogen projects that incorporate phosphorus reduction measures, and (2) 0% loans provided for phosphorus reduction only projects.

Desired outcome: (Max 25 words)

Improve the water quality of Connecticut's surface waters and Long Island Sound.

Public Sector Cost/Savings:

Municipal utilities will be able to utilize existing State/Federal funds for required improvements that would otherwise cost them >\$50 million

Source of Funding:

No new funding would be needed. Current CWF funding is already provided.

Private Sector Financial Implications:

None

Implementing Agency:

Connecticut DEP

Requires Legislation Yes

Requires Regulations Maybe

Executive Order/Action No

Municipal Impact/Opportunity/Role?

This would provide an immediate positive impact for municipalities.

Timeframes (costs/impacts)

2011 with minimal cost implications

Done Elsewhere (if so provide specifics)

Many other states (Massachusetts, etc.) already allow state revolving funds for phosphorus improvement projects.

Sources of Support:

CT Association of Water Pollution Control Authorities, Connecticut Fund for the Environment, Save the Sound, Connecticut Conference of Municipalities

Nature/Sources of Opposition:

None

Appendix J

**Environment Working Group
Member Proposals
Clean Air/Energy Efficiency**

Environmental Initiatives and Policy Priorities

ENERGY EFFICIENCY

Name: Jessie Stratton
Organization/Company: ENE
Title/Position: Government Relations Director
Address: 21 Oak Street, Suite 202, Hartford, CT 06106
Phone: 860-246-7121
Email: jstratton@env-ne.org

Brief Description of Proposal: (Maximum 200 words)

Clarify and strengthen Connecticut's existing policy commitment to prioritize energy efficiency. Simplify and streamline the planning and implementation process to maximize efficiency efforts embracing such as the most immediate, plentiful and cost-effective way to reduce energy costs for business, residents and governmental entities and achieve the emission reductions needed to meet federal EPA and state requirements to improve air quality and reduce global warming. Reinforce the existing requirement that the electric and natural gas utilities procure all cost-effective efficiency on behalf of their customers.

Strengthen the statutes to reflect Connecticut's commitment to all cost-effective efficiency and counter the DPUC's interpretation such applies only when there is a capacity shortage; to clarify the decoupling mandate to eliminate any utility disincentives to reduce consumption.

Mitigate effect of the 2010 budget provision that calls for securitizing 35% of the CEEF monies (\$28.7 million) a year for each of the next eight years thereby costing consumers an additional \$800 million for energy over that time. Since the amount of Economic Recovery Revenue Bonds needed has decreased since June, an opportunity may exist in January to eliminate or minimize the effects of this diversion of efficiency funds.

Utilize existing funding to immediately begin to reverse the 60% increase in State facility energy costs over the past four years.

Problem addressed: (Max 25 words) High energy costs; export of hundreds of millions of dollars to pay for fossil electric generation fuel; air pollution from burning fossil fuels; GHG emissions that contribute to global warming.

Desired Outcome: (Max 25 words) Significantly reduced energy costs, reduced global warming and toxics pollution; growth in state jobs, GSP and economic competitiveness.

Public Sector Cost/Savings: State government savings of 10-20% (current costs about \$200m/yr) a year initially using existing federal funding

Source of Funding: ARRA for State facilities; Existing RGGI, FCM, CL&M monies supplemented with a reconciliation charge on electric bills for ramped up efficiency investments as long as they are cost-effective (lower bills).

Private Sector Financial Implications:

Incentives provided to utilize efficiency measures that lower energy bills and increase competitiveness, with larger scale giving all customers access to programs. Slight rate increase (1-3 tenths of a cent/kWh for electric) needed to fund incentives which are fully offset by benefits and lower bills (customers pay bills which are equal to rates times consumption).

The utilities have been piloting a residential financing program to encourage customers to undertake additional efficiency measures. In the next year, this program will utilize capital obtained at a competitive cost. A more long term goal should be creation of a revolving loan fund that attracts private capital at a low cost to encourage a continuation of deep energy retrofits.

In addition to direct State, business and residential savings on electric bills and the jobs associated with carrying out efficiency measures, the dollars saved on electric bills are largely spent on in-state goods and services rather than exported to buy fossil fuel generation supply. That reinvestment grows the GSP by \$5.6 for every dollar invested in electric efficiency and supports 40 job years for every million dollars invested. Similar benefits accrue with expanded natural gas efficiency and even greater would be realized if heating oil efficiency measures were instituted on a similar scale. Maximizing efficiency is also the best and cheapest way to meet environmental requirements and avoid far larger costs associated with either not meeting those requirements or utilizing other control measures to do so.

Implementing Agency Governor, DPUC

Requires Legislation Yes

Requires Regulations Maybe

Executive Order/Action Yes

Municipal Impact/Opportunity/Role?

Increases the opportunity for municipalities to undertake efficiency measures
Expands tools available for 20/20 communities to reduce GHG emissions

Timeframes (costs/impacts)

Immediate savings on State energy bills of at least 10% (\$20m) in the first year
Savings for state electric consumers of \$400-500m per year when all cost-effective efficiency measures implemented, with macroeconomic benefits estimated at about a half billion dollar increase in GSP and significant energy and non-energy sector job growth. Natural gas investments to achieve a 1.5% consumption reduction a year would yield similar direct and macroeconomic benefits.

Done Elsewhere (if so provide specifics)

Laws essentially the same as CT General Statutes Sec. 16a-3a(c) that calls for customers electric energy needs to be met first through all efficiency that is cost effective, reliable and feasible are in effect in California, Massachusetts, Rhode Island, Vermont, and Washington and the recent passage and implementation in MA and RI and have led their PUCs to respectively quadruple and triple efficiency investments securing hundreds of millions of dollars in savings for their customers and further increasing their economic competitiveness within the region. The All Cost-Effective scenario rejected by the DPUC in the 2010 IRP would have approached a 2%/yr savings level; the levels recently adopted in MA and RI are 2.4% and 2.5% respectively.

Nature/ Sources of Opposition:

Consumer Counsel (objects to slight rate increase despite overall savings of more than 3 to 1 and minimal participation level needed to offset the cost to any customer). 2010 IRP rate comparison chart is attached.

Consistency with Malloy/Wyman Campaign Platform: *“The environment and energy go hand in hand – becoming more energy efficient will help lower energy costs, make Connecticut businesses more competitive, grow the economy, and positively impact our environment.”*

Environmental Initiatives and Policy Priorities

Name: David Sutherland

Organization/Company: The Nature Conservancy

Title/Position: Director of Government Relations

Address: 55 Church Street, New Haven, CT 06510

Phone: 860-508-0222 (c) 203-568-6297 (o)

Email: dsutherland@tnc.org

Brief Description of Proposal: Introduce enabling legislation to allow municipalities to levy up to a 1.5% conveyance fee on purchasers of real estate to provide dedicated funding for conservation, energy efficiency, and other environmental initiatives specified in the legislation. To minimize the effect on buyers of affordable housing, the fee would be waived on the first \$150,000 of real estate value.

This proposal would provide the potential for funding green jobs and smart growth throughout the state, at no cost to state government, for local conservation initiatives with regional benefits such as: brownfield planning and reclamation; storm sewer infrastructure; energy efficiency (weatherization of municipal buildings, "green building" retrofits, etc); alternative energy infrastructure (solar, geothermal, etc.); alternative transportation infrastructure (trails, bikeways, bus terminals, rail, etc.); diesel retrofits/natural gas conversion; historic restoration; and open space and farmland preservation.

Two counties in Long Island have used this mechanism for many years, and voters have approved extensions of the program, with support from the real estate industry.

Problem addressed: Critical environmental infrastructure projects suffer when funded by local property taxes. Alternative local revenue is needed to leverage funding for smart growth, clean air and water projects, and energy conservation.

Desired Outcome: \$100-\$300 million of new funding yearly for smart growth projects throughout the State (depending on the number of communities that adopt this funding tool), leveraging additional matching grants from private and public sources (local, State and federal).

Public Sector Cost/Savings: Would not impose additional costs on public agencies, other than some administrative staffing to implement program and funded projects.

Source of Funding: Additional municipal-option conveyance tax on real estate transactions in excess of \$150,000

Private Sector Financial Implications: Would impose additional tax on real estate transactions over \$150,000

Implementing Agency DEP, OPM

Requires Legislation Yes

Requires Regulations Yes

Executive Order/Action Not immediately

Municipal Impact/Opportunity/Role? Municipalities would be able to chose whether or not to impose this additional conveyance tax, and at what rate up to 1.5 % of purchases over \$150,000.

Timeframes (costs/impacts): Would depend on votes in each individual municipality

Done Elsewhere (if so provide specifics): At least eleven other states dedicate portions of a real estate conveyance tax to fund environmental initiatives. Counties on Long Island, New York, and in Massachusetts also do so.

Sources of Support: Environmental, farmland preservation, and conservation organizations

Nature/ Sources of Opposition: In Connecticut, the real estate industry, although it is supportive in some states. Some municipal officials who wish to use any conveyance tax capacity for unrestricted purposes.

Environmental Initiatives and Policy Priorities

Name: Beth Barton
Organization/Company: Day Pitney, LLP
Title/Position: Partner
Address: 242 Trumbull Street, Hartford, CT 06103
Phone: (860) 275-0371
Email: ecbarton@daypitney.com

Brief Description of Proposal: (Maximum 200 words)

Where the purchase of credits or offsets will be required as a condition of, for example, a final air permit for a renewable energy project, require that such purchase be made before commencement of construction and/or operation but not issuance of the final permit.

Problem addressed: (Max 25 words)

Inability to secure financing/attract investors when a project lacks all final permits.

Desired Outcome: (max 25 words)

Allow a desired project to represent that it has all final permits and all appeal periods relating to such permits have run.

Public Sector Cost/Savings:

NA.

Source of Funding:

N/A.

Private Sector Financial Implications:

Positive financial implications for a private sector project proponent because their ability to secure financing and attract investors will be enhanced.

Implementing Agency DEP

Requires Legislation	Yes	No X
Requires Regulations	Yes	No X
Executive Order/Action	Yes	No X

Municipal Impact/Opportunity/Role?

A municipality supported development of a renewable project will benefit if financing opportunities are enhanced.

Timeframes (costs/impacts)

Done Elsewhere (if so provide specifics)

Sources of Support: Project owners and investors, proponents of renewable projects

Nature/Sources of Opposition:

----- Forwarded Message -----

From: "Quinn, Ellen J UTCFS" <ELLEN.QUINN@FS.UTC.COM>

To: Jessie Stratton <jessiestratton31@yahoo.com>

Sent: Tue, December 14, 2010 4:10:59 PM

Subject: RE:

Proposal: Ensure improvement of energy efficiency of CT building portfolio

Potential specific steps:

- Designate retrofit of government buildings to meet LEED existing building standards,
- Require new buildings with some government funding to meet a minimum of LEEDs silver (or at LEEDS Certified level)
- Require use of energy star products (where available) in government funded construction
- Expand use of renewable / distributed generation to support new building

Problem addressed: the ghg emissions and energy use associated with buildings . (Generally estimated to be approximately 30-40% of total energy use.)

Desired outcome: 10% reduction in energy use for all retrofit or new construction.

Proposal: Ensure LIS/open space access to support CT environmental systems

Potential specific steps

- Expand present greenway systems within smart growth initiatives
- Evaluate LIS access in smart growth initiatives

Environmental Initiatives and Policy Options

Name: Roger Reynolds / Charles Rothenberger
Organization/Company: Connecticut Fund for the Environment
Title/Position: Attorney
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Phone: 203-787-0646, ext. 110
Email: rreynolds@ctenvironment.org
crothenberger@ctenvironment.org

Brief Description of Proposal: (Maximum 200 words)

While energy efficiency retrofits of existing buildings are an extremely cost-effective carbon reduction strategy, there are significant barriers to moving beyond the improvements provided by the utility-run programs and implementing deep energy improvement retrofits.

A Revolving Energy Efficiency Loan (REEL) program would leverage state funds as a loan guarantee pool to support private capital investment in energy efficiency loans to the residential, business and non-profit sectors. The program would be run by a quasi-public agency with bonding authority. The administration of the program by an agency that is a recognized and established issuer of municipal securities is a key element of establishing a program that can scale up over time. As loans are issued, the agency would purchase the loans and, once loan volume reached a predetermined level, package them and securitize the income stream through a municipal bond issue to generate additional income for the loan program. This allows for leveraging the funds and recycling the loan debt service for new loans. As each loan cycle progresses, additional loans funded by private capital will be introduced. Although utility ratepayer funds or other funds could be contributed into the loan program, the program eligibility would not be restricted to electricity and natural gas measures, but would be a comprehensive "all-fuels" program.

Problem addressed: (Max 25 words)

Overcome barriers to improving the energy performance of the state's existing building stock, which contributes 35 percent of the state's greenhouse gas emissions.

Desired Outcome: (Max 25 words)

Establishment of a statewide Revolving Energy Efficiency Loan (REEL) program to support energy efficiency and renewable energy upgrades to existing buildings.

Public Sector Cost/Savings:

This program would provide an opportunity to greatly leverage private funds with a minimal commitment of public sector funding. The General Assembly has already identified \$18 million in bonding to seed a loan loss reserve for an efficiency and renewable energy loan program. Those funds can be expected to leverage up to \$360 million in privately-issued loans.¹ Estimates of the increase in Gross State Product

¹ The Michigan Saves program, for example, provides a 5% loan loss reserve as leverage for private investment.

resulting from energy efficiency investment range up to \$8.5 of GSP increase per \$1 invested. Agency costs would be covered by the Loan Guarantee Fund.

Source of Funding:

Public Act 10-179 identified \$18 million in state bond funds to establish a Green Connecticut Loan Guaranty Fund.² That Fund would seed a loan loss reserve to leverage private sector investment in energy upgrades. Additional existing sources of funding, such as the utility ratepayer funds and RGGI funds, could also be directed to the program as appropriate.

Private Sector Financial Implication:

Create a market for energy efficiency and renewable energy loans from private and community banks and create direct private sector jobs in the building and technology trades and indirect retail and service jobs. Estimates of the job creation potential of energy investments range up to 70 job years per \$1 million invested.

Implementing Agency:

CHEFA currently has been identified as the agency controlling the funds. If a reorganization of energy agencies goes forward, it would make sense to transfer administration of the program to that entity. The key element is to house the program within an agency that is a recognized and established issuer of municipal securities.

Requires Legislation: RECOMMENDED

Although general obligation bond funds have been earmarked for a loan loss reserve pool, legislation will direct the recycling of the loans through revenue bond issues and to establish performance goals. However, nothing would prevent the program from starting prior to additional authorizations.

Requires Regulations: YES

The administrative agency will need to establish eligibility and loan criteria for the program, including eligible renewable and efficiency measures. Recommend discussion and consultation with the Energy Conservation and Management Board regarding lessons learned from the 2010 Pilot Efficiency Loan Program.

Executive Order/Action: YES

Place the Green Connecticut Loan Guarantee Fund the Bond Commission agenda and direct the agency (CHEFA) to implement the program.

Municipal Impact/Role?:

No fiscal impact. Municipal elected officials clean energy task forces could be effective marketers and advocates for the financing program.

Timeframes (costs/impacts):

Agency (CHEFA) currently authorized to establish Green Connecticut Loan Guarantee Fund pursuant to Public Act 10-179.

² See sections 135-138 of P.A. 10-179.

Done Elsewhere (if so provide specifics): YES

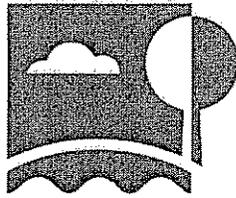
The best analogous program to this proposal is being done right next door in New York through the Green Jobs Green New York (GJGNY) program. THE GJGNY loan program anticipates operating with a \$51 million dollar budget, of which 25.6 million is allocated to the residential sector, and which is supported by a combination of public and private funding sources. A summary memo of the GJGNY loan program is attached.

Sources of Support:

Energy efficiency and renewable energy businesses; public interest energy advocates.

Nature/Sources of Opposition:

None identified or anticipated.



**Connecticut Fund
for the Environment**

CONNECTICUT REVOLVING ENERGY EFFICIENCY LOAN (REEL) PROGRAM

Energy efficiency retrofits of existing buildings are an extremely cost-effective carbon reduction strategy. Connecticut has a relatively strong utility-run energy efficiency program based on subsidies through the ratepayer-funded Energy Efficiency Fund. The fund has done a good job of providing free energy audits and basic energy efficiency improvements, such as switching out incandescent light bulbs for compact fluorescents and wrapping ducts.

There are significant barriers, however, to moving beyond these minimal improvements and implementing deep retrofits, such as increasing insulation levels, sealing the building envelope and HVAC upgrades. Although energy efficiency improvements pay for themselves through reduced energy costs, many individuals can't afford the initial up-front investment. A lack of information about the financing opportunities that are available or the difficulty involved in accessing such financing can also deter individuals from moving forward. In order to overcome these barriers, we engaged Lamont Financial (a firm with an established track record working with public bond programs in several states, including Connecticut) to design a Revolving Energy Efficiency Loan Program for Connecticut.

The Revolving Energy Efficiency Loan program would leverage state funds as a loan guarantee pool to support private capital investment in energy efficiency loans to the residential, business and non-profit sectors. The program would be run by a quasi-public agency with bonding authority. As loans are issued, the agency would purchase the loans and, once loan volume reached a predetermined level, package them and securitize the income stream through a municipal bond issue to generate additional income for the loan program. This allows for leveraging the funds and recycling the loan debt service for new loans. Although utility ratepayer funds or other funds could be contributed into the loan program, the program eligibility would not be restricted to electricity and natural gas customers, but would be a comprehensive "all-fuels" program.

The administration of the program by an agency that is a recognized and established issuer of municipal securities is a key element of establishing a program that can scale up over time. As an example, if we assume that the program begins modestly, with \$8 million in initial loans (enough to fund approximately 1,000 individual loans and supported by \$1.6 million of the loan guarantee fund) in the first year, that initial \$8 million investment will fund over \$28 Million in loans by the fifth loan/bond cycle. Meanwhile, as each loan cycle progresses, additional loans funded by private capital (supported by additional commitments from the loan guarantee fund) will be introduced.

The program could be marketed through utility-bill inserts as well as through the established network of energy service providers currently working through the utility-run energy audit program. Additional outreach could be directed to municipal clean energy task forces to engage communities and individuals.

Environmental Initiatives and Policy Priorities
RGGI

Name: Jessie Stratton
Organization/Company: ENE
Title/Position: Government Relations Director
Address: 21 Oak Street, Suite 202, Hartford, CT 06106
Phone: 860-246-7121
Email: jstratton@env-ne.org

Brief Description of Proposal: (Maximum 200 words)

Governor Malloy should take a leadership role in working with Governor Patrick and others during the RGGI review process to ensure that a new cap is set that reflects current emission levels; to explore linking the RGGI program to other jurisdictional cap and trade programs and to extend the program to include other GHG emission sources.

Problem addressed: (Max 25 words)

Current emissions are more than 10% below the current cap level as a result of a significant shift from oil to natural gas for power generation as well as reduced consumption due to efficiency efforts and the economic downturn. The result is that there is an abundance of allowances which means that auction prices are selling at the set minimum (\$1.80) and fewer allowances are being purchased.

Desired Outcome: (Max 25 words)

To establish a cap level that accurately reflects 2009 emission levels in order to ensure that actual emission reductions from that level will occur and to support an allowance price that incents those reductions.

Public Sector Cost/Savings:

Auction revenues are disbursed to the state and are used to augment both the CL&MF and CEEF while up to 7% of the revenue goes to the DEP to administer the program and to fund adaptation planning. To date the State has received almost \$45 million for these purposes.

Source of Funding:

Electric power generators purchase allowances that are then disbursed as described above.

Private Sector Financial Implications:

As the price of allowances increase generators will likely pass that cost on; modeling done by RGGI has shown that when the allowance revenues are invested in efficiency cost increases are minimal. To date RGGI has not increased generation prices in the region.

Implementing Agency:

Governor and Department of Environmental Protection

Requires Legislation Maybe

Requires Regulations Maybe

Executive Order/Action Yes

Municipal Impact/Opportunity/Role?

Increased availability of energy efficiency and renewable energy

Timeframes (costs/impacts)

RGGI to be reviewed in 2010; Modeling in preparation for that review is underway_RGGI Inc is also soliciting input on other components.

Done Elsewhere (if so provide specifics)

Sources of Support:

Environmental Advocacy community; some generators, renewable developers and generators, some businesses.

Nature/ Sources of Opposition:

Uncertain

Appendix K

Miscellaneous Proposals Submitted to the Environment Working Group

Achieving Responsible Growth

Prepared by David Kooris – Vice President of Regional Plan Association

Problem:

Several significant challenges face our state in the coming years and decades.

Trends:

- Our population is getting older while we struggle to attract young professionals and new families
- Our housing stock contains too few starter homes, apartments, and smaller units resulting in a mismatch between supply and demand that threatens the long-term value of our single family homes and creates an affordability crisis near our job centers
- Our transportation system is heavily reliant on the automobile making our state dependent on volatile gas prices while contributing to congestion that chokes our economy and emissions that threaten our air quality and climate
- Our landscape has been compromised by sprawling residential and commercial development that has consumed the agricultural and forestland that defines the character of our communities
- Several of our downtowns are struggling with vacant properties and brownfields that detract from the attractiveness of our communities and their tax base

Governance:

- Within the Office of Policy and Management, those policies that will need to be coordinated in order to tackle these challenges are fragmented between the Divisions of Policy Development and Planning, Intergovernmental Policy, and Transportation Policy.
- Connecticut is divided into 15 Regional Planning Organizations and 10 Metropolitan Planning Organizations; this fragmentation limits their ability to effectively respond to the interdependent challenges facing our state
- There is no mechanism to effectively coordinate transportation, land use, economic development, and sustainability planning between levels of government and between agencies at the same scale of government

Opportunity:

Connecticut is a constellation of walkable city and town centers. These compact neighborhoods are networked to one another along a transit network that is slated to receive billions in investment in the coming years. They contain hundreds of acres of brownfields and vacant land that can collectively support the next generation of growth in the state, meeting the changing needs of our population. Infrastructure investments can spur responsible growth if coupled with land use planning and local policy to capitalize on the development opportunities around each station. Infrastructure investment will add value to the state's communities and a value-capture program can harness some of that added value to be reinvested in station areas, downtowns, and transit expansion and operations. Unlocking the potential to grow the state's economy and add long-term value to our communities will require coordinated planning across political boundaries, between levels of

government, and amongst state agencies. Responsible Growth will maximize the benefits of investments already made, reap the most benefit from future investments, and provide the options that will attract young professionals back to our state. Three initiatives will harness the efforts of the Office of Policy and Management to achieve responsible growth:

- Merge the Office of Responsible Growth and the Division of Transportation Policy and staff them with some professionals from the Policy Development and Planning Division so that all aspects of OPM dealing with long-term trends, spatial development, and infrastructure investment are under one roof
- Task this office with creating the next State Plan of Conservation and Development based in a participatory process organized around regional roundtables and resulting in a capital plan for state infrastructure investment
- Enable this office to compose and manage interagency teams designed to incubate transformative community development projects in transit-oriented locations that can spur significant economic growth, nurture those projects from planning to implementation, and network them together into a whole that is better suited to attract private sector and federal investment

Strategies:

The following strategies compose the short, medium and longer term steps that can be taken in Governor Malloy's first term.

Short Term – 1 year

- Bring all aspects of OPM dealing with spatial development and infrastructure investment under one roof – review projections and proposals for consistency
- Hold the first in a series of regional roundtables (as called for by Executive Order 15) beginning with the state's primary transportation corridors – these will launch the outreach process that will develop the next State Plan of Conservation & Development (mandated for completion in December of 2012)
- Use roundtables to bring together public, private, and civic stakeholders across Regional Planning Organization borders in an effort to move beyond the currently fragmented regional governance and move towards regional consolidation (Public Act 08-182)
- Identify those municipalities across the state that have both the political will and the physical capacity to grow in ways that will reposition the state for prosperity (begin with the approximately one dozen communities that are participating in regional planning efforts funded by HUD, strung along the state's primary growth spine from Greenwich to Windsor)
- Work with these and other key municipalities to determine where each is on the spectrum from concept to implementation and the specific particular hurdles that each faces to achieving their growth goals
- Compose teams of professionals from multiple state agencies that are specifically crafted for each of these communities; these teams will act as liaisons between the

state and local governments and will serve to navigate state programs as well as identify and overcome implementation hurdles early in the planning process

- Release the enabled \$5 million in transit-oriented development planning money to aid these communities in their implementation efforts (Public Act 07-6) – make the disbursement of planning grants contingent on communities establishing a value capture model that provides continued resources for station area improvement and transit operations
- Use the areas identified through the facilitation of this network of centers to help define the state's Priority Funding Areas (Public Act 05-205)
- Work with ConnDOT to refine State Traffic Commission policy to alter those policies that currently perpetuate automobile dominance within potentially walkable and transit-oriented downtowns and neighborhoods
- Work with ConnDOT planning office to support their incorporation of complete streets and context sensitive design into the traffic design manual so that our downtowns and transit areas are walkable, bikable, transit-friendly, and not overrun by traffic and cars

Medium Term – 2 years

- Work with communities receiving new transit investments to translate regional investment into local benefits through zoning that best capitalizes on the potential positive benefits of these investments and a value-capture program that creates a revenue stream for local area infrastructure improvements and for transit operations – without local policy coordination much of the potential benefit to the state and its communities from infrastructure investments will be lost
- Use any bonded money left over from the construction of the New Haven Springfield line due to underbids for local station area improvements in accordance with local plans developed with the state agency teams
- Work with additional communities to create a constant incubator of city and town centers being aided in their quest to achieve locally appropriate and responsible growth
- Develop a coordinated set of projections that rationalize the employment and population projections created by ConnDOT, DECD, the State Data Center, and other agencies to ensure that state policies across agencies are working to facilitate a common outcome (currently ConnDOT spatial projections assume sprawl and investments, therefore, are favored which move towards this foregone conclusion)
- Based on information developed working with the network of growth communities and through the regional roundtables, craft the State Plan of Conservation and Development that can serve as a capital plan for state investment
- Incorporate sustainability and livability into the plan by using a triple bottom line assessment process to ensure that the plan includes those policies which will have the greatest co-benefits to our state's environment, economy, and communities

Longer Term – 4 years

- Use the resources generated by the local value-capture programs to continue to invest in local infrastructure that will support additional growth in desired centers, extend the reach of transit into our communities, and enhance the environmental quality of our downtowns and station areas
- Work with additional communities to create a constant incubator of city and town centers being aided in their quest to achieve locally appropriate and responsible growth
- Redefine Metropolitan Planning Organization and Regional Planning Organization boundaries so these partnerships are best suited to implement the Plan of Conservation and Development
- Consistently monitor those dynamic trends that the state must be cognizant of including but not limited to demographic balance, gas prices, congestion, etc. so that policies can be adjusted to meet changing challenges
- Continue to assess new programs that have a spatial impact on growth in the state against the State Plan of Conservation and Development and against a triple-bottom-line.

Potential Opposition:

This strategy requires taking an objective approach to infrastructure investment. It will result in investments being concentrated in growth communities and prioritized outside of political concerns. Stakeholders with political support for projects not highly prioritized may object to see resources targeted elsewhere. Stakeholders in preservation communities not targeted for significant growth may feel the same.

If the state is going to spur responsible growth in times of fiscal constraint, it will have to very strategically allocate its infrastructure investments in targeted locations. Other programs will have to be targeted to preservation communities.

From: Nancy Rockwood [nancyroc@optonline.net]
Sent: Sunday, December 12, 2010 10:07 PM
To: Transition Team
Subject: Easton Cell Tower

Dear Governor-Elect Dan Malloy:

I am writing to request that the Cell Tower currently being proposed for Easton not be allowed on either of the Snows farm sites.

In case you haven't seen the proposed locations, they're right in the heart of farmland Easton -- right along Sport Hill Road, in the middle of an area known for its petting zoo, farm stands, orchards, pick-your-own farms, Christmas Tree farms and horse farms. A cell tower on either of these Snow's Farm sites would create a dramatic photo opportunity for any reporter who wanted to show how government approvals ran amuck -- caving in to out-of-town businesses that didn't care about the people at whose expense company profits were made. The contrast of Before and After photos would be dramatic and painful.

If we have to have another cell tower in Easton, please require that it be in a less visible location -- one that doesn't ruin the iconic heart of what those of us who live here love about Easton -- its pastoral beauty and refuge. For town residents, it's still worth the drive to live here. And for visitors, it's still worth it to drive to the country and buy local and organic produce and Christmas trees, and to pick apples and tomatoes and buy pumpkins.

Please make sure Easton continues to be worth the drive by denying the Snow's Farm siting requests submitted by opportunistic, out-of-town vendors. Please do not allow them to erect ugly electronic infrastructure in such a visible location.

Thank you for considering this heart-felt request.

1

Sincerely,

Nancy Rockwood
35 Sweetbrier Trail
Easton, Connecticut 06612



Conserving Connecticut since 1895

16 Meriden Road
Rockfall
Connecticut 06481-2961
T 860 346-2372
F 860 347-7463
email: info@ctwoodlands.org
web site: www.ctwoodlands.org

November 24, 2010

Lieutenant Governor-Elect and Co-Chair, Transition Team Nancy Wyman &
Co-Chair, Transition Team, Tim Bannon
c/o Transition Team Office, State Capitol Building
210 Capitol Avenue
Hartford, CT 06106

Dear Lieutenant Governor-Elect/Transition Co-Chair Wyman and Transition Co-Chair Bannon:

Congratulations to you and Governor-Elect Dannel Malloy on the election! As you are evaluating ideas that can be implemented under your Administration, we would like to add one for your consideration: **establishing a "Sustainable Forest Management Revolving Fund" within the Department of Environmental Protection.**

First, as a matter of introduction, The Connecticut Forest & Park Association (CFPA) is the first private, non-profit conservation organization established in Connecticut in 1895, and we are probably best known today for two things: 1) being Connecticut's leading advocate for science-based, sustainable forestry, and 2) maintaining 825 miles of blue-blazed hiking trails that traverse 88 towns in our great state. Every year, CFPA publishes a Conservation Agenda with many important issues highlighted, but we are focusing this letter on one which is a winner for the economy, a winner for the environment, and is long overdue.

Today, each time a sustainable harvest occurs on State Forests, revenues are generated (~\$500,000 in 2009). Under the current structure, those revenues go directly into the General Fund and for the DEP to conduct another sustainable harvest, the DEP must wait until funds are appropriated or otherwise allocated to allow DEP Foresters to initiate contracting on the next harvest. Allowing DEP Forestry to retain a portion of the sustainable harvest revenues (with the balance going into the General Fund) and mandating that the DEP reinvest the funds into necessary forest management planning and implementation activities would allow the DEP to generate additional revenues for the state while enhancing the health of our state forests and also creating and maintaining forestry-related jobs.

There would be multiple benefits from establishing a Sustainable Forest Management Revolving Fund:

- 1) *Revenues would be created for the state and jobs in the private sectors would be created.* The forest products industry in Connecticut employs approximately 3,600 people and contributes \$500 million to the economy. Private certified foresters would be contracted by DEP Forestry to both prepare management plans and implement sustainable harvests. At a time when expanding the state workforce is unlikely, this will help DEP leverage its sparse staff resources as

much as possible. Under this plan, we are not suggesting that these contractors would or should replace Forestry staff at the DEP;

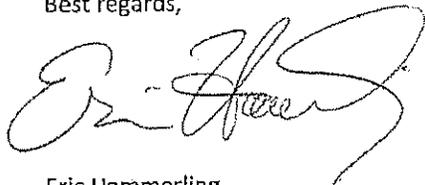
- 2) *Forests would be managed both sustainably and better.* A 2008 Yale Study reported that DEP Forestry could increase sustainable harvests on state lands by up to 300% and maintain that level of harvest for 50 years. DEP Foresters would supervise all harvests to ensure they would be implemented sustainably. Amazingly, only 1/3rd of the State Forests currently have forest management plans and the revenues generated would help these essential plans be put in place and updated for all state forests;
- 3) *Additional forest management would help early detection of invasive pests.* Better forest management would increase the ability for DEP Forestry and private foresters to have more eyes in the field for early detection of invasive pests and invasive plants. Early detection could potentially save taxpayers millions of dollars in eradication costs. As an example, Worcester, MA recently had to pay almost \$20 million to remove trees that were infested by the Asian Longhorned Beetle, a pest which had been present but went undetected for over 10 years; and
- 4) *Wildlife Habitat, Water Quality, Recreation, and Fire Prevention efforts will all benefit.* In general, our State Forests do not currently provide the diversity of wildlife habitats that they might under additional forest management. Also, reducing the understory and overgrowth of the state forests will allow openings that could accommodate recreational trails and/or serve as breaks to reduce wildfires. Better forest management would also have water quality and even stormwater/floodwater retention benefits.

It would only take \$100,000 per year to initiate this Revolving Fund and keep it going. With this minimal investment, DEP Forestry could play a significant role in:

- Generating additional revenues for the state;
- Creating hundreds of new private forestry sector jobs (and protecting many others) as the Revolving Fund is phased-in; and
- Increasing the health of state forests, wildlife, and watersheds.

We hope you find this information useful, and we would be glad to provide more information on this concept if you are interested. For follow-up, please feel free to contact Eric Hammerling, CFPA's Executive Director via 860/346-2372 or ehammerling@ctwoodlands.org or John Larkin, CFPA's Contract Lobbyist via 860/508-9924 or john@iclarkin.com.

Best regards,



Eric Hammerling
Executive Director



David Platt
Board President, CFPA

Deb,

This is brilliant! I've never heard it put this way! I really like the way you described this opportunity.

I support including all I-series (84, 91 & 95) highways plus Merritt Parkway with the following stipulation:

That the \$ collected is directed at improving our freight rail network including retracking abandoned stretches - (such as the rail right of way between New Britain and Newington Junction & the Amtrak right-of-way between Newington Junction and Hartford Union Station) and bringing all of them up to commuter rail standards and if it is used to upgrade safety and track speeds on our existing commuter rail corridors - creating a high-speed rail kick.

1

I would really like to see the money collected to reconnect the freight rail track between Danbury-Newtown and Waterbury.

This would include eliminating at-grade r.r. crossings, constructing grade separations with bike lanes & ped-walks, evaluating/building "rails and trails" - (this is a movement that is gaining favor in random areas around the U.S.), modern roundabouts and complete streets.

If we set the rates high enough - maybe we could contribute some money to NY State to opening a rail freight crossing the Hudson River - Poughkeepsie Bridge or re-designed (to accommodate rail freight, also) Hudson River Tunnels. Truck freight is choking our state and moving rail freight along a Danbury, Newtown, Waterbury, Bristol, New Britain, Newington Junction, Hartford corridor is feasible since the corridor is not electrified (Northeast Corridor rail freight capacity is encumbered by overhead catenary).

Thanks, Deb! You have been coming up with some great ideas recently!

Richard Stowe

Richard Stowe
Rail*Trains*Ecology*Cycling
(203) 966-4387
<http://twitter.com/RailTEC>
<http://www.railtec.org>

10/15
On Fri, Dec 10, 2010 at 7:10 AM, Debra Dauphinais <ddauphinais@bicycleseast.com> wrote:
Okay, I may get slammed by some for this, but ... As I was travelling by car for Thanksgiving, I was repeatedly giving my money away to help other states pay for their road maintenance. MY CT-earned \$ was going to NY and NJ. Spending locally-earned \$ out of state is, in general, a poor economic practice. What really struck me is that it is even a worse practice is when it is one-directional, not reciprocal. CT residents pay whenever we travel anywhere outside our state, but everyone (particularly freight trucking companies) has a free pass when passing through CT, when traveling between NY and MA while spending zero dollars in our state. I personally believe that re-institution of tolls on certain interstate highways would go a long way in properly funding our transportation infrastructure. New technologies such as fast passes significantly reduce the personnel costs and traffic delays of the older-style toll booths that were eliminated. To not unfairly target specific road users, we could recommend the toll booths in areas that have the best access to alternative modes of transportation such as rail systems.

- Deb

November 24, 2010

Governor-Elect Dan Malloy
State Capitol Room 416
Hartford, CT 06106

Dear Governor-Elect Malloy:

We, the undersigned statewide environmental advocacy organizations, extend our warmest congratulations to you on your electoral victory. We are writing to both introduce you to us and to offer our support, advice, expertise and participation as you embark on your mission to address the many issues that impact our environment and our economy.

We believe a healthy environment and a strong economy are not only compatible but are intimately intertwined and mutually dependent. For example, there are opportunities for green job creation using our existing planned budgetary resources: a potential 11,000 jobs in energy efficiency and renewable energy, 8,000 for transit projects, including the New Haven-Hartford-Springfield commuter rail, and 4,500 clean water construction jobs. In addition, relatively modest investments in green infrastructure will help expand upon 20,000 agricultural sector jobs, 3,600 jobs in forestry, and thousands of jobs associated with the \$820 million in private investments made each year to enjoy fish and wildlife recreation activities.

The foundation of our quality of life, healthy communities, public open land, forests, clean drinking water and a healthy Long Island Sound rests on our ability to protect those resources. The Department of Environmental Protection is an agency that has been traditionally under funded to a precarious degree. You wisely recognized this in saying the agency "has been compromised by years of under funding." The DEP spent no more in 2008 state tax dollars (adjusted for inflation) than it did when it was created in 1972, although its responsibilities have increased many times over since then. Last year, the environmental community worked with the business community and agencies to pass a bill that would streamline the applications permitting process while maintaining appropriate environmental standards. We will continue to work for shared solutions to allow DEP to perform

all of its critically important functions. While DEP is most important to environmental concerns, other agencies have significant influence. We ask that you ensure that they work collaboratively on issues of mutual cognizance.

Individually and collaboratively, we have many decades of experience in bringing people together to protect Connecticut's environmental quality of life. The entire statewide environmental community looks forward to working with your administration and other stakeholders to further our common goal of a clean, healthy and sustainable Connecticut. We encourage you and members of your administration to reach out to us. Any communication from your office in response to this letter can be sent to Lori Brown at the CT League of Conservation Voters and will be forwarded to all the signatories listed below.

Sincerely,

1000 Friends of Connecticut
P.O. Box 1988
Hartford, CT 06144
860-523-0003
www.1000friends-ct.org

Audubon Connecticut
185 East Flat Hill Road
Southbury, CT 06488
(203) 264-5098
www.audubonct.org

Clean Water Action
645 Farmington Avenue
Hartford, CT 06105
860-232-6232
www.cleanwateraction.org/ct

Connecticut Coalition for Environmental Justice
P.O. Box 2022
Hartford, CT 06145
860-548-1133
www.environmental-justice.org

Connecticut Forest & Park Association
16 Meriden Road
Rockfall, CT 06481-2961
860-346-2372
www.ctwoodlands.org

Connecticut Fund for the Environment
142 Temple Street
New Haven, CT 06510
203-787-0646
www.ctenvironment.org

Connecticut Land Conservation Council
16 Meriden Road
Rockfall, Connecticut 06481-2961
860-685-0785
www.ctconservation.org

Connecticut League of Conservation Voters
553 Farmington Avenue, Suite 201
Hartford, CT 06105
860.236.5442
www.ctlcvt.org

Environment Connecticut
198 Park Road, 2nd Floor
West Hartford, CT 06119
(860) 231-8842
www.EnvironmentConnecticut.org

Environment Northeast
21 Oak Street, Suite 202
Hartford, CT 06106
860-246-7121
www.env-ne.org

The Nature Conservancy
55 Church Street, Floor 3
New Haven, CT 06510-3029
203-568-6297
www.nature.org/connecticut

The Trust for Public Land
383 Orange Street
New Haven, CT 06511-2301
203-777-7367
www.tpl.org

Rivers Alliance of Connecticut
P.O. Box 1797
Litchfield, CT 06759
860-361-9349
www.riversalliance.org

Save the Sound/CT Fund for the Environment
142 Temple St.
New Haven, CT 06510
Tel: (203) 787-0646
www.ctenvironment.org

Sierra Club-Connecticut Chapter
645 Farmington Avenue
Hartford, CT 06105
203-281-4326
www.connecticut.sierraclub.org

Working Lands Alliance
775 Bloomfield Avenue
Windsor, CT 06095
860-683-4230
www.workinglandsalliance.org



Audubon CONNECTICUT

613 Riversville Road
Greenwich, CT 06831
Tel: 203-869-5272
Fax: 203-869-4437
www.audubonct.org

November 9, 2010

Honorable Dannel Malloy
P.O. Box 110073
Stamford, CT 06911

Dear Governor Elect Malloy,

Stamford's environment has long benefitted from your leadership and vision, so it is with great pleasure that I write to congratulate you on your election as Governor of the State of Connecticut. On behalf of myself and my organization, I look forward to your continued service to our state, its people, and our natural resources.

Audubon Connecticut, the state organization of the National Audubon Society, is dedicated to protecting birds, wildlife and their habitats using education, science and conservation and legislative advocacy. We do so for the benefit of people and the earth's biological diversity, pursuing our mission at both the state and national level. We have appreciated your steadfast support of our efforts at Cove Island Park in Stamford, a recognized Audubon Important Bird Area. The transformation that has taken place at this key coastal habitat site and the partnerships that have developed around it, have made this one of our proudest IBA successes. It never would have happened without your support and leadership.

As you head to the Governor's mansion, we look forward to your continued leadership on issues such as Long Island Sound, open space and habitat protection, clean water, and climate change.

We know there will be many challenges ahead as you grapple with difficult economic times and tough budget decisions. We also know that an investment in a healthy environment is an investment in a healthy economy, creating safe jobs and a sustainable future for the citizens of Connecticut. We are counting on you to help us make that case during the fights ahead.

Once again, I wish you all the best in this next phase of your distinguished public service.

Sincerely,

Tom - All the best!

Thomas R. Baptist
Executive Director and Vice President



Empowering Communities,
Advocating Solutions.

- 225A Main Street • Farmingdale, New York 11735
(516) 390-7150
- 19 Court Street, Lower Level • White Plains, New York 10601
(914) 997-0946
- 744 Broadway • Albany, New York 12207
(518) 772-1862
- 735 Delaware Road, Box 140 • Buffalo, New York 14223
(716) 831-3206
- 466 Westcott Street, 2nd Floor • Syracuse, New York 13210
(315) 472-1339
- 129 Church Street, Suite 221 • New Haven, Connecticut 06510
(203) 785-9080

December 8, 2010

Hon. Dannel Malloy
Governor Elect
State Capitol
210 Capitol Avenue
Room 416
Hartford, CT 06106

Dear Gov. Elect Malloy:

I am writing this letter extend an official line of communication with your office. I am the Connecticut Program Coordinator for Citizens Campaign for the Environment (CCE), a grassroots advocacy organization with over 80,000 members in Connecticut and New York State. CCE works to works to build widespread citizen understanding and advocacy for policies and actions designed to manage and protect our natural resources and public health.

I first want to thank you for the opportunity to address you at the Environmental Summit earlier today in Hartford. I also wanted to congratulate you on your victory this election, and to thank you for staying true to your commitment to protect our natural environment. I know the task ahead of you will not be an easy one, but I am looking forward to working with you on behalf of our members in CT, to find solutions to these important issues.

Please do not hesitate to contact my office if there is any way that CCE can be of assistance with any of the challenges that lie before you in the coming months.

Best Regards,

Louis W. Burch
Program Coordinator
Citizens Campaign for the Environment
129 Church St. suite 221
New Haven, CT 06510
203.785.9080



Windham County 4-H Foundation, Inc.

326 Taft Pond Road • Pomfret Center, CT 06259

Foundation Office & Registrar
860-974-3379

Summer Camp Office
860-974-1122

Fax: 860-974-3327

email:
windham4h@earthlink.net
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Lillian Gray
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December 1, 2010

Dan Malloy
Governor Elect
PO Box 001173
Stamford, CT

Dear Governor Elect Malloy,

Recently I attended a political gathering for both you and Nancy Wyman, in Thompson, for area agricultural interests in northeastern CT. Although unable to speak directly with you I spoke with one of your assistants who was pleased to receive a packet of information regarding the pending proposal by the Windham County 4-H Foundation in Pomfret. At the upcoming meeting of the Bond Commission we urge you to support our request for \$500,000 as **approved by the CT State Legislature** but yet to be considered by the Bond Commission.

The 4-H program in Windham County is thriving and the 4-H Camp not only provides a wholesome and valuable experience for almost 1000 youth each summer, but also the Ragged Hill Woods Environmental Education Program. The Ragged Hill Woods program is hosted at the camp site during the school year and provides an essential experience in outdoor science based instruction, and is currently in the process of working to provide these experiences for at-risk youth in the area.

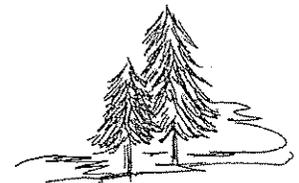
I urge you to see that our proposal is funded so that we can move forward and begin our long overdue project that will provide science educational areas combined with an outdoor environmental education program. ***We all know that this project will surely bring many needed jobs to northeastern CT and an opportunity to provide additional opportunities for a focus on science education.***

Thank you for your support.

Sincerely,

Sandra J Ahola, Treasurer

Serving generations of youth through the Windham-Tolland 4-H Camp
and the Ragged Hill Woods Environmental Education Program





City of Milford, Connecticut

- Founded in 1639 -

James L. Richetelli, Jr.
Mayor

City Hall
110 River Street
Milford, CT 06460

November 22, 2010

Governor Elect Dannel Malloy
State Capitol
Capitol Avenue, Room 202
Hartford, CT 06106

Dear Governor Malloy:

Attached, please see the letter to you from Lori Romick, Milford's representative to the Long Island Sound Assembly (LISA) dated November 18, 2010.

Milford is blessed to live on Long Island Sound and, as such, takes its responsibility to preserve it very seriously. I fully understand the awesome fiscal challenges that you face. However, the work of LISA is invaluable in protecting Connecticut's greatest natural resource.

I join in respectfully requesting your consideration of restoring the funding for LISA.

Best wishes to you as you begin your term as Governor.

Sincerely,

James L. Richetelli, Jr.
Mayor

JLR:jtf
attach.

cc: Lori Romick

November 18, 2010

Governor Elect Dannel Malloy
State Capitol
Capitol Avenue – Room 202
Hartford, CT 06106

Dear Governor Malloy,

As you know Long Island Sound is an “Estuary of National Importance.” The Long Island Sound Assembly (LISA) and Councils is a voice for all coastal Connecticut communities under one forum. LISA submits an annual report to the Legislature summarizing issues discussed during the monthly meetings in an attempt to provide guidance, evoke change and plan for the future of the Sound. Representation is diverse with several representatives appointed by the Governor and other experts invited to educate the group on specific topics of concern.

Recently the funding of \$75,000 annually for LISA has been cut from the State budget. This includes a full-time Executive Director, office overhead, report printing and education materials. LISA meets monthly, has extension efforts with several members working with other related committees and commissions, and responds to several timely issues each year involving Long Island Sound. Program coordination is done by the Long Island Sound Foundation the Legislature appointed successor organization.

As the Milford representative for LISA I respectfully request your review and consideration by the Legislature to reinstate this funding.

Sincerely,

Lori Romick

Lori Romick
10 Valery court
Milford, CT 06461
lromick@optonline.net

cc: Representative Richard Roy
Mayor James L Richetelli, Jr.

RESTORE FUNDING TO THE LONG ISLAND SOUND COUNCILS

REQUESTED ACTION

The Long Island Sound Assembly (LISA) requests:

- That Section 513 of Public Act 09-03 be modified to restore the \$75,000 allocation to the University of Connecticut for the Long Island Sound Councils, and
- That the General Assembly continue its efforts to fund the Councils in the future.

BACKGROUND

Public Act 89-344, codified as Section 225-154 and Section 25-155 of the Connecticut General Statutes, established three Long Island Sound Advisory Councils, an Eastern, Central and Western Council, and the Long Island Sound Assembly that consists of members of each council. Membership of each council was defined as being comprised of the chief executive officer, or designee, of each municipality within the scope of each council, and various members appointed by the Governor, Senate and House of Representatives. The Councils were charged with preparing reports concerning the use and preservation of Long Island Sound within its boundaries. Such reports were specified to include, but not be limited to, provisions prioritizing the concerns of citizens, and organizations for the future of Long Island Sound, recommendations for improving the biological integrity of and public access to Long Island Sound, and identification of available resources concerning Long Island Sound.

The Long Island Sound Assembly was charged with reviewing the reports of each advisory council, and submitting a report of its review and any recommendations to the General Assembly on or before January first, annually. Public Act 96-251 amended the reporting requirement of the Assembly by requiring that on and after October 1, 1996, reports be submitted to the Environment Committee and, upon request, to legislators, and that a summary report be submitted to each member of the General Assembly if the summary was two pages or less, and a notification of the report be submitted to each member if the summary is more than two pages.

Although there are a number of agencies and environmental organizations which have been involved with Long Island Sound related issues, the General Assembly, in creating

LISA and the Regional Councils, acknowledged the importance of participation by those communities which are most affected by the Sound and its natural resources. This was evident in the fact that the sum of seventy-five thousand dollars was appropriated by The General Assembly to the department of environmental protection, for the fiscal year ending June 30, 1990, from any available sums appropriated to the finance advisory committee for such fiscal year, for 1989 acts without appropriations, for (1) the activities of the Long Island Sound Assembly and the Long Island Sound Advisory Councils, (2) the activities of the Bi-State Long Island Sound Marine Resources Committee and (3) additional staff for the department of environmental protection to coordinate programs related to Long Island Sound. The General Assembly continued its commitment in Public Act 00-170 that allocated not less than seventy-five thousand dollars to the University of Connecticut for the Long Island Sound Councils.

The dedication of the diverse group of individuals who comprise the Long Island Sound Assembly and Advisory Councils is culminated in the Annual Reports issued to the General Assembly for the improvement of quality and enjoyment of Long Island Sound.

All of this, however, is now in jeopardy. During the 2009 special session concerning expenditures and revenues, the General Assembly passed Public Act 09-03. Section 513 of this Act concerning "Miscellaneous and Conforming Changes" eliminated the requirement that the revenue services commissioner deposit \$3 million from the motor boat fuel sales to the Conservation Fund that had \$250,000 going to the boating account and \$2 million to the fisheries account, of which \$75,000 no longer goes to the University of Connecticut for the Long Island Sound Councils. In essence, the Long Island Sound Assembly and Councils no longer have funding for their work.



Environmental Professionals' Organization of Connecticut
P.O. Box 176
Amston, Connecticut 06231-0176
Phone: (860) 537-0337, Fax: (860) 537-6268

October 5, 2010

David A. Sattler
Connecticut Department of Environmental Protection
Bureau of Water Protection and Land Reuse
79 Elm Street
Hartford, CT, 06106-5127

RE: EPOC Comments on Proposed Regulations concerning the Reporting of Releases – Draft
dated December 2009

Dear Mr. Sattler:

Set forth on the attached three pages are the comments from the Environmental Professionals' Organization of Connecticut (EPOC). We have identified a number of provisions in the proposed regulations that are, in our opinion, overly conservative and/or restrictive. In addition, many of the terms used are not well defined and many of the requirements are vague and subject to interpretation thereby making it difficult to advise our clients on their obligations. We believe that the proposed regulations will not have the intended effect of simplifying and streamlining release reporting, but instead, greatly expand the universe of reportable releases, both because of the more stringent reporting requirements (or perhaps more accurately, fewer exceptions), and because responsible persons will likely err conservatively and report in situations where the regulations are unclear. In addition, we are concerned about the economic burden created by the obligation to provide a receptor survey for every reportable release, because no distinction is made regarding the size of the release, or whether it is recent or historical.

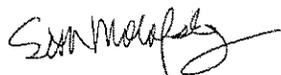
EPOC was formed in 1996 to represent the interests of Connecticut's Licensed Environmental Professionals (LEPs) by providing information, training and updates regarding the LEP program in Connecticut. The organization has approximately 500 members representing numerous technical disciplines all working in the area of investigation and cleanup of environmentally-impacted sites in Connecticut. Thank you for the opportunity to present EPOC's views on the Proposed Regulations Concerning the Reporting of Releases. If you have any questions, please contact Seth Molofsky at (860) 537-0337.

Sincerely yours,

EPOC

Web Site: www.epoc.org

Mr. David A. Sattler
October 5, 2010
Page 2



Seth Molofsky
Executive Director

Attachments:

Web Site: www.epoc.org

#152679-v1-EPOC_Release_Reporting_Comments_Final.doc

General Comments:

1. The proposed regulations do not make enough of a distinction between different types of spills and the level of urgency that should be mandated for reporting. For example, there is a significant difference between a leaking jack-knifed tanker truck on a highway and discovery of a leak from an above-ground tank into its secondary containment. However, under the proposed regulations, both would be reportable within an hour. Referring to Connecticut General Statutes Section 22a-6u (Reporting of certain significant environmental hazards), we note that a number of timeframes have been established for various types of releases, ranging from 2 hours to 30 days. The Massachusetts reporting regulations have timeframes of 2 hours, 72 hours and 120 days, depending on the type of release. We recommend establishment of similar timeframes, depending on the urgency of the release, for inclusion in the proposed regulations.

2. The proposed regulations, and especially the exceptions and exemptions, are complex and in some instances vague, and we suspect persons who must report will find them difficult to read and interpret in the context of a spill emergency. We recommend that any vague provisions be deleted or at least replaced with objective standards that are easily measured and understood. In addition, the exceptions and exemptions appear to be difficult to meet. Therefore, it appears that the universe of releases that will *not* be reportable is exceedingly small. Following are a few examples (but not all instances) of this issue:

(a) We think it unlikely that a person required to report will have knowledge of the presence of water supply wells within 500 or 1000 feet of the release, and be able to meet the condition of Subsection 3(a)(5). Therefore, that person will be "unable to determine the non-existence" of such wells, so every release that does not fall into the exceptions under Subsections 3(b) through (e) inclusive will be reportable under Subsection 2(b)(11) regardless of quantity, thereby rendering the 10 pound threshold irrelevant.

(b) Observation of soil staining is not uncommon, and it is unlikely that the material that caused the stain or the quantity present will, in most instances, be known. Therefore, it seems likely that every such observation will be reportable under Subsection 2(d).

(c) Two hours is a relatively short period of time to completely clean up a release, as mandated by the exceptions in Subsections 3(a), (b) and (c). Twenty-four or 48 hours would be more reasonable, because it seems unlikely that a release meeting all of the other conditions set forth in these subsections would pose such an imminent threat that a 24 or 48 hour timeframe is too long. Furthermore, if a person thinks that they may be able to meet the two hour cleanup deadline but then is not successful, that person is then out of compliance with the one hour reporting obligation.

(d) All of the exceptions in Subsection 3 contain a provision that in order for the exception to apply, the release must not, among other things, pose "a hazard to human health, public safety, the environment or property." This is vague and subject to interpretation. Doesn't the quantity itself, as listed in each exception, constitute that determination, therefore making this extra language superfluous and confusing?

3. The proposed regulations appear to mandate reporting of historical releases. We expect that a reporting event will occur in connection with many if not most Phase II studies (because of the identification of one or more releases, i.e. above the detection limit and not naturally occurring), since the exceptions are unlikely to apply, for the reasons stated above, among others. It is not clear whether existing, known releases in all of the sites we are currently working on or have worked on in the past in Connecticut (e.g., existing soil staining, existing exceedances of GWPC in monitoring wells, existing subsurface releases where the quantity is likely to be greater than 10 pounds, etc.) will require reporting upon enactment of this proposed regulation. We think at the very least there should be an exemption for releases on sites that are known to DEP because the site is entered into the Transfer Act program or the Voluntary Program. Also, it is not clear how the communication of a discovery of a release will occur to the site owner (or other responsible person) in the situation where a prospective purchaser conducts the Phase II and identifies one or more release areas. Again referring to Connecticut General Statutes Section 22a-6u, we note that specific notification procedures were established to ensure a report is made by the correct person, and recommend that a similar procedure be adopted in the proposed regulation.

Specific Comments by Subsection	
Subsection	Comment
1(a)	The responsibility for reporting a release is not clear in the case of an establishment or facility where the operator is different than the owner, or more than one person or company is in operation. For example, the owner of a company that leases a site may be "in charge" of the site (because the landlord does not have possession) but is this person responsible for reporting the discovery of subsurface contamination, when such contamination is discovered by a prospective purchaser conducting a Phase II study?
1(c)(8)	The last clause of the definition of "facility" ("but does not include any consumer product in consumer use") modifies "reportable material" and therefore should be included in the definition of "reportable material" rather than in the definition of "facility."
1(c)(13)	The definition of "hazardous waste" should reference RCSA 22a-449(c)-100 through -119. This would be consistent with other definitions that have a more precise regulatory (as opposed to statutory) definition, such as "friable."
1(c)(14)	The definition of "immediately" requires reporting when a person "should have been provided with the knowledge of a release" which seems unfair because it potentially creates liability for the responsible party in the absence of any way to comply.
2(a)	What time period is applicable to "continuous" and "intermittent" releases? Massachusetts uses a 24 hour time period.
2(a)(2)	Use of the word "likely" is vague.
2(c)(1)	All equipment has the potential to create an imminent hazard. Since the definition of "imminent hazard" already incorporates the idea of a potential problem, delete the words "or has the potential to create."
2(d)(1)	Awkwardly worded. Suggested revision: "An observation of abandoned containers of vessels that exhibit a release; or"

3(a)(9), (b)(5), (c)(5), (d)(2) and (e)(2)	The rational is not clear for making the distinction between “properly trained company personnel”, “permitted spill cleanup contractor” and “appropriately trained personnel.” We think the person performing the clean-up should simply be trained as required by applicable law (whether external or internal, pursuant to 29 CFR 1910.120 or other applicable regulation). Also, spill cleanup contractors are licensed not permitted.
4	The words “incidental quantities” are used in a number of places, however this is not defined anywhere.

CT Energy Policy & Planning

A Proposal from the Public Interest Advocates

November 19, 2010

The Connecticut General Assembly, in concert with the Governor, has established ambitious policy directives to invest in cost effective energy efficiency, support additional renewable energy, be responsive to consumer needs and address climate change. However, despite clear legislative mandates in these areas, resistance by the myriad agencies and boards with oversight and input on energy issues is significantly impeding the progress toward achieving the intent of Connecticut law, denying the State's businesses and consumers the significant benefits of a lower cost, cleaner and more independent energy future. This inaction is costing Connecticut consumers hundreds of millions of dollars every year because regulatory decisions require the purchase of fossil fuels that are three to four times more expensive than the equivalent efficiency measures. Connecticut's voice should be stronger at important regional policy bodies that determine transmission and energy market rules involving billions of consumer dollars. Accordingly, reform of Connecticut's energy system is necessary and overdue.

This document sets out a proposed vision and course of action to address non-transportation energy issues in order to achieve the following benefits for Connecticut's economic and environmental future. We urge immediate adoption and implementation

- **State Energy Planning:** Create a central state energy planning department that is charged with developing, in collaboration with the Department of Environmental Protection (DEP), in consultation with the Department of Public Utility Control (DPUC), and with the counsel of the Attorney General (AG), the most effective and beneficial plan for meeting the State's electric, natural gas and heating fuel energy needs. This cabinet level department would streamline the current bureaucracy by assuming the energy functions and planning processes (including providing for public input) currently assigned to the Office of Policy and Management (OPM), replacing the current Connecticut Energy Advisory Board (CEAB) functions, and consolidating leadership and oversight of State policy implementation;
- **A Strong Voice for Connecticut:** Give Connecticut the strongest possible voice in seeking federal funds and in advocating for federal policies that protect the State's interests; take leadership in influencing important policies that affect the State at the regional level such as transmission planning and cost allocation;
- **Clear Information/Transparent Process:** Ensure that information about the key aspects of Connecticut's energy system—both successes and areas in need of attention—is widely available to the public and understood by the State's decision makers;
- **Energy Efficiency:** Investment in all cost-effective efficiency. Connecticut is failing to maximize investments in the lowest cost, cleanest form of energy—energy efficiency—while our neighbors in Massachusetts and Rhode Island are tripling or quadrupling theirs;



**Connecticut Fund
for the Environment**



**SIERRA
CLUB**
FOUNDED 1892

- **End the Continued Assault on Connecticut's Critically Valuable Energy Efficiency and Renewable Energy Investment Funds:** Ratepayer funding for these programs, which in previous years have been top ranked nationally, has been repeatedly redirected to help solve state budget problems, to the detriment of the State's residents, businesses, environment, and citizens' trust in government. As a result of the State's failure to increase efficiency investments, Connecticut's ranking among the states by the American Council for an Energy Efficient Economy (ACEEE) fell from #1 to #3 to #8. The DPUC's most recent decision refusing to increase efficiency investments, combined with the 35% raid on funds starting in 2012, will mean that the State's national ranking will continue to decline in coming years;
- **Renewable Energy:** Support new clean, renewable energy development to maximize renewable energy production, reduce pollution, and reduce our vulnerability to future fossil fuel price increases in the most cost-effective manner;
- **Efficient Buildings:** Reduce energy consumption in the built environment by adoption of the most stringent building codes and green building standards and by providing energy use information to occupants;
- **Increase Access and Innovation:** Expand access to efficiency and renewable programs for all customer classes, especially limited-income, through dedicated funding and additional consumer financing options;
- **Consumer Protection:** Improve the rules governing sales and solicitation by competitive electric suppliers;
- **Limited-Income Rate and Incentives:** Establish a limited-income electricity discount rate for individuals and households, and include additional incentives for limited income consumers for energy programs not currently offering such;
- **Clean Customer Cogeneration:** Capture the significant available amount of low-cost, localized cleaner energy production by investing in low-emissions combined heat and power systems at manufacturing facilities, municipalities and other large buildings;
- **Regulatory Reform:** Align the criteria that regulatory authorities use to review energy plans, spending, and revenue so that they are consistent with, and further, the State's policy mandates.

The following proposed administrative agency and policy reforms are designed to advance these goals with minimal or even positive state budget impacts and to make Connecticut's energy planning, decision-making, implementation and evaluation more comprehensive, efficient, transparent, and effective in supporting the State's economic, environmental and public health goals.

Expanded Explanation of Proposed Changes

Part 1: Energy Oversight & Procurement

❖ Creation of the Office of Energy Planning & Sustainability

A new cabinet level Office of Energy Planning and Sustainability (OEPS) is created to assume responsibilities currently assigned to OPM, the CEAB, and other entities in order to implement effective and appropriate energy planning and policy development in the State. OEPS and its commissioner will guide the development of energy policy on behalf of the administration, develop, in collaboration with DEP and consultation with the DPUC and with the counsel of the AG, regular energy plans for all energy uses and fuels, and propose policy changes to the legislature. The current utility IRP process shall be eliminated. OEPS will also represent the State regionally and nationally on energy issues, be directed

to maximize receipt of federal energy funds, and improve the use of those funds. OEPS will assume regulatory authority over appliance and equipment efficiency standards, and will be responsible for drafting changes to the state building energy codes. The OEPS will be tasked with improving energy management at state-owned and -run facilities.

OEPS will also represent the administration before the DPUC. The DPUC's role will be clarified to focus on its adjudicatory and regulatory role examining utility management and prudence and the delivery of reliable service to the State's consumers. The decision-making criteria for the DPUC will be updated to clarify its role in supporting and furthering the State's energy goals to invest in all cost-effective energy efficiency and achieving other renewable, clean energy and environmental goals. The CT Clean Energy Fund (CCEF) shall be established as an independent quasi-public entity and moved to OEPS for administrative purposes (see below for other CCEF changes).

❖ Electric System Infrastructure Policy

It shall be the policy of the State to address electric reliability needs by examining the full portfolio of energy resources and by selecting those that meet the State's environmental and other policy goals in the most cost-effective manner. The DPUC, in collaboration with OEPS and Efficiency Connecticut (a new organization responsible for efficiency programs in the State, see below), shall develop rules for significant distribution upgrades that require a thorough evaluation of non-distribution alternatives, including but not limited to energy efficiency, demand response, and high-efficiency, low-emission distributed generation, with the lowest cost and most reliable solutions chosen on a net-present-value cost basis. Any EDC/LDC ownership of non-transmission alternatives shall be structured in a way that incents or maximizes delivery of the expected energy services, removes or minimizes the incentive to maximize capital investments, and is evaluated on the basis of overall cost to all ratepayers.

OEPS, in consultation with DPUC, is instructed to work with FERC, NEPOOL, ISO-NE, and the other New England states to ensure that non-transmission alternatives are incorporated into reliability and transmission system planning both in terms of rigorous and timely evaluation in the planning process and in terms of funding parity for non-transmission alternatives and transmission in the regional cost-allocation process, with the selection of resources addressing reliability needs based on reliability and cost on a net-present-value basis. The DPUC shall be authorized to include the cost of non-transmission alternatives in transmission rates as appropriate and consistent with the regional goal and process discussed above.

❖ Criteria for Ratepayer Funded (Cost of Service) New Generation

Any consideration of requests for proposals for long-term contracts or any other ratepayer funding for non-distributed, non-Class I generation must evaluate the total cost of such in comparison to other non-generation resources, including customer-sited distributed generation and energy efficiency, or a combination of resources available to meet the equivalent need, and choose the least-cost strategy.

❖ Consumer Protection

The DPUC shall provide additional protections for residential, small business, and municipal customers from deceptive marketing by competitive electric suppliers. Competitive electric suppliers must be required to fully disclose the terms of their service in a clear, written contract, and they shall be legally responsible for any third-party agent who is compensated by the electric supplier to sell generation services on their behalf.

❖ Limited-Income Discount Rate and Incentives

The DPUC shall conduct a proceeding regarding the development of a limited-income electricity discount rate for customers whose income is less than 60 percent of the state median income. Such proceeding shall consider, among other things, the appropriate level of discount, energy assistance

benefits available through existing state and federal programs, current programs that should be modified or terminated because program beneficiaries would benefit more from the limited-income discount rate, and the benefits and costs associated with such a discount rate. Enrollment in a weatherization program shall be a prerequisite to qualify for the limited-income discount rate. Additional incentives shall be established for limited-income consumers for energy programs not currently offering such.

Part 2: Energy Efficiency

❖ Electric & Natural Gas Efficiency Investment

The existing statutory requirement to procure all cost-effective energy efficiency on behalf of all electric and natural gas customers, while clearly stated, has been interpreted by the DPUC to be discretionary and not a mandate created by the General Assembly to direct DPUC decision-making. To ensure regulatory compliance with Connecticut's decision to invest in all cost-effective energy efficiency for electricity and natural gas, the legislature should overrule the DPUC's Three Criteria Test set forth in Docket No. 08-07-01 as it is inconsistent with Connecticut's 2007 *An Act Concerning Electricity and Energy Efficiency* (PA 07-242). The legislature must clearly require the DPUC to implement the mandate that electric and natural gas utilities procure all cost-effective energy efficiency where it is available at lower cost than existing energy supply options (regardless of peak capacity needs) as well as to decouple utility profits from sales in order to end the perverse incentive regulated utilities now have to increase energy use.

In addition, there will be established a new directive to weatherize 80% of CT residences by 2030. In addition, a minimum savings goal of 2% per year for electric and 1.5% for natural gas shall be established in order to guide the level of near-term increased investments needed to capture all cost-effective efficiency.

❖ Efficiency Program Oversight

A new organization named "Efficiency Connecticut" or "EfficiencyCT" will be responsible for efficiency programs for all customers for non-transportation energy uses in the State.

The existing ECMB will be renamed Efficiency Connecticut Oversight Board (ECOB) and will constitute the board of directors for EfficiencyCT. ECOB will have an oversight role and responsibility for reviewing and approving all program designs and budgets. ECMB consultant contracts will be transferred to EfficiencyCT.

Programming and investment levels needed to achieve the minimum savings goal will be set forth in multi-year efficiency program plans. Programming and funding needs will be approved by ECOB and accepted by the DPUC. To ensure progress toward this goal, increased customer access to efficiency programs will be cost-effectively supported from multiple sources¹ at a funding level no lower than the total approved conservation and load management budgets for calendar year 2010.

Beginning in 2014 and every three years thereafter, ECOB shall conduct a full evaluation of the program administrators' performance, including progress toward achieving the 2% savings goal and customer satisfaction with the programs for each customer class, and make program changes if deemed necessary, including the option of conducting a competitive solicitation for the program administrator(s). EfficiencyCT shall have the authority to issue competitive solicitations for administration of specific program areas including, for example, marketing, financing and other related functions.

In order to prevent any potential conflict of interest, the utilities will be removed as voting members of ECOB, and OEPS will be added as the Chair. EfficiencyCT shall also be responsible for recommending

¹ Sources may include RGGI auction revenue, forward capacity market revenue, Class III certificate revenue, the 3-mill charge created under Conn. Gen. Stat. § 16-245m, federal funds, and utility expenses incorporated in distribution rates.

design and policy options for all energy efficiency and conservation programs run by other agencies (for example, OEPS programs funded by federal funds), and these agencies shall consult with and defer to EfficiencyCT as appropriate. ECOB will hire an Executive Director of EfficiencyCT who will be tasked with improving customer and public awareness of the efficiency programs and the benefits it delivers, as well as delivering well-managed and cost-effective programs.

❖ Reform of DPUC Review of Efficiency Programs

DPUC review of plans approved by EfficiencyCT will be limited to confirming that the program plan, as approved by EfficiencyCT, is cost-effective under Conn. Gen. Stat. § 16-245m, and to ordering the utilities to fund all cost-effective programs as approved by EfficiencyCT. In order to ensure adequate public oversight with respect to priority state energy policy goals as established by the General Assembly, dockets at the DPUC that address energy efficiency programs or plans, spending levels, coordinated approaches with the CCEF or other dockets that address integrated resource planning and investments shall be directly appealable to the superior court in the judicial district of New Britain by participants or intervenors in said proceedings.

❖ Oil, Propane, & Kerosene Energy Efficiency Programs

The current Fuel Oil Conservation Board and non-profit Fuel Oil Conservation Trust shall be reformulated into the Heating Fuel Trust. The Trust in coordination with EfficiencyCT, shall establish a target budget designed to ramp up over time to capture all cost-effective energy efficiency for heating oil, propane and kerosene, and corresponding fees designed to recover enough money to fund the programs. Exemptions from the petroleum gross receipts tax for oil, propane, and kerosene for heating applications shall become dependent on distributors paying the annual per gallon fees to the Heating Fuel Trust for energy efficiency programs. The Trust, in collaboration with EfficiencyCT, shall competitively select a lead energy efficiency program administrator for oil, kerosene, and propane programs. The program administrator shall work with EfficiencyCT to develop a cost-effective energy efficiency plan for review and approval by ECOB. Programs shall be designed to serve all classes of customers, including limited-income, and treat all energy use in a building in a comprehensive and coordinated fashion across the State with maximum use of common program designs, integrated programs, and a common pool of energy efficiency vendors and contractors who can treat all energy use in a building comprehensively.

❖ Information on Residential Building Energy Use

Whenever the heating energy costs of a rental dwelling unit are paid by the tenant, the landlord shall, prior to entering into a rental agreement, provide the tenant with a written statement of prior usage and costs of the heating fuel(s) for that unit for no less than the two most recent years. This statement shall consist of a report from the supplier of heating fuel or energy if available (*i.e.*, electric or gas distribution company), and shall otherwise be based on heating fuel supplier records or a good-faith estimate by the landlord.

OEPS, in collaboration with EfficiencyCT, shall establish an energy rating and label at the time of sale for single-family homes, which shall be an asset-based rating and label that assigns a value relative to the home's energy use, and which shall include, for comparative purposes, benchmarks for an average home or the home with energy-related improvements. Preference will be given to adopting a federal rating and labeling system if it is deemed suitable for this purpose. The rating and label will be required: for a new construction sale, at the time of sale as part of the listing; and for existing homes, before transaction is finalized (*i.e.*, combined with current home inspection process) and at the time of listing with a disclosure of all ratings under five years old.

❖ Appliance Efficiency Standards

To improve the energy efficiency of commercial products sold within the state of Connecticut, and to provide for the continuing identification and adoption of energy efficiency standards for new products, OEPS will work with other states, including through the Multi-State Appliance Collaborative, to continue to identify additional efficiency opportunities for appliances. New appliance standards developed and identified through this process will be adopted absent an affirmative showing that they are not appropriate for Connecticut. In the short term, Connecticut will adopt recognized efficiency standards for consumer electronic products and televisions, which will save the State's consumers money, reduce energy consumption, and lower emissions of greenhouse gases and other air pollutants pursuant to state and federal requirements. Standards should be adopted similar to those in PA 10-97, which was vetoed.

Part 3: Energy Efficiency Financing

❖ Efficiency & Distributed Generation Financing Program

A new financing program shall be established to provide necessary financing capital for eligible in-state energy savings technologies designed to reduce electricity, natural gas, heating oil, and/or propane consumption; renewable energy technologies; and/or high efficiency combined heat and power systems. Such technologies shall include but not be limited to high efficiency fuel oil, propane, and natural gas boilers and furnaces that cost effectively replace inefficient systems. OEPS, in collaboration with EfficiencyCT, shall establish a new program that provides financing from a range of public and private sources to assist customers in financing efficiency and clean energy improvements. Such financing program shall establish the goal of providing financing for deep energy retrofits to no less than 15 percent of eligible residential properties by 2020. The financing program will be administered by a third party on behalf of OEPS.

❖ Property Assessed Clean Energy (PACE)

State law should give municipalities, in conjunction with other bonding enabled agencies, the option to establish Property Assessed Clean Energy financing programs for residential, commercial, and institutional property owners. Such provisions were contained in PA 10-97 (vetoed). The law must address current federal concerns with residential programs.

Part 4: Clean Energy

❖ Connecticut Clean Energy Fund

The Connecticut Clean Energy Fund (CCEF) shall be established as an independent quasi public entity with OEPS designated as the chair of the existing CCEF board. CCEF's mission shall be refined to focus solely on demonstration and deployment of renewable energy sources, with its metric of success being the amount of renewable energy generated by projects it has assisted. CCEF will no longer take equity positions in for-profit companies or projects. Its plan shall be consistent with the State's energy plan and be reviewed and approved by OEPS.

❖ Solar Power

Solar power reduces dependence on oil and other fossil fuels, provides greatest energy benefits at peak demand periods, and cuts emissions of global warming pollution. A 2009 KEMA report titled *Sustainable Solar Strategy for Connecticut Prepared for the Long-Term Sustainable Solar Strategy Workgroup*, which was produced for the DPUC and CCEF, demonstrated the potential for creating a sustainable solar industry in Connecticut by investing in the construction of over 300 megawatts of solar power systems over 10 years.

As was specified in PA 10-97 (vetoed), solar legislation modeled on successful policies in other states can achieve the goal of constructing a minimum of 300MW of solar systems by:

- Guaranteeing stable support for incentives supporting a minimum of 30MW of new residential solar systems through existing CCEF programs.
- Creating new market-based incentives modeled on successful solar renewable energy credit ("SREC") policies in states such as New Jersey to incentivize a minimum of 250MW of new commercial-scale solar installations.
- Establishing a pilot utility-scale program for up to 30MW of large free-standing grid-connected solar systems.

❖ Long-term Renewable Energy Contracts

OEPS shall work with the utilities and other regional entities to help negotiate long-term contracts to support the development of renewable resources to reduce emissions, provide a hedge against future fossil prices, and help meet the requirements of the State's renewable portfolio standard. The in-state Project 150 program shall be revised to allow new projects to compete for contracts to replace projects that are no longer viable.

❖ Hydropower Generation

It shall be the policy of the state to assure that all Connecticut-based hydropower be certified by the Low-Impact Hydropower Institute (LIHI) in order to guarantee that the projects deliver net environmental gains, combining low-emission power generation with improvements in the aquatic ecology.

Addendum to the Environmental Policy Working Group Energy Efficiency Proposal

Gary O'Connor

Jessie Stratton

After discussion with the Energy Policy Working Group we felt it was important to be sure that the Malloy administration be aware that although Mary Healy, CT's current Consumer Council opposed increasing rate-payer funded efficiency investments, her opinion is at odds with that of the National Association of State Utility Consumer Advocates, and with most other is in her position in states in this region who have supported increased investments. As noted in our Prioritize Efficiency recommendation, MA and RI have laws that are essentially identical to CT's in calling for energy needs to be met first through cost-effective efficiency and their DPUC Commissioners, unlike the current commissioners in CT, have taken a very different approach and recently approved dramatic increases in efficiency investments. The attached power point presentation by MA Public Utility Commissioner, Tim Wolf, presents a context for evaluating the relative rate and bill impacts of efficiency investments. In both Massachusetts and Rhode Island the Attorney Generals who have the same consumer advocacy responsibilities as our Office of the Consumer Council have supported the recent increases in ratepayer funded efficiency investments.

In addition, we have included:

- The Press Release from the MA DOER that includes a quote from Attorney General Martha Coakley (who serves as the equivalent of CT's Consumer Counsel) supporting the recent very significant increase in efficiency investments.
- A statement from the National Association of State Utility Consumer Advocates regarding support for energy efficiency.
- Link to The Consumer Counsel's brief on the 2010 IRP
http://www.ct.gov/.../annual_report_2010_final.doc
- <http://www.env.state.ma.us/dpu/docs/electric/08-50/82208dpunoi.pdf> See pages 21-22 See pages 21-22 in MA DPUC decision on efficiency and discussion of the overall price suppression impacts of efficiency (DRIPE)

2. Proposal IV, A New Approach At Department Of Environmental Protection

The members of the Environment Working Group believe that DEP's primary mission must continue to be the protection of public health and the environment. Nothing contained in Proposal IV is intended to suggest otherwise. In addition, the items listed for consideration at

“appropriate forums” convened by the new administration is not an exhaustive list and does not imply unanimous agreement among Group members regarding those items.