

**TESTIMONY OF
RIDGEWOOD RENEWABLE POWER, LLC
REGARDING HOUSE BILL 5597**

***AN ACT CONCERNING
BIOMASS***

**JOINT COMMITTEE ON
ENERGY AND TECHNOLOGY**

PRESENTED BY

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VICE PRESIDENT OF POWER MARKETING
RIDGEWOOD POWER MANAGEMENT, LLC**

FEBRUARY 28, 2008

On behalf of Ridgewood Renewable Power, we are grateful for the leadership of the Energy and Technology Committee in raising House Bill No. 5597, *An Act Concerning Biomass*. With the passage of Public Act 07-5 last fall, the General Assembly added back construction and demolition wood (“C&D Wood”) as a permitted fuel for biomass power plants for the purposes of generating Connecticut Class I RECs. It is our understanding that the statute was amended in the Special Session to address a delay in the construction and operational availability of a Connecticut-based, biomass-burning facility that was contemplated when this section of the statute was amended back in 2006 in Public Act 06-74, for a finite period only.

Unfortunately, as the membership of this Committee is painfully aware, changing an underlying statute, especially one that pertains to eligibility for the various classes of Connecticut’s Renewable Energy Certificates (“RECs”), can have a significant impact on this very sensitive marketplace. We were heartened that there was an effort to amend the legislation to narrow its impact within the very same Special Session in a subsequent bill, led by Senate President Donald Williams and the leadership of this Committee, but that effort was an unfortunate casualty of a vetoed bill. Because the prevailing Act’s language was relatively broad, it now appears

that, unless the statute is modified, no less than eight biomass plants would be able to burn C&D wood and receive Connecticut Class I RECs.

As many of you recall, the underlying statute was amended back in 2006 to clarify the definition of “sustainable biomass” to exclude C&D Wood. The leadership of this Committee and the General Assembly recognized that C&D Wood was not truly sustainable, and, therefore, inappropriate for consideration for a Class I REC. Beyond your commitment to the environmental integrity of the REC classification and the Renewable Portfolio Standard (“RPS”), the proliferation of C&D Wood burning plants then-eligible had glutted the Connecticut Class I market, thereby suppressing the value of Class I RECs. After the passage of Public Act 06-74 that narrowed the definition of sustainable biomass, the value of Class I RECs improved to make Connecticut RPS once again viable for the construction of new renewable energy projects.

RECs are critical to the economics of renewable energy projects because they assist in shortening the time horizon for the return on investment in renewable energy installations such as fuel cells, hydropower, solar and wind-powered technologies. Given this Committee’s thoughtful and

deliberate initiatives to promote the consumption and development of renewable energy, a healthy and robust REC marketplace must continue to be cultivated and nurtured.

House Bill 5597 represents a revised version of Public Act 07-5 that is intended to close the floodgates of biomass eligibility; hopefully before it has been exploited by the marketplace and the Connecticut Class I REC prices drop precipitously as they did in 2005. The revisions reflect considerable input, negotiation and comments from a wide variety of the key interested stakeholders. Ridgewood believes that the General Assembly has a brief period of time to correct this situation. If not corrected, we believe that the Connecticut Class I RPS will collapse as a result of an oversupply Connecticut Class I RECs.

Unless the unintended consequences of Public Act 07-5 are corrected, we are fearful that the Connecticut Class I REC market will deteriorate. This boom-bust situation sends a clear message to developers and financiers of renewable energy projects that the Connecticut RPS cannot be relied upon to provide a stable revenue stream. If this happens, the development of additional new renewable sources for the Connecticut RPS will stop.

Thank you for your consideration. We urge your adoption of House Bill
5597.