CPV

Competitive
Power Ventures, Inc.

March 03, 2008

Senator John W. Fonfara, Co-Chair
Representative Steve Fontana, Co-Chair
Energy and Technology Committee
Room 3900, Legislative Office Building
Hartford, CT 06106

RE: Support of Raised Bill No. 5683; *An Act Concerning Water Reuse in Industrial Cooling and Process Applications.*

Dear Chairmen Fonfara and Fontana:

Competitive Power Ventures, Inc. ("CPV") hereby files these comments in support of Raised Bill No. 5683; *An Act Concerning Water Reuse in Industrial Cooling and Process Applications* ("Bill No. 5683").

CPV is a greenfield development, asset management and transaction execution company focusing on the North American power generation market. CPV's power generation development program encompasses large scale wind as well as clean, high efficiency natural gas-fired electric generation projects. CPV's asset management program provides "owner for hire" services for over 6,000 megawatts of privately held generation assets, including Milford Power Company, located in Milford, Connecticut.

Demand for freshwater is increasing steadily throughout the United States. Through the adoption of gray water regulations and regulatory guidance, Connecticut has a tremendous opportunity to promote the reuse of an abundant water source, treated municipal wastewater (also known as "gray water" or "reclaimed water"), as an appropriate water reuse alternative for industrial cooling and process applications. Water reclamation and reuse provides for an effective method to conserve limited freshwater supplies and to assist in meeting the growing demand for water. As sources of water supplies have become limited, reclaimed water has helped to meet the growing demand. Reclaimed water uses include but are not limited to industrial process water, electric generation facility cooling water, agricultural and landscape irrigation and groundwater recharge. CPV strongly supports the use of reclaimed water for these purposes. As a developer of electric generation projects, CPV strongly supports the use of gray water as an alternative cooling water source for our power generation development portfolio.

The use of gray water as a source of cooling water for electric generation facilities has increased steadily from the 1960's to present. The states with the largest number of electric generating facilities utilizing gray water as a cooling water source include Florida, California, Texas and Arizona, all of which have constrained freshwater resources. New England states with electric generating facilities utilizing gray water as a cooling water source include Massachusetts, New Hampshire and Rhode Island. To date, there are approximately sixty (60) electric generating facilities utilizing gray water as a cooling water source across the United States[1].

The use of gray water as a water reuse alternative for industrial cooling and process applications could serve to reduce the reliance and use of freshwater for these purposes, and to provide Connecticut municipalities with additional revenues associated with the sale of gray water for industrial cooling and process applications. The use of gray water will also serve to further limit the nitrification of the waterways of the state of Connecticut.

In a market where growing electricity demands are being met by the implementation of ISO New England's Forward Capacity Market Auction process, it is increasingly important that electric generation facilities proposed in Connecticut remain competitive with those proposed elsewhere in New England. The cost and risk of not meeting required in service dates due to regulatory uncertainty and potential permitting delays are too high for both developers and ratepayers. Whereas numerous electric generating facilities are utilizing gray water as a cooling water source across the United States, the implementation by the State of Connecticut of a permitting process for gray water with defined permitting timelines will provide developers with the appropriate incentive to consider this abundant but underutilized water source for industrial cooling and process applications.

Bill No. 5683, as written, is not intended to supplant in any way the complete review and examination of gray water use by the Departments of Environmental Protection and Public Health. This regulatory process, as completed in so many states previously identified, must be both thorough and complete. Nonetheless, for a developer to be the first to undertake this examination will entail significant additional costs and potentially fatal project delays. CPV firmly believes that to provide the incentive of expediting the regulatory process will lead to, at the very least, the first thorough review and examination of this abundant but underutilized water source for industrial cooling and process applications.

In summary, CPV strongly supports Raised Bill No. 5683; *An Act Concerning Water Reuse in Industrial Cooling and Process Applications* and urges the Committee to consider the environmental, economic and other benefits associated with the use of gray water as water reuse alternative for industrial cooling and process applications.

Very truly yours,

Donald G. Atwood
Vice President
Competitive Power Ventures, Inc.

[1] Department of Energy, Energy Information Administration