



Testimony before the  
CT General Assembly Energy & Technology Committee  
On  
HB 5783 - An Act Concerning Electricity Market  
Incentives Rebates  
By  
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Chairman Fonfara, Chairman Fontana, Ranking members Herlihy and Williams and other members of the Energy and Technology Committee thank you for providing this time for the public to comment, I am Daniel A. Weekley; Managing Director of Northeast Government Affairs for Dominion Resources. Today I will be providing comments opposing HB-5783.

Dominion owns and operates the Waterford-based Millstone Nuclear Power Station, as well as three (3) additional fossil-fueled generating stations here in New England. The total generating capacity of all four (4) stations is roughly 4900 mw. Across the United States, Dominion directly owns and operates approximately 27,000 mw's in the mid-Atlantic, northeast and mid-Western portions of the country. Dominion has no significant non-US assets.

Specifically here in Connecticut, we purchased the Millstone facility back in 2001 under a state-sanctioned auction process. Dominion agreed to buy the facility and all associated property for approximately \$1.3 billion (\$1,300,000,000). You may recall, due to the complexity of the sale, the process included several state agencies, including the Department of Public Utility Control (DPUC), the Office of Consumer Counsel (OCC) and the Attorney General's (AG's) office.

As we have testified before the legislature on many occasions, Dominion shareholders, not Connecticut ratepayers, have invested almost \$400 million (\$400,000,000) on top of the acquisition price solely to gain greater efficiency and reliability at Millstone. These investments are clearly working due to the fact the station is roughly 30% more reliable today than it was under the previous state regulated jurisdiction. This increased output is roughly the equivalent of building an additional 650-megawatt plant!

In previous opportunities to testify before the E&T Committee, we have communicated that we were pursuing increasing the total output at Millstone by approximately 80 megawatts. We remain committed to this effort and we will likely complete this project by the end of 2008.



Now turning to HB-5783: The premise of this bill is intended to coerce Connecticut's nuclear and coal power generation facilities into long-term contracts at prices dictated by the state. As outlined in the proposed bill, any generators who choose not to participate in this effort will be taxed the difference between the state dictated amount and what other Connecticut and New England customers are willing to pay for the same service.

For obvious reasons Dominion strongly opposes this bill.

For the past three-years, Connecticut has discussed various punitive tax proposals that all were determined to reach the same conclusion ---they would further increase electricity rates with no benefit to the ratepayers!

This proposal is actually far more egregious than previously proposed generator taxes. How can the state believe it is the best interest of all parties to send the message to the business community; "*Sell us your product at our dictated price or we will seize it through taxes anyway?*" This fundamentally flawed idea will send a chilling message to potential investors and will surely resonate well beyond the energy industry.

HB-5783 is an obvious effort to forcibly re-regulate the energy industry using the equivalent of eminent domain.

While the energy market in Connecticut/New England is clearly not perfect, we believe the state has made significant progress in recent years. When one considers the positive signs of an energy market moving forward, why would the state even consider throwing the progress of previous years away? Examples of this progress include;

#### **Examples of Progress**

- ❖ Progress on the Southwest CT transmission line projects that was previously forcing ratepayers to pay no-residual value fees through FMCC (Federally Mandated Congestion Charges)
- ❖ Reduction of power generation RMR (Reliability-Must-Run) contracts
- ❖ Additional electricity marketing companies entering and competing in the state
- ❖ A uniformly accepted successful regional capacity auction that "forced" prices to the designated minimum level
- ❖ Relatively stable supply contracts to the investor-owned utilities
- ❖ Progress of the previously passed state energy bills including the '05 Energy Independence Act and last year's Energy and Efficiency Public Act



### **Direct and/or Longer-Term Contracting with Utilities**

As we have repeatedly testified, Dominion's Millstone Power Station sells almost 100% of its energy output via forward-looking bilateral contracts. We do not actively participate in the "day-ahead or spot" markets here in New England.

We developed this long-term approach when we purchased Millstone back in 2001. We have been open to the idea of contracting directly with the State's utilities based upon "willing seller to willing buyer" negotiations. This concept was reviewed and endorsed by the CT General Assembly in 2007 via Public Act 242. We believe direct contracting offers a viable alternative so utilities can purchase power "directly from the source." To date, Dominion has not been approached in any meaningful way regarding this positive option.

### **Punitive Energy Taxes across the US**

Committee members should be aware that multiple states across the country have looked at generator or other types of specific energy taxes as a way to reduce rates and no state (except for Illinois which has a totally different deregulation/supply position) has embraced this idea because they have all come to the same conclusion: *No matter how well-intentioned, energy taxes hurt the end consumer!*

HB-5783 is clearly a flawed design that utilizes a reformulated "Windfall Tax" coupled with a defacto eminent domain provision.

### **Conclusion**

In summary, we should be looking for ways to reduce prices to all consumer classes rather than pursuing ideas that will increase prices in the long-term without benefit. Dominion remains committed first and foremost to continue operating Millstone in a safe and reliable manner while working with all stakeholders in Connecticut/New England in a collective fashion to reduce energy prices.

Thank you again to all the members of the General Assembly for the opportunity to provide comments. I look forward to working with all parties in these and other associated issues in the future.

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