

**COMMENTS OF FIRSTLIGHT POWER RESOURCES
ON RAISED BILL NO. 5819
AN ACT CONCERNING ENERGY RELIEF AND ASSISTANCE**

FirstLight Power Resources, Inc. (FirstLight), a Hartford based company, owns and operates 1,442 MWs of generating capacity in New England. In addition, FirstLight is currently developing a 96 MW peaking plant in Waterbury, one of the four projects chosen through the RFP process resulting from the Energy Independence Act (EIA), and a 635 net MW combined cycle plant in Rensselaer, NY.

FirstLight appreciates the opportunity to provide comments in opposition to Raised Bill No. 5819, which would create a Connecticut Energy Authority. The goals of the Energy Authority as stated in Raised Bill No. 5819 would be to:

- 1) Procure least-cost, supply-side and demand-side resources through competitive procurement processes to meet electricity needs of all retail customers who elect service from said authority
- 2) Construct and operate generation facilities
- 3) Sell electricity at cost to distribution companies and to municipal electric utilities and cooperatives

To state the obvious, each of these activities is very capital intensive and carries substantial risk. There would be significant challenges and costs associated with staffing such an entity with the experienced and highly specialized workforce that is required to conduct these activities. And, it would cost the State billions of dollars to fully capitalize such an Authority to provide it the collateral that would be needed to conduct the procurement activities and construction and operation of generating facilities contemplated by Raised Bill No. 5819. In addition, the creation of a state sponsored Energy Authority supported by ratepayers to conduct these activities would shift significant risks to Connecticut's ratepayers that are currently borne by corporations and their shareholders and investors.

It is also important to remember that Connecticut already tried this concept when the regulated utilities conducted these activities, which led to more than \$3 billion dollars of stranded costs that are still being paid by the State's ratepayers. California also attempted to institute a similar concept and those state run procurement activities resulted in billions of dollars of over-market contracts and years of costly litigation related to those contracts.

By contrast, competitive generation companies that are developing and operating generation projects and participating in the energy markets bear all of the risk associated with those activities and must carefully manage costs in an environment of rapidly escalating construction and operating costs in addition to managing the market risks. These companies, not ratepayers, are ultimately responsible for any cost overruns and market risks associated with these activities.

FirstLight strongly urges the Committee to reject Raised Bill No. 5819 so that ratepayers are not once again burdened with the significant risks and costs associated with conducting the procurement, construction and operational contemplated by Raised Bill No. 5819.

Submitted by:

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