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COMMENTS OF FIRSTLIGHT POWER RESOURCES ON RAISED BILL NO. 188 AN ACT CONCERNING CERTAIN ELECTRIC UTILITY POWERS AND INVESTMENTS

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 selected through the CT DPUC RFP process mandated by the Energy Independence Act (EIA), and a 635 MW combined cycle plant in Rensselaer, NY.

FirstLight joins the New England Power Generators Association, Inc. (NEPGA) in vehemently opposing Raised Bill No. 188, pursuant to which the electric distribution companies (EDCs) attempt to return to the days of regulated utility monopolies by seeking legislation that would allow the EDCs "to generate and transmit electric energy and to acquire utility facilities necessary or convenient for the purpose of its electric utility business."

FirstLight endorses the comments submitted by NEPGA and will not repeat the same points here. However, we would like to take a moment to remind the Committee that the ratepayers of this state are still paying off the $3.3 billion dollars of stranded costs that the EDCs accumulated when they had a monopoly on electric generation ownership and operation.

The regulated model rewards the EDCs for higher investment costs upon which they and their shareholders earn higher returns, while ratepayers bear the risk of cost overruns. In the competitive model, merchant generation companies must carefully manage costs because the risk of cost overruns is born by shareholders and investors rather than ratepayers.

The challenges associated with the regulated model continue to be evidenced today in connection with recent transmission upgrade projects where the higher costs being experienced in connection with those projects are being passed along to ratepayers. By contrast, the companies developing and constructing the projects selected by the DPUC in the EIA RFP must carefully manage costs in an environment of rapidly escalating construction costs because they bear all of the risk of those higher costs.

FirstLight strongly urges the Committee to resist the EDC's attempts to return the State to the failed regulated monopoly model for power generation and the higher costs and increased risks for ratepayers that would follow by rejecting Raised Bill No. 188.

Submitted by,

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