The Energy and Technology Committee

March 7, 2008

Raised Bill No. 590 : AAC Renewable Energy

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed and would like to raise some concerns about **Raised Bill No. 590: AAC Concerning Renewable Energy.** Raised Bill No. 590 would "expand Project 100 by an additional one hundred megawatts."

In Section 124 of last year's big energy bill, Public Act 07-242, the Legislature already converted Project 100 to Project 150, mandating contracts with renewable energy facilities in the amount of (not less than) 125 megawatts by October 1, 2007 and 150 megawatts by October 1, 2008. The Department of Public Utility Control (DPUC) recently completed the docket that met the 125 megawatt requirement, and an additional round is already being planned to secure the remaining 25 megawatts to get Connecticut to the present statutory requirement of 150 megawatts under contract. In the recently-completed docket, the DPUC rejected three large fuel cell projects that would have collectively cost Connecticut a total of $600 million. Instead, DPUC chose a portfolio that included three smaller fuel cell projects, two biomass projects, and a landfill gas project, at a total estimated ratepayer cost of only about $100 million. OCC supports this DPUC Decision wholeheartedly, as it met the present statutory requirement for 125 megawatts in a least cost way for customers.

OCC anticipates that in the next round of bids, which would bring Connecticut from 125 megawatts to 150 megawatts, that the three large fuel cell projects referred to above will need to compete aggressively with each other on price in order to win the bid. OCC looks forward to this price competition as a means for limiting costs to ratepayers while still meeting the new requirement of 150 megawatts under contract by October 1, 2008. However, if Raised Bill No. 590 passes, OCC is concerned that this price competition among fuel cell projects will evaporate, and each of the three large projects that were just rejected by DPUC will be able to "name their price" rather than having to compete on price.

OCC does note that Raised Bill No. 590 does not have a time frame.

The State certainly does need more reasonably priced renewable energy, so perhaps if what is now Project 150 would be ramped up to Project 250 by, say, January 1, 2011, then such might be workable and reasonable. However, if the intent of Raised Bill No. 590 is to lead to an immediate increase from 150 megawatts to 250 megawatts under contract, then this bill would have the unfortunate consequence, described above, of limiting some pending price competition among fuel cell projects, at a high cost to ratepayers.