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**Prepared Testimony filed with the
Energy and Technology Committee of the State of Connecticut's General Assembly**

**Position Statement of the
Connecticut Municipal Electric Energy Cooperative (CMEEC) and Connecticut's Municipal
Electric Utilities'
On Raised Bill 5330
February 19, 2008**

The Connecticut Municipal Electric Energy Cooperative ("CMEEC"), on behalf of itself and its member and participant municipal electric utilities, appreciates the opportunity to present the following comments to the Energy and Technology Committee on Raised Bill 5330, AN ACT CONCERNING MUNICIPAL UTILITIES currently pending before this Committee.

CMEEC supports the intent of Raised Bill 5330 - namely (i) to help reduce electric and gas utility costs to municipal utility consumers in the State and (ii) to help facilitate the construction of additional generation in the State at the lowest possible cost.

CMEEC Background Information

CMEEC is the wholesale power supply entity for the State's six municipal electric utilities. CMEEC is owned by its member municipal electric utilities and their representatives make up CMEEC's governing board of directors. Connecticut's municipal electric utilities supply approximately 2.0 million megawatt hours of energy on an annual basis and serve an aggregate peak load of approximately 425 megawatts. This represents about 6 % of the State of Connecticut's total electric consumption. One of the municipal utilities also supplies natural gas services to its customers. As a member owned public power supply entity, CMEEC follows closely the changing requirements of the regional market and of ISO NE for the procurement of wholesale power. CMEEC seeks to keep the supply of electricity both reliable and cost effective for its members and their ultimate customers and strives to help customers, to the fullest extent possible, to be as energy efficient as possible. We provide these comments from the perspective of the municipally owned electric utilities within Connecticut.

Purposes of the Proposed Legislation

Updating of Statutory Requirements – Facilities Procurement

We believe the emphasis in the Raised Bill is to modernize limited portions of CMEEC's enabling statute to enable CMEEC to achieve its central mandate – to secure least cost power

supply options for its member and participant municipal utilities and ultimately their retail customers.

CMEEC is engaged in the procurement, construction and installation of electric generating facilities, and contemplates procurement of electric demand side measures (including advanced metering) (“DSM”) and other technologies. These procurements may be undertaken directly by CMEEC, or by CMEEC subsidiaries or CMEEC joint venture partners based on multiple considerations, including optimization of financing or mitigation of liability. CMEEC’s procurement and bid requirement process is governed by Section 7-233q of CMEEC’s enabling act, chapter 101a, which was enacted in 1975 and has not been modified since its initial enactment.

The Raised Bill would address a problem we have experienced in the acquisition of new or used generation equipment. A significant part of the generation equipment market is used, reconditioned, or new generating units held in inventory and the general practice is that this type of equipment is sold through an auction or through a designated sales agent. Our current statutory language, created some thirty years ago, did not anticipate all the changes that have occurred in the electric generation procurements markets and the variety of challenges that we face. Presently our statutory bid requirement only functions well if we are seeking a standard generating unit that has specific characteristics that multiple entities can bid on. If our needs are otherwise, the process does not work. The outdated process for procurement, defined by CMEEC’s existing statute, today is hampering our ability to make efficient and cost effective purchases of generation equipment for our municipal customers. The Raised Bill also provides for the adoption of certain additional approval and evidentiary requirements to document CMEEC’s actions under the requested authorization for flexible procurement – so as to maintain the transparency of CMEEC’s decision-making.

Connecticut and other states have afforded flexibility in procurement for certain public agencies. The common element across these agencies (as well as CMEEC) is their need to contract for purchase of relatively complex technologies in circumstances which do not lend themselves to a traditional bid procurement.

Updating of Statutory Requirements – Natural Gas Procurement

The second part of the Raised Bill would permit CMEEC to enter into long term natural gas supply and prepayment arrangements for its own benefit or that of its members. The City of Norwich’s Department of Public Utilities is the only member of CMEEC that has a franchised gas distribution system and could utilize this proposal. This would provide Norwich Public Utilities with a tool to enter into long term arrangements for the purchase of natural gas and, thus, be more competitive in combating the escalating cost for natural gas. This multi-year pre-purchase option has worked successfully in a growing number of municipal gas distribution utilities across the country to reduce and stabilize gas costs for consumers of those municipalities.