



February 27, 2008

Senator Fonfara, Representative Fontana, and members of the Energy and Technology Committee,

We are pleased to provide you with the following written testimony in opposition to raised bill 5597: An Act Concerning Biomass. We would like to thank you for this opportunity to provide comments.

Sincerely,

Nathan Hebel
Director, Energy Trading
Boralex Inc.

Written Testimony of Boralex Inc in opposition to raised bill 5597: An Act Concerning Biomass

Introduction

As part of the Connecticut Renewable Portfolio Standard (“RPS”), a definition of “sustainable biomass” has been developed which dictates which types of biomass can be considered eligible fuels for use toward Class I Renewable Energy Certificates (“Class I RECs”). Within this definition, clean recycled construction and demolition wood (“CDW”) is considered an eligible source under certain conditions. Raised bill 5597 seeks to create further restrictions to the eligibility of CDW, which we believe if enacted will have a detrimental impact on Connecticut electricity customers, businesses, and the renewable program in general.

About Boralex

Boralex is an independent renewable power producer with approximately 350 MW of capacity located in New England, New York, and France. Our generation technologies are biomass, wind, hydro, and a small amount of high-efficiency natural gas cogeneration. Our biomass unit in the U.S. consists of 6 generating stations with approximately 200 MW of capacity with the ability to use nearly 2 million tons of wood residue per year. Boralex has played an active role in developing creative solutions to the challenging biomass power business through partnerships with fuel suppliers as well as substantial technology investments in the facilities themselves in order to reduce emissions and improve efficiency. By way of these large investments, Boralex has participated in the CT RPS since 2005. Boralex has two facilities eligible in the CT RPS.

CDW is a renewable fuel

Boralex agrees with the Connecticut legislature that CDW is in fact a renewable resource. CDW is simply wood which would otherwise be destined to the landfill if it were not sorted and used for clean power production. We further believe that creating additional restrictions to the use of CDW is counter to the goal of the CT RPS in fostering investment in additional renewable generation capacity.

CDW used for power generation is not harmful to the environment

Despite claims to the contrary, when CDW is properly sorted and processed, it creates no detrimental impacts to the environment when compared to virgin wood fiber sources. In fact, the three most recent studies we have seen on this particular topic agree with this assertion.^{1,2,3} These studies can be made available at your request. To our way of

¹ *Report on the Substitution of Wood from Construction and Demolition Debris for Conventional Fuels in Biomass Boilers*, Maine Department of Environmental Protection, April 2007.

² *Emissions from Burning Wood Fuels Derived from Construction and Demolition Debris*, Northeast States for Coordinated Air Use Management, May 2006.

thinking, fuel sources shown to be renewable and environmentally sound should not bear any additional restrictions to eligibility within the RPS.

A nameplate capacity restriction is arbitrary

The new method by which this bill intends to further restrict eligible use of CDW is through allowing CDW to be combusted only by facilities whose nameplate capacity is between 30 and 40 MW. Boralex has not been able to determine what rationale (physical, philosophical, or otherwise) would lead to the conclusion that combustion of CDW in any other size of facility (larger or smaller than this range) should not be considered a class I renewable action. This restriction strikes us as arbitrary and serves only to eliminate facilities from eligibility. It so happens that one of the two currently-eligible Boralex biomass facilities would be excluded from CDW use in this scenario.

Imposing losses in eligibility through legislation chills investment

One of the key topics of conversation within the renewables community these days is regulatory risk. This type of risk can take many forms, but raised bill 5597 is an example of the type of risk that keeps investors and developers on the sidelines. Renewable developers in New England are relying on CT and other RPS programs to make their projects viable. If instances begin to appear where eligibility is revoked for certain projects after money and time has been invested, financiers will certainly ask themselves if the same thing could happen to their project. Unfortunately, some could make the decision to move on where the climate is more stable for encouraging renewable investment.

The current CT RPS is working

This leads to our central point in these comments: The CT RPS as currently written is working. Buyers and sellers are meeting in an active marketplace, and the price signals are bringing new supply into the picture all the time. As a CT class I REC supplier, we welcome new entrants, because a robust and active market is better for the environment, the customer, and the renewable industry in the long run. A stable regime of rules which govern this RPS will allow the stream of newcomers to continue. Raised bill 5597 clearly disrupts this stability, and does so without any logical basis.

Thank you for this opportunity to provide testimony.

³ *University of New Hampshire Life-Cycle Assessment of C&D Biomass/Wood Waste Management*, J. Jambeck, A. Carpenter, K. Gardner, K. Weitz, September, 2007