

**COMMENTS OF DIRECT ENERGY SERVICES, LLC ON HOUSE BILL 5817,
AN ACT CONCERNING RESOURCE RECOVERY FACILITIES**

ENERGY AND TECHNOLOGY COMMITTEE

March 7, 2008

Direct Energy Services, LLC ("Direct Energy"), a licensed competitive supplier of electricity and natural gas in Connecticut, hereby provides these comments regarding HB 5817, An Act Concerning Resource Recovery Facilities.

Direct Energy wishes to comment specifically on the following provision of the bill:

The seller of electrical output from an eligible facility shall be entitled to a long-term power purchase agreement, as described in sections 3 to 8, inclusive, of this act, pursuant to which the electrical output from such eligible facility shall be purchased by an electric distribution company in whose service territory the facility is located or by any other political subdivision of the state serving as supplier to governmental facilities for a designated block of low-income or senior citizen customers. Such agreement shall have a term of not less than ten and not more than fifteen years and a price that is negotiated at arm's length between the seller and buyer of the electrical output, which terms and conditions shall be filed with the Department of Public Utility Control.

As Direct Energy stated in its comments on HB 5819, long-term contracts between generators and either utilities or any other political subdivision of the state would increase risks to ratepayers, stifle innovation, and possibly result in an additional round of stranded costs that will ultimately be borne by ratepayers. The fact that the plant with which utilities or the state would contract are waste-to-energy facilities does not decrease these risks. Given the past experiences with the PURPA contracts utilities and municipalities signed with such facilities around the country, we believe the Legislature should be especially wary of going down this road again.

Thank you for the opportunity to provide these comments.

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