

TESTIMONY OF
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ON BEHALF OF
THE CONNECTICUT LIGHT AND POWER COMPANY and
YANKEE GAS SERVICES COMPANY

March 3, 2008

Good morning. My name is Richard Soderman and I am Director of Legislative Policy and Strategy for Northeast Utilities, here on behalf of The Connecticut Light and Power Company and Yankee Gas Services Company. We appreciate the opportunity to speak to you today about the complex energy challenges now facing Connecticut, and to provide comments on Raised Bill Nos. 505, 457, and 5725.

1. **Raised S.B. No. 505 (AAC A Sales Tax Exemption for Energy Star Appliances)**

This bill provides for a one-year sales tax exemption for energy star appliances. CL&P supports vigorously energy efficiency programs, and as a result, we support this section of the bill.

2. **Raised H.B. No. 5725 (AAC The Connecticut Siting Council)**

The purpose of this bill is to require every person engaged in natural gas transmission, storage or distribution to file biennially a forecast of gas load and resources. Yankee notes that, as a gas distribution company, it already files a report with the required information biennially with the DPUC on or about October of each required filing year, pursuant to section 16-32f. Thus, from our perspective, the

need for a state review of gas distribution company loads and resources is already being undertaken.

To the extent that additional reviews, or reviews by others, such as for those that transmit or store natural gas, is desired and to be performed by the Siting Council, we have no objection to such an additional process, but ask that two adjustments be recognized in the proposed legislation.

First, the proposed bill requires a forecast out 10 years, apparently mimicking the requirement for electric companies. Unlike electric companies, in which electric generating plants may take 10 years or more to construct, the gas industry has a much shorter planning horizon. Thus, we suggest that, consistent with existing law for gas distribution companies, that the period be modified to forecast over a five year period rather than a 10 year period.

Second, it would be administratively efficient if gas distribution companies were able to comply with the requirement by submitting the forecast presented to the DPUC. In this way, there would not be conflicting information in two agencies that stems from solely the information available when a forecast was prepared.

To accomplish our suggested changes:

- The phrase "ten-year forecast period" should be changed to "five-year forecast period".
- At the end of the sentence on line 63, add the following sentence—"If a gas distribution company files a forecast in

accordance with section 16-32f, such company may use its latest submittal to comply with this requirement.”

3. Raised S.B. No. 457 (AAC Energy Improvement Districts)

This bill would allow the formation of multiple Energy Improvement Districts in a municipality and a single Energy Improvement District among adjoining municipalities.

CL&P and Yankee Gas support good programs that provide benefits to both individual customers and customers collectively. We have supported and promoted the effective installation of distributed generation pursuant to Public Act 05-01. In fact, we have facilitated dozens of projects over the past two years.

We are trying to work with the proponents of this bill, in fact, there is a meeting scheduled for this week. We are concerned, however, that Energy Improvement Districts are being promoted in ways that may not be beneficial to individual customers or our customers collectively. Since the initial legislation was authorized, no actual projects have been defined in any level of detail, and public statements by proponents suggest that they are based on either prohibited distribution of electricity, or on the shifting of costs from participants to other customers. Clearly, both of these scenarios should not be supported by state policy.

As we have examined the issues surrounding Energy Improvement Districts, we find more questions than answers. These questions include:

- What will happen to reliability of electric supply? Will it improve, stay the same or degrade?
- What are the economics for customers participating in the EID and the economic impact on those who are not?
- Who will manage operational issues (safety, dispatch, backup/supplemental power, system design, etc.)?
- Are environmental issues (renewables, additional gas or diesel units) covered?

As an advocate for all of our customers, CL&P's main concerns are:

- To maintain the safety for our customers and our employees and reliability of the distribution system,
- To assure that customers considering joining an Energy Improvement District fully understand all costs, impacts and obligations,
- To assure that all customers, including those in Energy Improvement Districts, bear their fair share of the costs of the electric delivery system.

For these reasons, we believe that this bill is premature and should not be passed.

Thank you for the opportunity to appear before this committee.