



CLEAN WATER ACTION

CONNECTICUT

Testimony of Roger Smith, Campaign Director, Clean Water Action Before the CT General Assembly Environment Committee March 4, 2009

Testimony in opposition to Raised S.B. No. 794 AN ACT CONCERNING THE REGIONAL GREENHOUSE GAS INITIATIVE AND ELECTRIC RATEPAYER RELIEF

On behalf of our 25,000 Connecticut members we ask you to reject this “comic relief” proposal, originally put forth by the governor, to rob popular consumer energy efficiency and clean energy programs of much-needed funding. Handing ratepayers a few cents per month is not a serious solution to high electricity bills.

What is the Regional Greenhouse Gas Initiative (RGGI)?

RGGI is a 10 state program from Maryland to Maine which requires power plants to reduce their global warming (CO₂) emissions 10% by 2019. It went into effect on January 1st, 2009. Power generation is responsible for over 20% of Connecticut’s greenhouse gas emissions

How does RGGI work?

- Under the CT regulations, power plants are legally required to pay for their pollution by buying “permits” (also known as allowances or credits) for each ton of their global warming emissions. Connecticut will sell roughly 10.5 million permits this year.
- Connecticut and nine other states hold four auctions per year. The price of a pollution permit in the first two auctions last fall was just over \$3.00/permit, which is less than 1/10th the cost permits have traded for in Europe.
- Making power plant owners pay for their pollution gives them a financial incentive to modernize their plants to run more efficiently, or switch to less polluting fuels

How best to use auction revenue

Clean Water Action strongly supports using revenue from the RGGI auctions to reduce the costs of the program to consumers *and* reduce global warming pollution. **The best way to achieve both ends is to invest the revenue first in energy efficiency, and secondly in clean, renewable energy generation.** The CT RGGI regulations currently direct about 2/3 of revenue to efficiency and 1/3 for clean energy, with 7.5% reserved for administrative purposes.

Using the *entire* amount of RGGI auction revenue (at \$3/ton, about \$30 million per year) for rebates to directly reduce the bills of all Connecticut electric customers would reduce the average residential customer’s \$120+ monthly bill less than 70 cents. Using *part* of the RGGI auction revenue for rebates would be even less noticeable, and not even pay the stamp for the electric bill.

Why invest in energy efficiency?

Instead of using \$1 of auction revenue to reduce one customer's bill \$1, investing in efficiency saves several times that amount. In 2008, CT Energy Efficiency Fund (ctenergyinfo.org) programs averaged **savings greater than \$4 for every \$1 dollar** invested. In addition, efficiency creates well-paying "**green jobs**" and keeps energy dollars from leaving our economy.

These programs include "**Home Energy Solutions**" where the Efficiency Fund sends trained technicians to your house where they test the home for air leaks, patch holes and weatherize windows, doors and walls, install compact fluorescent bulbs and low-flow shower heads, and provide hundreds of dollars worth of coupons for EnergyStar appliances and rebates for insulation if the customer needs it. There are free similar programs for **limited-income customers called UI Helps and WRAP**, which include free appliances in some cases. Demand for all these programs outstrips the available funding, forcing the implementation of a \$75 co-pay for Home Energy Solutions late last year, which had previously been free.

The Efficiency Fund also helps reduce the costs of compact fluorescent bulbs before they hit store shelves, and help towns and businesses reduce their energy costs. Unfortunately, the Efficiency Fund has a large backlog of commercial and municipal projects and has already suspended new applications for the year. **These programs are keeping businesses in the state and helping towns balance their budgets.**

Revenue from the RGGI auction can make these programs available to help more families, municipalities and businesses and save them far more money than any potential rebate would. Efficiency also defers costly new investments in new power plants and power lines.

Why invest in Clean Energy?

Solar energy creates power at peak times when it is most expensive, and displaces some of Connecticut's dirtiest generation. It also creates more jobs per megawatt than any other source. The Clean Energy Fund has a popular solar rebate program which installed over 800 solar systems on homes, businesses and municipalities over the past few years. There are now **over 22 solar companies here in Connecticut**, which made CT one of the hottest new markets for solar. Unfortunately the money for the rebate program ran out at the end of 2008, leaving solar projects for towns and school buildings on hold. **Solar installers are beginning to leave Connecticut for Massachusetts**, where the Patrick administration has increased funding for renewable energy. **RGGI revenue can help the Clean Energy Fund continue its solar photovoltaic programs**, and even help them launch a new incentive program for solar hot water heating.

How to help low-income customers:

The Energy Efficiency Fund has successful programs (WRAP and UI Helps) to help lower income customers significantly cut their energy costs. The Clean Energy Fund has supported solar on low-income housing. If the committee wishes to do more, we suggest adding language:

In making such investments, the Commissioner of Environmental Protection shall consider strategies that maximize cost effective reductions in greenhouse gas emission and prioritize efficiency and clean energy assistance for residential customers who qualify for the Connecticut energy assistance program

Thank you for your consideration,
Roger Smith



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Home Energy Resource Sheet

Connecticut Energy Efficiency Fund (CEEF)

Website: www.ctenergyinfo.org or www.ctsavesenergy.org

Phone: 1-877-WISEUSE

- The following programs change based on funding so please contact the Fund directly
- Rebates and assistance funded by natural gas and electric ratepayers
- List of state and Federal tax incentives also available on above websites

Residential Heating and Electricity Efficiency programs (see contact info above)

Home Energy Solutions- in-home efficiency services and rebates for renters and owners heating with natural gas, electricity, and oil. \$75 for all customers for 2008/09

Limited Income-WRAP and UI Helps- free in-home efficiency assistance (all heating fuels)

New construction program- design help and appliance discounts

Lighting is discounted in participating stores and through the Smart Living Catalog

SmartLiving Catalog: <http://www.efi.org/smartliving/> or order toll-free at 800-527-4448

Appliances

EnergyStar indirect or on-demand **natural gas hot water heater- \$300 rebate**

Central AC- rebate available- \$500 for 14.5 SEER/12.5 EER rated

Geothermal heat pumps- \$500 per ton (up to \$1500) for ARI-rated geothermal systems

Gas and Oil Furnace Rebate- \$500 rebate for Energy Star gas furnace or 84% efficient oil unit- call OPM at 1-866-940-4676 and click on "Furnace Replacement Rebate" at <http://ct.gov/opm/>

Connecticut Housing Investment Fund (CHIF)

Website: www.chif.org

Phone: 1-800-992-3665

- Low-interest home improvement loans up to \$25,000 (income limited) over 10 years
- Financing available for windows, doors, insulation, EnergyStar appliances, solar systems, replacement roof, etc.

Connecticut Clean Energy Fund (CCEF)

Website: <http://www.ctcleanenergy.com/>

Phone: (860) 563-0015

- Funded by electric ratepayers to support renewable electricity generation

Solar photovoltaic (electric) rebates (out of funding until July 2010) No CT sales/property tax.

Financing- solar electricity lease program- no upfront \$ www.ctsolarlease.com

Solar hot water heating incentives coming, contact Clean Energy Fund. No CT sales/property tax.

CT Clean Energy Options and CT Clean Energy Communities

Website: www.ctcleanenergyoptions.com and www.ctcleanenergy.com/communities/

Sign-up to support clean, renewable electricity for just a few dollars per month. Residential sign-ups help earn free solar panels for towns which join the 20% by 2010 clean energy campaign.

For More Information, contact Roger Smith or Chris Corcoran, Clean Water Action

860-232-6232 hartcwa@cleanwater.org and www.cleanwateraction.org/ct/

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This Rebate Is No Relief

Everybody loves a rebate, especially politicians in an election year. But Gov. M. Jodi Rell's plan for giving businesses and homes a break from high electricity costs is short on relief and short-sighted.

State officials are drawing up regulations for the Regional Greenhouse Gas Initiative, a landmark pact among 10 Northeastern states setting limits on power plant emissions. The pact requires power plants to buy allowances for their carbon dioxide; the so-called cap-and-trade system gives the dirtiest plants a financial push to clean up.

The allowances are being auctioned in September. Legislation adopted by the General Assembly last year — and signed into law by Mrs. Rell — says funds from the auction should go to energy conservation programs and renewable energy technologies.

Regulations to implement the law have been hashed and rehashed. But at the last minute, as they moved to the legislature's Regulations Review Committee for final approval, Mrs. Rell pushed for an amendment dedicating some of the proceeds as rebates to businesses and families.

Analysts predict the auction will set the price for greenhouse-gas pollutants at \$3 to \$5 per ton. Mrs. Rell's rebate would kick in if the price goes above \$5. For the average homeowner, the rebate would be about \$2.70 a year for every dollar the per-ton price goes above \$5.

That's not much help. Businesses and families need real relief, not political gestures from a Republican governor trying to score off Democrats in a

legislative election year.

By investing all the money from the auction into conservation programs and developing renewable energies (which is what the law clearly requires), Connecticut would gain on several fronts:

EYES ON THE PRIZE
Connecticut needs fossil fuel reductions, not rebates

■ Businesses and families would be able to tap into an expanded array of state energy efficiency programs and incentives, ranked among the best in the nation.

■ Reduced energy consumption means businesses and homes would be cutting their own electricity costs. They would also be reducing spikes in overall demand for electricity. That would help keep those expensive, dirty "peak" power plants off-line and rein in rates for everybody.

■ Finally, better energy conservation will keep Connecticut on track for reducing its emissions of greenhouse gases and other air pollution, which was the whole point of the law.

If Mrs. Rell really thinks this rebate is a good idea, she ought to take it up with the legislature next session. Trying an end-run around the law isn't the way to do it.

In the past two years, utilities in Connecticut have experienced an unprecedented surge of requests from businesses and households looking for ways to reduce their energy use and costs. Connecticut's leaders ought to be rising to the moment, not stooping for dubious gains.

Give someone \$2.70 and he'll buy a bag of ice. Show him how to make smarter energy choices and you'll help him for a long time.