

# Connecticut Industrial Energy Consumers

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TESTIMONY OF JAMES S. KING ON BEHALF OF THE  
CONNECTICUT INDUSTRIAL ENERGY CONSUMERS

ON

H.B. 6631

“AN ACT CONCERNING ELECTRIC UTILITIES AND  
UTILITY TERMINATIONS”

BEFORE THE

ENERGY AND TECHNOLOGY COMMITTEE

MARCH 10, 2009

MY NAME IS JIM KING AND I REPRESENT THE CONNECTICUT INDUSTRIAL ENERGY CONSUMERS, AN *AD HOC* COALITION OF INDUSTRIAL END-USERS WHICH COLLECTIVELY EMPLOY THOUSANDS OF CONNECTICUT WORKERS AT NUMEROUS PLANT LOCATIONS THROUGHOUT THE STATE. I AM HERE TO SUPPORT H.B. 6631, *AN ACT CONCERNING ELECTRIC UTILITIES AND UTILITY TERMINATIONS*. THIS BILL BEFORE YOU TODAY MANDATES THAT ELECTRIC DISTRIBUTION COMPANIES CONTINUE INTERRUPTIBLE DELIVERY RATES IN CONNECTICUT AS WELL AS ADDS THE OPTION OF LOAD RESPONSE RATES FOR LARGE ENERGY CUSTOMERS. THESE CHANGES WILL HELP REDUCE CONNECTICUT'S OVERALL ENERGY AND TRANSMISSION COSTS AND ENSURE GRID RELIABILITY DURING SYSTEM PEAKS.

AS YOU KNOW, ELECTRIC RATES<sup>4</sup> FOR ALL CUSTOMER CLASSES HAVE INCREASED DRAMATICALLY IN THE PAST FEW YEARS, FROM 4.0 CENTS/PER KWH IN 2002 TO OVER 11.0 CENTS/PER KWH IN 2008, AN INCREASE OF ALMOST

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150%. DISTRIBUTION RATES HAVE ALSO INCREASED SUBSTANTIALLY OVER THIS PERIOD. AS A RESULT, THE PRICE OF ELECTRICITY IN CONNECTICUT REMAINS WELL ABOVE THE NATIONAL AVERAGE.

THESE HIGH ENERGY COSTS ARE ONE OF THE CONTRIBUTING FACTORS FOR THE DECLINE IN CONNECTICUT'S MANUFACTURING AND COMMERCIAL SECTORS. SIGNIFICANTLY, OVER THE LAST TEN YEARS, THE MANUFACTURING SECTOR IN CONNECTICUT HAS DECLINED BY OVER 21%, RESULTING IN A LOSS OF OVER 52,000 JOBS. TODAY, CONNECTICUT CONTINUES TO LOSE HUNDREDS OF THESE MANUFACTURING JOBS PER MONTH. SIMILARLY, IN THE LAST THREE MONTHS, THE STATE'S RETAIL TRADE SECTOR HAS LOST MORE THAN 8,500 JOBS.

CIEC MEMBERS HAVE NOT STOOD IDLE IN THE FACE OF THESE DRAMATIC ENERGY PRICE INCREASES. THEY ACTIVELY PARTICIPATE IN LOAD REDUCTION AND INTERRUPTIBLE PROGRAMS BY WHICH THEY ARE SUBJECT TO INTERRUPTION. THESE EFFORTS HAVE RESULTED IN LESS STRAIN ON THE BULK POWER SYSTEM AND PRODUCED SIGNIFICANT ENVIRONMENTAL BENEFITS TO AIR QUALITY.

MOREOVER, INTERRUPTIBLE RATES PROVIDE ECONOMIC AND SYSTEM BENEFITS TO THE UTILITY, ITS CUSTOMERS, AND THE STATE. THESE BENEFITS INCLUDE, AMONG OTHER THINGS, REDUCTIONS IN CONGESTION COSTS AND INCREASES IN SYSTEM RELIABILITY. IN PARTICULAR,

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INTERRUPTIBLE RATES PROVIDE INCREASED SYSTEM RELIABILITY AND AVOID THE EXPENDITURE OF CAPITAL COSTS.

MOREOVER, BECAUSE THE INTERRUPTIBLE LOAD MAY BE CURTAILED AT THE DISCRETION OF THE UTILITY, IT MAY BE USED TO ASSIST THE SPECIFIC NEEDS OF CONNECTICUT. FOR EXAMPLE, IN AUGUST 2003, INTERRUPTIBLE CUSTOMERS WERE ABLE TO ASSIST IN THE RESTORATION OF POWER DURING A REGIONAL POWER GRID DISRUPTION. SUCH COOPERATION WAS CRITICAL TO THE SUCCESSFUL RESTORATION EFFORTS. CONVERSELY, ISO-NE IS CONCERNED WITH ITS REGIONAL BALANCING AUTHORITY, NOT NECESSARILY THE INDIVIDUAL INTERESTS OF CONNECTICUT.

AS SENATOR FONFARA CORRECTLY RECOGNIZED DURING THE SENATE'S JUNE 28, 2005, SPECIAL SESSION, "[T]HE MOST ENERGY EFFICIENT UNIT OF ENERGY IS THE ONE NOT GENERATED." WE WHOLEHEARTEDLY AGREE WITH THIS STATEMENT. INTERRUPTIBLE AND LOAD RESPONSE RATES ARE SOME OF THE FEW TOOLS MANUFACTURERS HAVE TO STRETCH THEIR ENERGY DOLLARS. THESE RATES TRADE A SLIGHTLY LOWER DELIVERY RATE FOR THE REQUIREMENT THAT CUSTOMERS PARTIALLY OR TOTALLY LEAVE THE ELECTRIC GRID AT TIMES OF HIGH ENERGY USE IN THE REGION. THE ELIMINATION OF THESE RATES WOULD IMPOSE MILLIONS OF DOLLARS OF ADDITIONAL COSTS ON BUSINESSES AND OTHER CUSTOMERS ON AN INDIVIDUAL AND COLLECTIVE BASIS. AS SUCH, APPROVAL OF H.B.

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6631 IS A WIN-WIN FOR OUR STATE. BUSINESSES ARE MADE MORE COMPETITIVE AND THE USE OF EXPENSIVE "PEAKING POWER" IS REDUCED DURING TIMES OF MAXIMUM ENERGY USE.

WE ARE COMMITTED TO WORKING WITH LEGISLATORS, STATE AGENCIES AND OTHER MARKET PARTICIPANTS TO IMPLEMENT AND CONTINUE SUCH SOLUTIONS TO ENSURE THE ECONOMIC VIABILITY OF OUR STATE.

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