



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC UTILITY CONTROL

DONALD W. DOWNES
CHAIRPERSON

THE ENERGY & TECHNOLOGY COMMITTEE

Senate Bill 1103: AAC REDEFINING CLASS I RENEWABLE ENERGY SOURCES

March 12, 2009

TESTIMONY OF CHAIRMAN DONALD W. DOWNES

The Department of Public Utility Control (Department) submits the following comments on Senate Bill No. 1103. Senate Bill No. 1103 would include energy produced from upgrades at existing hydropower plants in the definition of Class I as long as the incremental capacity is ten megawatts or less on or before July 2003 and meet the standards of the Low Impact Hydropower Institute.

In Docket No. 04-02-07, DPUC Declaratory Ruling Concerning "Run-Of-River Hydropower" as that term is used in The Definitions of Class I and Class II Renewable Energy Source in C.G.S. §§16-1(a)(26) and (27), the Department on its own motion, initiated a proceeding to examine "run-of-the-river hydropower"¹ as that term is used in the definitions of Class I and Class II renewable energy sources in C.G.S. §§16-1(a)(26) and (27), C.G.S. §16-1(a), as amended by Public Act 03-135, An Act Concerning Revisions to the Electric Restructuring Legislation. With respect to improvements and upgrades to increased capacity for these units the Department determined:

It is appropriate, as the parties note, to determine a method of apportioning the amount of new generation from a run-of-river facility that should receive Class I status. The Department will use a method for segregating Class I output from facilities that it will refer to as the proration method. This method will use the ratio of the nameplate capacity of the Class I generating unit, divided by the sum of the nameplate capacities of all units at the facility. The resulting fraction will be applied to the output of the unit, and the result of this mathematical operation will be allowed as Class I RECs. This method will produce a result that will closely approximate the proportion of the output of a facility that is attributable to the Class I facilities. The Department will work through the appropriate NEPOOL GIS committees and with Automated Power Exchange, Inc. (APX) to ensure that the NEPOOL GIS is able to be modified, if necessary, to accommodate the proration accounting method proposed in this decision.

For example, an existing Class II, run-of-river hydroelectric facility has three generating units with a total rating of 3 MW. The facility adds a fourth generating unit with a rating of 1 MW after July 1, 2003. The facility still has a total output less than five megawatts,

¹ "Run-of-the-river" and "run-of-river" are used interchangeably in the energy industry.

sufficiently specific and if the intent is to increase capacity for these types of facilities and establish value for their output, including LIHI's standards may not work for our state facilities and may be overly cumbersome and restrictive.

In conclusion, while the Department generally supports the inclusion of resources that have potential in Connecticut to help attain the State's RPS goals, the Committee should not lose sight of the importance of maintaining stability in the statutory language regarding the definitions of renewable energy sources in Connecticut. The definitional language on Class I was initially passed in 1998 as part of the State's Electric Restructuring Act. This Department has already brought to this Committee's attention how often the legislature has amended these rules and now we are again faced with another bill this session which would further alter the REC market in Connecticut. The Department cannot underscore enough that this constant change in language has the potential to limit investment in and development of new renewable generation, especially in a down market.