SOLAR Connecticut P.O. Box 515 Higganum, Connecticut 06441

Honorable Senator Toni N. Harp
Honorable Representative John C. Geragosian

Testimony opposing Governor Rell's proposal to use electric ratepayer dollars for something other than the intended Connecticut Clean Energy Fund programs.

Delivered via email February 17, 2009 to susan.keane@cga.ct.gov

The future of a two successful and popular electric ratepayer-funded clean energy programs – critical to maintaining green collar jobs in Connecticut – have been forced to a halt. It is difficult to imagine, under any economic circumstance, that Connecticut – a national clean energy model – is about to take a step backward from the use of clean energy and opt, instead, for continued dependence on foreign nations for our domestic energy supply and all the harmful national security, job creation, and health implications that go with the status quo.

Listening to Governor Rell's budget proposal, I welcomed the planned surge in clean, green job education and training. But at the same time, I wish members of the General Assembly to know that there are as many as 200 existing green industry-related jobs in the solar power installation community today that are in jeopardy due to unexpected electric ratepayer funding shortages. And that collecting current and future fees contributed by UI and CL&P ratepayers for the purpose of promoting clean energy and then using those ratepayers dollars for another purpose is bad public policy.

Thankfully, the General Assembly, and Governor Rell, have the authority to strengthen the clean energy industry, preserve these important jobs and keep us on a path to a stronger state of national security without increasing the current budget gap.

First, a quick backgrounder. In just a few short years, the Connecticut Clean Energy Fund (CCEF)'s On-site Renewable Distributed Generation (OSDG) Program has successfully stimulated the installation of nearly a full square mile of solar panels on commercial, industrial and institutional buildings statewide. These commercial projects have not only created a solar workforce most states would envy, but have also lowered energy bills, reduced Connecticut's dependence on fossil-fuel power, positively impacted America's national security, and supported a needed diversity in our fuel mix.

On January 15, though, CCEF abruptly ceased accepting OSDG applications a year and a half before expected, leaving solar installation small business owners – who have committed themselves and their employees to Connecticut – without a long-term pipeline of work necessary for their survival. The result is that commercial project installation companies have begun green collar layoffs and will eventually depart Connecticut, leaving this state without a qualified commercial solar workforce.

Clearly, the CCEF solar incentive programs did what ratepayers expected them to do – increase manufacturer confidence and ultimately drive prices down to the point where the initial incentive level can be reduced, and eventually phased out, without cutting demand. We are seeing all of this occurring today.

The one enemy to phasing out incentives is a hiatus in solar activity. Unfortunately, this too is occurring.

This unexpected blow to the solar commercial industry comes just two months after CCEF's solar rebate *residential* program funds were exhausted. Both programs were expected to be solvent into July 2010 and have contributed heavily toward the creation of jobs at more than 25 solar power installation companies.

Inactivity in the solar sector will mean solar installer job flight, reduced consumer demand, a reduction in panel orders placed to manufacturers and eventually a return to high priced panels necessitating higher ratepayer incentives. Connecticut's solar success has taken years of hard work and $80 million in ratepayer fees to achieve. If current and/or future CCEF funds are diverted to close the state budget gap all momentum will be lost. Ultimately, ratepayers will be charged another $80 million in fees just to get us back to the point we are today. If this happens, it will be difficult to argue with UI and CL&P ratepayers who will rightly feel that the original $80 million they entrusted state leaders to invest in reducing our dependence on foreign imports and increasing national security was wasted.

This sudden cessation of commercial activity threatens to eliminate green collar jobs at a time when most states are proactively attracting clean energy jobs. It runs counter to the intent of Connecticut's new $9 million Clean Tech Investment Fund, which was specifically created to promote green job growth. A slowdown in commercial activity also hampers Connecticut's recently announced participation in the new "low carbon" fuel standard to reduce greenhouse gas emissions.

Further, these recent setbacks come at a moment when the solar industry in Connecticut is beginning to hit its stride. Years of continuous solar installation activity triggered by CCEF's commercial and residential ratepayer-funded incentive programs has built up the solar market in Connecticut to the point that ratepayer incentives could be eliminated altogether in just a few years. This achievement will save ratepayers millions – so long as there is no interruption in progress.

Critically, the loss of commercial and residential solar work will drive solar businesses out of the state at the very time the new federal administration is looking for states with a licensed and experienced solar workforce ready to handle "roof-ready" solar infrastructure retrofits. Connecticut's solar industry is solidly in agreement with the Rell administration's stance that Connecticut must be positioned as a preferred location to grow clean technology jobs. Connecticut's solar installers urge the Governor to take the necessary steps to preserve existing green collar jobs including those in the solar installation community.

The direction we urge the Governor to take is completely in line with the green collar job initiative she supports. The one significant difference is that our proposal does not require an expenditure from the next state budget.

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We ask the General Assembly to urge the Governor to revisit the bonding authority granted in PA 07-242, which authorizes the issuance of bonds not exceeding $50 million (Sec. 90) so that municipalities can purchase solar energy and other renewable energy systems. Priority should be given to disaster relief centers and high schools. The State Bond Commission has not acted on this authority.

A second section of PA 07-242 (Sec. 108) calls on the DPUC to use the proceeds of the sale of bonds to award not more than $25 million in grants for all clean (other than fuel cell) and distributive generation projects for businesses and state buildings. This authority has not been acted on either.

A solar revenue bond initiative can come with no cost to ratepayers. Solar installations generate energy savings. Those savings can be used to pay off the bonds.

Other states have, or are planning solar bonding projects. The State of Ohio plans to bond some or all of $150 million to develop renewable energy production such as solar, wind, and clean coal as part of a $1.57 billion jobs stimulus plan proposed by Governor Ted Strickland. Governors in Hawaii, California, and Massachusetts are not waiting for the Obama administration to rescue their clean energy industries.

We know that Governor Rell and many members of the General Assembly understand that investing in renewable energy has a positive impact on the job market. The commercial solar project funding source we suggest will quickly put millions into the Connecticut economy, maintaining and likely increasing the number of green jobs here. The unique aspect to solar bonding, especially for state and municipal buildings, is that solar systems built on top of public buildings will dramatically reduce the energy bill that is ultimately paid by taxpayers. Solar bonding has a positive fiscal impact on taxpayers.

Seeing Connecticut charging ahead toward a cleaner, greener economy and workforce will be a bold and decisive action that will inspire state residents with badly needed positive economic news. As the Governor referenced in her recent State Address to the Legislature, Connecticut is in better shape than many states because we have we invested in our work force. So, let's put them to work.

On behalf of Solar Connecticut, Inc., the educational non-profit group working on behalf of Connecticut's solar installation companies, and clean energy minded architects, academics, and electrical and plumbing contractors, I thank you for your consideration of this proposal.

Sincerely,

Michael Trahan
Executive Director
Solar Connecticut, Inc.