RB 1130, AAC Energy and the State's Economy

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Joel N. Gordes
Environmental Energy Solutions
38 Brookmoor Road, West Hartford, CT 06107
(860) 561-0566 http://home.earthlink.net/~jgordes

Co-Chair Fonfara, Co-Chair Nardello, Committee Members & Staff, good morning. Unfortunately I am unable to be with you in person today but I appreciate the opportunity to provide comments on RB 1130, AAC Energy and the State's Economy. My name is Joel Gordes and I am an independent energy consultant representing myself. I have been in the energy efficiency and renewable energy field for 34 years in a number of positions from R&D to policy-making. I am offering this testimony purely as an individual and do not represent any client or other organization.

Synopsis

- The bill addresses a pressing need to use energy technology as a primary economic driver
- An all-fuels approach has much to recommend itself but cross subsidization should be limited
- Commercialization of new technologies can aid the state's energy profile and economy
- Simplification of the Electric Efficiency Partner (EEP) Program will enhance its appeal
- It is questionable to create yet another energy-related board to the 15 or more we already have
- Utility involvement in renewable energy can improve success rates
- There is a need to maintain openness and transparency via the DPUC's full involvement

I will touch in more detail on some of these:

Use of energy technology as a primary economic driver. The Statement of Purpose for this bill says "To allow energy consumers to take more control of their energy costs, to bolster the vitality of in-state energy technologies, and to preserve and create jobs." In saying this, it very well recognizes the relationship between energy and economy that presents itself in multiple ways.

- First, reducing usage by energy efficiency maintains capital in the local economy
- Second, excellence in innovative technologies is globally saleable
- Third, reduction on foreign sources (oil/LNG) strengthens national security

All-fuels approach. While the legislation before us is still referred to as the electric efficiency partners program, it clarifies (at line 19) it also includes eligibility for technologies and partners to reduce oil and natural gas consumption by a variety of means. While section 94 of Public Act 07-242, AAC Electricity and Energy Efficiency, did make a reference to "natural gas and oil boilers and furnaces" it still appeared to be out of place due to the overall emphasis being on peak reduction and required further clarification. This bill provides that clarification and recognizes that any comprehensive policy must address all fuels. At the same time this is laudable for being inclusive, it appears that it leaves room for cross subsidization wherein funds collected from electric or gas ratepayers might be used for non-regulated oil or propane customers. This holds several pitfalls including equity questions as well as attempting to do too much [poorly] with too little funds in any given sector.

Commercialization of new technologies. Beginning at line 355 where it is stated that one metric to be reported upon will include: "(D) the improvement to the commercialization of Class I renewable energy sources and their integration with the state's power systems and energy markets…" What has been missing for many of the renewable energy technologies is an actual

commercialization plan that might include price and performance goals to be met at regular time intervals. This legislation can further that accountability if it is tightly crafted to explicitly provide for this for each technology.

Simplification of the Electric Efficiency Partner Program. The period by which an Electric Efficiency Partner can get a product certified has been reduced to 30 days. This is an improvement and more likely to attract a greater number of technologies and partners although attention must be given to insure that the technologies are still well-vetted in order to protect ratepayer funds.

Duplication of Energy-Related Entities. As much of an improvement as this bill is over the original, with as many as 15 energy entities already in existence in Connecticut, I see little reason to balkanize the structure further. If the is to be a Energy Innovation Council, I strongly suggest it be incorporated into one of the already existing Boards to avoid costly duplication of administration that could be better used for the technologies themselves. Yet another energy entity also diffuses any point of authority, and, more importantly, accountability. This single factor may be responsible for Connecticut often not making certain goals that have been set but never attained for years.

Utility Involvement in Renewables. I fully support bringing utilities into the realm of renewable energy providers to match the initiative of our neighbor to the immediate north. Contrary to some thought, the utilities have not lost their expertise in generation and the ability to complete projects in a timely manner. Studies by KEMA and Lawrence Berkeley Labs have shown that utility managed project have enjoyed a higher completion rate than those done purely by clean energy funds both in this country and abroad.

Openness and Transparency. I do have some reservations on lessening the role of the DPUC in the process and providing it to a new, small Energy Innovation Council. I fear that this will not provide neither an open and participatory process as required by principles of sustainability[1] nor the transparency inherent in the DPUC process. While the new format may expedite new products and partners, this may come at the literal expense of not be as well-vetted and result in serving ratepayers poorly.

Summary

Again, I am sorry that I could not appear in person but I do appreciate the difficult tasks before this legislature this year and hope that the deficit does not interfere with efforts to use energy more efficiently and advance renewable energy sources. These technologies, properly evaluated, developed and commercialized are more of a cure than they are a problem. There are definitive improvements to the Partners program but should not come at the expense of critical evaluation and open and participatory processes. Thank you.

[1] *Our Common Future* (The Brundtland Commission Report). Brundtland, Gro Harlem et al. World Commission on Environment and Development. 1987. Oxford University Press. At p. 65 "...a political system that secures effective citizen participation in decision making."