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Energy and Technology Committee

March 17, 2009

Raised Bill 1129 AAC Energy and the States Economy
Raised Bill 1130 AAC Energy and the States Economy

NRG Energy, Inc. (“NRG”) is pleased to provide comments on Raised Bill 1129 - AAC Energy and the States Economy and Raised Bill 1130 AAC Energy and the States Economy. My name is Jon Gordon, Manager of External Affairs for NRG. NRG is a competitive wholesale generator in Connecticut with power plants located in Montville, Middletown, Norwalk, Devon, Cos Cob, Torrington and Branford. In total, NRG operates over 2,000 MWs in Connecticut, which, in real terms, equates to enough power to serve nearly 1/3 of the state or over 1.4 million households. In the ten years NRG has owned these plants, air emissions have been reduced by over 90%.

NRG fully supports initiatives aimed at improving energy efficiency and providing new, Connecticut-sited renewable energy options that provide measurable benefits to Connecticut consumers. We also understand the intent of these bills to support, expand and create ‘green’ industries as well as a ‘green’ workforce. However, NRG has concerns over the provision in Raised Bill 1129 Section 1(p) 1&2, and Raised Bill 1130 Section (1) (p) 1&2) which grants electric distribution companies (“EDCs”) the ability to own and operate Class I renewable generation facilities within the state on a cost of service basis, with no provision for competitive solicitation of the lowest cost renewable generation options.

Without further refinement to the proposed language, we would oppose the concept of a carve out for utility owned renewable generation.

A well designed competitive bid process is the best way to ensure that generation projects whether they are fueled by traditional fuels, alternative or renewable fuels that provide the greatest benefit to consumers get built. A competitive RFP process for renewable generation such as The Connecticut Clean Energy Fund's Project 150 program, allows the state to pick renewable energy generation projects based on need and ratepayer benefit. Another alternative would be a DPUC managed RFP process where the EDCs would compete directly with competitive renewable generators for long term contracts. In fact, the DPUC recently completed a successful RFP process where the EDCs competed directly with competitive generators for long-term contracts for peaking generation on a cost of service basis. The DPUC approved nearly 700 MW of new peaking capability in this process, including 400MW of peaking generation through GenConn, a 50/50 partnership between NRG and United Illuminating. If the intent of Section 1(p) 1 is to encourage electric distribution company participation in customer-side renewable distributed generation that would not be sold to the grid, then no new legislation is necessary. If the intent is to carve out and under a no bid process award EDC generation projects based on renewable sources we do have a concern with these sections.

A competitively bid process is the only way to insure that ratepayers get only the lowest priced, most efficient renewable generation. If utilities choose to compete in this process, there must be a level playing field for utilities and competitive generators. In this way, the state will be able to select projects on the basis of their impact on prices and consumer costs, and Connecticut will get the benefit of knowing it has chosen the best priced offer for the type of generation needed. NRG believes that having utilities

developing generation outside a competitive process is inefficient and not in ratepayer's best interest. Not only does this encourage the construction of ratepayer subsidized generation that may be unnecessary, but ratepayers cannot be assured that the lowest cost capacity is constructed when a competitive RFP process is not employed.

Additionally, in 2007 Connecticut established an Integrated Resource Planning Process in recognition of the need for long term planning in order to identify the best priced and most efficient energy resources for Connecticut consumers. These sections would appear to frustrate the success of this integrated planning model by allowing for a non compliant project on a no bid basis to supersede the work of the CEAB. NRG feels this is not in the best interests of the CT consumer and as in the past, stands ready to work with you to address these concerns and move Connecticut forward.