



State of Connecticut

Office of Consumer Counsel

Mary J. Healey
Consumer Counsel

**The Energy and Technology Committee
The Committee on Commerce
March 17, 2009**

S.B. 1130 and 1129, AAC ENERGY AND THE STATE'S ECONOMY

**Testimony of Mary J. Healey, Consumer Counsel
Presented by Victoria Hackett, Staff Attorney**

The Office of Consumer Counsel (OCC) has carefully reviewed Raised Bills No. 1129 and 1130, which appear to be identical in content and were raised before the Commerce Committee and the Energy and Technology Committee, respectively. These bills constitute a revamping of the Connecticut Electric Efficiency Partners Program (the Program) that was created by Public Act 07-242. OCC supports some of the concepts embodied in these bills and has concerns and/or seeks clarification about others.

As an initial matter, OCC suggests that the language of these bills be made more specific as to the types of technologies that are to be supported by the Program. If the intent is to encourage the development of innovative technologies not already commonly used and available, or for which subsidies are not available from other sources, it would be helpful to so specify. This issue arose recently in the context of an application under the current Program, whereby a participant was requesting funding for measures such as window shades, awnings, and energy efficient lighting, all of which are commonly available and some of which are covered by subsidies from other programs. Also, if the intent remains, at least in part, to reduce electric peak demand, OCC notes that the current statutory language about peak savings is proposed for removal from Section 1(e) but has not been replaced elsewhere. Being specific in these regards will help to reduce customer and partner confusion and make the application process more straightforward.

It is OCC's understanding that these bills create a bifurcated process, by which the Department of Public Utility Control (DPUC) reviews Program partner applications and the proposed "Energy Innovation Council" reviews Program grant applications for specific technologies. OCC is uncertain whether the grant amounts would be standardized by the type of technology or whether individual analysis would need to be performed for each application. OCC is also uncertain about what is meant by the language in Section 1(i) that a customer's share "may be offset with . . . energy value or other savings." OCC requests that Section 1(i) be amended to clarify these provisions.

OCC agrees that a council with expertise in new technologies could be beneficial in reviewing technology applications. OCC believes, however, that a DPUC docket should be required for final approval of each technology and establishing grant levels. Alternatively, OCC believes that if the Energy Innovation Council is charged with approving technologies for Program funding, cost-benefit analysis of the Program under Section 1(n) should be examined in a DPUC docket.

OCC is generally concerned about cross-subsidization of non-electric measures with electric ratepayer dollars. Aligning funding for energy efficiency with the fuel source sought to be conserved provides direct price signals to customers, thereby encouraging conservation. OCC appreciates the apparent effort to prevent electric ratepayers from subsidizing non-electric measures by requiring an electric system benefit-to-cost ratio of at least one-to-one if a project integrates Class I renewable energy sources or produces natural gas or electric savings. OCC would caution, however, that cost-benefit ratios are generally derived from complicated formulas based on assumptions and estimates. Thus, to better ensure no cross-subsidization, OCC suggests that the benefit-to-cost ratio for such projects should be increased. Another option would be to incorporate into the Program funding from natural gas and fuel oil customers.

OCC supports the concept in Section 1(p) of these bills that would allow the EDCs to own and operate Class I generation facilities on a cost-of-service basis. That concept should be coordinated with the integrated resource planning process provided under Public Act 07-242 to ensure that we do not develop excess resources.

Finally, OCC suggests that the name of the Program should be changed to accurately reflect all that it encompasses in these proposed bills, including renewable energy technologies and natural gas and fuel oil efficiency technologies. OCC suggests that the program be called the "Energy Efficiency and Renewable Energy Partners Program" rather than the "Electric Efficiency Partners Program". This change would help to assist consumers and program applicants in understanding the Program's functions.