

COMMENTS

of

WILLIAM CORVO

on behalf of

O&G Renewability

RE: Raised Bill #6636

An Act Concerning the Connecticut Clean Energy Fund

My name is William Corvo and I am here today on behalf of a new Connecticut company called O&G Renewability, LLC with offices at 363 Main Street in Middletown, Connecticut. The participants in this new venture are O&G Industries, Inc. of Torrington, Connecticut, Financial Management Group, LLC of Concord, Massachusetts and Wm. Corvo Consultants, Inc. of Middletown, Connecticut. My comments today are in support of Raised Bill No. 6636 (LCO #4481) which proposes very specific modification to Subdivision (2) of subsection (j) of section 16-244c. We believe that these modifications are important and necessary if Connecticut is to achieve its goal to procure renewable energy sufficient to meet its publicly declared policy and contractual obligations.

There is no ambiguity about Connecticut's public policy. Achieving the goals in a timely fashion has proven to be most difficult especially in light of the global economic crisis we are experiencing. This crisis has actually raised an additional public policy consideration which the proposed legislation can help address- the creation of jobs.

We have long been proponents of Connecticut providing "do it yourself" solutions to resolve energy problems. Thus far the General Assembly and the State's administrative agencies have moved intelligently in providing support for development of new generation in response to both capacity and peaking power problems. In 2005 with the passage of the Connecticut Energy Independence Act and again in 2007 with the approval of another major energy bill Connecticut has worked positively to meet its power needs from home grown generation which will have long term benefits for Connecticut consumers. Indeed, Connecticut's approach to power procurement is unique in our country and is receiving favorable notice as a method to deal with deregulated power generation in a cost-efficient manner.

Now that Connecticut has addressed its power generation needs for the immediate future, the renewable energy issue is on the front burner. Modifications to existing legislation proposed in Bill 6636 help address the key problems which have stalled renewable development projects. Critical to the success of Connecticut's renewable energy program is the need to address the issue of project financing for renewable energy in the same straightforward manner which was used in both the 2005 and 2007 energy legislation.

O&G Renewability, LLC was created to respond to the future needs which the State of Connecticut has already identified. The indigenous resources currently available to the State of Connecticut to respond to the increasing demand for renewable energy are limited. We have evaluated potential wind and hydro projects and have concluded that most of these are not worth pursuing. Connecticut has some unique development assets in the field of fuel cell generation that are worth evaluating. Finally, we have reviewed the biomass opportunities and have determined that these are worth pursuing.

We believe that implementation of the legislative changes proposed in Bill 6636 are critical for the development of all renewable energy projects proposed for construction in the State of Connecticut. Specifically the language allowing the modifications to existing contracts is critical to the construction of these projects.

Long Term Contracts Necessary for Full output of the Facility. It is critical for Connecticut to step up to the plate to provide long-term contracts for all renewable projects. This is true simply because in the absence of this type of support there will no renewable energy

projects at all. The success Connecticut has achieved in both of its energy generation procurement RFPs has eliminated any opportunity for conventional market support to exist for traditional power plant development. Renewable energy projects which are more costly have no chance of being developed independent of long term contractual support which Bill 6636 will provide.

Fine Tuning to Legislation is Needed: We have asked Financial Management Group to provide a power point presentation which identifies threshold issues which need to be addressed in order to guarantee that this legislation achieves its goal of procuring competitive financing for companies interested in providing renewable energy solutions to meet Connecticut's needs. This presentation provides the Committee with a brief and succinct outline of a "traditional project financing" approach which we feel is mandatory for projects to be able to obtain the long term financing necessary to get built. It also provides the Committee with the current limitations imposed on projects by the global economic downturn. Our conclusion is that project funding is available but in these uncertain times, the legislation may have to be fine tuned to help provide all projects with measurable financing certainty. We are willing to provide the Committee additional support and information which may be of help in meeting this last important goal.

Benefits are Substantial: In evaluating the positive impacts this legislation will have on Connecticut, I urge the legislators to consider not only the direct positive impact of meeting our collective renewable energy obligations but also the collateral beneficial impacts which this support will most definitely produce:

1. One of the most important positive impacts of this legislation is the number of construction and manufacturing jobs which can be produced in Connecticut. A typical biomass project will immediately create hundreds of construction jobs in the near term and will provide additional hundreds of jobs for the delivery and preparation of the biomass fuel supplies which will be consumed for decades by these projects. These are jobs which do not require additional tax revenue at a time when there is not enough tax revenue to meet current obligations.
2. A second benefit provided by these projects is the substantial local property tax dollars which will benefit the host communities where these projects will be located.
3. Finally, immediate implementation of new renewable energy projects will help to more rapidly displace existing older, inefficient and highly polluting sooty six projects. Specifically, such projects will help to displace the burning of imported fossil fuel with indigenous wood supply from controlled forest thinning. This will help reinvigorate our forests. Additionally the project will be able to burn clean waste wood, such as pallets which will have the added benefit of reducing congestion in already overburdened landfills.

We are sensitive to the debate about which way Connecticut should spend its consumer's limited resources to achieve renewable energy goals. We believe that an important consideration is helping to provide long term local jobs not just in construction but in industry as well. Connecticut companies are heavily invested in the development of fuel cells. This legislation can provide strong support for moving that technology to the next level while achieving the state's

renewable energy goals. The proposed legislative modification will provide essential support for all renewable projects.

I have asked Jack Sheehan of Financial Management to be available today to provide the committee with a brief overview of the Project Financing Status power point presentation which we had him prepare. I thank the Committee for the opportunity to participate in the process and I am available to answer questions.