

**Manufacturing Alliance Of Connecticut**

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Testimony Of

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The Manufacturing Alliance of Connecticut (MAC) would like to present the following comments on Proposed Bills 6507 and 6510.

**Raised Bill 6507**, An Act Concerning Reducing And Stabilizing Electric Rates For Residential And Business Customers, dramatically modifies retail choice options for residential and small business rate payers while extending an additional option for larger customers not eligible for standard offer service.

The bill removes competitive supply choice for all ratepayers whose maximum demand is less than 500kW. While competitive choice has produced savings for many commercial and industrial customers, the simple fact is that it has not worked as well for residential or very small commercial/industrial rate payers. MAC supports this bill's purpose of removing retail choice from residential rates. The elimination of choice would allow the regulated utilities to remove risk premiums from their supply contracts and allow for longer term purchasing of supply. Both of these would lead to lower residential rates.

MAC cannot support the removal of competitive choice for commercial/industrial customers under this bill, however. As written, a customer would require a demand of over 500kW before than can access competitive third party supply. This cutoff is too high and would penalize many customers currently paying low, market-based rates with third party suppliers or aggregators. MAC has run a very successful, market-based electric aggregation for a number of years. In my experience as manager of this aggregation, I have seen customers far below 500 kW of demand save considerably. I would suggest lowering this amount to 100kW. By doing this, the goal of protecting the small business that cannot be adequately served by the competitive market is reached, and customers that have beneficial agreements with suppliers or aggregators are not forced back to the regulated utility.

The second component of this bill addresses the mid and large sized commercial and industrial customer. Currently, these customers have the choice of either securing competitive supply from a third party or staying with the regulated utility on the last resort rate. This bill would essentially allow the regulated utilities to become a more viable supply option by offering a hedged type product for longer periods as opposed to the current system of quarterly procurements with high volatility. A positive impact of this language is that it would destroy what MAC sees as the dishonest practice from a number of unregulated brokers which offers a price that is a percentage below whatever the utility rate is. This practice leads to higher costs and prohibits the customer from taking advantage of a drop in market prices. Hopefully, this could be the first step in creating a code of conduct for unregulated brokers. MAC is a registered not-for-profit entity and the pricing under MAC's aggregated pool is always market and cost based regardless of what the utility price may be. I would caution, however, that this concept needs to be investigated further. Currently, the utility is indifferent as to a customer's supply choice. Under this proposal, utilities would now be competing against aggregators, brokers and suppliers for the customer's load. If the utility is now a competitive option with a benefit to its shareholders, would they still remain impartial to the customer's choice? A possible way of balancing this is to put specific rules on how the offer from the regulated utility can be set up. For example, limit the offering to just a

one year term option and create “enrollment periods” two times a year where customers that wish to get pricing from the regulated utility can do so only during these periods.

**Raised Bill 6510**, An Act Establishing A Public Power Authority, would create a state agency that would be in charge of Connecticut’s electric and efficiency efforts. While we understand the need for coordination among the various energy groups and boards in the state, MAC cannot support this version of a possible solution.

MAC is a strong supporter of energy efficiency programs in Connecticut and advocates for greater funding as well as the protection of current funds. However, MAC realizes that there are places other than the bill to find this increased funding, such as the IRP, RGGI and federal monies. MAC is against raising the current mil rate for efficiency funding. Further, under this bill, responsibilities currently being undertaken by the DPUC would switch to the new Authority, thus creating a second regulatory body with full staff and expenses. It is MAC’s view that the concept of a Connecticut Electric Authority as proposed is a very costly and unwarranted expense to the rate payers of the state.