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Energy and Technology Committee

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HB 6636 - An Act Concerning the Connecticut Clean Energy Fund

NRG Energy, Inc. ("NRG") is pleased to provide comments on draft bill HB 6636 - An Act Concerning the Connecticut Clean Energy Fund. 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.

NRG fully supports initiatives aimed at providing new, Connecticut-sited renewable energy options that provide measurable benefits to Connecticut consumers. However, NRG opposes the provisions in HB 6636, which seek to revise contracts that have been awarded to renewable energy projects by the DPUC as part of the Connecticut Clean Energy Fund ("CCEF") 'Project 150' program. NRG opposes this legislation for the following reasons:

- 1. This legislation will increase costs to the state's consumers by increasing the pricing terms of existing agreements.**

- 2. The legislation unfairly allows companies, who won contracts through a competitive process based on price, now to modify those contracts, after the fact and without rebidding the contract. This amounts to issuing a new contract without a bid. No-bid contracts are prohibited in Connecticut.**

- 3. The legislation would inhibit development of in state renewable projects that could be built faster and at a lower cost.**

The current Project 150 projects were awarded contracts based on a competitive solicitation prescribed under existing legislation, administered by CCEF, and approved by the DPUC. These contracts should not be re-priced through legislation. One should presume that, if a project owner makes a request of the DPUC to revise its rate “due to issues of financeability,” then the adjusted rate will certainly be higher, not lower than the original rate.

If the intent of this legislation is to somehow lower costs for ratepayers, this is surely not the way do to it. If the intent of the legislation is to salvage projects that are now unable to fulfill their obligations under existing contract terms, another round of Project 150 can bring forth new projects that can help fill the void. Existing law provides the Connecticut Clean Energy Fund and the Department of Public Utility Control the authority they need to issue new contracts and deal with companies who are now unable to live up to the terms of the original agreements.

NRG can attest to the fact that there is a Connecticut based renewable energy project that can be built at a significantly lower cost and in a much shorter timeframe that does **not** require legislative changes. Sec 124 of Public Act 07-242, An Act Concerning Electricity and Energy Efficiency, provides for contracting with **not less than** 150 MWs of Class I renewable energy source projects.

In fact, NRG has announced publically its desire to develop a new, renewable, Class I biomass project at its Montville Generating Station in Uncasville Connecticut. NRG is seeking to enhance one of the station's existing units to use green wood biomass as a fuel source for 30 megawatts (MW) of the unit's 82-MW generating capacity. The facility currently is fueled by oil and natural gas. By utilizing an existing site and repowering an existing unit, this project can provide in-state renewable power at a significantly lower cost than any currently proposed Connecticut biomass projects which are all proposed for green field sites.

The benefit of multiple rounds of competitive solicitation under the current Project 150 legislation is the ability to identify the most viable and lowest cost renewable energy option for Connecticut ratepayers, and to accommodate the natural attrition through competitive market forces of higher cost or otherwise non-viable projects. By moving forward to acquire additional renewable resources under existing legislation and to enforce the terms of existing contracts, Connecticut ratepayers will reap the benefit of the lowest cost in-state renewable energy options.