

Comments of

The United Illuminating Company

Re:

**Raised House Bill No. 6636
AN ACT CONCERNING THE CONNECTICUT CLEAN ENERGY FUND
Before the Energy & Technology Committee
Legislative Office Building
March 10, 2009**

Raised House Bill No. 6636 (the Bill) modifies the terms of the Project 150 program to develop in-state renewable generation.

The United Illuminating Company (UI) supports the Bill, and believes its adoption could help the development of cost-effective renewable generation in Connecticut.

UI notes the following specific benefits of the Bill:

1. The Bill requires cost-based rates for new projects developed under the project 150 program. In the 2008 Integrated Resource Plan produced by UI and the Connecticut Light and Power Company (the 2008 IRP), the 2nd recommendation was to “explore other power procurement structures such as longer term power contracts on a cost-of-service basis with merchant and utility owners of existing and new generation.” Cost-based rates will reduce the risk for developers by better matching project revenues with costs, and should help to lower overall rates as a result.

2. The Bill allows resources that are not fueled by natural gas, who have already executed contracts, to request changes to their contracts to become financeable. UI is aware of at least one instance where a non-gas powered resource is indicating that it cannot be financed under its current contract, however the next project in line for selection is substantially more expensive and is powered using natural gas. The 4th recommendation in the 2008 IRP was to “consider potential ways to mitigate the exposure of Connecticut consumers to the price and availability of natural gas.” By taking steps necessary to allow these non-gas powered resources to achieve development, the Bill would promote fuel diversity and energy security, and do so at a substantial cost savings to customers over the alternatives.

3. The Bill provides the Department of Public Utility Control (the DPUC) with the ability to “accept or reject any proposed contract as public interest requires.” It is important that the DPUC’s evaluation of contracts include a rigorous cost/benefit analysis, and an appropriate price cap.

The Bill contemplates that costs and benefits of the contracts be “included in nonbypassable federally mandated congestion charges or in the rates for standard service.” It would be inappropriate to include the contracts within standard service. The Project 150 program is public policy related, and as such, all customers should support the program, not just customers who have chosen to remain on standard service.