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CONNECTICUT
CLEAN ENERGY FUND

Statement of the Connecticut Clean Energy Fund Regarding Raised Senate Bill 1131 - An Act Concerning Renewable Energy and Weatherization

Section 1.

The Connecticut Clean Energy Fund (CCEF or the Fund) supports the goal of intensive development and deployment of renewable technologies and the integration of renewable technologies with energy efficiency systems and measures. This sustainable and holistic approach to addressing energy needs at a community level should be part of an overall energy policy and direction of the State. However, CCEF does not believe that the green community pilot program in Section 1 of Raised Bill 1131 is the best vehicle to achieve this goal. Our concern is that the proposed program would be duplicative of existing successful programs, is not likely to be scalable and would result in inequitable distribution of ratepayer funds.

The CCEF believes in creating model sustainable communities and to this end, CCEF created and administers the Connecticut Clean Energy Communities program, which currently has 88 participating cities and towns or more than half of all municipalities in the state. Approximately 70 percent of all Connecticut residents live in a clean energy community. Under the Communities program, a city or town can earn solar energy systems from the CCEF when the municipal government and local residents, businesses and institutions make significant commitments to clean energy.

The Communities program has been recognized on multiple occasions as one of the nation's outstanding clean energy programs by the U.S. Environmental Protection Agency, U.S. Department of Energy and the Clean Energy States Alliance. It also has served as a model for other state's programs and has attracted interest from various international delegations.

As a result of this innovative program, CCEF has helped to dramatically increase enrollments in the state's CTCleanEnergyOptions program (sign-ups in participating towns are nearly triple that of non-participating towns) and the adoption of clean energy systems (subsidized by other CCEF commercial and residential programs.) Moreover, the program has led to the creation of clean energy task forces in communities throughout the state, significant local media coverage of energy-related issues and community energy awareness projects supported by CCEF micro-grants. Because of the accelerated voluntary demand for clean energy by both commercial and residential customers, Connecticut is on pace to meet the aggressive targets established under the state's climate change action plan.

The Fund has recently partnered with the EPA to incorporate an energy efficiency component in the Communities program that will provide free energy benchmarking software tools and training to municipal officials. The Fund believes that a visible campaign with specific goals for reduced energy use will raise awareness and inspire action within the respective communities much as it did for clean energy. (Coincidentally, the Connecticut Energy Efficiency Fund (CEEF) has announced plans to launch a pilot communities program that similarly requires a town to commit to the EPA's *Community Energy Challenge*.)

The best way to build upon the success of the existing programs would be to ensure widespread distribution of funding for renewables and energy efficiency. Under the pilot program, a single municipality (two if both electric distribution companies (EDC) choose to participate) would receive a disproportionate level of funding – both from the CCEF, CEEF and through the EDC's system benefits charge. The CCEF believes that it would be inequitable for one or two municipalities to reap the benefits of contributions from ratepayers throughout the state equivalent to the entire SBC funding for the CCEF for a year (approximately $30 million dollars). The proposed pilot raises similar questions as to whether it would be scalable in future years.

In addition to receiving the SBC funding, under this proposed Bill, the EDC(s) are allowed to use scarce CCEF funds for projects under the proposed program. We believe that any additional CCEF ratepayer funds should be specifically excluded from projects funded under this pilot.

The pilot program also seeks to demonstrate the effectiveness of intensive development and deployment of state-of-the-art renewable technologies including fuel cells, renewable generation, and assessment and installation of river turbines. Current CCEF programs encompass all of these and more. Including these in the proposed program creates duplication and waste, especially considering that CCEF funds may be used by the EDCs for this proposed program.

The goals expressed in Section 1 are similar to those related to the energy improvement districts authorized under Public Act 07-242, Sec. 21 *et seq.* The CCEF believes that it may be more appropriate to address any barriers that have prevented the successful establishment of such districts rather than to create a costly new program that would benefit a single municipality.

The Bill allows an EDC to rate-base the cost of renewable projects. Allowing the EDCs to rate-base renewable projects while all other renewable developers cannot creates an unfair competitive advantage that would threaten the current renewable industry in Connecticut. This rate-based cost recovery approach could shift all renewable project risks and costs to the ratepayers, and could result in higher bills for ratepayers. Contrast this with the CCEF's renewable programs where more than 50% of the funding for projects comes from private investment sources, and almost 100% of the project risks are borne by the private investors. As a solution, the CCEF recommends that the investor-owned EDCs be required to form unregulated competitive affiliates if they desire to develop, propose, and own renewable generating projects. This way, the renewable project risks will be borne by the shareholders of the investor-owned EDCs and not by the ratepayers.

Section 4.

Under Sec. 15 of Public Act 07-242, the scope of technologies that the CCEF is authorized to support was revised to expressly include "solar thermal." In response thereto, the Fund has developed a solar thermal pilot program but, due to uncertainties relating to the impact of state budget issues, it has not been launched. Given the many similarities to the solar photovoltaic industry (including many installers that offer both technologies), CCEF believes that it would be the most appropriate party to administer an expanded solar thermal program. Therefore, if the legislature supports a tiered distribution charge, then any excess funding should be transferred to the Connecticut Clean Energy Fund rather than the Conservations and Load Management Fund as proposed in this section.

Section 6.

The proposed revision suggests that the EDCs would be allowed to satisfy the requirements of the Renewable Portfolio Standard "by purchasing eligible renewable electricity and associated attributes" from *any* customer (including non-residential) that is a "net producer." The CCEF does not object to this change but notes that our policy is not to subsidize renewable energy systems that result in net production. Such oversized systems are typically more expensive than properly sized systems and are not an economical use of ratepayer funds.