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Statement of the Connecticut Clean Energy Fund Regarding Raised House Bill 5362 An Act Concerning Renewable Energy

The Connecticut Clean Energy Fund (CCEF) strongly supports the intent of HB 5362 to create a long-term solar financing strategy and believes that the principle concepts in this Bill are so critical that their applicability should be expanded to other Class 1 renewable technologies. Connecticut has long been a leader in its renewable energy policies and programs, but we now find ourselves falling behind other states in the financing of in-state renewable energy. Approximately nineteen (19) of the twenty-nine (29) states that have a Renewable Portfolio Standard (RPS) Program have in-state carve outs supported by long term financing mechanisms such as a Solar Renewable Energy Credit or feed-in-tariff including many nearby states such as Massachusetts, New Jersey, Vermont and Pennsylvania. If Connecticut is to merely maintain the solar and fuel cell industry that currently exist—never mind grow the industry—then a sustainable long-term financing program must be created.

Currently, incentive funding is still needed to make solar and other renewable technologies economically viable. The challenge the CCEF currently faces is that there is more demand than funding available. This has led to funding shortages in the solar programs through FYE 2010 and a boom and bust cycle for the solar installers. The one-mill charge we currently rely on from the rate payers for program and project support can no longer meet the demand for non-residential systems. A financing model based on long term contracts as outlined in HB 5362 would go a long way towards addressing this challenge.

Because the concepts in HB 5362 are so critical to the emerging renewable industry, we believe that the long-term financing and contracting mechanisms proposed would provide value to other renewable energy technologies as well. A Class I renewable technology financing model for in-state production would help create "green jobs", lower emissions and support energy independence.

One of the benefits with such long-term financing mechanisms is that it will send a strong signal to renewable energy stakeholders, including manufacturers, developers and associated financial markets, that Connecticut has committed to establishing markets, policies and programs to create and sustain jobs here in Connecticut and will help eliminate the funding shortage for renewable energy.

HB 5362 relies in part on the existing RPS as a means to create a sub-set of Connecticut based renewable generation developments. RPS programs and policies have emerged and been nationally recognized as some of the most important drivers of renewable energy developments in the U.S. Over one-half of U.S. states have implemented some derivative of an RPS program. In recent years there has been greater consideration applied to the desire to develop "local" projects and thus potentially provide more direct economic, environmental and energy benefits.

CCEF recognizes the sensitivity pertaining to the current economic situation. We urge the legislature to look at all of the direct and indirect benefits that may be realized as a result of implementing a long term funding mechanism as well as an in state carve-out requirement under the existing RPS. We are extremely sensitive to potential effects and consequences, both known and unknown, that a carve-out policy could have on regional developments and therefore suggest that reliance on the Department of Public Utility Control's (Department) administrative proceeding practices would be an appropriate forum to consider and ultimately establish the critical program features, requirements and rules bound by the guiding principles embedded in this Bill.

In part, the Department's processes would allow not only the solar stakeholders, but other interested technology stakeholders to engage in the "rule-making" procedure. If appropriate, an RPS carve-out could be structured with various financing terms for different Class 1 Distributed Generation technologies. Reliance on the Department's processes would in part establish the various details of "Connecticut-specific renewable energy credits" for various technologies over some determined time horizon, while the legislature could establish the overarching public policies and required percentages and target dates.

In conclusion, demand for a number of CCEF's programs is at an all-time high and cannot be met with the current funding level or incentive structure. It is critical for the viability of the Connecticut renewable energy industry and the retention and expansion of green jobs that the legislature take action by establishing a financing model for in-state renewable energy distributed generation projects that include the fundamental elements of this Bill: 1) establishing a long term capped funding level for in-state projects that gives certainty to the market; 2) establishing an in-state Class 1 renewable energy MWH goal; 3) declining renewable price support over time to get to grid parity; and 4) creating production based incentives paid through long term contracts.
With these elements in place, Connecticut will have created the foundation on which a strong renewable energy industry can grow.