

Testimony of

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before

Energy and Technology Committee

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regarding

Raised House Bill No. 5364

An Act Concerning Virtual Net Metering

Introduction

The Connecticut Center for Advanced Technology, Inc. ("CCAT"), offers this testimony for Raised House Bill No. 5364 - An Act Concerning Virtual Net Metering.

CCAT is a nonprofit corporation that provides services and resources to entrepreneurs and businesses and, through collaboration with industry, academia, and government, helps companies innovate and compete, thereby strengthening our nation in the global market. The Energy Initiative of CCAT has been established to improve the economic competitiveness of the region through solutions that lower energy costs and increase long-term energy reliability. CCAT administers the Connecticut Hydrogen-Fuel Cell Coalition; provides assistance to small and medium sized manufacturers to assess opportunities for the application of advanced distributed energy technologies, such as combined heat and power systems; undertakes energy planning; and promotes renewable energy, including fuel cells and sustainable fuels.

This Bill contains provisions that are favorable to the development and use of Class I renewable energy including fuel cells and advanced technologies that are or could be made in Connecticut. The components of this Bill that appear favorable include:

- ***Flexible implementation:***

The proposed Bill provides an opportunity for customer hosts to develop Class I renewable facilities in locations that may have appropriate renewable energy resources, but lack electric demand sufficient to realize the total benefits of net metering.

- ***Provides a market for virtual net metering credits created by Class I renewable energy sources:***

Customers that develop Class I renewable energy facilities would be able to assign credits for the unused electricity produced to affordable housing or in-state municipal retail customers. Such credits, similar to renewable energy credits, would have a value and could be marketed to eligible low income and municipal customers.

- ***Confirmed return for renewable energy produced:***

The proposed Bill provides that the Class I renewable electricity produced in excess of the customer's electric demand and assigned a virtual net metering credit will be compensated at retail rates. Such compensation could provide favorable terms for private investment to encourage renewable energy project development.

- ***Promote the development and use of Class I renewable energy capacity:***

This Bill would provide an indirect financial incentive that could facilitate the development of Class I renewable energy sources to meet municipal renewable energy goals and Connecticut's renewable portfolio standards (RPS) requirements. Over 94 communities have joined the Connecticut "20% by 2010 Campaign". Assuming a municipal energy load of 40 million kWh annually, a 20 percent reduction would require approximately 1.0 MW of fuel cell capacity to meet this 20 percent renewable energy goal. Assuming a statewide load growth from 33,711 GWh in 2007 to 38,276 GWh in 2020 and a 100 percent capacity factor, an average of 57 MW of new Class I renewable capacity would need to be developed each year to meet the state's RPS Class I requirements.

- ***Effective merger of energy management with environmental benefits:***

The development of Class I renewable energy facilities will provide additional public dividends to improve air quality. For example, the potential average annual emissions reductions for each MW of fuel cell capacity, compared to existing New England fossil fuel electric generation, would be approximately 8,750 lbs of NO_x, 32,000 lbs of SO_x, and 7 million lbs of CO₂.

- ***Create jobs and encourage economic development:***

Development of renewable energy facilities will create jobs and increase opportunities for economic development. For example, if fuel cells were used to generate the Class I renewable energy, each MW of fuel cell capacity manufactured in the state and deployed at customer host sites in Connecticut would generate 148 jobs and approximately \$20 - \$22 million in gross state product.

The proposed Bill would increase the amount of Class I renewable facility development in the state. Such development would support the state's RPS requirements, help to meet greenhouse gas reduction goals, provide high economic value to ratepayers, and create jobs.

Conclusion

CCAT is supportive of the concepts raised in this Bill that would encourage the development of Class I renewable energy resources, including fuel cell technology, in the State.

CCAT will make itself available to the Committee and legislature upon request to assist in the refinement of this legislation.

Respectfully submitted,

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Director of Energy Initiatives