



**CONNECTICUT GENERAL ASSEMBLY
ENERGY & TECHNOLOGY COMMITTEE**

**H.B. 5365 – AN ACT CONCERNING ELECTRIC DISTRIBUTION
COMPANIES**

H.B. 5362 – AN ACT CONCERNING RENEWABLE ENERGY

PUBLIC HEARINGS – MARCH 4, 2010

**STATEMENT OF JAY L. KOOPER
ON BEHALF OF HESS CORPORATION**

Good afternoon. My name is Jay Kooper and I am the Director of Regulatory Affairs for the Hess Corporation (“Hess”). Hess, a Fortune 100 company and global energy company with over \$28 billion in worldwide assets and serving more than 44,000 locations on the East Coast, is a licensed retail supplier of electricity to commercial and industrial customers in Connecticut. As an active retail market participant in Connecticut, with regional sales operations located in Rocky Hill, Connecticut, Hess currently provides for Connecticut’s commercial and industrial community a range of products that include traditional fixed-price products for risk-adverse businesses to block-and-index products for customers who desire a mixture of spot market and fixed prices.

Since 2008, Hess has offered in Connecticut a suite of additional innovative energy products that includes *Hess Green* (enabling customers to acquire renewable energy credits), *Hess Demand Response* (enabling customers to participate in an incentive program to curtail their demand during peak usage periods) and *Hess C-Neutral* (enabling businesses to reduce their carbon footprint from 1% to 100% through carbon reduction credits). These green energy services are being provided by Hess to

Connecticut business customers as value-added products that have been specifically requested from commercial and industrial customers ranging from hospitals to schools and universities to factories and superstores.

Hess submits this statement today to oppose section 6 of H.B. 5365 (elimination of utility consolidated billing), section 2 of H.B. 5365 and section 6 of H.B. 5362 (permitting electric distribution company construction or ownership of in-state generation including solar generation) and section 3 of H.B. 5362 (long-term contract procurement for solar generation) because they will substantially harm Connecticut consumers in the form of higher costs, lost investment, lost jobs, and the removal of choices at a time when the State of Connecticut – and the entire nation – can ill-afford to incur such harm. Specifically, these provisions in the aggregate will produce the following harmful effects for Connecticut’s residents and businesses:

- Effectively eliminates customer choice for residential and small commercial customers through elimination of utility consolidated billing at a time when according to the DPUC (as of January 31, 2010) 1,556,933 residential and small commercial customers (representing 19% of total residential customer load and 67% of total small commercial customer load) have affirmatively chosen to take service from a competitive supplier and where there has been no customer outcry for elimination of a necessary billing method for competitive service of these customer groups;
- Replaces customer choice – the costs and risks of which are borne by investors – with a regime that enables electric distribution companies to construct and own generation and mandates the use of long-term contracts, all of the costs and risks of which will be borne by Connecticut’s ratepayers;
- Dampens the ability of customers to engage in meaningful demand response and energy efficiency by eliminating choice, thereby precluding downward pressure on peak wholesale electric prices and placing increased strain on Connecticut’s grid reliability during peak periods; and

- Results in lost investment and jobs that competitive retail suppliers – many of them Fortune 500 companies – have placed in Connecticut at a time when the nation is reaching a level of recession and unemployment not seen in over 30 years.

At a time when Connecticut's economy is suffering and yet nearly 50% of the total statewide electric load has elected to switch to competitive supply service, now is not the time for Connecticut to overrule this substantial and clear exercise of choice. Moreover, the actual and constructive re-regulation of the electric industry these provisions will achieve will substantially harm all Connecticut ratepayers by: (1) establishing a disincentive of private investment – in the form of capital and jobs – in the State of Connecticut and an opportunity for these investors, and not ratepayers, to bear the risks associated with electricity procurement; and (2) subjecting ratepayers to potentially billions of dollars in costs associated with a utility's construction and ownership of generation and execution of long-term procurement contracts that are almost certain to be out-of-market during the lifetime of the contract.

The sections of H.B. 5365 and 5362 outlined above will accomplish precisely these outcomes and for these reasons Hess respectfully urges the Committee to reject these provisions.