



CLEAN WATER ACTION

CONNECTICUT

Testimony of Roger Smith, Campaign Director, Clean Water Action Energy and Technology Committee March 4, 2010

Testimony in Opposition to House Bill 5365: AN ACT CONCERNING ELECTRIC DISTRIBUTION COMPANIES.

Clean Water Action is a national environmental non-profit dedicated to protecting human health with 25,000 Connecticut members. We have worked on energy-related issues in Connecticut since 1998.

Clean Water Action strongly supports policies that promote renewable energy and energy efficiency, spur innovation and provide opportunities for new businesses. While regulated utilities have their strengths, innovation, flexibility and cost-control are not among them.

We oppose efforts by regulated utilities to use their monopoly status to own and operate renewable energy and energy efficiency technologies on customer property and on the customer side of the meter. This will have the effect of crowding out private businesses who could provide the service at lower cost. We also oppose the blanket allowance for utilities to build Class I (and II) renewable energy facilities.

Regarding Class I, Connecticut has a growing stable of companies which install (and in some cases manufacture) wind, solar power, solar hot water and geothermal technologies. These companies compete with each other on price, and earn customers through price, service and innovation. We do not want these companies to compete with regulated utilities which have privileged customer relationships, access to customer billing data and the ability to recover all costs in rates. Any utility ownership of Class I renewables (as is proposed in HB 5362) should be limited to utility-scale and freestanding (not at customer sites), and start as a pilot program to ensure cost-effectiveness. **With the wrong policy choices here we could have small wind and solar developers wind up as UI or CL&P employees.**

Electric utilities should not be allowed to build Class II resources and compete with CRRA to build or operate trash incinerators. Waste disposal is not their business. (Class II also includes pre 1998 biomass and pre 2003 hydro, which clearly is not applicable here.)

The electric utilities already earn money as administrators of the CT Energy Efficiency Fund. They should not be allowed to double-dip through the Energy Efficiency Partners program (from which they were explicitly *excluded*). This could mean that they could own generators, boilers, furnaces, chillers at customer locations and earn a rate of return on this equipment. **This would essentially turn a utility like United Illuminating into a Rent-a-Center.** We can support utilities helping customers with the financing of such items, and even permit them to earn a rate of return on the financing (so long as they accept some risk), but outright ownership is a step too far. There is no incentive here for finding the best price and best application as the utility can recover all costs in rates.