

Testimony of

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before

Energy and Technology Committee

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regarding

Raised Senate Bill No. 463

An Act Concerning Financing of Energy Efficiency and Renewable Energy

## ***Introduction***

The Connecticut Center for Advanced Technology, Inc. ("CCAT"), offers this testimony in support of Raised Senate Bill No. 463 - An Act Concerning Financing of Energy Efficiency and Renewable Energy.

CCAT is a nonprofit corporation that provides services and resources to entrepreneurs and businesses and, through collaboration with industry, academia, and government, to help 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 enhanced demand-side management technologies, such as combined heat and power systems; undertakes energy planning; and promotes renewable energy, including fuel cells and sustainable fuels, with funding provided by the Department of Economic and Community Development.

This Bill contains many components that are favorable to the expansion of renewable energy development including fuel cells and other high efficiency technologies that are or could be made in Connecticut. The components of this Bill that appear favorable include:

- ***The energy savings infrastructure program would conserve electricity, reduce electric demand, and increase the use of renewable energy sources:***

The establishment of an energy savings infrastructure loan program will provide the capital needed to increase the utilization of energy savings infrastructure that will reduce fossil fuel consumption and promote the deployment of Class I renewable/combined heat and power systems, such as fuel cells. Clarification would be helpful to confirm how the energy savings infrastructure loan program would be funded; how much funds would be reserved for the energy savings infrastructure loan program; and how the electric and gas companies would be able to support oil technologies.

- ***Long term loans tied to utility bills would encourage investment:***

Provisions that allow for the repayment of an energy savings infrastructure loan through the recipients electric or gas utility bills, and the ability to transfer the loan to another eligible entity will provide eligible entities, which may not own the property but be renters, the incentive to invest in energy savings technologies. Additional refinement may be needed to clarify the provision to allow an eligible entity to transfer the loan to a subsequent utility customer rather than the property owner to put the responsibility for repayment of the loan on the utility customer. Clarification of how utility customers or property owners would assume the terms of the loan, and how to enforce the repayment of the loan if the energy savings infrastructure ceases to operate may provide for greater program utilization.

- ***The use of local contractors for the installation of energy savings technology would provide a basis for job creation:***

Provisions that encourage the use of local contractors for the installation of eligible in-state energy savings technology would increase the potential for the job creation and economic development. If the eligible in-state energy savings technology were manufactured in this state, such as fuel cells, job creation and economic development would be substantially increased. For example, for each MW of fuel cell capacity manufactured in the state and deployed at municipal and state facilities, an addition 148 jobs and approximately \$20-22 million in gross state product could be realized.

- ***Operation in Connecticut would improve environmental protection:***

Provisions that encourage the in-state operation of eligible energy savings technology will provide additional environmental dividends to the public. 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<sub>x</sub>, 32,000 lbs of SO<sub>x</sub>, and 7 million lbs of CO<sub>2</sub>.

- *Targeted requirements for Class I Renewable energy will support in-state manufacturing:*

Specific provisions to target loans for Class I renewable energy resources, such as fuel cells, will encourage efficient deployment and job creation. Refinement of the Bill to allow for a significant percentage of the energy savings infrastructure loan program for technologies that are manufactured in the state would further provide job creation and economic development benefits to the state. Extension of the provisions for net metering for combined heat and power systems would provide opportunities for customer-based applications that would reduce the customer's energy costs, improve efficiency, and increase environmental performance, but this expansion may compete for funding with renewable technologies.

Additional refinement of this Bill could include explicit provisions that would support and provide incentives for equipment principally manufactured in the state as a mechanism to create jobs and encourage economic development, as follows:

- Provisions to coordinate the proposed energy savings infrastructure loan program with the existing renewable energy investment fund, managed by the Renewable Energy Investments Board, for increased capital investment that would result in the deployment of additional cost-effective Class I renewable energy electric generation capacity.
- Provisions for low interest financing for all CCEF and DPUC funded projects that qualify as a Class I renewable energy electric generation facility.
- Authorization for electric distribution companies to establish long-term contracts, subject to DPUC approval, to buy the power produced by commercial, industrial, and institutional Class I renewable energy electric generation facilities.
- Authorization for each electric distribution company to establish a tariff for production-based payments to owners or operators of Class I renewable energy electric generation facilities, subject to DPUC approval.
- Authorization for the electric distribution companies to build, own, and operate new Class I renewable energy electric generation facilities, under certain conditions.

- Authorization and encouragement for the State of Connecticut to issue an RFP for development of Class I renewable energy electric generation facilities at state buildings and facilities.

*Conclusion*

CCAT is supportive of the concepts raised in this Bill to increase deployment and use of eligible in-state energy savings technology, including fuel cells in the State. Such deployment would support the state's RPS requirements, help to meet greenhouse gas reduction goals, provide high economic value to ratepayers, and create jobs.

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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