

**Testimony of  
The Trane Company  
Before the  
Finance Revenue and Bonding Committee  
March 22, 2010  
In Opposition to  
Raised Bill 484 An Act Concerning The Governor's Revenue Plan**

Good afternoon Senator Dailey, Representative Staples and members of the Finance, Revenue and Bonding Committee. My name is Mike DeNamur, Director of Business Development for Trane - an energy efficiency services company with 95 CT employees and offices in Farmington, Hartford, Norwalk, New London and Brookfield, Connecticut. I am also here as a member of the Northeast Energy Efficiency Council- Connecticut Chapter (NEEC-CT). NEEC-CT is a trade association made up of over 40 companies and 2000 employees that specialize in energy efficiency projects for both residential and commercial industrial projects.

I am here to testify in opposition to Raised Senate Bill 484 An Act Concerning The Governor's Revenue Plan. Trane and NEEC are strongly opposed to sections 1-3 which would allow for the securitization of the Connecticut Energy Efficiency Fund (CEEF) and the Connecticut Clean Energy Fund (CCEF). The proposed securitization would allow the state to issue bonds and use the revenue to offset projected deficiencies in the Connecticut General Fund. These bonds would be paid off from funds collected through rate payer surcharges that have been dedicated to promoting and financing energy efficiency and clean energy projects in Connecticut. These funds are vital to growing a dynamic industry in Connecticut, and to facilitating the renewal of inefficient public and private buildings around the state.

These funds support countless energy efficiency businesses, and the suppliers that they contract with. In addition these funds offer all sectors of Connecticut businesses with an affordable and cost effective means of lowering their cost of doing business in the state, and improving their productivity, profitability and competitiveness. The ability of companies to lower their cost of doing business in these difficult economic times often means the difference between staying open and being forced to close their doors and laying off of their employees. The CEEF also enables Connecticut residents to reduce their household electric bills which are vital in these difficult economic times.

The Securitization of the CEEF and CCEF is a short-sighted plan that will have a significant negative long-term economic impact. The energy efficiency industry is a growing and dynamic industry and the chilling effect of securitization will force many businesses to reduce staff, limit operations or close. Many companies and employees of this industry will be forced to focus their work outside of Connecticut where states like MA, NY and PA are currently expanding their energy efficiency investments. It will take years for Connecticut's energy efficiency industry to recover.

Securitization will also limit the ability of Connecticut residents and businesses from being able to benefit from the programs which are funded through an assessment on their electric utility bill. Securitization is simply a back door tax on all of Connecticut's rate-payers and should be opposed. Studies have shown that for every dollar invested in energy efficiency there is a lifecycle savings of \$4 dollars in reduced energy and operating costs. Other studies point to the direct relationship between high performance, energy efficient buildings and academic achievement. As Connecticut struggles to address the academic achievement gap in public schools, we cannot afford to limit incentive programs that help to fund upgrades and improvements leading to healthier schools more conducive to successful learning.

Trane has witnessed firsthand how energy efficiency business in Connecticut cycles with the availability of CEEF and CCEF incentive programs. The fact is, these incentives are the difference between projects moving forward, or being deferred indefinitely. Consider that if – on average – incentives account for 20% of total project costs, the immediate economic impact of deferred energy conservation projects is \$5 for every \$1 of lost incentive funding. Redirecting \$130MM of CEEF and CCEF funds toward debt service would result in \$650MM in annual reduction to Connecticut's energy efficiency economy.

When funds are not available, or when customers cannot count on funding in the future, interest in energy conservation projects drops off dramatically. Because many projects require months of study, engineering and financial analysis, any uncertainty, limitation, or elimination of incentive funding will create an economic impact that will extend long after funding is restored.

In these difficult economic times we as a State should encourage investment in energy efficiency and the businesses that are growing and hiring new employees through the effective use of these funds. We must continue to allow residents and businesses to take advantage of these programs that they themselves fund. We must allow our Connecticut companies every possible means of reducing their cost of doing business and offer dynamic and cost effective energy saving measures that will encourage new companies to locate here in Connecticut.

Trane and the companies that make up NEEC-CT urge you to reject the proposed securitization of the CEEF and CCEF proposed in SB 484. Do not take the short-sighted plan that will force dozens of companies to close their doors and eliminate countless well paying positions. This plan is clearly not in the best interest of Connecticut, its businesses and its residents.

Thank you for the opportunity to provide input on this important topic.