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Written Testimony of Christopher Phelps, Environment Connecticut Program Director
Before the Connecticut General Assembly Environment Committee
Friday, March 12, 2010

Concerning SB 385, An Act Creating Incentives For The Development Of Solar Energy
And Other Renewable Energy Resources

Senator Meyer, Representative Roy, and members of the Committee:

Thank you for the opportunity to offer this testimony concerning SB 385. Environment Connecticut is a statewide, member-supported non-profit environmental advocacy organization. We strongly support legislation to expand development of solar energy and other renewable energy sources in Connecticut. However, the bill before you today *does not* provide incentives for solar or other renewable resources. Therefore, we oppose the bill in its current form and respectfully submit the following comments and suggestions for amendments to the bill.

SB 385 amends Connecticut's Renewable Portfolio Standard (RPS). The RPS is our state's most effective policy tool for incentivizing new renewable electric generation sources that reduce our dependence on fossil fuels and cut air and global warming pollution from power plants. The RPS works by requiring electric distribution companies and suppliers to procure electricity from renewable sources in gradually increasing annual increments.

The RPS is divided into separate tiers. The Class I tier is for truly clean, renewable energy such as solar and wind power. There is also a Class II tier that includes non-renewable and polluting resources such as solid waste incineration.

The Class I RPS requirement is currently at 7%. This means that in 2010, the utilities must procure 7% of Connecticut's electricity from clean, renewable sources. This amount gradually increases over the next decade, reaching 20% by the year 2020. The Class II tier is capped at no more than 3% of the state's electric demand, limiting the incentivization of the polluting, non-renewable Class II resources.

SB 385 modifies the RPS statute to expand the Class II cap to 5% beginning January 1, 2011. **Environment Connecticut strongly opposes this proposal.** Instead, we urge the committee to amend SB 385, striking the increase in the Class II requirement and replacing it with language that would, in fact, create incentives for expanded use of solar power and other Class I resources. *This change would make the bill's actual language consistent with its title as well as its statement of purpose.*

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Environment Connecticut respectfully suggests the following amendments to SB 385:

- 1) Strike all language after the enacting clause.
- 2) Insert language creating incentives for installation of solar photovoltaic systems on homes, businesses and public buildings. We suggest using existing language that was **unanimously** passed by the House of Representatives in 2009. (HB 6635 – AAC Solar Power, as amended by House A, LCO#8852.) That language would create a market-based solar power incentive program that, in conjunction with the Class I RPS would result in the construction of over 250 megawatts of new solar power in Connecticut. It is modeled on successful solar power programs in New Jersey, California, Colorado and other states.

Specifically, we suggest inclusion of sections 1 through 4, section 7, section 8, section 9, and section 10 of 2009's HB 6635. This language would do the following:

- Establish a sustainable residential solar rebate program capable of resulting in the construction of 30 megawatts of residential solar systems over the next decade.
- Create a market-based solar financing system by requiring the utilities to procure approximately 225 megawatts of solar power from mid to large scale commercial solar systems in Connecticut. The mechanism for this is effectively a solar-specific RPS requirement that would enable solar developers to build solar through "power purchase agreements." Under such a contract, the developer builds a large solar system at a customer's facility. (Examples might include a high school, supermarket or large commercial building.) The customer agrees to purchase the electricity generated by that solar system. Typically, such agreements provide a **discount** from the utility electric rates.

In short, this mechanism allows non-residential customers to install large solar systems *without any upfront capital cost*.

- Require the CT Clean Energy Fund and Energy Efficiency Fund to coordinate on development of solar thermal hot water incentive programs.
- Create additional incentives for solar installations that utilize major system components manufactured or assembled in Connecticut in order to incentivize growth of solar manufacturing to the state.
- Place a maximum cap on the possible additional annual costs of the solar programs of less than 1% as a safety valve to protect ratepayers. This ensures that the **maximum annual cost** of the solar programs in this legislation would be **as little as \$1** per month for the typical homeowner.

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- Modify the existing “Project 150” to allow the Clean Energy Fund to run an additional solicitation for up to 45 megawatts of renewable generation. Such projects typically would be non-solar technologies such as fuel cells.

By incorporating these suggested changes, the committee could make SB 385 a bill that would help create a viable, sustainable solar industry in Connecticut. Estimates of the economic impact of a market-based solar incentive program as outlined above suggest it could result in the creation of 1,000 or more jobs tied to the solar industry in Connecticut. Additionally, the construction of over 250 megawatts of new solar power would reduce significant amounts of global warming and air pollution from fossil fuel power plants. (With the greatest benefit occurring on the hottest, sunniest summer days when Connecticut’s air quality is worst.)

Thank you for the opportunity to offer this testimony concerning SB 385. We urge the committee to reject the proposed expansion of incentives for trash incineration and instead, embrace a comprehensive market-based incentive for solar power and other renewable as outlined above.

Sincerely,

Christopher Phelps
Program Director
Environment Connecticut

