State of Connecticut

Office of Consumer Counsel

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The Energy and Technology Committee

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Raised Bill No. 5508, AAC Establishing the Division of Electricity Policy and Procurement

Testimony of Mary J. Healey, Consumer Counsel

Presented by Joseph A. Rosenthal, Principal Attorney

The Office of Consumer Counsel ("OCC") has carefully reviewed Raised Bill No. 5508, An Act Concerning Establishing the Division of Electricity Policy and Procurement. OCC recognizes that numerous stakeholders have identified the need for Connecticut to better coordinate policy implementation. At present, we have numerous boards and agencies that are responsible for an aspect of electricity policy or energy policy. While these agencies and boards often handle their responsibilities capably, we do not at present have an entity like a "Department of Energy" with the staffing or the authority to be the one agency accountable for ensuring energy policy implementation and development, response to federal initiatives, etc. Most states do have such an agency. Accordingly, OCC can support this concept and this structure, with some conditions, and believes the details need to be discussed further with other stakeholders.

Given the present budget crisis, creating a wholly new agency like a "Department of Energy" might be too costly or difficult in the short-run. However, the present proposal seeks to keep those costs down while still achieving some centralization by building on the existing Department of Public Utility Control ("DPUC")/Public Utility Control Authority structure. OCC does note that a new DPUC Division of Electricity Policy and Procurement ("Division") would have very serious duties and would need to hire knowledgeable and experienced staff quickly, in addition to the executive director and the two new commissioners identified in the bill. The existing staff of the DPUC Electric Unit already has very significant responsibilities, including ratemaking for the electric distribution companies as well as the peaking power plants developed through their docket No. 08-01-01 (the two GenConn peakers and a PSEG peaker), issuing decisions in scores of renewables and energy efficiency dockets, administration of pass-through charges on the customer bills (transmission adjustment clause, federally mandated congestion charges), making rulings in the integrated resource plan docket, etc. It would not be appropriate to ask the DPUC Electric Unit to take on additional responsibilities without additional staffing.

In addition to policy implementation, the bill, and in particular Section 6 thereof, would

provide some more procurement tools and more flexibility for lowering the cost of standard service power. It is OCC's understanding that the Connecticut Municipal Electric Energy Cooperative uses similar tools to provide lower rates for its customers, and we should consider doing so for standard service customers. Since most residential customers remain on standard service, lowering the standard service price would help lower the bills of most Connecticut households.

As discussed above, the new Division would have difficult duties and would need to be well-staffed both in numbers and knowledge. The hiring of consultants can help, but full-time employees would also be needed to guide the consultants, analyze their output, and, at times, reject or alter a consultant's suggestions.

OCC has doubts about the need for the Division to "own and operate power plants," as stated in Section 4.

OCC also will provide due respect to the views of the DPUC as to this proposal, since they are the agency that would be receiving new responsibilities and burdens. OCC looks forward to hearing the views of, and working with, the DPUC and other stakeholders as to how the legitimate goals of this proposal may best be achieved.