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Energy and Technology Committee

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H.B. 5365 - An Act Concerning Electric Distribution Companies

H.B. 5362 - An Act Concerning Renewable Energy

NRG Energy, Inc. ("NRG") is pleased to provide comments on H.B. 5365 - An Act Concerning Electric Distribution Companies and H.B. 5362 - An Act Concerning Renewable Energy. My name is Jon Gordon, Manager of External Affairs for NRG. NRG is a competitive wholesale generator in Connecticut with power plants located in Montville, Middletown, Norwalk, Devon, Cos Cob, Torrington and Branford. In total, NRG operates over 2,000 MWs in Connecticut, which, in real terms, equates to enough power to serve nearly 1/3 of the state or over 1.4 million households.

NRG supports initiatives aimed at providing new, Connecticut-sited renewable and distributed energy options, and the associated, measurable benefits to Connecticut consumers. However, NRG opposes the provisions in H.B 5365 Sections 1 and 2, and H. B. 5362 Section 6 which grants electric distribution companies ("EDCs") the ability to own and operate generation facilities within the state on a cost of service basis, with no provision for competitive solicitation of the lowest cost generation options.

A well-designed competitive bid process is the best way to ensure that generation projects that have the potential to provide the greatest benefit to consumers are allowed to achieve their potential by being built. A competitive RFP process for renewable generation, such as The Connecticut Clean Energy Fund's Project 150 program, allows the state to choose renewable energy generation projects

based on need and ratepayer benefit. Another alternative would be a DPUC-managed RFP process in which the EDCs would compete directly with competitive, renewable generators for long term contracts. In fact, as directed by legislation that passed in 2007, the DPUC recently completed a successful RFP process in which the EDCs competed directly with competitive generators for cost-of-service based long-term contracts for peaking generation. The DPUC approved nearly 700 MW of new, peaking capacity in this process, including 400MW of peaking generation through GenConn, a 50/50 partnership between NRG and United Illuminating

A competitively bid procurement process is the best way to insure that ratepayers get the most cost-effective and efficient renewable generation. If utilities choose to compete in this process, they must compete on a level playing field with competitive generation providers. By establishing a level playing field – and one which evaluates projects by comparing their ultimate long-term benefits to consumers, the state can have confidence that Connecticut has chosen the best renewable project for the job. Allowing the utilities to develop generation outside of a competitive process is not in customers' best interest because customers cannot be sure that the market for generation has been fully explored without such a process. As NRG has learned from its participation in the solicitations that resulted from the 2005 and 2007 legislation, competitive solicitations in Connecticut yield robust bidding by a variety of entities, and provide Connecticut with many options from which the best projects may be chosen.

NRG strongly suggests that the legislation be modified to allow all companies the opportunity to bid on the renewable and distributed generation projects contemplated in the legislation. The solicitations would be structured such that awarded projects receive a fixed price or cost of service contract – as was done in 2007. Either way, customers will have the benefit of multiple projects (not just the state's two utilities) from which to choose.

Thank you for the opportunity for NRG to provide comments.