

**Testimony of**

**The United Illuminating Company**

**Before the Energy & Technology Committee**

**Re:**

**Raised House Bill No. 5465**

**AN ACT CONCERNING THE DEVELOPMENT OF GREEN JOBS**

**Legislative Office Building**

**March 9, 2010**

Good afternoon, Senator Fonfara, Representative Nardello and members of the Energy and Technology Committee. My name is Alan Trotta, and I am the Manager of Wholesale Power Contracts for The United Illuminating Company (UI).

Raised House Bill No. 5465, An Act Concerning the Development of Green Jobs (the Bill), targets the development of green jobs through a variety of mechanisms. While UI is supportive of the State's efforts to stimulate the growth in green jobs, there are 2 aspects of the Bill that UI opposes. First, UI opposes the aggressive increase in Class III Renewable Portfolio Standard (RPS) requirements contained in Section 17 because this increase would impose an additional cost burden on customers without any assurance that the dollars would flow to programs that maximize customer benefits. Second, UI opposes the changes in Section 6 because they are premature given that the Electric Vehicle Infrastructure Council will not deliver its final report on appropriate incentives and grants for electric vehicles until September 1, 2010.

**1. The increased Class III RPS requirement will have a substantial cost impact on customers.**

The Bill increases the Class III RPS requirement from 4% to 20% by 2020. The potential cost impact of this increase is shown in the table below. Calculations illustrate the impact of the increase at the 1 cent per kWh floor price for Class III RECs, and the 3.1 cent per kWh price cap. For comparison purposes, the table also shows the gross cost impact of increasing funding to four high potential energy efficiency programs recommended by UI and The Connecticut Light & Power Company in the 2010 Integrated Resource Plan<sup>1</sup>.

	<u>At 0.1 Cent Floor Price</u>	<u>At 3.1 Cent Price Cap</u>	<u>2010 IRP Targeted DSM Expansion</u>
EDC Customer Load (MWh)	32,900,000	32,900,000	32,900,000
EDC Customer Load (kWh)	32,900,000,000	32,900,000,000	32,900,000,000
Increase in Class II Requirement (kWh)	5,264,000,000	5,264,000,000	N/A
Class III REC Price (c/kWh)	1.000	3.100	N/A
Total Dollar Increase	\$ 52,640,000	\$ 163,184,000	\$ 23,030,000
Unit Rate Impact (c/kWh)	0.160	0.496	0.070
Annual Residential Bill Impact (avg. 700 kW monthly usage)	\$ 13.44	\$ 41.66	\$ 5.88
Annual Commercial Bill Impact (avg. 11,207 kW monthly usage)	\$ 215.17	\$ 667.04	\$ 94.14
Annual Industrial Bill Impact (avg. 181,734 kW monthly usage)	\$ 3,489.29	\$ 10,816.81	\$ 1,526.57

<sup>1</sup> The Targeted DSM Expansion strategy from the 2010 IRP is comprised of four high potential initiatives addressing residential new construction "zero energy homes," residential cooling, various commercial and industrial (C&I) applications, and C&I chiller retirement. While the gross impact is a 0.07 cent increase in the System Benefits Charge, the net impact on all customers is likely an overall rate reduction after taking into account avoided generation costs.

Not only will the increase in the Class III RPS be expensive for customers, it will increase rates without providing any assurance that the increase would benefit customers. The Targeted DSM Expansion strategy in the 2010 IRP targets specific high potential programs that maximize economic benefits to all customers. The increase in the Class III RPS will not be selective with respect to program or technology benefits, and could result in a dilution of customer benefits.

## **2. The changes in Section 6 are premature.**

Section 6 of the Bill expands the use of Renewable Energy Investment funds collected to include transportation projects, such as those supporting plug-in hybrid vehicles (Line 170). UI believes the timing for allocating these funds is premature because the Electric Vehicle Infrastructure Council, formed by Governor Rell under Executive Order 34, is tasked with proposing appropriate incentives and grants for electric vehicles. The fifteen-member Council, made up of various representatives from the public and private sector including The United Illuminating Company and the Connecticut Clean Energy Fund, will make recommendations on how electric vehicles can have the most positive impact in Connecticut in a final report to the Governor on September 1, 2010.

## **3. Coordination of green job training is appropriate**

Energy efficiency and renewable energy projects are increasingly important vehicles to maintain our natural resources, reduce climate change and create local jobs. Having a workforce that possesses the skills required to design and install these technologies is a critical component of that. This bill would provide a coordinated effort to provide training for green jobs. We support this approach to providing this training in an organized manner.