Connecticut Fund for the Environment

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Energy & Technology Committee
Public Hearing
March 16, 2010

Submitted by: Charles J. Rothenberger, Staff Attorney

Regarding:

S.B. 463, AN ACT CONCERNING FINANCING OF ENERGY EFFCIENCY AND RENEWABLE ENERGY

Connecticut Fund for the Environment ("CFE") is a non-profit environmental organization with over 6,500 members statewide. The mission of CFE is to protect and improve the land, air and water of Connecticut and Long Island Sound. For more than twenty-five years, CFE has used legal and scientific expertise to bring people together to achieve results that benefit our environment for current and future generations.

Senator Fonfara, Representative Nardello and Members of the Committee, Connecticut Fund for the Environment is pleased to have the opportunity to comment on HB 5505, An Act Concerning Electric Rate Relief.

Connecticut Fund for the Environment wholeheartedly supports the goal of this legislation, increasing the available financing for energy efficiency and in-state renewable energy resources. Retaining our commitment to increasing the development and deployment of renewable energy resources is a critical element to securing our nation's energy independence, to meeting our state climate reduction goals and to fostering green renewable energy businesses in the state

While applauding the goals, however, we have some concerns regarding the mechanism through which the "energy savings infrastructure loan program" is financed. If I understand the mechanism accurately, it would appear to reduce the state's Renewable Portfolio Standards targets and uses the money that the utilities calculate would otherwise be used to meet the incremental RPS level to fund the loan program. I confess not to know what all the consequences of such a change might be, but at first blush this could pose several issues. First, it would reduce the floor that we have established with respect to renewable energy and devote funds to both efficiency and renewable projects in the state, thereby diluting the support for the development and deployment of renewable energy resources. Second, even if the entirety of the monies were devoted to only renewable projects, there is no MW or percentage target for the program, so less renewable energy might be developed as a result, particularly if the program diverts resources from low cost regional renewable resources to higher cost in-state alternatives.

If the goal is to commit some percentage of the RPS requirements to in-state renewable energy resources, perhaps a straight-forward carve out from the existing RPS targets for in-state resources would be a better approach.

I also have some specific comments regarding individual sections of the bill.

Section 3 (d) requires that loan recipients provide periodic evidence that the installed measures are operating as intended during the term of the loan and makes the full amount of the loan immediately due upon a determination that measure is not so operating. While CFE believes that measurement and verification are important elements in ensuring the quality of work that will be performed, as written this could be impractical, particularly with respect to energy efficiency retrofit work, and may be unnecessary since the owner of such measures has an independent economic incentive to ensure that they are realizing the optimal energy benefit. For some measures, it may be sufficient to require professional certification that the work was performed to the intended design specifications.

Section 3 (e) allows for on utility bill repayment options, allows for the transfer of outstanding loan balances to a subsequent owner of the improved property, and ties the repayment period to either the payback period of the installed measure or the useful life of the measure. All of these are good design elements. I would urge the committee to think about whether the language allowing for loans to be, in effect, tied to the meter should be strengthened to encourage residential customers to make improvements, the payback period of which may be longer than the customer intends to remain at the property. Since the subsequent owner would reap the energy befits of the installed measure, it would be logical for the payment obligation to transfer as a matter of course.

Section 3 (h) allows the electric distribution companies to explore additional funding sources for the energy savings loan program, including the American Recovery and Reinvestment Act, federally mandated congestion charge, forward capacity market revenue and Regional Greenhouse Gas Initiative auction revenues. I would respectfully suggest that perhaps these funds could be leveraged to provide the foundation for a robust statewide energy efficiency and renewable energy loan program without the necessity of reducing the state's RPS targets.

In conclusion, CFE fully supports increasing financing opportunities for energy efficiency and renewable energy projects in Connecticut, but has some questions, if not necessarily all the answers, regarding the appropriate mechanism through which such financing should be achieved.