



# CLEAN WATER ACTION

CONNECTICUT

March 21, 2010

To: The Honorable Members of the Finance Committee

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Written Testimony in Opposition to SB 484, AN ACT CONCERNING THE GOVERNOR'S REVENUE PLAN.

[www.cleanwateraction.org/ct](http://www.cleanwateraction.org/ct)

Clean Water Action is a non-profit organization with one million members nationwide and more than 25,000 members in Connecticut. Our Hartford-based staff works with local groups and citizen leaders on issues affecting our health, environment, and quality of life. We have worked on energy at the state and community level in Connecticut since 1998.

### **Proposed Ratepayer Tax Costs the State**

We respect that the governor and legislature have the prerogative to raise taxes, but this is one of the worst ways you can do it. First, utility bills are a regressive tax collection vehicle as the effective rate is actually lower for customers who use more energy. There is no adjustment to rates based on income.

Second, funding the state budget deficit out of clean energy program budgets is a tax shift that costs the state an estimated \$5 to \$8 dollars in economic activity for every \$1 going into the General Fund. The Efficiency Fund and Clean Energy Fund are both effective in helping businesses, households and municipal government reduce their fossil fuel use. These programs keep dollars from leaving the state economy to purchase imported fossil fuels and redirects this money into tax-generating state clean energy and energy efficiency industries. In addition, people use the dollars they would have spent on imported fossil fuels to purchase Connecticut goods and services, further increasing the state domestic product.

Thirdly, raiding the funds raises electricity rates as low-cost efficiency measures are replaced with higher cost generation, and takes away the only options struggling households, town governments and businesses have to control energy costs.

### **Circumstances of 2003 Raid No Longer Valid**

The situation with the two funds today are far different than when Governor Rowland raided them in 2003. The programs were relatively new then, underdeveloped, and had surplus money in their accounts. Programs like Home Energy Solutions, the CT Solar Rebate and the CT Solar Lease did not yet exist.

Today, both funds are mature and offer programs *as essential as power plants and transmission lines* for meeting the state's energy needs while keeping energy affordable for residents. Reducing our support for efficiency will force us to pay for dirty energy generation that is roughly four times the cost of efficiency.

Clean energy and energy efficiency programs *reduce the state deficit* by significantly cutting energy costs for public entities including schools. Efficiency and renewable energy keep dollars that would have been spent on imported fossil fuels in Connecticut's economy which have economic multiplier effects, and which employ local workers. **If the Finance committee wishes to maximize the use of these funds to reduce the state budget deficit it could require the funds prioritize**

**investments in public buildings.** This will yield more savings than diverting one dollar of fund money to reduce one dollar of the budget deficit.

### **Efficiency and Clean Energy Only Tools Able to Roll back Recent Bill Increases**

Over the past decade, CL&P and UI customers have been hit with a near doubling in the cost of electricity, driven higher by rising fossil fuel prices and changes in market structure. Our energy programs help real people—they keep customers from going into default on utility bills, aid businesses poised to move out of state, and are the *only tool we have today to help individual families and businesses roll back massive bill increases over past few years.*

### **CT Energy Efficiency Fund Programs are real and wildly popular**

1. **Home Energy Solutions-** started in 2007, this in-home weatherization program serves 15,000 homes/year and was free until late 2008, but its popularity and funding shortfalls led to the institution of a \$75 co-pay. This program provides direct and substantial efficiency upgrades including the sealing of air leaks, duct sealing, free efficient light bulbs, and coupons for insulation and appliances.
2. **UI Helps and WRAP** are similar programs in scope to Home Energy Solutions but are offered at no cost to those most in need. In 2007, they helped almost 15,000 low-income customers throughout CT saving them \$27.5 million on electric, natural gas and heating oil. These dollars are dollars the state will not need to spend on direct energy assistance.
3. **Small Business and Municipal programs** provide free energy audits to identify opportunities to upgrade lighting, air conditioning and other systems as well as 0% interest financing. Cuts would delay efficiency help for towns and businesses who need it now.

### **Clean Energy Fund Programs**

Fuel-free renewable energy technologies like solar and wind power can enable their hosts to lock in their electricity rate for the life of the system (up to 25 years.)

1. **Solar rebate program-** in the past few years this program has supported almost 800 residential solar PV installations with 24 solar companies now doing business in Connecticut, making it one of fastest growing solar markets in country. A lack of funding is already hurting the solar rebate program- CCEF ended the solar rebate program for commercial buildings in 2009 due to funding shortfalls, and suspended the CT Solar Lease program indefinitely. There is a significant waiting list for solar for schools and other public buildings.
2. **Solar Panel Incentives for towns-** Since 2005 the Clean Energy Fund has provided incentives for towns that make clean energy purchases in the form of small solar PV systems. Many towns have put them on schools and used a free curriculum from the Clean Energy Fund to teach ninth grade science students about clean energy.
3. **Community clean energy innovations grants-** since 2005 the Clean Energy Fund has offered \$4000 clean energy education grants to many of the 96 communities which have joined the municipal 20% by 2010 Clean Energy Communities program. Grants have gone to school groups and local civic groups like the Boy Scouts to encourage residents to sign up for clean energy.

Respectfully,

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