



# Southport Power<sup>LLC</sup>

Integrated Energy Solutions

March 14, 2011

Mr. John W. Fonfara, Co-Chair  
Ms. Vickie Orsini Nardello, Co-Chair  
Energy and Technology Committee  
Legislative Office Building, Room 3900  
Hartford, Connecticut 06106

*Via Electronic Mail*

Re: TESTIMONY - AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE (SB1 2011)

Dear Committee Co-Chairs:

The Committee has afforded parties the opportunity to comment on the reasonableness of Senate Bill 1. First, the Committee should be recognized for addressing Connecticut's energy future in a practical and comprehensive manner. Please accept this letter as Southport Power's ("Southport") testimony in support of this timely and reasonable legislation.

Southport is a Connecticut company that develops and manages solar projects greater than 1 MW in size. Since 2006, we have been developing 2 and 5 MW solar projects in Connecticut, Vermont and other states. These utility-scale solar projects use between 15 and 50 acres of land, cost between \$10 MM and \$25 MM dollars, and create between 50 and 200 local jobs. On a daily basis, Southport speaks with utilities, investors, landowners and solar equipment makers about solar electricity. Southport also follows what is going on with solar projects and policies in other states and countries.

By providing predictable wholesale electricity costs and low-impact deployment, solar can play a major role in Connecticut's energy future. While not a "perfect" energy solution, improvements in solar technology, increased solar panel supply, high unemployment and lower real estate prices make utility-scale solar even more sensible than before. What is more, solar systems 1 megawatt or larger offer "economies of scale" enabling lower installation costs - up to a 25% savings compared to smaller (i.e. residential) solar systems. In short, utility-scale solar plants installed in Connecticut offer many long-term benefits, including:

- ✓ clean and locally produced energy;
- ✓ predictable pricing, not based on oil, natural gas or coal;
- ✓ electricity during peak demand, (i.e. high price periods);
- ✓ tax revenues from property and other taxes;
- ✓ job creation, up to 50 clean energy jobs per megawatt;
- ✓ economic development;
- ✓ in-state investment options for the financial and insurance industries;
- ✓ environmental attributes, and,
- ✓ low aesthetic, neighborhood and environment impacts.

In general, Southport views this legislation as a positive step forward. Specifically, Southport recommends further refining the Bill to:

- (a) increase the program size;
- (b) accelerate the implementation timeframe; and,
- (c) include further incentives for independent power producers and the local financial community to participate in a meaningful way.

In particular, the comments below highlight detailed Sections:

**Section 57**

- (a) Increase program size to 60 megawatts from 30 megawatts; and, Implement in 5 years or by 2016, currently 10 years or 2022.

**Section 58**

- (a) The existing electric companies are not experts in developing and constructing solar generation. Rather than each electric company develop and implement a solar procurement plan for 1 or more long-term power purchase contract, allow the Department of Energy and Environmental Protection to license a non-profit facilitator to hold a lottery for, contract with private developers and administer with each electric company, on a pro rata share, of no less than 50 MW of new solar plants. This approach has worked very successfully in Vermont and Ontario, and should be modeled in Connecticut.
- (c) Remove cap of \$350 per megawatt, let the SREC market set prices.

**Section 59**

- (a) Implement in 5 years (i.e. 2016), currently 10 years or 2022.
- (f) Move all dates in this Section up twelve months.

**Section 61**

- (a) Use a neutral facilitator (i.e. VermontSpeed.com or Ontario solar program) rather than empowering the electric distribution company, to set policy. Distribution companies have a conflict of interest with private solar developers, and a neutral third party needs to administer.
- (c) Increase the cap to 150 megawatts, from 50 megawatts. Why? Large solar systems are significantly more efficient; these plants cost less per watt to install, create more jobs and economic development.

- (e) Allow electric distribution companies ownership of solar facilities up to one-fifth of their proportional share, and earn up to a ten percent investment return, not eight. A 10 percent return reflects the ideal investor return, enabling these projects raise funds. Create a state tax grant or special incentive to encourage distribution companies to purchase privately developed solar systems within the first seven years of the asset's life. The distribution companies are the best long term operators of these solar plants.

#### **Other**

Create investment incentives for investment by Connecticut insurance, financial and hedge funds and other local investors. For example, establish a Connecticut Limited Master Partnership ("LMP") for investments into solar assets, similar to oil and gas LMPs.

Virtual net meter - allow solar electricity created at one site in Connecticut or in an ISO-NE state to be used at another location.

In sum, it is not premature for the Committee to increase the size of the solar caps, accelerate the timing elements required by the Bill, as well as expand the market for independent power producers, equipment makers and finance partners. At the end of the day, the refinements advocated above would make Connecticut's solar program close to 2% of our energy needs, compared to the proposed 1%. Relatively to other energy sources, two percent can be achieved in an economical and expedited manner, with many upsides enabling a strong energy and economic future for Connecticut.

Southport very much appreciates the opportunity to offer comments on the matters before the Committee at this time. Should you have any questions concerning this filing, please do not hesitate to contact me. In the meantime I remain,

Respectfully yours,

**/s/ Gabriel M. Selig**

Gabriel M. Selig, Esq.  
CEO  
Southport Power, LLC  
402 Pequot Avenue  
Southport, Connecticut 06890-0074  
e: gselig@southportpower.com