Connecticut General Assembly

Before the Joint Committee on Energy and Technology

Written Testimony

of

Renewable Energy and Efficiency Business Association, Inc.

("REEBA")

In Support of

SB 1 – An Act Concerning Connecticut's Energy Future

Raphael Herz, REEBA Chair

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REEBA is Connecticut's renewable energy and efficiency business association dedicated to promoting the sustainable deployment of renewable energy, demand-side-management, and energy efficiency in Connecticut, and to providing its members with a unified voice for advocating for sound public and regulatory policy advancing renewable energy, demand-side-management, and energy efficiency. REEBA represents Connecticut's clean energy industry, an industry that is growing clean energy jobs, and that offers clearly visible, near-term potential for strong job growth at a time when it is so desperately needed in the State.

REEBA, as a professional and trade association, aims grow the clean energy industry, keeping in close mind the objectives of Connecticut's public and corporate entities, and Connecticut's

families to conserve funds during tough economic times and use resources wisely. While we are here in front of you today representing our industry, we so strongly recognize that our customers' needs are what keep us in business, and keep our clean energy workforce employed.

REEBA is based out of Hartford, and has member~~s~~ companies that range from small family businesses to large Fortune 100 corporations.

My name is Raphael Herz, and I am the chair of REEBA. I am employed with Johnson Controls, which has several offices and a strong workforce in the state. On behalf of REEBA, I am pleased to provide the following comments on draft bill SB 1 – An Act Concerning Connecticut's Energy Future.

REEBA supports the bill. The draft Act is ambitious, and Senator Fonfara, Representative Nardello, and rest of the General Assembly should be lauded for the terrain that the Act covers. It is truly remarkable, and clearly seeks to catapult Connecticut to be the rightful leader in the energy industry, and, most importantly, it is legislation that will make a difference to Connecticut corporate and public entities, and to our families. We commend you for bringing forth a bill that will move our state to a sustainable energy future.

The bill embarks on changing the way the Executive Branch views, administers laws and policies of the Connecticut energy landscape. These changes are much needed and provide the foundation for effective policy-making in the energy arena.

We strongly support your efforts to accelerate Connecticut's commitment to renewable energy resources, like solar power. Connecticut currently has a tepid solar industry, fallen now into the bust-side of the boom-bust cycle. Sections 56 through 63 propose market-based incentives to develop hundreds of megawatts of the solar generation capacity across the State. We support the provisions, and remind the Committee and the General Assembly that, successful governmental solar programs have had strong elements of Transparency, Longevity and Certainty, as these elements drive sustainable business and investment decisions in the clean energy space.

We are pleased to see the 15-year utility contracting provision. Long-term contracting brings certainty to investment decisions, and we observe that long-term contracting is requisite for the renewables business to flourish, and bring the rewards that Connecticut so desperately needs and wants. Likewise, developing a standard offer for production from large grid-connected solar energy generation is likely to achieve significant results and clean energy benefits to the state.

In these provisions, there is an item that gives us pause for concern, namely, that the utility SREC solicitation period is reduced to 5 years. This notion in contra to the element of longevity, and will have a net result of significantly reducing the market impact as investors will shy away. Allow longer-term periods, such as 10-year window, and allow the Department and the Bureau to develop

regulatory schema that protect ratepayers ~~for~~ from excessive burdens in the out years.

We caution you about the notion of setting forth an SREC price threshold. The intent is laudable, as it gives certainty, yet it may have some unintended consequences resulting from gaming and presenting utility companies with a risk-reduced decision to choose the alternate compliance path.

We encourage you to work with us and our colleagues in the clean energy space, and the Department and Bureau, to develop a robust SREC program that addresses these items. We suggest that such details should be the Department's assignment, subject to this committee's oversight, as we find that the energy field is ever-changing, and setting forth such specific thresholds may be counterproductive to the legislative intent.

We support and are encouraged by the in-state manufacturing incentive programs, and the notion of a self-sustaining market for solar thermal. We feel that the solar thermal program needs to be bolstered, so that Connecticut thinks immediately of solar resources for thermal uses as it considers other fossil fuel based thermal energy use. We urge the Committee to work with REEBA and its industry to improve the opportunity for solar thermal use in the state.

Another item of concern, as you have heard from many others before me, is in Section 8 of the bill. To allow this provision of large existing hydropower to qualify for Class I Renewable Portfolio Standard credits would simply undermine the intent of the

remaining renewable energy provisions of the bill. The net effect would be that the state would increase its reliance on out of country energy resources, and would not see the renewable energy capacity investments, and would not see the direct clean energy workforce development and growth, as these potential jobs would be sourced to regions beyond Connecticut's borders. REEBA encourages you to reconsider this change, and to return the original Class I definition. We wish to work with you to ensure the integrity of the Connecticut RPS.

We support the intent of municipalities to engage in performance-based contracts to reduce energy, water and other utility-based operating costs. We believe that the intent of section 74 can be significantly strengthened, by opening the opportunity for performance-based contracting to all Connecticut governmental entities, and by facilitating such contracting through standards in procurement, allowing for the purchase of a "program of services" including design and construction work that is primarily intended to reduce resource consumption and increase distributed clean energy generation.

We suggest that you consider facilitate a schema that allows governmental entities to issue a request for qualifications, including a description of the services to be procured, and facility profiles with recent accurate energy, water and other utility consumption data for the most recent 2-year period, stated objectives for the program, a list of building improvements to be considered or required and a statement as to whether the proposed improvements

will generate sufficient energy savings to fund the full cost of the program.

Such an entity can then evaluate qualified providers to determine which best meets the needs of the public entity, and select a subset of respondents that the entity considers to be the most highly qualified to perform the required services.

The governmental entity can then negotiate a contract with the most qualified party at compensation which it determines is fair, competitive and reasonable. If the public entity is unable to negotiate a satisfactory contract with the person considered to be the most qualified at a price that the entity determines to be fair, competitive and reasonable, negotiations with that party will be terminated, and negotiations with the second most qualified party begins, and so on, until a contract is executed.

In addition, the newly created Department of Energy & Environmental Protection Bureau of Energy should provide consultative services to governmental entities, such as guidance on the process and draft procurement documents.

The effect on such a schema will allow private parties to make investments in performance-based contracts, allow public entities to achieve cost-reduction, wise resource use, and asset renewal, all of which are sorely needed today. It will contribute to the development of Connecticut's clean energy workforce.

REEBA strongly supports the goals of SB 1. We thank you for the opportunity to offer these comments to improve Connecticut's Clean Energy Future.