



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

**Testimony of Kevin R. Hennessy
Assistant Counsel
Connecticut Business & Industry Association
Before the Energy & Technology Committee
February 10, 2011**

My name is Kevin Hennessy. I am assistant counsel for the Connecticut Business and Industry Association (hereinafter "CBIA"). CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. Approximately 90 percent of our member companies have fewer than 50 employees. All of our members are energy consumers and rely on energy for their respective day-to-day operations.

When debating energy policy, Connecticut needs to *prioritize* what it wants to achieve: reduced rates, reduced overall cost, increased environmental benefits or increased economic development. For the business community the choice is easy – reducing overall cost for energy has to be the priority.

It is paramount that Connecticut considers cost implications when adopting energy policies. Connecticut pays some of the highest energy costs in the country. Adopting policies that will increase those already high costs is not something Connecticut's consumers can afford.

P-SB 200, *AA Establishing Geothermal Renewable Energy Credits*, would create a market for geothermal energy credits and allow utilities to purchase such credits and apply them towards the renewable energy portfolio standard (RPS).

Although CBIA supports renewable energy, it is expensive (see Appendix A and B). Further, Connecticut's ratepayers already invest heavily in clean energy via the RPS, the Regional Greenhouse Gas Initiative (RGGI) and the Connecticut Clean Energy Fund. Additionally, the proposed bill selects "winners" and "losers" by promoting one technology rather than allowing all technologies to compete. Finally, the proposed bill raises multiple questions. It calls for applying the Geothermal Renewable Energy Credits (GREC) to the states RPS. Currently, Connecticut's RPS does not classify geothermal as a Class I, II or III resource. Connecticut's RPS applies to electric resources and electric utilities. Thus, it is uncertain whether the GREC market could qualify for Connecticut's RPS.

For the aforementioned reasons, CBIA encourages the Energy & Technology Committee to reject **P-SB 200**.

Appendix A

CT Renewable Portfolio Standards

Year	Class I	Class II or Class I (add'l)	Class III Program	Total	Estimated Annual Costs \$ Millions	
					Low	High
2005	1.5%	3%		4.5%	13.6	30.7
2006	2%	3%		5%	16.1	37.8
2007	3.5%	3%	1%	7.5%	30.4	66.7
2008	5%	3%	2%	10%	44.5	99.4
2009	6%	3%	3%	12%	55.4	121.2
2010	7%	3%	4%	14%	66.3	143
2011	8%	3%	4%	15%	72.6	160.3
2012	9%	3%	4%	16%	79.1	178
2013	10%	3%	4%	17%	85.1	194.6
2014	11%	3%	4%	18%	91.3	211.8
2015	12.5%	3%	4%	19.5%	100.7	237.5
2016	14%	3%	4%	21%	110.6	264.6
2017	15.5%	3%	4%	22.5%	120.1	290.7
2018	17%	3%	4%	24%	130.8	319.8
2019	19.5%	3%	4%	26.5%	148.2	637.1
2020	20%	3%	4%	27%	152.9	379.7

22

1

¹ Electric Rates in Connecticut, Kevin M. DelGobbo, Chairman Connecticut Department of Public Utility Control, December, 2010.

Appendix B

Costs of Renewable Technology

Technology	Estimated Levelized Costs Cents/kwh	
Landfill Gas	5.6	
Biomass	11.0	<i>Today's power supply costs are in the range of 7-8 cents/kWh.</i>
Hydro	11.0	
Wind	11.2	
Fuel Cells	17.4	
Offshore Wind	19.9	
Solar PV	52.0	

Source: Integrated Resource Plan for CT (Jan. 1, 2010), prepared by The Brattle Group, Inc.; p. 3-30, Table 3.15

23

² Electric Rates in Connecticut, Kevin M. DelGobbo, Chairman Connecticut Department of Public Utility Control, December, 2010.