



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL

THE ENERGY & TECHNOLOGY COMMITTEE

Senate Bill No. 634 AAC FARM METHANE RESOURCES

February 10, 2011

TESTIMONY OF THE DEPARTMENT OF PUBLIC UTILITY CONTROL

The Department of Public Utility Control, (Department) appreciates the opportunity to comment on Senate Bill No. 634. Senate Bill No. 634 amends the statutes to require electric distribution companies to purchase any excess power produced from farm methane resources at a cost based rate. This proposal would also clarify existing statutory language as to what substances count as a Class I methane resource.

The Department notes that farm methane projects already receive several subsidies. They are a Class I resource and can sell their Renewable Energy Credits, (RECs). These resources may be eligible for grants from the Clean Energy Fund and they are eligible for net energy billing.

Under net energy billing, a customer can net their consumption against kWh's they produce from a Class I resource. This allows customers to essentially be paid the retail price of electricity, approximately 18 to 20 cents/kWh. Any excess consumption at the end of the year is paid the ISO-NE energy rate. This rate is currently approximately 6 to 8 cents a kWh. In addition, they can sell the REC's as a Class 1 renewable energy project.

This bill would require excess production to be purchased at the cost of the generator. The bill does not indicate whether all the power would be sold to the utility under the tariff or whether the customer would first offset their usage by net energy billing. The Committee may wish to consider whether a policy regarding the purchase price for excess power after net energy billing and/ or the policy for a feed in tariff for all generation produced from a renewable resource should apply to all renewable resources not just methane. As currently proposed, this bill would be a departure in Connecticut's practice in clearly picking a specific resource to be eligible for additional incentives.

The Committee may also wish to provide clarification on whether all other revenues and subsidies such as grants, REC's and tax incentives should be considered when developing feed-in rates.

Lastly, the committee may want to consider the appropriateness of setting a cap on the amount of power that will be purchased and the amount ratepayers will pay in subsidies over a specific period of time to limit the rate impact on customers.

The Department thanks the Committee for this opportunity to testify and is ready to work with this Committee on this matter.