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**TESTIMONY OF ENE (ENVIRONMENT NORTHEAST)
TO THE ENERGY AND TECHNOLOGY COMMITTEE**

**S.B. No. 1079 (RAISED) AN ACT CONCERNING OPERATIONS OF PUBLIC
SERVICE COMPANIES**

March 3, 2011

Good afternoon Senator Fonfara, Representative Nardello and members of the committee. My name is Jamie Howland, and I am a Policy Analyst for ENE (Environment Northeast), a non-profit research and advocacy organization that focuses on energy, air quality and climate change solutions for New England and Eastern Canada. ENE appreciates the opportunity to provide testimony to the Energy and Technology Committee on *S.B. No. 1079 (RAISED) AN ACT CONCERNING OPERATIONS OF PUBLIC SERVICE COMPANIES*.

As my colleague, Joyce Kung has testified, ENE strongly supports Section 1 of the bill which would mandate that the DPUC decouple distribution revenues for natural gas and electric distribution companies from sales.

With regard to Section 2, ENE does believe that the electric distribution companies should be more involved in determining how we most cost-effectively achieve the RPS in the manner that most benefits Connecticut citizens. The CEAB has contracted for an analysis of the State's RPS and the findings of that study should be used help inform policy development with regard to the RPS going forward.

While we do not support granting broad authority for the utilities to build large scale renewable generation on a cost of service basis because such incentivizes maximizing the size of the capital investment rather than providing renewable energy at the lowest cost, we would support utility ownership and RPS contracting if done within a construct that provides for the following:

- Direct the DPUC to open a planning docket to evaluate RPS needs and options for long-term contracting on behalf of all ratepayers. In order to minimize disruptions to the REC market, the DPUC should determine the maximum portion of the incremental RPS increase for which utilities should be permitted to contract; the DPUC would then issue a RFP for that amount
- Up to the incremental RPS requirement in any given year could be owned/contracted by the utilities on behalf of all ratepayers, and costs would be recovered using a non-bypassable charge. The DPUC would review any contract to ensure it benefits customers
- The RPS obligation of all load serving entities in the State would then be reduced in proportion to that contracted amount

- In evaluating contracts, preference should be given to those that include energy and its attributes (RECs) so as to provide a hedge against rising energy costs, even if the energy is then resold into the spot market
- Utilities as well as other entities would be allowed to propose projects
- All proposals should be evaluated on a common net-present value or \$/MWh basis that compares the cost of utility rate basing to any competitive supplier option
- Any proposed utility ownership structure or contract that is not a fixed \$/MWh contract, should be structured in a manner that aligns utility incentives with maximizing delivery of renewable energy at a reasonable cost

In pursuing this or any other proposal relating to meeting the State's RPS we would urge policy makers to do so as much as possible in coordination with our neighboring states as envisioned by the New England Governor's blueprint and in a manner that is consistent with the New England States Committee of Electricity (NESCOE) plans and discussions.

With regard to Section 3 of the bill, we would recommend that it only embrace renewable distributed generation or CHP. Any rate based utility owned generation should conform to the standards outlined above.

Thank you for the opportunity to testify.

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