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CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

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My name is Kevin Hennessy. I am assistant counsel for the Connecticut Business and Industry Association (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.

Thank you for the opportunity to comment on:

- **SB-1141**, AAC Net Metering

SB 1141, *AAC Net Metering,* allows for the "virtual" net metering of electricity from Class I renewable sources. That means that any surplus electricity generated by a customer's on-site renewable distributed generation can be "virtually" applied to another customer account. A credit equal to the retail cost per kilowatt hour the customer may have otherwise been charged will be granted. At the end of each calendar year, the customer host for any unassigned virtual net metering credits will be compensated at the retail rate of electric power generation.

As drafted, CBIA has concerns about the bill. First, allowing excess generation to "virtually" cover another customer fails to recognize that electric bills encompass much more than the generation charge. There are transmission, distribution and various system benefit charges that are part of every customers' electric bill. The transmission and distribution charges cover the cost of the poles, wires, transformers, substations, etc. that are necessary to cover electric demand and maintain a reliable system. The "virtual" net metering language would allow some customers to avoid these additional charges. That means that every other customer in the system, from low-income residential to the largest industrial user, will subsidize these costs.

Additionally, CBIA is concerned with the "virtual" net metering credit language. At the end of the calendar year, the electric distribution company compensates the customer host

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for any unassigned virtual net metering credits "at the retail rate of electric power generation." It is unclear what the "retail rate of electric power generation" is. Currently, there are multiple retail rates. There is a standard service rate, a supplier of last resort rate and numerous competitive supplier rates. It appears more appropriate to compensate a customer host at the avoided cost of wholesale power rather than the potentially inflated retail rate.

CBIA understands the intent of the "virtual" net metering bill – to increase incentives so we have more Class I renewable resources. However, as with all energy policy, this requires a cost-benefit analysis. Connecticut customers already invest heavily in renewable resources. Some examples include the annual approximately $30 million dollars for the Clean Energy Fund, we have the most aggressive Renewable Energy Portfolio Standard in New England, we participate in the carbon cap and trade Regional Greenhouse Gas Initiative (RGGI). All of these initiatives cost electric ratepayers in Connecticut. Adding on to customers currently high costs is counter to what Connecticut's customers and elected officials want. For the aforementioned reasons, CBIA opposes moving forward with **SB-1141** as drafted.