

**Testimony  
of  
UIL HOLDINGS CORPORATION  
Before  
The  
ENERGY AND TECHNOLOGY COMMITTEE  
Re  
RAISED BILL No. 1141  
AN ACT CONCERNING NET METERING**

**March 8, 2011**

Good afternoon Senator Fonfara, Representative Nardello, members of the Energy and Technology Committee. My name is Michael A. Coretto – Associate Vice President – Regulatory Affairs for UIL Holdings Corporation. UIL Holdings Corporation (“UIL” or the “Company”) submits these comments on Raised Bill 1141 – AN ACT CONCERNING NET METERING.

This raised bill is very similar to 2010 Raised House Bill 5364, which the Company testified on during last year’s legislative session. UIL remains concerned that passage of RB 1141 will result in a shift of costs to support the transmission and distribution system from customers who participate in net metering to those who do not. The result is that rates will go up for non-participating customers.

The language of the proposed legislation would allow any beneficial account to receive credit for all current retail charges on their electric bills associated with the generation from the virtual net metering facility. The result is that both the customer host *and* all designated beneficial accounts receive credit for their competitive transition assessment (CTA) charge, systems benefits charge (SBC), conservation and load

management (CLM) charge, the renewable energy investment (REI) charge, along with their transmission and distribution (T&D) charges.

The result is a form of retail wheeling. The T&D system is clearly being used to “wheel” power from the generating facility to the beneficial accounts, wherever their location within the service territory. However, those accounts would not be paying for their use of the system. Since the infrastructure of the electric system is unchanged, the costs to support that system that are not recovered from the host and beneficial accounts are shifted to other retail customers.

However, there is language in the proposed bill which seems to limit the credit for excess generation, that is, excess power generated by the virtual net metering facility that cannot be used by the host account or the beneficial accounts, to the applicable generation services charge (line 453-454). This is certainly a more equitable allocation of costs and benefits of these proposed facilities, but the reallocation of costs has already occurred – by allowing the beneficial accounts to be billed zero kilowatt-hours due to the generation at another location by another account.

The avoidance of the CTA and SBC charges for both the customer host and the beneficial accounts appears to be in conflict with other statutory language, specifically Sec 16-243(h) which obligates Class 1 renewable facilities to pay those charges on their gross generation, not on their net consumption. This statute was enacted to not allow customers to avoid paying their fair share of the support of the electric system and other public policy requirements.

There are other sections of the proposed bill that are also unclear as to the cost responsibility, and recovery, of “necessary interconnections” (line 432) and “metering equipment” (lines 434 - 435). Those lines obligate the electric distribution company to install these facilities but apparently offer no path to cost recovery. In essence, these facilities are being treated differently than other generating facilities, which bear the cost of many of the interconnection and metering facilities.

Finally, there are technical issues on how such a proposal could be implemented, given the current process for daily load settlement with ISO-NE. That process allocates all electric load within a distribution company’s territory to the various retail suppliers who may be serving customers. A cornerstone to that process is that each meter, or point of delivery, is a customer. That relationship is critical to allow the process to be completed within the deadlines established by the marketplace. The proposed bill would disrupt that relationship and creates a mismatch between the wholesale responsibility for load and the retail payment for load. In effect, certain suppliers will be allocated more (or less) load in the settlement process, creating either additional revenue or additional expense for those suppliers. There are also issues that, depending on the specific implementation plan, the sixty day notice for the designation of a beneficial account (Section 2c of the bill) may be insufficient to assure accurate billing.

Thank you for the opportunity to testify today, and I would be happy to answer any questions the committee may have.