It is crucial that Connecticut adopt a new approach to energy that would make our system more sustainable and will reduce our consumption and costs. With the adoption of SB No. 1 and the creation of DEEP, we will see a reduction in electric rates, an increase in renewable energy production, and the creation of sustainable jobs in the green energy market.

In conjuncture with my testimony regarding the future of Energy Policy in Connecticut, I will also want to provide testimony with regard to Electric Rate Relief for ratepayers.

Testimony on S.B. 1176, "AAC ELECTRIC RATE RELIEF"

Firstly, I commend the work of the Energy Committee and its chairs for sponsoring An Act Concerning Electric Rate Relief. SB 1176 seeks to reduce electricity rates, fund energy efficiency and renewable energy programs, and make contributions towards balancing the State budget.

This committee has carefully studied the issues that place our rate-payers at a disadvantage. The generation tax proposed is carefully crafted to prevent the passing of costs on to rate-payers. The same market rule that allows oil, coal and nuclear lower-cost generators to get paid the same price as the highest fuel—natural gas—protects the rate-payers. This is because even with the new tax added the generator's total cost falls below the market clearing price. The bill also creates a disincentive for generators of running dirtier generation during summer months when carbon emissions can be higher.

More importantly, the bill looks to make strategic allocations of the revenue generated. First, there is immediate rate-relief by doing away with the CTA surcharge on Connecticut Light and Power customers. Customers would see a savings of $ 2.50 per month or $30 per year—based on average use.

Second, the bill looks to direct more funds toward energy efficiency and renewable energy programs. Connecticut has become a leader in investing in energy efficiency. Through our programs we have saved rate-payers millions of dollars and according to the Connecticut Energy Efficiency Fund we have reduced carbon emissions by 415 tons per year. Another positive benefit of this investment is the further creation of jobs that has been fueled by our investments in energy efficiency.

Lastly, we cannot overlook the fiscal impact to our general fund. The bill's approach, through a generation tax, was not a seriously considered option at the time we had to close last year's budget gap using the CTA backed borrowing. This year we find ourselves with a greater challenge and need to address our problems of high rates and fiscal short-fall. A generation tax is a fairer approach and, in other forms, has the backing of our Governor.

Connecticut consumers continue to pay the highest energy rates in New England and among the highest in the country. We cannot allow this to continue. Residential

customers cannot afford it, and the high rates are a significant barrier to business expansion and job growth. Combined with our desire to fund energy efficiency and renewable programs and our need to address the state's budget deficit, I strongly encourage passage of this legislation.

(Wrap up)