

SB 1157- An Act Concerning the Restoration of the Energy Conservation & Load Management Fund

**Finance Revenue and Bonding Committee
Public Hearing
March 21, 2011**

Good Afternoon. Senator Daily, Representative Widlitz and members of the Finance Revenue and Bonding Committee, my name is Bob Ronan, Chief Operating Officer of New England Energy Management, Inc. I am here today in support of SB 1157- An Act Concerning the Restoration of the Energy Conservation & Load Management Fund.

Neem is an energy services company headquartered out of Danbury, and specializing in energy reduction measures for customers in all industry sectors. We employ approximately 30 administrative staff and electricians, and work, as well with a number of sales rep agencies who refer work in both the UI and CL&P territories, as well as local utilities. A risk of shut down due to lack of funds could result in layoffs in order to manage a reduced volume of business, that would not sustain our workforce levels, putting more strain in the State unemployment fund and most importantly put some of these families at risk. I don't need to tell anyone here how hard hit Connecticut was from the prolonged recession – and we see many good things ahead, if we can stabilize programs that work to drive business.

The diversion of funds from the rate payer funded Energy Efficiency programs threatens many companies in Connecticut. The Energy Efficiency programs create jobs as well as provide a tool for companies to lower their utility bills. The high cost of electricity in Connecticut is a problem, and these programs can assist companies in lowering their cost of doing business.

SB 1157 will restore some of the money that was to be taken to help with the state's deficit. This means a great deal for Connecticut residents and businesses. If the Connecticut Energy Efficiency Programs

(CEEF) were cut, many companies would be forced to consider layoffs. This would be a loss for the state and for businesses that are looking for ways to lower electric bills. The Connecticut Energy Efficiency Programs has a proven ability to reduce operating costs and improve productivity in Connecticut's commercial and manufacturing industries.

The environmental impact of energy reduction is well documented. I don't think anyone would dispute the value to our environment of the continuous work being done to reduce demand, as well as the strain on the grid.

Let's look at the economic impact from each million dollars of CEEF incentives.

The economic value contributes to our local economy in a variety of ways. Assuming a 40% rate on the incentive, that translates into roughly \$2.5 million in energy reduction projects.

State sales tax on any project results in 6% return to the on the overall project state value.

Customers benefit through the reduction in energy, and on average energy savings of 40% to 60% result in cost savings in the range of \$1 million annually. These savings can be reinvested in employees, capital needs or drop straight to operating income. In each case, the state benefits in the form of income tax, or sales tax on purchases of capital – as well as the local community impact on property tax revenue. Conservatively, the state and local community will see 6% to 10% in its coffers from the customer.

Vendors supplying materials account for roughly 40% to 45% of the total project value, or approximately \$1.0 million in material moving to an through the Connecticut infrastructure, employing folks in material small and large supply businesses across our state. This program supports those organizations and their employees, accounting for substantial percentage of materials sales in some cases

And of course the ESCO business across like neem the State that employ thousands of people and help customers with their energy solutions needs.

The resulting payroll contributions from employment in this industry is approaching better than 3,000. The overall energy services industry will be a high growth industry in the next decade and these funds will help establish that foothold for Companies in our state. These employees are contributing in state income tax and supporting their local communities as well. At the state level though, when you look at every million dollars granted in incentives through this fund, the state receives upwards \$350 thousand dollars in return revenue. That's a return on investment of 35%. I would ask if there is any sponsored program that is generating this kind of return. In business, I'll take that investment any time I can and I urge you to look careful at the downstream benefit in REAL revenue generation for Connecticut from these programs as you move this bill forward.

CEEF Programs support an energy that costs less, is cleaner for the environment, reduces the strain on our grid systems, creates thousands of jobs, saves Connecticut businesses and residential customer's money to re-invest in Connecticut, saves our natural resources and fossil fuels, has an immediate impact with long term results, and has a 4 to 1 return on investment. Today the Connecticut Energy Efficiency Fund is having a positive impact on CT's economy, environment, and electric grid. It is important to remember that energy efficiency is the easiest, most cost effective way to save money, create jobs that are lasting, reduce greenhouse emissions, and enhance energy security. These programs are a win win.

We urge you to support SB 1157. Connecticut residents and businesses will benefit. It is good for the economy in so many ways. The programs support and growing sector job market, and it also allows companies to have a tool to lower utility bill. Thank you for your time.