



CGA RAISED BILL 1157 – AN ACT CONCERNING
THE RESTORATION OF THE ENERGY CONSERVATION AND LOAD MANAGEMENT FUND
TESTIMONY OF THE ENERGY EFFICIENCY BOARD

March 21, 2011

To: Members of the Committee on Finance, Revenue, and Bonding

From: Richard Steeves, Chairman, Energy Efficiency Board

On behalf of the Energy Efficiency Board, I appreciate the opportunity to offer the following comments on Raised Bill 1157:

- The Board commends the effort represented by this bill to restore to the Energy Conservation and Load Management Fund (ECLMF) funds that were set aside in the 2010 budget bill to securitize bonds required to close the projected shortfall. As you know, approximately \$48 million was to be set aside for this purpose, about \$20 million in 2012 and \$28 million in 2013.
- Recognizing the overwhelming challenge the Legislature and Administration face closing the present budget gap without borrowing, I would note that the bill as written, while a positive step forward, does not appear to restore all of the funds that were set aside. Last year's budget implementer bill, SB 484, called for a combination of ECLMF and continued Competitive Transition Assessments (CTA) beyond their planned expiration. The \$28 million to be taken annually from the ECLMF was hard-coded into the bill, while the CTA was allowed to float depending on need. Therefore, while the amount needed for bonding appears to be less than planned, the ECLMF is still exposed to the same level of funding set aside or reallocation (\$28 million annually). The proposed legislation appears to address the problem of the hard-coded \$28 million by requiring that any surplus assessment for the bonding be transferred to the ECLMF. However, the amount of any surplus assessment is not clear at this time, and therefore the proposed legislation does not appear to restore all of the ECLMF funding that was set aside and reallocated.
- Cost-benefit analysis shows that for every dollar in ECLMF funds expended, consumers realize almost three dollars in benefits. Therefore, the loss of \$20 million in 2012 entails a loss of approximately \$60 million in benefits, and a loss of \$28 million in 2013 entails a loss of approximately \$80 million in benefits, for a total of \$140 million in lost benefits. These are dollars that consumers are then not able to spend in other ways to strengthen the level of economic activity in the state or sustain the modest number of green jobs created to date.
- Finally, I would like to point out that the Energy Efficiency Board is already hearing at its monthly meetings from contractors and vendors who provide energy efficiency goods and services to Connecticut residents, businesses and institutions that they are already contemplating reducing capacity and laying off employees by mid-year. As smart business people they have no choice when faced with an approximately 30% reduction in the revenue stream they rely on. Therefore, it is important to recognize that the loss of energy efficiency funds will have negative impacts on the level of economic activity, and specifically on private sector employment, as well.

The Board commends and appreciates the intent of the proposed legislation to restore funds for the ECLMF, and sees Raised Bill 1157 as a positive step forward. Further, the Board hopes the Committee will give serious thought to amending the proposed legislation to achieve full restoration of the planned cuts in the Energy Conservation and Load Management Fund.

Thank you for the opportunity to provide these comments to the Committee.