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Energy and Technology Committee

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Raised Bill 1079 - An Act Concerning Operations of Public Service Companies

NRG Energy, Inc. (“NRG”) is pleased to provide comments on Raised Bill 1079 - An Act Concerning Operations of Public Service Companies. My name is Jon Gordon, Manager of External Affairs for NRG. NRG is a competitive wholesale generator in Connecticut with power plants located in Montville, Middletown, Norwalk, Devon, Cos Cob, Torrington and Branford. In total, NRG operates over 2,000 MWs in Connecticut, which, in real terms, equates to enough power to serve nearly 1/3 of the state or over 1.4 million households.

NRG fully supports initiatives aimed at improving energy efficiency and providing new, Connecticut-sited renewable and distributed energy options that provide measurable benefits to Connecticut consumers. However, NRG opposes the provisions in Raised Bill 6459, which grant electric distribution companies (“EDCs”) the ability to own and operate generation facilities within the state on a cost of service basis, with no provision for competitive solicitation of the lowest cost renewable generation options. Unlike HB 6459 which was heard on Tuesday, NH 1079 does provide vague language alluding to the DPUC giving “other persons the opportunity to submit proposals” but then gives no detail on contract opportunities or cost recovery options available to other bidders – while going on to detail how the electric distribution Company would recover its costs.

A well designed competitive bid process that ensures an absolute level playing field for all bidders is the best way to ensure that generation projects that provide the greatest benefit to consumers

get built. A competitive RFP process conducted by the DPUC for renewable generation, allows the state to pick renewable energy generation projects based on need and ratepayer benefit. A clearly defined DPUC managed RFP process where the EDCs would compete directly with competitive renewable generators for long term contracts on a level playing field for cost recovery is essential. In fact, as directed by legislation that passed in 2007, the DPUC has completed a successful RFP process where the EDCs competed directly with competitive generators for long-term contracts for peaking generation on a cost of service basis. The DPUC approved nearly 700 MW of new peaking capability in this process, including 400MW of peaking generation through GenConn, a 50/50 partnership between NRG and United Illuminating

A competitively bid process is the only way to insure that ratepayers get only the lowest priced, most efficient renewable generation. In this way, the state will be able to select projects on the basis of their impact on prices and consumer costs, and Connecticut will get the benefit of knowing it has chosen the best priced offer for the type of generation needed. Allowing the utilities to develop generation outside a competitive process is not in ratepayer's best interest. as ratepayers cannot be assured that the lowest cost capacity is constructed. As we've seen from Project 150 and the solicitations that resulted from the 2005 and 2007 legislation, competitive solicitations in Connecticut yield robust bidding by a variety of companies and utilities, and provide Connecticut with many options from which the best projects may be chosen.

We strongly suggest that the legislation be modified to allow all companies the opportunity to bid equally on the renewable and distributed generation projects contemplated in the legislation, this way, ratepayers will having the benefit of multiple projects (not just the state's two utilities) considered.

Thank you for providing NRG the opportunity to provide comments today.