

Testimony
of
The United Illuminating Company
Re:
Raised Bill No. 1079
AN ACT CONCERNING OPERATIONS OF PUBLIC SERVICE COMPANIES
Energy & Technology Committee

Legislative Office Building
March 3, 2011

Good afternoon, Senator Fonfara, Representative Nardello and members of the Energy & Technology Committee. My name is Roddy Diotalevi and I am Senior Director of Client Services for The United Illuminating Company (UI), an operating company of UIL Holdings Corporation.

Thank you for the opportunity to offer UI's comments regarding Sections 2 and 3 of **Raised Bill No. 1079, AN ACT CONCERNING OPERATIONS OF PUBLIC SERVICE COMPANIES**. UI supports these sections of the Bill as a means to more quickly implement renewable energy projects and customer-side distributed resource generation facilities. Renewable energy is and will be an important part of Connecticut's energy mix and UI supports the advancement of such generation systems. This Bill seeks to promote development of cost-effective renewable generation by allowing the electric distribution companies to construct, own or operate renewable energy projects considered within a competitive process approved by the Department of Public Utility Control. Section 2 of the Bill requires the Department to offer an opportunity to other parties to submit proposals for a facility and to determine that EDC ownership of the renewable resource is in the best interest of the state.

In addition, Section 3 of the Bill allows for an electric distribution company to own and operate customer-side distributed generation (DG) resources with DPUC oversight. The customer in whose premises the DG facility is installed may enter into a contract with the EDC for the electric and thermal output of the DG unit. The customer would receive the benefits of the facility under a tariff designed to recover the investment and a reasonable return and approved by the DPUC. Under either scenario,

only the customer getting the benefits of a DG facility would pay the EDC. There would be no subsidy of the cost from other customers. Furthermore, this Bill will have a positive impact on creating jobs here in Connecticut in construction, trades and the technical and engineering fields.

Allowing electric distribution companies to have a leadership role in constructing, purchasing, owning, or operating renewable generation and distributed generation facilities, with the appropriate Department of Public Utility Control regulatory oversight, is one of the quickest and most efficient methods for larger scale deployment of renewable generation. The Bill would also allow a willing customer to get the benefits of DG without making a significant initial investment. A cost of service model leveraging regulated returns on investment and the utility's cost of capital should ensure the lowest price to customers for this generation, and would therefore minimize the projects' effect on customer rates.

In closing, Sections 2 and 3 of Raised Bill No. 1079 will create an additional and very competitive and cost effective channel for the development of renewable energy projects and customer-side distributed resource generation facilities in the State. It creates a more prominent role for UI in the deployment of renewable resources, which we believe can enable robust participation by customers. Lastly, the Bill if enacted would minimize the rate impact on customers from renewable resource generation because the expected level of construction or purchase costs of the renewable generation facility would be reviewed in a competitive process with DPUC involvement and oversight and based on projects' cost of service.

Thank you for the opportunity to present this testimony. I would be happy to answer any questions you may have.