



**CONNECTICUT GENERAL ASSEMBLY
ENERGY & TECHNOLOGY COMMITTEE**

**H.B. 1081 – AN ACT CONCERNING CLASS III RENEWABLE ENERGY
CREDITS**

PUBLIC HEARINGS – MARCH 1, 2011

**STATEMENT OF JAY L. KOOPER
ON BEHALF OF HESS CORPORATION**

Good afternoon. My name is Jay Kooper and I am the Director of Regulatory Affairs for the Hess Corporation (“Hess”). Hess, a Fortune 100 company and global energy company with over \$29 billion in worldwide assets and serving more than 44,000 locations on the East Coast, is a licensed retail supplier of electricity to commercial and industrial customers in Connecticut. As an active retail market participant in Connecticut, with regional sales operations located in Rocky Hill, Connecticut, Hess currently provides for Connecticut’s commercial and industrial community a range of products that include traditional fixed-price products for risk-adverse businesses to block-and-index products for customers who desire a mixture of spot market and fixed prices.

Since 2008, Hess has offered in Connecticut a suite of additional innovative energy products that includes *Hess Green* (enabling customers to acquire renewable energy credits), *Hess Demand Response* (enabling customers to participate in an incentive program to curtail their demand during peak usage periods) and *Hess C-Neutral* (enabling businesses to reduce their carbon footprint from 1% to 100% through carbon reduction credits). These green energy services are being provided by Hess to Connecticut business customers as value-added products that have been specifically

requested from commercial and industrial customers ranging from hospitals to schools and universities to factories and superstores.

Hess submits this statement today to support **H.B. 1081 with one proposed amendment to section 1 of the bill (increase in the procurement requirement for Class III renewable energy sources)**. Specifically Hess recommends the inclusion of the following language beginning on page 3, line 62 immediately after the first word appearing on the current version of the bill:

The Class III procurement requirements as amended by this section shall not apply to retail electricity sales by any electric supplier under any contract executed on or before January 1, 2012.

Hess proposes the addition of this language to avoid the situation whereby new Class III product requirements are imposed on existing contracts executed between competitive retail electric suppliers and their customers that could cause financial harm to the contracting parties as well as materially increase forward contracting risk and discourage forward load and supply commitments in Connecticut. Specifically, applying increased Class III requirements to existing contracts will create a perception that doing business in Connecticut entails undue regulatory risk, which will discourage suppliers and customers from entering into long-term contracts that could provide significant value to electricity consumers. In addition and related, load-serving entities would have no real incentive to enter into forward Class III supply arrangements, which undercuts the fundamental goal of increasing the Class III requirement in the first place.

Hess' recommended language seeks to lessen the regulatory risk that could serve as a barrier to increased forward Class III supply arrangements by "grandfathering" existing contracts executed on or before the effective date of the amended Class III requirement (January 1, 2012), while preserving the increased Class III requirements and

applying them on a forward-going basis to all contracts executed after the effective date to preserve the fundamental goal of increasing Class III supply arrangements through encouragement of forward arrangements through long-term contracts between suppliers and customers.

For these reasons Hess supports adoption of H.B. 1081 with the amended language outlined above.