



Connecticut Department of
**ENERGY &
ENVIRONMENTAL
PROTECTION**

**STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**

Public Hearing – March 15, 2012
Energy & Technology Committee

Testimony Submitted by Commissioner Daniel Esty

House Bill No. 5474 - AN ACT CONCERNING THE AUTONOMY OF THE PUBLIC UTILITIES REGULATORY AUTHORITY

Thank you for the opportunity to present testimony regarding House Bill No. 5474 – An Act Concerning the Autonomy of the Public Utilities Regulatory Authority (PURA). The Department of Energy and Environmental Protection (DEEP) welcomes the opportunity to offer the following testimony.

There are several provisions in this proposed bill that the Department could support – including several sections that would make changes similar to those that DEEP has proposed in Senate Bill No. 415. However, DEEP strongly opposes the basic premise of House Bill No. 5474 – the purported need to establish PURA autonomy – for numerous reasons.

Public Act 11-80, legislation endorsed by this committee less than a year ago, made sweeping changes to how Connecticut develops and implements energy policy. Since DEEP was established in July 2011, our new energy branch has been immersed in implementing numerous requirements of the legislation – often on very tight time frames. During that time, the Department was also making decisions as to how to differentiate the roles and responsibilities of the Energy and Technology Bureau from those of PURA.

As is often the case when charting new territory, there have been – and will continue to be – some mid-course corrections. However, even now, not quite nine months since the creation of DEEP and in the wake of two major storms, we think the Department is making good progress down a path that will move the state toward a cleaner, cheaper and more resilient energy future while maintaining PURA's independent regulatory authority. This independence is essential to properly oversee public utilities in a way that ensures that utility actions and remuneration benefit the state and its ratepayers, and we believe that the current structure provides complete independence for PURA's directors when they are performing their adjudicatory function. As for the issue of assigning PURA staff to certain duties and functions, DEEP agrees that the Chairperson of PURA should have the ability to allocate his or her staff resources in the most appropriate and efficient manner. This is precisely what happens now, and the Chairperson of PURA merely consults with the Commissioner of DEEP on broader staffing issues.

As noted above, sections 8, 9, 10, 12, 13, and 16 of proposed House Bill No. 5474 address issues that the Department sought to clarify in raised Senate Bill No. 415. In these instances, the language in Senate Bill No. 415 and House Bill No. 5474 are clearly designed to accomplish the same end, and in some cases codify what has been the practice between DEEP and PURA since July 2011. We would welcome the opportunity to work with the Committee to harmonize these sections of these two bills.

However, Section 7 of the proposed bill is completely contrary to the decision of this General assembly to assign primary policy development responsibility to the Department. As you know, Public Act 11-80 directs the Department to ensure that the Conservation and Load Management (CL&M) Plan is designed to ensure that 80 per cent of Connecticut residences are weatherized by 2030 – a mandate that requires a level of policy development to achieve that goal that is far beyond the scope of a regulatory body like PURA. The Department has been totally engaged with the Energy Conservation Management Board in developing the 2012 CL&M Plan and after many stakeholder engagements, which have included the Office of the Consumer Counsel and others, is about to issue a draft decision for public comment. The process of developing the CL&M Plan has involved untold hours of meetings and input from stakeholders almost all of which is all available on DEEP's website. We would urge the Committee to at least allow the newly established process to go through one full cycle before contemplating changes to it.

Similarly, Section 18 of proposed House Bill 5474 revisits the process for the development of the Integrated Resources Plan (IRP) to re-interject the adjudicatory body into the front end of the process. That may have been appropriate when the regulated utilities were responsible for developing the IRP, but Public Act 11-80 charged the Department – not the utilities – with that responsibility because the IRP is fundamental to the roll out of the state's energy policy. As with the CL&M Plan, the Department has held numerous meetings with the Connecticut Energy Advisory Board, the Office of the Consumer Counsel and stakeholders, including, generators, the utilities and others, which have contributed much to the development of the draft IRP. A list of those meetings and the more than 350 individual commenters is attached to this testimony for the Committee's convenience.

DEEP also wishes to comment on Section 11 of the proposed bill which raises issues about net metering and sub-metering that we are currently seeking to address in collaboration with the Office of the Consumer Counsel. We know that these metering provisions should be updated to reflect and further other components of state energy policy. However, we are also cognizant of the need to make sure that these policies are developed in a way that will comprehensively address the anticipated increased need associated with deployment of more renewable projects rather than addressing individual projects in isolation.

We would ask the committee to work with the Department to determine how to best strengthen the enforcement capacity of PURA. While Section 17 proposes establishment of a new division within PURA, the Department has already been undertaking a review of how PURA's capacity could be increased without incurring significant new costs by sharing enforcement resources within the current structure of DEEP and PURA.

In sum, we do not believe that at this early juncture there is any reason to make the significant changes to PURA and DEEP proposed in Sections 1, 7 and 18 of House Bill No. 5474, and would instead urge the Committee to engage the Department in further discussions about concerns that are reflected in these proposals. The Department would be pleased to work with the committee to move the provisions in Sections 8, 9, 10, 12, 13 and 16 of House Bill No. 5474 forward either as part of Senate Bill No. 415, or independently.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact DEEP's legislative liaison, Robert LaFrance at 424-3401 or Robert.LaFrance@ct.gov.