



Connecticut Department of  
**ENERGY &  
ENVIRONMENTAL  
PROTECTION**

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

Public Hearing –March 7, 2013  
Energy and Technology Committee

Testimony Submitted by Commissioner Daniel C. Esty  
Presented by Deputy Commissioner Katie Dykes

**Raised House Bill No. 6360 - AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S  
COMPREHENSIVE ENERGY STRATEGY**

Thank you for the opportunity to present testimony regarding Raised House Bill No. 6360 – An Act Concerning Connecticut's Comprehensive Energy Strategy. The Department of Energy and Environmental Protection (DEEP) offers the following testimony.

DEEP strongly supports this bill that promotes efficiency, allows the state to work in step with the region on a number of fronts, expands sub-metering for more informed decision-making, encourages micro-grids and requires the sale of cleaner low sulfur heating oil.

Section 1 of this bill amending section 16-19tt(b) of the Connecticut General Statutes (CGS) to better ensure that a full decoupling of revenues and sales is implemented for our electric and natural gas distribution companies in order to eliminate any disincentive for them to promote efficiency and Without decoupling the utilities lose money when they promote conservation. PURA instituted decoupling fro United Illuminating on a pilot basis in and has continued that structure to date. However, full decoupling has not been implemented for the state's larger utility, Connecticut Light and Power or any of the three gas distribution companies. This is particularly important when conservation is increased outside of a rate case. Existing law provided options for effecting decoupling but the impact of trying to do such using the flat customer charge results in unacceptably high increases and provides no way for customers to reduce their costs by using less electricity or gas. Requiring the use of a fully reconciling mechanism within the distribution rates enables PURA to conduct a relatively simple true up that matches allowed revenues to actual sales. An added benefit is that since this is calculated on a kilowatt hour basis customers will pay less when they consume less, further supporting Connecticut's focus on driving efficiency.

Section 2 of this bill amending subsections 16-32f(b) and (c) of the CGS shifts gas conservation from an annual plan requirement to a three year plan that is a more efficient use of resources and creates more certainty for customers and vendors alike. DEEP recognizes that there will need to be annual filings to

measure performance to verify program effectiveness. This change also supports the current practice of developing a three year joint electric and gas Conservation and Load Management Plan

Section 3 of this bill amending section 16-245m of the CGS seeks to strengthen the State's commitment to prioritizing the procurement all cost effective efficiency when meeting the state's energy needs. Simply put, if funding efficiency to save a kilowatt of electricity is less expensive than buying that kilowatt hour of electricity or unit of gas, we should require the efficiency purchase instead of the energy purchase. Three consecutive Conservation and Load Management Plans have called for increasing the proportion of these "purchases" to those for energy supply, yet none of these additional cheaper expenditures have been approved by PURA. During that same time period our neighboring states have dramatically increased their investments in these cost effective, i.e. cheaper, investments. As our neighboring states become more and more efficient, Connecticut becomes less competitive and assumes a larger portion of the costs of running the ISO NE system and paying for the region's transmission since these charges are allocated on the basis of load.

Deep recognizes that a regulatory authority such as PURA has an important role to play in protecting ratepayer interests and would suggest some minor edits to the language in this section to ensure that that role is exercised within the construct of the State's strong commitment to making Connecticut as energy efficient as possible.

Section 4 is intended to give the commissioner of DEEP more flexibility with respect to the implementation of regulations for implementing the Regional Greenhouse Gas Initiative in coordination with other member states. We request that the committee review a drafting change that we suggest for this section to remove lines 388 through 417 of this bill and replace those lines as written with the following language:

Section 22a-174j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*): [Not later than May 1, 2006, the Public Utilities Regulatory Authority shall complete an investigation of the potential impact on electric reliability and electric rates created by promulgation of the regulations under this section. If such investigation concludes that there is no negative impact on such reliability and rates, not later than July 1, 2006, the Commissioner of Energy and Environmental Protection shall, in conjunction with the Public Utilities Regulatory Authority and by regulations adopted] The Commissioner of Energy and Environmental Protection may adopt regulations, in accordance with chapter 54, to establish uniform emissions performance standards or other requirements to regulate emissions of carbon dioxide to the air from the generation of electricity in-state or imported for [supplied to] end use customers in this state. Such performance standards or other requirements shall, to the greatest extent possible, be designed to improve air quality in this state and to further [the attainment of the National Ambient Air Quality Standards promulgated by the United States Environmental Protection Agency] the goals of the Regional Greenhouse Gas Initiative. Such performance standards [shall] or other requirements may apply to emissions caused by electricity generated[ion] in-state or imported for end use customers in Connecticut any location in North America used to supply end use customers in this state, [shall] and may limit emissions to levels consistent with those permitted from technically similar generators located in this state and [shall] may limit the amount of [air pollutants, including, but not limited to, nitrogen oxides, sulfur oxides and] carbon dioxide emitted per megawatt hour of electricity produced. Such performance standards or other requirements may provide for a program for purchase of offsetting reductions in emissions and trading of emission credits or carbon dioxide allowances.

Additionally, we request that the committee review a drafting change that we suggest for this section to add the following language:

*Section 22a-200c of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2013):*

*(a) The Commissioner of Energy and Environmental Protection shall adopt regulations, in accordance with chapter 54, to implement the Regional Greenhouse Gas Initiative.*

*(b) The Department of Energy and Environmental Protection, [in consultation with the Department of Public Utility Control,] shall auction all emissions allowances and invest the proceeds, which shall be deposited into a Regional Greenhouse Gas account established by the Comptroller as a separate, nonlapsing account within the General Fund, on behalf of electric ratepayers in energy conservation, load management and Class I renewable energy programs. In making such investments, the Commissioner of Energy and Environmental Protection shall consider strategies that maximize cost effective reductions in greenhouse gas emission. Allowances shall be auctioned under the oversight of [the Department of Public Utility Control and] the Department of Energy and Environmental Protection by a contractor or trustee on behalf of the electric ratepayers.*

*(c) The regulations adopted pursuant to subsection (a) of this section may include provisions to cover the reasonable administrative costs associated with the implementation of the Regional Greenhouse Gas Initiative in Connecticut and to fund assessment and planning of measures to reduce emissions, mitigate the impacts of climate change and to cover the reasonable administrative costs of state agencies associated with the adoption of regulations, plans and policies in accordance with section 22a-200a. Such costs shall not exceed seven and one-half per cent of the total projected allowance value. Such regulations may also set aside a portion of the allowances to support the voluntary renewable energy provisions of the Regional Greenhouse Gas Initiative model rule and combined heat and power.*

*(d) Any allowances or allowance value allocated to the energy conservation load management program on behalf of electric ratepayers shall be incorporated into the planning and procurement process in sections 16a-3a and 16a-3b.*

**(NEW)(e)** *On or before June 30<sup>th</sup> following the conclusion of each compliance period, the Commissioner may permanently retire all unsold emissions allowances or any portion thereof held by the Department of Energy and Environmental Protection. The Commissioner may adopt regulations, in accordance with chapter 54, governing the retirement of any unsold allowances.*

Section 5 of this bill amending section 16-244u of the CGS - will allow customers to benefit from net metering as was originally envisioned by the legislature when it passed PA 11-80. This section corrects an unintended limitation in that bill by making it clear that a virtual net metering facility may be leased or under long term contract to a customer host rather than literally owned by such. In addition it allows for agricultural net metering and allows governmental entities to virtually net meter with critical facilities on order to support the development of microgrids.

The section proposes another change critical to making the economics of many Class I and Class III projects viable. This revision will allow 80% of the distribution and transmission charges to be offset which provides needed support for these projects while also ensuring that these accounts are

contributing to the support of the overall electric grid. We would suggest that the language be amended to say that such credit should be applied to the “*volumetric portion*” of the distribution and other service charges billed to the beneficial accounts.

Section 6 of this bill amending section 16-19ff of the CGS – expands the scope of sub-metering eligibility to include commercial, industrial and multi-family buildings. This will allow tenants some equity and ensures proper billing, will create more incentive to conserve, and may encourage development of renewable resources. We recognize there are consumer protection issues that need to be addressed and propose that these be addressed by PURA through the application and approval process included in this proposal.

Section 7 creates a new section allowing electric customers to aggregate multiple meters if such are billed to the same customer so as to support renewable or combined heat and power (CHP) projects that can serve multiple meters billed to the same customer. For example, this provision would enable a farmer who has multiple buildings – and meters – on his farm to aggregate that usage for purposes of net metering; similarly a large commercial or industrial company may have many separate meters for different parts of a facility that could be served by a CHP system.

Sections 8 and 9 encourage micro-grids would increase options available for developing microgrids to improve resiliency and provide limited emergency electric service to critical facilities.

Sections 10 through 16 build on the State’s efforts to promote efficiency improvements in public and private buildings through the use of energy rating systems and benchmarking that evaluates and rates energy consumption. Buildings consume 40% of the energy used in Connecticut and reducing that use will save the State and its businesses and residents millions of dollars while also reducing harmful air emissions. Providing standardized energy information to potential owners and tenants will enable them to make informed decisions regarding properties and incent owners to make efficiency investments to improve the desirability of their properties. For tenants who do not pay their utility bills, this information provides them a means to have some control over their energy expenses at the time they choose a place to rent or lease. As part of the administration’s Lead By Example commitment the bill requires the State to benchmark its own properties first and then I appropriately proposes a phase in of these requirements beginning with the largest commercial properties. Additionally, DEEP would develop a voluntary program that would benchmark and disclose the energy use of residential properties.

Section 17 amending section 29-252 of the CGS – would add provisions for new transpiration technologies, such as hard wiring for electric vehicles, to the State building code.

Section 18 amending section 16a-21a of the CGS – reduces sulfur content in residential heating oil to 15 parts per million which is consistent with neighboring states. This reduction will significantly reduce harmful emissions while also improving the efficiency and life maintenance costs of heating equipment thereby saving consumers money. Section 19 would statutorily set what is termed the “hurdle rate” used to calculate cost allocation for new natural gas customers at twenty-five years. Currently PURA has set those times periods differently – from 15-20 years -for Connecticut’s three gas utilities. In addition to establishing consistency, twenty five years more accurately reflects the life of the infrastructure investment and comes closer to that used by other states such as Massachusetts that uses a 33 year period. This change will make the upfront expense for new customers slightly less, while still ensuring that new revenues will exceed the cost of the investment after twenty-five years.

In closing, DEEP strongly supports this bill and believes that its enactment will enable the State to advance many of the recommendations set forth in the Comprehensive Energy Strategy with the goal of securing a cheaper, cleaner more reliable energy future for Connecticut.

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 860-424-3401 or [Robert.LaFrance@ct.gov](mailto:Robert.LaFrance@ct.gov).