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FARM ENERGY PROGRAM

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Written Testimony of: Amanda Fargo-Johnson, Program Coordinator
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To the Energy and Technology Committee
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Governor's Bill: 6360
House Bills: 6530, 6532, 6535

First I would like to begin by saying how pleased I am to have the opportunity to be able to give you input on such an important issue currently facing Connecticut Farms, energy costs! The Eastern CT Resource Conservation and Development Area, Inc. is a 501 (c) (3) non-profit organization that: *helps people care for and protect their natural resources, improve local economies, and sustain a high quality of life* coordinates the Connecticut Farm Energy Program (CFEP). CFEP began in 2009 and since then one of our roles has been to provide assistance to Connecticut Farms in navigating the sometimes confusing road of energy programs currently available to businesses in Connecticut that farms may or may not be eligible for. We regularly receive phone calls, emails and feedback at workshops and events we host about the high level of interest farms have in energy efficiency as well as renewable energy here in Connecticut.

In the interest of time I will briefly highlight current potential opportunities to assist farms as well as the hindrances they currently face that prohibit their moving ahead in the implementation of energy projects on their farms as well as noting why CFEP agrees and also see's potential for improvement on several proposed bills including G.B. 6360, H.B. 6530, H.B. 6532 and H.B. 6535.

As a point of reference According to 2010 University of Connecticut Study, "Economic Impacts of Connecticut's Agricultural Industry" there is 4,900 farms located in Connecticut. Most are small to mid-sized and are very important to Connecticut's economy, creating some 20,000 jobs and averaging 3.09 billion dollars in State income. It goes on to identify the need to investigate the effectiveness of policy instruments to spur growth of the agricultural industry and preserve it for future generations.

The experience of the Connecticut Farm Energy Program through interaction with farms and rural small businesses is concern expressed about long term sustainability and the high cost of energy needed to keep their operations going in Connecticut. To that point if you look at the Electric Sales and Revenue from the Energy Information Administration, Washington, DC. it is noted that Connecticut has the 2nd highest electrical costs in the country behind Hawaii. Energy consumption for the state of Connecticut, measured in BTUs (British Thermal

Units), has increased by almost 80% since 1960 and the 2006 Connecticut Siting Council Report estimates that the annual compounded growth rate will be 1.26% into the future years (http://www.ct.gov/dep/cwp/view.asp?a=2684&q=397288&depNav_GID=1619). Some of the greatest users of power in the Agricultural Community are greenhouses and dairy farms. We need to ensure that our farms will be able to stay in business and supply us with a local source of food and jobs while at the same time those with renewable energy projects could potentially contribute to Connecticut's renewable portfolio standard (RPS). The RPS goal calls for 27% of the state's electricity to come from 3 different tiers of renewable energy sources by 2020. Connecticut Farms are interested in being sustainable in their operations and additionally some farms could be in the position to act as a source of local energy by contributing into Connecticut's grid either by large solar projects or anaerobic digesters to name a few. The benefit of farms producing local energy would also mean potentially another revenue stream if virtual net metering was allowed in Connecticut.

Comments on G.B. 6360

CFEP agrees with the need for virtual net metering for farms however within the bill we see opportunities to make it more effective.

Section 3. Sec 16-245m

(c) it is noted to convene an Energy Conservation Management Board, we would recommend that since further on in the bill virtual net metering is proposed for agricultural customer hosts that it would be advantageous to include a representative from the Agricultural community either directly from the CT Department of Agriculture or a representative of their choice.

Section 5. Sec 16-244u

(3)/(4) virtual net metering will only be for municipal, state or agricultural customer hosts. In Massachusetts they allow residential and commercial customer hosts. It also makes us question what it will do to Ag producers who are currently on a residential rate, how will their rate be treated if they interconnect, will that now put them into a commercial rate?

(b)(c) it says credits carry for 1 year at the end of each calendar year the electric distribution company shall compensate the customer host, CFEP wonders why not infinite piling of credits like it is done in Massachusetts?

(d) It says Agricultural customer host shall not designate more than 10 beneficial accounts for the purpose of agriculture. It is our belief that it should not be limited to only 10 beneficial accounts that it again should be unlimited like in Massachusetts, and also that they not be limited to only beneficial accounts of agricultural use only but open it up to any beneficial account. For larger systems like an anaerobic digester that will be producing more energy than they can use will want to designate beneficial accounts above 10 other agricultural users in their service territory because of the amount of power they can create.

This bill also brings up the question about interconnection agreement costs and the upfront outlaying of moneys for those interested in being connected to virtual net metering, what

will these costs be and will they be a stumbling block to Agricultural customer hosts interested in interconnection.

Comments on H.B. 6530

The Connecticut Farm Energy Program agrees there is a need to develop Connecticut-based renewable energy sources. Connecticut Farms could be a source of that energy through large solar or anaerobic digesters to name a few that would contribute to Connecticut's renewable portfolio standard (RPS) goal which calls for 27% of the state's electricity to come from 3 different tiers of renewable energy sources by 2020.

Comments on H.B. 6535

The Connecticut Farm Energy program agrees with the expansion of including anaerobic digestion of organic waste into the definition of Class I renewable energy source. By including this language it would allow for anaerobic digesters to be eligible for virtual net metering in G.B. 6360.

Additionally in order to make anaerobic digesters feasible in Connecticut it would be best to remove the wording "Organic refuse" from Section 2 (45).

Comments on H.B. 6532

Sec. 4-6

CT Farm Energy believes the penalty PURA can impose on each electric supplier and each electric distribution company that fail to meet the percentage of standards charge of five and five tenths not be lowered to three and one-tenth as proposed in the bill. This decrease in penalty fees will lower the amount available to the Clean Energy Fund and a reduction in the RPS compliance fee will hinder the value of RECs (Renewable Energy Credits) in Connecticut. By keeping the rates high it will incentivize utilities to facilitate more Connecticut made energy including energy projects on Connecticut Farms.

Sec. 10 (b)

By allowing the purchase of renewable energy credits from a generating unit located in the state of New York, Pennsylvania, New Jersey, Maryland, or Delaware, it will jeopardize the value of CT RECs and the purchasing of RECs by Utilities should be focused on instate generation.

In addition to the comments above, what are some of the potential things Connecticut could do to be more farm friendly in terms of energy projects?
First off I would like to point to our neighbors north of us in Massachusetts as a successful example of getting farms energy independent as well as being a source of local energy back to the grid. Massachusetts provides a 10% Farm Energy Discount from the utility companies (electric and natural gas) (website to visit for additional information: http://www.mass.gov/eea/agencies/agr/land-use/farm-energy-discount-program.html), they allow virtual net metering to any host customer (including farms) and allow them to designate any percentage of excess energy to any number of other assigned accounts as well as excess credits are allowed to rollover infinitely (website to visit for additional information: http://www.mass.gov/eea/grants-and-tech-assistance/guidance-technical-assistance/agencies-and-divisions/dpu/net-metering-faqs.html), they offer renewable energy credits and alternative energy credits, they also offer through the Mass Department of Agricultural Resources an Agricultural Energy Grant Program which is a competitive grant program that funds agricultural energy projects in an effort to improve energy efficiency and to facilitate the adoption of alternative clean energy technologies by Massachusetts farms in order that farms can become more sustainable and the Commonwealth can maximize the environmental and economic benefits from these technologies. (website to visit for additional information: http://www.mass.gov/eea/agencies/agr/about/divisions/agricultural-energy-grant-program.html)

While Connecticut has taken steps to implement some of these measures like the new LREC and ZREC program along with current bills raised addressing the need for virtual net metering we think that there is a great potential for Connecticut to incorporate some of the other measures mentioned above that Massachusetts has successfully implemented from their 2008 Green Communities Act. With additional state support it would leverage current Federal programs available which would equal more energy measures being completed on Connecticut Farms. Additionally outside of the CT Energy Efficiency Fund new or expanding farms find it hard to locate assistance with putting up new structures with energy efficient equipment in them, current federal programs only assist with existing structures. Also the energy efficiency programs only address electric and gas saving measures it would be helpful to consider a way to expand that to include other energy measures that save other types of fuel as well.

Thank you for your time in listening to some of the concerns and opportunities the Connecticut Farm Energy Program sees in relation to Connecticut farms and energy measures.

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