Green Power Solutions, Inc.

Unlocking the power of biomass

TESTIMONY OF WILLIAM REES, PRESIDENT

GREEN POWER SOLUTIONS, INC.

before the

ENERGY & TECHNOLOGY COMMITTEE

HOUSE BILL 6532: AN ACT CONCERNING CERTIFICATION OF CLASS I AND CALSS II RENEWABLE ENERGY SOURCES AND CLASS III SOURCES, RENEWABLE ENERGY CREDITS AND ALTERNATIVE COMPLIANCE PAYMENTS

Senator Duff, Representative Reed, Senator Chapin, Representative Hoydick and Members of the Energy & Technology Committee:

My name is William Rees and I am President of Green Power Solutions, Inc.(GPS), an innovative developer of renewable energy projects with a particular focus on the availability and market economics of biomass. GPS, a CT corporation, is working with connecticut farmers in the construction of anaerobic digestion (AD) facilities for the processing of organic biomass into electricity, heat, and fertilizer. GPS is focused on developing energy solutions for the management of manures, food wastes, and other biomass sources that are prevalent on Connecticut farms.

I am testifying in opposition to HB 6532. The bill has the potential to have widespread implications to the REC markets in Connecticut. The Alternative Compliance Payment (ACP) discussed in Section 5, 6 and 9 is the payment utilities make in lieu of buying Renewable Energy Credits. As a consequence, lowering the ACP cap could foreseeably have the impact of lowering REC prices. At the same time, the ACP is remitted to the Clean Energy Finance and Investment Authority (CEFIA) to fund in-state renewable projects and programs. If the ACP is lowered and the utilities pay the lower fee rather than buying RECs, it still results in less funding to the CEFIA for clean, renewable projects and programs.

Renewable projects are growing and less assistance will be required in the form of government sponsored and regulated REC markets and financing in the future. But this time has not yet arrived. Renewable developers, businesses and homeowners still need incentives to develop needed renewable infrastructure, whether it is in the form of valuable RECs or funding to the CEFIA.

Similarly, Section 10 of the bill increases the REC marketplace, including RECs from some units in New York, Pennsylvania, New Jersey, Maryland, or Delaware. This expansion could conceivably reduce the value of RECs from in-state resources.

I recognize that RECs were designed to provide "additional" revenues and that there are public policy concerns related to both relying on the REC for revenue as well as concerns about the total cost of RECs to electric ratepayers. These considerations, along with the potential market implications to developers, need to be weighed carefully and would benefit from a detailed analysis by either the Public Utilities Regulatory Authority or the DEEP. It is my understanding that the DEEP is planning to release an RPS study any day that I would hope begins to examine these issues. Regardless, that study will be a good starting point for a stakeholder discussion before any changes are made to the current ACP cap or the market is expanded.

In conclusion, I urge the Committee reject the provisions in the bill discussed above at this time.

Thank you.

William Rees
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