

**STATE OF CONNECTICUT  
ENERGY & TECHNOLOGY COMMITTEE**

Governor's Bill No. 6360 – An Act Concerning Implementation of Connecticut's  
Comprehensive Energy Strategy

Raised Bill No. 6532 – An Act Concerning Certification of Class I and Class II Renewable  
Energy Sources and Class III Sources, Renewable Energy Credits and Alternative  
Compliance Payments

**Public Hearing Testimony of  
James S. Schneider  
on Behalf of  
Kimberly-Clark Corporation**

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**PUBLIC HEARING TESTIMONY OF JAMES S. SCHNEIDER  
ON BEHALF OF KIMBERLY-CLARK CORPORATION  
ON GOVERNOR'S BILL NO. 6360 AND RAISED BILL NO. 6532**

Kimberly-Clark Corporation ("K-C") appreciates the opportunity to publicly support Bill No. 6360's ("Bill 6360") provisions advancing microgrid development in Connecticut and present suggested amendments to Bill No. 6532 ("Bill 6532") intended to ensure that Class III Combined Heat and Power ("CHP") resources remain viable options to support such development.

Due to timing constraints, my comments summarize the more detailed written testimony submitted to the Committee.

K-C installed a 35 MW Class III CHP system to meet its New Milford Mill's electric and thermal power needs, control costs, and remain competitive in Connecticut. K-C's decision to invest \$50 million in CHP development at the Mill relied upon projections that Class III REC sales would help to offset the significant development and ongoing operating costs.

As a Class III CHP developer, K-C supports Bill 6360's measures to promote microgrid development. As recognized in that bill, Class III CHP resources are the type of generation resources needed to power a microgrid and achieve the related reliability benefits.

The success of Connecticut's microgrid initiative is threatened by the serious Class III market imbalance stemming from the flood of Class III credits produced by Conservation and Load Management ("C&LM") resources. Class III RECs are trading at the floor price, if they can be sold at all. The Comprehensive Energy Strategy's recommendation for increased C&LM funding will likely worsen the present imbalance. The Class III oversupply situation jeopardizes the revenue stream that Class III CHP developers rely upon to justify their investment. Other Class III CHP developers share this concern. If left uncorrected, a depressed Class III market would have a chilling, if not fatal, affect on CHP and microgrid development in the State.

For Class III CHP to be a viable option to support Connecticut's microgrid initiative, the Class III market must be restructured to provide the necessary incentives. To

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this end, K-C proposes: (i) the creation of a new RPS class or subclass comprised entirely of C&LM projects, thereby removing such resources from Class III; and (ii) a 1% downward adjustment to the Class I RPS requirements and a re-assignment of those requirements to the new "C&LM-only" category. The RPS requirements for Class III CHP would remain unchanged.

Placing Class III CHP resources and C&LM projects in distinct RPS categories: (i) recognizes key differences in funding requirements and sources; (ii) begins to ease the current Class III imbalance and mitigate any impacts from C&LM funding increases; and (iii) better positions Connecticut to meet its Class I RPS goals.

While recognizing the Department's RPS study is underway, K-C encourages Connecticut to act before this legislative session closes and further CHP and microgrid development is compromised. K-C is open to working with Committee members to adjust these proposals, as necessary, to address the important renewable energy matters facing Connecticut.

Thank you for your consideration of K-C's testimony. I am available to answer any questions.