

Connecticut Energy and Technology Committee  
Raised Bill 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.

Comments of ReEnergy Holdings LLC  
Larry Richardson, Chief Executive Officer  
March 7, 2013

## **Introduction**

ReEnergy offers these brief written comments to state its opposition to Bill 6532. This bill would dramatically reduce the alternative compliance payment (“ACP”) for Class I obligations from \$55/REC to \$31/REC, dismiss the standard requirement that renewable electricity be delivered into ISO-NE for eligibility, and create a process to disclose confidential transaction information. The sum effect of these major changes would be to quash renewable energy project operation and development in Connecticut by significantly reducing the value of the Class I REC market.

## **About ReEnergy**

ReEnergy owns and operates facilities that use biomass and other residual fuels to produce renewable energy in three states in the Northeast, including a 31-megawatt facility in Sterling, CT that employs approximately 30 local residents. Our facilities have participated in the CT RPS over the past eight years while procuring fuel from suppliers in Connecticut. We have recently completed a major capital improvement program at the Sterling facility which allows us to efficiently co-fire biomass at the Sterling facility for Class I REC production. As of last fall, the Sterling facility became the first utility-scale power plant in Connecticut to generate Class I RECs from biomass.

## **ACP reduction a disincentive to investment**

Sections 4-6 of this bill propose to reduce the current ACP from \$55 to \$31/MWh. We believe that the current ACP is generally an adequate level to provide incentives for renewable development and continued operation of existing renewable energy facilities like our Sterling facility. For some projects, even \$55/MWh is not sufficient, but it has shown to be a reasonable level for the most competitive projects to enter and participate in the market. Reductions to \$31/MWh would almost certainly result in some existing projects shutting down or moving their REC sales to other regional states with higher ACPs while proposed facilities would be less likely to go forward.

## **Allowance of RECs from additional states would undermine the REC market**

Section 10 of this bill would allow REC procurement to be achieved by purchasing RECs from any unit in New York, Pennsylvania, New Jersey, Maryland, or Delaware using the “equivalent of a Class I or Class II renewable energy source.” This drastic rule change departs from regional renewable markets in two specific ways. First, with the exception of New York, the other listed states are not in a control area contiguous with New England, and have not been considered eligible sources for RECs in New England.

It would be a slippery slope to vastly expand the geographic reach because it may lead to even broader state and province acceptance in the future, reducing the potential for Connecticut or New England resources to compete for Connecticut RECs. Second, this section appears to eliminate the longstanding procedure of requiring that the renewable power must be delivered into ISO-NE in order to be eligible for RECs in Connecticut. Current rules require NERC e-tag imports to match with generator production on an hourly basis to ensure that the renewable generation claimed in New England is actually being used by New England. Similar to the impact of the reduction in ACP described above, this would certainly quash renewable energy project operation and development in Connecticut by significantly reducing the value of the Class I REC market.

### **Confidential transaction data should remain between counterparties**

Section 12 of the bill requires all market participants to file each REC transaction monthly with PURA, including details of the counterparty, date, and transaction price. We believe that bilateral arms-length transactions should remain confidential between the two parties and be protected in order for them to act most efficiently in the marketplace.

### **Conclusion**

In summary, we believe that Bill 6532 contains many major overhauls to the existing RPS that would have a substantially negative impact on the ability for new and existing renewable projects to move forward and meet the renewable goals of the state in the coming years. We respectfully urge you to vote against this Raised Bill 6532.