Testimony in IN SUPPORT OF HOUSE 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.

Before the Energy and Technology Committee

March 7th 2013

On behalf of North American Power, Crius Energy, Starion Energy, Discount Power, Clearview Power

Dear Co-chair Duff and Co-chair Reed:

I am here today on behalf of a coalition of energy suppliers including North American Power, Crius Energy, Starion Energy, Discount Power, and Clearview Power and I would like to express our support for House Bill 6532.

House Bill 6532 is a great bill for consumers because it will reduce ratepayer costs, create needed transparency in the Class 1 REC market, it will save businesses needed capital to help create jobs and expand infrastructure, and it will also keep money intended for renewable energy projects in the state allowing more of these projects to get off the ground.

Under the current structure the increased cost of Class I RECs acts as a regressive tax on Connecticut families. The additional REC fee in Connecticut adds approximately five-tenths of a cent to six-tenths of a cent to the price of every kWh, or approximately $50 to $60 per year for an average family and considerably more for businesses.

The Connecticut Renewable Portfolio Standard (RPS) is currently stifling economic development in Connecticut in two ways: (1) the rising cost of Class I RECs adds a significant premium to electricity supplied to rate payers, particularly businesses, and (2) the program dynamics act as an anti-competitive force for Connecticut's deregulated energy market.

The market disadvantage ratepayers and businesses face is compounded by the fact that the long-term supply that is not purchased by large utilities for their compliance needs are bought up by large trading and marketing firms, effectively limiting the supply and allowing the potential price manipulation of the market by speculators. The resultant effect is that enormous amounts of RPS funds intended to support the construction of renewable power sources in Connecticut, effectively go from the bank accounts of Connecticut ratepayers and businesses out of the state and away from funding the types of green energy projects they were intended for. For instance the companies in our coalition alone spend approximately $25 million more dollars in Connecticut each year for Class 1 eligible RECs then what they would have paid for an identical amount of these RECs in surrounding states. This is $25 million dollars that is not only passed onto ratepayers, but prevents these companies from expanding their workforces and infrastructure. It is also important to note that these figures represent only for 5 companies, there are currently over 40 retail energy supply companies operating in Connecticut so the overall number of dollars leaving the state is quite large.

The measures in this bill that increase market transparency as well as extend the life of renewable energy credits for two additional years will eliminate the lack of market oversight and increase the supply of renewable energy credits. By also allowing the purchase of RECs from jurisdictions outside of ISO New England and permitting the banking of these RECS it will limit the potential of traders from cornering the market and artificially inflating prices to their advantage thus keeping more money for funding renewable projects in Connecticut.

Capping the alternative compliance payment creates a great safety net for ratepayers and businesses in the event it takes time for the previously mentioned measures to have a positive effect on the buying and selling of RECs in Connecticut. The result of this is a guaranteed way to reduce energy costs for businesses freeing up valuable capital to invest in jobs and infrastructure.

We also would like to express our support for House Bill 6535 An Act Redefining Class 1 Renewable Energy Sources. The measures in this bill in conjunction with House Bill 6532 previously discussed will increase the supply of renewable energy credits and create downward pressure on the current artificially high REC prices, in turn giving much needed relief to Connecticut ratepayers and businesses.

Jason Calabrese