



Written Testimony of Christopher Phelps, Environment Connecticut State Director
Before the Connecticut General Assembly Energy and Technology Committee
Tuesday, March 19, 2013

Opposing Proposed Substitute Senate Bill 1138 (LCO 4767)

Senator Duff, Representative Reed, and members of the committee:

Environment Connecticut appreciates this opportunity to offer comments in opposition to Proposed Substitute Bill 1138 (LCO 4767).

This legislation proposes significant, radical changes to Connecticut's Renewable Portfolio Statute. While some of the changes proposed in the bill are policies Environment Connecticut has called for in the past, the net result of passage of this bill would be to roll back Connecticut's commitment to renewable electric generation. Connecticut's RPS, and particularly the "Class I" tier of the RPS is our state's Renewable Electricity Standard. It's fundamental policy purpose and goal is to create a market incentive for power generators and utilities to gradually and steadily shift away from natural gas, oil, coal, and nuclear power for electric generation and towards renewable generation sources such as wind and solar.

Connecticut and our nation are confronted with the very serious challenge of shifting our energy generation systems away from nuclear and fossil fuels and towards cleaner, sustainable and renewable energy. The RPS statute has, over the course of more than a decade, played a key role in meeting that challenge. Over the past 7 years, the Class I RPS requirement has grown to 10% of our electric consumption. By 2020 it increases to 20%. That gradual, but steady increase in the proportion of our electricity that utilities and electric suppliers must provide from renewable sources is vital to creating an effective market incentive for the industry to build the new renewable generation sources necessary to break our dependence on nuclear and fossil fuels.

As the committee is aware, Public Act 11-80 directed the Department of Energy and Environmental Protection to conduct a study of Connecticut's RPS standards and report on its findings to the General Assembly by February 1, 2012. When testifying before this committee on March 7, 2013, DEEP Commissioner Esty stated that a draft version of that report would be released on Monday, March 11, 2013. Although we continue to hear rumors that the RPS Study will be "released any day," as of the date I am writing this testimony (March 17, 2013) a draft of that study has not yet been released and there has been no opportunity for public comment or input on its findings. However, what has been publicly released is the legislation before you today. Therefore, we respectfully offer these specific comments and suggestions concerning the provisions of this legislation:

Section 1:

This section makes a number of changes to the definition of "renewable" energy sources eligible for Class I of the RPS.

- At line 6, deletion of “from landfills” after “methane” would result in natural gas being defined as a renewable energy source. Environment Connecticut hopes this is simply a drafting error and does not reflect the intention of the committee. If as we expect, the actual intention is to include anaerobic digestion as eligible for the RPS, then we suggest simply explicitly adding that technology to the list of eligible resources. (We also note that in our opinion, anaerobic digestion already qualifies as Class I under the current statute.)
- Lines 8 through 12 delete the existing requirement that small hydropower qualifying for Class I be run-of-the-river and “not cause an appreciable change in the river flow.” These restrictions are replaced with a simple requirement that such facilities receive a certificate from the Low Impact Hydropower Institute. Environment Connecticut is concerned that this change may increase the likelihood that qualifying small hydropower facilities would cause environmental harm to river systems. This is one example of a policy change proposed in this bill that we believe ought to be first considered through a public review process, (such as ought to be part of the process of the DEEP study of the RPS,) to assess whether such change is environmentally beneficial.
- Lines 15-17 establish a maximum particulate emissions rate for qualifying biomass facilities of 0.02 lbs per million BTU. Environment Connecticut supports stringent emissions limits for such generation sources, however, it is unclear what criteria was used to establish this limit or whether a lower limit would be more protective of the environment and public health.
- Lines 23-27 appear to be intended to prevent generators from “double dipping” and receiving RPS credit from CT for generation also receiving credit in other states. We support this provision.
- Lines 28-39 establish a new sub-tier of Class I that includes large Canadian hydropower. Environment Connecticut strongly opposes any inclusion of such large hydropower facilities within the RPS. The purpose of the RPS is to create a market incentive for *new* renewable generation, not to provide a subsidy to mature generation technologies such as large hydropower. Inclusion of large Canadian hydropower within the RPS would have the effect of crowding new wind, solar, and other renewable generation resources here at home. We strongly urge the committee to reject creation of this new sub-tier and the associated carve-out of RPS requirements in Section 4.

Section 3:

This section makes significant changes to the existing, and quite convoluted, definition of “Sustainable biomass” in the statute. As the committee is aware, this section of statute has been the subject of much controversy over the years due to various exceptions and loopholes that it contains. While we support any effort to tighten the definition of “sustainable biomass” to close such loopholes and exclude unsustainable, polluting fuels, this is a subject which we feel ought to be considered more carefully and through a public process.

Section 4:

Environment Connecticut opposes this section. As written, it reduces the percentage of Connecticut's electric consumption required to come from Class I renewable resources and substitutes a carve-out for

the large Canadian hydropower “sub-tier” of Class I established in section 1 of the bill. The net effect of this change is to weaken Connecticut's Class I RPS requirements as follows:

- 2014 – reduction to 9% from the existing 11% requirement. (and a 1% reduction from the 2013 level of 10%.) This would have the effect of *reducing* Connecticut's Class I requirement for the next two years. It would not be until 2016 That the amount of Class I resources required would exceed the level required in 2013, and even then by only 1%.
- 2020 – Current law requires that by 2020 Connecticut get 20% of its electricity from Class I renewable resources. The bill reduces the requirement to 15.5%.
- 2025 – The bill extends the RPS requirement to 2025. Environment Connecticut has urged the legislature to take this step, increasing the Class I requirement by 1% per year after 2020 to achieve a 25% by 2025 and 30% by 2030 requirement. Unfortunately, the newly created carve-out for the large Canadian hydro sub-tier in the bill results in only 17.5% of Connecticut's electricity being required to come from Class I resources by 2025. That is a level 2.5% below what current law requires to happen 5 years earlier.

This section of the bill rolls back Connecticut's commitment to renewable energy in a way that could eviscerate the existing market incentive for generators to build new wind, solar, and other Class I renewable generation in our state and region. Instead, it creates a carve-out benefiting large-scale foreign hydropower generators that have significant environmental problems associated with their operation and which are already a commercially mature technology. Environment Connecticut urges the committee to retain the extension of the Class I RPS requirement to 25% by 2025, but to reject the large-hydro carve-out.

Section 5:

This section directs DEEP and the procurement manager to solicit proposals for long-term contracts from renewable energy generators and authorizes DEEP to direct the electric distribution companies to enter into power purchase agreements for those resources. While Environment Connecticut supports this policy as a way to promote increased development of new Class I renewable resources, these provisions do require additional consideration. For instance, we note that (h) establishes a cap of 150 megawatts of Class I resources contracted under this provision. This is far too small an amount and we strongly urge the committee to remove this cap. In addition, we note that (i) establishes a similar long-term contracting requirement for resources within the newly created large-hydro sub-tier of Class I, but does not include any cap on the amount of such resources to be procured. This would appear to place a large thumb on the scale in favor of large Canadian hydropower to the detriment of new domestic renewable generation sources.

Conclusion:

Environment Connecticut opposes this bill because weakens the RPS and rolls back Connecticut's commitment to a clean, renewable energy future. We urge the committee to reject the bill in its current form.

Sincerely,

Christopher Phelps
State Director, Environment Connecticut