



Connecticut Department of
**ENERGY &
ENVIRONMENTAL
PROTECTION**

**STATE OF CONNECTICUT
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**

Public Hearing –March 7, 2013
Energy and Technology Committee

Testimony Submitted by Commissioner Daniel C. Esty
Presented by Deputy Commissioner Katie Dykes

Raised House 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

Thank you for the opportunity to present testimony regarding Raised House 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. The Department of Energy and Environmental Protection (DEEP) offers the following testimony.

DEEP opposes this bill. It appears that the major objective of this bill is to reduce the cap on alternative compliance payments for Class I renewables from 5.5 cents per kilowatt hour to 3.1 cents per kilowatt hour. Although the department shares the concern about possible rate impacts of renewable portfolio standards (RPS) compliance we believe there are far more constructive ways to address the issue that don't undermine development of new renewables.

DEEP is finishing up a comprehensive study of the RPS with the goal of providing options that mitigate potentially high costs associated with RPS compliance and lessen the likelihood of there being any significant Alternative Compliance Payments while simultaneously advancing the goals of the RPS. Arbitrarily reducing the amount of the ACP, which is already the lowest in New England, would eliminate much of the incentive it is designed to provide for encourage new renewable development and most likely lead to that payment having to be made.

DEEP expects to release a draft of that our RPS study and recommendations on Monday for public comment and we would encourage the committee to refrain from taking any steps to modify the RPS until you have had an opportunity to review that comprehensive analysis. DEEP would welcome the opportunity to discuss the recommendation of the draft report with the committee in whatever forum is most helpful.

Section 10 of this bill would expand the geographic area from which resources would qualify as Class I renewables to include the mid-Atlantic region. Currently only resources located in adjacent control areas, i.e. NY and eastern Canada, qualify as Class I renewables. Establishing the NEPOOL GIS rules that ensure that those imports are delivered into the New England states and that they are not double counted was a very contentious process. Adding the mid-Atlantic states would delivery requirement should be continued. Therefore, DEEP opposes this section without a commensurate delivery requirement. Otherwise we are not meeting our objectives to displace fossil fueled generation in New England and there is limited environmental benefit.

Section 11 of this bill amending subdivision (e)(1) of Section 16-245a of the Connecticut General Statutes (CGS) seems to allow renewable energy credits to be used that do not qualify in Connecticut, as Class I eligibility is determined through legislation previously passed. Therefore, this language may warrant further discussion.

Section 11 of this bill with respect to Subdivision (5) of subsection (f) of section 16-245o requires monthly reporting yet the current legislation and PURA already require reporting and annual compliance filings so this appears to be duplicative and overly burdensome.

In summation, DEEP opposes this bill for the above mentioned reasons.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact DEEP's legislative liaison, Robert LaFrance at 860-424-3401 or Robert.LaFrance@ct.gov.