



TESTIMONY OF ERIC J. BROWN
ASSOCIATE COUNSEL, DIRECTOR OF ENERGY & ENVIRONMENTAL POLICY
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
before the
ENERGY & TECHNOLOGY COMMITTEE
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Good morning. My name is Eric Brown and I serve as director of energy and environmental policy with the Connecticut Business & Industry Association (“CBIA”). On behalf of our 10,000 large and small member companies throughout Connecticut, we appreciate this opportunity to share our perspective regarding:

**Proposed Substitute Bill No. 1138: AN ACT CONCERNING
CONNECTICUT’S CELAN ENERGY GOALS (LCO 4767)**

CBIA supports the intent of this bill to modify Connecticut’s Renewable Portfolio Standard and to utilize large-scale hydropower to help meet those standards.

Members of this committee know better than anyone, that formulating energy policy in this state is a complicated endeavor sometimes akin to solving a Rubik’s Cube. Adjusting the cube to satisfy the needs of one side often occurs to the detriment of another. A complex inter-relationship among very different components but all connected as one whole.

Connecticut's Renewable Portfolio Standards ("RPS") are as one color on the Rubik's Cube. And as Connecticut has attempted to set policies to help achieve those standards, not only have other sides of the cube suffered, but in fact, we are making little progress on the RPS side of the cube, itself.

While interests can debate the purpose of Connecticut's RPS: to achieve environmental benefits; reduce reliance on out-of-state energy sources; or assist with the development of in-state renewable power, it is difficult to argue that Connecticut's Renewable Portfolio Standards have been successful. In fact, we would argue that the current RPS are failing in significant ways. For example, only a very small percentage of Connecticut's Class 1 RPS comes from in-state sources (4% in 2011). And the vast majority of Connecticut ratepayer investment in Class 1 resources is currently going to support wood-burning plants in Maine and New Hampshire.

Not only are the current RPS failing expectations, but they are presenting an increasing challenge to the Connecticut's vital effort to become more competitive with respect to energy costs. Connecticut is already falling short of its current RPS targets and therefore paying a 5.5 cent per kilowatt-hour non-compliance penalty. The amount of that penalty will go up substantially in the coming years if the current RPS are not addressed.

We agree with DEEP's statement in the Executive Summary of its new RPS study that, "Connecticut ratepayers are in immediate danger of shouldering a growing economic burden while receiving little of the environmental or economic benefits envisioned when the original RPS was adopted."

In the meantime, Connecticut continues to have the highest electric rates in the country. Connecticut has also lost ground against the other New England states as prices in Connecticut, on average, remain over 10% higher than the average prices in the rest of New England and are 22% higher than the prices paid by neighbors just across the state line in Rhode Island¹. Connecticut has also lost ground on a national level as average prices in Connecticut are nearly 60% higher than the national average.

The RPS non-compliance penalty, like the Connecticut-only tax on electric generation, the RGGI greenhouse gas tax, and others, all combine to make Connecticut less competitive place to do business with respect to energy costs.

Accordingly, Connecticut stands at critical cross-roads. We can decide that the current dismal track record for Connecticut's RPS is a temporary and we should forge ahead hoping its forecasted positive attributes will one day be realized. We could simply push out the deadlines and hope that with more time, the marketplace will become more compatible with RPS goals and targets. We could get rid of them altogether.

CBIA prefers the general approach offered within this proposed substitute bill, which is to recognize that the current RPS are not working and need to be modified or they will become an increasing impediment to Connecticut's struggling economic recovery and the goals of our new Comprehensive Energy Strategy to provide cheaper, cleaner and more reliable energy for our citizens and businesses. We also feel strongly that Connecticut must take advantage of the immense opportunity to use large-scale hydropower from Canada to not only to diversify our portfolio of clean power from nearby sources, but also to provide critical flexibility to meet our RPS requirements – if we are to retain them.

Today, DEEP is releasing its full RPS report. The executive summary, already released, indicates the agency is committed to taking advantage of large-scale hydropower in a manner that mitigates the negative impacts of our current RPS while complementing in-state and regional renewable energy procurements – rather than stifling them. Frankly, in addition to not having seen the details of DEEP's study on how to accomplish that goal, CBIA is still vetting the details of the recently released substitute language that is the subject of today's hearing with our members.

So we cannot yet conclude that each of the specific "policy movements" put forth in today's bill, including the long-term contracting provisions, are the right ones. But we are very optimistic that DEEP's stated goals are critical and achievable.

After all, in reality, there is a solution to the Rubik's Cube.

CBIA and its members look forward to continuing to work with this committee, DEEP and all stakeholders in this important endeavor.

Thank you for this opportunity share our perspectives on this bill and for your consideration of them.