



**Testimony of Roger Smith, Co-Director, Clean Water Action
Energy and Technology Committee March 19, 2013**

**In Opposition to Proposed Substitute Bill 1138
AAC Connecticut's Clean Energy Goals**

Clean Water Action is a national environmental non-profit with 15,000 Connecticut members. Since 1997 we have worked on energy policy in Connecticut. We have also promoted clean energy and energy efficiency at the town and residential level through the Clean Energy Communities initiative.

Connecticut cannot sustain its near-complete reliance on non-renewable fuels like coal, oil, natural gas and uranium. We need clean, renewable energy sources to reduce price volatility and meet our air quality and global warming standards.

We are here today in opposition to Raised Substitute Bill 1138 (LCO 4767) as it radically departs from our current policies to promote renewable energy in Connecticut. The purpose of our state Renewable Portfolio Standard is to spur the adoption of new renewable electricity projects on our power grid, which Connecticut shares with the rest of New England. This bill for the first time opens up eligibility to foreign resources.

We welcome a thoughtful analysis of how well the RPS is achieving the goal of our state to build new clean energy projects with recommendations for improvements. Unfortunately, as of Tuesday March 18th, no such analysis has been made publicly available. While the legislature charged DEEP with delivering a study of the RPS, presumably to inform potential legislation, DEEP has yet to release this study as a draft, solicit public comment, and take that comment into account before releasing a final version. Instead we are here testifying on sweeping legislation without the benefit of any underlying analysis, let alone an analysis that has been thoroughly vetted. As with the CES, which significantly changed from draft to final version, public comment and stakeholder involvement is critical to a quality product.

The bill before this committee changes almost every aspect of the RPS. Parts of it are vague and difficult to understand, and this bill likely has many unintended consequences. Some sections of the bill decrease Class I eligibility and likely increase costs, and other sections of the bill do the opposite. With the three working days we have had to review it we can offer general comments, but there is a reason why reports and plans have 30 day comment periods.

Recommendations

We recommend acting on long-term contracts in Section 5 (h) as a policy with broad agreement, and putting off the rest of the changes (including ones we support) until they are fully subjected to public scrutiny. Before disrupting the regional renewable energy market we should confident that we are making the right changes.

1. Act on Long-term Contracts

The only recommendation here which seems to have broad support and any urgency is Section 5 (h) for authority to join neighboring states in soliciting long term contracts for Class I renewable resources. It doesn't change the standards or percentages of the underlying RPS, only how we procure resources.

We can meet our RPS goals at lower cost, stabilize electricity rates against spikes in natural gas prices, and spur new projects by soliciting long-term contracts for both electricity and Class I RECs with new generators in New England. By taking action now Connecticut may be able to take care of the expiring production tax credit for renewable energy like wind.

A well-structured solicitation will deliver below-market REC prices, as a stable contract is very valuable to developers. It will also deliver below-market energy prices compared to a conventional fuel source like natural gas, which will not bid in their fuel cost for 15-20 years without a significant risk premium. Renewable energy sources like wind have no fuel cost, only capital costs to pay back.

We support the general recommendation in this bill, but the MW limits are very modest compared to the goals of the RPS. DEEP should be authorized to achieve significant amounts of the RPS through contracting (potentially up to 50% of the RPS obligation). We support language directing DEEP regarding the attributes of successful contracts, such as REC prices below projected market prices, electric price stability compared to current and projected prices and special consideration of projects with reliability and grid support (i.e. local) benefits.

2. Oppose Contracted "Canadian" Tier

This section of the bill strikes us as a narrowly-tailored giveaway to Northeast Utilities to support their controversial partnership with Hydro-Quebec. Far from being a backstop triggered if some threshold is met, it's an open door to let hydropower flood Connecticut. Why would Connecticut spend money on renewable energy from Canada rather than invest in projects in Connecticut and on the shared New England grid which have real energy, reliability and air quality benefits? This section reduces the Class I RPS from 20% to 15% in 2020, and even with the reduced eligibility of biomass projects in other sections, most likely represents a weakening of the current standard.

We are concerned about the environmental impacts of large-scale hydropower, including damage to the health of river ecosystems and the wide-scale flooding of lands and corresponding emission of greenhouse gases as dead vegetation rots.

3. Sustainable Biomass

This section is potentially very important, but appears to have been drafted hastily. If Connecticut is to reevaluate what types of biomass can earn Class I credits, it should do so comprehensively.

We would welcome a discussion to define what "sustainable biomass" means beyond the current self-referential definition of biomass that is "harvested in a sustainable

manner.” The statute should define sustainable harvesting (in New York State it means the replanted trees won’t be harvested for a century), ensure Class I biomass actually has real global warming benefits (Massachusetts has strict standards in place to support high-efficiency combined heat and power biomass plants that have lower greenhouse gas emissions than fossil fuels), and only support plants with the best available air pollution controls to reduce air pollution from smog-forming NOx and fine particulate pollution.

The bill before you is silent on sustainable harvesting, addresses greenhouse gas pollution tangentially (only CO2 emitted related to transporting fuel), and while it has new particulate matter limits, which is good, the limits are weak compared to other states and far from what the best pollution control technology can do. We support the proposed elimination of construction and demolition waste, as it is widely contaminated with lead, arsenic, mercury and other toxic chemicals. We would urge the stripping out the special exemption for Plainfield Renewable Energy (lines 64-70.)

4. Methane

We are concerned that as drafted, removing “landfill” from methane gas opens up the Class I RPS to facilities that burn natural gas. Surely this is not intentional. We suggest changing methane to “renewable methane” or “biogas” and defining it in statute to explicitly include technologies like anaerobic digestion and other forms of electricity production using renewable feedstocks. We also suggest putting in place stringent air pollution (NOx, PM 2.5) standards for any renewable energy sources that combust fuel.

5. Hydropower

The removal of the “run of the river” standard from small hydro plants is a threat to the health of rivers in and upstream of Connecticut. While the privately established LIHI standard had been the gold standard for high quality hydropower plants, we share concerns of rivers’ groups that it no longer is adequate to ensure river health, and for that reason cannot support this change.

6. Combined Heat and Power (Class III)

We support the change that would remove ratepayer funded efficiency programs from Class III so as not to continue to crowd out private investment in combined heat and power. We would suggest a preference or adder for projects that feed microgrids or are powered by renewable fuel to maximize the benefit of Class III to the state.