

TESTIMONY
OF
UIL HOLDINGS CORPORATION

Regarding

Raised House Bill 6940

**AN ACT ESTABLISHING A SHARED CLEAN ENERGY FACILITY PILOT
PROGRAM**

and

Raised Senate Bill 928

AN ACT CONCERNING SHARED CLEAN ENERGY FACILITIES

**Before the
Energy & Technology Committee**

**Legislative Office Building
March 17, 2015**

Good morning, Senator Doyle, Representative Reed and members of the Energy and Technology Committee. My name is Roddy Diotalevi and I'm Senior Director of Sales & Marketing for UIL Holdings Corporation (UIL), the corporate parent company of The United Illuminating Company (UI). I thank you for this opportunity to offer these comments in general support of **House Bill 6940 - AN ACT ESTABLISHING A SHARED CLEAN ENERGY FACILITY PILOT PROGRAM** with some modifications and in opposition of **Senate Bill 928 - AN ACT CONCERNING SHARED CLEAN ENERGY FACILITIES**.

UI supports Connecticut's clean energy and climate change goals and is committed to help the State meet them. We welcome the opportunity to work with policy makers and others to be an enabler, not an impediment, in establishing a framework that meets evolving customer expectations regarding the development of clean energy facilities while balancing cost and system impacts.

UI supports the establishment of a pilot program. A pilot will ensure that program costs are controlled, allow time for a proceeding to determine the true value of solar, and allow the issue of ratepayer fairness to be fully addressed. Raised House Bill 6940 appropriately caps the pilot program via nameplate capacity (a total rating of 6MW) and requires a report to be filed at the end of the three year pilot program (on or before January 1, 2019) to analyze its success and to recommend whether a permanent program should be established.

HB 6940 appropriately requires a competitive solicitation for the construction of the shared clean energy facility. The result of this process will drive down the cost of the shared clean energy facility ("SCEF") which, in turn, should lower the "shared clean energy credit" required by the "subscriber organization" to attract "subscribers". Absent a competitive process and as

solar equipment costs continue to decline, the developer of the facility or “the subscriber organization” could otherwise sell the energy produced by the facility (“subscriptions”) to end-use customers (“subscribers”) at any price (presumably at slightly less than the retail cost per kilowatt hour) and realize inappropriately large profit margins. **SB 928** does not have such protections and would burden non-participating customers with these added costs. **HB 6940** recommends a solicitation for two recipients, one in a large municipality (>100,000) and one in a small municipality. Instead, UI believes that this should be modified so that one facility is procured in each of the Electric Distribution Company (“EDC”) service territories, so as not to disproportionately impact the customers of one EDC and to fully determine any impact on the systems of the two EDCs.

UI is in full support of a proceeding to determine value of clean energy by type of resource used in Connecticut for the purpose of establishing the “shared clean energy facility credit”. As **RB 928** is constructed, the EDC would be paying the “subscribers” the full bundled retail cost per kilowatt-hour for the energy from the project. Ironically, not only would shared solar subscribers bypass paying their fair contribution to the renewable energy fund, but they would receive a dollar-for-dollar credit, paid by non-participating ratepayers, for the amount of the contribution that they would have otherwise made. In addition, “subscribers” would pay nothing towards the costs of other state policy programs, such as conservation and load management or other state-mandated procurement contracts that the EDC’s have entered into.

UI will continue to advocate against the cost-shifting from participants to non-participants.

If the bill were enacted, the electric distribution company’s delivery system would be used to deliver electricity from the shared clean energy facilities to their “subscribers” at no cost to the subscriber or the owner operator of the facility as if they were receiving energy “behind the

meter” as a rooftop solar does. “Subscribers” would also continue to rely upon the distribution infrastructure for backup during times when the intermittent renewable resource is not producing energy. Yet the EDC would not be collecting those costs from the “subscribers”. UI believes that the customer equity issue and whether customers are rightfully paying their fair share of the electric distribution system needs to be addressed in a broader context. UI believes that although the current distribution rate making process is fair and serves all parties well, today’s volumetric (usage) based rates are not tied to the fixed-cost Delivery system nor are they aligned with the evolving grid.

Credits to the “subscribers” of the shared clean energy facility should be handled by the “subscriber organization” or SCEF owner. UI does not support the provision in RB 928 for “subscriber organizations” to request that this be handled by the EDC. Any requirement for the EDC to engage in this or other administrative function needs to be accompanied with a provision to allow for full, unambiguous recovery of such costs.

In summary, these Bills have a host of issues that need to be resolved and any shared clean energy facility program should not start until rules and regulations are established by PURA.

UIL thanks you for the opportunity to offer these comments on Raised House Bill 6940 – An Act Establishing a Shared Clean Energy Facility Pilot Program and Raised Senate Bill 928 – An Act Concerning Shared Clean Energy Facilities. I will try to answer any questions you may have.