



March 17, 2015

The Hon. Paul R. Doyle, Co-Chair
The Hon. Lonnie Reed, Co-Chair
Energy and Technology Committee
Room 3900, Legislative Office Building
Hartford, CT 06106

RE: SUPPORT FOR S.B. 1078 (RAISED), AN ACT CONCERNING AFFORDABLE AND RELIABLE ENERGY

Dear Senator Doyle, Representative Reed, and members of the Energy and Technology Committee:

On behalf of SunEdison, thank you for the opportunity to offer testimony in support of Senate Bill 1078 (RAISED), *AN ACT CONCERNING AFFORDABLE AND RELIABLE ENERGY*.

SunEdison manufactures solar technology and develops, finances, installs, owns, and operates wind and solar power plants, delivering predictably priced electricity to its residential, commercial, government, and utility customers across the globe. In New England, SunEdison has developed numerous small and distributed solar projects (including some in Connecticut), and operates six grid-scale wind facilities. We currently have 610 megawatts (MW) of utility-scale wind and solar in operation or construction in the region.

SunEdison supports the purpose and intent of S.B. 1078, and we appreciate the efforts of the Department of Energy and Environmental Protection (DEEP) to bring this legislation forward as part of the Malloy Administration's efforts to provide a cleaner, cheaper, and more reliable energy future for Connecticut. This bill presents an important opportunity to make major gains in the pursuit of these energy policy goals, and we stand ready to work with members of this committee and DEEP to refine S.B. 1078 so that Connecticut can take full advantage of this legislation's potential.

PROCUREMENT OF LARGE-SCALE CLEAN ENERGY IS GOOD FOR CONNECTICUT

SunEdison believes that cheaper, cleaner, and more reliable opportunities exist and can be accessed by tools such as the competitive long-term procurements envisioned by S.B. 1078. This is supported by real world experience, which shows that done correctly, large-scale

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procurement of clean energy through long-term Power Purchase Agreements (PPAs) can both drive down costs for consumers and result in more investment in clean and renewable power.

A properly executed procurement process that uses the power of competition to incentivize lower priced and more innovative bids can provide numerous benefits for Connecticut, such as:

- Direct consumer savings from cost-effective contracts
- Indirect consumer savings from regional wholesale energy price suppression
- Indirect consumer savings from Renewable Energy Certificate (REC) price suppression
- A hedge against electricity price instability
- Reduced air pollutant and greenhouse gas emissions
- Economic development and employment opportunities
- Progress toward renewable and climate goals

Long-term PPAs for renewables have been a success in Connecticut and elsewhere in New England, as procurement processes that were competitive and focused on cost resulted in significant benefits to consumers. In fact, the successes of the 2013 Connecticut procurement (under the authority of the energy law passed that year), and Massachusetts procurements in 2010 and 2013, have led both states to join Rhode Island recently in announcing a new joint solicitation process. Furthermore, legislation has been introduced in Massachusetts to significantly expand future procurement authority there, fueled by the same type of positive experience¹ that has led DEEP to draft S.B. 1078.

COMPETITION AND CLARITY MAXIMIZE PROCUREMENT SUCCESS

Over the past decade, SunEdison has had experience competing for long-term PPAs in nearly all of the New England states, including Connecticut. As a result, we have a perspective on what has worked as the states have used procurement to pursue clean and affordable power, and accordingly, we believe that the following principles maximize the potential for successful procurement:

- Procurements should be conducted on a competitive basis to obtain the best proposals at the best prices.

¹ According to reviews by the MA Department of Public Utilities of analyses done by utilities, the six PPAs that were the result of the 2010 and 2013 solicitations would provide a net savings over the life of the contracts of almost \$1 billion. This led the DPU to find that, "*there are significant net benefits to Massachusetts ratepayers associated with the proposed long-term renewable energy contracts, i.e., the benefits are expected to far exceed the costs of the contracts.*"



- The criteria used to evaluate proposals should take into account long-term benefits and costs.
- Longer duration contracts (25-30 years) will bring greater price benefits. Financing over a longer time horizon enhances project financing, which translates into a better deal for consumers. These are long-lived assets and as such should be fully taken advantage of in order to bring down per unit costs. In fact, we have begun to see 25-30 year contracts for many renewables (including wind), as that duration matches expected asset lives.
- Future large procurements should allow a combination of large-scale wind and hydropower, which together can efficiently use transmission around the clock to best meet consumer needs at competitive prices.
- Procurement processes, from initial solicitations through regulatory review, must be clear and transparent. A lack of predictability can stifle investment, particularly with the scale of large energy projects (many hundreds of millions of dollars).

CLEAN ENERGY IS AVAILABLE AND AFFORDABLE

There are many clean energy developers and transmission companies in this region that are currently working on projects to make new sources of renewable and clean power available to Connecticut consumers. With the largest fleet of Class I renewable energy facilities in New England² and an active development pipeline, SunEdison is well-placed to offer a significant amount of renewable energy to procurements in Connecticut and elsewhere in the region. Specifically, SunEdison is currently working on approximately 2,000 MW worth of projects that by the end of this decade could be in-service and providing power to New England consumers. To develop and finance that amount of Class I renewables and the associated transmission, long-term PPAs will be critical.

As outlined above, recent history demonstrates that competitive procurement of Class I renewables can produce substantial savings for consumers. Additional larger procurement can save even more – **over \$200 million in consumer savings for each 100 MW of Class I renewables contracted for** over the life of the PPA³. Larger procurements with longer duration contracts can increase savings, due to advantageous financing, economies of scale, and potential transmission efficiencies.

² 610 MW of utility-scale wind and solar in operation or construction.

³ This calculation is based on the savings expected from three 15-year PPAs for Class I wind entered into by National Grid, NStar, Western Mass Electric, and Unitil in 2013.



In summary, SunEdison encourages the committee to act on legislation this year to extend and expand authority for long-term procurement of clean and renewable energy. Enacting such a policy would increase the amount of renewable and low-carbon energy serving Connecticut, lower the cost of power and RECs, and improve system diversity, reliability, and integration.

Again, thank you for the opportunity to share these views in support of S.B. 1078.

Sincerely,

A handwritten signature in black ink, appearing to read "David Wilby", written in a cursive style.

David A. Wilby
Vice President, State Policy
North America Utility & Global Wind