

Testimony
of
THE UNITED ILLUMINATING COMPANY
Before
The ENERGY AND TECHNOLOGY COMMITTEE
Re
RAISED HOUSE BILL 6989

AN ACT CONCERNING DISTRIBUTED ENERGY RESOURCES

LEGISLATIVE OFFICE BUILDING
HARTFORD, CT
March 17, 2015

Good afternoon Senator Doyle, Representative Reed and members of the Energy and Technology Committee. My name is Patrick McDonnell and I am the Director of Conservation and Load Management for The United Illuminating Company (“UI”). I am here today to testify on **Raised House Bill 6989 – AN ACT CONCERNING DISTRIBUTED ENERGY RESOURCES**. UI supports the intent of RHB 6989. However, we want to suggest some modifications to achieve the envisioned results of the program in a more cost effective manner

The provisions of House Bill 6989 would create a new Combined Heat and Power (CHP) program. This program would adopt many of the same provisions included in the CHP program established by Public Act 05-01, An Act Concerning Energy Independence. The program established in Public Act 05-01 was very successful in incenting numerous Combined Heat and Power (CHP) projects in Connecticut. As successful as that program was, we have the opportunity now to learn from experience, and create an even more successful offering for Connecticut businesses and residents.

In order to fully achieve the maximum benefits from the program, and develop projects that have the most benefit for customers, we would suggest that rather than having the Department of Energy and Environmental Protection (DEEP) create an offering for customers that we follow the model used in our energy efficiency programs and require the Electric Distribution Companies (EDCs) develop a plan to submit to DEEP for approval. The EDCs have a close relationship with customers and know their energy use patterns. This approach would require the EDCs to develop targets, identify the best candidates to solicit for CHP installations while still allowing DEEP to approve and provide oversight of the utility offerings. This approach would allow us to integrate the CHP program as part of our offering to customers for energy

efficiency measures and leverage much of the existing outreach to customers. I have seen situations where customers are interested in designing in CHP equipment as part of their facility design. While this is the optimum approach, the administrative structure of our CHP offerings in Connecticut makes this a challenge for customers to do, because of the design of the incentive offerings and the uncertainty of whether the incentive would be available when their building was completed. This integrated CHP and energy efficiency approach would also model the successful approach that other states such as Massachusetts and California have taken. The EDCs would be in a position to facilitate development of quality CHP projects, and optimize the energy utilization for the customer rather than just waiting for projects to occur under the provisions of HB 6989. UI would also suggest that rather than setting specific incentive amounts in statute, that it would be better to specify a range of incentives, and allow the EDCs to suggest an appropriate level in any year of the program, based on customer response, that DEEP could then approve. This method has been used successfully by DEEP in its LREC and ZREC programs.

Another important change to the Bill would be to create a performance incentive program for the EDCs. Public Act 05-01 included a provision for an incentive for the EDCs of up to \$200 per kW of new resource that was installed. This incentive encouraged the EDCs staff, such as account managers and distribution engineers to provide the appropriate focus on the program. Otherwise the EDCs would not divert resources from other utility projects to provide support for this CHP effort. Merely providing for cost recovery for those resources may not provide sufficient incentives for a successful program.

Section 4 of this bill would authorize DEEP to provide incentives for the development of Microgrids, including the generation needed for that Microgrid. While this may be an important

step to incent the development of additional Microgrids, the Bill currently would propose an unlimited incentive amount. A range of incentives that would be appropriate, rather than the unlimited amount currently in the Bill would insure that Microgrids are not built regardless of cost.

The United illuminating Company supports House Bill 6989 with the changes we recommended above. Thank you for your consideration of this matter, I would be happy to answer any questions you may have.