



# TOWN OF CANTON

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## OFFICE OF CHIEF ADMINISTRATIVE OFFICER

### **Testimony of the Town of Canton Regarding Raised Bill No. 394 – An Act Concerning Virtual Net Metering and Certain Zero or Low Emission Generation Projects**

The Town of Canton supports the interest of Raised Bill No. 394 which provides increased virtual net metering benefits for municipal customer hosts. The Town requests that the bill be amended to provide a set aside for hydroelectric projects and that the time period for development of a hydroelectric project be extended to thirty months.

The Town of Canton has been actively seeking to redevelop existing hydroelectric facility on the Farmington River for eight years. The facility is currently owned by the State of Connecticut. In 2008, the Town applied for and received a preliminary license from the Federal Energy Regulatory Commission (FERC). In 2009 the legislature passed Public Act 09-7 that states the Commissioner of Department of Energy and Environmental Protection shall enter into an agreement allowing the Towns of Canton, Burlington or Avon to utilize the hydroelectric facilities. In 2014, with the support of Representative Esty and Senator Murphy, Congress passed and President Obama signed, the Collinsville Renewable Energy Act. The law directs FERC to reinstate the license for the Collinsville hydroelectric facility pending a comment period and environmental study. In 2015 the Town negotiated a letter of intent with Canton Hydro LLC to acquire the FERC license and to develop and operate the Collinsville hydroelectric facility.

The facility will generate 4.3 million kilowatts of power per year, most of which will be utilized by Town accounts. In order for the project to be economically feasible, especially considering the current price of electricity, the project needs to utilize available credits including virtual net metering.

There is another concern with the virtual net metering program. The program works well for solar energy projects, but due to the significant regulatory process required by FERC it is difficult for hydroelectric projects to be operational in the 12 months required by the program regulations. For example, Canton Hydro LLC, needs virtual net metering credits to be profitable. Unfortunately, if they apply for the credits before starting the costly FERC regulatory process they will not be able to complete the process, get licensed, order the equipment necessary to operate the facility and get it installed within the 12 month period specified in the current legislation. Therefore, a hydroelectric developer must either spend significant funds first, get FERC approval, then apply for Virtual Net Metering credits without knowing whether there will be any credits left or apply now for the credits realizing that they will probably not be able to meet the 12 months' time period for getting the plant operational after being awarded the credits. In effect this creates an unfair disadvantage to hydroelectric developers.

Contrary to many solar facilities, hydroelectric facilities are constructed to operate and provide clean energy for many decades. The hydroelectric facility proposed in Collinsville is a run of the river facility which does not impact the flow of water. Furthermore, the proposed facility includes a fish ladder which will be constructed by the developer. The facility also includes the installation of flash boards that will enhance recreational opportunities for those using the river. These are all characteristics that distinguish hydro facilities from solar. Unfortunately these are all important benefits that may never be reached if the legislation is not changed.

For the above reasons the Town of Canton respectfully requests that the legislation be amended to increase the cap for virtual net metering that is available to municipalities and that the time period for hydroelectric facilities to become operational after being awarded virtual net metering credits be increased from 12 months to 30 months.

Submitted by,  
Leslee B. Hill, Canton First Selectman

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