

**SB 334 AAC Minor Revisions To The Energy And Technology Related Statutes
Energy & Technology Committee, March 10, 2016**

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Senator Doyle, Representative Reed, Committee Members and staff, my name is Joel Gordes. I am here today representing myself. While I served as a Study Advisor to the Connecticut Academy of Science and Engineering on their study of Shared Clean Energy Facilities, I do not currently represent them.

I would like to comment on Sections 2 and 3 pertaining to PA 15-113 AAC Shared Clean Energy Facilities (SCEFs) which was also the topic of RCB 5427 heard on March 1st. Many in the environmental community will cover valuable contributions SCEFs can make to furthering environmental goals. I will concentrate on less recognized value streams—such as state budget deficit reductions.

Summary of Major Points to Be Added or Deleted From RCB 5427:

- 1) The technical amendments in this legislation have corrected certain areas for which DEEP asked PURA requested a declaratory ruling but were denied.
- 2) Nothing here speaks to the project term but 15 years, as in RCB 5427, is insufficient.
- 3) The Committee should expand the scope from the 6 MW pilot to a significantly larger program in order to tie portions to reducing the state budget deficit.
- 4) In this legislation or separately, mandate a professionally-conducted value of solar/DG study .
- 5) Consider a 1% -5% bonus rate of return for utilities to reward them for successfully facilitating SCEF development. We have done this for energy efficiency programs under Sec. 16a-49 enacted in 1988.

Now, I would like to detail how a proliferation of SCEFs could aid in state deficit reduction.

In 1990, Connecticut had a large budget deficit. One step taken to alleviate it that did not entail a tax increase or budget cut was Public Act 90-221. All it did was changed light bulbs in state buildings from conventional bulbs to the then-new compact fluorescents using one quarter of the energy. It was able to save \$4 million (possibly as much as \$12 million) in the first year. It was projected by Northeast Utilities to save \$130 million dollars by year 2000. That would equal approximately \$236 million today.¹

While the savings from SCEFs would not be available immediately, we are in an era of perennial deficits and, if not further delayed, some SCEF-induced savings could likely be available within a year.

One similar application of SCEFs has already taken place in Massachusetts where SCEFs allow 16 low-income housing authorities to save at least \$60 million over 20 years which reduces that state's funding for energy.²

It is noteworthy that Massachusetts with only twice Connecticut's population has five times the amount of installed solar capacity (ranking #2 nationally) to Connecticut which placed #16.³ The cited source said that they, "...found Connecticut lagging far behind Massachusetts in the number of state buildings using solar power to generate electricity." SCEFs provide a way to increase state building use of PV and at a cost savings.

¹ Bureau of Labor Statistics CPI Calculator

² Tweed, Katherine. [Mass Public Housing Leverages SunEdison Solar PPAs for Big Savings](#). GreenTechMedia. Dec. 4, 2015.

³ Hladky, Gregory B. [State 2nd in Region for Solar Jobs](#). February 11, 2016.

But it is NOT just state buildings that can play a role in deficit reduction by buying lower cost power via SCEFs. The state provides aid to innumerable entities including towns, libraries, group homes, half-way houses, museums, schools, nursing homes, railroads ...and the list goes on ad infinitum. All of them use electricity. Lowering their energy cost with SCEF-provided power could bring about significant savings allowing the state to cut some portion of their aid proportionate to those savings without affecting operations.

In closing, it is hoped that, instead of opposing a new business model(s) such as SCEFs, our utilities will follow suit and even prosper from them. Almost five years ago, in a published OP-ED concerning microgrids, I wrote:

...but the key to successful implementation will be to compensate utilities with equal or better rates of return so they cooperate in installation of these systems. We have taken similar steps for their involvement in energy efficiency programs since 1988. Only by making the utilities monetarily whole can a secure, reliable distributed generation plan become a reality.⁴

This also holds true for the shared solar program as well. Thank you for your attention in these matters.

⁴ Gordes, Joel N. [*Smaller Electric Grids Safe, Reliable*](#). The Hartford Courant. September 4, 2011. P. C1.