Proposed S.B. 106, AAC Zero-Carbon Electric Generating Facilities and Achieving Connecticut's Greenhouse Gas Emissions Mandated Levels.

Position: Acadia Center opposes this bill to the extent it is intended to provide new ratepayer support to existing nuclear power generation.

Without knowing more about the "mechanism" referred to in this proposed bill, it is difficult to formulate a meaningful response. In the last legislative session, Acadia Center opposed a similar effort to make nuclear power eligible for new ratepayer subsidies because it could expose ratepayers to significant private sector risk, could undermine energy markets, and is unnecessary. That position remains unchanged.

The better approach to leveling the playing field for all forms of non-emitting electricity generation, while also insulating Connecticut's ratepayers from market risk, is to use existing market-based programs, such as the Regional Greenhouse Gas Initiative (RGGI), to support our climate commitments. Connecticut currently chairs the RGGI, Inc. Board of Directors, a cooperative and successful, nationally significant program that reduces GHG emissions in nine states by charging power plants for each ton of carbon dioxide released into the atmosphere. The RGGI states are currently conducting a scheduled three-year program review to set carbon pollution reduction targets through 2030, which will greatly impact how much fossil-fueled power plants pay for pollution permits. Higher prices for pollution permits will increase the economic competitiveness of all forms of non-emitting electricity generation, including nuclear power, without favoring any one specific technology.

Proposed Senate Bill 106 should therefore be set aside while other long-term energy planning processes, such as the RGGI program review, or Connecticut's upcoming Comprehensive Energy Strategy, are given the opportunity this year to take a holistic look at market-wide issues, including the role of carbon pricing in shaping our energy mix.

Acadia Center also has important unanswered questions about any ratepayer "mechanism" potentially on the table here. One example of such a mechanism would be to set a zero-emission credit price for power generated by an in-state nuclear facility. This raises many unprecedented issues. Can Connecticut guarantee that other states in the Northeast would not be able to outbid that set price to obtain a sizeable new GHG emissions reduction benefit that would count towards their own climate commitments – thus depriving Connecticut of the same? Is there any mechanism that could legally ensure that such GHG emissions credits will only be available to Connecticut? How would a set price for zero-emission power interact with existing wholesale energy markets and the current framework of the Federal Power Act? What other federal legal issues might be raised? There are likely other substantial questions that need to be answered before moving forward with any special treatment for existing nuclear power.

Thank you again for the opportunity to testify. Please do not hesitate to contact me if you have any questions.

For more information:

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