CIEC Connecticut Industrial Energy Consumers

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TESTIMONY OF THE CONNECTICUT INDUSTRIAL ENERGY CONSUMERS ON S.B. 106 "AN ACT AN ACT CONCERNING ZERO-CARBON ELECTRIC GENERATING FACILITIES AND ACHIEVING CONNECTICUT'S GREENHOUSE GAS EMISSIONS MANDATED LEVELS" BEFORE THE ENERGY AND TECHNOLOGY COMMITTEE FEBRUARY 7, 2017

The Connecticut Industrial Energy Consumers (CIEC), an *ad hoc* coalition of large commercial and industrial end-users which collectively employ thousands of Connecticut workers at numerous locations throughout the State hereby offers its comments on S.B. 106 "An Act Concerning Zero-Carbon Electric Generating Facilities and Achieving Connecticut's Greenhouse Gas Emissions Mandated Levels."

CIEC fully supports efforts to increase system reliability while reducing the State's carbon footprint. As you are well aware, CIEC members are leaders in energy reduction and conservation, dramatically reducing their usage. They actively participate in load reduction programs and are subject to interruption during peak periods. These efforts have resulted in less strain of the bulk power system and produced significant environmental benefits by reducing emissions and potentially displacing older less efficient units. CIEC members continue to expand their energy reduction and conservation measures and subsidize the conservation and load management fund through their rates for the benefit of other customers.

CIEC is concerned that the imposition of this bill will unintentionally contribute to an increase in energy supply costs without providing any additional benefits to electric energy consumers.

As you are aware, Connecticut consumers currently pay among the highest electricity prices in the contiguous United States and the second highest prices in the entire country. The price of electricity places Connecticut businesses at a significant disadvantage with respect to businesses and manufacturers in other regions and nations. In fact, these high energy costs are a significant contributing factor to the decline in Connecticut's manufacturing and commercial sectors – resulting in the loss of thousands of jobs over the past decade.

Accordingly, before the Committee advances this bill, we ask you to consider the following:

- Millstone has two federal licenses to operate, one through 2035 and the other through 2045.

- Both licenses are renewable for an additional 20 years.

- The $1.3 billion cost for Millstone has been fully paid. No additional infrastructure improvements are required.

- The impact analysis on Connecticut and New England from the retirement of Millstone is based on the mistaken premise that it will be shutting down immediately.

  - In its 2nd Quarter (Aug. 2016) earnings call, Vice President for Investor Relations Thomas Hamlin said Dominion had no intention of selling Millstone.

  - Dominion has a capacity agreement for its Millstone facility with ISO New England through May 2020 contractually inhibiting the retirement of this power plant.

  - In addition to a standard return on investment, Millstone receives guaranteed capacity payments averaging $150 million a year through 2019.

  - Options are available through ISO-NE to seek Reliability Must Run agreements. The cost of such agreements are spread over all of New England not just Connecticut.

- The proposed legislation could add hundreds of millions of dollars annually to electric bills in this state. As such, we oppose this bill.

The above notwithstanding, if after a review of all relevant market analysis and facility cost information for the affected unit(s), with appropriate protection for confidential business information, the DEEP confirms that market revenues are insufficient to maintain ongoing operations, contracting options could be pursued. However, if ratepayers provide financial support to a unit during a period of low market revenues, during periods of high market revenues, the unit owner should be required to provide a credit to ratepayers equal to the revenue in excess of operating costs up to the amount of ratepayer support received.

We are committed to working with legislators, state agencies and other market participants to continue to implement solutions that assist in furthering the economic viability of the State.