

Good afternoon, Chairman Winfield, Chairman Formica, Chairwoman Reed, Ranking Member Hoydick, and all the members of the E&T Committee.

My name is Katie Dykes, I serve as the Chair of PURA.

Thank you for the opportunity to present testimony regarding proposed Bill Number 106. The issues are complex, but I am determined to be succinct today.

Nearly two decades ago, Connecticut deregulated its electricity generation sector, committing to source power through a regional wholesale market. That market has succeeded in attracting private investment in efficient natural gas power plants.

But as natural gas now accounts for more than half of our power generation, with no regional mechanism to ensure investment in gas delivery infrastructure, and carbon reduction goals in many states, the market is in a period of uncertainty. Serious discussions began last July at ISO-NE and NEPOOL about how to ensure reliability and accommodate state public policy in the wholesale market, including retention of existing nuclear units.

Those conversations have not produced any consensus solutions as of yet, and it is not certain that a consensus solution will emerge. Even among the six New England states that participate in the ISO-NE market, there are different views as to what solutions are necessary or appropriate, if any.

It's also important to mention that the Regional Greenhouse Gas Initiative is a market-compatible program currently in place that values the zero carbon aspect of existing nuclear units. Discussions are still ongoing among the 9 RGGI states about strengthening the RGGI program, which could provide additional competitive advantage to the nuclear fleet.

In my role at PURA, I am not here to advocate for any particular action or mechanism. Generally speaking, in periods of uncertainty, it can be good to have options—and perhaps the more options the better—so long as those options are discretionary, and not mandatory.

No information is available to confirm whether the Millstone units are currently in danger of retirement, and how much ratepayer support—if any—would be needed to retain those units or other existing nuclear. I would encourage the Committee to consider carefully on what basis PURA would be able to determine that such support is necessary, and prudent and reasonable and in the best interest of ratepayers.

In other jurisdictions, the announced retirement of a nuclear generating unit is the triggering event for state action, allowing regulators access to “the books” to confirm forward operating costs, providing assurance that ratepayer support is necessary. If the Committee chooses instead to authorize a competitive contracting process, will the competition be robust enough to ensure a reasonable price?

A variety of jurisdictions have considered different approaches to providing ratepayer support to existing nuclear units. These include long-term contracts at a fixed price for energy, capacity, and/or zero carbon attributes from such facilities. In one variation, called a "Contract for Differences," the utilities sell the energy and capacity back into the wholesale market. Another variation, called "Self-supply," has utilities keep the energy, capacity, and attributes to supply the state's ratepayers. The self-supply option would affect ratepayers' ability to choose a retail electric supplier other than the utility. It would also affect the way the utilities procure Standard and Last Resort Service.

Another option is to establish a clean energy standard, similar to a renewable portfolio standard, is to provide a subsidy (aka a Zero Emissions Credit) to existing nuclear units that is administratively capped at some amount. This may work best if other New England states opt to join in, so that CT ratepayers are not solely carrying the cost of the subsidy.

Some of these options are arguably more compatible with a deregulated market; some would need other New England states to participate as well in order to be most cost-effective; all are certain to face legal challenge.

The Committee may wish to authorize a variety of options, to provide flexibility as market discussions mature and litigation proceeds in other jurisdictions. In any event, PURA would welcome the opportunity to provide input to the Committee on regional market context, legal and jurisdictional issues, to ensure that under any legislative mechanism PURA would be able to carry out its responsibility to ensure the public's right to safe, adequate, and reliable utility service at reasonable rates.

Thank you.