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**Testimony of David Sutherland - Director of Government Relations
Before the Environment Committee – March 14th, 2018**

**In support of Bill 5363 - AA ESTABLISHING A CARBON PRICE FOR FOSSIL
FUELS SOLD IN CONNECTICUT**

On behalf of The Nature Conservancy, I am here today to express our strong support for Bill 7247, with the understanding that some of its provisions may need to be adjusted.

If governments around the world are to make the dramatic progress in reducing carbon pollution that is necessary to avoid catastrophic impacts of climate change, the United States must play a leading role. For that to happen, states like Connecticut – where both political parties have shown they can work together to advance responsible environmental initiatives - must continue to lead with innovative measures such as a price on carbon.

Even for those who accept the consensus of the clear majority of scientists that human activity is causing extraordinary acceleration of climate change, it can be tempting to ignore the urgency of the crisis we face. Climate change happens on a more gradual basis than many other problems we confront and the effects of a changing climate are nonlinear and complex - levels of sea ice can go up and down and yearly weather patterns vary, even as the climate itself is warming.

The trends and the resulting impacts over the past few decades, however, are frighteningly clear. To date, all 17 years of the 21st century rank among the 18 warmest on record (1998 is currently the eighth warmest.). The five warmest years have all occurred since 2010. The past 30 years have documented significant increases in the associated risks of extreme weather events, droughts, and flash flooding along rivers.

Of the many ways in which climate change will affect Connecticut, sea level rise will probably be the most disruptive and destructive. Long term tide gauges in New London and Bridgeport have shown an alarming increase in our sea levels and an increase in the rate of rise. Roads like State Route 146 and others, that used to flood every few years, now flood, even without storms, multiple times a year on the lunar high tides. Higher sea levels give the waves from coastal storms an elevated water platform from which to damage our communities. Storms Irene and Sandy demonstrated the devastating flooding that even sub-hurricane-category storms can inflict from these higher base levels.

We are pursuing and need to pursue many measures and initiatives to reduce our carbon emissions. A well-structured carbon tax mechanism based on the carbon

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content of alternate fossil fuels would be one of the fairest and most effective ways of encouraging the innovation and changes we need to decrease our contribution to climate change and modernize our energy economy.

The current market price on various carbon-based fuels does not fully reflect many of the “external” costs that the use of these fuels imposes on us – some of our ground level air pollution; some of the water pollution and destruction of land associated with the extraction of these fuels; and upper atmospheric build-up of the greenhouse gasses that are changing our climate. Regulations are an important means to address some of these societal costs, but they do not adequately reduce them or encourage alternatives.

A price signal which more accurately accounts for all costs, through a tax on fossil fuels applied when they enter the state, would create strong incentives throughout our market chain to encourage alternative energy sources and practices and more efficient use of fossil fuels.

While some of the details of Bill 5363 will probably require fine-tuning, the proposal includes many components crucial to a successful program. We would recommend that Section 1(c)(2)(A) and (B) and a new paragraph (C) be amended to read as follows, with existing paragraphs (C) and (D) re-labeled accordingly:

(2) The Department of Revenue Services shall use the funds from the clean energy and jobs account as follows:

(A) TWENTY-FIVE PER CENT OF SUCH FUNDS SHALL BE USED FOR THE PURPOSES OF CLIMATE RESILIENCE, ENERGY EFFICIENCY, ENERGY CONSERVATION AND RENEWABLE ENERGY PROGRAMS THAT BENEFIT LOW-INCOME RESIDENTIAL PROPERTIES AND SMALL BUSINESS PROPERTIES WHERE THERE IS A LOW LEVEL OF PARTICIPATION IN ENERGY EFFICIENCY AND RENEWABLE ENERGY PROGRAMS, AS ADMINISTERED BY THE CONNECTICUT GREEN BANK, THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND THE PUBLIC UTILITIES REGULATORY AUTHORITY

([A] ~~B~~) [Forty-five] THIRTY per cent shall be used to provide direct dividends to employers in the state, in a manner that is consistent with the provisions of this section;

([B] ~~C~~) [Fifty] FORTY per cent shall be used to provide direct dividends to residents in the state, in a manner that is consistent with the provisions of this section;

We thank the committee for raising this bill and urge your continued support.