



Testimony of Eric Brown  
Connecticut Business and Industry Association  
Before the Energy and Technology Committee  
March 1, 2018

The Connecticut Business and Industry Association (CBIA) appreciates this opportunity to provide comments on:

**Governor's Bill No. 9, An Act Concerning Connecticut's Energy Future.**

CBIA supports the administrations oft-stated policy position of fostering "cheaper, cleaner and more reliable energy for Connecticut." This policy is most-recently stated in the 2018 Comprehensive Energy Strategy. However, businesses and residents alike across Connecticut continue to be frustrated by our state's standing (for at least the last 3 years) as having the most expensive energy in the country, along the sense there is a lack of urgency at the state level to do anything about it.

The term, "cheaper" is only used in reference to policies designed to make certain renewable energy sources less expensive over time, and for policies designed to reduce individual energy bills through energy efficiency program subsidies paid for by electric ratepayers. CBIA believes strongly that there has been insufficient focus on reducing the cost of energy in Connecticut relative to other states that we compete with for economic investment and job creation. Accordingly, our comments are focused on providing suggestions for improving Governor's Bill No. 9 and related legislative policies in order to better address this critical challenge for Connecticut.

Climate change as a policy driver in Connecticut

Connecticut has been a leader over the past decade in focusing attention on recent global climatic trends, collaborating with other states in exploring policy options for reducing greenhouse gas emissions, promoting resiliency planning at the local and state levels, and setting goals to help measure progress in the reduction of greenhouse gas emissions.

However, in our view, concerns about climate change has become the dominant driver of our state's energy policy to a degree that warrants some pause and renewed perspective.

Connecticut and the country have made great progress in reducing greenhouse gas emissions and that is to be applauded.

But given our highest in the country ranking on energy costs, our struggle to make Connecticut more affordable to live, work and invest, in part to overcome our state's recurring and very significant fiscal challenges, we cannot afford continue to set ever more stringent and costly greenhouse gas emission restraints in the name of changing the world's climate while all but ignoring the impacts of these policies on the costs of living and of doing business in Connecticut.

CBIA believes that Connecticut can continue to be a leader in reducing greenhouse gas emissions and promoting climate resiliency without jeopardizing energy reliability, broad economic growth and our competitiveness with other states in the region. But doing so will require greater parity among the three pillars of “cheaper, cleaner and more reliable energy”, especially with respect to our concerns about climate change and Connecticut’s ability to impact global climate trends.

#### Transitioning energy efficiency and clean energy programs.

Continuing to be a leader on climate change policy in an economically sustainable manner requires we transition our energy efficiency policies and programs to be as cost-effective, sustainable, market-driven, ever-less reliant on ratepayer subsidies and as immune as possible to financial “sweeps” in times of fiscal hardship at the state level.

Connecticut has begun to make progress in this area. However, as with the case with greenhouse gas emissions, we need goals and metrics to maintain policy focus and measurement of progress. Accordingly, CBIA request this committee amend Governor’s Bill No. 9 to include provisions that will add these elements to our state’s energy planning and policies.

Request 1: Require that the annual Conservation and Load Management Plan include a metric on energy savings per ratepayer dollar collected, including those dollars collected by Connecticut through the Regional Greenhouse Gas Initiative. (See attachment 1 for specific proposed language); and

Request 2: Require future Comprehensive Energy Strategies to include an assessment of Connecticut’s competitive position relative to other northeastern states and recommendations to improve that competitive position. (See attachment 2 for specific proposed language).

Request 3: Modify section 20 of the bill by adding “, Commerce” after the word “energy” in line 983 and adding “the energy savings per dollar of ratepayer investment along with” in line 988 after the word, “maximize”.

#### Greater scrutiny on impacts of proposals on ratepayer

Last year, the legislature passed Public Act 17-144, which includes a provision requiring certain proposals before the legislature to not be voted on until likelihood of such proposal’s impact on electric ratepayers.

Unfortunately, the requirement currently does not take effect until 2019. Nevertheless, we urge leaders and members of this committee to seek this information as significant energy bills come before this committee during this legislative session. With respect to Governor’s Bill No. 9, we think the question is especially relevant to:

- the creation of additional Renewable Portfolio Standards (Section 1), and the extent to which the reduction in the penalty assessments for failure to meet RPS levels proposed in section 2, are a recognition of the ratepayer impacts of section 1; and
- Sections 2 and 3 also amend the status quo whereby moneys currently collected from the RPS penalty assessments would no longer solely go to offset ratepayer costs associated with the cost of RPS compliance.

#### Restructuring of the LREC/ZREC program.

CBIA requests the language pertaining to the future of the LREC/ZREC program in sections 4 and 5 of the bill be modified in order to clarify that all existing contracts (the language is currently silent with respect to commercial and industrial facilities), be grandfathered at the existing terms.

#### Consumption reduction mandate

CBIA strongly opposes imposition of the energy consumption reduction mandate in Section 6. If the state is genuine in its stated ambition to grow our economy, then it can't be creating, as it did in 2008 with the Global Warming Solutions Act, arbitrary energy standards that limit our state's ability to do so and drive energy prices ever higher in the state. Let the debate continue about where we get our energy from, how "clean" it needs to be and what we should be will to endure in terms of higher energy prices. But let us not be, again, so narrowly focused on Connecticut changing global climate trends that we limit our capacity for broad economic growth and job creation.

#### Contracts for demand response

CBIA finds the proposal in Section 6 for DEEP to solicit long-term contracts for passive demand response to be conceptually sound at this time. However, the language currently calls for the DEEP commissioner to issue such solicitation in consultation with the procurement manager, the Office of Consumer Counsel, the Attorney General and a representative of the Energy Conservation Management Board (ECMB). In reality, the Office of Consumer Counsel and the Attorney General's office are already standing members of the ECMB. Therefore, we urge this committee to modify lines 492 and 503 to "a representative of the Energy Conservation Management Board who is a manufacturer or is employed by a statewide association that represents manufacturers.

#### Ratepayer investment payback

Section 13 of the bill makes changes to statutes concerning ratepayer investments associated with Connecticut "electricity efficiency partners". In order to drive greater savings for each dollar of ratepayer funds used, we recommend this committee consider changing the language in lines 701 and 737 from "two-to-one" to "five-to-one"

CBIA again thanks this committee for this opportunity to comment and for your consideration of our positions.

## ATTACHMENT 1

**Sec. 16-245m. Energy Conservation and Load Management Fund. Energy Conservation Management Board. Conservation and Load Management Plan. Assessment. Conservation adjustment mechanism.** (a)(1) On and after January 1, 2000, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of three mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company to be used to implement the program as provided in this section for conservation and load management programs.

(2) Repealed by P.A. 14-134, S. 130.

(3) Repealed by P.A. 11-61, S. 187.

(b) The electric distribution company shall establish an Energy Conservation and Load Management Fund which shall be held separate and apart from all other funds or accounts. Receipts from the charge imposed under subsection (a) of this section shall be deposited into the fund. Any balance remaining in the fund at the end of any fiscal year shall be carried forward in the fiscal year next succeeding. Disbursements from the fund by electric distribution companies to carry out the plan approved by the commissioner under subsection (d) of this section shall be authorized by the Public Utilities Regulatory Authority.

(c) The Commissioner of Energy and Environmental Protection shall appoint and convene an Energy Conservation Management Board which shall include the Commissioner of Energy and Environmental Protection, or the commissioner's designee, the Consumer Counsel, or the Consumer Counsel's designee, the Attorney General, or the Attorney General's designee, and a representative of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) the electric distribution companies in whose territories the activities take place for such programs; (3) a state-wide manufacturing association; (4) a chamber of commerce; (5) a state-wide business association; (6) a state-wide retail organization; (7) a state-wide farm association; (8) a municipal electric energy cooperative created pursuant to chapter 101a; and (9) residential customers. The board shall also include two representatives selected by the gas companies. The members of the board shall serve for a period of five years and may be reappointed. Representatives of gas companies, electric distribution companies and the municipal electric energy cooperative shall be nonvoting members of the board. The members of the board shall elect a chairperson from its voting members. If any vote of the board results in an equal division of its voting members, such vote shall fail.

(d) (1) Not later than November 1, 2012, and every three years thereafter, electric distribution companies, as defined in section 16-1, in coordination with the gas companies, as defined in section 16-1, shall submit to the Energy Conservation Management Board a combined electric and gas Conservation and Load Management Plan, in accordance with the provisions of this section, to implement cost-effective energy conservation programs and market transformation initiatives that include maximizing energy savings and dollars of private capital leveraged per dollar collected pursuant to subdivision (1) of subsection (a) of this section. All supply and conservation and load management options shall be evaluated and selected within an integrated supply and demand planning framework. Services provided under the plan shall be available to all customers of electric distribution companies and gas companies. Each such company shall apply to the Energy Conservation Management Board

for reimbursement for expenditures pursuant to the plan. The Energy Conservation Management Board shall advise and assist the electric distribution companies and gas companies in the development of such plan. The Energy Conservation Management Board shall approve the plan before transmitting it to the Commissioner of Energy and Environmental Protection for approval. The commissioner shall, in an uncontested proceeding during which the commissioner may hold a public meeting, approve, modify or reject said plan prepared pursuant to this subsection. Following approval by the commissioner, the board shall assist the companies in implementing the plan and collaborate with the Connecticut Green Bank to further the goals of the plan. Said plan shall include a detailed budget sufficient to fund energy efficiency that is cost-effective, pursuant to subdivision (3) of subsection (d) of this section, or lower cost than acquisition of equivalent supply, and shall be reviewed and approved by the commissioner. To the extent that the budget in the plan approved by the commissioner with regard to electric distribution companies exceeds the revenues collected pursuant to subdivision (1) of subsection (a) of this section, the Public Utilities Regulatory Authority shall, not later than sixty days after the plan is approved by the commissioner, ensure that the balance of revenues required to fund such budget is provided through a fully reconciling conservation adjustment mechanism of not more than three mills per kilowatt hour of electricity sold to each end use customer of an electric distribution company during the three years of any Conservation and Load Management Plan. The authority shall ensure that the revenues required to fund such budget with regard to gas companies are provided through a fully reconciling conservation adjustment mechanism for each gas company of not more than the equivalent of four and six-tenth cents per hundred cubic feet during the three years of any Conservation and Load Management Plan. Said plan shall include steps that would be needed to achieve the goal of weatherization of eighty per cent of the state's residential units by 2030. Each program contained in the plan shall be reviewed by such companies and accepted, modified or rejected by the Energy Conservation Management Board prior to submission to the commissioner for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the energy savings and dollars of private capital leveraged per dollar collected pursuant to subdivision (1) of subsection (a) of this section .

(2) There shall be a joint committee of the Energy Conservation Management Board and the board of directors of the Connecticut Green Bank. The boards shall each appoint members to such joint committee. The joint committee shall examine the programs and activities funded by the Clean Energy Fund pursuant to section 16-245n and the programs and activities contained in the plan developed under this subsection, and conduct its business in a manner that fosters a high level of cooperation and coordination between the boards so as to achieve maximum energy savings and dollars of private capital leveraged per dollar collected pursuant to subdivision (1) of subsection (a) of this section and to reduce the long-term cost, environmental impacts and security risks of energy in the state. The members of the joint committee shall elect a chairperson from its voting members. A vote on any motion before the joint committee shall require support from a majority of voting members present for passage. (3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits for all energy savings to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally mandated congestion charges, whose value is greater than the costs of the programs. Program cost-effectiveness shall be reviewed by the Commissioner of Energy and Environmental Protection annually, or otherwise as is practicable, and shall incorporate the results

of the evaluation process set forth in subdivision (4) of this subsection. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated, unless it is integral to other programs that in combination are cost-effective. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment that documents (A) expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, (B) the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives and (C) the extent of progress in maximizing energy savings and dollars of private capital leveraged per dollar collected pursuant to subdivision (1) of subsection (a) of this section To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the board of directors of the Connecticut Green Bank. The report shall include a description of the activities undertaken during the reporting period.

## ATTACHMENT 2

Section 16a-3d(a) of the general statutes is repealed and the following is substituted in lieu thereof (Effective upon passage):

(a) On or before October 1, 2016, and every three years thereafter, the Commissioner of Energy and Environmental Protection shall prepare a Comprehensive Energy Strategy. Said strategy shall reflect the legislative findings and policy stated in section 16a-35k and shall incorporate (1) an assessment and plan for all energy needs in the state, including, but not limited to, electricity, heating, cooling, and transportation, (2) the findings of the Integrated Resources Plan, (3) the findings of the plan for energy efficiency adopted pursuant to section 16-245m, (4) the findings of the plan for renewable energy adopted pursuant to section 16-245n, and (5) the Energy Assurance Plan developed for the state of Connecticut pursuant to the American Recovery and Reinvestment Act of 2009, P.L. 111-5, or any successor Energy Assurance Plan developed within a reasonable time prior to the preparation of any Comprehensive Energy Strategy. Said strategy shall further include, but not be limited to, (A) an assessment of current energy supplies, demand and costs, (B) identification and evaluation of the factors likely to affect future energy supplies, demand and costs, (C) a statement of progress made toward achieving the goals and milestones set in the preceding Comprehensive Energy Strategy, (D) a statement of energy policies and long-range energy planning objectives and strategies appropriate to achieve, among other things, a sound economy, the least-cost mix of energy supply sources and measures that reduce demand for energy, giving due regard to such factors as consumer price impacts, security and diversity of fuel supplies and energy generating methods, protection of public health and safety, environmental goals and standards, conservation of energy and energy resources and the ability of the state to compete economically, (E) recommendations for administrative and legislative actions to implement such policies, objectives and strategies, (F) an assessment of progress in reducing electricity and other energy costs relative to other New England States, New York and New Jersey and recommendations necessary to improve our competitive position relative to those states with respect to energy costs; (G) an assessment of the potential costs savings and benefits to ratepayers, including, but not limited to, carbon dioxide emissions reductions or voluntary joint ventures to repower some or all of the state's coal-fired and oil-fired generation facilities built before 1990, and ~~(G)~~ (H) the benefits, costs, obstacles and solutions related to the expansion and use and availability of natural gas in Connecticut. If the department finds that such expansion is in the public interest, it shall develop a plan to increase the use and availability of natural gas.