



**Testimony
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Connecticut Water Works Association
Before the
Energy & Public Utilities Committee
March 1, 2018**

RE: SB-9 - AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE

The Connecticut Water Works Association (CWWA) respectfully submits the following comments relative to SB-9, An Act Concerning Connecticut's Energy Future.

The state's 2012 Comprehensive Energy Strategy (CES) recognizes that water treatment and distribution systems are very energy intensive. In fact, the report notes that "a 2009 EPA report on water utilities found that globally, water utilities' biggest cost is energy, and that those costs can represent as much as 65% of a utility's annual budget."

This is not surprising because energy is embedded in all stages of the water supply and treatment cycle: pumping, treatment, distribution, recycling. According to the Alliance for Water Efficiency, energy used for water supply and treatment constitutes:

- 19% of California's electric energy load
- 12% of Toronto's electric energy load
- 13% of national electric energy load (estimated)

Clearly, energy efficiency programs are critical to water utilities in controlling costs and customer rates as well as in promoting water conservation. Many water companies are embracing efforts to use renewable energy. For example, water utilities are installing solar technology, wind power applications, energy efficient lighting, exploring hydropower and taking advantage of the state's Renewable Energy Credit (ZREC) program and other energy efficient programs.

However, given the energy intensive nature of water distribution and treatment processes, CWWA believes policymakers should focus greater attention on assisting water companies in using renewable energy to improve energy efficiency and reduce the state's carbon footprint.

To achieve these goals, CWWA recommends incorporating the following recommendations in SB-9:



Virtual Net Metering

Under current law, although municipal water and sewer departments are eligible to utilize virtual net metering to share the billing credit among their electric accounts, regional water authorities, metropolitan corporations and private water companies are not. Given the considerable benefits to the state, the environment and water utility customers in reducing energy costs and consumption, providing water system reliability and resiliency by developing renewable energy sources, authorizing all water utilities to utilize virtual net metering is an important public policy goal.

Additionally, we ask that the bill expands eligibility for Virtual Net Metering (VNM) to certain hydroelectric projects owned by public water utilities. Currently, VNM is only available for hydroelectric projects built after 2003. Water Utilities that have operational hydroelectric facilities built prior to de-regulation should be grandfathered and allowed to participate in VNM by allocating this power to other accounts. VNM would only be allowed to offset the electricity needs of the entity that owns the generating assets, to reduce operating costs associated with providing critical water supply and treatment services. The Class 1 renewable energy designation would not be requested as part of the exemption, and these projects would not be eligible for other Class 1 benefits including Zero Emissions Renewable Energy Credits.

Lastly, for those water utility entities that are currently eligible to participate in VNM, we strongly urge that the \$10 million cap established under Section 16-244(u)(8)(e) be raised. Numerous CWWA members have renewable energy projects under development that were specifically designed to take advantage of virtual net metering. Now, projects that are close to construction and that have already received ZREC incentives from utilities are at risk if the VNM cap is not raised. The existing cap undermines the ability of energy intensive industries to use Virtual Net Metering to reduce the state's carbon footprint and improve energy efficiency.

Thank you for the opportunity to comment.