

**TESTIMONY
OF
UIL HOLDINGS CORPORATION**

Regarding

**Senate Bill 9
AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE**

**Before the
Energy and Technology Committee**

**Legislative Office Building
March 1, 2018**

Good afternoon Senators Winfield and Formica, Representative Reed and members of the Energy and Technology Committee. My name is Patrick McDonnell and I am the Senior Director of Conservation and Load Management for UIL Holdings Corporation (UIL), the parent company for The United Illuminating Company (UI), The Southern Connecticut Gas Company (SCG), and Connecticut Natural Gas Corporation (CNG), and a wholly-owned indirect subsidiary of AVANGRID.

I thank you for this opportunity to offer this testimony on **Senate Bill 9, AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE. Specifically, I am offering testimony on Section 8 of the Bill.**

While we support the authors' important intent to promote the sustainability of Connecticut's energy efficiency programs, UIL respectfully opposes the changes to 16-245m that would call for a procurement process for long term contracts to deliver portions of the Conservation and Load Management Plan. We oppose this change because we believe it would unravel the collaborative process that has yielded a comprehensive suite of offerings to Connecticut consumers which has reduced consumption and demand. A procurement process would create customer confusion, harm the comprehensive nature of Connecticut's energy programs and ultimately lead to higher costs for consumers.

We believe that the State's most recent experience in energy efficiency procurement cited in the 2018 Comprehensive Energy Strategy (CES) should serve as a solid indicator of the challenges associated with the new delivery model proposed under the bill. While a competitive solicitation was conducted, the procurement process yielded a very weak response for energy efficiency projects, with the winning bid ultimately- which was the only bid - being awarded to one of the incumbent utility providers. The recent procurement calls for the spending and the savings from individual projects to be allocated between the current ratepayer funded programs and the procurement resulting in an outcome that only provides for expanded funding for efficiency projects.

In an effort to maximize the ratepayers' investment in energy efficiency and load reduction, all current programs are competitively bid. The Connecticut utilities issue a joint competitive solicitation to select hundreds of private vendors to deploy the programs' measures. Many of these vendors are local Connecticut firms that create and maintain jobs here in Connecticut. It is hard to see how a State-run procurement would result in a much different outcome.

Having multiple program administrators will lead to customer confusion in the marketplace if contracts are awarded to multiple entities. There may be situations where a specific technology would be eligible for incentives under more than one program. Customers may be unfamiliar with the sponsor of the program in which they participated, which ones are regulated and which ones are provided by winning bidders. This will also result in customers being unsure of where to go to resolve program issues with an offering from a bidder. Unnecessarily creating confusion

within the energy efficiency marketplace would undermine the collaborative process that has developed the very successful Energize Connecticut program offerings.

It's also important to note that Connecticut's current energy efficiency program delivery system has been honored as some of the best in the nation, thanks in large part to their collaborative stakeholder process. Since ACEEE began ranking the 50 states for energy policies, Connecticut has been ranked among the top 10 states, due in no small part to the quality of the programs offered here. These programs have been recognized by national organizations such as the American Council for an Efficient Economy (ACEEE), The Environmental Protection Agency (EPA), Energy Star, and The Association of Energy Service Providers (AESPs), for excellent program delivery. Based on this long list of awards, the current stakeholder process that includes the advice and assistance of the Energy Conservation Management Board, is working quite well. Moreover, it's hard to see how changing this process would result in better programs or better results for Connecticut residents.

While we are grateful for the leadership demonstrated in the energy efficiency arena by you in the Energy and Technology Committee and your colleagues in the General Assembly, Governor Malloy, DEEP, PURA and the OCC, there is no evidence that a procurement process will lead to lower costs or better programs. The current procurement of energy efficiency adds to the existing programs at the same rate, so there appears that the proposed program changes are not intended to provide improvement over the current process. Connecticut's current program delivery system is similar to those in nearly every other state. No other jurisdictions have adopted a procurement model contemplated by Section 8 of the Bill, instead every other state providing C&LM Programs deliver their programs through a single program administrator.

A procurement process will likely lead to "cream skimming" by the winning bidder. Presuming the procurement is based on a dollar amount per unit of energy savings, the winning bidder will naturally opt to install the lowest cost highest energy savings measures. This would result in a customer receiving only those measures rather than a comprehensive treatment. The remaining, less effective measures would still be important to the customers, but would likely need to be done later at a higher cost.

If there were a competitive solicitation, there would need to be some mechanism to prevent "double dipping." Customers may believe that they can apply for rebates from wherever they are available. There would need to be a mechanism to compare the detail of every single energy-saving measure. While possible, this adds cost and complexity and detracts from the quality of the offerings to consumers.

There is a way to combine the certainty of a long term contract and avoid the issues raised above. We respectfully suggest that the two Connecticut utilities could be directed to conduct that procurement as part of the plan approved by the ECMB and DEEP and other stakeholders. This would allow the utilities to insure there is no double counting, avoid customer confusion and

maintain the current process for stakeholder input. The electric utilities ultimately become the counterparty for long term procurements for renewable power. If the utilities had a greater role in the process beyond the contracting agent, we could work to identify and mitigate the issues before they arise. This approach is workable, can be implemented quickly and avoids the pitfalls I mentioned earlier.

Thank you. If you have any questions, please contact me at (203) 499-2923. You may also contact Al Carbone, AVANGRID/UIIL's Manager of Connecticut State Government Relations at (203) 671-4421 or albert.carbone@avangrid.com.