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Energy Efficiency and Sustainability Consultants Statement against S.B.9

Testimony by: Steven C. Osuch, Managing Partner of Energy Efficiency and Sustainability Consultants, LLP (a Connecticut Company)

Executive Summary:

I submit to the Energy and Technology Committee that S.B.9 is not beneficial to the state of Connecticut's Energy Efficiency, Sustainability, and Renewable industry. This bill will be at the expense of jobs and a reduction in services offered to the state residents and businesses.

I do not approach you from the point of view of an individual contractor seeing my business model stripped out from under my feet but instead from the perspective of an industry recognized consultant in the State of Connecticut. Our firm consults in the entire comprehensive landscape of energy conservation and sustainability. We are involved in home solutions, business solutions, zero emissions generation development (including CES based sub-metering), and low emissions generations development. I am stating this to emphasize that S.B.9 as proposed will be detrimental to state energy efficiency and sustainability programs. It will be detrimental to employment and gross state product.

Currently we have a fractured and bruised energy efficiency community trying to function and retain jobs when the recent budget redirected funds that were not collected as a tax and now represent dishonesty of the State of Connecticut when it was falsely stated to the public that this budget added no new taxes when now a hidden tax has been created instead and the utility is made out to be the bad guy. Residential customers with oil continue to pay into this fund and are not offered access to any of the program features.

The administration of the programs is not the problem and is not what should be addressed during this current legislative session, as of this time the only reason the program is able to hang on by a thread is because of the experience and the existing infrastructure the utility partners currently provide to the program. Additionally, traditionally, DEEP does not produce results expeditiously following legislative mandates. Take the ZREC program and the Sub-metering programs sent to DEEP to create a process for the programs to proceed. This took years for the processes to be implemented following legislative mandates. The energy efficiency programs do not have years in the current situation they operate under. They have months before you will see massive layoffs and/or complete relocation of their business to a surrounding state. I for one will not keep my business in Connecticut if things to not change soon.



This brings me to another point. Just yesterday I had a meeting with a large equity investment firm wanting to bring money to CT but were concerned with the S.B.9 proposal. Following reading through it, they said “no thank you, we’ll send our capitol to the Massachusetts SMART Program.” They also asked a question I didn’t have a good answer for, “Why does Connecticut look at programs that work well, and add their standard ‘Complicated Connecticut’ approach to it and completely break it.” The only answer we could come up with is hubris. I think we need to be humbler as a state and accept when things work (we don’t need to change things in CT that weren’t broken), and when it comes time for new programs embrace what others are doing that works. The proposed buy all sell all program will be a nightmare so small and large developers alike (we work with both). Just this morning I fielded a call that we will be taking on engineering for 20 solar projects from a single contractor next week, usually doing about 4 projects a month with us. The projects range from 50kW to 2.5MW...and guess what all of that is going into MA, not CT. Why? Because we have aspirations of coming up with a complicated Community solar scheme instead of simple Feed in Tariff. Additionally, the utilities complain that using the utility as a means to wield renewable energy from location to location is burdensome, yet we want to remove incentive to use power directly on-site. As a former utility engineer, I can tell you that excess generation without local consumption can and does create a ‘tail wagging the dog’ scenario.

What I ask of you today is that you put forth a bill that fixes are current issues versus creating new issues compounded with what we are dealing with today. I ask that you meet with and listen to all of the industries representatives and experts, not a single lobbyist with the interest of a small number of groups that may have a business model in line with S.B.9. Simplify our energy efficiency and sustainability programs, do not further complicate.

Thank you in advance of your consideration for this testimony.

Regards,

Steven C. Osuch



Additional supporting information for your consideration:

S.B.9 fails to give Energy Efficiency contractors the help we need right now. It does not solve the current crisis – the two-year, \$127 million legislative diversion of electric ratepayer funding for EE programs.

1. Cuts of this size are already causing us to lay off employees, cut back operations, and consider leaving the state.
2. If these raids remain in place for the next two years, many of us will simply go out of business.
3. RGGI Funds have been taken and no means of restoration is addressed in this Bill. As a result, Home Energy Solutions Contractors are forced to turn away almost 60% of their business which represents most oil heated rate payers in the state of CT.

S.B.9 does not include funding for EE and will, in fact, add a new ratepayer cost of a 2 MIL increase, to be funneled to the Clean Energy Fund (Green Bank).

1. How will this new mill rate be spent? Although this is large amount of funds (tens of millions of dollars) there is no mandate of how the funds will be allocated and no oversight.
2. Utilities will be collecting this new tariff and ratepayers will be assuming that their utility is responsible when in fact it's going to another entity with no strings attached.

S.B. 9 creates even more uncertainty for EE contractors by experimenting with an untested, risky approach – an annual RFP for up to 25 MW of EE conducted at the sole discretion of DEEP, a state agency with an uneven track record for actually getting things done and many failures.

S.B. 9's RFP process will be controlled solely by one state agency, DEEP, without accountability or ratepayer oversight.

1. DEEP's RFP evaluation and decision making will be done in a "black box" and the EE industry and the public will have much less insight into EE decisions than they do now.
2. DEEP will draft, issue, and manage the RFP process and will then be the sole decision maker on bids. S.B.9 grants major new unaccountable authority to DEEP; this opens the RFP process to unfairness and poor results for customers.
3. DEEP's unchecked discretion is also a major vulnerability for EE with any new gubernatorial administration.

S.B. 9 creates economic uncertainty for renewable developers.



1. We continue to have a declining clearing price while prices of PV in Connecticut are already competitive and lower than surrounding states in many cases.

2. Existing programs are being removed before new programs are put in place. As previously mentioned in my statement, new programs are not implemented overnight so this will be detrimental to the community.

S.B. 9 Does not address the existing problem with non-PV adopters bearing the cost of those that have installed PV

1. This will discourage on-site storage and smart use of energy to reduce grid dependency
2. This will encourage more wielding over the utility infrastructure with programs like the complicated Community Solar program

Additionally, our firm supports the documentation and evidence supplied by HPACT and Solar Connecticut.