



The Energy and Technology Committee

Public Hearing, February 21, 2019

Office of Consumer Counsel

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Testimony of Elin Swanson Katz

Proposed Bill No. 5380

An Act Redefining “Class I Renewable Energy Source” to Include Certain Useful Thermal Energy Generated from Biodiesel and Creating a Homeowner-Generated Useful Thermal Energy Program

The Office of Consumer Counsel (OCC) has reviewed Proposed Bill No. 5380, which seeks to redefine “Class I renewable energy source’ to include certain useful thermal energy generated from biodiesel and to create a homeowner-generated useful thermal energy program.” OCC opposes this bill, as we opposed a similar bill last year. The primary problem remains that “thermal energy” is a poor fit in the definition of a “Class I renewable energy source.” The Class I standard is an electrical energy designation that is designed to foster compliance with the renewable portfolio standard, which requires that a certain percentage (adjusted each year) of electricity used be covered by Class I renewable energy credits. Class I renewable energy credits (“RECs”) are denominated in megawatt-hours, with one REC equal to one megawatt-hour of renewable energy.

If “thermal energy” is introduced as a Class I REC, it would be a difficult fit because a conversion factor would have to somehow be chosen to convert thermal energy, perhaps in British thermal units, into a certain number of RECs in megawatt-hours. The renewable portfolio standard would lose some of its meaning because its relationship with a percentage of *electricity* usage would be partially fractured. Such an approach would also have a potential huge impact on the regional Class I REC trading market. Unless clear limits were created, thermal energy RECs could have the potential

of flooding the market with new RECs in potentially unlimited amounts (or create the fear of the same result) and crash the market.

The legislature may well desire to support the Connecticut biodiesel industry for valid reasons, but OCC respectfully recommends against using the Class I designation for this purpose.