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**Testimony of Nathan Frohling
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Before the Energy and Technology Committee
March 4, 2021**

In support of SB 882

**AN ACT
CONCERNING CLIMATE CHANGE MITIGATION AND HOME ENERGY
AFFORDABILITY**

Thank you Co-Chairs Senator Needleman, and Representative Arconti, Vice-Chairs Winfield and Allie-Brennan, Ranking Members Formica and Ferraro, and honorable members of the Energy and Technology Committee for this opportunity to testify on SB 882.

The Nature Conservancy (TNC) expresses strong support for Senate Bill 882, An Act Concerning Climate Change Mitigation and Home Energy Affordability.

We support the amendment for 100% zero carbon electricity consumption by 2040

We support the addition of Section 1. Subsection (3) of section 22a-200a, which puts into statute the admirable goal of 100% zero carbon electricity consumption in the state by 2040. This goal is critical to ongoing and future efforts to address climate change, particularly the vital role of decarbonizing the electric sector, as described in the Connecticut Department of Energy and Environmental Protection (DEEP) 2020 Integrated Assessment Report (IRP¹). We salute and appreciate the significant work conducted by DEEP in creation of this report and recognize that this goal will have far-reaching impacts across all sectors for many decades to come.

As we strongly support and appreciate this new subsection, there are a few related points we believe should be made. These points do not reduce our support for the bill which we believe to be very important to pass. Rather these points call out issues that need further attention in future policymaking. The first is that our current progress toward renewable energy procurement while admirable is not sufficient. Connecticut must face and aggressively lean into the challenges and opportunities of meeting the climate crisis in a timely manner and that includes clearly identifying and pro-actively pursuing the actions needed to achieve a zero-carbon electric sector. Currently, CT consumes about 3.3 GW of electricity per year². Based upon the current trend of electrification across sectors, this consumption is highly likely to increase. The need for renewable energy sources to meet future demand must be prioritized.

¹ Connecticut Integrated Resource Plan Report (<https://portal.ct.gov/-/media/DEEP/energy/IRP/2020-IRP/2020-CT-DEEP-Draft-Integrated-Resources-Plan-in-Accordance-with-CGS-16a-3a.pdf>)

² 2019 Annual Generation and Load Data for ISO NE and the Six New England States: <https://www.iso-ne.com/isoexpress/web/reports/load-and-demand/-/tree/net-ener-peak-load>

Our second point is that it needs to be made clear what energy sources are meant by “zero-carbon” so as the State pursues fulfilling this legislation it is clear what counts and what doesn’t. Although this clarification does not need to be part of the legislation itself, it is an action that the State should take on in connection with the proposed legislation.. For some examples we note that through the Renewable Portfolio Standard (RPS), 29% of CTs electricity consumption is from renewable energy sources³. Additionally, the state has procured or is planning to procure 3.7 GW of energy from renewable energy sources by 2030. CT has also procured 50% of the annual energy output (~1 GW /yr) from Millstone Nuclear Power Plant until 2029, which is described as a “zero-carbon” resource, not a “renewable” resource. There is concern that once the contract with Millstone expires, the need for over 1 GW/yr of “clean” energy must be met through other sources, notably hydroelectric power from Hydro-Quebec, which is a renewable energy source, but can have detrimental environmental effects. What is considered zero-carbon? Renewable energy? Clean? Green? Sources that are actually zero-carbon?

In this vein, we also highlight that as part of the RPS, the state has procured over 45 MW of energy from fuel cells. Fuel cells rely on an external energy source, and in CT, this external energy source is most often natural gas. We cannot meet our zero-carbon by 2040 goal if a renewable energy source is powered by a fossil fuel. The implication of these examples is that there are many ways to interpret “zero-carbon electricity” and it would be helpful to clarify what this means.

Our final point is that while we take steps to decarbonize our electric consumption, we have not addressed the need to decarbonize our electric *generation* in the state. In contrast to our electric consumption, CT generated over 4.5 GW in 2020, with most of that energy coming from natural gas facilities. With the addition of the NTE Killingly Energy Center in Killingly, CT, an additional 560 MW/yr will come from a fossil fuel source utilizing inefficient and aging infrastructure. This is a concern to many because to be truly zero-carbon we need to account for both consumption and generation. We understand that to address generation is a potentially complicated matter and are pleased the DEEP has expressed a willingness to do so. We anticipate that we may need further legislation to facilitate being able to realize the goal of true zero-carbon electricity for CT – both consumption and generation.

We support amendments to the Conservation and Load Management Plan

The current Conservation and Load Management (C&LM) Plan⁴ as created by the utility companies in coordination with the Energy Efficiency Board are a way to advance energy efficiency (EE) programs and bring down the cost of utility bills. While C&LM programs have done much good for the residents of the state by increasing energy efficiency and lowering energy consumption, they can be inadequate when addressing the needs of the most underserved communities. We support the amendments to the C&LM program which enable additional EE programs that not only analyze the cost-benefits to reducing energy consumption, but also address emission reduction and secondary benefits such as improved health conditions.

Additionally related to the C&LM program and for consideration in future policy making we believe that changes to the C&LM programs should “*further develop natural gas demand response programs, to free up gas demand to be used for electricity generation and improve electric resilience during winter peaks that occur due to extreme cold weather*” (page 158 of the

³ Connecticut Renewable Portfolio Standard (<https://portal.ct.gov/PURA/RPS/Renewable-Portfolio-Standards-Overview>)

⁴ Energize Connecticut (<https://www.energizect.com/connecticut-energy-efficiency-board/current-and-approved-clm-plans>)

2020 IRP). Winter reliability should be more pointedly addressed, and this is an opportunity to do so through additional programs offered by Energize CT. It is our understanding that the current C&LM programs are inadequate for this purpose.

We support the amendment that creates a system of accountability for electric distribution companies when procuring Class III energy sources.

As part of the CT RPS, 4% of the State's electric consumption must come from Class III energy sources. This currently includes sources such as: energy output from distributed energy resources sited on commercial and industrial properties, highly efficient combined heat and power systems; waste heat recovery; EE savings from C&LM programs; and other EE credits from programs in the ISO-NE region.

To meet this 4% goal, electric distribution companies (EDCs) must purchase Renewable Energy Credits (RECs) or retain credits through EE programs. However, there is the possibility that EE credits achieved through programs in the state can be sold in the ISO-NE Forward Capacity Market (FCM⁵) by the EDCs. Given that CT ratepayers pay for the programs offered by Energize CT, it is warranted that profits from the sale of EE credits by the EDCs be used to reinvest and/or reduce the ratepayer burden of paying for such EE programs. This does not appear to be happening and we support the amendment to include regulation that would mandate EDCs reinvest/redistribute the profits and be verified by a third party.

We express conditional support for the sections on the Home Energy Label

The home energy affordability section helps a key area of our collective effort to meet the challenge of climate change. By making the financial benefit of energy efficiency vivid, accessible and a normal part of how we do business in the marketplace, it is not only easier for buyers to make wise financial decisions but also ones that are better for the planet.

And there is a need to increase transparency in utility costs for renters and homeowners. The section on Home Energy Label and associated information could, in theory, provide the information needed for households to decide how to best reduce their monthly costs. By understanding how much one pays throughout the year for utility services, residents can make better informed decisions on energy efficiency upgrades, utilizing energy efficiency programs, and/or energy consumption. Given the rising costs of energy in the state, these decisions are not trivial.

According to the EIA, average household electricity usage in Connecticut is over 690 kWh/month⁶ and the national average of ~600 kWh/month. No other state in the ISO-NE region uses as much energy per household as does CT. No other state in the ISO-NE region pays as much for energy as does CT. Reducing costs and consumption can be done in an informed manner with a Home Energy Label, or something similar.

All of the above argues for the Home Energy Label provisions. Nevertheless, our support for this section of the bill is "conditional," in that we have questions about the details of implementation and particularly penalties for non-compliance. We want to make sure the provisions are reasonable for landowners. If these questions are satisfactorily addressed to assure reasonability we remain in full support. We are not experts in this arena and look to others to weigh in, including proponents, to address the questions and be open to making

⁵ <https://www.iso-ne.com/markets-operations/markets/forward-capacity-market>

⁶ <https://www.eia.gov/state/analysis.php?sid=CT>

adjustments if need be to assure the larger bill passes. The imperative to address climate change means that we must not let this section, or any other single provision undermine the passage of the overall bill.

More specifically, it is made clear in the bill that the property owner must produce a document that details the cost of utilities for each month of the previous year once the property owner put the property up for rent/sale. To obtain such documentation, the property owner must go through the utility companies. While such a document is to be provided at no cost to the property owner, there is an administrative burden on the utility company. Presumably, the administrative burden will be passed on to CT ratepayers and while this burden would likely be very small, it may be helpful to provide for such assurances, particularly in a time when sensitivity to utility rates is so high.

More notably is that the time burden for compliance is assumed by the property owner, and there are substantial fines for non-compliance, regardless of circumstance. Such circumstances may not be easily reconciled including the fact that the landowner may be relying on the utility companies ability to comply in a timely manner which is something out of the immediate control of the landowner. All together these add up to questions about whether CT property owners would be assuming an unreasonable level of risk for what is otherwise a noble, important and valuable measure. We support addressing these questions so that the Home Energy Label section can move forward with the overall bill.

Summary:

In summary we enthusiastically support SB 882 with the points and questions noted. If there is anything we can do to assist in the bill's passage we are eager to do so.

Thank you for this opportunity to comment.