

**WRITTEN COMMENTS OF CONNECTICUT INNOVATIONS, INC.,
THE ADMINISTRATOR OF
THE CONNECTICUT CLEAN ENERGY FUND
TO LCO NOS. 345 & 338
(December 20, 2006)**

Good Evening. I am Lise Dondy, President of the Connecticut Clean Energy Fund, a ratepayer fund administered by Connecticut Innovations, Inc. ("CI"), a quasi-public authority of the State of Connecticut. On behalf of CCEF, I am submitting written comments to LCO No. 345 (An Act Concerning Connecticut's Energy Future) and LCO No. 338 (An Act Concerning Connecticut's Long-Term Energy Policy) as related to renewable energy. This legislation demonstrates the Energy & Technology Committee's continued support for renewable energy and provides important additions to the policy framework needed to address some of the barriers to renewable energy development in the state. The following are CCEF's specific comments to the proposed legislation as it relates to renewable energy.

**LCO 345
AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE**

Section 4 - Fuel Cell Demand Charge Waiver:

CCEF supports the demand-charge waiver provisions because they help address a current barrier to the commercialization of fuel cells. CCEF, however, recommends that the list of events warranting a demand charge waiver by the electric suppliers or electric distribution companies be expanded to include the loss of power at the fuel cell facilities due to problems with the natural gas distribution system. CCEF recommends the following language addition to Section 4, starting at line 63 of LCO No. 345:

, or (3) an unscheduled shutdown of the fuel cell facility due to problems with the natural gas distribution system.

Section 12 – Green Buildings:

CCEF strongly supports this section of the bill as an integral part of a comprehensive energy package for Connecticut. Applying these standards to key state-financed projects, especially Connecticut schools, is vital to our state's energy future.

Since 2000, over \$7 billion has been invested in school construction and major renovation projects with the state contributing in excess of \$4 billion. With energy costs in excess of \$125 million a year and rising, making energy use in Connecticut schools cleaner, more efficient and stable should be a priority of the state. It is long overdue for these schools to be designed, constructed and commissioned with high-energy performance in mind – efficient, clean, and stable energy prices.

CCEF provides the following document references as evidence of the need and support for high performance schools in Connecticut:

- *High Performance Schools Initiative – Final Report* (January 2006) by the Connecticut Green Building Council with funding from the Connecticut Clean Energy Fund and the Henry P. Kendall Foundation;
http://www.ctgbc.org/hps/docs/hpschools_finalreport_2006.pdf
- *Energy Efficiency Study of Connecticut Schools* (June 2006) by the Institute for Sustainable Energy with funding from the Connecticut Clean Energy Fund through the Connecticut Green Building Council;
http://www.easternct.edu/depts/sustainenergy/HPSchoolSummary/ee_study_ct_schools.pdf
- *Case Study: High Performance Schools in New Haven, A Model Program for Green Building Renovation and Construction of Public Spaces* (a fact sheet is attached to these comments); and
- *Leading by Example: An Action Plan for Green Buildings in Massachusetts State Construction Projects* (October 2006) by the Massachusetts Sustainable Design Roundtable with funding from the Massachusetts Technology Collaborative Renewable Energy Trust.
http://www.mass.gov/envir/Sustainable/pdf/2006_ma_susdesign_roundtable.pdf

CCEF believes it has an important role to play in the green schools/green buildings initiative in incorporating renewable energy into the design, construction and commissioning of projects. CCEF is in the process of developing a specific green schools/green buildings program that will include funding for the additional costs of designing renewables into any green building projects and funding for any additional commissioning costs as well. Our existing On-Site Renewable DG Program helps buy down the cost of the renewable systems.

Section 42 - Net Metering:

CCEF strongly supports expanding net metering to residential, commercial, institutional, and industrial customers who self-generate from Class I renewable energy sources that have a nameplate capacity rating of one megawatt or less. The bill, as drafted, calls for a monthly reconciliation of excess customer generated energy production by the electric distribution utilities. CCEF recommends an annual reconciliation instead of a monthly reconciliation because a monthly reconciliation

greatly limits the potential benefits of certain renewable generation technologies that generate electricity on a seasonal cycle. For example, customer-generators that utilize solar will generate much more electricity in the sunny summer months than in the cloudy winter months. A monthly reconciliation would force these customer-generators to forfeit generation in excess of their load in the summer months, although over the course of an entire year they may likely generate energy less than their aggregate annual load.

To solve this problem, CCEF recommends deleting all of the new language added to Section 42 beginning on line 1374 and ending on line 1379. In its place, CCEF proposes language creating an annual reconciliation mechanism similar to the annual reconciliation mechanism implemented by New Jersey.¹ CCEF's proposed language is as follows:

If, in a given monthly billing period, customer-generator supplies more electricity to the electric distribution system than the electric distribution company or electric supplier delivers to the customer-generator, the electric distribution company and electric supplier shall credit the customer-generator for the excess. To do this, the electric distribution company and electric supplier shall reduce the customer generator's bill for the next monthly billing period to compensate for the excess electricity from the customer-generator in the previous billing period. The electric distribution company and electric supplier shall carry over credit earned from monthly billing period to monthly billing period, and the credit shall accumulate until the end of the annualized period. At the end of each annualized period, the electric distribution company and electric supplier shall compensate the customer-generator for any excess kilowatt-hours generated, at the avoided cost of wholesale power.

Using New Jersey as a “best in class” net metering model, the Energy & Technology Committee may want to consider a recommendation to increase the nameplate capacity to 2 MW or less.

Section 43 - Renewable Portfolio Standard:

CCEF supports raising the percentages of power from renewable resources that the electric distribution utilities and suppliers must procure under the Renewable Portfolio Standard (“RPS”). CCEF is especially supportive of the provision that would provide the electric suppliers and electric distribution companies an additional fifty percent credit toward meeting the percentage standards under the RPS for each

¹ New Jersey's net metering program has been described as a model for other states and it has received the ‘Golden Meter’ award by Network for New Energy Choices.

renewable energy certificate purchased that was issued to a Class I renewable energy source that received funding from the Connecticut Clean Energy Fund. This provision will improve the development of clean renewable sources of on-site generation within the state of Connecticut.

Section 44 – Municipal Electric Cooperative Report to CCEF

The CCEF looks forward to not only receiving an annual report of renewable energy activities, but also cooperating and collaborating with the municipal utilities in the design and implementation of these activities. In fact, CCEF has received numerous inquiries from communities, residents and businesses alike, located within the municipal territories that are interested in pursuing energy solutions with on-site clean renewable energy resources.

Section 49 - Long-term Contracts for Renewable Energy:

CCEF strongly supports increasing the current capacity for long-term contracts from 100 MW to 150 MW under what is commonly referred to as Project 100. Round 2 Project 100 proposals are due today and CCEF expects that Project 100 will be over-subscribed. CCEF will be able to report to the Committee the exact number of megawatts proposed by December 22, 2006.

LCO NO. 338

AN ACT CONCERNING CONNECTICUT'S LONG-TERM ENERGY POLICY

Section 7 - Energy Resources Procurement Board:

CCEF supports the creation of an Energy Resources Procurement Board to develop a comprehensive plan for the procurement of a diverse portfolio of energy resources, including renewable generating facilities. The proposed bill, however, does not include a representative of clean, renewable energy on the board. Therefore, we propose this committee add a representative of Connecticut Innovations, as administrator of the CCEF, to the board. CCEF has included language in this testimony that accomplishes this as follows:

At line 138, after “commerce,” add “(10) Connecticut Innovations, Incorporated,” and change “(10)” to “(11)”.

The procurement of renewable energy resources as a major part of the state's electric portfolio is vitally important as a means of price stabilization. CCEF is currently working with several prominent national experts on demonstrating the benefits of renewable resources in stabilizing electric prices when operating in markets where natural gas fired facilities are the marginal units of generation and has submitted

comments to the Department of Public Utility Control (“DPUC”) in response to the DPUC’s request for comments regarding how additional renewable long-term contracts can help stabilize electric and gas prices in Connecticut.² A copy of CCEF’s comments is attached.

CCEF would welcome the opportunity for these experts to present their findings before the committee and offer several procurement approaches where renewable energy resources can offer solutions to electric price stabilization.

Section 12 – Rate Reduction Bonds:

CCEF is supportive of the language to restore funding to CCEF and the Energy Conservation Fund by rate reduction bonds. With the funding restored as of July 1, 2007 going forward, the Fund can support the growing demand for projects under the On Site Renewable DG program; an additional 50 MW under the long-term renewables RFP and an expanded solar residential program. This funding will also allow CCEF to introduce a small wind program, as we believe there is some potential in the state for community and residential wind. Our current pipeline for on site renewable DG projects represents requests for almost as much funding as we have allocated for the next two years. These projects include large solar and fuel cell installations for some key manufacturers in the state, non-profits and schools. In this time of increased rate hikes, renewables can be a viable part of the solution and a hedge against future utility price increases.

Section 13 – Renewable Service Option

CCEF strongly supports the renewable services option (also known as the CTCleanEnergyOptions program) as a means for Connecticut ratepayers to support clean energy resources. The CCEF, working in collaboration with public, private, and non-profit interests, has established several incentive programs to improve the success of the CTCleanEnergyOptions (see attached fact sheets on the Connecticut Clean Energy Communities Program – Version 2.0 and the Community Innovations Grants Program). The Connecticut Clean Energy Communities Program is a national award-winning program³ that has encouraged residents in communities throughout Connecticut to support clean energy.

The current success of this program has exceeded everyone’s expectations. However, continuing to improve upon the design of the CTCleanEnergyOptions program is vitally important (see attached brief of program improvements made by the CCEF before the DPUC in the annual review of the CTCleanEnergyOptions program).

² DPUC Docket No. 06-01-08PH01, DPUC Development and Review of Standard Service and Supplier of Last Resort Service – Plan Approval.

³ The Connecticut Clean Energy Fund and SmartPower received the National Green Power Pilot Award for innovative marketing programs that advance the renewable energy industry. This award is presented by the U.S. Department of Energy, Environmental Protection Agency, and Center for Resource Solutions.

CCEF is currently working with several prominent consultants to design a new and improved version of the CTCleanEnergyOptions program. Specifically, we seek to provide electric price stabilization as a benefit to customers who sign up and support clean energy through the CTCleanEnergyOptions program. The goal established by the Connecticut Climate Change Action Plan is equivalent to 120,000 household sign-ups by the end of 2010. We are currently just over 10,000 sign-ups as we conclude 2007.

Further improvements to the CTCleanEnergyOptions program would increase the likelihood of our achieving the goal outlined in the state's climate change action plan.

CCEF has selected through an RFP process, a consortium of experts to provide recommendations both on the role of renewables as a hedge and a stabilization of energy prices. We would be pleased to provide this Committee as well as the DPUC any recommendations that come from the report. Our expectation is that we will have the recommendations to forward at the end of January or early February including possible additional provisions that would improve the CTCleanEnergyOptions program.

Section 16 – State Building Codes:

Please see CCEF's comments above in Section 12 under LCO 345.