

**WRITTEN TESTIMONY
OF**

ALAN TROTTA

THE UNITED ILLUMINATING COMPANY

Regarding

**Raised Senate Bill 332
AN ACT CONCERNING SOLICITATION FOR NATURAL GAS TRANSPORTATION
CAPACITY**

**Raised Senate Bill 334
AN ACT CONCERNING MUNICIPAL AND STATE COMPETITIVE PROCUREMENT
OF ELECTRICITY, NATURAL GAS, RENEWABLE ENERGY,
TELECOMMUNICATIONS SERVICE AND OTHER ENERGY- RELATED
PRODUCTS BY NONPROFIT ENERGY BUYING CONSORTIA**

**Raised Senate Bill 337
AN ACT CONCERNING A RENEWABLE PORTFOLIO STANDARD, A
PROCUREMENT PROCESS AND THE ESTABLISHMENT OF A QUALITY
STANDARD FOR RENEWABLE NATURAL GAS AND THE PROCUREMENT OF
ELECTRICITY GENERATED FROM A BIOMASS FACILITY**

**Before the
Energy and Technology Committee**

**Legislative Office Building
March 6, 2018**

Good afternoon Senators Winfield and Formica, Representative Reed and members of the Energy and Technology Committee. My name is Alan Trotta and I am the Director of Wholesale Power Contracts for UIL Holdings Corporation (UIL), the parent company for The United Illuminating Company (UI), and a wholly-owned indirect subsidiary of Avangrid, Inc. I thank you for this opportunity to offer this testimony on behalf of UI on **Raised Senate Bill 332, AN ACT CONCERNING SOLICITATION FOR NATURAL GAS TRANSPORTATION CAPACITY, Raised Senate Bill 334, AN ACT CONCERNING MUNICIPAL AND STATE COMPETITIVE PROCUREMENT OF ELECTRICITY, NATURAL GAS, RENEWABLE ENERGY, TELECOMMUNICATIONS SERVICE AND OTHER ENERGY- RELATED PRODUCTS BY NONPROFIT ENERGY BUYING CONSORTIA, and Raised Senate Bill 337, AN ACT CONCERNING A RENEWABLE PORTFOLIO STANDARD, A PROCUREMENT PROCESS AND THE ESTABLISHMENT OF A QUALITY STANDARD FOR RENEWABLE NATURAL GAS AND THE PROCUREMENT OF ELECTRICITY GENERATED FROM A BIOMASS FACILITY.**

Raised Senate Bill 332

UI opposes Raised Senate Bill 332 (RSB 332). RSB 332 seeks to eliminate the ability for Connecticut's Department of Energy and Environmental Protection (DEEP) to solicit proposals for natural gas pipeline capacity for electric power generation. ISO New England has been very clear that the increased reliance on natural gas-fired power generation, without a corresponding increase in interstate gas pipeline infrastructure, presents a challenge to reliability. Here is an excerpt from the remarks of ISO New England CEO Gordon van Welie on the "State of the Grid: 2018," delivered on February 27, 2018:

The three major trends affecting the power system are likely to make operating conditions more tenuous unless they are addressed. Briefly, these trends are: first, the increasing reliance on natural gas for heating and power generation; second, the limited expansion of natural gas delivery capacity; and third, the retirements of power plants that use fuels other than natural gas. Additional renewable resources can help meet demand and maintain reliability when they are running, but because their output is dependent on the weather, they may not be available when needed.¹

The state should be mindful that electric reliability in Connecticut is dependent upon secure, reliable fuel supplies for power generation in New England. While it has not yet been determined that the construction of additional pipeline capacity for power generation is the optimal solution for improving fuel security in the region, it has undeniable advantages. Gas is cleaner burning than oil, it's able to be dispatched, and there are already several thousand megawatts of gas-fired generation in the region that are being supported by the regional markets, and not direct ratepayer funding. Given the region's reliability concerns, it would be premature to eliminate DEEP's ability to solicit gas pipeline capacity should such an approach be determined to be an optimal reliability solution.

Raised Senate Bill 334

UI also opposes Raised Senate Bill 334 (RSB 334). RSB 334 seeks to enable municipal aggregation for the procurement of electricity (among other commodities and services). Municipal aggregation of electric procurement is not only a solution searching for a problem, it's a solution that will cause problems. If RSB 334 passes, it will immediately undermine supplier confidence in the State's standard service procurement process, which will almost certainly raise prices for all standard service customers. When UI procures power for standard service, it purchases a "full requirements" product. What this means is that the supplier assumes a

¹ Remarks of Gordon van Welie, CEO of ISO New England on the "State of the Grid: 2018": https://www.iso-ne.com/static-assets/documents/2018/02/02272018_pr_remarks_state-of-the-grid.pdf

percentage of UI's load serving obligation during a future time period for a fixed price. For example, UI has already procured 20% of its standard service requirements for the first half of 2019 at a fixed price. The supplier's obligation to sell to UI at a fixed price is unchanged by variations in customer usage, even if such variation is the result of customer migration to competitive supply. It's one thing for a supplier to bear the risk of customer migration that occurs one customer at a time under competitive supply, but another thing entirely to bear the risk of significant shifting of customers that could occur under municipal aggregation. Suppliers will need to price in an additional risk premium to manage the risk of having a significant portion of their supply obligations wrenched from them, and all customers will pay more as a result.

The procurement of electricity for standard service is already a non-profit endeavor because the utilities make zero profit on the electricity. It's also a process that's overseen by the Public Utilities Regulatory Authority (PURA). In fact, the PURA Procurement Manager participates directly in the procurement process for standard service² to ensure the best possible results for customers. There is no problem to be fixed by municipal aggregation of electricity procurement, only a problem to be created. It's a raw deal for customers.

Raised Senate Bill 337

UI also opposes Raised Senate Bill 337 (RSB 337). Lines 507 – 510 of RSB 337 are nothing more than a giveaway from electric ratepayers to the Plainfield Renewable Energy biomass power plant (PRE). PRE is a roughly 37.5 megawatt power plant, of which 30

² The PURA Procurement Manager literally sits in the room when UI makes procurement decisions for standard service, and provides on-the-spot regulatory approval of transactions, which serves to reduce supplier regulatory risk, and thus prices.

megawatts is already contracted to Eversource. RSB 337 would force the utilities to contract for the additional 7.5 megawatts. There is no valid purpose whatsoever to burdening customers with this additional purchase obligation. PRE is an existing power plant, and the procurement of an additional 7.5 megawatts from PRE will not result in the development of any additional renewable energy. Also, the 2018 Comprehensive Energy Strategy recommends phase-down of biomass qualification for Class I under the renewable portfolio standard, which means that Lines 507 – 510 of RSB 337 will both inappropriately burden electric customers and run contrary to DEEP's environmental and energy policy.

Thank you. If you have any questions, please contact me at 203-499-3271. You may also contact Albert Carbone, Manager, AVANGRID/UIIL State Government Relations at 203-671-4421.