



Testimony by Dan Hendrick
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In Opposition to S 1965

Good afternoon Chair Downing, Chair Golden and members of the committee. Thank you for the opportunity to present testimony on behalf of NRG.

NRG is opposed to S 1965 as currently drafted. This legislation would effectively reward provincially-owned, large-scale Canadian hydro power with long-term contracts that would saddle Massachusetts ratepayers with decades of unnecessary and otherwise avoidable costs and, in so doing, effectively export well-paying Massachusetts jobs to Canada and penalize the companies that have spent billions of dollars of their own money building electric generation facilities within the New England power markets. Moreover, this legislation will have the perverse effect of actually raising costs for consumers and will disincentivize renewable and conventional generation investment in Massachusetts for decades to come. I'll discuss this further in a moment.

My company, NRG, is the nation's largest competitive power generator, with a diverse generating portfolio of more than 50,000 megawatts, capable of supporting almost 42 million homes. We are proud to be one of the largest solar developers in Massachusetts, the third largest solar developer nationally, and we serve over three million retail customers across the United States. Minimizing the impact of electricity generation on the environment is a top priority at NRG – in 2014, we set voluntary goals to reduce our carbon footprint 50% by 2030 and 90% by 2050. And, we have invested in electric vehicle infrastructure as well as renewable and clean distributed energy technologies such as wind power.

Here in Massachusetts, NRG has two solar offices, operates the Canal Generating Station in Sandwich, employs 252 people, and serves more than 76,000 retail customers, a number that is growing. We also built one of the state's first community solar projects in Freetown earlier this year.

There is perhaps no greater proof of NRG's commitment to the state's renewable future than our plan to modernize our Canal Generating Station in the Town of Sandwich. Our plan has two parts; first, a new, 1.5-megawatt community shared solar facility, our second community shared solar project in Massachusetts.

Second, is a new, 330-megawatt fast-start turbine. This latest commercially available technology would support the power grid in Southeastern Massachusetts. Most important, this modern and efficient unit will play a critical role in keeping the lights on during the hottest and coldest days. This technology is capable of ramping up to full load in ten minutes, making it an ideal resource to both backup the regional power grid and support the integration of intermittent renewable generation including wind and solar. It will be one of the first such projects built in New England. This project will provide reliable and resilient power, support well-paying jobs, strengthen the local tax base, and provide other benefits to the greater Cape Cod community and Massachusetts. Although early in the permitting stages, the Canal Generation Projects have already enjoyed broad-based support from the community, as well as many civic, business and environmental groups.

NRG is financing this modernization itself based on the wholesale markets at our own risk, with no direct support or long-term guarantees from ratepayers or taxpayers. We are doing this because we believe in wholesale energy markets that provide accurate price signals for companies such as NRG to make investments in generation at the right times and in the right places. This was the whole idea behind the 1998 restructuring

law, which is working and insulating ratepayers from the same bad stranded investments that plagued ratepayers for years.

Our investment in the Canal Project – and others like it across New England – is a stark contrast to Senate Bill 1965, which would create a new era of unnecessarily expensive, long-term contracts that would benefit a handful of companies while placing the financial burden on ratepayers for 20 years or more.

Our concerns about this impact of this bill include the following:

- The legislation will NOT lower consumer energy bills and instead may raise energy costs for consumers.
- The legislation will NOT automatically reduce carbon emissions, and will have the unintended effect of actively discouraging true class one renewables – wind and solar – in Massachusetts.
- The legislation will artificially suppress capacity and energy market prices, impairing cost recovery by existing generation resources, and in fact may actually force some of these facilities to close, or create the need for potentially expensive out-of-market contracts to ensure a sufficient supply of reliable power.
- The legislation will NOT increase energy jobs in New England and will effectively export energy jobs to Canada. It will result in jobs lost in New England from the premature closing of generating facilities. The legislation may create additional reliability problems as it will force Massachusetts to import power from hundreds of miles away in another sovereign country.

We understand and agree with the need to make progress on reducing greenhouse gas emissions, as required by the Global Warming Solutions Act. NRG and others in this room have invested millions in renewables including solar and wind power that create jobs and increase tax revenues to municipalities – and we're prepared to invest more. As noted by others' testimony, the power sector is already meeting its greenhouse gas goals, and we should be looking to other sectors – such as transportation – to do their part.

The energy industry (and renewable technologies) is highly dynamic and evolving quickly. If I can leave you with one analogy that underscores the dangers of Senate Bill 1965, it is this.

Many of us in this room came of age in the 1970s and 80s. Could you imagine if someone in 1980 decided on our behalf that in 2015 we'd still be using the IBM mainframe computer for our personal computing needs?

Thank you.