Connecticut Industrial Energy Consumers
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TESTIMONY OF THE CONNECTICUT INDUSTRIAL ENERGY CONSUMERS ON Raised Bill No. 354 "AN ACT ESTABLISHING A GREEN NEW DEAL FOR CONNECTICUT" BEFORE THE LABOR AND PUBLIC EMPLOYEES COMMITTEE MARCH 3, 2020

The Connecticut Industrial Energy Consumers (CIEC), an *ad hoc* coalition of large commercial and industrial (C&I) end-users which collectively employ thousands of Connecticut workers at numerous plant locations throughout the State hereby offers its comments opposing Raised Bill No. 354, *An Act Establishing a Green New Deal for Connecticut*. CIEC members collectively employ over 40,000 Connecticut workers at numerous locations throughout the State (close to 3% of the State's working population). The average median income for CIEC member employees well exceeds the State average for household median income of $74,168. With over 6,000 companies, Connecticut manufacturers and large commercial businesses account for over 12% of the State's economy, provide employment to more than 190,000 residents, and pay over $460 million in property taxes to the State's towns and cities.

CIEC fully supports efforts to reduce the State's carbon footprint. However, such actions must occur while also maintaining reliability at the highest quality. As you are well aware, CIEC members are leaders in energy reduction and conservation by dramatically reducing their usage to meet State policy goals as well as operational efficiencies. They actively engage in load reduction efforts and are subject to interruption during peak periods. These efforts have resulted in less strain of the bulk power system and produced significant environmental benefits by reducing emissions and potentially displacing older, less efficient units.

CIEC members account for a substantial portion of all electricity consumed in Connecticut, with members accounting for at least 3% of the State's energy usage, annually. Significantly, CIEC members pay close to $100 million in energy costs, annually. Energy is an integral component to members' operations in the State, and the effect of a $0.001, or "mill", increase per kilowatt hour (kWh) results in an increase of hundreds of thousands of dollars for a single large C&I customer.

CIEC opposes this bill on several grounds. Importantly, CIEC members have utilized Connecticut's strong incentives to assist customer investments in conservation, energy efficiency, and cleaner on-site power. In fact, members have enthusiastically responded to the distributed generation (DG) incentives established by this body in Public Act No. 05-01, *An Act Concerning Energy Independence*. As a result of that Act, several members have devoted considerable time and effort to evaluate the practicality of customer-side distributed generation and have scheduled or completed construction and installation of these smaller, more efficient and environmentally friendly distributed generation units. In particular, by utilizing what otherwise would be thermal waste, combined heat and power units are especially effective at assisting customers in meeting conservation goals. However, in order to achieve such goals, it is critical that these programs remain stable and consistent.

This bill proposes to penalize onsite generation that fails to achieve the proposed milestone reductions in state-wide greenhouse gas emissions through a finding of "unreasonable pollution" under chapter 439 of the Connecticut Code. This has the unintended result of penalizing the very distributed generation units the State has encouraged consumers to pursue.

Second, with respect to the Conservation and Load Management ("C&LM") Plan, the bill proposes to (1) "provide that forty per cent of available efficiency funds are devoted to residential programs for low and moderate income households;" "(2) ensure that conservation and load management funds are available to all households, irrespective of the heating fuel used by a household; and (3) establish an annual goal of completing home weatherization projects equal to ten per cent of the eligible housing stock." (p. 19, ln. 573-585).

CIEC supports the State's goals of ensuring low and moderate income households have access to energy efficiency and weatherization program funding. Notwithstanding such support, CIEC also is very concerned about increases to program budgets that would impose even greater costs on other customers, such as the manufacturing industry, that already struggles to remain competitive amidst high energy prices in the State. CIEC also opposes deviating from cost of service principles in allocating how C&LM Plan funds should be spent.

Third, with respect to the proposed creation of the "state-wide healthy and efficient homes account", CIEC strongly opposes the creation of another State policy surcharge on energy customers' bills. Importantly, energy costs in Connecticut far exceed the national average. For example, the electricity prices paid by industrial customers in Connecticut are nearly double the national average for similar customers.[1] Non-bypassable surcharges (the CAM/SBC/Renewable Generation Charge/Combined Public Benefits Charge) have been a large contributor to these increases and now constitute a significant portion of CIEC members' utility bills – separate from the cost of actual delivery services (*i.e.*, poles and wires) and actual electricity supply. The upward pressure from these two components (*i.e.*, increased energy costs and increased surcharges) impose additional costs on high-load-factor customers that are disproportionate relative to the cost of "traditional" delivery service to such customers. State-imposed surcharges (not attributable to supply or delivery charges) constitute an overwhelming 25-30% of the bill received by customers each month from their utility, however, such charges are not attributable to a utility's cost of service.

The price of electricity places Connecticut businesses at a significant disadvantage with respect to businesses and manufacturers in other regions and nations. In fact, these high energy costs are a significant contributing factor to the decline in Connecticut's manufacturing and commercial sectors – resulting in the loss of thousands of jobs over the past decade. Thus, additional

[1] U.S. Energy Information Administration, Electric Power Monthly, Table 5.6.A Average Price of Electricity to Ultimate Customers by End-Use Sector (February 26, 2020) *available at*: https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a.

surcharges will only serve to create new hardships for customers and will impact the decisions of businesses to locate or expand in Connecticut.

Lastly, the proposed bill includes provisions that apply greenhouse gas emissions standards to the transportation and building sectors. To the extent that programs are developed to support the decarbonization of the transportation and building sectors, CIEC opposes funding such programs through electric ratepayers. Requiring ratepayers to subsidize an industry unrelated to energy would be wholly inequitable and inappropriate. Ratepayers already subsidize a tremendous amount of energy-related policy goals of the State.

Based on the foregoing, CIEC urges the Labor and Public Employees Committee to reject Raised Bill No. 354 in total.