

TESTIMONY OF ERIC J. BROWN
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
before the
ENERGY & TECHNOLOGY COMMITTEE
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Good morning. My name is Eric Brown and I am an attorney with the Connecticut Business & Industry Association (“CBIA”) and director of its Environmental Policies Council. CBIA’s mission is to work with our members and public officials to make Connecticut a more attractive location for business investment in order to grow jobs and economic opportunity for those who live here. Our members include businesses from across the state of all sizes and from nearly every industry in Connecticut.

CBIA appreciates this opportunity to provide comment **in opposition to S.B. 928**, An Act Concerning Shared Clean Energy Facilities.

Our comments are not intended to reflect de facto opposition to the concept of allowing owners or operators of clean energy facilities to share energy generated at such facilities with others. However, this bill as we understand it, would create a benefit for the few, with the expense and the potential liability for any problems with the system, residing squarely with subscribers, ratepayers who receive no direct benefit from the shared energy system, and the energy distribution companies.

For example, subsection 1(b) of the bill provides that a shared clean energy facility may be built, owned or operated by a third-party entity under contract with a subscriber organization. A “subscriber organization” is a newly created, non-descript and, at least initially, largely unregulated entity¹ allowed to solicit participation from residents and businesses in an

¹ Subsection 1(h) indicates a subscriber organization is only liable for costs associated with non-compliance of tax and securities laws along with the “consumer protection provisions contained in section 2, which only consists of a disclosure statement. Subsection 1(c) authorizes PURA to adopt regulations if experience shows subscribers need additional protections.

arrangement to provide energy in exchange for a fee that, under subsection 1(d), is prohibited from regulation.

Further, should the shared energy system be undersubscribed, subsection 1(j) requires the EDCs purchase the unsubscribed capacity at the locational marginal prices at that time. Thus, the subscription risk to the subscriber organization is completely assumed by the EDCs and their ratepayers, at whatever the spot market price is at the time.

Inexplicably, subsection 1(k) states that any clean energy generated by the shared system (which under subsection 1(a)(1) must be a Class 1 renewable) that is exported to the grid shall NOT be counted towards the requirements for EDCs to acquire a certain percentage of the energy they distribute from Class 1 renewable sources. So the benefits of this shared clean energy proposal do not include helping ratepayers avoid paying a compliance penalty if the EDCs fail to meet Connecticut's highly aggressive Renewable Portfolio Standards.

And while subsection 1(n) obligates the owner of the shared energy system to pay for the installation of the "revenue quality production meters" necessary to quantify the production of shared energy facility credits, the obligation and expense for reading the meters rests with the EDCs and their non-participating ratepayers.

This, however, brings us to a more global concern. Subsection 1(r) provides that the EDCs "may seek recovery of any costs associated with the administration of the shared clean energy facility." But recover such costs FROM WHOM? The owner or operator of the shared clean energy facility? The subscriber organization? The subscribers? Or, as we presume, the non-participating ratepayers – who again, receive no direct benefit – only the financial burden.

One final provision we have identified places additional risk squarely on the non-participating ratepayers. Subsection 2(b) ensures that if the subscriber, the subscriber organization or any third party owner default on their obligations, through bankruptcy or otherwise, non-participating

ratepayers will guarantee the subscribers continue to receive the value of the credits on their bills associated with the energy generated by the clean energy facility.

In summary, CBIA believes creation of a system where local generation of energy from Class 1 renewable sources can be shared beyond the owner or operator of the generation unit is worth exploring. However, we oppose this proposal which appears to us to place virtually all the costs and risks associated with such projects on non-participating ratepayers – who would not even get the benefit of Class 1 energy generated under such a system being counted towards meeting Connecticut's highly aggressive and expensive Renewable Portfolio Standard and thereby lower compliance costs associated with those standards.

Thank you very much for this opportunity to provide comment and your consideration of our proposed modifications.