



# STATE OF CONNECTICUT **NEWS RELEASE**

CONSUMER COUNSEL MARY J. HEALEY

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Friday, July 13, 2007

## ***OCC Files Emergency Motion with DPUC to Halt Grants for Emergency Generation Units Pending an Updated Cost-Benefit Analysis***

The Office of Consumer Counsel (OCC), the State's advocate for utility customers, has today filed an emergency motion with the Department of Public Utility Control (DPUC) urging DPUC to cease granting awards of ratepayer funds for development of emergency generation units pending further analysis of the costs and benefits.

By state statute, DPUC has been awarding grants to large and small businesses to promote the development of emergency generation units and other distributed generation resources. Such grants may only be awarded, by statute, if one can project that the grant will result in a net reduction in electricity costs as a result of the increased supply. Emergency generation units have been receiving grants of \$200,000 per megawatt under a 2006 DPUC decision implementing the statute. As of July, the DPUC has awarded \$148 million of ratepayer funds for distributed generation grants, including emergency generation units and baseload units, representing a potential 233 megawatts of electric supply.

Testimony from an electric distribution company representative at a DPUC hearing on July 11, 2007 raised serious OCC concerns about whether the grants for emergency generation units may be justified under a cost-benefit analysis. The regional grid operator, ISO New England, has recommended that only a limited amount of New England emergency generation units qualify as full capacity in the new Forward Capacity Market. It is likely that New England is already near or perhaps above this limit. Meanwhile, DPUC has before it numerous grant applications for new emergency generation units, representing millions of dollars in grants, if approved. It is now questionable whether these units will bring the anticipated capacity market benefits upon which the grants were originally justified.

Consumer Counsel Mary Healey stated that "with the prospect that the costs of the grants for emergency generation units may outweigh the benefits, it

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**is time for a prudent pause to review the cost/benefit analysis so that we may assure ratepayers that their dollars are being wisely spent.”**

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