The Energy And Technology Committee

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Proposed House Bill 6209: AAC The Renewable Investment Fund

Testimony of

The Office of Consumer Counsel

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The Office of Consumer Counsel (OCC) has carefully reviewed and supports **Proposed House Bill 6209: AAC the Renewable Investment Fund**, which seeks to revise provisions of the general statutes to remove the Renewable Energy Investment Fund, also known as the Connecticut Clean Energy Fund, from Connecticut Innovations, Inc. and to have the fund instead be subject to the same rules, administration and DPUC oversight as the Connecticut Energy Efficiency Fund.

As the statutory advocate for Connecticut's public utility consumers, OCC firmly believes that there should be strict DPUC oversight anytime that there will be expenditures of millions of dollars of ratepayer funds. Such oversight does not exist under the present, "quasi-public" model -- significant outlays of ratepayer dollars have been made by the Clean Energy Fund without the transparency and accountability provided by a DPUC hearing process. If, as the bill seeks, the Clean Energy Fund is administered in the same way as the Energy Efficiency Fund, OCC believes that renewable energy will be promoted more effectively in this State. Moreover, greater DPUC oversight will lead to renewable funds being treated as a trust, as ratepayer funds should be.

Thus, OCC would be concerned about the present, quasi-public structure even if the Clean Energy Fund were operating successfully. However, in our view, the Clean Energy Fund has not been a successful steward of ratepayer funds, nor has it been effective in promoting the development of renewable energy at reasonable rates. For example, OCC is aware that $ 117.5 million of ratepayer funds has been collected to date by the Clean Energy Fund but only 2.5 megawatts has presently been brought into operation (for comparison purposes, the State has about 7,000 megawatts of generation overall). There have been many failed projects that were not brought into fruition. The unimpressive track record of the Clean Energy Fund is well-known, through newspaper articles and state audit reports. The Clean Energy Fund's record includes the Acumentrics and Connecticut Renewable Energy loans, which resulted in millions of dollars in wasted ratepayer funds and in the case of Acumentrics, became a focal point in the criminal investigation of a state official and others.

The Clean Energy Fund may claim that the Acumentrics and Connecticut Renewable Energy deals are ancient history, but recent state audit reports have shown continuing issues with regard to the Fund complying with its contractual procedures. We also believe that the past record shows, in a clear and unmistakable way, the danger of putting millions of dollars in public funds under the quasi-public framework.

In contrast to the Clean Energy Fund, we believe that the Connecticut Energy Efficiency Fund, which is subject to proper regulatory oversight, has been highly successful in promoting the development of efficient electric resources in Connecticut. To date, nearly 500 MW of efficient resources have been developed through programs of the Energy Efficiency Fund. Under the Energy Efficiency Fund model, the Energy Conservation and Management Board (ECMB), representing numerous interests with significant expertise, works with the electric distribution companies (CL&P and UI) to develop and implement a conservation plan focused on cost-effective initiatives. Additionally, CL&P and UI are fully accountable to the DPUC for meeting timelines and performance goals. Examples of successful programs developed and implemented by the Energy Efficiency Fund include: "PRIME" which seeks efficiencies in the processes of industrial manufacturers, the country's second highest residential penetration rate for installation of Compact Fluorescent Lighting; a successful Load Response program which has cut 460 MW's off the Connecticut peak; and extensive marketing of Energy Star products.

The ECMB already has members that have significant experience with the topic of renewable energy. However, to make sure that the ECMB has complete expertise to oversee its new responsibilities for the renewable funds, OCC would propose expanding that Board by three members, including an additional member of an environmental group familiar with renewable energy initiatives, a member with experience in renewable energy financing, and a representative from the Institute of Sustainable Energy. Any additional expertise needed by the Board can be easily achieved by hiring consultants as needed on a project-by-project basis. In short, the expertise of the present Clean Energy Fund can be easily replicated and transferred to ECMB. The success of the Energy Efficiency Fund, as compared to the Clean Energy Fund, will be replicated as well

Finally, it is notable that having the Clean Energy Fund and the Energy Efficiency Fund being administered by the ECMB and the utilities will likely create significant synergies and "one-stop shopping." A site developer, manufacturer, or other large power user would now be able to seek, through one entity, both the equipment and resources needed to use electricity more efficiently as well as a renewable resource to reduce its emissions and/or hedge its costs. This is the kind of innovative, progressive approach that Connecticut really needs.