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[Home](#) > Widespread dissatisfaction with energy bill process and changes to renewable power

## Widespread dissatisfaction with energy bill process and changes to renewable power

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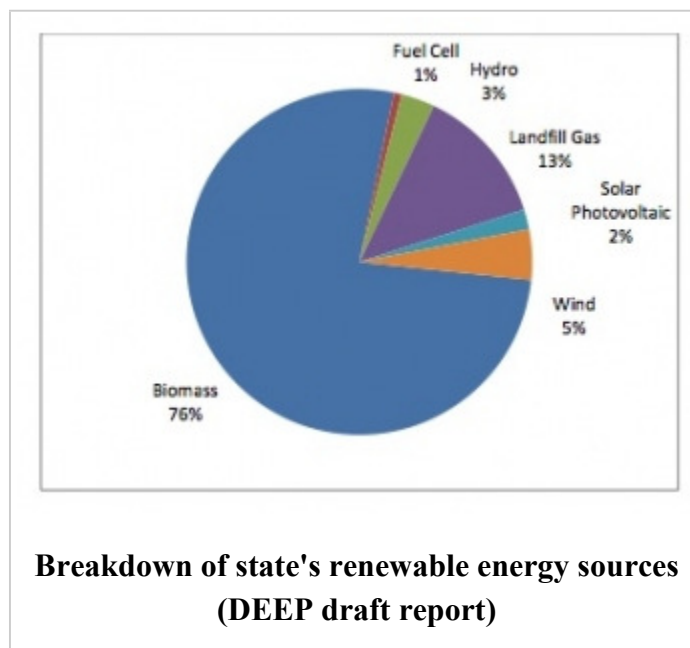
Plans to rush major energy legislation through the General Assembly as soon as Wednesday are raising cries of foul from dozens of normally unaligned groups.

Their concerns are prompted in part by timing: It's two months before the draft report most of the legislation is based on finishes its required public review.

The issue has even split the leadership of the Energy and Technology Committee, which last week approved the measure 16-8.

The main controversy stems from what many see as a compromised legislative process that has prompted descriptions such as "sham," "flawed" and "rammed through." But there are also worries about the substance of the measure, which many view as a step back from the state's commitment to renewable energy. It would make Connecticut, a longtime leader in renewable energy, the first state in the nation to retreat.

"If that's indeed something we want to do, we should do it after a full review of the consequences," said [Rep. Matthew Lesser](#), D-Middletown, a committee member who voted against the bill, [SB 1138](#). "What I am concerned about is the chaos that potentially it puts into our renewable industry and into the power industry in general."



Part of the legislation would authorize the state to participate in regional renewable power purchasing, particularly wind. That is urgent because the federal production tax credit for wind is only in place until the end of the year.

There is widespread support for that part of the bill.

Not so for the rest of it, which deals with the state's renewable portfolio standard (RPS) -- a clunky term that refers to how much renewable power a state requires itself to purchase.

Connecticut's standard, written in 1998, has been among the nation's most ambitious. It requires the state to buy 20 percent of its power from the cleanest generators, like wind and solar, by 2020. There are yearly targets leading up to that, and financial penalties if they're missed -- which the state has done the last two years.

In recognition that it would continue to miss targets, incur hundreds of millions of dollars in penalties and that most of the state's renewable energy comes from dirtier sources like landfill gas, in 2011 the legislature mandated the Department of Energy and Environmental Protection to study its renewable portfolio standard and issue a report by Feb. 1, 2012.

That study was finally delivered March 19, 2013, literally during DEEP Commissioner Dan Esty's testimony at a contentious Energy Committee hearing to discuss the legislation that had been completed four days before the study's release. Committee members and interest groups including environmentalists, business organizations and power producers were alarmed by what they felt was a backward process -- a vote planned even though the public comment period and final RPS study time frame runs until May 13.

Those same groups were also alarmed by a key provision -- essentially a rollback of the RPS and what appeared to many as a special deal for large-scale Canadian hydropower.

### **Better as two bills?**

"One should not change one's RPS goal trivially or frequently; we should do so deliberately and infrequently," said Rep. Jonathan Steinberg, D-Westport, who said he was pleased the RPS was being examined. He voted against the bill, preferring, as did other committee members and interest groups, that it be split into two pieces of legislation: one addressing the urgent authority for regional procurement, and the second dealing with changes to the renewable portfolio standards. "For me it was about the process," Steinberg said.

Among the nearly 100 pieces of testimony on the bill, most, even some who supported the legislation in principle said it was difficult to comment without the RPS report. After the hearing, a coalition of environmental groups sent a letter to legislative leadership requesting that the bill be split into two.

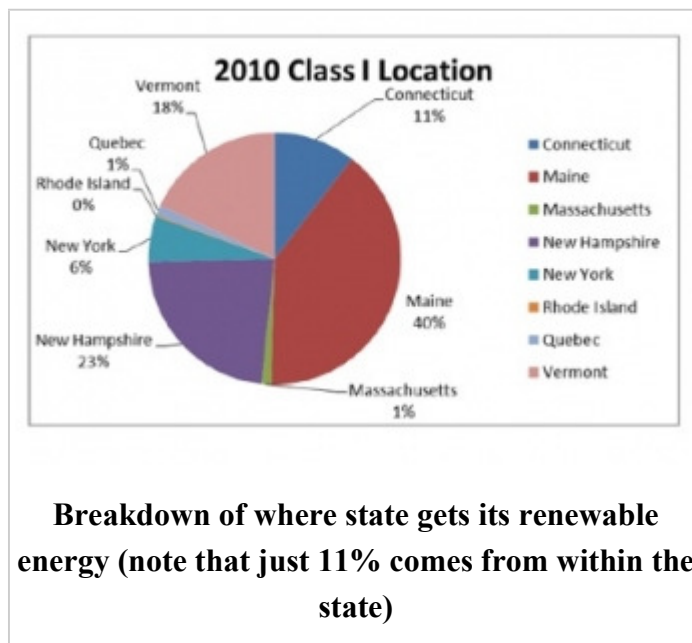
"Is it the ideal process? No. But it is not set in stone either and would not be the first time things have gone through this iteration in the legislative process," said Jessie Stratton, DEEP's point person on the legislation and, ironically, a former legislator who wrote the original RPS language.

Stratton defended the RPS changes noting that the state would still have the most aggressive RPS in New England.

What those changes would include is extending the standard to 2025 with a 25 percent renewable energy level but, beginning next year, an increasing percentage would be available specifically for large-scale Canadian hydropower reaching 4.5 percent in 2020 and 7.5 percent in 2025.

The net effect would be to lower the RPS for all others, making Connecticut the first state in the nation to do that.

"This is NOT designed to be an RPS rollback," said Rep. Lonnie Reed, D-Branford, co-chairwoman of the committee, in an email. "The intention is to replace dirty out-of-state biomass and landfill gas with more wind, solar, fuel cell and other, what I call legitimate clean renewables," she wrote, referring to another part of the bill that imposes tighter emissions restrictions on renewable facilities.



Stratton said hydro would still have to compete with other renewables. "There's nothing here that says we have to buy hydro," she said. "I guarantee you this governor and this commissioner are not going to pay high prices for hydro."

### Small businesses concerned

But many think the scenario would have a dampening effect on the full renewable spectrum, especially small in-state power producers. Business and industry representatives feared a loss of in-state

jobs on top of the flow of American dollars to Canada.

"Members of REEBA (the Renewable Energy and Efficiency Business Association) are very concerned for the future," said Paul Michaud, an attorney who is the group's executive director.

"They've invested a lot of resources in Connecticut based on renewable programs and the RPS, and

now the big concern is that in future years hydro can basically assume all the RPS obligation and we won't have any need for in-state renewable energy.

"What it tells a lot of businesses is Connecticut really isn't that business friendly, and that it's a very volatile place from a business regulatory climate."

Evidence that could happen came almost immediately. A [story by Platts Electric Power Daily](#) quoted Barbara Kates-Garnick, Massachusetts undersecretary of energy, saying: "We have serious concerns about how Connecticut's proposed changes to its renewable portfolio standard will affect the region's renewable market."

Many energy and environmental groups in the region wondered why large-scale hydro needed an RPS carve out, since it is a mature industry well over a half-century old. Environmentalists noted that hydro has its ecological downside, with dams that flood large swaths of land and transmission lines snaking through wilderness, though most also said big hydro can be good if it protects a river's natural flow.

But many said the experience with hydro in Vermont showed it was not always as inexpensive as advertised, and the way the legislation protects hydro flies in the face of DEEP's and the administration's long-stated goal of not picking energy winners and losers.

"This is absolutely about picking winners," said Chris Phelps of [Environment Connecticut](#). "If you carve out for hydro, all you're doing is rearranging the deck chairs at best, and in their plan you're throwing some of the deck chairs overboard."

Roger Smith of [Clean Water Action](#) called the notion of finishing the study after the legislative process runs its course a "sham." However, committee co-Chairman [Sen. Bob Duff](#), D-Norwalk, said that the effective date of the RPS portion of the bill was changed to July 1, so there would still be time for a new bill to fix pieces of any previously approved RPS legislation after the final RPS report in May.

But many doubted that scenario would occur.

"Hundreds of million of dollars worth of energy decisions are going to be made based on this. They've got to do it right the first time," Smith said. "This is a disservice to the public and a disservice to the legislature."

### **Ulterior motive?**

Critics also said publicly that they think there is an ulterior motive in the special treatment for hydro -- a clearer path for the troubled [Northern Pass](#) deal between [Hydro-Quebec](#) and [Northeast Utilities](#).

Northern Pass is a planned, \$1.2 billion, 180-mile transmission line from Canada into New England, largely through New Hampshire, which has fought the project for years, slowing any movement toward actually building it to a crawl. What better way to move it along, said Christophe Courchesne, a New Hampshire-based staff attorney for the Conservation Law Foundation, than to have a sure market for that power.

Courchesne said NU and Hydro-Quebec -- notable for being among the very few groups supporting SB 1138 -- have a transmission service agreement that is very lucrative for NU. It was negotiated when gas prices were at least three times higher than they are now, but it runs out in February 2014. NU would need an extension, which could also force them to renegotiate less favorable terms.

"I'm not a real conspiracy theorist, but it's very clear to me at least that the economics of the project as originally conceived by NU warrant an urgency and desperation to have some progress," Courchesne said.

But DEEP and Energy Committee leadership denied that was the case. "That somehow this whole thing is to promote Northern Pass couldn't be further from the truth," Stratton said. She said existing lines could handle the hydro even in 2025.

The point, said Duff, the committee co-chairman, "is to help reduce ratepayer costs." And for all the bill's faults, he thinks it will do that. "I think some people are trying to make perfect be the enemy of good."

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