VERBATIM PROCEEDINGS

CONNECTICUT ENERGY ADVISORY BOARD

PUBLIC HEARING

ON

ELECTRIC DISTRIBUTION COMPANIES'
INTEGRATED RESOURCE PLAN FOR CONNECTICUT

MARCH 26, 2009

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. . .Verbatim proceedings of the Connecticut Energy Advisory Board Public Hearing on Electric Distribution Companies' Integrated Resource Plan for Connecticut, held March 26, 2009 at 1:00 p.m. at 300 Capitol Avenue, Hartford, Connecticut. . .

CHAIRMAN MICHAEL CASSELLA: Welcome to the duly noticed public hearing of the 2009 Integrated Resource Plan by the Connecticut Energy Advisory Board. We're not here to talk about CEAB bonuses. We are pro bono, in more ways than one.

Just to get started this afternoon, I'd like to introduce the members of the Board that are here, and I'll ask you to introduce yourselves, starting with Melissa on my right.

MS. MELISSA BUCKLEY: Hi. Melissa Buckley.

MS. MELISSA OZOLS: Melissa Ozols.

MR. JEFFREY GAUDIOSI: Jeff Gaudiosi.

CHAIRMAN CASSELLA: Michael Cassella.

MS. MARY HEALEY: Mary Healey.

MS. TRACY BABBIDGE: Tracy Babbidge.

CHAIRMAN CASSELLA: There may be more Board members showing up as we go through the afternoon. As we caucused yesterday with the subcommittee on the IRP, the Consumer Counsel closed by saying, well, are you going to start with a wrap?

I guess it’s my job to introduce to you why we’re here this afternoon and what we’re going to try to accomplish. Essentially, what we’d like to communicate is basically several things. First of all, where we’ve been, where we are, and where we’re going.

Where we’ve been, the first plan was the 2008 IRP that was submitted by the Electric Distribution Companies in January of last year, and that plan led to a revised plan that was submitted by the CEAB in August of last year, and there are a couple of good things that came out of that, not the least of which is how we’re going to all work together.

There was some challenge in the beginning on how each group was going to work with each other, and one of the main benefits of having gone through the 2008 plan was that we sort of hammered that out.

It was also a stakeholder process, so we heard from a lot of different people, and I think the end result was positive, to the extent that the Board concluded that, you know, our real goal here is to come up with a plan that does many things, that’s strategic in nature, but really addresses three major issues, cost, reliability and the environment.

So what we’ve come to be about is putting together a strategic plan for the State that optimizes around those three major variables and that takes into account not just the short-term capacity situation and the other short-term items that we’re used to dealing with, but the long-term issues that some of us on this Board have been dealing with for many years.

So what we’re trying to do is to come out of this process with a plan that benefits the ratepayers and taxpayers of the State of Connecticut not just in the short-term, but in the long-term.

The 2009 plan, which we’re here to talk about today, really has to be looked at in context of where we’ve been, where we are, where we’re going, and I think the 2009 plan was an effort to basically say, okay, what is the situation in the electric market right now?

And in order to come up with the answers, we came up with 10 topics, which I’m sure you’re aware of, and, basically, the EDCs issued white papers on those 10 topics to give the Board a sense of what the situation is in each of those 10 areas.

Another good benefit of the 2009 process was that we worked closely together, both as a Board and with the utilities, to come up with a document in January, on January 1st, that had no surprises for us, and that was part of our mission for this 2009 process, was let's work together on the document that comes out, so we can minimize the amount of work that we, as a Board, have to do before we submit that document to the DPUC.

And my sense is that what we got and what we're going to submit is probably 85 percent of the way there, so there are some things that we would like to see enhanced in the 2009 document, and we'll make those enhancements before we send the document over to the DPUC.

So, to some extent, the 2009 plan is not really a plan, and it's not going to come as a surprise to the DPUC that it is not the plan, that our intent is to have the 2010 plan become the plan, so there won't be any surprises at the DPUC.

I mentioned that the 2010 plan is going to be strategic in nature, and, again, it will be a stakeholder process, so as soon as we get our bearings after this public hearing and after our regular CEAB meeting next week and have some internal discussions, we need to start thinking about the 2010 plan and start working on that on a going forward basis, so that is essentially where we've been, where we are, and where we're going.

Just some process issues for this afternoon. We'd like to ask you to limit your comments to three minutes in duration. Please state your name for the recorder, so she can get that down, and, also, don't forget to turn your mike on, and we'll leave it to the Board to ask questions, if they have any, after your presentations.

So any questions at this point? If not, then the first person to speak today will be Dave Jackson from the Connecticut Sierra Club.

MR. DAVID JACKSON: My name is David Jackson. I am speaking on the 2009 Integrated Resource Plan. I am here as Energy Chair representing the Connecticut Sierra Club, with a membership of 95 hundred members, and am a resident, also, of West Hartford.

Members of the Connecticut Energy Advisory Board, thank you for the opportunity to address this important issue. The Sierra Club strongly supports the requirement in Public Act 07-242 to implement all cost-effective energy efficiency measures, and we ask you to include specific annual funding levels for energy efficiency in the Integrated Resource Plan.

The executive summary on page ES-2 states Connecticut has a very limited in-state renewable resource potential, other than fuel cells. New transmission could enable the development and integration of out-of-state resources.

Clean water actions already mention that direct solar, thermal and solar electricity are viable in-state renewable energy sources, and there are comments on the 2009 Integrated Resource Plan.

The Connecticut Sierra Club reminds the CEAB that the indirect solar energy, geothermal ground source heat pump, is a potential renewable energy resource. Ground source heat pumps units extract energy from the ground at depths of a meter or more, where the temperature stays essentially constant year round and what is the mean temperature in Connecticut.

By avoiding low wintertime air temperatures and outsource heat pumps, maintain an acceptable co-efficient performance of typically three to four. In addition to providing heat in the winter, they can also provide -- be reversed to provide summer cooling.

Because ground source heat pump systems have relatively few moving parts and because those parts are sheltered inside a building, they are durable and highly reliable. The underground piping often carries warrantees of 25 to 50 years, and the heat pumps often last 20 years or more.

Because they have no outside condensing units, like air conditioners, there is no concern about outside noise. In addition, a two-speed ground source heat pump system is so quiet inside a house that users do not know it is operating.

Ground source heat pump systems can provide Connecticut a highly reliable renewable energy resource all year long. That's my comments. Thank you for having me.

CHAIRMAN CASSELLA: Thank you, Mr. Jackson. Any questions --

COURT REPORTER: Mr. Chair, your microphone, please?

CHAIRMAN CASSELLA: Sorry. Thank you, Mr. Jackson. Any questions from the Board? Thank you, sir.

MR. JACKSON: You're welcome.

CHAIRMAN CASSELLA: Next, is Roger Kuontz.

MR. ROGER KUONTZ: Good afternoon. Roger Kuontz, Environment Northeast. Pleasure to see you all. I'd like to congratulate you on the process you developed and the working relationship with the companies. It’s real progress in a short period of time, and the meetings that I’ve attended are very heartening in the spirit that this plan is moving forward and I appreciate it.

And we understand the issues will be subject to further elaboration in the more integrated plan that will be developed in 2010, however, there are some -- certainly one aspect of this proposal, which is an action plan and we strongly support, and that is the recommendation that the State commit to funding expanded energy efficiency, as described in the plan.

The expansion proposed here is an improvement over the 2008 plan, in that it provides a far more sustainable path of expansion.

As secretary, new Secretary Chu of the Department of Energy, Federal Department of Energy said recently, energy efficiency is not the low-hanging fruit. It’s the fruit that’s lying on the ground, ready for us to pick up, and we need to continue to do that in a more aggressive way.

It provides substantial economic and environmental benefits, many of which are not monetized in this plan, which includes only the direct customer and system savings. Economic benefits, which have not been fully accounted for, are the jobs of the multiplier effect of savings being re-circulated in the State's economy and the like.

The direct benefits, net benefits shown in the plan are about 1.5 billion dollars. Connecticut cannot afford to miss this opportunity. This recommendation is consistent with the statutory goals of minimizing customer cost, consistent with environmental standards and with a mandate to meet resource needs with all cost-effective efficiency and demand reduction resources that are reliable and feasible. Thank you very much.

CHAIRMAN CASSELLA: Thank you, Roger. Any questions for Mr. Kuontz? Hearing none -- oh, I'm sorry.

MR. KUONTZ: There's a hand up.

CHAIRMAN CASSELLA: Madam Vice Chair?

MS. MARY HEALEY: Roger, can you give us an update on the status of the CL&M and renewable funds here in the legislature? They've been in jeopardy. Do you have any new updates on that that you can give us as a Board?

MR. KUONTZ: I can't give you any solid news. You may know that the programs have suspended taking applications, because of the concern that the, after discussions, I believe, with the Department, because of the concern with the possible taking of funds as part of a deficit mitigation in the State.

There are certainly opportunities from the Federal stimulus package, Federal Stimulus Act of the State Energy Program. The Governor on Monday applied for -- certified that funding would be used to expand efficiency programs with some assurance she was required to give as a preliminary to accessing that 38 million dollars, so we’re hopeful that that results in an opportunity for the CL&P program to reopen, but you’ll have to ask the CL&P folks about that.

I think that same certification should apply to the renewable funding, which can also benefit from that State Energy Program funding.

MS. HEALEY: Thank you.

CHAIRMAN CASSELLA: Roger, I thought, if you take the stimulus money, you have to basically spend what you were planning to spend, so does the fact that we’ve submitted or the Governor has submitted a request for the 38 or 39-million in the State Energy Program, or State Energy Plan, does that sort of keep you whole or make you safe now, as far as the C&LM dollars are concerned?

MR. KUONTZ: I would hope so, and the renewable dollars, too, right.

CHAIRMAN CASSELLA: Okay.

MR. KUONTZ: I would hope that that's the way it's seen by both the Governor's office and the legislature.

CHAIRMAN CASSELLA: Okay, great.

MR. KUONTZ: That would be my legal opinion, too, for what that's worth.

MS. HEALEY: I think we'd like to see that result, too, as a Board. Thank you.

CHAIRMAN CASSELLA: Thank you, Roger.

MR. KUONTZ: Thank you very much.

CHAIRMAN CASSELLA: Next is Robert Fromer.

MR. ROBERT FROMER: I have more than three minutes. More like five minutes. I'm willing to wait until everyone has testified, if that would be okay.

COURT REPORTER: Mr. Chair, your microphone, please?

CHAIRMAN CASSELLA: I'm sorry. I don't think we can do that, because if we do that for you, then we should do it for everybody. We'll be liberal on the second hand.

MR. FROMER: Oh, I'm glad you've gone from a conservative to a liberal now.

CHAIRMAN CASSELLA: I didn't say that. We also have your written comments.

MR. FROMER: Yeah. I put in my written. Okay. Anyway, welcome to Connecticut, a state where energy waste is our most important and prolific product. I'm going to speak about the plan, nuclear power, climate change and alternatives.

First, the plan. The primary findings, recommendation and supportive information in the Integrated Resource Plan, and, by the way, it shouldn't be Resource, it should be Resources, because you don't integrate a single resource, you integrate many resources, so I think you may want to make a change in the word, failed to adequately and fully address the individual requirements of the Connecticut General Statute, Section 16a-3a.

Nothing in 16a-3a refers to an Integrated Resource Plan, nonetheless, it should be more properly labeled as Integrated Resources Plan. The plan's narrative and information was not identified with a specific subsection of the statutes that demonstrate responsiveness to the legislative mandate. For example, resource adequacy is not linked to any specific subsection. It is left for the reader to figure it out.

Furthermore, the plan failed to address one of the most viable technology as a demand side resource, electrical energy storage, and it failed to consider the future of the fuel supply for the energy sources given the realities of peak oil, peak natural gas and peak nuclear fuel.

No consideration was given to the impact of plug in hybrid motor vehicles on capacity and its energy storage devices. Finally, the energy return on energy investment of renewables is low compared to fossil fuels and will not within 30 years come close to replacing power generation using fossil fuels assuming no population or energy growth.

According to the Integrated Resources Plan, Connecticut has sufficient capacity for the next 10 years, but does it have a guaranteed fuel supply for the same 10 years?

Nuclear power, nuclear power is not an economically viable source of electric power and provides a low energy return on energy investment, because it requires fossil fuels for construction, operation, maintenance and decommissioning and produces greenhouse gases from the use of such fuels.

In an excellent recent analysis to nuclear allusion, Amory B. Lovins and Imran Sheikh put the course of electricity from a nuclear power plant at 14 cents per kilowatt hour and that from a wind farm at seven cents per kilowatt hour.

This comparison includes the cost of fuel, capital, operations and maintenance and transmission and distribution. It does not include the additional cost for nuclear, disposing of waste, insuring plants against an accident and decommissioning the plants when they wear out.

Given this huge gap, the so-called nuclear revival can succeed only by unloading these costs onto taxpayers. If all the costs of generating nuclear electricity are included in the price to consumers, nuclear power is dead in the water.

CHAIRMAN CASSELLA: Okay, 30 seconds, please.

MR. FROMER: Let me go to alternatives or climate change. At the meeting -- conference, energy conference on Tuesday, Senator Fonfara raised a very interesting point. The interesting point is, by 2020, we're going to require 20 percent of our power demand of 7,000 megawatts of generation, which is going to equal about 14 hundred megawatts.

This state is not going to be able to produce 14 hundred megawatts of alternative generation. It's going to have to be bought from out of state. That means instead of us in Connecticut sending our money to OPEC, we're going to be sending it to other states. Thank you.

What I'd like to do is put in this summary, and I'll send it to Gretchen, so in case you decide you don't want to read my entire earlier transmission, you'll perhaps read this shortened version.

CHAIRMAN CASSELLA: Thank you. Any questions? Thanks, Mr. Fromer. Paul Michaud from Connecticut Clean Energy Fund.

MR. PAUL MICHAUD: Don't start the clock yet. Okay. Good afternoon, Mr. Chairman and members of the Board. My name is Paul Michaud, and I am the Managing Counsel and Director of Regulatory Policy for the Connecticut Clean Energy Fund.

My comments will focus on Section Three of the EDC's proposed IRP, which relates to the EDC's renewable energy plan. By way of background, the CCF is charged by the Connecticut legislature to invest in and deploy renewable energy generation sources and technologies for the State.

The CCF's primary source of funding comes from a one mil charge on the electric bills of the customers of the Connecticut Light and Power Company and the United Illuminating Company. This provides the CCF with about 28 million dollars annually to invest in renewable generating projects and other renewable programs.

Through the CCF, Connecticut has a well-placed and well-developed and efficient infrastructure in place for developing, evaluating and funding renewable generating projects. The CCF's renewable energy programs are among the best in the nation and have been achieving outstanding results.

Attached to our written comments is our detail reports of our activities. I would urge the members of the committee to carefully review those reports. The large problem facing the CCF is that demand for our renewable programs exceeds available funds.

For example, the CCF has a waiting list of over 50 distributed generation and utility scale grid side renewable generation projects that have been approved for funding for a contingent on funds being available each month.

The CCF also has about 134 renewable projects currently in its review and evaluation pipeline. The CCF's general assessment of the proposed IRP as it relates to renewable energy is that it has a strong bias in favor of the interest of the EDCs and appears to lack any innovative or creative ideas to best leverage the existing successful CCF programs with the financial and transmission capabilities of the EDCs.

The CCF has the following three specific concerns regarding the proposed IRP as it relates to renewables. Concern number one, the proposed IRP is biased and causes a conflict of interest for the EDC's selection of renewable projects.

If the EDCs were allowed to conduct renewable generation solicitations in renewable generating projects, the EDCs, as distribution and transmission companies, may likely tend to favor their own projects or those renewable generating projects that would create the need for additional transmission or provide other shareholder returns over other projects.

The real or perceived conflict will likely significantly reduce participation from the established competitive renewable generation community that has driven the success of Connecticut's past renewable generation achievements.

Concern number two. The proposed IRP would kill the flow of millions of dollars of private investment into Connecticut. For example, through the CCF's on-site renewable distributed generation program, the CCF has funded several dozen fuel cell, biomass, solar and wind projects.

In almost every case, either the project host and/or a private sector, third party investor has provided more than half of the costs and all of the risk to make these projects financially viable.

CHAIRMAN CASSELLA: We need you to wrap up, please.

MR. MICHAUD: Okay. By contrast, if the EDCs had built, owned and rate based all of these projects, 100 percent of the investment capital risk would have been provided by the ratepayers, so with CCF programs, you can think of it as a 50 percent off sale, because we're able to bring in more than half of the funding from private capital sources, rather than rate basing.

We have a number of other concerns, and they're in our written comments.

CHAIRMAN CASSELLA: That's fine. Thank

you.

MR. MICHAUD: Okay.

CHAIRMAN CASSELLA: We'll take a look at the comments.

MR. MICHAUD: We also have several recommendations that I would ask that you read. Thank you.

CHAIRMAN CASSELLA: Any questions?

MR. JOHN MENGACCI: Could you go into just the recommendations that perhaps you didn't get to? Were you going to, as part of what you were going to say, Paul, were you going to mention what those recommendations were?

MR. MICHAUD: Yes.

MR. MENGACCI: Okay.

MR. MICHAUD: I have three very quick recommendations. We have three. The CCF has three very, yeah.

MR. MENGACCI: Can I hear those, please?

MR. MICHAUD: Okay. First, the CCF recommends that if the EDCs want to participate in the development of renewable generation projects, that they compete on the same basis as other competitive renewable generation market participants, perhaps by forming competitive affiliates. These competitive affiliates could then compete head-to-head in the market, and I believe UI has done this in other solicitations already with NRG.

Our second recommendation is, because we strongly believe that there’s a substantial public benefit to have a neutral third party, such as the CCF conducts solicitations for long-term contracts with the utility scale grid side and DG projects, and the reason being there’s no real perceived investor-driven conflict of interest in the outcome, because we’re a quasi public agency, the CCF recommends that it be tasked to continue to take a lead role in conducting renewable solicitations, such as it already does under Project 150 and our on-site DG program.

We recommend a program similar to Project 150 could be developed to include consideration of renewable projects located outside of Connecticut’s borders to access a more and potentially lower cost resources. The CCF is not prohibited by statute, other than Project 150, to develop renewable resources outside of Connecticut.

Our final recommendation is, if it is ultimately determined that the EDCs and not through a competitive affiliate, which is not what were recommended, but if that is ultimately determined, that they may develop own rate base renewable generating assets and compete head-to-head against the competitive projects, market participants, the CCF recommends that the cost of service recovery model, similar to the model that’s being proposed in Project 150, be made available to both the EDCs and the competitive renewable generation market participants.

Again, the whole premise is a fair and level playing field for both the EDCs and the competitive generation providers. Those are our three recommendations.

CHAIRMAN CASSELLA: Paul, as far as solar thermal is concerned, you were going to do a pilot, as I recall, before the funding ran out. Was that the case?

MR. MICHAUD: That’s correct. We had developed a program, and then now it’s basically on hold.

CHAIRMAN CASSELLA: And what do you think the future of solar thermal is if there were funding there? I mean the balance seems to be in favor of photo-voltaics, and just my quick calculations are telling me that solar thermal are probably a better investment, in terms of return.

MR. MICHAUD: And we agree. Solar thermal is about 10 percent of the cost of PV, and we intended on aggressively moving forward on that if funds were available, so we're very much in favor of promoting solar thermal, as well as PV.

CHAIRMAN CASSELLA: And in terms of, you know, incentives -- well what about in terms of policy making? I mean should we be incenting solar thermal more, or less, or should we be looking at tax credits for solar thermal?

MR. MICHAUD: The way the Clean Energy Fund provides incentives for projects now is we take -- we do a full economic analysis of the project. We take into consideration all the Federal tax credits and any tax benefits. We take into consideration any project investment coming into the project, so what we do is we provide just enough incentive to make the projects go.

For example, solar thermal requires, because it is more cost-effective, it requires much less of an incentive than, for example, PV.

MS. HEALEY: Good afternoon, Paul.

MR. MICHAUD: Good afternoon.

MS. HEALEY: I have a similar question to the one I asked Roger Kuontz. Can you advise the Board what you know on the status of the renewable funds, and what might be the impact of any reduction in those funds on the ability of the State to attract some economic stimulus funds here?

MR. MICHAUD: I guess my answer is similar. It’s up in the air. There are several raised bills that have come out of the committee. We’re not sure where they’re going to end up, so we’re not really sure if we’re going to have some of our money taken away, or have some of it diverted to other programs. There’s a lot of ideas swirling around.

It is true, I mean, there is a legal hitch in that in regard to the stimulus funds, where if our funds were to be taken, that may affect the ability of the State to collect the funds, so that may allow the Clean Energy Fund to go forward with the funds it has.

There’s one thing I would really like to stress, is that even if we had our full funding, the demand for renewables is so great it’s larger than the small amount of money the CCF receives.

If we received adequate funding, it would be almost unlimited on the amount of projects that we could develop. That’s the only thing holding back the fund.

MS. BUCKLEY: In your opinion, what would be considered adequate funding to meet the demand that you see?

MR. MICHAUD: Everything. (Laughter)

MS. BUCKLEY: I mean in terms of what sort of increases would you --

MR. MICHAUD: Well it's two things. I mean you could triple our funding, and we could easily spend it with no problem. I think what we're looking for is we need more of a creative financing solution. That's probably a better long-term solution.

I mean the more funding we get, that's great, and that really works with residential -- projects, but to the extent, for example, you know, if we could have a joint program with the utilities and allow them to finance these projects, you know, tap into their vastness, that might be a win/win combination for the State of Connecticut in regard to really moving renewables forward quickly.

MS. HEALEY: Just a quick follow-up. Are you looking at other funding, other than the ratepayers through the utilities through grants or bonds, taxing, third parties, things like that?

MR. MICHAUD: Yeah.

MS. HEALEY: Any and all creative ideas are welcome.

MR. MICHAUD: Yeah. We have, and we've been very aggressive on this. We've sent people to Washington, even before the stimulus package, to meet with the New England delegation. We've been working to get, you know, any Federal funding. We're working that angle.

We've partnered with the Department of Energy on a lot of programs in our goal three area, where we've been able to leverage those funds, and now we're sort of waiting on the stimulus funds.

Probably the most successful thing we've done in leveraging funds is actually bringing in the third party finance companies. They've really made DG programs possible.

What happens is we fund a portion of the project, for example, whole foods, or any of those type of large stores. They enter into a PPA with our third party finance company, and they finance it through their private investment funds, and the customers have been very happy.

They've been able to lock into 20-year agreements at a flat cost, and pretty comparable to, you know, the going rate.

CHAIRMAN CASSELLA: How many installers are there for solar thermal at this point in the state? If somebody wanted to actually put one in, how many people do you have or do you know of?

MR. MICHAUD: I think we have like 21 or 22 installers that do PV. There's a number of installers who are just waiting for a program. I mean we've received dozens and dozens of inquiries on it, so I couldn't tell you how many there really are out there.

And under the PV program, we actually certify them, but I'm sure there are dozens that are just waiting for something to roll out.

CHAIRMAN CASSELLA: Thank you.

MR. MICHAUD: Thank you.

CHAIRMAN CASSELLA: Jeff Schlegel, ECMB.

MR. JEFF SCHLEGEL: Good afternoon. Jeff Schlegel, Consultant to the ECMB, Energy Conservation Management Board. I wanted to thank you for the opportunity to provide oral comments to the CEAB on the 2009 IRP.

I also want to thank the EDCs and their consultant for their work in developing the plan. As I believe you are aware, the ECMB and its consultants worked with the EDCs and provided input to the energy efficiency and DSM portions of the plan as a coordinated and collaborative effort.

Therefore, as you likely suspect, the ECMB supports the energy efficiency and DSM white paper and that section of the plan and the energy efficiency findings and recommendations in the IRP. In particular, the ECMB supports the plan's recommendation that the State should expand energy efficiency and that doing so would benefit Connecticut consumers.

In terms of specific comments, which the CEAB requested, the ECMB supports finding number four and recommendation number four in the executive summary of the plan. I'm not going to repeat them here, due to my three-minute limit.

Further, the ECMB -- it is working. It's an effective tool. Further, the ECMB supports the white paper, the DSM white paper in the plan, Section Two, and the expanded energy efficiency case set forth in that plan and the specifics that go with that case.

The IRP established ambitious yet achievable energy and peak demand savings targets, the expanded energy efficiency case through 2019 as part of the overall effort to achieve and acquire all cost-effective energy efficiency and demand resources, demand reduction resources, as required by the statute, so that expanded energy efficiency case is compliant and responsive to the statute.

The ECMB supports the plan's finding that the total benefits of the expanded energy efficiency case would be very substantial and, thus, should be funded. Table 2.1 in the plan shows that the costs and benefits of the installation -- shows the costs and benefits of the installation of each year's expanded energy efficiency programs, and the expanded energy efficiency case would provide 3.7 billion dollars, billion with a B, in net electric system benefits in Connecticut. That's benefits that exceed the cost that Connecticut would spend during that period.

In a hearing earlier today, I wanted to alert you that there's an energy efficiency renewable energy job study that was released today, and I would encourage the CEAB to review that. It demonstrated that there was about 27 hundred direct energy efficiency jobs currently and over 7,000 in terms of direct induced and indirect in the State of Connecticut.

An update on the energy efficiency potential study, the analysis is complete. The ECMB is reviewing a final draft report. The report should be finalized on or before the next ECMB meeting on April 8th, so that report should come before you and should be valuable in your review.

And then, finally, the ECMB supports and appreciates the collaborative and the stakeholder processes of both the EDCs and the CEAB, and these processes have really increased the quality of the information and the buy in of all stakeholders, in terms of supporting that information.

Such processes would do the same thing during the CEAB's review, and, therefore, the ECMB stands ready to answer any questions or assist the CEAB in any matter in your review. And, with that, I conclude my comments and thank you.

CHAIRMAN CASSELLA: Thanks, Jeff. Any questions for Jeff?

MS. HEALEY: I have one. Quickly, Jeff. Thank you. On your report that you were at this morning on energy efficiency jobs, 27 hundred jobs, that's quite a lot of jobs, can you tell us is that assumes the funding from the expanded case for energy efficiency, and is there a projection for how long those jobs would be sustained? Is it at that funding level?

MR. SCHLEGEL: Good questions. The 27 hundred jobs is the total number of jobs in the energy efficiency industry in Connecticut, so that includes both the regulated and ratepayer funded programs, as well as things happening in the natural market.

The ratepayer funded programs and the activities associated with the programs were the vast majority of those jobs of the 27 hundred. That included essentially the current funding level, the roughly 90 million dollars of funding that was used, because there was a snapshot of the current baseline of jobs, and those 27 hundred jobs are the current baseline in Connecticut. Again, that's largely supported by the program.

The 27 hundred is in job years, so in order to continue that exact amount of activity in each year, you'd have to spend essentially that similar amount of money each year, because the funding is in job years.

CHAIRMAN CASSELLA: Jeff, does the 27 hundred include -- are those extra utility, or does that include the people that are engaged in the utilities?

MR. SCHLEGEL: It included the roughly 90 jobs that are included that are employed in the utilities and in the direct jobs total. Remember, those are direct jobs. There's over 7,000 jobs or about 7,000 jobs included in the indirect and induced. The indirect would be, you know, things like the distribution of products, etcetera, and the induced would be the re-spending, re-spending in the economy of what those jobs produce, and DECD did the analysis of the economic multipliers.

CHAIRMAN CASSELLA: Any further questions?

MR. MENGACCI: So under the maximum funding scenario, are you able to project out what the increase in the number of jobs could potentially be?

MR. SCHLEGEL: We are able to do that. We have not done that yet. The first stage of the study that was presented earlier today was just a snapshot of baseline analysis. The second and third stages of the studies are a strategic analysis looking forward.

And Navigant Consulting, the firm that's conducting that study, it's a joint project of the Clean Energy Fund and the Energy Efficiency Fund, and Navigant will continue with that work, and we are going to, in short order, forecast the jobs that would be available at different levels of funding.

MS. HEALEY: For the record, could we get a site to a website to get that plan?

MR. SCHLEGEL: Yes. The plan, I believe, will be posted on the Clean Energy Fund's website probably by tomorrow. It was publicly released today. And the ECMB's website will also link to that site. There's an executive summary and then a full storyboard report, as well.

CHAIRMAN CASSELLA: Jeff, one of the sections in the plan is on emerging technologies, and we heard that we hadn't looked at plug-in hybrids and, believe me, we will, but what do you see coming down the road, in terms of emerging technologies, vis-à-vis C&LM?

MR. SCHLEGEL: There are some emergent technologies that go in the area. There's some that are specifically relating to energy efficiency, things like solid-state lighting, you know, is clearly coming in this 10-year period that this plan applies to.

Then there are technologies that are currently available in other economies in the world, but that are not widely available in the United States. For example, I think we'll see micro-generators and combined heat and power and smaller scales.

For example, in Connecticut, you may see fuel cells at different scale levels. These are all technologies that you would consider. CHP fits within the overall effort of electric energy efficiency and that it reduces the electric load, so we tend to look at that as part of the portfolio. There's separate incentives and initiatives in the state to support that.

In terms of where things are really going, most of the things are going to -- most of the efforts are focused on deeper savings, getting deeper savings and being more comprehensive, and I think that’s probably the biggest overall change, and some of the technologies clearly support that.

So instead of getting, say, five to 15 percent savings for a customer, each customer that is touched by the program, or gets a service, trying to save more like 20 or 30 percent for that customer, so it makes a significant difference for that particular customer.

So it’s the combination of technologies and marketing and education and promotion and financial incentives that would encourage these deeper savings jobs, and I think that’s probably the biggest change in the next few years, and that would be necessary to and was included in the expanded energy efficiency case.

CHAIRMAN CASSELLA: The more you spend, the deeper you go with a customer, the lower your cost benefit number is going to become, right?

MR. SCHLEGEL: If you go linearly up the conservation supply curve and linearly through the lowest hanging fruit, most cost-effective to least cost-effective, that’s true, but there are some synergies that happen on projects.

For example, if you do each thing and then you come back to the house again and come back to the house again, then each time you have transaction costs and marketing costs and administrative costs. If you do everything at once, then it's actually cheaper to do all the things in one visit than it is to do each one incrementally through the supply curve.

There's also synergies that happen in projects. For example, if you take care of, say, the motor load and the lighting load and you're also doing HVAC, you can reduce the size of the chiller or the cooling plant and reduce the capital cost, whereas if you did them one at a time, you'd obviously have a more expensive thing.

Overall, those offset the diminishing returns, essentially, that you're citing, but you can still see that there's roughly 3.7 billion dollars over the 10-year period, which is a significant amount of net benefits above the costs.

I mean the benefit cost ratios are still approaching two, so for each, you know, two or more, I believe it is, in the plan. Let me just look that up real quickly. Actually, it's 3.6 overall average over the time, and it goes down from four, the four dollars to three dollars over that 10-year period, but it averages 3.6. That's the total benefit cost ratio.

COURT REPORTER: One moment, please.

MR. SCHLEGEL: Nuclear residential is not likely, and I suggest that the ECMB probably wouldn't support that as a technology under their portfolio. That would be my guess. Thank you.

COURT REPORTER: Microphone, please.

CHAIRMAN CASSELLA: I'm sorry. Chris Sherman.

MR. CHRIS SHERMAN: Good afternoon, Mr. Chairman and members of the Board. My name is Chris Sherman. I'm the General Counsel of the New England Power Generator's Association. The New England Power Generator's Association, or NEPGA, represents 26,000 megawatts, 18 companies in New England, approximately 73 hundred megawatts in Connecticut. We represent approximately 4,000 jobs in New England, approaching 2,000 jobs in Connecticut.

At the outset, I do want to applaud the Board and the participants in this plan. We do see tremendous improvement between '08 and '09, and we are encouraged to hear and to see a greater involvement in the stakeholder process. We do think that stakeholders have tremendous value to bring to this plan, and as we embark on some of the future years, we do look forward to our involvement.

We do feel that the 2009 plan should better recognize that the competitive market infrastructure plays a unique role in resource development. While the 2009 plan acknowledges the dramatic changes and factors affecting resource development and supply, it fails to similarly recognize or fully recognize the corresponding changes that the competitive market have undergone in response.

As a result, many of the recommendations in the plan favor transmission and energy efficiency and demand response resources that the utilities are directly involved in delivering, and NEPGA urges the CEAB to inject appropriate policy measures to promote effective competition amongst all resource types.

In general, the plan advances very aggressive transmission and demand side resource proposals that could interfere with the competitive market dynamics and show investments in future resources, and we want to continue to provide Connecticut with the benefits that consumers have experienced.

We did submit written comments, and I just want to summarize a couple of those in recognition of the time limit. First, we think that the plan should more comparably analyze demand side management resources with conventional resources.

We're concerned that the demand side management projections that the utilities have relied upon in the development of the plan are too aggressive to reliably and cost-effectively serve projected load growth.

The reliability of the power needs, excuse me, are better served by a balanced resource portfolio that probably recognizes the relative value of supply and demand resources, and the New England system is currently approaching a 10 percent reliance on demand resources.

This is an unprecedented increase in the New England system, and we haven't fully realized or have the operational experience to be assured that the system can reliably be maintained with such a high penetration of these resources.

Second, I'd like to talk about recommendation six and just stress that the evaluation criteria for long-term contracts the selection should be uniform and non-discriminatory to all participants in the market and incorporate the known benefits available through the competitive market fundamentals.

The last thing I’d like to touch upon is the evaluation of transmission resources. We think that the plan should better look at and analyze. We were encouraged to see that there was a little bit more of a formulaic approach to looking at supply and demand resources, but we would like to see a better incorporation of some of the competitive market principles and analyzing what is actually in the best interest when we’re looking to procure resources, the best interest to the consumers and all of the stakeholders and recognize that the reliance that many of the market participants have made on these market principles.

That’s the summary of the written comments that we submitted. I’d be happy to take any questions.

CHAIRMAN CASSELLA: Thank you. Any questions?

MR. MENGACCI: I do. Hi, Chris. Thank you. I think Mr. Fromer, in his testimony, brought up a good point, and I’d like to ask you this. Fuel diversity obviously is very important when we look at the assets that we have throughout the region.

MR. SHERMAN: It is.

MR. MENGACCI: What do your members -- are your members looking out five, 10, 15 years from now to try to figure out how they're going to insure the energy supply that they need, so that they can continue to generate electricity?

MR. SHERMAN: We are.

MR. MENGACCI: And, if so, what do they see? What do you see?

MR. SHERMAN: Yeah, I understand your question, and we do recognize the challenges of fuel diversity, but one of the challenges that has been placed upon us is that we have to react to a lot of the regulatory externalities, and, predominately, I want to be clear. It is predominately the environmental regulations that have been placed on us for lower knocks, lower socks, lower carbon emissions.

We definitely think that those are laudable, but they do have an impact on fuel diversity, whereas what we see and when you look at the cue system that is within ISO-New England, is the majority of projects that are coming on line are natural gas fired, and that is largely because that is what the regulations have dictated for us as generators in the competitive market.

We very much would like to introduce fuel diversity. NEPGA has an organization as fuel neutral, but we do definitely see advantages of greater fuel diversity, however, from a business perspective, it probably wouldn't be in our best interest to introduce some of the technologies that would better lend themselves to fuel diversity, because they're probably not going to get developed in the near term.

There was a mention of, obviously, there was a mention of nuclear resources. Specifically, nuclear resources. We don't, as an organization, go out and advocate on one particular fuel type, but that would lend itself tremendously to fuel diversity.

MR. MENGACCI: Does it give your members, or does it make your members uneasy with the fact that they are becoming, through regulatory structures, more heavily dependent on natural gas?

MR. SHERMAN: In our testimonies, comments, we have raised the issue right now. When I got into the business, I used to manage natural gas for a fleet of facilities. Back in the '90s, we were 18 percent reliant on natural gas. Today, we're 38 to 40 percent reliant on natural gas.

We recognize the constraints on the pipeline system. We recognize that we don't have any indigenous resources. We have structured our operations, or the members have structured their operations to handle that in the best manner that they can, and I think we do that in the most responsible manner possible.

But I think that everybody needs to be cognizant at looking forward. We, as a region, would be better served from all perspectives, from reliability, from cost and just from innovation and from driving jobs, we would all be better served to be able to look realistically at other resources and recognize that through some of the environmental initiatives, for example, the regional greenhouse gas initiative, that generates a lot of funds.

Those funds are being directed solely and exclusively to demand response and energy efficiency. That's a very good use of money. Those resources have a very valuable role to play in this market, however, as we look forward and we see -- right now, we're in a time where we're not experiencing tremendous growth, but we do see, on average, about a two percent growth per year. That cannot all be accommodated through the demand side of this market. It has to anticipate future supply side resources.

Now one of the considerations we have to look at is fuel diversity. Can we continue to meet all of our supply side resources with natural gas? There's a couple of sides to that, as well, because we are starting to see increased supplies through LNG. There's a facility that is being, currently being constructed in New Brunswick. There's also one being proposed in Massachusetts, so those supplies will increase.

In sum, I do think it is in our best interest. We, as a membership, think it's in our best interest to start considering all resources.

MR. MENGACCI: Yeah, because the increase that you just related, from 18 to 38 --

MR. SHERMAN: We're approximately 38 percent right now, that's correct.

MR. MENGACCI: That, frankly, makes me a little bit uneasy.

MR. SHERMAN: And just to add to your unease, if we build everything --

MR. MENGACCI: Well thank you very much.

MR. SHERMAN: If we build everything in the cue right now, we'll be approximately 50 percent reliant on natural gas. Certain areas are more reliant on natural gas. Again, I began my career in electricity and natural gas. It has tremendous operational and environmental benefits.

MR. MENGACCI: I'm sorry, Chris. I'm sorry to keep cutting you off, but you say it's certain areas, Chris. Are you talking about other geographical areas in the country that are more --

MR. SHERMAN: No. In the country, the only other RTO that is more dependent on natural gas is Texas. Now they have tremendous indigenous resources. We, as a region, do not, when I talk about there are certain load pockets within New England that are more reliant as a percentage on natural gas than others.

MS. HEALEY: Along the lines of the fuel diversity goal that is part of our energy plan for the State for many years, isn't it also been, you know, our RTO, ISO-New England, has a market design that's based on a single clearing price?

MR. SHERMAN: That's correct.

MS. HEALEY: And that single clearing price is really a marginal cost, is a gas peaker?

MR. SHERMAN: About 85 percent of the time, that's correct.

MS. HEALEY: Of the time. And, you know, in reviewing that market design, doesn't that negatively impact this fuel diversity goal, because we've been under this market design for, well, since we deregulated in

1998, and the idea was the lower cost generators that would get a very good profit by being paid like a natural gas peaker, that ought to say to the market, you know, there's good opportunity here. Let's build some more low-cost capacity, and that really never came to pass.

That kind of, you know, is a good incentive in theory, but it has not come to pass, because part of it is a political reality, that it takes a lot of capital and lot of political will to build nuclear plants and low-cost coal plants in a state, such as Connecticut.

Your thoughts or advice to this Board on where we may focus to try to dislodge that disconnect between the way our market is designed and trying to get more fuel diversity and get away from the natural gas dependency that's concerning us all.

MR. SHERMAN: Yeah, I agree with you. Clearly, that single market clearing price does have the benefit of incenting some of these lower cost resources.

Now there is a conflict in some of the policies we see, and, again, I don't want to give the impression that I am disparaging the environmental regulations that we have, but, clearly, it has served to limit the ability of generators to build anything but natural gas, so I think this IRP process potentially could be the perfect vehicle to investigate and look at some of these other resources and look at some of the revenue that is generated through some of these initiatives to say should we invest in some of these resources that brings about some of the lower cost alternatives, and some of them today may not be compatible with the environmental goals that have been implemented by the legislature, but that is clearly something that could be remedied by innovation, and it's innovation that could create more jobs, that could give us perhaps a technology that we could export, not just outside of this region, you know, areas that have a much higher concentration of the emissions that we are looking to remove through some of these programs.

If we can get some of that innovation, use some of these initiatives to innovate and export some of that technology to other areas in other countries.

CHAIRMAN CASSELLA: Any other questions?

A MALE VOICE: No rebuttal, Ms. Babbidge?

MS. BABBIDGE: No rebuttal at this time.

CHAIRMAN CASSELLA: Thank you. Thank you very much.

MS. HEALEY: Thanks, Chris.

CHAIRMAN CASSELLA: Our next presenter is

Jon Gordon.

MR. JON GORDON: Thank you, Chairman Cassella and members of the Board. My name is Jon Gordon. I'm manager of Market Analysis for NRG Energy. NRG is a competitive wholesale generator in Connecticut. We own and operate five power plants that provide over 2,000 megawatts of generation or enough to power nearly a third of the State, and in the 10 years NRG has owned these plants, air emissions have been reduced by over 90 percent.

Thank you for the opportunity to provide comments today. We have filed detailed comments, so I'll be brief. First, we'd like to applaud the CEAB for their diligent efforts over the past year and a half in advancing the Integrated Resource Planning process in Connecticut. While we have concerns with some specific aspects of the current plan, we are encouraged with the overall direction of the IRP process, and we support the CEAB effort to move toward a full comprehensive plan in 2010.

NRG was also pleased to participate in the reactive RFP process conducted by the CEAB, and we're pleased to have our proposed merit and generation project recommended to the Connecticut Siting Council for further consideration as an alternative to the first phase of the proposed NEEWS transmission project.

NRG does have concerns with the resource planning framework of the 2009 IRP, which includes the proposed NEEWS transmission project as a resource in the base case for determining resource need in Connecticut.

The cost of the NEEWS project are not known, and the benefits to Connecticut have not been demonstrated. The need for NEEWS is currently being evaluated by ISO-New England, in light of current economic conditions, and the resource development since the original need determination was made by the ISO.

Additionally, only the first of the four phases of NEEWS has been submitted to the Siting Council for approval in a process that will be deliberated until February of 2010. The three other phases of NEEWS have yet to be submitted for Siting Council approval.

Also, we do disagree with the plan's finding, that Connecticut has sufficient generation capacity for the next 10 years, again, because of the including of NEEWS in the baseline for the reliability needs analysis, and, also, the plan incorporates retirements in a way that obscures the multi-year -- the potential for a multi-year capacity shortage.

So the bottom line is the NEEWS projects have not been fully evaluated against alternatives and have not received Siting Council approval, so they should not be included in the base case.

The environmental benefits are uncertain, because NEEWS alone will not provide access to potential Canadian or other renewable resources, and, certainly, the cost and availability of those resources is unknown at this time.

The financial terms of long-term contracts of local generators can be structured to allow in-state generation to compete with transmission, even though the costs of transmission are shared with other New England states, and reliability needs and renewable standards can be met by in-state generation with more certain benefits to Connecticut ratepayers than interstate transmission projects.

In conclusion, we believe the CEAB should critically examine generation alternatives to transmission that would provide more certain benefits to the State. The systematic repowering of existing units would allow Connecticut to transition to state-of-the-art generation that is efficient, flexible and environmentally superior at a cost that can compare favorably to transmission.

Further, the IRP statute gives the DPUC broad discretion to develop contract terms to meet the needs of the state and provide ratepayer benefits, and the CEAB and the EDC should keep this flexibility in mind as they evaluate generation alternatives to NEEWS.

Thank you for the opportunity to provide comments. NRG looks forward to working with the CEAB moving forward, and I'm happy to answer any questions you may have.

CHAIRMAN CASSELLA: When you talk about state-of-the-art generation, you're basically saying more gas, though, right?

MR. GORDON: Yes. Again, as Mr. Sherman pointed out, you know, given the environmental regs, that is the state-of-the-art from an environmental perspective.

CHAIRMAN CASSELLA: Thanks.

MR. MENGACCI: Which, then, logically gets us more dependent on natural gas?

MR. GORDON: Again, there are conflicting policy objectives.

MR. MENGACCI: Yeah.

MR. GORDON: Certainly, that we have to deal with.

MR. MENGACCI: The general theme of your

comments is that more generation is better, and I can appreciate that from your perspective. But if you follow that, too, its logical extension, we end up building more natural gas facilities and become even more dependent on natural gas, which, you know, again, I’m still not certain about that one.

MR. GORDON: Well, again, the thrust of my arguments, too, is, you know, looking at generation as an alternative to transmission, and it’s uncertain when we go to transmission as an alternative what power resources we are tapping and what consequences those may have and what the cost may be, so those are the kind of alternatives we’re looking at comparing.

MS. BUCKLEY: In regards to long-term contracts, I’ve heard them described anywhere between three years being the long-term contract to 15 and 20 years, so I wanted to hear your view, I guess, on what you would consider to be a long-term contract.

Also, sort of a second part to that question, taking into consideration fuel volatility and the price of fuel, who knows where it’s going to be next year, never mind 10 or 15 years, what sort of I guess risk is built into a long-term contract if there were to be one for 10 or 15 years? What are your opinions, and what are your views on that type of thing?

MR. GORDON: Well, certainly, to develop a new gas combined cycle unit, we are talking 15 to 20-year contract as a long-term contract. You know the issue of the fuel, I mean the beauty of a long-term contract is, you know, it does serve as a hedge for fuel price, and I think that can be an advantage.

MS. BUCKLEY: I guess I've heard that risk is sort of built into the contract from the company's perspective, because of that fact, because you don't know what it's going to be, and, so, it's automatically built in, so the company wouldn't lose out, and, so, I just wanted to know, I guess, your take on that.

MR. GORDON: Well, yeah. One of the advantages of having competitive solicitation and RFP for a generation project is we, as the project developer, bear all the risk. The shareholders do not bear the risk of generation and volatility and changes in price.

Again, just comparing it to even this transmission alternative, which would be borne by ratepayers and we'd be beholden to whatever pricing we got from Canada or wherever, these resources are at the end of the these multiple lines.

The shareholder would certainly bear all of that risk, whereas, for in-state generation, not only do you have the economic development benefits and in-state control of the resource, but you have an independent generator bearing the risk.

CHAIRMAN CASSELLA: And given the way the market is set up, wherever that power comes from, it’s going to be priced basically on the margin, right? I mean if it’s nuclear from Canada or wind from Canada, they’re not going to -- we’re not going to get it for less money, just because they like us.

MR. GORDON: Based on the current market structure, that would be the case.

CHAIRMAN CASSELLA: Anything else? Thanks.

MR. GORDON: Thank you.

CHAIRMAN CASSELLA: Roger Smith?

A MALE VOICE: He just stepped out.

CHAIRMAN CASSELLA: Do we have anybody else?

COURT REPORTER: Do you want to go off the record?

(Off the record)

MR. ROGER SMITH: My apologies. Thank you, and thank you for finding me. My name is Roger Smith, and I’m Campaign Director for Clean Water Acts in Connecticut.

We're a statewide, non-profit, with 25,000 members, and we worked on power plant and energy issues since 1998 here in the State.

I want to just provide a quick summary of some of my comments to the CEAB on the plan. The first one is to really clearly recommend an increase in efficiency spending year after year to the DPUC. We really see that as the primary benefit that this plan has, and we'd ask you not to leave it to the DPUC to determine what those amounts have been, given all the analysis that the CEAB has done in conjunction with the ECMB.

It seems pretty clear to us that, under all these scenarios, efficiency and demand side measures are really the only ones that are least cost in really all scenarios, no matter what happens, so we ask you to offer specific funding increases on this.

And at least from our perspective, this is something, you know, efficiency isn't an abstract concept. This is real, and I'm working with my town, the Town of West Hartford. We can't do energy audits right now in our buildings, because the funds are out of money.

We can't do more than 20,000 dollars of on bill financing per meter, because CL&P runs out of money for the Efficiency Fund every year. If we were in UI territory, it would be 10 times that amount. That's just municipalities. We're just one out of many in the State of Connecticut and on the home front, as well.

I mean I give presentations across the state about RAP(phonetic) and UI Helps and Home Energy Solutions. Home Energy Solutions is only doing about 13,000 households a year. RAP, UI Helps, maybe another 11,000. We've got a lot more people out there who need help than that, so I would really say that this is real, and to the extent that we can really provide these programs that are offering this benefit, you know, we're going to get more participation, and that's going to mean greater satisfaction with the programs, and it's not just going to be a few businesses or others, but it's going to be a broader swath of the population really benefiting from it, and we really see that the CEAB could have a really positive role in helping bring about this future today and not waiting until the 2010 plan or some later date.

The second comment I wanted to make is about Connecticut's renewable resource potential, where the executive summary states that we have very limited in-state renewable resource potential, other than fuel cells. I'd really ask CEAB to take a look at the March 2009 study that the Clean Energy Fund has been working on.

It's called the Sustainable Solar Strategy for Connecticut, and there's been an ongoing work group meeting over the last six months to really estimate what is the maximum potential for solar photo-voltaics in Connecticut, what sort of funding mechanisms do we need to bring them to a point where they can compete on their own, and just in the beginning of that report, it estimates that the theoretical potential for solar in Connecticut is now 42 hundred megawatts in 2008.

Obviously, we're not going to get anywhere near there overnight, but that if we do build up the industry to a point where they have economies of scale and are able to drive down installation cost, that combination, with dropping worldwide prices in solar, means that we hit grid parity, where it's no more expensive than conventional generation in seven to 10 years, somewhere in that range.

So it really asks for a 10-year plan to really think about the potential of a resource like solar in 10 years. The problem is, if you wake up 10 years from now, when it's at grid parity and try to create this industry, we're going to be way behind the curve compared to our neighboring states, like Massachusetts, New York and New Jersey, which have aggressive solar plans now, and they’re taking solar installers from Connecticut to work in their states.

And then the final point that I really wanted to hit on was about nuclear energy, and this plan here listed a litany of problems with the technology. You talked about a 15-year lag before a plant is built, uncertain demand for the output, 15 years from now, when the plant is actually up and ready to go, existing statute that makes a plant illegal, the lack of any place to store high-level waste for the foreseeable future.

We’re hearing the Yucca Mountain is pretty much all but dead at the Federal level right now, and public opinion, safety concerns, etcetera.

So we ask that, given all of these issues, it seems that cost is perhaps among the least of the problems that nuclear power faces today, so we don’t understand why 513 recommends to identify a cost recovery approach to really put ratepayers on the hook to bail out a plant like this.

So we’d really ask the CEAB to, instead of trying to figure out how a catch of ratepayers can pay for these plants, to really assess whether or not this is the least cost way to meet our energy needs. And I’ve provided a few references in here to information sources, other than the nuclear power industry, which has a sense of some of the costs. So, with that, I'll end my testimony.

CHAIRMAN CASSELLA: Thank you. Any questions? Jeff?

MR. GAUDIOSI: Hi, Roger. You mentioned the Town of West Hartford, trying to do some projects of running into the 20,000-dollar per meter cap. How many projects hit that cap, and did they decide to go through with them anyway or table them?

MR. SMITH: Well, right now, we're actually embarking on a comprehensive energy plan for the Town, so just two weeks ago, the council passed a resolution, which I'm proud to have worked on as a member of our Clean Energy Task Force.

Really, we're starting to do audits on all the buildings, enter and benchmarking data for every building in West Hartford, all 31 public buildings, to then assess what the best opportunities are, and then go from there to identify projects.

We've done, you know, kind of one off upgrades with lighting and other things in the past, where I think, for the most part, we were able to do them, but our vision is that we want to capture everything that's cost-effective in the next decade.

We don't just want low-hanging fruit, and we see that that 20,000-dollar cap is not going to be sufficient if we want to install controls, upgrade lighting, do HVAC. I mean there's a lot that a 50-year-old building needs, and, ultimately, we've got to find a way to finance this.

CHAIRMAN CASSELLA: You mentioned that plan, which I did see on the news a couple of weeks ago. Is that on your -- do you have a website, and is that on the website?

MR. SMITH: Yeah, it's on the website for the Town of West Hartford. I believe it's under Town Council. I'd be happy to submit that to the CEAB. I think our idea is that we want to have a comprehensive approach to energy to serve as a model for other towns, so we're really in the exact same situation as West Hartford, if not, worse, and at least provide a conceptual framework, so that it's not just there, sitting there, and then some performance contractor comes and says we're going to solve all your problems, or others, who are peddling a particular technology, but actually really trying to think about it comprehensively.

And the sad thing is, you know, given that the CL&P territory for the Efficiency Fund is out of money at this point, no one is going to help us do this, so next Wednesday night, you know, we have an engineer on our Clean Energy Task Force, and he's going to train me and everyone else on how to do a billing energy audit, and we're going to start with one of our schools in West Hartford. We shouldn't have to do that, honestly.

MR. GAUDIOSI: If could just clarify one thing, it's not technically out of money. It's holding the money to make sure that we could commit it on the ECMB side.

MR. SMITH: And to be fair, and that is in part because of the Governor's budget proposal, which threatens significant cuts in that budget, and what we're really hoping is that with the Governor agreeing to take Federal stimulus dollars and, therefore, not being able to plan existing funding, that she can publicly say that these funds are not on the table, so we can actually proceed with these projects and deal with all the backlog that's already in the system, so that's certainly our hope.

MS. HEALEY: Thank you, Roger, for your testimony. Paul Michaud told us that, in the renewable fund projects, the project applicant brings about 50 percent to the table for help funding that, and the other 50 percent is the electric ratepayers.

In the projects your town is doing, West Hartford, what kind of money is West Hartford bringing to the table? Can you give us a sense of that, or is it totally 100 percent funded by the funds?

MR. SMITH: Sure. I think, in general, almost nothing is 100 percent funded by any public fund, so for solar, which is what he was talking about, we have proposals in now to do 400 kilowatts, so 400 100-kilowatt systems on two schools and two town buildings. They're sitting somewhere in the Clean Energy Funds cue at this point, given that they have very limited pool of money available to do these projects, so they would be cutting the initial cost significantly.

I'm not sure exactly if it's 40 percent, 50 percent, something like that, and then a third party entity would finance the rest, install it, own it, and we would lock in a contract for the next 20 years at slightly less than what we're currently paying for electricity, and that's attractive for a municipality when you're trying to budget year after year.

On the efficiency side, you know, I think that we've done lighting upgrades through on-bill financing, so we're paying for it ourselves over time, you know, through the savings that have accrued.

And I think just the question is how do we get from where we are today to where we need to be? How do we scale this up? How do we do all the buildings? How do we take this to the next level, and I just don't see that happening without any sort of expanded on-bill financing and expanded support at the State level, both on the renewables and the efficiency side.

MS. BUCKLEY: I understand the Federal funds that are coming to Connecticut, that there's a pot of money specifically for municipalities, and I think there's actually a part of that pot of money is directed toward municipalities that are 35,000 people or more, around that range, which certainly West Hartford would fall into.

Have you taken the possibility of getting some Federal stimulus funds into account in how to possibly move forward with some of these projects, and is that playing into your energy plan at all at this point?

MR. SMITH: That's a great question. We actually just had a meeting last night, where we were trying to go through funding possibilities. I think, right now, it's just really unclear what's available.

I mean the money that we know about is the money that's coming to the State, and we really hope that that money is just going to flow directly in the Efficiency Fund and the Clean Energy Fund, because at least we know what those projects are, and tell us that the money is there, and we're ready to go, and that's really the idea of doing the plan, so that no matter where the money is, we're able to act.

I think in terms of what's available for municipalities, we're just really not sure what it is. I mean New Britain right now is looking to do help for the residents in their community, where the Town is essentially facilitating that, so if the money is for that purpose, that's very different than if it's dedicated for our buildings.

So I think, at this point, we would love guidance, and, honestly, as a member of the Clean Energy Task Force in West Hartford, I mean we're scrambling to try to get this information. There doesn't seem to be a centralized clearing house to really make it easy for us and tell us where to go and who is going to help us.

Anything we learn, we'll pass along to other towns around the State, but I mean we all need help, quite honestly.

CHAIRMAN CASSELLA: Anything else? Thank you, Roger.

MR. SMITH: Thank you.

CHAIRMAN CASSELLA: Gretchen, anymore speakers? If not, we'd like to thank you all for coming today on behalf of the Board, and, also, to invite you to get engaged in the process as we go forward for the 2010 plan, because I think one of the things that's going to make it a strong plan is the fact that we get everybody's input and opinion, and it's a plan that's representative of all the parties that are involved. Thank you, again, and we'll see you soon.

(Whereupon, the meeting adjourned at 2:20 p.m.)

ELECTRIC DISTRIBUTION COMPANIES' INTEGRATED RESOURCE PLAN
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