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Energy bill out of step with goals, sentiment

By Paul Afonso

The energy bill approved by both chambers of the Connecticut General Assembly May 5 will dampen competition in Connecticut's electricity industry. Moreover, it is out of step with the preferences of the majority of Connecticut consumers.

Passed without hearings and limited debate, Senate Bill 493, as amended (LCO 5273), would alter how electricity is marketed in Connecticut and how utilities' standard service is procured. It would also raise serious questions regarding Connecticut's continued participation in the New England competitive wholesale electricity market, where prices have declined by nearly 50 percent over the last year.

The bill was prompted by high electricity costs and a perception that electricity industry restructuring isn't working. States such as Connecticut that initiated restructuring a decade ago opened up wholesale and retail electricity markets to competitive suppliers under the premise that all classes of customers would benefit.

A recent telephone survey conducted in April by Opinion Dynamics for the New England Energy Alliance (NEEA) found an overwhelming 88 percent of Connecticut consumers support electricity competition. More than 75 percent believe that competition among private companies is the best way to lower prices rather than through greater state authority over the electricity industry.

The survey also found that only 24 percent believe additional regulation of electricity companies should have been a top priority of the Connecticut Assembly this session. Conversely, 75 percent thought it more important for legislators to focus on job creation and economic development.

These findings are consistent with a broader NEEA survey that found 63 percent of the region's consumers believe ensuring an adequate supply of electricity should be the responsibility of

private companies in a competitive market — rather than a shared responsibility with state government agencies.

This sentiment may result from a realization that the competitive markets are beginning to work to the benefit of both consumers and the environment. According to a recently released NEEA report on the progress of restructuring in Connecticut, notable achievements include:

- **More electricity generation:** There are currently more than 4,000 megawatts of new electricity generation under development in Connecticut, which will increase the state's generation capacity by 50 percent and help boost competition, reduce prices and create jobs.
- **Fewer emissions:** The construction of highly efficient, natural-gas-fired plants and a switch to cleaner fuels in existing generating facilities have helped significantly reduce emissions. Since 2005, carbon dioxide emissions from electricity generation have decreased 20 percent, nitrogen oxides by 61 percent and sulfur dioxide 77 percent.
- **Greater retail choice:** Since 2005, there has been triple-digit growth in the number of Connecticut consumers served by competitive suppliers. Today, alternative suppliers serve 20 percent of all customers and supply half of all electricity consumed in the state. Connecticut's competitive electricity market has attracted 25 companies that are investing substantial capital and employing hundreds of residents in the state and enabling customers to shop for lower-priced electricity.
- **More energy efficiency:** More than 400 million kilowatt-hours of electricity — enough to supply over 47,000 homes — are conserved each year from consumer-funded efficiency programs administered by the state's electric utilities. These programs have helped make Connecticut one of the most energy efficient in the nation.
- **Renewable resource development:** The state's renewable portfolio standard requires electricity suppliers to purchase increasing amounts of electricity from renewable resources — growing to 27 percent of total electricity load by 2020. Due to these requirements, several hundred megawatts of renewable generation are under development including landfill gas, hydro, biomass and wind generation.

If enacted, Senate Bill 493 will undercut the competitive marketplace that has steadily evolved over the last decade and put state government in the electricity business.

NEEA's research indicates consumers' preferred approach to more reliable and affordable electricity is to stay the course and keep building on progress now being realized from competitive reforms in the electricity sector. Connecticut public opinion supports a veto of Senate Bill 493.

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