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**TESTIMONY OF ENE (ENVIRONMENT NORTHEAST)  
BEFORE THE ENERGY AND TECHNOLOGY COMMITTEE**

**Supporting:**

**Proposed S.B. No. 134, An Act Appropriating Funds to the Clean Energy  
Finance and Investment Authority**

**S.B. No. 357, An Act Concerning Energy Efficient Building Standards and  
Product Efficiency Standards**

**H.B. No. 5410, An Act Concerning Gas Companies' Cost Recovery of Lost and  
Unaccounted for Gas**

Rockport, ME  
Boston, MA  
Providence, RI  
Hartford, CT  
Ottawa, ON  
Canada

**March 4, 2014**

**William E. Dornbos, ENE Connecticut Director**

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Honorable Chairpersons and Committee Members:

ENE (Environment Northeast) appreciates this opportunity to provide written testimony to the Energy and Technology Committee on the three bills referenced above.

ENE is a non-profit organization that researches and advocates innovative policies that tackle our environmental challenges while promoting sustainable economies. ENE is at the forefront of efforts to combat global warming with solutions that promote clean energy, clean air and healthy forests.

**S.B. 134 – An Act Appropriating Funds to the Clean Energy Finance and Investment Authority (“CEFIA”)**

**ENE’s position: Strongly supports.** This appropriations bill would remedy the planned FY15 fund sweep of \$19 million from CEFIA that passed in the last legislative session. ENE has long taken the position that each of the state’s important energy-related investment funds – the Clean Energy Fund (CEFIA’s successor fund), the Energy Efficiency Fund, and auction revenues from the successful Regional Greenhouse Gas Initiative (“RGGI”) – should not be used for general budgetary needs.

In this case, the planned FY15 sweep is particularly unfortunate because it will trigger a domino effect that will deprive the Energy Efficiency Fund of significant RGGI revenues at a time when the state’s award-winning and cost-effective efficiency programs are ramping up to dramatically expand customer access in all sectors – residential, industrial, and commercial. RGGI revenues are especially valuable to the efficiency programs because they can be used more flexibly than revenues provided by the statutory ratepayer charges. In the past, for instance, RGGI revenues have primarily been used to provide much needed efficiency measures for oil heat customers.

If the FY15 sweep goes uncorrected, it will risk setting a bad precedent for other RGGI states, which may also be tempted by their general budgetary needs to engage in similar diversions. As the nation's first market-based carbon pollution cap, RGGI has delivered tremendous economic, consumer, and environmental benefits to its member states – for instance, over \$2 billion in lifetime energy bill savings for more than 3 million participating households and more than 12,000 businesses in the region.<sup>1</sup>

S.B. 134 will help protect these benefits and also allow the allocation of Connecticut's RGGI auction proceeds to return to its most effective baseline setting, in which almost 70% of those proceeds are invested directly in the state's cost-effective energy efficiency programs.

### **S.B. 357 – AAC Energy Efficient Building Standards and Product Efficiency Standards.**

**ENE's position: Support, with one recommended modification.** This bill would allow Connecticut municipalities to exceed the existing State Building Code and place more stringent energy efficiency requirements on new construction in the commercial and residential sectors that meet certain cost or size criteria. ENE supports S.B. 357 because it would enable the state's major municipalities to lead the way on innovative and efficient building energy use – an important reform when the current process for updating the energy-related provisions of the State Building Code can take many years.

ENE's one suggestion for modification of S.B. 357 concerns the language in **Section 1(a)** that sets specific Home Energy Rating System ("HERS") scores as performance standards for new residential construction. We recommend that the statute operate more flexibly by inserting language that would give the Commissioner of the Department of Energy and Environmental Protection ("DEEP") the discretion to set the HERS performance standard within a range of HERS scores that would be lower than the State Building Code in force at the time. In other words, rather than a fixed score, we recommend that the DEEP Commissioner be allowed to set a HERS standard on an annual basis that would be between 10 to 20 points lower (or more stringent) than the applicable State Building Code. This would be a flexible mechanism that would ensure the HERS performance standard remains updated and continually exceeds the State Building Code and, ultimately, drives deeper cuts in energy consumption by those municipalities that take advantage of S.B. 357.

### **H.B. 5410 – AAC Gas Companies' Cost Recovery of Lost and Unaccounted for Gas.**

**ENE's position: Support, with two recommended modifications.** ENE supports this bill because it seeks to implement a sensible and flexible approach for minimizing harmful methane leakage in the vast distribution networks of our natural gas utilities. If done effectively, methane leakage reduction will provide ratepayers with energy bill savings, and should also help lower the state's greenhouse gas emissions over time.

ENE recommends two additional requirements for H.B. 5410 in order to strengthen its likely impact on methane leakage in the distribution system. First, the "fixed factor of adjustment" specified in H.B. 5410 should be aligned with the mandatory greenhouse gas emissions reduction targets set out in Connecticut's Global Warming Solutions Act. Accordingly, we recommend that a third element be added to the second sentence of H.B. 5410 that requires the "fixed factor"

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<sup>1</sup> See *Regional Investment of RGGI CO2 Allowance Proceeds*, 2012, p. 3, (February 2014) (available online: <http://www.rggi.org/docs/Documents/2012-Investment-Report.pdf>).

developed by the Public Utilities Regulatory Authority (“PURA”) to comply with the long-term emissions reductions required by state law. Second, a periodic reporting requirement should also be added to H.B. 5410. The gas utilities should be required to report annually to PURA and the public on their methane leakage rates and totals, on their leakage monitoring efforts, and on their progress in reducing methane leakage. This will help provide effective oversight of the utilities’ compliance efforts with H.B. 5410.

Thank you for the opportunity to testify today.

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