

September 8, 2020

Co-Chair Norman Needleman

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Energy and Technology Committee:

We are submitting testimony on LCO No. 3920. AAC EMERGENCY RESPONSE BY ELECTRIC DISTRIBUTION COMPANIES AND REVISING THE REGULATION OF OTHER PUBLIC UTILITIES.

The Department of Energy and Environmental Protection (DEEP) has been racing toward electrifying the economy and recent events have demonstrated that a one energy source solution would expose homes and businesses to a fragile and expensive source of energy.

The deliverable fuel industry is made up of 600 family owned local businesses who have been dependably delivering home heating oil for over a century. Our industry has been evolving from petroleum to a renewable fuel know as biodiesel.

This evolution maintains the reliability that consumer have know and delivers on the environmental benefits that other renewable promise to deliver, without costing consumers the billions of dollars that would be needed to electrify the heating and transportation sectors.

Costs

Connecticut uses approximately 9,000 MW, a 1000 MW offshore wind farm would cost \$5.95 billion to construct. Its cost of operation is \$151 million / year and generates 2.63 million MWH per year = 2.64 billion KWH

The current Eversource standard electricity supply rate is \$0.7375/KWH. That means such a wind farm would generate electricity revenue of \$194 million/year. Less operational costs, it

would net \$43 million per year in supply generation. The payback of the initial cost of construction therefore would be 139 years. A wind turbine has a useful life expectancy of only 20 years.

Since CT has a power demand of 8,900 MW, you would need 9 such wind farms for a total construction cost of \$53.55 billion. Again, payback would be 139 years which is greater than the life expectancy of the equipment.

And the costs do not end there. It will cost homeowners \$147,336 to convert to electricity (see attached – Electrification by the Numbers).

Environment

On 8/18/20, ISO NE reported that 63% of electricity is generated with fossil fuels (ie. natural gas), so next time you are told that electricity is a clean fuel with zero emissions that would be incorrect.

Methane is 87 times more powerful at trapping heat in the atmosphere than carbon dioxide, and since 85% of natural gas is made up from methane, electricity generated with it is not emissions free. The Connecticut Chapter of the Sierra Club found that in Hartford alone, gas pipelines leak approximately 43,000 cubic feet per day, or 313 metric tons of gas per year. That is equivalent spilling 320 gallons of heating oil per day or 117,000 gallons per year.

CEMA and our industry has set a goal of a B50 (or 50% biodiesel blend) by 2030 and a B100 goal by 2050. B100 achieves net-zero emissions, while B50 lowers emissions by 40%. Natural gas has no way to lower emissions like liquid fuel does, therefore until natural gas can be replaced, electricity cannot achieve the GHG reductions like biodiesel can immediately (see attached – Biodiesel Can Help Connecticut Achieve Its Clean Energy Goals).

Tropical storm Isaias has been a painful reminder of how fragile our electric distribution system is and how exposed homeowners and businesses are from being left in the dark. With nearly 900,000 customers left without power at the peak, now is the time to reexamine Connecticut's energy policy to electrify the heating and transportation sectors.

The Department of Energy and Environmental Protection (DEEP) and the Public Utility Regulatory Authority (PURA) are pursuing a number of initiatives to encourage homes and businesses to convert to electric heat pumps and motorists to drive electric vehicles (EV). If this

plan was fully implemented and a storm like the most recent one hit, it would have a devastating impact on families and our economy.

PURA and the electric utilities have failed to protect our infrastructure and control costs, and the power outages that we recently experienced are direct evidence that they are not equipped to handle the electric demand that Connecticut has today, let alone adding 9,000MW of added demand that electric heat pumps and EV's will require.

Putting all of our energy eggs in one basket is a risk that we cannot afford to take. We need to reconsider a one-electric solution fits-all approach and look at a diversification strategy that helps shield us from massive utility failures that will paralyze commerce and jeopardize the health and human safety of our residents.

Our industry has always satisfied the promise of delivering fuel regardless of the weather conditions. In fact, when the power went out during Isaias our industry delivered diesel, gasoline, and propane to tens of thousands of homes to make sure that they have the critical power that they needed when the utilities could not serve them. If DEEP gets its way and is able to electrify everything, companies like mine will not be around to bail out the utilities next time they fail. Therefore we recommend the following:

Recommendations

- Last month, our industry asked Governor Lamont to issue an executive order placing an immediate moratorium on all efforts related to electrification until there is an independent review of how DEEP and PURA can ensure that their plans to electrify the economy are not subject to future catastrophic power outages. This review should include diversifying our energy mix to ensure that we are not dependent on one source of energy. Please support our call for this action before the utilities fail again.
- Encourage DEEP to adopt lower cost alternatives like a thermal renewable energy credit program that includes biodiesel as prescribed in Public Act 19-35. This program can lower electric costs and supports local businesses. Please contact DEEP and tell them to put the brakes on electrification efforts and to work with our industry to create a Thermal Portfolio Standards that included biodiesel.
- Connecticut also needs to allow PURA to once again be an independent agency that is responsible for overseeing our public utilities. As a subagency of DEEP, PURA does not have the autonomy that it needs to make decisions that are in the best interest of ratepayers. DEEP's energy policy initiatives need to be counterbalanced with PURA's ability to protect against uneconomic investments that drive up costs to consumers. This conflict in mission needs to be resolved to protect ratepayers.

- Since PURA approved the electric rate increase, it makes no sense to have them investigate why rates went up – they approved it so they should know. An independent third party should investigate the utilities to ensure that the rate increase was legitimate and they should also review PURA to verify that their oversight of the utilities storm response and rate increase was prudent and appropriate.
- Urge the Governor to immediately appoint a permanent Consumer Counsel. It has been about a year that ratepayers have gone without the chief watchdog to protect them from uneconomic investments and higher rates. This position is vital in protecting consumers from a very complex and overly bureaucratic regulatory environment that is impossible for the average person to figure out. Its unacceptable to have such an important position vacant for this long.

These recommendations help ensure that our economy is not crippled when the power goes out in the future and helps control costs. Connecticut cannot afford for millions of homes, businesses, and vehicles to literally be shut off because we subsidized electric technologies that don't work when electric utilities fail.

Now is the time to avoid the electrify everything mistake that will not be able to be undone once it is fully implemented.

I would be happy to talk about these solutions in more detail at your convenience.

Respectfully,

Christian Herb

President