



141 Tremont St., Boston, MA 02111

(t) 617-902-2354 (f) 617-902-2349

[www.nepga.org](http://www.nepga.org)

**TESTIMONY**  
**OF**  
**SANDI HENNEQUIN**  
  
**ON BEHALF OF**  
  
**NEW ENGLAND POWER GENERATORS ASSOCIATION (NEPGA)**

**2015 – Senate Bill 566**

**JOINT COMMITTEE ON ENERGY AND TECHNOLOGY**

**February 19, 2015**

Good afternoon and thank you for the opportunity to testify. My name is Sandi Hennequin and I am the Vice President of the New England Power Generators Association, Inc. (“NEPGA”).<sup>1</sup> NEPGA is the largest trade association representing competitive electric generating companies in New England. NEPGA’s member companies own approximately 25,000 megawatts (MW) of generating capacity throughout New England, and over 6,900 MW of generation in Connecticut, or 80 percent the electric generating capacity in the state. Our mission is to promote sound energy policies which will further economic development, jobs and balanced environmental policy.

NEPGA’s six Connecticut companies provide power for the state from a diverse portfolio of plants, including natural gas, hydro, nuclear, coal, and oil. Overall, the companies pay nearly \$94 million annually in state and local taxes, while providing over 1,700 well-paying and skilled Connecticut jobs. Our companies are good corporate neighbors, contributing to the civic and charitable endeavors of their host communities, donating nearly one and a half million dollars to charitable endeavors throughout the state.

## **I. NEPGA’s Position**

Senate Bill 566 (SB 566) seeks to amend state statute to establish an expiration date for Certificates of Environmental Compliance and Public Need (“Certificate”). NEPGA opposes this bill and believes this type of arbitrary, one-size-fits-all approach will serve as a barrier to entry for needed new market-based energy infrastructure resources, threatening the reliability and affordability of electric service for Connecticut consumers. A pre-determined expiration date for a Certificate, with no possibility of extension regardless of circumstances, limits the ability of a developer to pursue needed infrastructure projects for Connecticut and the region.

## **II. Status Quo**

Under current state statute, developers of energy infrastructure such as electric generation facilities and electric transmission lines are required to apply to the

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<sup>1</sup> The views in this testimony reflect those of NEPGA and not necessarily the position of each individual member.

Connecticut Siting Council (“CSC”) for a Certificate of Environmental Compliance and Public Need in order to develop a project within the state of Connecticut. The process to acquire a Certificate requires a filing fee and application, and has a detailed application approval process including public hearings, opportunities for intervention by impacted parties and testimony, with the option for judicial review of any issued Order or Certificate. Once issued, the Certificate has an expiration date of four years. The Certificate is voided if construction is not complete within four years of the Certificate Decision date, or four years after all appeals associated with the Certificate have been resolved. Any extension of a Certificate expiration date requires explicit approval from the CSC for that specific proposed project.

### **III. Benefits of Certificate Extensions**

The New England energy market is not static and is subject to significant market shifts. These changing market conditions, as well as siting challenges such as appeals and financing delays, often compel a proposed project to pursue a Certificate extension. Any request for a Certificate extension is fully reviewed by the CSC, taking into account factors unique to that particular proposed infrastructure project. A good example of the benefits a Certificate extension provides is the CPV Towantic Energy Center.

The Towantic Energy Center is a 805 MW natural-gas fired combined cycle power plant proposed to be located in Oxford, Connecticut. Once construction commences, the project will take 28-30 months to complete, providing 300-500 jobs during construction with 21 to 25 full-time, permanent jobs once the plant goes into service. CPV received a Certificate and due to changing market conditions, as well as permit appeals and associated financing delays, sought extensions of its Certificate which was granted upon review by the CSC. The Independent System Operator of New England (ISO-NE) conducted its annual Forward Capacity Auction (FCA) earlier this month to procure necessary capacity resources for 2018 and selected the CPV project in Oxford as a new necessary resource to provide capacity to the region in 2018. Last November, the Connecticut Department of Energy and Environmental Protection (DEEP) released its draft 2014 Integrated Resource Plan (IRP) identified this need for new energy capacity in

the region, noting:

“At the regional level, however, the New England capacity surplus is rapidly dwindling. Beginning in 2017, the region will face a capacity shortage of 143 MW....This shortage is expected to worsen over time...The 2014 IRP projects that expected growth of peak loads and potential additional retirements will necessitate the addition of about 1,700 MW of new resources by 2024.”<sup>2</sup>

Receiving the Certificate extension allowed the Towantic project to continue to pursue its development process and successfully participate in the ISO-NE’s FCA in order to provide generation capacity identified as necessary by the DEEP and the ISO-NE for the region in the coming years. This reliability is being provided at the lowest competitive cost to the region, while providing needed jobs and taxes to Oxford and the state of Connecticut.

Providing a Certificate extension does not guarantee a project will be built. Rather, Certificate extensions often are necessary for a proposed project to have the necessary time to make the final determination if it will provide reliability and customer benefits. Other proposed projects in Connecticut have received Certificate extensions and have decided not to go forward due to economic reasons. A Certificate extension can allow a developer the necessary flexibility and time to make the decision not to pursue a project that may have become uneconomic.

#### **IV. Conclusion**

NEPGA believes the status quo does not need to be changed and the Connecticut Siting Council should be allowed to continue to do its job, making the initial Certificate determination and deciding on a project-specific basis whether to grant any Certificate extensions. If this bill were to pass and move to pre-determined expiration dates with no possibility of extension regardless of circumstances this will become an arbitrary barrier to entry in Connecticut for developers of needed energy infrastructure projects.

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<sup>2</sup> Connecticut Department of Energy and Environmental Protection Draft 2014 Integrated Resource Plan, December 11, 2014, page iii.

Developers will be deterred from investing tens of millions of dollars in development projects if the shelf-life of a project's permit cannot be extended under any circumstance. This threatens not only the reliability, but also the affordability of electric service. For these reasons, NEPGA strongly urges the Energy and Technology Committee to not move forward with this unnecessary legislation.

Thank you for this opportunity to testify before you today. I would be happy to answer any questions from the Committee.