

House Republican Press Release

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**UI Rate Hike Underscores Need for Decentralized Power Generation;
More Power from Trash to Energy Plants**



Incentives to Develop 'Distributed Generation' Systems; State Funding for New Boilers for Trash to Energy Plants Needed

United Illuminating's announcement today that it will seek an increase in its electricity rates amounting to about 38 percent for residential customers – and even more for commercial and industrial ratepayers - underscores the need for the state to take positive action to lower electricity costs, state Representative Lawrence G. Miller, R-122nd District, said today.

“If the Department of Public Utility control approves United Illuminating's proposal for a 38 percent increase in its rates, it could mean their rates will be the highest in the country. I have been predicting rate hikes like this for several months now and in the meantime, I have made numerous recommendations for action the state should take to encourage competition between electric power providers, increase the amount of power generated in Connecticut and lower costs to consumers,” Representative Miller said.

“One action the state legislature must take during the 2007 legislative session is to provide incentives for businesses to install alternative power generation facilities (such as distributed generation or micro turbine systems) on or near their premises,” Representative Miller said. “I plan to offer legislation during the 2007 session that will provide incentives to both the private and public sector to encourage the development of distributed generation and other systems that would add thousands of megawatts of electricity to the state's power pool.”

“In Connecticut, the demand for electricity is rapidly outstripping the ability of our state's inefficient centralized power plants to deliver it to consumers – especially businesses that need reliable supplies of electricity at a price they can afford,” Representative Miller said. “The centralized power companies in our state for the most part continue to burn fossil fuels (coal, oil and gas) to generate power.”

“Moreover, the industry is inefficient. Their outdated transmission and generation systems waste two-thirds of the fuel they use to produce electricity, which further increases Connecticut's high energy costs,” Representative Miller said. “Meanwhile, many countries around the world are building decentralized electricity generation facilities using technology developed by American companies like Pratt & Whitney, GE, Cummings Power, Detroit Diesel, Ingersoll-Rand, Caterpillar and Boeing. Decentralized energy plants provide electricity on or close to the facilities that use it – and with

efficiency ratings of 50 to 70 percent, burn less fossil fuel and generate more electricity at lower costs to their consumers than our state's outmoded centralized power plants do."

"The State of New York understands the important role small- to medium-sized decentralized power plants can play in holding down electricity costs and providing reliable supplies of power to large energy users and has been much more active in encouraging the development of distributed generation systems than have the complacent bureaucrats at the Connecticut Departments of Public Utility Control," Representative Miller said. "New York has built distributed generation facilities that provide electricity to numerous state-owned buildings. Those facilities are generating an additional 5,000 megawatts of electricity and helping to meet the state's increased power demands. In contrast, the top-heavy bureaucracies that regulate Connecticut's electric power industry are unlikely to do anything to help reduce energy costs to our ratepayers."

"We should follow the example set by New York, and begin developing distributed generation facilities to provide power to the numerous large buildings owned by our state. Connecticut's power requirements amount to 7,000 megawatts during peak hours, which forces us to import power to keep our lights on. If distributed generation plants were built to provide power to large state-owned buildings in Connecticut, they would add 1,000 to 1,500 megawatts of electricity to our energy-starved state," Representative Miller said.

"If the state legislature enacts the right kinds of incentives, corporate offices as well as industrial and institutional buildings around the state would be encouraged to install distributed generation facilities on or near their premises, adding a minimum of 500 megawatts to the power pool available to Connecticut residents," Representative Miller said. "The General Assembly also should provide financial assistance to the state's six municipal electric energy cooperatives to enable these efficiently-run operations to upgrade their generation capabilities, which would enable them to increase their electricity output and provide more power to consumers."

"In addition, the General Assembly should provide funding to resource recovery facilities around the state to help them defray the costs of installing new boilers at their plants. Currently they ship 400,000 tons of waste a year to adjoining states that could be burned here and used to generate more power for the people of Connecticut. The addition of at least one new boiler at each plant would enable the facilities to increase the amount of power they generate from 144 megawatts to almost 200 megawatts," Representative Miller said.

"The regional facilities already have the generation infrastructure in place and could provide the additional power the state needs if they could add more boilers. Unfortunately, they lack the financial support they need to proceed with the upgrades," Representative Miller said. "One possible source of funding for the additional boilers could be from The Connecticut Clean Energy Fund (CCEF), which promotes the development and commercialization of clean energy technologies and stimulates markets for electricity from clean, renewable sources."

CCEF is administered and managed by Connecticut Innovations, a quasi-public organization that works with the state Department of Economic and Community Development to strengthen Connecticut's high-tech economy by providing entrepreneurs

with capital and strategic guidance. Funding for CCEF comes from a surcharge on electric ratepayers' utility bills.

“The trash-to-energy plants also should consider seeking funding from Connecticut Innovations or CCEF to help fund the installation of distributed (on-site) generation equipment at their facilities, which could add another 50 megawatts to their power output,” Representative Miller said.

“My proposal for state funding to help pay for a new boiler for each of the three regional trash-to-energy plants would enable them to provide reliable and badly-needed additional electricity to the state's power grid. Since the plants do not have to rely on imported oil or natural gas because they burn trash to generate electricity, the power they provide is not subject to supply and price fluctuations that stem from sudden interruptions in the availability of foreign oil and natural gas or OPEC-mandated increases in the cost of those energy products,” Representative Miller said.