



STATE OF CONNECTICUT

NEWS RELEASE

Consumer Counsel Elin Swanson Katz

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Contact: Elin Swanson Katz

Elin.Katz@ct.gov

(860) 827-2910

Consumer Counsel Elin Katz Outlines Energy Bill Impacts of Proposed Energy Efficiency Fund Raids as Legislature Considers State Budget

NEW BRITAIN, Conn. (Oct. 25, 2017) Consumer Counsel Elin Swanson Katz, concerned about a rumored use of moneys collected from customers for purposes of promoting clean and efficient energy use through the Connecticut Energy Efficiency Fund (CEEF), asked legislators to consider the potential negative impacts on consumers' energy bills and the economy as a proposed state budget draws closer to a vote.

“I realize that these are difficult times and I don't envy the choices that the hard-working members of the Connecticut Legislature must make as they prepare a budget,” Katz said. “But as the state's statutory ratepayer advocate, I and my team at the Office of Consumer Counsel are alarmed at what will essentially be a tax increase to residents' and businesses' electric and gas bills, the loss of jobs in the burgeoning green and efficient energy sectors, and the potential for federal penalties against our electric utilities if there are immediate, major cuts to the Energy Efficiency Fund.”

Electric and natural gas customers, through a surcharge on utility bills, pay into the Connecticut Energy Efficiency Fund. This account allows Connecticut businesses and residents to access energy efficiency and renewable programs and investments that save money, promote electric reliability and reduce peak power usage, create jobs, help businesses compete, and reduce harmful emissions. The surcharges collect approximately \$240 million per year from ratepayers. Katz said there are rumors that 35% of the electric Funds, or about \$70 million, would be swept into the General Fund for other purposes.

If enacted, Katz said the sweep of the Funds totaling up to \$140 million over two years would likely result in the following impacts for Connecticut's consumers:

- A curtailment or elimination of energy efficiency programs that help reduce residential and commercial energy bills by supporting insulation, weatherization, and other measures that reduce energy use. A dollar spent on energy efficiency is estimated to save three dollars in energy costs;
- 14,000 low income households would not be served;
- 16,000 customers would not receive Home Energy Solutions (HES) assessments and services;
- 14,000 customers would not receive rebates for efficient air conditioners, heating equipment, and water heaters;
- 1,700 small businesses would not be served;
- 3,800 existing large/medium commercial and industrial businesses would not be served and no technical assistance or incentives would be available to them;
- Over 2,520 new building projects would not be energy efficient (660 businesses and 1,860 residences);
- Job losses of 6,885 over the next two years. According to a 2017 U.S. Department of Energy report, Connecticut’s efficiency programs have created close to 34,000 jobs;
- Reduction or elimination for energy efficiency programs specifically targeted for low-income consumers, small businesses, and minority-owned businesses, groups that often pay the highest percentage of their income to energy bills;
- \$21.9 million in lost state tax revenue; and
- Potential penalties against Connecticut utilities, and presumably passed through to customers, if the state cannot achieve through installed efficiency measures the commitments made on customers’ behalf in the New England wholesale power capacity market to reduce electric usage. These commitments are made over three years in advance, and form the underpinnings for decisions made by ISO-New England, the electric system operator, about how much electric capacity they will need to plan for in coming years.

“There are no easy answers to resolve our budget problems,” Katz said. “But these programs are much more complex than just handing out light bulbs. They represent an investment by every gas and electric ratepayer in a panoply of exciting programs that reduce energy usage and save consumers money. We should do everything we can to honor that investment.”

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The Office of Consumer Counsel (OCC) is the State of Connecticut’s advocate for consumers on issues relating to electricity, natural gas, water, and telecommunications. For more information, visit www.ct.gov/occ.