Substantial Achievements From Electricity Industry Restructuring in Connecticut

Progress measured in broad areas of electricity supply, demand, efficiency and competition

Hartford, CT – 4/12/10 – A report released today by the New England Energy Alliance (NEEA) finds that Connecticut has realized substantial benefits from the restructuring of its electricity industry a decade ago. These benefits include: significant additions of cleaner electricity generation; increased energy efficiency across all customer segments; more in-state renewable energy resources; and an increasingly competitive and robust retail market that enables customers to shop for lower electricity prices.

Two more recent legislative statutes amended restructuring efforts to increase energy efficiency, develop more renewable energy resources, and better promote customer choice. NEEA sponsored the assessment of those statutes regarding their influence on Connecticut’s electricity industry.

“The results validate that electricity industry restructuring has been measurably beneficial in several areas,” said Paul G. Afonso, Executive Director of NEEA. “The positive findings, however, don’t mean that additional refinements to the industry’s restructuring won’t be needed. But it is clear that the competitive marketplace is working to the benefit of both customers and the environment.”

The report cited several achievements in particular:

- **Significant investment in new generation.** There are currently more than 4,000 Megawatts (MW) of new generation in various stages of development in Connecticut. If eventually constructed, the state’s total electricity generation capacity would increase by 50% -- increasing competition, lowering electricity prices and creating much needed jobs.

- **Substantial reductions in emissions.** The construction of highly efficient, natural gas-fired generating plants, fuel switching to cleaner fuels by existing plants, and reduced generation because of decreases in electricity demand have resulted in significant emissions reductions. Since 2005, carbon dioxide emissions from electricity generation have decreased 20%, nitrogen oxides 61%, and sulfur dioxide 77%.

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• **Dramatic increases in energy efficiency and demand resources.** More than 400 million kilowatt-hours of electricity are saved each year from consumer-funded efficiency programs administered by the state’s utilities. This is enough electricity to supply over 47,000 homes. Connecticut consumers and businesses contribute almost $100 million per year towards these programs that make the state one of the most energy efficient in the nation. These programs also avoid the generation of greenhouse gases – equivalent to taking over 30,000 cars off the road every year.

• **Development of renewable energy resources.** The state’s renewable portfolio standard (RPS) requires electricity suppliers to purchase increasing amounts of electricity from renewable resources – growing to 27% of total electricity load by 2020. Due to these requirements, several hundred megawatts of renewable generation are under development in Connecticut – including landfill gas, hydro, biomass and wind generation.

• **Escalating success in retail competition.** Since 2005, there has been triple-digit growth in the number of customers served by competitive suppliers, particularly in the residential sector. Today, alternative suppliers serve 20% of all customers and supply half of all electricity sold in the state. Connecticut’s competitive electric market has also attracted 35 companies that are investing substantial capital in the state and employing hundreds of residents.

These findings should guide the legislative policy debate underway in Connecticut on lowering the price of electricity. Under legislative consideration are a number of proposals that would radically change the electricity market in Connecticut, curtailing consumer choice and market competition.

“High electricity rates are a concern and should be addressed, but not at the expense of consumer choice and market competition,” said Afonso. “Our assessment indicates the best approach to more reliable and affordable electricity is to stay the course and keep building on the considerable progress that has been achieved under electricity restructuring.”

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The full report is available on NEEA’s website at www.newenglandenergyalliance.org

The report was prepared for NEEA by ESAI Power LLC, a firm providing market research and strategic advisory services to energy and power markets. For more information, visit www.esai.com

**The New England Energy Alliance** is a coalition of energy companies and trade organizations concerned about the affordability and reliability of future energy supplies. NEEA’s Executive Director Paul G. Afonso is former General Counsel and Chairman of the Massachusetts Public Utilities Commission and former President of the New England Conference of Public Utility Commissioners (NECPUC). For more information on NEEA visit www.newenglandenergyalliance.org