



Connecticut Considers Raiding Energy Efficiency Funds: Why Maintaining Strong EE Investment Is Vital Now

The Issue:

Connecticut, like many states, has been hit hard by the recession and now faces dire fiscal straits. Governor Jodi Rell's administration has suggested that one way of bridging a \$1.3 billion state budget gap is to securitize ratepayer efficiency dollars in through Rate Replacement Bonds, a move that may be formally introduced in April of this year (Text of the plan is [here](#)).

This would amount to about 37 percent or \$31 million of efficiency funding being diverted to the general coffers in fiscal year 2011. Connecticut is the only state in the region contemplating such a raid, even while neighboring states are rapidly ramping up efficiency spending.

Key Messages:

- Taking efficiency dollars is shortsighted and misguided, and would have a number of unintended negative consequences on the economy it is meant to bolster, the power grid, energy costs and the environment.
- Ratepayer efficiency funds are designated to help Connecticut's residential and commercial customers save money by installing energy saving measures in their homes and businesses. Securitizing these funds would constitute a raid on ratepayer dollars.

According to [Environment Northeast](#), securitizing 37 percent of the \$81 million of the Conservation Load Management Fund would:

- Reduce efficiency investment almost \$30 million each year of the next decade;
- Lead to a drop of nearly \$168 million in GSP for each of those ten years;
- Mean that about \$90-120 million will be wasted on energy; and;
- Result in a decrease in job creation/support of 1,207 job-years each year.

Jobs and the Economy:

- It is economically critical that Connecticut keep energy efficiency funding stable and in parity with surrounding states, so that businesses in the energy efficiency sector will be confident of their work prospects and not go elsewhere.
- There has been a large emphasis on green jobs lately, both nationally and in Connecticut. If this measure is enacted and efficiency spending is slashed, jobs will migrate across the border to other states who have demonstrated a strong and prolonged investment in efficiency. This doesn't just mean energy service companies, but small contractors, supply houses, many sectors that can help deliver efficiency services.
- According to a [study](#) by the Pew Charitable Trusts, "clean economy" jobs in Connecticut grew by seven percent from 1998 to 2007, while total jobs in the state fell by about two percent.



- Ratepayer efficiency funds are designated to help customers save money by buying down the cost of energy-saving equipment, appliances and weatherization measures. Connecticut's homeowners, businesses and industry have a right to plan their energy-saving upgrades knowing that the funds they've paid into every month on their utility bills will be there when they need them.

More Unintended Consequences of a Possible Raid:

- If Governor Rell securitizes efficiency funding, customers of CL&P and UI will get taxed on their electric bills to bridge the state budget gap. Their bills won't decrease, but they will lose the benefits they've been paying for through the Systems Benefit Charge (SBC).
- If the state were to divert efficiency funding to the general budget, the resulting loss in energy savings would change the region's load share. This in turn could drive up costs such as Federal Mandated Congestion Charges, since Connecticut has the most constrained transmission areas in New England.
- If the state doesn't protect and ramp up efficiency budgets, carbon dioxide and other air pollutants that could have been avoided will be generated, undermining Connecticut's aggressive goals to reduce greenhouse gases and create a cleaner environment.

The Bottom Line:

Investing in energy efficiency yields enormous net economic gains, on a micro level— by leaving money in people's pockets to spend on other goods and services - and on a macro level — by holding down wholesale electricity costs, creating jobs, and bringing in tax revenue from profitable businesses.

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