



## Testimony of HQUS on S. B. 1078

### An Act Concerning Affordable and Reliable Energy

March 31, 2015

HQUS<sup>1</sup> appreciates the opportunity to provide written testimony to the Energy and Technology Committee regarding SB 1078, *An Act Concerning Affordable and Reliable Energy*.

The provisions of Section 4 of the bill would authorize the Department of Energy and Environmental Protection (DEEP) to solicit for, and potentially procure via long-term contracts, a range of energy resources to meet Connecticut's representative share of New England's peak winter electricity needs and environmental and renewable goals in conjunction with other New England states. The attributes of large hydropower, delivered to load centers throughout New England, can contribute to these needs and goals and are a strong complement to the evaluation factors set forth in Section 4 (b).

Resource Strategy #4 of the 2014 Integrated Resource Plan for Connecticut<sup>2</sup> outlines in detail how increased hydropower imports into New England would improve winter reliability by displacing gas generation -- and how hydropower lowers wholesale energy prices as it has no fuel costs and is typically dispatched ahead of gas and oil generation.

For these reasons, HQUS recommends that proposals eligible for long term contracts in Section 4 explicitly include both energy from hydropower resources and transmission to enable deliveries of hydropower in order to remove any uncertainty about their inclusion. In addition, eligibility of large hydropower projects for procurement under this section should be dependent on their environmental attributes being verified as delivered into the New England power system and transferred to utilities that would own them. The most efficient way to accomplish this is to modify the New England Power Pool (NEPOOL) Generation Information System (GIS) to track the hydropower attributes of Quebec imports, comparable to how the GIS tracks the attributes of other renewable resources. This will be

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<sup>1</sup> HQUS is a wholly-owned subsidiary of Hydro-Québec. Hydro-Québec is engaged in the generation of power predominantly from hydroelectric sources and the transmission, distribution and sale of such power to wholesale and retail customers within Québec. HQUS is an energy marketer engaged in the business of buying and selling electricity for its own account and brokering electricity for others, as well as arranging fuel supplies, transmission services and related activities. HQUS is authorized by the FERC to sell electricity at wholesale in interstate commerce at market-based rates pursuant to its FERC Rate Schedule No. 1.

<sup>2</sup> Pages 98-101

very important to Connecticut if large hydropower attributes are needed in the future to avoid RPS deficiency penalties and is consistent with the process envisioned in Section 9 of Public Act 13-303. Connecticut officials should be encouraged by this Committee to work with NEPOOL through its stakeholder process to modify the GIS rules to accommodate any proposals for large hydropower that would be selected through the procurement authority enabled by Section 4.

Finally, in adding hydropower to the list of eligible resources in Section 4, HQUS cautions against the establishment of prescriptive requirements or limitations for how hydropower resource proposals must be offered. Rather, the Committee is urged to set out the policy objectives for the procurement and allow the marketplace the flexibility to respond in a variety of ways and determine appropriate resource combinations.

HQUS appreciates the opportunity to offer these comments and will continue to work the Committee, and the DEEP on the states' objectives for electricity supply.