**COMMENTS OF GDF SUEZ ENERGY NA
ON RAISED BILL NO. 6510
AN ACT ESTABLISHING A PUBLIC POWER AUTHORITY**

GDF SUEZ Energy North America (GDF SUEZ NA), the new owner of FirstLight Power Resources, Inc. (FirstLight), a Hartford based company, owns or operates approximately 1,768 MWs of generating capacity in New England. It is also the parent of SUEZ Energy Resources NA, a competitive retail electricity supplier in Connecticut serving approximately 100 commercial, industrial, and governmental institutions including municipalities and state entities.[1] GDF SUEZ NA appreciates the opportunity to provide comments in opposition to Raised Bill No. 6510, which would create a Connecticut Electric Authority. The Electric Authority as stated in Raised Bill No. 6510 would, among other things, be allowed to:

1) Own and operate electric power plants and may provide financial assistance, including low-interest loans to encourage the development of necessary electric generation facilities by the electric distribution companies or private entities, provided electricity generated at such facilities shall be sold for use by Connecticut consumers at cost of service with a reasonable rate of return.
2) Enter into contracts with electricity generators, suppliers and consumers and such other persons as necessary

To state the obvious, each of these activities is very capital intensive and carries substantial risk. In addition to the challenges and costs associated with staffing such an entity with the experienced and highly specialized workforce that is required to conduct these activities, it would cost the State millions of dollars to fully capitalize such an Authority to provide it the collateral that would be needed to conduct the construction and operation of the generating facilities contemplated by Raised Bill No. 6510. In addition, the creation of a state sponsored Energy Authority supported by ratepayers to conduct these activities would shift significant risks to Connecticut's ratepayers that are currently borne by corporations and their shareholders and investors.

It is also important to remember that Connecticut already tried this concept when the regulated utilities conducted these activities, which led to more than $3 billion dollars of stranded costs that were paid by the State's ratepayers over many years. California also attempted to institute a similar concept and those state run procurement activities resulted in billions of dollars of over-market contracts and years of costly litigation related to those contracts. It is very likely that an Energy Authority would have committed to large, very expensive contracts within the last few years, in an effort to protect ratepayers from escalating power prices. This would have created millions of additional dollars of stranded costs in light of the recent dramatic drop in energy prices over the last six months.

[1] With more than 175MW and approximately 875,000 annualized MWh, SUEZ Energy Resources NA provides a comprehensive suite of energy products including electricity, demand response, and renewable energy-based products. Nationwide, SUEZ Energy Resources NA serves over 30,000 accounts and approximately 7,300MW with customers ranging from 50kW to over 200MW.

The legislature should also be reminded that the claims by the regulated utilities that they were able to build electric power plants at lower cost than the competitive generation companies were exposed as false by the Cost of Service RFP, conducted a year ago by the DPUC in accordance with Section 52 of Public Act 07-242, An Act Concerning Electricity and Energy Efficiency. The results of that RFP showed that the two bids submitted by Connecticut Light & Power (CL&P) were the most expensive and the fifth most expensive of all of the proposals submitted to the DPUC. United Illuminating, which no longer possessed any expertise in building generation, paired up with NRG, a competitive supplier that had the sites and the expertise, and was awarded several of the winning contracts.

By contrast, competitive generation companies that are developing and operating generation projects and participating in the energy markets bear all of the risk associated with those activities and must carefully manage costs in an environment of rapidly escalating construction and operating costs in addition to managing the market risks. These companies, not ratepayers, are ultimately responsible for any cost overruns and market risks associated with these activities.

GDF SUEZ NA strongly urges the Committee to reject Raised Bill No. 6510 so that ratepayers are not once again burdened with the significant risks and costs associated with conducting the procurement, construction and operational contemplated by Raised Bill No. 6510.

Submitted by:

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