

**STATE OF CONNECTICUT**  
**DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION**  
**COMPREHENSIVE ENERGY STRATEGY**  
**COMMENTS OF THE ELECTRIC POWER SUPPLY ASSOCIATION**  
**September 25, 2017**

The Electric Power Supply Association (EPSA) appreciates the opportunity to provide comments to the Department of Energy and Environmental Protection (DEEP) in response to the July 26, 2017 Notice of Technical Meetings, Public Meetings and Opportunity for Written Comments. The issues at hand are extremely complex and EPSA applauds the state for taking a thorough look at its energy strategy.

Celebrating its 20th anniversary in 2017, EPSA is the national trade association representing leading independent power producers and marketers. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies, including owning, operating and developing major assets in Connecticut, throughout ISO New England (ISO-NE), and in the neighboring ISO/RTO regions in New York and the PJM Interconnection. EPSA members have invested billions of dollars in this state and region at their own risk, not on the backs of consumers, in response to, and in reliance on, the voluntary decisions of Connecticut and other states to depend on market forces to deliver safe, reliable electricity at the lowest cost to consumers, not cost-of-service regulation. They also did so relying on the mandates of the Federal Power Act that wholesale power rates be just and reasonable and not unduly discriminatory or preferential. Power supplied on a

competitive basis collectively accounts for 40 percent of the U.S. installed generating capacity. EPSA seeks to bring the benefits of competition to all power customers.<sup>1</sup>

As an active participant in the debate surrounding Millstone Nuclear Power Station, EPSA and its members are well aware of the value it provides. With that said, the North American power grid, including the ISO-NE portion, is comprised of hundreds of power plants deploying a range of technologies and fuels with various operating characteristics. No region has separate power grids for nuclear, renewables, natural gas or any other fuel. While nuclear plants provide base load power, customer preferences, public policies and technology advancements require a power supply system that also properly values more flexible resources. Efforts to selectively grant some resources preferential treatment create highly adverse long-term consequences at a time of dynamic changes in how electricity is generated, sold and used. The full impacts of singling out any one fuel (such as nuclear) – or worse, any one power plant – in a physically and financially interconnected system must be thoroughly understood before significant harm is done that would be difficult to reverse.

In addition to raising rates for Connecticut customers and inducing damage to markets and the benefits they deliver<sup>2</sup>, nuclear subsidization schemes are highly controversial and currently being litigated in multiple federal courts. The Federal Energy

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<sup>1</sup> These comments represent the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue.

<sup>2</sup> “With the wholesale markets, the power plants, and the transmission system we have today, New England’s power grid has the electricity infrastructure needed to provide reliable, competitively priced electricity. Evidence of this can be found in last year’s wholesale energy prices. In 2016, wholesale electricity prices were the lowest since the current markets were launched in 2003.”

ISO New England State of the Grid: 2017 (January 30, 2017), Remarks and Slides of Gordon Van Welie, President and CEO, ISO New England Inc., available at <http://www.iso-ne.com/about/news-media/press-releases>

Regulatory Commission is currently considering whether changes to ISO/RTO tariffs are needed to protect against the harm selective state subsidies cause for well-functioning wholesale power markets. Any attempt to subsidize Millstone would certainly be met with swift and strong legal and regulatory opposition.

The claims by Millstone of economic hardship, if demonstrated to be factual, challenge the entire region, and thus, require regional, marketwide solutions. Regional processes, including the New England Power Pool (NEPOOL) and ISO-NE's Integrating Markets and Public Policy (IMAPP) discussion, are already underway and should be allowed to run their course. The IMAPP process and similar efforts by ISO-NE in conjunction with NEPOOL are designed to develop regional solutions that would benefit Connecticut customers while helping Connecticut to address in-state concerns without distorting the market for all New England participants.

Additionally, EPSA commends DEEP and the Public Utilities Regulatory Authority for exploring these and other Millstone-related issues in their Joint Proceeding to implement Governor Malloy's July 23, 2017 Executive Order No. 59. As the Draft Strategy recognizes, competitive markets have delivered enormous benefits to Connecticut and the ISO-NE region. While retail electricity rates have continued to increase, ISO-NE wholesale markets are delivering reliable service at historically low prices, which challenges the economics of *all* market participants on the supply-side, not only nuclear resources. Each generator's employees, customers, suppliers, and the communities in which they operate in Connecticut and throughout New England deserve equal treatment and consideration for the many valuable contributions they make to reliable and affordable electric service.

EPSA recognizes this is not easy work, as ongoing regional discussions demonstrate. At the same time, EPSA is not alone in voicing serious concern that the potential proliferation of market-distorting subsidies here and elsewhere will undermine regional markets, forcing more and more resources to require out-of-market subsidies to maintain reliability. Caution should be the reaction to anyone pleading for a rush to judgment to reverse the benefits of restructuring and competitive markets without full consideration of all the consequences for all market participants, their consumers and stakeholders.

Lastly, EPSA would like to commend DEEP for recognizing that meeting the economy wide emissions standards cannot be done through the electricity sector alone. As the Draft Strategy recognizes, the electric power sector represents only 22% of the state's CO2 emissions. Additionally, according to U.S. Energy Information Administration data, power generators in Connecticut have reduced their CO2 emissions by over 40%; more than any other sector of the economy.<sup>3</sup> Given the leadership that power generators have already provided on emissions cuts, EPSA encourages DEEP to continue to take a panoramic view of the emissions picture in Connecticut in order to achieve the state's goals. To that end, EPSA supports the report's call to develop an Electric Vehicle Roadmap.

EPSA appreciates the opportunity to comment on the Draft Strategy and applauds DEEP for taking a rigorous look at its energy policy going forward. We look forward to being a part of the discussion in Connecticut going forward.

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<sup>3</sup> <https://www.eia.gov/environment/emissions/state/>

Respectfully Submitted,

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