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Looting the green fund

State diverts millions collected to pay for cleaner energy
BY MICHAEL PUFFER REPUBLICAN-AMERICAN

WATERBURY — Environmental groups are decrying plans from lawmakers to strip millions of dollars from clean energy programs to help close next year's budget deficit.

The legislature's Finance, Revenue and Bonding Committee last week approved a plan to close \$570 million, which is shy of a recent deficit projection of \$933 million.

About \$22 million of the solution comes from redirecting money raised through emissions charges to power plants under the Regional Greenhouse Gas Initiative.

Environmental groups say that would come with a number of problems, including risking a breach of the nine-state deal that set up the regional initiative. The agreement requires at least 25 percent of income go to renewable and clean energy projects.

"We are saying and the advocates are saying this is devastating to our effort to build a clean future," said Dennis Schain, spokesman for the Connecticut Department of Energy and Environmental Protection.

"It just threatens to undermine the progress we've made. We understand there is a definitely a serious budget situation and the alternatives are difficult no matter which way you turn, but this would be particularly damaging to our energy efforts and the future of the state."

State Rep. Jeffrey J. Berger, D-73rd District, House chairman of the Finance, Revenue and Bonding Committee, disagrees.

Berger predicts \$32 million from RGGI in the coming year, leaving \$10 million to fund already-approved programs. This diversion would not violate the 2005 Memorandum of Understanding with other Northeastern states.

"We are comfortable with this," Berger said. "If there needs to be a tweak, we still have until the first week of May to make some changes. It does not shut down the program. It does not impede our ability to cut down greenhouse gases."

The proposed diversion is only for a single year, Berger added.

But once state lawmakers get a taste for that money, they may find themselves raiding the fund repeatedly, said Shannon Laun, an attorney with Connecticut Fund for the Environment.

THAT'S NOT THE ONLY problem with this short-term budget Band-Aid, Laun said. She argues it would end up costing the state more money in the future. Projects funded with RGGI money decrease need for new energy generation and transfer infrastructure — costs ultimately passed to energy consumers, Laun said.

Federal agencies would also frown on the diversion, making Connecticut less likely to get federal funding for clean energy projects, Laun said.

"One of the major problems with this is how much it damages Connecticut's credibility as a clean energy leader," Laun said.

Connecticut has received \$160.1 million from the RGGI since auctions of emissions credits began in 2008. Proceeds have varied yearly. In 2013, the initiative yielded \$33.3 million to Connecticut. The next year it brought \$26.5 million. In 2015, Connecticut received \$29.9 million.

Connecticut's share of Regional Greenhouse Gas payments are funneled into the renewable energy and clean energy programs managed by state utility providers and by the Connecticut Green Bank.

CONNECTICUT GREEN BANK provides low-income loans to help finance clean and renewable energy projects. Funding is available to homeowners, contractors, businesses and municipalities. About \$5 million of the Green Bank's roughly \$32 million yearly budget comes from RGGI, according to spokesman Craig Connolly.

Recent examples include conversion to natural gas for a Berlin home; new efficient boilers and hot-water heaters for Hartford's Busnell Performing Arts Center and a 1.4 acre solar energy field for an elementary school in Easton.

Connolly said it's understandable that savings need to be found, but the roughly 15 percent cut to the Green Bank's budget is excessive.

Most RGGI money helps support energy savings programs administered by utility companies. It's a significant, but minority portion of the budget for these programs, which are also supported by charges on utility bills. The budget runs

about \$240 million yearly.

Still, Schain said, the RGGI funds help pay for programs that would not otherwise be eligible for funding due to nuances in state law. Homeowners heating with oil wouldn't have access to energy audits without RGGI funds, according to Schain. RGGI money pays for emergency furnace replacements for low-income customers, and energy efficiency upgrades in thousands of homes.

Environmental groups and others plan to rally against the diversion at the Capitol today. The proposal also has a detractor in Gov. Dannel Malloy.

"As we have previously said, while we appreciate that ideas are being put on the table, this effort is incomplete," Malloy spokesman David Bednarz wrote in an email Monday. "It doesn't go far enough in changing how Connecticut budgets. New burdens on small businesses and sweeps of critical energy and environmental funding are not the answer. This year, we need to do things differently. The governor will put out a budget this week that does exactly that."

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