



## Looking Back Looking Ahead

### Connecticut's Energy Policies & Programs: A Brief History

In the early part of the century, coal was the dominant fuel source in the United States and was found abundantly in many parts of the country. By 1945, oil had become the dominant source of energy, with domestic production peaking sometime in the following decade. Since then the nation has become increasingly dependent on oil supplied from other countries, especially those in the Middle East.

The United States found itself unprepared for its first energy crisis in 1973 when the Organization of Petroleum Exporting Countries (OPEC) placed an embargo on oil shipments to the West. States, including Connecticut, were suddenly forced to deal with the oil shortage themselves. In response, Governor Ella Grasso took two major steps to better manage the development and implementation of the state's energy policies. First, she created an Energy Agency and appointed a Commissioner. Second, she replaced an ineffective Utilities Commission with the Department of Public Utility Control (DPUC) to regulate Connecticut's electric rates. After analyzing the fixed and operating costs of utilities, return on investments, and reasonable profit, the DPUC set electric rates for Connecticut's electricity consumers.

The Energy Agency was dissolved by Governor William O'Neill in the mid-eighties, and its functions were distributed among various existing agencies, primarily the Office of Policy and Management (OPM). OPM continues to be a major player.

In the early nineties, electricity prices began to rise again. To alleviate these increased costs, the state looked to regulatory developments in the telecommunications industry as a possible model for the electricity industry. Theoretically, deregulation would drive down electricity rates through the development of competitive markets for the generation of electric power.

As a result, the Connecticut General Assembly determined that instead of having utility companies both generate and

transmit electricity, they would divest themselves of their generating facilities in order to open up the sector to competition. This meant that DPUC's responsibilities would be quite different since it would be limited to regulating electric rates to final customers.

In 2007, a new energy policy became the most urgent challenge for members of the Connecticut General Assembly. To meet the goals of improved energy efficiency and lower rates, and to alleviate the need to build new plants that would only further contribute to global warming, elected officials, state and federal agencies, nonprofits and advocacy groups, and private and public utilities came together to work out a plan for a smart energy future.

Legislation contained in An Act Concerning Electricity and Energy Efficiency (PA 07-242)\*, dramatically changed Connecticut's energy policy and approach, and the legislature continues to introduce legislation to support sustainable energy strategies. All good news.

#### The future...

Still, the future of energy policy in Connecticut—and in the United States—depends on what steps we take next. The November 2008 elections indicated that energy issues were considered a priority by much of the electorate, whether their concern was national security over imported oil, increased awareness of global warming, or record-high gasoline prices. The new administration in Washington D.C., and the economic stress felt by state leaders across the country, including Connecticut, will require a new commitment to energy conservation and clean, "green" energy.

Certainly at the national level, Congress will have to address new technology and regulatory reforms related to a new grid—a network of transmission systems to accommodate new sources of power generation, particularly wind and solar. And those political battles may fade if the recent

drop in oil and gasoline prices makes America complacent in her demand for energy independence, improved mass transportation, or more fuel efficient vehicles.

In Connecticut, state leaders are facing an economic crisis and many wonder about the fate of recent, forward-thinking state programs aimed at increasing energy conservation and the use of clean, renewable energy. These consumer programs—grants, rebates tax incentives—combined with energy conservation, work. They save consumers money, reduce greenhouse gas emissions, and help promote energy independence.

Consumers at every level need to be informed and involved, and our elected leaders must be willing to act now in the best interest of our environment and our economy to ensure reliable, affordable and sustainable energy for our homes, businesses and the communities where we live, work, and play.

\*Highlights of PA07-242 can be found on pages 2-3.