VISTRA ENERGY

Connecticut General Assembly Joint Committee on Energy and Technology

Public Hearing – March 5, 2020

Vistra Energy Corp. ("Vistra") submits this written testimony in opposition to House Bill 5349 - An Act Concerning the Ownership of Certain Solar Energy Projects by Electric Distribution Companies.

Distinguished Members,

Vistra Energy is a premier, integrated, Fortune 350 energy company with retail and generation operations in Connecticut. Vistra combines an innovative, customer-centric approach to retail with safe, reliable, diverse, and efficient power generation.[1]

Vistra Energy believes that wholesale market competition drives efficiencies and places risk on the appropriate party — the investor, not the rate payer. As such, we believe that wholesale markets, like their retail counterparts, should be allowed to function freely using sound economic principles and with minimal government intervention. However, raised bill 5349 goes against these sound economic principles to subsidize preferred generation and provider solutions. For this reason, Vistra opposes H.B. No. 5349.

While Vistra understands and applauds Connecticut's desire to increase its renewable generation, H.B. No. 5349 goes against sound market principles, picks winners and losers, and shifts risk away from private companies onto the people of Connecticut.

In truly competitive markets, competitive generators respond to market demands to provide products that consumers want. Indeed, Vistra operates one of the largest solar farms in the U.S. and is operating battery storage at that same facility, as well as constructing one of the largest battery storage systems in the world at our Moss Landing facility in California. We have made these investments because of customer requests to increase the amount of renewables in their energy mix and the ability to use these facilities to differentiate our company from other generators.

However, H.B. No. 5349 does not allow companies like Vistra to compete to be part of the long-term clean energy solution in Connecticut. Instead, it picks a preferred solution of both generation type and provider. It even moves away from the competitive procurement language that was part of PA 11-80

[1] The company brings its products and services to market in 20 states and the District of Columbia, including six of the seven competitive markets in the U.S. and markets in Canada and Japan, as well. Serving nearly 5 million residential, commercial, and industrial retail customers with electricity and gas, Vistra is the largest competitive residential electricity provider in the country and offers over 40 renewable energy plans. The company is also the largest competitive power generator in the U.S. with a capacity of approximately 39,000 megawatts powered by a diverse portfolio of natural gas, nuclear, coal, solar, and battery energy storage facilities. The company is a large purchaser of wind power. The company is currently developing the largest battery storage system of its kind in the world –a 300-MW/1,200-MWh system in Moss Landing, California.

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that created the section being amended by H.B. No. 5349. By moving away from sound market principles and by picking preferred solutions via statute, Connecticut is stepping away from a market construct that can serve the state well in its environmental goals, and indeed has served other states well.

By placing this procurement proposal in legislation, the Legislature is shifting risk away from private investment and onto the citizens of Connecticut. A legislative or regulatory approach to procurement fails to create all of the incentives that would otherwise exist in a competitive market to improve efficiency and manage economic risk, resulting in higher costs to consumers.

For example, the original procurement process created by 16-244v in 2011 had two solar projects selected at an average cost of 22.2 cents per kWh[2]. According to the most recent Energy Information Agency (EIA) data, 2011 average electricity costs for residential consumers in Connecticut was 18.11 cents per kWh. Interestingly, average annual energy only costs in Connecticut have stayed relatively constant since 2006, averaging around 10.5 cents per kWh. Over the same period, annual average energy delivery costs (the regulated portion of the consumer's electric bill controlled by the electric distribution companies) have consistently increased and in 2018 were nearly 100 percent higher than in 2006. Furthermore, delivery costs have gone from being approximately 37 percent of the restructured retail service provider's annual average price to 56 percent.[3] It is the captive rate payers, the hard workers of Connecticut, who end up paying for this increased cost.

Vistra and other competitive generators want to be energy partners with Connecticut and help the state achieve its clean energy goals. Legislation like H.B. No. 5349, signal to market participants that such opportunities are increasingly risky, and investments in helping Connecticut reach its clean energy goals may be undercut or even made un-economic by future legislative action. Ultimately, it is not Vistra who loses by Connecticut's turn away from the power of competition, but the consumers, the families and businesses of Connecticut who will bear the risk and the costs of this action and future legislative procurements.

Thank you for the opportunity to share our perspective on H.B. No. 5349.

[2] Press release CT Office of the Governor, "Governor Malloy Announces Procurement of Cheaper and Cleaner Energy for Connecticut". December 23, 2011.
[3] Energy Information Agency, historical average annual price information 2006-2018, published October 2018.