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**GOVERNOR MALLOY'S PROPOSED GENERATOR TAX TO CAUSE ELECTRIC
RATES TO SOAR**

*Proposed tax on Connecticut electric generators will increase
Connecticut electric rates by at least \$60 million.*

Boston, MA –[The New England Power Generators Association, Inc. \(www.nepga.org\)](http://www.nepga.org) cautions Connecticut policy-makers against embracing Governor Malloy's proposed tax on Connecticut electric generators, warning of unavoidable rate increases, and unintended impacts on other revenue sources, and on cities and towns. The Association, whose member plants represent 96% of the total generating capacity in Connecticut, believes this tax will not come close to generating the promised \$58 million in new revenue for the state.

"NEPGA believes this tax is simply bad public policy. The tax will cause Connecticut electric rates to rise by at least \$60 million. The new cost of doing business will cause the state's plants to run less, leading to lower income tax and property tax revenue, and not even coming close to producing \$58 million in new revenues. The proposed generator tax is a classic lose/lose proposal," said Angela M. O'Connor, President of NEPGA.

Over the past few years, state policy-makers have grappled with electric rates that have risen due to the high level of transmission infrastructure investment in the state. In January, CL&P rates decreased by almost 7% and UI's rates stayed flat, due in large part to significant decreases in generation costs. Now to reverse that trend by adding the Governor's proposed tax on Connecticut's electric generators is the wrong direction for the state. "After years of paying for transmission infrastructure investment, most Connecticut ratepayers realized real rate relief this year. To now take that rate relief back by adding at least \$60 million to the ratepayer's bill does not make sense" added O'Connor.

This tax will have also have unintended consequences on other state and municipal revenue sources. The imposition of this tax will distinguish Connecticut as the first state in the region to impose such a tax. Connecticut is part of a regional electric grid in which plants across New England compete daily on price to supply the region's energy supply. If Connecticut electric generators are saddled with this new cost of doing business, they will be at a competitive disadvantage to their sister plants in *all* the other New England states. On many days Connecticut plants will no longer be asked to run. As O'Connor explains,

(more)

“This is a classic lose/lose proposal. This proposed tax increases costs to ratepayers by at least \$60 million and provides no guarantee of revenue stability. All the while this tax is negatively impacting existing income and property tax revenues. This is simply bad public policy.

Finally, O’Connor noted other unintended consequences such as the environmental impacts to the state and region. By being at a competitive disadvantage, Connecticut’s highly efficient plants will not run, causing less efficient plants across the region to run more. “In the decade since electric restructuring, Connecticut generators have made efficiency improvements to existing plants and build new highly efficient plants. The net result has been a state fleet with highly efficient power plants, emitting less harmful emissions into the region’s air and water. If less efficient plants start to run more, many of these important environmental gains will be lost.”

O’Connor concluded “Connecticut citizens deserve affordable and fair electric rates, revenue sources that are stable and dependable, and the cleanest air and water. Governor Malloy’s proposed tax on the state’s electric generators threaten all these benefits.”

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NEPGA is a private, non-profit entity that advocates for the business interests of non-utility electric power generators in New England. NEPGA has offices located at 141 Tremont Street, Boston, MA 02111. NEPGA’s Connecticut members have over 25 facilities in Connecticut, located in 21 towns and cities throughout the state. These member plants are major employers, providing over 1,800 well-paying highly skilled jobs to the state’s workforce. NEPGA plants are also significant taxpayers, providing nearly \$38 million in state and local taxes in 2009.