May 28, 2010

Governor Rell Vetoes Connecticut Energy Bill

Citing concerns that recently passed energy legislation would increase energy costs, Governor M. Jodi Rell this week vetoed Senate Bill No. 493, An Act Reducing Electricity Costs and Promoting Renewable Energy. Governor Rell's action will now trigger a special legislative session to consider whether to override the gubernatorial veto. Overriding a veto would require the vote of two-thirds of the House and Senate. Earlier this month, the bill was initially passed by the Senate on May 4 by a 20-14 vote, and by the House on May 5, the last day of this year's regular legislative session, by a vote of 81-40.

The bill, the most significant energy legislation in several years, sought to revamp the state's regulatory structure, promote energy efficiency and renewable energy, and lower electricity rates.[1] Proponents of the bill offered that it would have benefitted consumers in many ways, including lowering electricity rates, increasing the use of renewable energy, and encouraging energy efficiency. Governor Rell, in her veto message, said that "in the midst of both this great recession and our well-known state budget challenges I cannot ask our already over-burdened and over-taxed residents and businesses to bear the additional burden of the costs associated with this bill." Expressing concerns that the legislation would create additional state bureaucracy, Governor Rell's release further stated that the bill "increases the size and scope of state government at a time when we are striving to cut expenses and streamline government." The Governor also noted that the bill could compel the loss of businesses, investment, and thousands of jobs in the electric supply market, which would result in a loss of tax revenues.

While the Governor expressed support for certain provisions in the bill, including the provisions for the growth of renewable energy investments and industry in Connecticut, which were primarily in solar photovoltaic technology, and the provisions for discounted electric rates for low-income ratepayers, she concluded that not only did the legislation lack sufficient detail as to how such provisions could be implemented without overburdening other ratepayers, but that the legislation also lacked transparency and public input as major components of the bill were negotiated in the last days of this year's regular session.

To access Governor Rell's veto message, please see http://www.ct.gov/governorrell/lib/governorrell/vetomessage.pdf.

A veto session of the Connecticut legislature has not yet been scheduled to consider whether to override Governor Rell's veto. For further information about the bill, including its status, please contact any of the attorneys listed in the sidebar.

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[1] To access the energy bill, please see http://www.cga.ct.gov/2010/amd/s/pdf/2010SB-00493-R00SA-AMD.pdf. Day Pitney LLP published an Alert on May 14, 2010 summarizing the significant provisions of the energy bill. That Alert is available on the Day Pitney website at http://www.daypitney.com/news/docs/dp_3162.pdf.