

STATE OF CONNECTICUT
CONNECTICUT SITING COUNCIL

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January 23, 2012

TO: Parties and Intervenors

FROM: Linda Roberts, Executive Director *LR/WRB*

RE: **DOCKET NO. 189A** – Lake Road Generating Company Certificate of Environmental Compatibility and Public Need for an electric generating facility located off of Lake Road in Killingly, Connecticut. Reopening of this docket pursuant to Connecticut General Statutes § 4-181a(b) to Modify the Decision and Order in Docket 189 to Allow Lake Road Generating Company to Suspend its Backup Fuel System Based on Changed Conditions.

By its Decision and Order dated January 19, 2012, the Connecticut Siting Council (Council) granted request to modify the Decision and Order for Lake Road Generating Company, L.P. Certificate of Environmental Compatibility and Public Need for electric generating facility located off of Lake Road, Killingly, Connecticut, to allow Lake Road Generating to decommission Unit 1 such that it could not immediately operate on fuel oil.

Enclosed are the Council's Findings of Fact, Opinion, and Decision and Order.

LR/cm

Enclosures (3)

c: Andrew Lord, Esq., Murtha Cullina, LLP
State Documents Librarian

<p>DOCKET NO. 189A – Lake Road Generating Company } Certificate of Environmental Compatibility and Public Need for an } electric generating facility located off of Lake Road in Killingly, } Connecticut. Reopening of this docket pursuant to Connecticut } General Statutes § 4-181a(b) to Modify the Decision and Order in } Docket 189 to Allow Lake Road Generating Company to Suspend } its Backup Fuel System Based on Changed Conditions.</p>	<p>Connecticut Siting Council January 19, 2012</p>
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Findings of Fact

Introduction

1. On December 7, 1998, the Connecticut Siting Council (Council) granted a Certificate of Environmental Compatibility and Public Need (Certificate) to Lake Road Generating Company, L.P. (Lake Road) for the construction, operation and maintenance of a 792 megawatt natural gas-fired combined cycle facility off Lake Road in Killingly, Connecticut. (Council’s Admin. Notice # 13)
2. Condition (1c) of the Council’s Decision and Order (D&O) in this docket required the project to run on natural gas, except during the curtailment of natural gas, when the project may run on low-sulfur distillate fuel oil as permitted by the Connecticut Department of Environmental Protection (DEP). (Council’s Admin. Notice # 13)
3. On January 28, 2003, through Petition No. 603, the Council allowed Lake Road to commission only Unit 1 on fuel oil and defer the commissioning of Unit 2 and Unit 3 on fuel oil until it was deemed necessary by natural gas curtailments lasting longer than 30 days or 60 days, respectively. (Lake Road 1, p. 3, Council’s Admin. Notice # 14)
4. On May 17, 2004, through Petition No. 664, the Council approved Lake Road’s request to allow operation on oil at any time, not only during a natural gas curtailment, within the limits of its air permit. Lake Road had made that request at a time when oil and gas prices were similar, which made it economical to have the ability to run on oil. (Lake Road 1, p. 3; Council’s Admin. Notice #15)
5. On October 24, 2011, Lake Road submitted a Motion to Reopen Docket No. 189 to decommission the fuel-oil operation system for Unit 1. Unit 1 would continue to operate on natural gas. (Lake Road 1, pp. 1, 5)
6. Lake Road requests that D&O Condition (1c) now read “The project shall operate on natural gas. Lake Road may operate using distillate fuel oil as allowed by the Department of Energy and Environmental Protection air permits.” (Lake Road 2, R. 2)
7. On November 3, 2011, the Council voted to reopen the proceeding on changed conditions under Connecticut General Statutes (C.G.S.) § 4-181a(b) specifically limited to suspension of the backup fuel system on Unit 1 at Lake Road. (record)
8. The party to this proceeding is Lake Road and the Town of Killingly. The intervenor in this proceeding is The Connecticut Light and Power Company. (Transcript 1, November 22, 2011, 1:00 p.m. [Tr. 1], p. 4; Record)
9. Public notice of the hearing was published in the Norwich Bulletin on November 8, 2011 and the Stonebridge Press on November 11, 2011. (Record)

State Agency Comments

10. Pursuant to CGS § 16-50j(h), on November 4, 2011 and November 28, 2011, the following state agencies were solicited to submit written comments regarding potential modifications of the Certificate: DEEP, Department of Public Health, Council on Environmental Quality, Public Utility Regulatory Authority, Office of Policy and Management, Department of Economic and Community Development, Department of Agriculture, Department of Emergency Management and Homeland Security, Department of Transportation, Department of Public Health, Department of Labor, Department of Consumer Protection, Department of Construction Services. (Record)
11. No state agencies filed written comments on the proposed modification to the Certificate. (Record)

Proposed Modification

12. Since 2004, Lake Road Unit 1 has been capable of operation on distillate fuel oil. There has not been an extended period of natural gas curtailment that required the unit to run on fuel oil since 2004. There have been instances when the price of fuel oil warranted its use for plant operation; however, this has not occurred within the past two and a half years. (Lake Road 1, p. 3)
13. Lake Road has operated on fuel oil a total of 459 hours since commencement of operation, 94 hours of which were due to economic reasons. The remainder of the 459 hours was for commissioning of the system on fuel oil and exhaust stack compliance testing for its Department of Energy and Environmental Protection (DEEP), formerly DEP, air permit. (Lake Road 1, p. 4; Tr. 1, p. 7)
14. The testing necessary for air permit requirements for a fuel-oil system is costly and does not increase the reliability of the plant. (Lake Road 1, p. 4)
15. Decommissioning fuel oil operations at Unit 1 would save Lake Road between \$500,000 and \$1,000,000 approximately every three years based on fuel costs, maintenance costs and reliability. (Tr. 1, pp. 13, 14)
16. After decommissioning Unit 1 for fuel-oil operations, Lake Road proposes to leave oil-fired equipment, tanks and piping on-site. Turbine components and software for the oil-fired equipment would also remain on-site. (Lake Road 1, p. 5)
17. Lake Road would maintain DEEP air permits to allow operation of the plant on fuel oil. On July 12, 2011, Lake Road received modifications to its air permits. The permits had previously required stack testing once every five years. Based on modifications to its air permit, Lake Road will have to perform stack testing for oil operation once every five years or after 700 hours of operation on oil, whichever is longer. (Lake Road 1, p. 5; Lake Road 2, R. 1; Tr. 1, p. 10)
18. Lake Road has consulted with the Independent System Operator-New England regarding the proposed decommissioning. (Lake Road 2, R. 4)
19. Unit 1 could be available to run on fuel oil within approximately 15 days for either reliability or for economic purposes at the discretion of the company. (Lake Road 1, p. 6)

Changed Conditions

20. Since the Certificate was issued in this docket, the supply of natural gas and natural gas pipeline capacity has expanded significantly. Additionally, the price of fuel oil is currently more than five times the price of natural gas. (Lake Road 1, pp. 1, 2)

21. The natural gas supply to Connecticut and New England has increased for a number of reasons including the demonstrated viability of a Marcellus Shale Formation that produces large quantities of natural gas near New England. Also, gas pipeline expansions, new liquefied natural gas facilities and enhanced natural gas transmission capacity have eliminated gas supply constraints that previously existed. (Lake Road 1, pp. 4, 5)

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Opinion

On December 7, 1998, the Connecticut Siting Council (Council) granted a Certificate of Environmental Compatibility and Public Need (Certificate) to Lake Road Generating Company, L.P. (Lake Road) for the construction, operation and maintenance of a 792 megawatt natural gas-fired combined cycle facility off Lake Road in Killingly, Connecticut. Condition (1c) of the Council’s Decision and Order (D&O) in this docket required the project to run on natural gas, except during the curtailment of natural gas, when the project may run on low-sulfur distillate fuel oil as permitted by the Connecticut Department of Environmental Protection (DEP).

On January 28, 2003, through Petition No. 603, the Council allowed Lake Road to commission only Unit 1 on fuel oil and defer the commissioning of Unit 2 and Unit 3 on fuel oil until it was deemed necessary by natural gas curtailments lasting longer than 30 days or 60 days, respectively.

On October 24, 2011, Lake Road submitted a Motion to Reopen Docket No. 189 to decommission the fuel-oil system for Unit 1. Lake Road requests that D&O Condition (1c) now read: “The project shall operate on natural gas. Lake Road may operate using distillate fuel oil as allowed by the Department of Energy and Environmental Protection air permits.”

Since the commissioning of Unit 1 on fuel oil in 2004, there has not been an extended period of natural gas curtailment that required the unit to run on fuel oil. The plant has operated on fuel oil a total of 459 hours since 2004, 94 hours of which were due the price of oil being less than that of natural gas, and the remaining 365 hours of which were due to exhaust stack compliance testing for the Department of Energy and Environmental Protection (DEEP) air permit.

Lake Road would leave the oil-fired equipment, tanks and piping on-site and maintain DEEP air permits for operation on fuel oil. Unit 1 could be made available to operate on fuel oil within approximately 15 days if the company finds that gas becomes unavailable as its primary fuel, or that oil becomes more economical.

The Council finds that there are changed conditions since the Certificate was issued for Lake Road. The natural gas supply to Connecticut and New England has increased for a number of reasons including the demonstrated productivity of the Marcellus Shale, a geological formation that produces large quantities of natural gas near New England. Also, gas pipeline expansions, new liquefied natural gas facilities and enhanced natural gas transmission capacity have eliminated gas supply constraints that previously existed. Currently, the price of fuel oil is more than five times that of natural gas. This makes it uneconomical to operate Unit 1 on fuel oil at this time.

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Decision and Order

In response to a request to modify its Decision and Order submitted on October 24, 2011 by the Certificate Holder, Lake Road Generating Company, the Connecticut Siting Council (Council) finds that changed conditions exist and hereby modifies its Docket No. 189 Decision and Order of December 7, 1998. Condition (1c) of the Decision and Order is hereby modified and the following additional conditions are included, as follows:

1. Decision and Order 1(c) in Docket No. 189 is modified to now read as follows:

- c) The project shall operate on natural gas. Unit 1 shall have the ability to recommission on fuel oil within 15 days. Lake Road may operate using distillate fuel oil as allowed by the Department of Energy and Environmental Protection air permits.

Additional Conditions to the Docket 189A Decision and Order as follows:

- 9. The Certificate Holder shall remit timely payments associated with annual assessments and invoices submitted by the Council for expenses attributable to the facility under Conn. Gen. Stat. §16-50v.
- 10. The Certificate may be transferred in accordance with Conn. Gen. Stat. §16-50k(b), provided both the Certificate Holder/transferor and the transferee are current with payments to the Council for their respective annual assessments and invoices under Conn. Gen. Stat. §16-50v. In addition, both the Certificate Holder/transferor and the transferee shall provide the Council a written agreement as to the entity responsible for any quarterly assessment charges under Conn. Gen. Stat. §16-50v(b)(2) that may be associated with this facility.
- 11. If the Certificate Holder is a wholly owned subsidiary of a corporation or other entity and is sold/transferred to another corporation or other entity, the Council shall be notified of such sale and/or transfer and of any change in contact information for the individual or representative responsible for management and operations of the Certificate Holder within 30 days of the sale and/or transfer.

We hereby direct that a copy of the Findings of Fact, Opinion, and Decision and Order be served on each person listed below, and notice of issuance published in the Norwich Bulletin.

By this Decision and Order, the Council disposes of the legal rights, duties, and privileges of each party named or admitted to the proceeding in accordance with Section 16-50j-17 of the Regulations of Connecticut State Agencies.

The parties and intervenors to this proceeding are:

Certificate Holder

Lake Road Generating Company, L.P.

Its Representatives

Andrew Lord, Esq.
Murtha Cullina LLP
CityPlace I, 185 Asylum Street
Hartford, CT 06103-3469

Cynthia E. Vodopived, Director
Health, Safety, Security and Environment
EquiPower Resources Corporation
One Hundred Constitution Plaza, 10th Fl.
Hartford, CT 06103

Christopher J. Curtis
General Manager
Lake Road Generating Company, L.P.
56 Alexander Parkway
Dayville, CT 06241

Party

Town of Killingly

Its Representative

Bruce Benway
Town Manager
Town of Killingly
Town Hall, 172 Main Street
P.O. Box 6000
Danielson, CT 06239

Intervenor





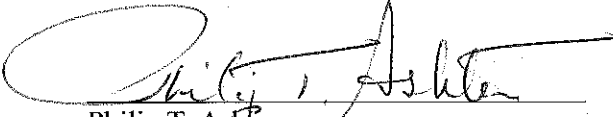
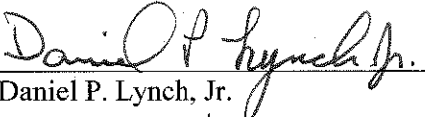
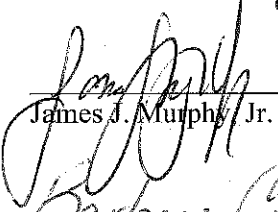


The Connecticut Light and Power Company

Its Representative

Senior Counsel
Northeast Utilities Service Company
P.O. Box 270
Hartford, CT 06106

CERTIFICATION

The undersigned members of the Connecticut Siting Council (Council) hereby certify that they have heard this case, or read the record thereof, in **DOCKET NO. 189A** – Lake Road Generating Company Certificate of Environmental Compatibility and Public Need for an electric generating facility located off of Lake Road in Killingly, Connecticut. Reopening of this docket pursuant to Connecticut General Statutes § 4-181a(b) to Modify the Decision and Order in Docket 189 to Allow Lake Road Generating Company to Suspend its Backup Fuel System Based on Changed Conditions, and voted as follows to approve the requested modifications to the Decision and Order:

<u>Council Members</u>	<u>Vote Cast</u>
 Robert Stein, Chairman	Yes
 Colin C. Tait, Vice Chairman	Yes
 Chairman Kevin M. DelGobbo Designee: Larry P. Levesque	Yes
 Commissioner Dan Esty Designee: Brian Golembiewski	Yes
 Philip T. Ashton	Yes
 Daniel P. Lynch, Jr.	Yes
 James J. Murphy, Jr.	Yes
 Dr. Barbara Currier Bell	Yes
 Edward S. Wilensky	Yes

Dated at New Britain, Connecticut, January 19, 2012

STATE OF CONNECTICUT)

ss. New Britain, Connecticut :

COUNTY OF HARTFORD)

I hereby certify that the foregoing is a true and correct copy of the Findings of Fact, Opinion, and Decision and Order issued by the Connecticut Siting Council, State of Connecticut.

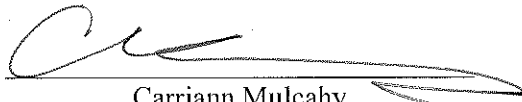
ATTEST:



Melanie Bachman, Esq.
Staff Attorney
Connecticut Siting Council

I certify that a copy of the Findings of Fact, Opinion, and Decision and Order in Docket No. 189A has been forwarded by Certified First Class Return Receipt Requested mail, on January 23, 2012, to all parties and intervenors of record as listed on the attached service list, dated October 28, 2011.

ATTEST:



Carriann Mulcahy
Secretary II
Connecticut Siting Council

LIST OF PARTIES AND INTERVENORS
SERVICE LIST

Status Granted	Status Holder (name, address & phone number)	Representative (name, address & phone number)
Certificate Holder	Lake Road Generating Company, L.P.	<p>Andrew Lord, Esq. Murtha Cullina, LLP CityPlace I, 185 Asylum Street Hartford, CT 06103-3469 (860) 240-6180</p> <p>Cynthia E. Vodopived, Director Health, Safety, Security and Environment EquiPower Resources Corporation One Hundred Constitution Plaza, 10th Fl. Hartford, CT 06103</p> <p>Christopher J. Curtis General Manager Lake Road Generating Company, L.P. 56 Alexander Parkway Dayville, CT 06241</p>
Party	Town of Killingly	<p>Bruce E. Benway Town Manager Town of Killingly Town Hall, 172 Main Street P.O. Box 6000 Danielson, CT 06239-6000</p>
Intervenor	Connecticut Light and Power Company	<p>Senior Counsel Northeast Utilities Service Company P.O. Box 270 Hartford, CT 06106-0270 (860) 665-3395</p>