


STATE OF CONNECTICUT  
CONNECTICUT SITING COUNCIL

Ten Franklin Square, New Britain, CT 06051  
Phone: (860) 827-2935 Fax: (860) 827-2950  
E-Mail: [siting.council@ct.gov](mailto:siting.council@ct.gov)  
[www.ct.gov/csc](http://www.ct.gov/csc)

January 6, 2012

TO: Parties and Intervenors

FROM: Linda Roberts, Executive Director 

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.

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As stated at the hearing in New Britain on November 22, 2011, after the Connecticut Siting Council (Council) issues its draft findings of fact, parties and intervenors may identify errors or inconsistencies between the Council's draft findings of fact and the record; however, no new information, evidence, argument, or reply briefs will be considered by the Council.

Parties and Intervenors may file written comments with the Council on the Draft Findings of Fact issued on this docket by January 13, 2012.

LR/CW/cm

Enclosure



<p><b>DOCKET NO. 189A</b> – 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  } December 28, 2011</p>
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**DRAFT 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 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. The party to this proceeding is Lake Road. (Transcript 1, November 22, 2011, 1:00 p.m. [Tr. 1], p. 4; Record)
6. Public notice of the hearing was published in the Norwich Bulletin on November 8, 2011 and the Stonebridge Press on November 11, 2011. (Record)
7. 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)
8. 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)
9. 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)

10. The reliability of natural gas in Connecticut and New England has increased because of such developments as the discovery of a nearby Marcellus Shale formation, pipeline expansions, new liquefied natural gas facilities and improved pipeline transmission capacity. (Lake Road 1, p. 4)
11. Lake Road proposes to decommission Unit 1 and 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)
12. 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 or before 700 hours of operation on oil, whichever is longer. Based on modifications to its air permit, Lake Road will no longer have to perform stack testing for oil operation in its plant. (Lake Road 1, p. 5; Lake Road 2, R. 1; Tr. 1, p. 10)
13. Lake Road has consulted with the Independent System Operator-New England (ISO-NE) regarding the proposed decommissioning. (Lake Road 2, R. 4)
14. 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)

#### **State Agency Comments**

15. 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)
16. No state agencies filed written comments on the proposed modification to the Certificate. (Record)

#### **Changed Conditions**

17. 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)
18. 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)

#### **Proposed Modification**

19. Lake Road proposes to decommission the fuel-oil operation system for Unit 1. Unit 1 would continue to operate on natural gas. (Lake Road 1, p. 5)
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20. Lake Road would not remove any oil-firing infrastructure associated with Unit 1, including storage tanks, piping and turbine components. (Lake Road 1, p. 5)
  21. If it became necessary to operate on fuel oil for economic or reliability reasons, or at the discretion of Lake Road, Unit 1 could be recommissioned on fuel-oil within 15 days. (Lake Road 1, p. 6)
  22. 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)
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