

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.	} Connecticut } Siting } Council January 19, 2012
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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)