

STATE OF CONNECTICUT
SITING COUNCIL

Docket 272 - Connecticut Light and Power Company and United Illuminating Company application for a new 345-kV electric transmission line between Scovill Rock Switching Station in Middletown and Norwalk Substation in Norwalk.

A. Pre-Filed Testimony

As the Council reviews the above application, the Connecticut Business and Industry Association (hereafter CBIA) believes the following three points are critical to consider. First, the transmission crisis in Southwestern Connecticut will continue to have severe economic impacts if not addressed. Second, our state is part of a regional marketplace that bears the costs of Connecticut transmission constraints. Third, although enhancements to our transmission system are important, they are only part of the ultimate solution for Connecticut's energy problems.

I. I. Transmission Constraints

Energy is a fundamental part of our economy. The ability to provide a stable supply of electricity at a reasonable price is critical to our economic health. A 2002 CBIA survey found that an unanticipated loss of power for just 60 seconds would affect two-thirds of all the responding companies, causing economic damages of more than \$1,000 in 20 percent of these businesses, most of which (78 percent) employ fewer than 50 people. Loss of power for one hour would produce a "serious" or "catastrophic" impact on more than 40 percent of the responding businesses, triggering financial losses of up to \$100,000 in half of them.

We have a transmission crisis in Southwestern Connecticut. FERC has identified Connecticut as one of the top ten most constrained transmission areas in the country and ISO-New England (ISO-NE) has identified it as the worst in New England. During peak periods we cannot move enough power from other parts of New England into the region. Even a temporary loss of just one major transmission line or generating unit during peak periods could result in a brownout or blackout. Last year, Connecticut had to pay over a \$185 million in congestion and suffered a blackout.

ISO-NE also reports that Connecticut's electric demand has increased nearly 25% over the last ten years. We are more dependent on electricity than at any time in our history. This increase occurred despite conservation efforts that have been models for the rest of the nation. More importantly, the Southwest Connecticut region represents the fastest growing demand area in the entire state. In order to continue the important economic growth in the region, we need to ensure Southwestern Connecticut's access to reliable power. Although the business community appreciates the environmental concerns associated with upgrading our electric transmission system, it sees no way to ignore the need for dramatic improvements to our current infrastructure.

II. Connecticut's New Marketplace

In the absence of vertical planning, Connecticut has turned to the free market to eventually deliver both electric reliability and price stability. One of the major objectives of electricity deregulation was to create

a market where end users would benefit from greater access to cheaper generation. To do this we need a market that can deliver the true benefits of deregulation. Currently Connecticut cannot access cheaper generation from states like Rhode Island and Maine. Moreover, in times of tight supply state generation can not reach consumers in constrained areas. Improving our transmission system will allow our electric system to locate the best prices in the regional marketplace and deliver them to Connecticut consumers. In addition, locational marginal pricing will continue to force Connecticut consumers to pay for the absence of efficient transmission. In sum, to further more vibrant, competitive electric markets, Connecticut needs an upgraded transmission system.

III. Comprehensive Solution

CBIA believes that the ultimate solution to Connecticut's energy problems requires a comprehensive approach that goes beyond transmission enhancement and expansion.

In short, state energy policy must recognize the need to support the following three priorities:

- upgrades to our electric and natural gas transmission systems and the siting of adequate generation capacity;
- conservation and load management efforts as well as, the development and deployment of alternative energy technologies; and
- the creation of vibrant competitive marketplaces for both electricity and natural gas.

Such a multifaceted approach will likely remedy the problems not only in Southwestern Connecticut, but the entire state. It can also help ensure that Connecticut consumers continue to lead the nation in the efficient use of energy and have a reasonable choice of energy resources.

More specifically, CBIA recommends that the state continue to encourage energy conservation and load management efforts and preserve the integrity of the state's energy conservation and load management fund. In addition, state energy policy should encourage the development of alternative energy sources, including fuel cells, which reduce pressure on the power grid, and avoid disincentives to their deployment.

Finally, Connecticut must maintain a diversity of fuel sources for both generation purposes and end uses to avoid an over-reliance on one supply.

IV. Conclusion

In considering this application, CBIA asks the Siting Council to recognize the business community's concerns regarding the current electric infrastructure and the need to accelerate investment in our deficient transmission system. Connecticut faces an electricity crisis because of inadequate and antiquated transmission lines serving the southwestern part of our state.

The pattern is clear. Each year our state uses more and more electricity and our antiquated transmission system becomes less and less capable of delivering it. We need to put a system in place that will allow end users to have access to the most beneficial features of a deregulated marketplace and support the future growth of our state and economy.

B. Exhibits

CBIA requests that the Council accept the enclosed Energy Survey of Connecticut Businesses, referenced above, as Exhibit 1 and CBIA's 2002 Annual Membership Survey as Exhibit 2.

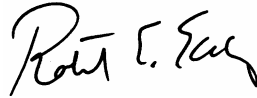
C. Witness

Peter M. Gioia of CBIA, will support the pre-filed testimony above, as well as, Exhibit 1 and 2. Please see his enclosed resume.

Respectfully Submitted,

INTERVENOR
The Connecticut Business and Industry Association

BY



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