Sources Used to Prepare *Two Myths Debunked*

The costs associated with the RMR Cost of Service Agreements for Southwest Connecticut ("SWCT") and the rest of Connecticut ("ROC") proposed zones were taken from an ISO-NE document entitled, "Annual Fixed Cost Summary - RMR Agreements". This document can be found on ISO-NE's website at http://www.iso-ne.com/genrtion_resrcs/reports/rmr/ in the document title "RMR Agreements Summary With Fixed Costs".

Below is a summary of the data taken from the document that was used in preparing Slide 6:

Resource	Owner	SWCT Area	ROC Area
Devon 11 - 14	NRG	16,568,124	
Devon 11 - 14 (Dev. 7 Settlement)	NRG	3,000,000	
Middletown 2-4, 10	NRG		49,617,744
Montville 5, 6, 10 & 11	NRG		23,032,716
Milford 1	Milford Power	40,824,787	
Milford 2	Milford Power	40,797,848	
New Haven Harbor	PSEG		47,368,806
Bridgeport Harbor 2	PSEG	19,012,116	
Bridgeport Energy	Bridgeport	57,825,915	
Total Agreements in Area		**$178,028,790**	**$120,019,266**

The current ICAP cost provided in Slide 6 and the base inputs for the analysis of LICAP cost in SWCT and ROC were derived from ISO-NE's mathematical computer model "2004-08-27 Integrated LICAP Impact Model.xls", which is attached hereto. The ICAP cost summarized below were obtained from the section of the model titled, "Annual Cost Impact of ISO Proposal – Base".

LICAP Region	Current ICAP Market Offset
Southwest Connecticut	29,577,600 (i.e. ~ 30,000,000)
Rest of Connecticut	27,547,200 (i.e. ~28,000,000)

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The base inputs provided below for the SWCT and ROC can be found in the sections of the model entitled, "Demand Curve Parameters and Planning Input Data". Certain hypotheses were tested by varying these base inputs. The results obtained from the model appear on slides 7, 8, 9 and 11 of the presentation.

Demand Curve Parameters by Region	New Entry Price ICAP ($/kw-mo)	ICAP Requirement MW	Available Local Capacity MW	As-Is Import Over Constraint MW (CTL)	Local Sourcing Requirement MW
Southwest Connecticut	8.26	4108	2532	1919	2189
Rest of Connecticut	8.04	3826	4426	1737	2089

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Demand Curve Parameters

Demand Curve Parameters by Region	New Entry Price ICAP ($/kw-mo)	Availability Adjusted New Entry Price ($/kw-mo)	New Entry (cap) Multiple	Kink Point Multiple	Zero Point Multiple
Southwest Connecticut	8.26	$9.18	2	1.037	1.15
Rest of Connecticut	8.04	$8.93	2	1.037	1.15
NEMA/Boston	8.16	$9.07	2	1.037	1.15
Rest of Pool	7.7	$8.56	2	1.037	1.15
Maine	7.27	$8.08	2	1.037	1.15
Pool EFORd	10.00%				

Planning Input Data

	ICAP Requirement	Available Local Capacity	As-Is Import Over Constraint MW (CTL)	Local Sourcing Requirement
Southwest Connecticut	4108	2532	1919	2189
Rest of Connecticut	3826	4426	1737	2089
NEMA/Boston	5806	3430	3073	2733
Rest of Pool	13394	19033	1400	11994
Maine	2232	3345	0	N/A

Market Clearing Price Calculation

	ICAP Requirement	Available Local Capacity	Actual Import Over Constraint MW	Net Import Over All Constraints MW	Total Purchased Demand (MW)	Regional Resource Scarcity (MW)	Clearing Price $/kW-Mo	Gross Payment by Load $/Month	CTR Overcollection Revenue
Southwest Connecticut	4108	2532	1919	1919	4451	1.083	$5.40	$24,041,798	$4,183,612
Rest of Connecticut	3826	4426	1737	-182	4244	1.109	$3.22	$13,671,357	$2,241,286
NEMA/Boston	5806	3430	3073	3073	6503	1.120	$2.40	$15,628,076	$1,451,048
Rest of Pool	13394	19033	838	-3972	15061	1.124	$1.93	$29,084,008	$0
Maine	2232	3345	-838	-838	2507	1.123	$1.93	$4,840,109	
Total	29366	32766			32766		$2.98	$87,265,348	

Cost Impact Calculation

	Local Capacity Purchased (MW)	Payments to Local Capacity	Clearing Price $/kW-Mo	Total Zonal Purchases (MW)	Gross Payment by Load $/Month	CTR Revenue Offset SWCT CTR	CTR Revenue Offset CT CTR	CTR Revenue Offset NEMA CTR	CTR Revenue Offset Maine CTR	Net Cost of LICAP ($/month)
Southwest Connecticut	2532	$13,676,440	$5.40	4,451	$24,041,798	$4,183,612	1,160,474	0	0	$18,697,712
Rest of Connecticut	4426	$14,257,640	$3.22	4,244	$13,671,357	0	1,080,812	0	0	$12,590,545
NEMA/Boston	3430	$8,243,011	$2.40	6,503	$15,628,076	0	0	$1,451,048	0	$14,177,028
Rest of Pool	19033	$36,753,058	$1.93	15,061	$29,084,008	0	0	0	0	$29,084,008
Maine	3345	$6,459,254	$1.93	2,507	$4,840,109	0	0	0	0	$4,840,109
Total	32766	$79,389,402			$87,265,348	$4,183,612	$2,241,286	$1,451,048	$0	$79,389,402

Annual Cost Impact of ISO Proposal - Base

	Annual LICAP Payment ($)	Energy Revenue Offset ($)	Unavailability Offset Revenue ($)	Net LICAP Market Cost ($)	Fixed RMR Offset ($)	Current ICAP Market Offset	**Incremental Impact Net of RMR and ICAP Market Revenue**
Southwest Connecticut	$224,372,549	$25,637,760	$22,437,255	$176,297,534	$40,583,349	$29,577,600	**$106,136,585**
Rest of Connecticut	$151,086,542	$24,445,440	$15,108,654	$111,532,448	$94,224,632	$27,547,200	**-$10,239,384**
NEMA/Boston	$170,124,336	$37,457,280	$17,012,434	$115,654,622	$37,445,450	$41,803,200	**$36,405,972**
Rest of Pool	$349,008,095	$86,754,200	$34,900,809	$227,353,086		$96,436,800	**$130,916,286**
Maine	$58,081,307	$14,437,480	$5,808,131	$37,835,696		$16,070,400	**$21,765,296**
Total	$952,672,829	$188,732,160	$95,267,283	$668,673,386	$172,253,431	$211,435,200	**$284,984,755**

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Demand Curve Parameters

Demand Curve Parameters by Region	New Entry Price ICAP ($/kw-mo)	Availability Adjusted New Entry Price ($/kw-mo)	New Entry (cap) Multiple	Kink Point Multiple	Zero Point Multiple
Southwest Connecticut	8.26	$9.18	2	1.037	1.15
Rest of Connecticut	8.04	$8.93	2	1.037	1.15
NEMA/Boston	8.16	$9.07	2	1.037	1.15
Rest of Pool	7.7	$8.56	2	1.037	1.15
Maine	7.27	$8.08	2	1.037	1.15
Pool EFORd	10.00%				

Planning Input Data

	ICAP Requirement	Available Local Capacity	As-Is Import Over Constraint MW (CTL)	Local Sourcing Requirement
Southwest Connecticut	4108	2532	1919	2189
Rest of Connecticut	3826	4426	1737	2089
NEMA/Boston	5806	3430	3073	2733
Rest of Pool	13394	19033	1400	11994
Maine	2232	3345	0	N/A

Market Clearing Price Calculation

	ICAP Requirement	Available Local Capacity	Actual Import Over Constraint MW	Net Import Over All Constraints MW	Total Purchased Demand (MW)	Regional Resource Scarcity (MW)	Clearing Price $/kW-Mo	Gross Payment by Load $/Month	CTR Overcollection Revenue	Monthly Unavailability Offset Revenue
Southwest Connecticut	4108	2532	1919	1919	4451	1.083	$5.40	$24,041,798	$4,183,612	$1,367,644
Rest of Connecticut	3826	4426	1737	-182	4244	1.109	$3.22	$13,671,357	$2,238,931	$1,425,764
NEMA/Boston	5806	3430	3073	3073	6503	1.120	$2.40	$15,628,076	$1,446,881	$824,301
Rest of Pool	13394	19033	838	-3972	15061	1.124	$1.93	$29,103,965	$7,576	$3,677,886
Maine	2232	3345	-838	-838	2507	1.123	$1.92	$4,821,316		$643,356
Total	29366	32766			32766		$2.98	$87,266,512		$7,938,951

Cost Impact Calculation

	Local Capacity Purchased (MW)	Payments to Local Capacity	Clearing Price $/kW-Mo	Total Zonal Purchases (MW)	Gross Payment by Load $/Month	CTR Revenue Offset SWCT CTR	CTR Revenue Offset CT CTR	CTR Revenue Offset NEMA CTR	CTR Revenue Offset Maine CTR	Net Cost of LICAP ($/month)
Southwest Connecticut	2532	$13,676,440	$5.40	4,451	$24,041,798	$4,183,612	1,159,255	0	1,147	$18,697,785
Rest of Connecticut	4426	$14,257,640	$3.22	4,244	$13,671,357	0	1,079,676	0	1,068	$12,590,613
NEMA/Boston	3430	$8,243,011	$2.40	6,503	$15,628,076	0	0	$1,446,881	1,621	$14,179,573
Rest of Pool	19033	$36,778,863	$1.93	15,061	$29,103,965	0	0	0	3,740	$29,100,226
Maine	3345	$6,433,558	$1.92	2,507	$4,821,316	0	0	0	0	$4,821,316
Total	32766	$79,389,512			$87,266,512	$4,183,612	$2,238,931	$1,446,881	$7,576	$79,389,512

Annual Cost Impact of ISO Proposal - Base As-Is

	Annual LICAP Payment ($)	Energy Revenue Offset ($)	Unavailability Offset Revenue ($)	Net LICAP Market Cost ($)	Fixed RMR Offset ($)	Current ICAP Market Offset	**Incremental Impact Net of RMR and ICAP Market Revenue**
Southwest Connecticut	$224,373,418	$25,637,760	$22,437,342	$176,298,316	$40,583,349	$29,577,600	**$106,137,367**
Rest of Connecticut	$151,087,352	$24,445,440	$15,108,735	$111,533,177	$94,224,632	$27,547,200	**-$10,238,655**
NEMA/Boston	$170,154,881	$37,457,280	$17,015,488	$115,682,113	$37,445,450	$41,803,200	**$36,433,463**
Rest of Pool	$349,202,707	$86,752,818	$34,920,271	$227,529,618		$96,436,800	**$131,092,818**
Maine	$57,855,789	$14,438,862	$5,785,579	$37,631,348		$16,070,400	**$21,560,948**
Total	$952,674,146	$188,732,160	$95,267,415	$668,674,571	$172,253,431	$211,435,200	**$284,985,940**

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Demand Curve Parameters / Planning Input Data

Demand Curve Parameters by Region	New Entry Price ICAP ($/kw-mo)	Availability Adjusted New Entry Price ($/kw-mo)	New Entry (cap) Multiple	Kink Point Multiple	Zero Point Multiple	ICAP Requirement	Available Local Capacity	At-Criterion Import Over Constraint MW (CTL)	Local Sourcing Requirement
Southwest Connecticut	8.26	$9.18	2	1.037	1.15	4108	2532	1619	2489
Rest of Connecticut	8.04	$8.93	2	1.037	1.15	3826	4426	1117	2709
NEMA/Boston	8.16	$9.07	2	1.037	1.15	5806	3430	2678	3128
Rest of Pool	7.7	$8.56	2	1.037	1.15	13394	19033	1400	11994
Maine	7.27	$8.08	2	1.037	1.15	2232	3345	0	N/A
Pool EFORd	10.00%								

Market Clearing Price Calculation

	ICAP Requirement	Available Local Capacity	Actual Import Over Constraint MW	Net Import Over All Constraints MW	Total Purchased Demand (MW)	Regional Resource Scarcity (MW)	Clearing Price $/kW-Mo	Gross Payment by Load $/Month	CTR Overcollection Revenue	Monthly Unavailability Offset Revenue
Southwest Connecticut	4108	2532	1619	1619	4151	1.010	$15.76	$65,416,199	$6,600,354	$3,990,215
Rest of Connecticut	3826	4426	1117	-502	3924	1.026	$11.68	$45,841,474	$13,049,166	$5,170,601
NEMA/Boston	5806	3430	2678	2678	6108	1.052	$7.86	$48,020,551	$21,054,197	$2,696,635
Rest of Pool	13394	19033	730	-3065	15968	1.192	$0.00	$0	$0	$0
Maine	2232	3345	-730	-730	2615	1.171	$0.00	$0		$0
Total	29366	32766			32766		$7.06	$159,278,224		$11,857,451

Cost Impact Calculation

	Local Capacity Purchased (MW)	Payments to Local Capacity	Clearing Price $/kW-Mo	Total Zonal Purchases (MW)	Gross Payment by Load $/Month	CTR Revenue Offset SWCT CTR	CTR Revenue Offset CT CTR	CTR Revenue Offset NEMA CTR	CTR Revenue Offset Maine CTR	Net Cost of LICAP ($/month)
Southwest Connecticut	2532	$39,902,148	$15.76	4,151	$65,416,199	$6,600,354	6,756,488	0	0	$52,059,357
Rest of Connecticut	4426	$51,706,005	$11.68	3,924	$45,841,474	0	6,292,678	0	0	$39,548,796
NEMA/Boston	3430	$26,966,354	$7.86	6,108	$48,020,551	0	0	$21,054,197	0	$26,966,354
Rest of Pool	18468	$0	$0.00	15,968	$0	0	0	0	0	$0
Maine	3297	$0	$0.00	2,615	$0	0	0	0	0	$0
Total	32153	$118,574,507			$159,278,224	$6,600,354	$13,049,166	$21,054,197	$0	$118,574,507

Annual Cost Impact of ISO Proposal - Base At Criterion

	Annual LICAP Payment ($)	Energy Revenue Offset ($)	Unavailability Offset Revenue ($)	Net LICAP Market Cost ($)	Fixed RMR Offset ($)	Current ICAP Market Offset	**Incremental Impact Net of RMR and ICAP Market Revenue**
Southwest Connecticut	$624,712,287	$23,909,760	$62,471,229	$538,331,298	$40,583,349	$29,577,600	**$468,170,349**
Rest of Connecticut	$474,585,551	$22,602,240	$47,458,555	$404,524,756	$94,224,632	$27,547,200	**$282,752,924**
NEMA/Boston	$323,596,245	$35,182,080	$32,359,624	$256,054,540	$37,445,450	$41,803,200	**$176,805,890**
Rest of Pool	$0	$0	$0	$0		$96,436,800	**-$96,436,800**
Maine	$0	$0	$0	$0		$16,070,400	**-$16,070,400**
Total	$1,422,894,083	$81,694,080	$142,289,408	$1,198,910,595	$172,253,431	$211,435,200	**$815,221,964**