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August 14, 2009

The Honorable Daniel Caruso, Esq.
Chairman
Connecticut Siting Council
Ten Franklin Square
New Britain, CT 06051

**RE: F-2009 - CONNECTICUT SITING COUNCIL REVIEW OF THE TEN YEAR
FORECAST OF ELECTRIC LOAD AND RESOURCES**

Dear Chairman Caruso:

The Connecticut Energy Advisory Board ("CEAB") submits herewith an original and twenty (20) copies of its Written Comments on the Connecticut Siting Council's *Draft Report* dated July 13, 2009 in the above captioned matter.

Please contact me with any questions about this filing. Thank you for your consideration.

Respectfully Submitted,

Michael E. Cassella
Chairman
Connecticut Energy Advisory Board

CC: Service List (via electronic mail)
CEAB

**STATE OF CONNECTICUT
SITING COUNCIL**

Connecticut Siting Council	:	Docket No. F-2009
Review Of The Ten-Year	:	
Forecast of Connecticut Loads	:	August 14, 2009
And Resources	:	

**COMMENTS OF THE CONNECTICUT ENERGY ADVISORY BOARD
ON THE CONNECTICUT SITING COUNCIL'S
FORECAST OF CONNECTICUT LOADS AND RESOURCES
2009 DRAFT REPORT**

I. INTRODUCTION

The Connecticut Energy Advisory Board ("CEAB") offers these comments to the Connecticut Siting Council ("CSC" or "Council") on its July 13, 2009 Draft Report on the Ten-Year Forecast of Connecticut Loads and Resources ("Draft Report").

The CSC's annual proceeding to review the ten-year forecast of the State's electric loads and resources is an important part of our collective efforts to address the critical needs of the State's electric system. The information in the resultant CSC Forecast of Loads and Resources Report ("Forecast Report" or "Report") relates directly to the costs Connecticut consumers may ultimately bear. The Report also serves the essential purpose of compiling and assessing reports, studies and information, which is valuable to the CEAB, state agencies and others throughout the year. As a result, it is critical that the CSC Forecast Report portray a consistent picture of future resources and demand for these resources. In addition, in this and ensuing years, it is also important that the information and findings described in the Report be as consistent as reasonably possible with information in the state's Integrated Resource Plan ("IRP"), and associated procurement plan, prepared pursuant to Section 51 of Public Act 07-242, An Act Concerning Electricity and Energy Efficiency, ("Section 51"), discussed further below.

The focus of CEAB's comments this year centers around the transmission projects known as the New England East West Solution ("NEEWS"), the potential for retirements of older Connecticut generating capacity and the interaction of transmission and the Renewable Portfolio Standard ("RPS") requirements. With a focus on these themes, the CEAB offers its observations and recommendations on the Draft Report for the Council's consideration as it prepares the Final 2009 Report. The CEAB's comments below, which range from substantive to clarifying, are presented consistent with the structure of the Draft Report to facilitate review.

The CEAB comments are organized in the following manner. Section II contains CEAB's discussion and recommendation in four specific areas of the report. Section III provides comment on specific sections of the draft report.

II. KEY ISSUES WITH THE DRAFT REPORT

1. The NEEWS Projects are Assumed to be Completed in the Draft Report's Analyses

The CSC, by including as a resource in Table 2, MW Balance, on page 21 of the Draft Report, the impact of the NEEWS projects going forward, shows a net surplus from 2015 through 2018 (preceded by a slight deficiency in 2014). The CEAB recommends that the CSC not make the assumption in its Draft that all of the NEEWS projects will go forward for the following reasons:

- (a) NEEWS is a large transmission project comprised of four separate projects, described by the CSC on page 39 of its Draft Report. Three of these projects have a Connecticut footprint and therefore require approval by the CSC. On October 28, 2008, Connecticut Light & Power Company (CL&P) submitted an application to the CSC under Docket No. 370 requesting approval for the Connecticut portion of one of these three projects, the Greater Springfield Reliability Project (GSRP). Pursuant to Conn. Gen. Stat. § 16a-7c(b), the CEAB issued a Request for Proposal ("RFP") seeking alternatives to CL&P's application, so as to encourage competitive energy solutions. NRG Energy, Inc. ("NRG") tendered an alternative project proposal to CEAB and subsequently submitted an application for the project to the Council for review. Currently, the Council is

(b) ISO-New England (ISO-NE) completed an update to its Regional System Plan (“RSP”) for 2008 on July 30, 2009. This update, entitled “Second Draft”, confirms ISO-NE’s assessment of the need for two components of NEEWS, the Rhode Island Reliability Project and the Greater Springfield Reliability Project, the latter including a footprint in Connecticut that is the subject of an application under CSC Docket No. 370, mentioned above. However, ISO-NE has not yet completed analyses of the other two components of NEEWS, the Interstate Reliability Project and The Connecticut Reliability Project. While awaiting word from ISO-NE on this matter, CL&P declined to speculate as to the results of ISO-NE’s impending analysis and has simply referred to its obligation under Attachment K of the ISO-NE tariff to continue to plan, design and permit the facilities under NEEWS. (See CL&P Response to CEAB Interrogatory No. 24, dated June 11, 2009.)

In an August 5, 2009 presentation, ISO-NE stresses that its normal planning process can and does accommodate a review of this nature, describing its responsibility both graphically and in words as one where “planning is on-going” and its purpose “to review and update load forecasts, resource adequacy and diversity, operating reserves, environmental issues, integration of renewable and demand resources, as well as transmission security and upgrades ...”

By concluding, on page 42 of the Draft Report, that “it is likely that electric resources will meet demand during the forecast period,” the CSC makes the implicit assumption that all of the NEEWS projects are certain to go forward. In the following sentence, however, the CSC recognizes the projects are, by no means, certain. Indeed, in discussing the NEEWS projects, the CSC incorporates the vital phrase “**if later approved.**” (Emphasis added.) The CSC then highlights that “[o]ne NEEWS project, the Greater Springfield Reliability Project, is

currently under Council review. Other NEEWS project applications are expected to be filed with the Council in the near future.”

While the CSC Draft Report strongly suggests the NEEWS projects are likely to go forward, by virtue of the fact that the CSC has not rendered a final ruling on one project and has not received applications for the other two, none of the three components of NEEWS are a certainty at this time. As a result, the CEAB believes it is premature to include the NEEWS projects in Table 2 as committed resources.

2. Siting Council’s Expressed Conservatism in Infrastructure Planning

The CEAB is concerned about the CSC’s conservatism regarding the need to have Connecticut’s energy infrastructure ready to accommodate the electric demands that will result when the economy recovers, when there are no load forecast sensitivities on record that address the scope and timing of this economic scenario.

On page 4 of the Draft Report, the CSC adopts a statement from CL&P’s Forecast of Loads and Resources (“FLR”):

“Connecticut needs the electric system infrastructure necessary to hit the ground running once the economy begins to turn itself around. A lack of investment or delay in investment in the state’s transmission system can hamper operation of a reliable electric system needed to support the state’s economy.” (CL&P FLR Executive Summary, March 2, 2009, p. 2.)

CL&P, states in its FLR that its Extreme Weather scenario is essentially the same as the ISO-NE 90/10 forecast, and that this high peak load forecast is based only on weather, and not on high economic growth as well. CEAB agrees that it is appropriate to use a weather related 90/10 peak demand forecast for transmission planning. However, the aforementioned conservatism pertains to economic recovery not the weather. The Siting Council cannot assert that CL&P’s FLR scenarios test the uncertainty about the ultimate depth of the current economic downturn and the timing and extent of the recovery, it cannot be ascertained what configuration of infrastructure would likely be needed to support a return to robust economic

growth in the State. CEAB believes it should be recognized in the Draft Report that no such scenario of high economic growth and/or rapid recovery from the current recession has been conducted and entered into the record for Docket F-2009.

The CEAB believes that the load forecast analysis should include a “rapid recovery” or “high economic growth” scenario combined with the Extreme Weather scenario. It simply does not serve to substitute the assumed completion of the NEEWS project for a more thorough analysis of such a scenario.

3. Generation Retirements in Connecticut are Portrayed as Certain

Both the CSC in its Draft Report and the electric distribution companies (“EDCs”) in their FLR for CSC Docket No. F-2009 have assumed the retirement of 1,267 MW of oil-only fired generation beginning in 2013. This is approximately coincident with the anticipated in service date of the NEEWS transmission projects if all of them are approved and permitted. The CEAB is concerned that both the CSC and the EDCs have been implying that the amount and timing of unit retirements in its plans is certain.

The EDCs included this retirement assumption in their 2009 Integrated Resource Plan (“IRP”), stating that the source for this assumption was the supplemental scenario analysis conducted for the 2008 IRP at the suggestion of the CEAB. CL&P notes that “This conclusion is based on a set of assumptions, including: the retirement of 1,267 MWs; ... The foregoing retirements are based on an emissions compliance analysis performed as part of the 2008 IRP and validated in the 2009 IRP.” (CL&P FLR dated March 2, 2009, Section 2.3 Generation Capacity Concerns: Integrated Resource Plan for Connecticut, page 18.)

In its Draft Report, the CSC includes the same assumption by showing a reduction of 1267 MW of generation beginning in 2013 in Table 2, MW Balance, on page 21 of its report.

The CEAB acknowledges its role during its review of the 2008 IRP in developing a methodology to determine the potential for generation retirements. However the CEAB is concerned with both parties making this generation retirement assumption because, while it

is laudable that all parties have done analysis on the potential impact of this event, the CEAB intended it only as one possible scenario for the future, not a base case assumption. It would be more appropriate to retain this amount of generation in the resource stack at this time because unit retirement is highly uncertain due to the following factors:

- While none of the generators have filed comments under this docket that criticize this assumption, and have even recognized in answers to CEAB interrogatories that this scenario analysis is useful for planning purposes, they have not formally announced any retirements.
- Even those generators that indicated some older and less efficient units would be vulnerable under a tighter emissions regime qualified their answers by saying the decision would be based on many factors, which they will continue to monitor.
- In responses to interrogatories propounded by the CSC and CEAB, all generators have confirmed that their existing units have cleared the FCM 2 Auction for capacity commitment for the June 1, 2011 through May 31, 2012 cycle.
- Any retirements would first need an ISO-NE determination that the unit is not needed for system reliability. If there is such a reliability need, ISO-NE has the ability to retain the unit in operation through contractual mechanisms thereby affecting the economics and timing of any retirements in Connecticut.
- The analytical method that determines which generation units have the potential to be retired due to poor operating economics has not yet been tested to assure sufficient certainty regarding the amount and timing of retirements. Sources of uncertainty include but are not limited to the facts that:
 - o the amount and timing of possible changes in emissions levels is unknown
 - o plant operating costs and capital costs necessary to retrofit are uncertain
 - o owner decision criteria and risk profile varies over time and across the industry -- some owners have greater investment capacity at any given time and may not

It must be noted that the CSC itself notes that these events are “difficult to predict because it is the result of many factors such as market conditions, environmental regulations and the generating companies’ business plans. “ (CSC Draft Report p. 20, under Demand / Supply Balance.)

Due to the undeniable uncertainty surrounding the matter, the CEAB recommends that all assumptions regarding oil-fired generating capacity included in the CSC F-2009 Report either be presented with stronger caveats or addressed through the implementation of alternative scenarios that offer the opportunity to conduct a more comprehensive review of the subject.

4. The NEEWS Projects Have Not Been Shown to Impact the Presence of Renewable Energy Generation Capacity in New England

In its Forecast of Loads and Resources filing under Docket F-2009, CL&P allows the reader to draw the inference that there is a connection between the completion of NEEWS Projects and Connecticut’s ability to meet Renewable Portfolio Standards (“RPS”) requirements in the future. Indeed, CL&P states:

“Connecticut has very limited in-state renewable resource potential other than fuel cells although outside resources can help meet RPS. There is substantial uncertainty whether there will be sufficient resources developed to meet region wide demand for renewables. New transmission could enable the development and integration of out-of-state resources.” (CL&P FLR, March 2, 2009, pp 8-9)

However, the state’s RPS requirements are set to increase over time. At this time, it is not clear whether the potential for qualified renewable energy projects has been exhausted. Indeed, there is some evidence that the utilities concede that more potential exists in the state

that could be captured. (See CL&P's response to CEAB Interrogatory No. 22 dated June 26, 2009.)

The CSC in its own discussion of RPS on page 32 of the Draft Report confirms that the RPS requirements do not have to be met by projects located within the state boundary because "according to PA 07-242, Section 40, an electric supplier or electric distribution company may satisfy the RPS requirements by purchasing certificates issued by the New England Power Pool Generation Information System, provided the certificates are for Class I or Class II renewables generated within ISO-NE's territory (i.e. New England) or energy imported into ISO-NE's territory."

There are transmission concerns regarding Renewable Energy ("RE"). ISO-NE's study centers on identifying transmission needs to enable large amounts of RE capacity to be built in Northern New England. There has yet to be conducted a study showing that the NEEWS projects will provide any relief to the North-South transmission capacity concerns associated with RE.

It is important to note that the renewable projects can qualify for Connecticut RPS with physical delivery to the ISO-NE system, but physical delivery to Connecticut is not required.

Furthermore at the CSC hearing in this docket on July 15, 2009, the CEAB asked the representatives of CL&P whether the NEEWS project was required in order to meet future RPS requirements. Mr. Errichetti of CL&P replied that NEEWS was not required to meet RPS requirements.

CEAB recommends that the Siting Council should not assume in its Draft Report that the NEEWS projects are needed to enable energy suppliers to meet RPS requirements.

III.COMMENT ON SPECIFIC SECTIONS WITHIN THE DRAFT REPORT

1. Peak Load Forecasting

The CSC should consider adding information on whether the peak demands of the EDCs are coincident in nature or have some diversity. If there is peak demand diversity among the EDCs, a table showing both non-coincident and coincident peak demand should be added.

2. Conservation and Load Management (“C&LM”)

The CSC should consider adding some information, perhaps a table and chart, showing peak demand and energy requirements after the effects of C&LM and Distributed Generation (“DG”).

3. Electric Supply

On Table 2 on page 21, entitled “MW Balance”, it appears that the Draft Report has inadvertently omitted the impact of adding the Lake Road generating capacity, when the NEEWS projects are added. It is the understanding of the CEAB that a total of 651 MW of capacity cleared the ISO-NE FCM 2 Auction and is now available to count toward providing reliability to Connecticut. (See Lake Road Generating’s Response to CEAB Interrogatory No. 35.) In the Lake Road Generating Company, LLP Forecast submitted to the Siting Council on June 22, 2009, the generator listed total nominal capacity for its three units as 792 MW.

4. Fuel Mix

The pie charts shown should be clearly labeled as providing Capacity Mix by Fuel Type. It is unclear in its current label whether it is based upon energy production or the capacity to produce electric power.

5. Conclusion

As stated previously in these comments, the CSC should rewrite the conclusion section to remove references to the assumption that NEEWS is needed for RPS compliance.