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May 26, 2009

Mr. S. Derek Phelps
Executive Director
Connecticut Siting Council
10 Franklin Square
New Britain, CT 06051

Re: Docket No. F-09 - Connecticut Siting Council Review of 2009 Forecasts of Electric Loads and Resources

Dear Mr. Phelps:

This letter provides the response to requests for the information listed below.

<u>Response to CSC-01 Interrogatories dated 05/06/2009</u>
CSC-001, 002, 003, 004, 005, 006, 007, 008, 009, 010, 011, 012, 013, 014, 015

Very truly yours,

Christopher Bernard
Manager
Regulatory Policy - Transmission
NUSCO
As Agent for CL&P

cc: Service List

Witness: George J. Eckenroth
Request from: Connecticut Siting Council

Question:
On page 2 of The Connecticut Light and Power Company's (CL&P) 2009 Forecast of Loads and Resources (CL&P Forecast), CL&P notes that, "The cost of capital has increased." Explain how the cost of capital has increased in light of lower interest rates due to rate cuts by the Fed.

Response:
There are two main reasons why the cost of capital has increased notwithstanding the Federal Reserve's interest rate cuts. First, the Federal Reserve exerts great influence over short-term interest rates but a lesser influence on the long-term interests that are far more significant in determining the cost of capital. Therefore, while the Federal Reserve has sharply reduced the federal funds rate, which is the over-night borrowing rate between banks, long-term rates have declined by a smaller amount. This is seen in the table below, which shows that the 400 basis point decline in the federal funds rate has been accompanied by only a 192 basis point decline in 10-year Treasury Bond yields, the more relevant benchmark for determining the cost of capital.

Second, and even more significant, the level of interest rates is only one factor in determining the cost of capital. Other factors used in determining the cost of capital have increased so as to more than offset the lower interest rates. In particular, the economic and financial uncertainties generated by the current credit crisis have significantly impacted the risks surrounding all companies' cost of capital. This higher risk has been evident in the capital and credit markets, which have been in turmoil due to the sub-prime mortgage meltdown, and concerns for the health of the banking system, energy issues and commodity prices, as well as other uncertainties over the direction of the economy. That is why the all-in cost of capital has increased despite lower interest rates.

The reasons for the higher cost of capital can be seen most readily with the use of a risk premium-type model for determining the cost of debt for a business. Using such models, the cost of debt will equal a benchmark interest rate, often the yield on ten-year treasury bonds, plus a risk premium or "credit spread". The table below shows that intensified concerns about risks in the capital markets has triggered an increase in the credit spreads between treasury securities and corporate bonds of 360 basis points, an amount that more than offsets the 182 basis point decline in long-term interest rates. As a result, the all-in bond yield is now 178 basis points higher despite the Federal Reserve's efforts.

	12/31/2007	12/31/2008	Basis Points Change	Percent Change
Fed Funds (1)	4.25%	0.25%	-400	-94.12%
10-year Treasury Yields (1)	4.03%	2.21%	-182	-45.16%
All-in Bond Yield (1)	6.65%	8.43%	178	26.77%
Bond Spreads for BBB/Baa rated bonds (2)	2.62%	6.22%	360	137.40%

(1) Source: Federal Reserve Statistical Release H15 www.federalreserve.gov/releases/h15/data.htm

(2) All-in Bond Yield less 10-year treasury yield

(3) Current Market at April 30, 2009

Similarly, the cost of equity capital has increased due to higher risk. Equity markets in the U.S. have been in more turbulence then at any time since the 1930s. Extremely large daily swings in the stock markets and the unprecedented corporate interest rate spreads in the market have resulted in near term confusion. Again conceptualizing with a risk-premium-type model, the cost of equity will equal the benchmark interest rate plus a risk premium. While the risk premium for equity will differ from (and be significantly larger than) the "credit spread" on debt, the same concept is operating: The higher risk has increased the risk premium required by investors by an amount that more than offsets the effect of lower interest rates. In fact, a higher equity risk premium is widely viewed as a key reason for the fall of stock prices over this time period.

	12/31/2007	12/31/2008	Change	Percent Change
Philadephia Utitiy Index (^UTY)	532.53	370.76	-161.77	-30.38%

The Connecticut Light and Power Company
Docket No. F-09

Data Request CSC-01
Dated: 05/06/2009
Q-CSC-002

Witness: Robin E. Lewis
Request from: Connecticut Siting Council

Question:
Did the economic forecast used in Table 2-1 on p. 10 of the CL&P Forecast account for conditions we are currently experiencing? Explain.

Response:
Yes. The economic forecast used in CL&P's load forecast was developed by Moody's Economy.com in late November 2008, after the collapse in the financial markets and the subsequent economic turmoil erupted. Thus, in the near term, the assumptions about employment, production, income and housing stock are largely reflective of the current economic conditions. While subsequent economic forecasts vary in the depth and/or length of the recession, the long-run assumptions are not likely to be significantly different.

Witness: Robin E. Lewis
Request from: Connecticut Siting Council

Question:
In Table 2-1 of the CL&P Forecast, approximately what is the probability of the summer extreme hot peak being exceeded in a given year?

Response:
It is important to remember that the forecast presented in Table 2-1 is CL&P's forecast that is primarily used for financial planning. As the Council is aware, the more relevant forecast in this docket is the ISO-NE 90/10 load forecast, which is the load forecast used throughout New England for transmission planning, and has a 10% chance of being exceeded. Furthermore, the forecast peaks shown in Table 2-1 include forecast load reductions from Company-sponsored Conservation and Load Management programs and the ISO-NE Load Response program, and forecast load reductions resulting from distributed generation projects. Thus, they are not directly comparable to the ISO-NE 90/10 forecast, because ISO-NE does not include these types of reductions in their peak demand forecast (they include them as a supply resource instead). For such a comparison, it is more appropriate to refer to the CL&P unadjusted peaks, which are shown in Table 2-2 for both the Reference Plan and the Extreme Hot Weather Scenario.

The Extreme Weather Scenarios are based on the same economic and other non-weather assumptions (such as price of electricity, employment, appliance saturation levels, etc.) as the Reference Plan. By definition, each assumption in the Reference Plan has an equal probability of being too high or too low. In Table 2-2, the Extreme Hot Weather Scenario forecast is based on the hottest peak day that has occurred since CL&P began collecting weather data. CL&P now has over 50 years of data, but a possibility nonetheless exists that in a future year, the weather will be even hotter than the hottest day in the last 50 years. Given that each non-weather assumption in the Reference Plan has an equal probability of being too high or too low, and that the Extreme Hot Weather Scenario has the same non-weather assumptions as the Reference Plan, the probability of CL&P's unadjusted forecast peaks in Table 2-2 being exceeded for any non-weather reason is 50%.

Witness: David J. Bebrin
Request from: Connecticut Siting Council

Question:
What types of energy efficiency devices are installed as part of CL&P's Conservation and Load Management (C&LM) program?

Response:
The Connecticut Light and Power Company's (CL&P) Conservation and Load Management (C&LM) Department continues to provide customers expert advice and incentives to promote the installation of a variety of efficient devices as well as system design and operating strategies that save energy and peak demand.

For Residential Programs, the following are examples of the types of efficiency devices that receive incentives or are installed through C&LM programs:

- Energy Efficient Lighting
- High Efficiency Heating, Ventilating, and Air Conditioning (HVAC) Systems
- Advanced Weatherization and Duct Sealing. Blower door and duct blasting testing equipment are used to identify air leaks in homes and ductwork so that they can be sealed
- Geothermal Systems. Geothermal systems use the stable temperature of the earth to efficiently heat and cool
- Efficient Appliances
- Insulation

For Commercial and Industrial Programs, the following are examples of the types of efficiency devices that receive incentives or are installed through C&LM programs:

- Energy Efficient Lighting
- Energy Efficient Motors
- High Efficiency Cooling Equipment including unitary HVAC and water cooled chillers
- Energy Efficient Air Compressors
- Advanced Controls- There are a number of controls that can be added to increase the efficiency of systems. These controls include some of the following:
    - Economizers - When possible, allow outside air to be utilized for cooling instead of compressors
    - Variable Frequency Drives - Saves energy by allowing equipment to operate based on the applications needs
    - CO2 Control - Reduces outside air based on a facilities occupancy reducing the amount of heating and cooling consumption
    - Optimal start/stop - During morning warm-up/cool-down this control strategy based on existing conditions ensures that the equipment is only run for as long as necessary
    - Efficient Process Equipment including air compressors, air dryers, and injection molding machines

Witness: David J. Bebrin
Request from: Connecticut Siting Council

Question:
Describe any new and/or innovative C&LM energy savings measures that CL&P has put into use or is considering.

Response:
The Connecticut Light and Power Company's (CL&P) Conservation and Load Management (C&LM) Department continues to provide customers innovative and cutting edge technologies including:

- LED Lighting technology. Solid state (a.k.a.LED) lighting has a number of residential and commercial applications including recessed lighting, task lighting, cove lighting, outdoor lighting, seasonal lighting, and refrigerator and walk-in cooler lighting.
- Inverter Heat Pumps. Inverter technology allows units to run at the optimum speed to increase efficiency by avoiding start-and-stop cycling.
- Energy Monitors. Household energy monitors provide feedback which allows residential customers to "see" how they are using energy.
- Zero Energy Homes. Zero Energy Homes use advanced construction techniques, high efficiency HVAC systems and renewable energy systems to reduce the overall energy use of homes to near zero.
- HVAC Quality Installation and Verification (QIV). Advanced diagnostics testing is used to ensure that HVAC installations meet stringent requirements for duct leakage, system air flow and proper charge.
- Geothermal Heat Pump (GHP) Commissioning. Diagnostic testing is used to maximize the operating efficiency of geothermal heat pumps.
- Frictionless Refrigeration Compressors. A frictionless refrigeration compressor allows for significant improvement in full load as well as part load efficiencies. These can be purchased in a new chiller as well as a compressor replacement.
- Variable speed air cooled chillers. Variable speed chiller technology allows for greatly improved overall efficiency because the operating speed is adjusted to match the load.
- Total Building Design. C&LM is expanding programs to work on C&I new construction projects during the early design stages in order to maximize energy efficiency. It is easier and more practical to incorporate energy efficient designs and strategies into a building from the beginning stages rather than waiting until later planning and design process.
- Outside Air Management is offered through the Retro-Commissioning program.
- Financing. CL&P is expanding the financing options to both residential and C&I customers to increase the number of customers that can be served.

The Connecticut Light and Power Company
Docket No. F-09

Data Request CSC-01
Dated: 05/06/2009
Q-CSC-006

Witness: David J. Bebrin
Request from: Connecticut Siting Council

Question:
What is the current status of CL&P's C&LM funding in light of the state budget situation? Comment on how this may affect C&LM projections in the CL&P Forecast.

Response:
Earlier this year, CL&P temporarily stopped processing new applications for projects because there was a proposal in the state budget to divert funds from C&LM. However, since the diversion of funds had not occurred as of April 16, 2009, funding was made available consistent with the approved DPUC Plan. Furthermore, the 2009 C&LM Plan, Docket No. 08-10-03, was approved by the Department on May 7, 2009 and included the approval of the RGGI moderate budget, increasing CL&P's proposed available budget for 2009 by approximately $17 million. Any changes to the approved C&LM budget, including any energy efficiency funding from the American Recovery and Reinvestment Act (ARRA), will have an impact on the projected C&LM savings in the CL&P forecast. CL&P continues to closely monitor ARRA activities and the state budget process.

Witness: David J. Bebrin
Request from: Connecticut Siting Council

Question:
Explain why the ISO-NE Load Response projections are expected remain constant (at 182 MW) over the forecast period and not increase?

Response:
The 182-MW estimate was based on existing CL&P participants and performance. The estimate was not increased based on the Department's June 19, 2008 Decision, in Docket No. 07-10-03, to not expand the program. Based on this decision CL&P is not enrolling new customers in ISO-NE's Demand Response Program. The value was not decreased due to the fact that these projects are qualified for capacity payments in the forward capacity market (FCM) beginning on June 1, 2010. It is expected that this level of participation will continue as long as the FCM payments continue. Even with constant enrollment levels, the aggregate portfolio megawatts can fluctuate based on performance and normal attrition.

The Connecticut Light and Power Company
Docket No. F-09

Data Request CSC-01
Dated: 05/06/2009
Q-CSC-008

Witness: David J. Bebrin
Request from: Connecticut Siting Council

Question:
Explain what the 182 MW of load response is generally composed of, i.e. emergency generation, ability to turn off central air conditioning units, etc.

Response:
Load Response is comprised of CL&P customers who curtail electric load with and without the use of emergency generators when called upon by ISO-NE under Operating Procedure (OP) actions. These are CL&P customers who are enrolled in ISO-NE's 30-Minute Demand Response Program either with emergency generators (Action 12) or without emergency generators (Action 9). The Action 9 assets comprise about 60% of the total megawatts and Action 12 assets comprise about 40% of the total megawatts.

Witness: Bryan C. Barbera
Request from: Connecticut Siting Council

Question:
On page 13 of the CL&P Forecast, CL&P includes projections for distributed generation (DG). Provide any forecast assumptions that CL&P made involving DG to arrive that these projections. Why does CL&P forecast no increase in DG after 2011?

Response:
CL&P's forecast for DG is based upon many factors, including the level of completeness of each known project, the projected economics of DG relative to alternatives, and the certainty of future subsidies. There are no forecasted increases in DG after 2011, because of uncertain future economics, and the recent termination of the PA 05-01 DG grant program. Please see that attached document detailing the forecast assumptions that CL&P made involving DG projects.

Equations to Calculate Generator Output:

The Company uses the following equations to calculate the output of a generator:

$$\Pr obability\_kW = kW * \Pr obability$$

(Equation 1)

The "Probability_kW" is used as the generators demand offset and to determine the output of the generator in E*quation 2.*

$$GeneratorOutput\_kWh = \Pr obability * OperatingHours * CapacityFactor * AvailabilityFactor$$

(Equation 2)

kW	The kW approved in the DPUC grant application or nameplate.
Probability	The Company assigns a probability that the project would be completed within the estimated in-service year. The probabilities are determined by the current status of the generation project; please see pages 4-5 of this document for a probability matrix.
Probability kW	The kW approved in the DPUC grant application or nameplate times the probability.
Operation Hours	The generator run-hours during the time period the energy output is being calculated for.
Capacity Factor (CapFtr)	The capacity factor of a power plant is the ratio of the actual output of a power plant over a period of time and its output if it had operated at full capacity during that time period. This is calculated by totaling the energy the plant produced and dividing it by the energy it would have produced at full capacity. Capacity factors vary greatly depending on the type of fuel that is used and the design of the plant. The capacity factor should not be confused with the availability factor.
Availability Factor (AvailFtr)	The availability factor of a power plant is the amount of time that it is able to produce electricity over a certain period, divided by the amount of time in the period.

Discussion of Variables:

The Company has continued to refine its model by reviewing various studies and resources to determine a realistic Capacity Factor. The Company found various references on Capacity Factor ranging from 50%[1] up to 86%[2]. The 50% capacity factor was based upon actual results in the California market. Capacity Factors included in marketing and adoption models ranged from 60% to 86%. The American Gas Association produced a report[3] stating "… Units in the baseload group can be expected to operate at an average of 65% capacity factor…". The two projects that were online during January and February have a combined Capacity Factor of 77%. The Company as of now determined that a Capacity Factor of 75% was reasonable until it has a number of projects and collects enough data to make additional adjustments and is using this factor in its current models.

The Company was only able to locate one resource that had actual data for the determination of a generation unit's Availability Factor[4], 93.09%.

Note that the guidelines below are not the only deciding factor when assigning a probability to a customer. The Account Executive has discretion to apply probabilities different from the guidelines below based upon other factors which may impact or accelerate the generation project.

Methodology for Estimating DG Probability Percentage

90% - 100% probability:

1. DPUC Application has been submitted/accepted
2. Docket Number has been assigned
3. Final Decision has been issued
4. Interconnection status
    - Distributed Generator where an Interconnection Agreement = Yes
        - Has applied for an Interconnection, when applicable
5. Construction complete

80% - 90% probability:

1. DPUC Application has been submitted/accepted
2. Docket Number has been assigned
3. Final Decision date has been issued
4. Interconnection status
    - Distributed Generator where an Interconnection Agreement = Yes
        - Has applied for an Interconnection, when applicable
5. Project under construction

70% - 80% probability:

1. DPUC Application has been submitted/accepted
2. Docket Number has been assigned
3. Draft Decision has been issued
4. Interconnection status
    - Distributed Generator where an Interconnection Agreement = Yes
        - Has applied for an Interconnection, when applicable

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[1] Distributed Generation Potential of the U.S. Commercial Sector, May 2005, pg 15, Table 2.
[2] CPUC Self-Generation Incentive Program Forth-Year Impact Report, April 2005, pg 8-23, Figure 8-15
[3] The Impact of Distributed Generation on Local Distribution Companies, July 2000, pg. 34.
[4] Distributed Generation Operational Reliability and Availability Database, January 2004, pg 9, Table 5.

5. Equipment ordered and delivery date established

50% - 70% probability:
1. Customers who have a DPUC Application date with No Decision (ND) from the DPUC.

30%-50% probability:
1. The customer is in the initial drafting phase of the DPUC application or the customer has agreed to purchase a generation unit with proof of purchase order.

10%-30% probability:
1. The customer is in the feasibility study phase and is working with an independent third party to evaluate the viability of the project.

1%-10% probability:
1. Account Executive has made contact and provided a presentation and the customer is in the preliminary investigation phase.

0% probability:
1. Account Executive made contact with customer and they were not interested.

In conclusion, the Company will continue to monitor the characteristics of the generation projects in its territory and review additional studies as the Company becomes aware of them to update its models, thus ensuring a reasonable and accurate forecast.

Witness: David A. Errichetti
Request from: Connecticut Siting Council

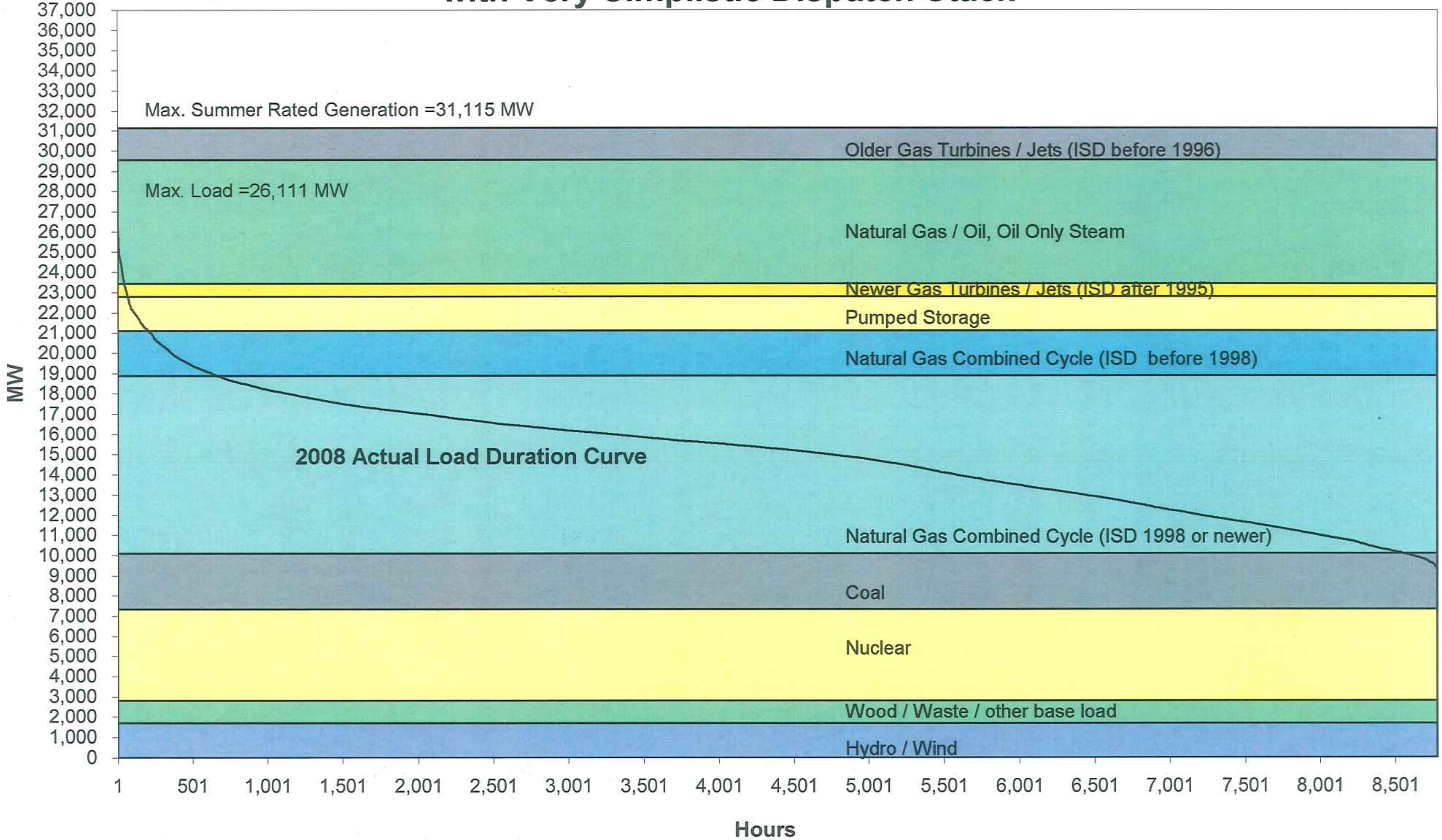
Question:
On page 4 of the CL&P Forecast, CL&P notes that, "The vast majority of the time the clearing price for energy in Connecticut and ISO-NE wholesale market is set by natural gas-fired facilities." Explain why.

Response:
Barring local operating needs (e.g., transmission constraints) gas fired resources serve a significant portion of New England's energy needs and are the dominant marginal energy producers, as well. On the one hand New England's loads are seldom low enough to allow operating base load units to set energy prices. On the other hand loads are seldom high enough that a gas fired combined cycle unit, gas fired steam unit or gas fired internal combustion unit is not on the margin or is not the basis of the marginal price. Oil fired steam units and liquid fueled peaking units seldom run or run for localized reasons. The chart below provides a very simplistic view of New England's loads overlaid with resources in generic dispatch order. The loads are 2008 actuals (see citation below) and the resource stack uses summer seasonal claimed capabilities as of December 1, 2008 (see citation below). Since loads are actuals, conservation and active demand response, if activated, are reflected in the loads. The chart is intended to provide a sense in a very simplistic way how often various resource types are likely to be at the margin. The chart does not take into account imports or exports. Generally speaking New England is a net importer since imports from Quebec and New Brunswick typically exceed exports to NY.

Source for loads:
http://www.iso-ne.com/markets/hstdata/znl_info/hourly/2008_smd_hourly.xls

Source for resources:
http://www.iso-ne.com/genrtion_resrcs/snl_clmd_cap/2008/scc_dec_2008.xls

2008 Actual New England Load Duration Curve with Very Simplistic Dispatch Stack



Witness: Allen W. Scarfone
Request from: Connecticut Siting Council

Question:
On page 6 of the CL&P Forecast, CL&P notes that "Connecticut imports area limited by its transmission system up to 2,500 MW, about 30% of the state's peak load." Which transmission ties with bordering states make up this total? (Include the voltage and transmission line numbers.) Roughly what percentage of the 2,500 MW would be carried by each tie? Which ties are the primary constraints that prevent additional import capacity?

Response:
ISO-NE develops a range of transfer limits for each defined interface within New England after conducting extensive studies that simulate various generation dispatches, load levels and regional power flows within and between areas. The 2,500 MW import level is a single value recognizing that the limit can change depending on specific system conditions.

The Connecticut Import interface is defined by the transmission circuits and equipment in the following table. The table also shows the percent of imported power flowing on each transmission facility based on a single scenario of pre-contingency conditions; i.e. generation dispatch, load, regional power transfers and transmission system configuration. The power-flow percentages on each transmission circuit will change depending on system conditions. This is the nature of the interconnected transmission grid and corresponding transfer limits, and the reason that the FERC 715 document presents transfer limits in the New England Control Area as a range of values with an upper and lower limit; e.g. the April 1, 2009 FERC 715 filing states that the Connecticut Import Interface capability is a range between 1,500 MW and 2,500 MW. As noted in the table, most of the imported power flows on the 345-kV transmission tie-lines.

Interconnection	Line/Equipment ID	Voltage	From Bus	To Bus	% of Import
Lines/Equipment that connect Connecticut to Rhode Island	330 Line	345-kV	Lake Road	Card Street	31%
	1870S Line	115-kV	Wood River	Shunock	1%
	Killingly 2X Autotransformer	345/115-kV	Killingly 345	Killingly 115	7%
Lines that connect Connecticut to Massachusetts	395 Line	345-kV	Ludlow	Barbour Hill	32%
	1768 Line	115-kV	Southwick	North Bloomfield	2%
	1821 Line	115-kV	South Agawam	North Bloomfield	4%
	1836 Line	115-kV	South Agawam	North Bloomfield	4%
Lines that connect Connecticut to New York	398 Line	345-kV	Pleasant Valley	Long Mountain	18%
	690 Line	69-kV	Smithfield	Salisbury	1%

Constraints on the use of interface transmission circuits, such as those making up the Connecticut Import interface, may be the result of limitations on transmission circuits that are upstream or downstream of the interface circuits. For example, the Connecticut Import interface can be limited by transmission circuits in the greater Springfield area that bring power to Connecticut, and transmission circuits inside of Connecticut that limit distribution of power to load centers inside the state. For the specific tie-lines listed in the table above, recent transmission studies have indicated that the 345-kV and 115-kV transmission circuits that connect Massachusetts to Connecticut can cause power-flow constraints on the Connecticut Import interface. CL&P is currently proposing to address these limitations and others in the southern New England region with the construction of the NEEWS projects.

The Connecticut Light and Power Company
Docket No. F-09

Data Request CSC-01
Dated: 05/06/2009
Q-CSC-012

Witness: Allen W. Scarfone
Request from: Connecticut Siting Council

Question:
If approved, how would the NEEWS project affect import capacity into Connecticut during the forecast period?

Response:

The completion of the NEEWS projects will increase the Connecticut Import interface transfer capability by approximately 1,100 MW. The proposed NEEWS projects establish additional 345-kV transmission tie-lines with Rhode Island and Massachusetts. These high-capacity bulk power transmission circuits relieve power flows on limiting circuits and add import capability to the Connecticut system.

The Connecticut Light and Power Company
Docket No. F-09

Data Request CSC-01
Dated: 05/06/2009
Q-CSC-013
Page 1 of 1

Witness: Allen W. Scarfone
Request from: Connecticut Siting Council

Question:
Given the existing transmission system in New England and significant renewable sources located to the north, how realistic is to expect Connecticut to meet its Renewable Portfolio Standards goals? What would be the approximate lead time associated with bringing additional transmission into the system to increase import of renewable power into Connecticut?

Response:

Connecticut currently has been able to meet its state-imposed Renewable Portfolio Standards (RPS) requirements. To meet its growing future requirements, forecasts show that Connecticut will have to continue to rely on Renewable Energy Certificates (REC) from renewable generation outside the state or make Alternative Compliance Payments (ACP). Thus, it is realistic to expect Connecticut to meet its Renewable Portfolio Standards goals given the existing transmission system in New England and significant renewable energy resources located to the north if the transmission system is reinforced to interconnect and bring those renewable resources to the marketplace.

The Regional System Plan identifies the need for additional transmission (i.e., the NEEWS projects) that will increase the import of renewable power into Connecticut in about five years. The NEEWS projects address important regional reliability needs and have the additional ability to allow Connecticut to share in the benefit of expanded renewable generation additions and delivery throughout New England. The projects begin to be completed as early as 2013. Transmission projects in northern New England are also being planned which will enable renewable energy development.

A federal RPS is being debated in Washington, DC, and may impose additional requirements beyond the program which Connecticut has passed into law.

Witness: Allen W. Scarfone
Request from: Connecticut Siting Council

Question:
On page 6 of the CL&P Forecast, CL&P notes that, "Northeast Utilities is currently developing a solution with NStar and Hydro-Quebec that would import up to 1,500 MW of renewable generation form Canada." What is the current status of such review?

Response:

Northeast Utilities, NSTAR and Hydro-Québec are working to develop a new 1200-MW HVDC transmission line interconnection to import new hydroelectric power from generating facilities already under construction in Québec. The proposed structure of the project will aggregate the costs of generation and transmission into a long-term power purchase agreement to supply low-carbon, electric energy to New England. The costs for the HVDC transmission in the United States would be paid for by Hydro-Québec. In December 2008, Northeast Utilities and NSTAR made a joint filing for a Declaratory Order from the FERC, asking them to approve the concept of the joint PPA/transmission arrangement with HQ-US that provides for the HVDC line to be participant funded. The United States portion of the HVDC line would be owned by NU and NSTAR affiliates.

On May 21, the Federal Energy Regulatory Commission (FERC) approved the NU/NSTAR request for a Declaratory Order on the structure of our HVDC project. The FERC noted the unique nature of the transaction and the significant benefits associated with the project including savings for customers, reduced CO2 emissions and enhanced fuel diversity.

NU and NSTAR are proceeding to put in place three core agreements that will enable the project to proceed. Those include a Joint Development Agreement between NU and Hydro-Québec TransÉnergie for the development of the HVDC transmission line, a Transmission Service Agreement that will provide for recovery of the transmission line costs from HQ-US and the Power Purchase Agreement that will define the terms and pricing structure for the hydroelectric power that is expected to be sold over the line.

Witness: Timothy J. Honan
Request from: Connecticut Siting Council

Question:
What is the status of CL&P's compliance with the Renewable Portfolio Standards updated in Public Act 07-242?

Response:
CL&P currently transfers the Renewable Portfolio Standard (RPS) requirements to its wholesale suppliers through its contracts for standard service and last resort service. These wholesale suppliers provide CL&P with Renewable Energy Certificates (RECs) of a type and quantity consistent with the RPS requirements. If the wholesale supplier does not provide the appropriate type and quantity of RECs, then the supplier is responsible for any Alternative Compliance Payment (ACP). CL&P then files documentation demonstrating RPS compliance with the Department of Public Utility Control (DPUC).

CL&P's most recent annual filing on October 15, 2008 (for compliance with the 2007 calendar year requirement) in DPUC Docket No. 08-09-15 indicated that the number of RECs used for compliance was in excess of the RPS requirement.