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August 25, 2009

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

Re: Docket No. 370A: CL&P Application for the Greater Springfield Reliability Project and the Manchester to Meekville Junction Circuit Separation Project; and

Docket No. 370B: NRG Energy, Inc. Application Pursuant to C.G.S. § 16-50/(a)(3) for Consideration of a 530 MW Combined Cycle Generating Plant in Meriden, Connecticut
Request for London Economics International LLC Model Price Data

Dear Mr. Phelps:

On August 13, 2009, NRG Energy, Inc. ("NRG") cross-examined Ms. Julia Frayer from London Economics International LLC ("LEI"), who was retained by The Connecticut Light and Power Company ("CL&P") to provide testimony regarding the economic costs and benefits of the Greater Springfield Reliability Project ("GSRP") and NRG's proposed generating plant in Meriden, Connecticut ("Meriden Plant"). During that cross-examination, NRG requested that Ms. Frayer provide the Council, NRG and other participants, as appropriate, with the energy and capacity prices produced by the LEI model in order to determine whether Ms. Frayer has fairly and accurately projected the economic benefits of the GSRP and the Meriden Plant. CL&P objected to NRG's request on the ground that the LEI model, including its price outputs, is proprietary information of LEI.¹ Chairman Caruso requested that NRG and CL&P file a letter with the Council explaining the basis for their respective positions.

¹ CL&P did agree to provide NRG with other information germane to LEI's modeling assumptions, including: (1) a list of power plants that have been constructed in New England at a capital cost of \$1,000 per kilowatt or less (Exhibit 29); (2) the detail behind Figure 8 of Ms. Frayer's written testimony dated July 7, 2009 (Exhibit 30); and (3) the list of retirements assumed in LEI's model for each year of the study period for each base case scenario (Exhibit 31).

I. The Basis for NRG's Request

Section 16-50p(a)(3)(F) of the Connecticut General Statutes requires the Council to determine whether the GSRP represents the most appropriate alternative among competing applications based on findings and determinations made by the Council. CL&P presumably has filed the testimony of Ms. Frayer in support of its position that the GSRP should be chosen over the Meriden Plant. NRG, as the competing applicant, should be permitted to critically analyze the economic modeling results and present appropriate arguments on that topic in briefs submitted to the Council.

Ms. Frayer testified that she computes the economic benefits of the GSRP and the Meriden Plant by first developing a set of base case scenarios that predict future prices in the New England energy market, the Forward Capacity Market ("FCM") and the Locational Forward Reserve Market ("LFRM") without either the GSRP or the Meriden Plant (the "Base Case"). Ms. Frayer then overlays each of the GSRP and the Meriden Plant on the Base Case to determine how the energy, FCM and LFRM prices would change with each of these projects in the market (the "Overlay Scenarios"). She then compares the market price outcomes in the Base Case to the market price outcomes in the Overlay Scenarios in order to isolate the economic benefits or disbenefits of each project.

The reliability of Ms. Frayer's economic analysis necessarily depends upon whether the prices calculated in the Base Case and the Overlay Scenarios are reasonable in relation to wholesale market rules and conditions. These prices, however, are not disclosed anywhere in Ms. Frayer's testimony. Without this information, NRG and other participants will be unable to analyze Ms. Frayer's conclusions and present opposing viewpoints to the Council. This result would be unfair to NRG as the competing applicant and would deprive the Council of valuable information that bears directly on whether the GSRP is the most appropriate alternative.

II. Scope of Information Sought by NRG

NRG does not seek access to the inner workings of the LEI model. Rather, it simply requests access to the price outputs produced by the model, subject to the terms of access described below. Although the economic benefits that Ms. Frayer attributes to each project are derived from the energy market, the FCM and the LFRM, the LFRM benefits are relatively small for both projects. Consequently, NRG's request is limited to the energy and FCM price information described below:

Prices in the Base Case Scenarios

- Average monthly energy prices for each year of the study period for each of the four Base Case scenarios, namely (1) normalized conditions, (2) high fuel prices,

(3) nuclear outage, and (4) additional retirements with increased renewable imports.

- Annual FCM prices for each year of the study period reported by FCM zone for each of the four Base Case scenarios listed above.

Prices in the Overlay Scenarios

- Average monthly energy prices for each year of the study period for each of the GSRP Overlay Scenarios measured against each of the four Base Case scenarios listed above.
- Average monthly energy prices for each year of the study period for the Meriden Plant Overlay Scenario measured against the normalized conditions Base Case scenario.
- Annual FCM prices for each year of the study period reported by FCM zone for each of the GSRP and Meriden Plant Overlay Scenarios measured against the normalized conditions Base Case scenario.

III. Terms of Access

NRG and its expert witness are willing to sign a reasonable and customary Non-Disclosure Agreement (“NDA”) to protect the requested price information from public disclosure. Such an agreement would afford NRG and other interested parties with a full and fair opportunity to test the reliability of Ms. Frayer’s modeling results and present helpful information on this subject to the Council. At the same time, an NDA would prevent the model prices from entering the public domain, which should address LEI’s proprietary concerns. NRG would be willing to work with the Council, CL&P, the Office of Consumer Counsel and other participants to define the terms of the NDA, but suggests that the NDA and the protective order substantially in the form attached hereto as Exhibit A should be sufficient.

IV. Precedent for Granting NRG’s Request

NRG recognizes that the Council is not bound by rulings of the Department of Public Utility Control (“DPUC”), but nonetheless believes that the DPUC’s July 2, 2007 Motion Ruling in Docket No. 07-04-24, *DPUC Review of Energy Independence Act Capacity Contracts*, would be of interest to the Council.

In Docket No. 07-04-24, the DPUC awarded contracts to competing generation and energy efficiency projects that were selected through a solicitation conducted by the DPUC in Docket No. 05-07-14PH02, *DPUC Investigation of Measures to Reduce*

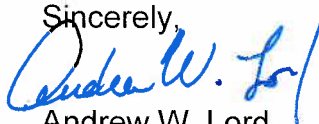
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Federally Mandated Congestion Charges (Long-Term Measures). LEI served as a consultant to the DPUC in both the 05-07-14PH02 and 07-04-24 proceedings and used the same modeling tool at issue here to select the winning bids.

In a motion dated June 29, 2007, NRG requested access to LEI's modeling inputs and outputs to demonstrate that NRG's proposed generating project would yield lower costs to Connecticut ratepayers than would the Kleen Energy generating project that was selected by the DPUC. The DPUC granted NRG's request, in large part reasoning that the interests of justice would be advanced by allowing NRG the opportunity to analyze how its project was evaluated in the LEI model and to test the DPUC's selection of competing projects. The DPUC required NRG to execute a simple NDA in the form attached hereto as Exhibit A. For the Council's convenience, NRG's Motion for Access and the DPUC's Motion Ruling entered in Docket No. 07-04-24 also are attached hereto as Exhibits B and C, respectively.

NRG respectfully requests that the Council issue a similar ruling in this docket and permit NRG to obtain access to the price information detailed in Part II above, subject to the execution of a commercially reasonable NDA. NRG would be pleased to submit a form NDA and protective order governing the LEI price information for use in this proceeding if so ordered by the Council.

Sincerely,



Andrew W. Lord
Diana Kleefeld

cc: Jonathan J. Milley, NRG
Julie L. Friedberg, Esq., NRG
Service List

EXHIBIT A

NONDISCLOSURE AGREEMENT AND AGREEMENT TO BE BOUND BY
THE TERMS OF THE PROTECTIVE ORDER

The undersigned hereby acknowledges that he or she has received and read a copy of the Protective order granted by the Department of Public Utility Control (the "Department") in Docket No. 07-04-24 in connection with the Motion filed by NRG Energy, Inc. on June 29, 2007, and hereby agrees to abide by the terms thereof in exchange for being given access to the confidential information from London Economics International LLC that is protected from disclosure under the terms of the Protective Order.

Name and Title:

(Print)

(Signature)

Date: July __, 2007

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL**

**DPUC REVIEW OF ENERGY
INDEPENDENCE ACT
CAPACITY CONTRACTS**

**DOCKET NO. 07-04-24
JULY 5, 2007**

PROTECTIVE ORDER

WHEREAS, NRG Energy, Inc. ("NRG") has filed with the Department of Public Utility Control (the "Department") on December 13, 2006, a Financial Bid for several proposed generation projects (FB) pursuant to the Department's Request for Proposals ("RFP") in docket 05-07-14PH02;

WHEREAS, London Economics International LLC ("LEI") on behalf of the Department, has analyzed NRG's FB along with other bid submissions;

WHEREAS, the Department by ruling dated July 2, 2007 in the above captioned docket has partially granted NRG's request for access by NRG and its consultant in this proceeding, CRA International, Inc. ("CRA") to certain portions of the LEI analysis and worksheets (the "Protected Materials") and;

WHEREAS, disclosure of the Protected Materials would result in the disclosure of proprietary, commercial information of LEI and NRG and undermine the competitive positions of LEI and NRG.

NOW, THEREFORE, IT IS HEREBY ORDERED by the Department of Public Utility Control (Department) that the following procedures are adopted for the protection of certain information provided by LEI in connection with its compliance with the Department's July 2, 2007 ruling:

1. This Protective Order shall govern the Protected Materials provided by LEI to NRG and CRA.

2. All such Protected Materials made available pursuant to this Protective Order shall be used by any person receiving such information solely for the purposes of participating in this docket (07-04-24) in which the Department will review contracts and for no other purpose whatsoever.

3. The Protected Materials made available in this docket shall be given solely to Commissioners, staff and consultants of the Department who are bound by the terms of this Protective Order; provided, however the Protected Materials may be made available to the reviewing parties of the Office of Consumer Counsel (OCC) and its consultants, The Attorney General's Office (AG), and NRG and CRA and NRG's counsel, all of whom shall execute the attached Nondisclosure Agreement and be bound by the terms of this Protective Order.

4. All persons granted access to the Protected Materials pursuant to Paragraph 3 shall take all reasonable precautions to keep this information secure in accordance with the purposes and intent of this Protective Order.

5. Two (2) copies of the Protected Materials shall be marked "Confidential" by LEI shall be delivered in sealed envelopes marked "Confidential" with the following language:

"This envelope is not to be opened nor the contents to be displayed or revealed except pursuant to the pertinent Protective Order issued in Docket No. 07-04-24."

6. The Protected Materials shall be part of the record, subject to the conditions stated in Paragraphs 8 and 9 and the conditions set forth in Section 3.3 of the RFP.

7. Nothing herein shall be construed as a final determination that any of the Confidential Information will be admissible as substantive evidence in this proceeding or future

proceedings, or at any hearing or trial. Moreover, nothing herein shall be considered a waiver of any party's right to assert at a later date that the material is or is not proprietary or privileged. A party seeking to change the terms of the Order shall by motion give every other party Ten (10) Department business days prior written notice. No information protected by the Order shall be made public until the Department rules on any such motion to change the terms of the Order.

8. If the Protected Materials are used in any manner in any letter, brief, petition, interrogatory or other writing ("Document"), the confidentiality of the Protected Materials shall be preserved by either: (i) prominently labeling the Document "Confidential Information" and limiting the recipients of such Document to Commissioners, staff and consultants of the Department, and if each of these persons has executed a Nondisclosure Agreements, to the OCC and its consultants, the AG, and NRG, CRA and NRG's counsel; or (ii) referring to the Protected Materials in the Document solely by title or exhibit reference in a manner reasonably calculated not to disclose the confidential information set forth in the Protected Materials.

9. If the Protected Materials are used in any manner in any proceeding or hearing before the Department or the Commissioners, such proceeding or hearing shall not be held before, nor any record of it made available to any person or entity not affiliated with the Department, and presence at such proceeding or hearing shall be limited to the Commissioners, staff and consultants of the Department. Provided each person has executed a Nondisclosure Agreement, the reviewing representatives of OCC and its consultants, the AG, and NRG, CRA and NRG's counsel may also be present at, or receive a record of, any proceeding conducted with respect to the bid or resulting contract after completion of the bid selection process.

10. If the Protected Materials are disclosed to any person other than in the manner authorized by this Protective Order, the party responsible for such disclosure shall immediately

upon learning of such disclosure inform LEI and NRG of all pertinent facts relating to such disclosure and shall make every effort to prevent disclosure by each unauthorized recipient of such information.

11. The Protected Materials made a part of the record in this proceeding and shall remain in the possession of the Department. All other copies of the Protected Materials shall be returned to LEI or destroyed the sooner of within thirty (30) days after (i) the time for appeals from the Department final decision in this proceeding shall have elapsed without an appeal being taken, or (ii) the Department's final decision in this proceeding is subject to no further appeal.

DEPARTMENT OF PUBLIC UTILITY CONTROL

By: _____
Commissioner

Dated:

EXHIBIT B

