
Connecticut Procurement Plan Sub-committee Recommendations

Prepared by La Capra Associates for the CEAB

July 11, 2008

Agenda

1. Overview of the CEAB process used to review and modify the plan prepared by the EDC's in January
2. Recommendations from sub-committee
3. Items requested to be incorporated into future Procurement Plans
4. Proposed report format and table of contents
5. Review timetable for report as preparation for August 1 CEAB monthly meeting

CEAB Process for 2008 Plan - Objectives

1. Issue a Plan with recommendations for procurement actions
2. Address key issues identified in the review process
3. Engage in a CEAB-Utilities collaboration with key stakeholder input
4. Provide the DPUC with a well-considered 2008 Plan for 120 day review
5. Develop the planning process to expedite and improve 2009 and future planning cycles

Stakeholder Input Process – Focus on Key Areas

- Procurement
 - Identify the linkages between the Plan and procurement actions.
- Demand Management
 - Focus on funding mechanism for aggressive program approaches
- Renewable Energy
 - Examine CCEF outlook for meeting RPS requirements
- Environmental Compliance
 - Address ground level ozone emissions regulations (NOx)
- Connecticut Generation
 - Examine ‘no retirements’ assumption
- Transmission
 - Integrate transmission options and studies into analysis

Action Plan Development

- **Review state policy and regulations**
- **Capture insight from Stakeholder Workshops and additional analysis**
- **Develop recommendations affecting Procurement implementation**
- **Develop recommendations for further investigation in 2009 and future editions of the Procurement Plan**

Procurement Recommendations

Procurement Actions

1. The focus of resource acquisition procurement actions should be demand side management and renewable energy credits.
2. The Plan supports the potential benefits of bilateral contracting as a means to stabilize and/or reduce standard service rates. Consider combining bilateral and REC contracting.
3. No other resource acquisition procurement activities are recommended in this 2008 Procurement Plan.

Resource Planning Actions for 2009 or later Procurement Plans

4. The DPUC should consider establishing the rules for implementation for procurement under Section 52 (b) as preparation for any future plans recommending construction of new generation.

Demand-Side Management Recommendations

Procurement Actions

1. The Plan supports adopting the DSM Focus demand response (DR) and energy efficiency (EE) program levels as a longer term objective.
2. The DPUC should investigate whether DSM Focus objectives can be reasonably met while minimizing Ratepayer/CEEF funding.
3. DPUC should determine the appropriate ramping up for DSM Focus, balancing the results of the Utility Cost Test and Total Resource Cost Test for cost-effectiveness with near term rate impacts.

Resource Planning Actions for 2009 or later Procurement Plans

4. Upon completion of the ECMB's 2008 DSM Potential Study, future Plans should provide a review of and possibly revisions to DSM Focus objectives.

Renewable Energy Generation Recommendations

Procurement Actions

1. A significant portion of the uncommitted standard service REC requirements for 2014 and beyond should be obtained through long term contracts to lower the overall cost of RPS and to assure the full development of the needed renewable resources.
2. The DPUC should direct the EDCs, along with the CCEF, to create a pilot contract solicitation to allow the DPUC to evaluate the potential contracting for bundled RECs, energy and capacity to further reduce REC costs.

Resource Planning Actions for 2009 or later Procurement Plans

3. The anticipated CEAB study of the potential CHP in Connecticut should be expanded to include smaller facilities and should be used as a foundation to evaluate CHP in the Procurement Plan.
4. Assess the economic potential renewable resource import options for Connecticut including consideration of nearby resources, northern New England, Canadian renewable resources, transmission projects and information from the ISO-NE Economic Study.

Connecticut Generation Recommendations

Procurement Actions

1. The Plan establishes that a significant portion of existing Connecticut oil/gas steam capacity could retire over the next ten years, however the 2008 Plan does not require the immediate solicitation of any replacement capacity within Connecticut.
2. Since the IRP analysis indicates significant economic pressure on existing generation, the DSM, REC, and Bilateral Contracting resource acquisitions should be based on the assumption that some retirements occur.

Resource Planning Actions for 2009 or later Procurement Plans

3. The utilities should complete the integration of evolving DEP emissions regulations and their impact on generation retirements into Procurement Plans.
4. The DPUC should investigate the process that should be used to consider contracting involving repowering, retrofit or long term life extension from existing generation.

Transmission Related Recommendations

Procurement Actions

1. CEAB will be reviewing alternative solution analysis of the NEEWS project either via the reactive RFP process triggered by Siting Council filing or via alternative analysis proffered to support an exemption.

Resource Planning Actions for 2009 or later Procurement Plans

2. Future Procurement Plans should include Non-Transmission Alternatives (NTA) and economic benefits assessments for all proposed significant transmission projects.

Emission Management Recommendations

Procurement Actions

1. Resource acquisitions should be evaluated on the basis that there will be more stringent application of NO_x, SO₂ and CO₂ (state, regional and federal) emissions regulations.

Resource Planning Actions for 2009 or later Procurement Plans

2. More thorough estimates of the environmental retrofits and their costs should be included in Procurement Plans.
3. Procurement Plans should provide a basis for DEP to consider the impact of DEP changes to air quality regulations.

Additional Recommendations

1. Future Procurement Plans should incorporate some aspects of risk analysis and an optimization of resource mix.
2. Future Procurement Plans should specifically analyze the cost and potential benefits of the following supply resources;
 - Import of renewables and nuclear power from Canada, particular including the transmission requirements and their costs
 - Combined Heat and Power potential – small scale and grid-connected projects
 - Connecticut and Domestic sited additional nuclear capacity
 - Connecticut potential for advanced / clean coal generation with or without carbon sequestration
3. Future Procurement Plans should determine the impact on electric energy requirements, and the resulting emissions, from emerging technologies such as plug-in hybrid vehicles
4. Future Procurement Plans should consider their impact on ‘energy security’.

Proposed Report Format and Table of Contents

- **Executive Summary**
- **Action Plan for Issues**
 - Connecticut Policy
 - CEAB Observations / Analysis
 - Recommendations
- **CEAB Review Process**
- **Direction for 2009 Plan**
- **CEAB Action Items**
- **Appendices**

Timetable for Report Review

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| July 2 | – Sub-committee Recommendations circulated to Board members |
| July 11 | – CEAB discussion and adoption of recommendations – First Draft Report to Sub-committee |
| July 16 | – Comments and edits from Sub-committee due |
| July 18 | – Draft of Technical Appendices to Sub-committee |
| July 22 | – Comments due on Technical Appendices |
| July 25 | – Final Report and Technical Appendices to full CEAB membership |
| July 25-31 | – Sub-committee members and La Capra Associates Team available to Board members for briefing sessions. |
| August 1 | – Voting on Plan at CEAB monthly meeting |