

**Regular Meeting of the
Connecticut Energy Advisory Board**

Meeting Minutes
September 5, 2006

1. Call to Order

The September 2006 monthly meeting of the Connecticut Energy Advisory Board was held at 10:00 am on Tuesday, September 5, 2006 at the Connecticut Economic Resource Center in Rocky Hill, Connecticut. Members present were Donald Downes, Chairman of the Department of Public Utility Control (DPUC); Mary Healey, Connecticut Consumer Counsel; Marie O'Brien, president of the Connecticut Development Authority (new appointee of the Governor, replacing Kathleen O'Connor); James Sandler, partner in the Law Firm of Sandler & Mara (appointee of President Pro Tempore of the Senate); John Mengacci designee of the Secretary of the Office of Policy and Management (OPM); and Nicole Lugli designee of the Commissioner of the Department of Environmental Protection (DEP). Guests of the board included Mike Chowaniec, William Leahy of the Institute for Sustainable Energy and Dan Peaco of LaCapra Associates.

2. Public Comment

Chairman Downes opened the meeting to public comment. No comments were offered.

3. Approval of Minutes

Chairman Downes asked the board to review the minutes of the August meeting which were distributed prior to the meeting. The board approved the minutes as distributed.

4. Reaffirmation of Officers

Chairman Downes noted that officers should have officially been elected or reaffirmed in January, and therefore presented the opportunity for officers to change. As there was no desire expressed for a change in officers, the board approved the reaffirmation of the current officers without debate.

5. Chairman's Report

Docket 05-07-14

Phase I of this docket dealing with near term actions was completed several months ago. It focused almost exclusively on energy efficiency and load control. Phase 2 focuses on procurement of long-term solutions. The RFP is currently out for comment.

Chairman Downes noted that the current version of the RFP incorporates 700 pages of comments. The RFP will be voted on by the DPUC on September 13, 2006, two days in advance of the promise made at the state energy summit.

The RFP is broad-based and designed to solicit assets of all different kinds, including generation, load control, efficiency, demand response, transmission, etc. Five documents comprise the RFP, including a series of three contracts. One is a standard contract for generation, one a standard contract for energy efficiency and the third a standard contract for load response. Another document is the actual decision of the DPUC to be voted on September 13.

After receiving responses in about 60 days, the process will move forward through consideration and an award is expected to be made in the early part of 2007. The chairman noted that all the advice and guidance received is appreciated and that this is a unique process that has not previously happened using a state or public entity for this purpose.

Vice Chair Mary Healey reminded the board that CEAB was a very active participant in this docket by filing a short- and long-term needs assessment with the active participation of its consultant LaCapra and Associates. The recommendations reflected important policies represented by the membership of CEAB, including environmental issues, air quality issues and how projects will be evaluated under the RFP. CEAB appreciated the draft decision of the RFP filing criteria and thought that the approach to weighting certain factors is better than prior assessment criteria. CEAB will encourage DPUC to consider previously filed comments.

New England governors met two years ago with Eastern Canadian premiers and decided to adopt the Federal Energy Regulatory Commission's (FERC) suggestion that states form a body to represent the collective will of those states before FERC. That body is now known as the New England States Committee on Electricity (NESCOE) and a proposal for its formal creation is moving through the regulatory process. NESCOE is envisioned as a regional planning and implementation body that will lobby FERC to adopt market and facility policies that benefit the public interest and the New England market as a whole.

Installed Capacity Requirements (ICR) are also moving forward on a separate track though a design basis document failed to move through a committee of the New England Power Pool (NEPOOL) last week. The process will have to back up and go through more consensus building. Connecticut was very involved in the ICR process through the working group, along with the OCC and other groups. NESCOE will be adopted by the NEPOOL participants committee later this week with about 75% of the vote. A report on how NESCOE will work will be available at either the October or November meeting of the CEAB.

6. ISO's Draft Regional System Plan and SNETR

Mary Healey gave a summary of the on going CEAB review of ISO-NE's Regional Plan. This is of keen interest to CEAB and Connecticut as the recommendations in the plan will directly affect Connecticut and has implications for what the state will eventually pay. LaCapra and CEAB's RFP committee have worked together in reviewing the comments for filing with ISO-NE. On September 7, 2006, ISO-NE will present the Regional Plan in Boston and Chairman Downes will attend this session. It was also noted that CEAB would like ISO-NE to work with CEAB and the Connecticut utilities to develop forecasting methodology, and also will request ISO's best assessment of reserve levels and planning, so those can be vetted and assessed for planning. Also noted was the important fact that environmental issues have risen to a higher level of recognition in the ISO-NE regional planning process.

With regard to Southern New England Transmission Reinforcement (SNETR), CEAB will ensure it is given top priority and adhere to a firm schedule to solve issues that were raised in the ISO SNETR assessment. This could save Connecticut millions of dollars according to current assessments

SNETR has implications for Connecticut, Massachusetts and Rhode Island. There are needs for transmission, alleviation of import restrictions, etc. ISO NE did a needs assessment to address these problems. ISO, NU, National Grid and others concluded that transmission infrastructure upgrade was needed and appeared before DPUC last week to present and update on SNETR plan and assessments. LaCapra, CEAB, the Siting Council and OCC also attended the briefing. CEAB weighed in on the urgency of keeping SNETR on track.

A concern was raised that the needs assessment called for a transmission solution, and the CEAB mission charges the board to seek alternatives to transmission solutions where feasible. It was suggested that further assessment be done by the CEAB board on the needs for a proactive RFP. After discussion, the board authorized the RFP committee to meet to discuss recommendations on this issue and to present them to the board in October. The committee will focus on developing recommendations on timeframes and a series of workshops.

There were no objections to the RFP committee doing background work for discussion at the next meeting. Those who wanted to assist the committee were asked to contact Ms. Healey, as the effort would be considerable.

7. Connecticut Siting Council Forecast of Loads Docket

Vice Chair Healey gave an update on the draft CEAB response to a recent ISO letter reiterating the understanding that ISO-NE will be an active participant by making available knowledgeable expert witnesses that can defend on the record their studies and the conclusions therein as they affect Connecticut.

Chairman Downes stated this is a very high priority issue. These same issues arise in different formats such as needing to get information on load assessment and predictions, SNETR - in the form of vetting bids, the Energy Independence Act Phase 2 and CEAB RFPs.

8. 2007 Budget

Mike Chowaniec reported that there were no substantive comments received on the draft budget presented at the August meeting. Accordingly the budget was adopted without further comment or debate.

9. Consultant RFP Subcommittee Report

John Mengacci updated the board on the activities of the committee comprised of Messrs. Mengacci, Schiessl and Sandler. The energy plan RFP has undergone all reviews and should be issued soon. The technical consultant RFP is still being drafted. The scope of services section is still being finalized and should be finalized next week. It will still have to undergo OPM internal review, which may result in a gap between the date of expiration of LaCapra's contract (2/15/07) and final selection of a new consultant. All other critical dates should be met and this process could get back on track.

10. 2007 Energy Plan Update

Bill Leahy gave an update on the plan to the board. The agency staff working group is in place working with ISE on the plan. As reported last month much of the work is refocusing and reformatting the 2006 plan. The new report has eight sections, focusing on electricity, natural gas, heating oil, transport fuels, alternative and renewable fuels, low income, sustainable development, and energy security and diversity. The plan will address the current situation, forecasts, identified issues to be addressed, accomplishments so far, progress on past plans, and new recommendations. The working group is collecting information from agencies and recent reports such as ISO forecasts, short term and long range CEAB reports. The group is on schedule to have the first draft to the board for the October meeting. At that point it has a month to incorporate the board's suggestions. At the November meeting, there will be a new draft to go to the public for 45 day review, including meetings. A report will be available in mid-December to address the recommendations by the public and will need to be ready in January for the start of the legislative session. A suggestion was made to incorporate an appendix to enumerate organizations that have an impact on Connecticut's energy future. Given high price of electricity, it was recommended that the working group be cognizant of what the public concerns (cost, liability) will be when the plan is issued.

11. Adjournment

There being no other business for the board to consider, the meeting was adjourned at 11:35 a.m.

Submitted by: Gretchen Deans
Approved by: Connecticut Energy Advisory Board, October 3, 2006