



September 6, 2006

Mr. Vincent O'Reilly  
Chairman of the Board  
Mr. Gordon van Welie  
President and CEO  
ISO – New England  
1 Sullivan Road  
Holyoke, MA 01040-2841

Dear Messrs. O'Reilly and van Welie:

The Connecticut Energy Advisory Board is transmitting herewith its comments on ISO-New England's 2006 Regional System Plan. The comments are being sent electronically and by mail.

If you have any questions, feel free to be in touch with the board's administrative contact, Gretchen Deans, at 860-571-7147.

Very truly yours,

Connecticut Energy Advisory Board

By: Gretchen K. Deans  
CEAB Administrative Contact

Enclosure

cc: Stephen Whitley  
Kathleen Carrigan  
Stephen O'Rourke  
Eric Johnson  
Michael Henderson

# **CONNECTICUT ENERGY ADVISORY BOARD**

## **Written Comments on**

### **ISO New England's Draft 2006 Regional System Plan**

**September 7, 2006**

#### **I. INTRODUCTION AND SUMMARY**

The Connecticut Energy Advisory Board ("CEAB") is pleased to have the opportunity to offer these comments to ISO New England ("ISO-NE") on its Draft 2006 Regional System Plan. The 2006 Regional System Plan ("RSP 06") is, in large measure, a Connecticut system plan that will serve and directly affect Connecticut electricity consumers. For that reason, the CEAB provides detailed comments and urges the ISO-NE to work in close collaboration with Connecticut officials to ensure plans for energy infrastructure are sound and can be translated into cost-effective solutions consistent with Connecticut's energy and environmental policy preferences.

The CEAB and ISO-NE share important planning responsibilities for the electric infrastructure in Connecticut. The CEAB is responsible for assessing the State's needs, preparing annual plans, and soliciting a broad range of energy solutions to meet identified needs. ISO-NE's planning process and our own must be coordinated to assure effective decision making and implementation.

The Draft RSP 06 is, in large measure, a Connecticut system plan, as well. The Draft RSP 06 makes clear that there is much to do in Connecticut to address the issues in the State and the region. There are many important decisions ahead that will require close coordination between ISO-NE and the State of Connecticut to assure that the best solutions are implemented in a timely manner.

The planning coordination between ISO-NE and the State, while clearly improving, must be better. It is our view that the State and ISO-NE can each best fulfill

our responsibilities to the Connecticut electric consumers from a more significant partnership in the planning for Connecticut's electric infrastructure. We ask ISO-NE to commit to work in collaboration with us to that end.

The CEAB's specific comments in the Draft RSP 06 include:

- 1) **Load Forecast** - ISO-NE's load forecast methodology review announced in RSP 05 is not addressed in the Draft RSP 06. ISO-NE's forecast is now central to planning in Connecticut and the CEAB has a strong interest in the methodology review and the overall quality of the Connecticut portion of the the ISO-NE forecasts. The full scope and results of this methodology review should be published in RSP 06;
- 2) **Operating Reserve Requirements** - the RSP 05 and the Draft RSP 06 offer very different methods and results for operating reserve requirements in Connecticut with little explanation for the change. We ask that RSP 06 include long term assessments of the operating reserves to be purchased in the Locational Forward Reserve Market and the long term system planning requirements for operating reserves;
- 3) **Environmental Issues** – In addition to the greenhouse gas and renewable energy issues discussed in the Draft RSP 06, the RSP 06 should address the need to comply with a more stringent ozone standard in Connecticut by June 2010 and the implications for further NOx control called for under the new federal Clean Air Interstate Rule (“CAIR”). These issues have significant implications for peaking units in Southwest Connecticut, in particular.
- 4) **Southern New England Reliability Analysis** – This assessment of long term transmission needs in and into Connecticut is very important to the State. RSP 05 reported that an ISO-Approved Plan would be completed by July 2006. The Draft RSP 06 does not include the plan or much discussion of the status. It is important that this planning effort move forward expeditiously and we are concerned with the delay in the schedule for this effort. We urge ISO-NE to make it a high priority to move this

study to conclusion so that we can work expeditiously toward identifying and implementing effective solutions.

- 5) **Southwest Connecticut Reliability Project Costs** - The Draft RSP 06 reports the cost estimate of Phase 2 to now be \$1.3 billion, a substantial increase from the \$690 million reported in 2004 and the \$990 million reported in 2005. We ask that the basis for these cost increases be explained in RSP 06, as well as the broader implications for other transmission projects in ISO-NE's planning.
- 6) **New England States Committee on Electricity** - The Draft RSP 06 provides no discussion on the NESCOE proposal. As in RSP 05, we ask that RSP 06 report on this effort. We also urge ISO-NE to act on the New England Governors' request to forge this regional collaboration between ISO-NE and the States.

The following sections of these comments elaborate on these issues.

## **II. CONNECTICUT AND ISO-NE ENERGY PLANNING INTERSECTION**

The CAEB<sup>1</sup> is the statutory entity in Connecticut with primary responsibility for identifying and coordinating state energy needs and recommending strategies and solutions to meet those needs in a manner that meets the State's cost, reliability, and environmental criteria. The CEAB is charged with the responsibility to solicit and encourage competing energy solutions to identified needs in the State. It is vitally important to the State of Connecticut that the broadest range of energy solutions be considered as we address the State's critical electric energy supply issues in manner that offers the best balance of cost, reliability, and environmental protection available.

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<sup>1</sup> The Connecticut Energy Advisory Board currently consists of nine members, including the Commissioner of Environmental Protection, the chairperson of the Department of Public Utilities Control, the Commissioner of Transportation, the Consumer Counsel, the Commissioner of Agriculture, and the Secretary of the Office of Policy and Management, and three members appointed by the Governor, the president pro tempore of the Senate and the Speaker of the House of Representatives.

The CEAB produces an energy plan for the State on an annual basis. This plan is intended to assess the needs for energy resources in the State, consistent with the State's energy and environmental policy preferences, and inform the market place regarding the State's energy objectives. The CEAB's Energy Plan is intended to inform and work with the energy market place, not supplant the market.

The CEAB Energy Plan has many parallels to, and intersects with, the ISO New England's Regional System Plan. For that reason, the CEAB is also charged with the responsibility to represent the State in ISO New England's Regional System Planning process. To that end, the CEAB has regularly participated in the ISO New England Planning Advisory Committee ("PAC") meetings held in conjunction with ISO New England's development of the RSP 06. Through that action, many specific, substantive comments have been provided that, we trust, have been helpful to ISO New England planning personnel in understanding our concerns. Also through that action, the CEAB has sought to develop a clear and complete understanding of the needs for electric resources in the State to meet the reliability and market requirements administered by ISO New England.

The State also has a long-standing annual process, administered by the Connecticut Siting Council ("CSC"), to compile information from the State's electric utilities and certain generating companies regarding the Ten-Year Forecast of Loads and Resources. This annual process creates a valuable public record in the State to inform planning and decision-making by many State agencies and for the market participants. With the creation of the CEAB's energy planning responsibilities in 2003, the CEAB is now charged with the responsibility to participate in the CSC proceeding on loads and resources and, as in the case of the PAC, the CEAB has been an active participant in the these CSC proceedings. In this proceeding, the CEAB has worked with the CSC to establish a clear public record of the need for electric resources to properly inform decisions that the State must make to address those needs

In addition to planning, the CEAB is also charged with the responsibility to actively solicit a broad range of energy solutions to meet identified needs in the State and to be considered in tandem with any facility proposal that comes to the CSC siting

approval. For example, new generation or transmission facilities that are identified in ISO New England's Regional System Plan for location in Connecticut must begin the permitting process with a CEAB-administered Request for Proposal process. The objective of this RFP process is to assure that all reasonable alternatives are considered when a major energy facility is proposed for permitting. The CEAB's RFP evaluation process includes consideration of proposed project alternatives according to infrastructure criteria guidelines, which reflect the state's environmental and other public policies. In the event there are competing alternatives, the CSC is authorized to conduct consolidated proceedings to consider those options before issuing siting approval. This responsibility is very analogous to one of the primary purposes of the ISO New England's RSP process, namely, "...to identify system reliability and market efficiency needs and types of resources that may satisfy such needs so the Market Participants may provide efficient market solutions (e.g., demand-side projects, distributed generation and/or merchant transmission) to identified needs".<sup>2</sup>

In 2005, through the Energy Independence Act ("EIA"), the State of Connecticut took additional steps to foster the development of market solutions to the critical electric system needs and mitigate the high costs associated with congestion in the State's electric system. The EIA makes provisions for the State and its utilities to provide incentives and capacity contracts for distributed resources and conventional supply resources that can effectively mitigate the cost and reliability problems congestion in the State's transmission system creates. The Department of Public Utility Control ("DPUC") has responsibility for implementing the EIA and has conducted a number of proceedings over the past year to that end. Consistent with the CEAB's responsibilities for energy planning in the State, the CEAB was asked to participate in DPUC proceedings focused on the design and implementation of a DPUC-administered RFP process for capacity contracts. The CEAB has actively participated in that process by providing assessments of the needs for resources to address congestion issues in the State.

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<sup>2</sup> See Section II.48.1 of ISO New England's Open Access Transmission Tariff, which sets forth the purpose for the Regional System Planning Process.

In summary, the CEAB has been vested with planning responsibilities in Connecticut which closely intersect with the ISO New England's planning mandate for the region. The CEAB is charged with, and takes seriously, the responsibility to assure that the State's Energy Plan, the CSC Loads and Resources Forecast, and the ISO New England plans for Connecticut infrastructure are coordinated and sufficient to support the critical decisions that must be made by the State, the market, and others regarding the State's electric system.

It is in the context of the foregoing CEAB mandate that we offer these comments on ISO New England's 2006 Regional System Plan.

### **III. THE 2006 REGIONAL SYSTEM PLAN HAS SIGNIFICANT IMPLICATIONS FOR CONNECTICUT**

The 2006 Regional System Plan is, in large measure, a Connecticut system plan as well. The proportion of the plan devoted to Connecticut issues go well beyond the fact that Connecticut represents one-quarter of the ISO New England market foot print. The 2006 RSP makes clear that the Connecticut and Southwest Connecticut reliability issues are among the most critical issues to address in the region. Moreover, the RSP asserts that these issues are not simply local concerns, but that the solutions also provide significant benefits to the region's reliability.

For example, the Draft 2006 RSP calls for many actions that require or prefer Connecticut-based actions, including:

- Add dual-fuel fast-start resources and demand response, especially in Greater Connecticut, to satisfy both the systemwide requirements and the load-pocket needs, make more efficient use of existing transmission and generation infrastructure, and save consumer capacity and congestion costs (Draft 2006 RSP, Section 1.2)
- Encourage the interconnection of resources in the northern and western parts of Southwest Connecticut (Draft 2006 RSP, Section 1.2)

- Adding resource or reducing load in the Greater Connecticut area .. would have the greatest impact on reducing systemwide loss of load expectation. (Draft 2006 RSP, Section 4.2.2)
- Greater Connecticut needs increased resources to meet long-term needs and provide overall benefit to New England as a whole for meeting load and established reliability criteria. (Draft 2006 RSP, Section 4.3)
- Operating experience has demonstrated that the ISO frequently commits generation out of economic-merit order to provide the required second-contingency protection in the transmission-constrained areas of Greater Southwest Connecticut, Greater Connecticut, and BOSTON. (Draft 2006 RSP, Section 5.1.2)
- The ISO continues to study the short- and long-term needs of the bulk power system and transmission reinforcements for the southern New England area. The studies are investigating ... Connecticut's inadequate infrastructure to move power through the state, the inadequacy of major ties between Connecticut and Massachusetts and Rhode Island, and the limited effectiveness of the Lake Road plant in Connecticut to serve Connecticut load. (Draft 2006 RSP, Section 8.2.2.2)
- Greater Connecticut needs transmission improvements, resource additions or a combination of both. Without improvements that would increase the import limits into Greater Connecticut, a minimum of 510 MW of new resources or load reduction would be required in Greater Connecticut by 2009, growing to 1,400 MW by 2015. (Draft 2006 RSP, Section 9.3)
- Southern New England, especially Greater Southwest Connecticut, is generally preferred location for adding new generating units. (Draft 2006 RSP, Section 9.3)

It is clear that, in ISO New England's view, there is much left to do in Connecticut in terms of new generation, transmission, and load management for the benefit of the State and New England. The issues ISO New England raises require many

actions by Connecticut if solutions to these issues are to be addressed. It is clear that there is substantial need to coordinated State/Regional planning.

#### **IV. PLANNING COORDINATION IS IMPROVING, BUT MORE IS NEEDED**

The foregoing makes a compelling case for close collaboration between ISO New England and the CEAB and other Connecticut agencies to assure the plans for the critical infrastructure are sound and translated into implemented solutions. The CEAB, the CSC, the DPUC, and the Department of Environmental Protection each have important roles to play in the actions that are called for in the 2006 RSP, whether the solutions are market-based resources or regulated transmission projects.

Much remains to be done for ISO-NE and the State to forge a real partnership in the critical electric market and infrastructure decisions that both serve and directly affect Connecticut electricity consumers. The State of Connecticut's interest is to ensure the most cost effective solutions possible for the benefit of ratepayers and to advance state energy and environmental policies. The informal opportunities for the State to participate in ISO-NE's advisory stakeholder processes are simply inadequate in this respect. The CEAB appreciates the many ISO-NE stakeholder processes through which the ISO-NE allows the CEAB and other parties to express concerns and provide input. However, due to the absence of any vote or consensus process, the resulting plan is not a joint plan or a consensus plan, but an ISO-NE plan. Moreover, in this advisory process, the input from public officials representing the public interest is placed on the same footing as many corporate officials representing market participants and their shareholder interests. The State needs to partner in a more significant way with ISO-NE to assure that the electricity needs of Connecticut consumers are met, and that system reliability is maintained in a manner that is consistent with State energy and environmental policy.

With respect to the DPUC's implementation of the EIA, the CEAB endeavored to ensure its views on ISO-NE's planning studies were set forth in the record and the DPUC appears to have made every effort to incorporate ISO New England's planning studies in its decision-making. The CEAB appreciates the cooperation ISO New England has

provided in these vitally important proceedings, particularly with respect to making key ISO-NE planning personnel available for direct participation. However, in the CEAB's view, the lack of consensus needs assessment between ISO-NE and Connecticut officials materially complicated the analysis.

ISO New England has provided load forecasting information to the CSC in its Load and Resources proceedings in the past two years. However, these proceedings include forecast information for transmission and generation requirements, as well. As ISO New England is now responsible for transmission and market plans for Connecticut, not the Connecticut utilities, the CSC's process is best served by direct and broad involvement by ISO New England system planning personnel.

The CEAB appreciates ISO-NE's willingness to enhance its participation in Connecticut-specific matters, ideally in a way that corresponds to ISO-NE's increasing role in decisions that have a direct economic impact on Connecticut residents and businesses. In a letter to the Connecticut Energy Advisory Board (CEAB) from Eric Johnson dated August 4, 2007, Mr. Johnson correctly described the many things that Connecticut in general and CEAB in particular have accomplished in an expanding working relationship with ISO-NE over the past two years. Most important, however, is that CEAB and ISO-NE appear to agree that there is a need for our working relationship to develop further with respect to both the level and type of interaction.

Over the past two years, the CEAB steadily engaged in these matters and increased its appreciation of the nexus between CEAB's and ISO-NE's responsibilities. As a result, we believe there is a need for Connecticut to engage more actively in the regional planning and decision-making process.

We also observe that, in our view, ISO New England has been on a similar learning curve. With respect to Connecticut's energy planning processes, for example, ISO-NE has made progress, and its interaction with the State has improved. Nonetheless, more is needed. We invite ISO-NE to work with the CEAB and other State officials to establish a joint planning process for the Connecticut electric system and markets to form a broader consensus on the specific needs in the State and to foster

solutions that best met the reliability, economic, and environmental requirements of the State.

In short, it is vitally important that we work together and that ISO New England assure that its studies and plans are fully explained and open for full examination in the Connecticut public record if we are to meet our mutual and common purpose of identifying system reliability and market efficiency needs and types of resources that may satisfy such needs. A proactive, collaborative planning approach will best inform market participants so that they may provide efficient market solutions (e.g., demand-side projects, distributed generation and/or merchant transmission) to identified needs.

## **V. SPECIFIC COMMENTS ON THE 2006 RSP**

The CEAB offers the following comments on specific elements of the Draft 2006 Regional System Plan:

### 1) Connecticut Load Forecast

The peak load forecast is a vital input to planning in Connecticut. This parameter has a direct bearing on the need for the many Reliability Must Run contracts in the State, the need for the GAP RFP contracts, and is a key driver in the need for the many transmission upgrades that are under development or being planned in and around Connecticut.

The CEAB has recognized the importance of peak load growth in its Energy Plan. Due to the economic and environmental impacts of peak load growth in the State, the CEAB plan sets an objective of reducing peak. Planning for specific actions to mitigate peak load growth and to reduce peak demand require good forecast information on key drivers of peak load growth, including specific information on end uses, and, in particular, a good understanding of the trends in the air conditioning end use sector is important. In addition, load growth in specific locations in Connecticut is a critical factor, given the identified congestion, load pockets, and transfer limitations into and through the State.

Both informally and in the CSC Loads and Resources proceedings, the CEAB has sought a full review of the Connecticut portion of the ISO-NE load forecast. From those reviews, the CEAB has provided ISO-NE planning personnel with substantial input on the need for better forecast information and consideration of alternative forecasting methods.

In the 2005 RSP, ISO-NE identified the intent to conduct an independent review of the load forecasting methodology, a step that we welcomed and supported. However, the Draft 2006 RSP does not provide any information on the results of that review, the scope of the review, or any actions to be taken. To date, the CEAB has not received any final reports on regarding the review of the ISO-NE peak load forecast.

The CEAB asks that the full scope and results of the load forecast methodology review be published in the 2006 RSP. We would also ask that ISO-NE commit to work together with the CEAB and the Connecticut utilities to develop load forecasting methodology for the State that will best serve the locational and end use planning requirements that we all must address.

## 2) Operating Reserve Requirements

The 2005 Regional System Plan featured operating reserves issues as a primary driver of needs for additional supply resources in Connecticut and in Southwest Connecticut. Specifically, the RSP 05 stated<sup>3</sup>:

*“... another 356 MW of quick-start resources will be required to meet the increase in the operating reserve requirement once Phase 2 of the Southwest Connecticut Reliability Project is in service...”*

*“... the Greater Connecticut Subarea has only 669 MW of quick-start resources, approximately 530 MW of additional quick-start resources are needed to meet the current 1,200 MW requirement for operating reserves.”*

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<sup>3</sup> SEE RSP05 Report, Section 4.2.4.1, pages 58-59.

*“It would be best to install the quick-start resources in the Greater Southwest Connecticut Subarea, because doing so would meet the needs for quick-start resources anywhere in Connecticut.”*

The RSP 05 also pointed to the increase in required operating reserves with the addition of Phase 2 of the Southwest Connecticut Reliability Project associated with the 800 MW contingency that the Phase 2 line would represent.

The Draft 2006 RSP offers a very different assessment for Greater Southwest Connecticut with little explanation of the reasons for the change. These changes include:

- an increase in the impact of the Phase 2 line on the SWCT transfer limit from 800 MW to 1300 MW<sup>4</sup>
- a decrease in the 2010 reserve requirements (post Phase 2) from 800 MW to 400-500 MW<sup>5</sup>
- a change in the conclusion on the impact of Phase 2, with RSP 2005 indicating an increase in operating reserves of 350 MW and the Draft 2006 RSP indicating that “..(t)he amount of operating-reserve requirement is expected to decrease with the addition of transmission improvements that increase the import capability into this area”.<sup>6</sup>

Through discussions with ISO-NE personnel, the CEAB understands that ISO-NE has materially changed its method of determining operating reserve requirements and has removed any long-term assessment of the operating reserve requirements. As a result of this change, the Draft 2006 RSP now reports the 2007-2010 requirements for purchases in the newly formed Locational Forward Reserve Market (“LFRM”). The Draft 2006 RSP does not contain a long-term (10-year) estimate of the total operating

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<sup>4</sup> SEE Draft 2006 RSP, Tables 4-5 and 9-2; RSP 05 Report, Table 4.11.

<sup>5</sup> SEE Draft 2006 RSP, Table 5-1; RSP 05 Report, Table 4.11.

<sup>6</sup> See Draft 2006 RSP, Section 5.1.2.1; RSP 05 Report, Section 4.2.4.1.

reserve capability needed in Southwest Connecticut, only the near-term amounts expected to be purchased forward through the LFRM. While we are interested and concerned about the operation of the new LFRM, we understand that the system planning requirements that will determine operating reserve levels in actual operations and in transmission planning studies can and will be higher than the amounts purchased in the LFRM, particularly in Southwest Connecticut. We need ISO-NE's best assessment of both the market reserve levels and the system planning reserve levels over the longer-term to properly assess the direction that our energy resource planning should take.

This unexplained change in method, time horizon, and result (as compared to the RSP 05) has profound impacts on the planning direction offered by ISO-NE to Connecticut for this critical load pocket. Given the design parameters of the LFRM, this assessment necessarily provides no information regarding the affect that the Phase 2 line will have on the long term LFRM purchase amounts or the total operating reserve requirements. While the CEAB is by no means asking for higher reserve requirements, we are asking for a straightforward, long-term assessment of the system reliability requirements that will exist in the 2010 – 2015 period, as well as any estimates of the changes in LFRM requirements that will occur in that time period. If there is a need for added quick-start resources, now is the time to act. Read together, the 2005 RSP Report and the Draft 2006 RSP provide quite divergent views of this requirement, without explanation.

The CEAB considers the ambiguity on the 2010 – 2015 SWCT operating reserves to be quite problematic. The State of Connecticut is seeking capacity contracts to address long term needs and is planning for compliance with more stringent air emissions requirements in Southwest Connecticut. We urge ISO-NE to resolve and explain both the reliability requirements and the LFRM requirements through 2015 as soon as possible to provide a sound basis for Connecticut's planning. On an ongoing basis, Connecticut will be seeking to meet its long term needs

through a variety of mechanisms, from issuing requests for proposals for energy resources to providing incentives to energy efficiency and distributed generation resources. At the same time, Connecticut is planning for compliance with more stringent air emissions requirements in Southwest Connecticut. A proper, long-term view on these requirements from ISO-NE is important to these efforts.

### 3) Environmental Issues

Section 7 of the Draft 2006 RSP addresses environmental requirements influencing new resources. This section focuses on renewable portfolio standards and the Regional Greenhouse Gas Initiative. We are pleased to see these issues addressed in ISO-NE's planning. However, the Draft 2006 RSP overlooks important air emissions regulations that will have very direct bearing on resource requirements and operating reserve resources in Connecticut in the near future that must be considered in ISO-NE's planning.

On June 15, 2004, Connecticut's designation as moderate non-attainment for the 8-hour ozone standard become effective. Connecticut is required by the federal Clean Air Act to transition its attainment planning efforts to focus on attainment of the 8-hour standard by June 2010. The Connecticut Department of Environmental Protection ("DEP") must file a plan to attain this standard with the EPA in June 2007. This plan must achieve significantly more emissions reductions beyond those derived from rules currently in place and under development and, due to limits on Connecticut's ability to regulate vehicle engines and fuels, the electric generating sector is one of the few areas for achieving further cost effective reductions.

In addition, further nitrogen oxide (NO<sub>x</sub>) emission reductions will be required from electric generating units under the new federal Clean Air Interstate Rule ("CAIR"). While the means of implementing CAIR is not

established, the DEP expects this will impose added costs on generating units, particularly peaking units.

This will be particularly problematic in Southwest Connecticut as the Draft 2006 RSP notes (in Section 5.1.2) that ISO frequently commits generation out of economic merit order to provide second contingency protection in transmission constrained areas of Connecticut. This nexus between operating reserve requirements and emission reduction requirements is critically important to address in ISO-NE's planning and in Connecticut's energy and environmental planning.

For further information, please refer to the comments of the Connecticut Department of Environmental Protection ("DEP") filed in DPUC Docket 05-07-14PHII on August 3, 2006 or contact the DEP.

#### 4) Southern New England Reliability Analysis

The RSP 05 described ISO-NE's investigations regarding the transmission system in the Connecticut/Massachusetts/Rhode Island area, termed the Southern New England Reliability Analysis. Central issues in that study are the current limitations on imports into Connecticut from the rest of New England, limitations on the ability of the Connecticut-based Lake Road generation facility to provide installed capacity to Connecticut, and limitations on the ability to move power from east to west in Connecticut. These issues are of great interest and concern to the CEAB, as has been communicated to ISO-NE both informally and on the public record in various proceedings.

The RSP 05 indicated that study work would be completed at the end of 2005, with an ISO-approved project plan by July 2006. The Draft 2006 RSP indicates that these studies are ongoing and that a report on the entire study work is scheduled for completion by fall 2006. On August 7, 2006,

ISO-NE issued a draft Southern New England Transmission Reliability (SNETR) Need Analysis.

We are very concerned that this SNETR planning effort is so far behind the RSP 05 schedule. The concern is heightened by the fact that the need assessment indicates that problems occur as early as 2009. The lead time for transmission solutions is very short and, we presume, this would include major 345 KV transmission projects that would need siting and environmental permitting in Connecticut, Massachusetts and Rhode Island. Further, the OATT indicates that the RSP is to provide sufficient information, based on the results of system enhancement and expansion studies, to allow members of the PAC to assess the quantity, general locations, operating characteristics and required availability criteria of the type of incremental supply or demand-side resources that would satisfy the identified need or that may serve to modify, offset or defer proposed regulated transmission upgrades (OATT, Section II.48.3(c)). As noted above, the CEAB must consider alternatives to certain infrastructure proposals and, given the timeframe of the study relative to the reported need, the ISO-NE process does not allow for the consideration of alternatives called for by the OATT or Connecticut law. We are concerned that, at this juncture, there is too little explanation of this study effort and the potential solutions and costs in the Draft 2006 RSP. The CEAB requests that the ISO-NE treat the SNETR planning work as priority and adhere to a firm schedule to resolve associated issues.

##### 5) Southwest Connecticut Reliability Project Costs

The Draft 2006 RSP reports (Table 10-3, page 115) the expected cost of the Phase 2 of the SWCT Reliability project of \$1.3 billion, which is \$310 million and 31 percent higher than the \$990 million cost estimate reported in RSP 05. The Draft RSP 06 also indicates that the cost for this project could range from \$977 million to \$1.6 Billion. In 2004, ISO-NE reported

(in its RTEP 04 dated October 21, 2004) a cost estimate for this line of \$690 million.

The CEAB is concerned that cost changes of this magnitude have not been explained in the Draft RSP 06. Given that the expected cost today is nearly double the estimate prepared just two years ago warrant an explanation in the RSP document. It will be important to know if this is unique to Phase 2, or if all transmission costs are substantially higher than expected. This has important implications for the SNETR projects, for which we currently have no cost estimates. We urge ISO-NE to explain the cost increase trends in Phase 2 and provide more information on expected costs of transmission investments over the next ten years in the RSP so that planning for alternatives can proceed on an informed basis.

6) New England States Committee on Electricity

Finally, we note that the Draft 2006 RSP provides no information on the proposed regional state committee, NESCOE. As noted in RSP 05, the six New England Governors petitioned FERC in 2004 to form this committee to work with ISO-NE on matters of resource adequacy and system planning. We understand the Participants Committee is considering action on this proposal this fall. We believe the many planning coordination issues we have raised in these comments with respect to Connecticut have parallels in each of the states. In the same way we ask ISO-NE to forge a better planning collaboration with Connecticut, we believe collaboration through a properly structured state committee in the near term is imperative.

## VI. CONCLUSIONS

In sum, the CEAB requests ISO-NE to address the following issues in its Final 2006 Regional System plan:

- **Load Forecast:** The CEAB asks that the full scope and results of the ISO-NE's load forecast methodology review be published in the 2006 RSP. In addition, the CEAB requests the ISO-NE to commit to work together with the CEAB and the Connecticut utilities to develop load forecasting methodology for the State that will best serve the locational and end use planning requirements that we all must address.
- **Operating Reserve Requirements:** The CEAB requests ISO-NE's best assessment of both the market reserve levels and the system planning reserve levels over the longer-term to enable Connecticut to properly assess the direction that our energy resource planning should take.
- **Environmental Issues:** The CEAB requests the ISO-NE recognize important air emissions regulations that will have very direct bearing on resource requirements and operating reserve resources in Connecticut in the near future that must be considered in ISO-NE's planning.
- **Southern New England Reliability Analysis:** The CEAB requests that the ISO-NE treat the SNETR planning work as priority and adhere to a firm schedule to finally resolve associated issues.
- **Southwest Connecticut Reliability Project Costs:** The CEAB requests ISO-NE to explain the cost increase trends in Phase 2 of the transmission line and provide more information on expected costs of transmission investments over the next ten years in the RSP so that planning for alternatives can proceed on an informed basis.
- **New England States Committee on Electricity:** The CEAB requests near term collaboration through a properly structured state committee.

The CEAB view the regional system planning process as vital to the electric sector of the region. ISO-NE has shown consistent improvement in each year it conducts this process. We offer these comments on the Draft 2006 Regional System Plan in the hope that the 2006 RSP will benefit and the ensuing process can continue to improve. The CEAB looks forward to working collaboratively with ISO-NE to advance the planning process for Connecticut and the region.