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March 20, 2009

CEAB
c/o Gretchen Deans -
CERC
805 Brook Street, Bldg 4
Rocky Hill, Connecticut 06067

Re: CL&P Comments

Dear Ms. Deans:

Attached please find The Connecticut Light and Power Company's comments requested by the Connecticut Energy Advisory Board on March 3, 2009 regarding the electric distribution companies' 2009 Integrated Resource Plan and other matters.

If you have additional questions or require more information, please contact me at (860) 665-5967.

Very truly yours,

Christopher R. Bernard
Manager
Regulatory Policy - CT
NUSCO
As Agent for CL&P

2009 INTEGRATED RESOURCE PLAN
COMMENTS OF
The Connecticut Light and Power Company
March 20, 2009

The Connecticut Light and Power Company ("CL&P") is pleased to offer the following comments to the Connecticut Energy Advisory Board ("CEAB") with respect to its March 3, 2009 request for comments. CL&P will not comment on the 2009 Integrated Resource Plan ("IRP") it jointly developed with The United Illuminating Company, other than to state its appreciation to the CEAB and its IRP subcommittee for their helpful support and direction in creating the IRP.

CL&P does wish to provide comments as requested on "... the direction of Connecticut's long-term strategic electric energy planning and public policy goals in light of factors such as the evolving market, environmental goals and requirements, and the American Recovery and Reinvestment Act."

The convergence of energy and environmental issues is probably stronger now than at any point in history. There can be no question that energy policy is greatly impacted by environmental policy and that environmental policy is greatly impacted by energy policy. At the same time tension between markets and regulation and tension between federal, regional and state jurisdictions is also stronger than ever before. The implications for Connecticut and its electric energy planning process are substantial. On the one hand, Connecticut must develop policies and programs that meet the needs of its citizens and businesses; on the other hand, regional and national forces are systematically playing a much bigger role as they attempt to deal with the inter-related issues of energy and the environment on a larger scale. This serves to limit Connecticut's ability to plan and implement its own solutions. Overlaid on top of this is the economic situation of the

country and the change in administrations in Washington. These will serve to highlight and speed up the pace of change and possibly influence the direction of the change.

The IRP process undertaken by the state's electric distribution companies, the CEAB and the Department of Public Utility Control ("Department") has done much to catalog both the state's needs and its ability to meet those needs. It has also paid appropriate attention to evolving issues as they impact the energy picture of the state. The IRP should be viewed as a valuable resource for the state's policy makers. Because of the dynamic nature of energy, markets, and regulation, the IRP should be viewed as a resource document and tool as opposed to a finite thing that has been finalized and implemented.

However, the fact remains that the IRP is the State of Connecticut's view of its own situation and its own future. To pretend that Connecticut is the only entity influencing its energy future would be at least misleading and, at worst, possibly dangerous. Connecticut is interconnected into the New England region and the Eastern Interconnection and hence its active participation solving issues on the regional level will be extremely important going forward.

While New England has a long history of seeking regional solutions to many issues, when the states decided, but for Vermont, to restructure the retail electric industry in the late 1990s, they took a step that has far-reaching ramifications. With the implementation of restructuring, each state "threw its lot" into the formation of a regional market, deciding to rely on the market to provide needed generation rather than on the forces of regulation to assure generation was planned to meet future needs and then built according to the plan. The driver behind this move was to shift economic risk from utility customers to investors in independent generating companies and load-serving entities. In addition to replacing state regulation of electric generation with a regional energy market, the New England states have endorsed the creation of a regional transmission organization overseen by the

Federal Energy Regulatory Commission (“FERC”). The Independent System Operator of New England (“ISO-NE”) now has not only operational responsibilities for the region’s transmission, but planning responsibilities as well. As the states have moved further toward regionalization they are adopting more regionalized solutions. The states and their residents are now dependent on those regional entities for services they previously oversaw on their own. It behooves the states to figure out how best to interact with the regional entities to the benefit of each state as well as the overall benefit of the region. The states should not seek to replace or duplicate regional processes with state processes but rather to dovetail state processes into regional processes. It also has become increasingly clear that the actions of one state can not only affect other states in our New England region but neighboring regions such as New York and the Eastern Canadian provinces as well. There has never been a time where it is more important for states to work together toward mutual benefits than it is now.

Since the initial steps into regionalization in New England, Congress created a national/regional structure to assure the reliability of the nation’s transmission system. Viewed as a national security issue and also falling under the auspices of FERC, these reliability standards are mandatory for all transmission owners, with severe penalties for noncompliance.

Congress is currently debating a structure of even more sweeping design. It is focused on the need to connect vast amounts of renewable resources, usually located in remote areas, to load located in more populated areas. Most commonly referred to is “the need” to move wind power from the Dakotas to Chicago and on to the East Coast. Intertwined with this idea is a proposal for transmission planning and cost allocation on an “interconnection-wide” basis. This means the current regional planning processes would be further overlaid with one planning entity and process for all states east of the Rockies and

one for all states west of the Rockies. This idea has the support of the Acting Chairman of the FERC as well as the President of the Senate and other members of Congress. It should not be taken lightly.

CL&P believes the Northeast does not need to go to the Dakotas to find renewable resources, something ISO-NE recently echoed in testimony before FERC. Northeast Utilities ("NU") and NSTAR have filed a request for a declaratory ruling with FERC seeking approval of a new transmission line from Hydro Quebec that will interconnect with Public Service of New Hampshire, bundled with a purchase power agreement for 1,200 MWs of low carbon power. NU also believes there is abundant wind power in northern New England that could be developed on a regional basis along with the necessary transmission to move the electricity to the southern New England states such as Connecticut.

The Obama administration has stated its intent to move forward with climate change legislation that will likely take the form of some sort of carbon restrictions or taxes. It is unclear how this proposal will work with, or conflict with, the Regional Greenhouse Gas Initiative adopted by all six New England states. There is at least the potential for dramatic changes in the generating mix across the country and, in particular, changes and/or impacts to older fossil generating facilities. The onset of national carbon legislation places new significance not only on the need to develop New England's low-carbon and renewable resources, but on the continued operation of the region's nuclear plants as well.

It is also likely that Congress will enact some sort of renewable portfolio standards ("RPS"), but again, we do not know at this time how those requirements will interact with the RPS standards already in existence in the New England states, including Connecticut.

The same proponents of building transmission to move renewable resource energy from the Dakotas to the east are also putting forth proposals to strengthen FERC's role in transmission siting. Some proposals move FERC from its current "backstop" role to the

primary siting authority. The ability of Connecticut (and New England) to modify or defeat such legislation rests largely on being able to point to its own success in siting and building transmission. To the degree that we are perceived to be bogged down in administration, litigation, or “NIMBYism”, our voice will be discounted.

The recently passed American Recovery and Reinvestment Act provides large sums of money for numerous uses, including various energy purposes. Some of these funds will be dispensed by the Department of Energy and some will be directed to the states for their distribution. The regulations governing the dispensing of these funds have not yet been promulgated. There are no dollars specifically earmarked for specific entities with the exception of the Federal Power Authorities, the Bonneville Power Administration and the Tennessee Valley Authority. This means that Connecticut and its utilities will have to compete against the rest of the country for a finite number of dollars. NU, including CL&P, is closely following the development of qualifying guidelines for these federal monies and intends to be aggressive in pursuit of funding. It will be working with the Department and the Rell administration to pursue and utilize funds that benefit Connecticut’s energy customers. At this time, it appears that there are dollars available for energy efficiency, weatherization and conservation, as well as smart grid and advanced metering technologies. In addition to federal stimulus funding there is federal funding available for alternative fuel vehicle demonstration pilots. As New England contemplates a low carbon future, alternative fueled vehicles will play an important role.

If there is one “take away” for the CEAB in this discussion, it is this: energy is increasingly a world commodity with prices affected by events around the world. Connecticut, as part of various regional organizations, is already somewhat limited in its ability to act solely on its own. Pressures and proposals at the federal level appear to be pushing us towards national standards and larger regions. Our ability to retain any control

of our own destiny rests largely on our ability to demonstrate that we are moving forward on our own. We are meeting existing national standards and are moving to address issues without findings of non-compliance. The more we are perceived to be litigious, tied up in red tape or otherwise an obstacle to progress on the regional level, the greater the likelihood that we will be limited in the future in what we can do on our own.