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December 2, 2008

Connecticut Energy Advisory Board  
Attention: Gretchen Deans  
CERC  
805 Brook Street, Bldg. 4  
Rocky Hill, CT 06067

Subject: CEAB Request for Proposals-November 4, 2008

CPower, Inc. is pleased to provide the following written comments with regards to CEAB's RFP "Seeking Alternatives to the Connecticut Light and Power Company's Proposed Greater Springfield Reliability Project and Manchester to Meekville Project.

CPower, formerly known as ConsumerPowerline, is a full service strategic energy asset management firm and a leading provider of demand response solutions in North America. We operate in the region's largest energy markets including New England, New York, California, Mid-Atlantic, Texas and Ontario. CPower has partnered with utilities, ISO/RTOs, municipal power companies and cooperatives to deliver reliable, cost effective and flexible demand response resources to these markets.

CPower is one of two non-utility demand response services companies providing supplemental capacity payments to customers in the CL&P territory. Our DPUC approved contract with CL&P was a result of the 2005 Energy Independence Act regulatory proceedings seeking additional demand response resources in the state. The end use customers participating in DR with CPower do under the ISO-NE Demand Response Programs. We have achieved approximately 90% of our maximum CL&P contract value and have significant demand response assets in the remaining New England States, particularly in Massachusetts. Our company has taken a significant position in ISO-NEs Forward Capacity Market, beginning June 1, 2010 and will continue to expand our DR resource base in the future auctions. This RFP solicitation by the CEAB seeks alternatives to a significant transmission upgrade project which itself is part of a broader plan to improve the transmission system in the southern New England region. We understand that this process will result in project proposals being



reviewed and presented to the Connecticut Siting Council so as to provide additional information and potential alternatives to the construction of the transmission upgrades. The statutory process under which this RFP process is being conducted does not contemplate resource delivery contracts being executed as a result of a successful bid. In addition, the fact that the effected geography of the major transmission upgrade contemplated here extends beyond Connecticut, further complicates the bid process for providers of multiple individual demand side assets. The RFP also indicates 1000MWs are potentially required to completely eliminate the need for the transmission project. Within this relatively small geographical area, it is not feasible to identify, develop and implement this many MWs of pure demand response resources to fully mitigate the need for the transmission line. For these reasons, CPower has elected not to submit a proposal under this RFP.

However, CPower believes there is significant value in the development of geographically targeted demand response resources to provide enhanced reliability should the transmission project (or an approved generation alternative) be delayed, be reduced in size and scope, or should peak demand projections in the affected area be exceeded. Rapid response DR resources can be developed in both the northern Connecticut and western Massachusetts regions utilizing the existing ISO-NE demand resource market structure to “keep the lights on” should a contingency arise. While there are many individual DR assets in the targeted geography at the present time with more being added by companies such as ours, ISO-NE data indicates the rate of DR program expansion has slowed. Connecticut, long a leader in development of demand response resources, has the through the use of supplemental capacity payments, that DR participation can be rapidly expanded and maintained. This approach has shown the number of “ready to respond” MWs in the targeted geography can be tailored to the need and the use of supplemental payments to maintain these resources are allocated only to the period of time the reliability concerns exist.

A current example of demand response assets being developed to mitigate a potential emergency condition exists in Vermont. Central Vermont Public Service is implementing the Coolidge Connector project, a 51 mile, 345KV transmission line, to address reliability issues. CVPS has contracted CPower to provide 25MWs of demand response in the targeted geography to be in place by the summer of 2009. The individual end use customers participate in the program under ISO-NE rules and are paid a supplemental payment by the utility for their efforts.



The program will remain in place through 2011, the anticipated completion date of the transmission project and is extendable should the project be delayed.

While it is not yet clear what level of additional demand response resources in the targeted geography would achieve the goal of bridging reliability concerns and for how long these resources would be needed, CPower believes this evaluation would be of significant benefit.

We stand ready to work with CEAB and the company towards developing a demand side solution that is complimentary to the transmission project (or an alternative generation resource, if approved) providing cost effective reliability enhancement.

We would be pleased to address any questions you may have and provide additional information on how the demand response program could be structured.

Respectfully

Joseph Gatto  
Vice President  
CPower, Inc.