

**The Connecticut Energy Advisory Board
Draft Minutes
CEAB Meeting July 11, 2008**

1. Call to Order and Attendance

The July 2008 monthly meeting of the Connecticut Energy Advisory Board (CEAB) was called to order at 10:02 a.m. on Friday, July 11, 2008 at the Connecticut Economic Resource Center in Rocky Hill, CT.

Members present were John Mengacci, designee of the Secretary of the Office of Policy and Management (OPM); Mary Healey, Connecticut Consumer Counsel; Tracy Babbidge, designee of the Commissioner of the Department of Environmental Protection (DEP); Peggy Diaz, designee of the Chairman of the Department of Public Utility Control (DPUC); Richard Hanley, designee of the commissioner of the Department of Transportation; David Carey, designee of the Commissioner of the Department of Agriculture; Melissa Buckley, Tony Sheridan and Jeff Gaudiosi, appointees of the President Pro Tempore of the Senate; Michael Cassella, Joel Gordes and Melissa Ozols appointees of the Speaker of the House; and Jim Hoffman and Timothy Cole, appointees of the Governor.

2. Approval of Minutes

Chairman Mengacci asked the board to review the minutes of the May 2008 meeting distributed prior to the meeting. After reviewing the minutes and offering several modifications for clarity, the Board approved them. Melissa Buckley abstained from the vote as she did not attend the June, 2008 meeting.

Board Action: In the context of the Integrated Resource Plan (IRP) Subcommittee being referred to as an Ad Hoc committee in the minutes, Chairman Mengacci stated that the IRP Subcommittee was intended to be and should be referred to as a Standing Committee. The suggestion to clarify that the IRP Subcommittee is a Standing Committee was moved and seconded. All members voted in favor of the clarification.

3. New England East West Solution (NEEWS)Transmission Project Update

Jeff Gaudiosi, Co-Chair of the NEEWS subcommittee, reported that the NEEWS Subcommittee held a conference call since the last CEAB meeting concerning CEAB's receipt of the Municipal Notice relative to the Springfield portion of the NEEWS project. The Connecticut Siting Council (CSC) filing that follows the Municipal Notice will trigger a reactive Request for Proposals (RFP) for alternatives. Jeff Gaudiosi referred the Board to an illustrative RFP timeline, which sets forth the schedule driven by statute, assuming the NEEWS application is filed at the CSC on the earliest possible date permitted by statute based on the date of the Municipal Notice. He also encouraged Board members to review the RFP Exemption Criteria.

Dan Peaco of La Capra Associates noted that since the RFP timeline is triggered by a CSC application, the NEEWS Subcommittee has begun a process of soliciting information from Northeast Utilities (NU) to inform needs statement in the context of an RFP or to inform the Board's consideration as to whether an exemption is appropriate.

Mary Healey indicated she reviewed the questions being submitted to CL&P/NU on NEEWS and encouraged the company to provide comprehensive and prompt responses. She indicated responsiveness could be helpful to the company as it moved through the approval processes.

4. DPUC Study Request

Chairman Mengacci referenced the proposal for the Connecticut Academy of Science and Engineering (CASE) to examine the large-scale Combined Heat and Power potential in Connecticut. A committee to review such proposal includes Chairman Mengacci, Mary Healey, Joel Gordes, Timothy Cole and Don Downes. Chairman Mengacci said he will set up a committee meeting in the near term, and it may have a recommendation to present to the Board at the August meeting.

5. Information Workshops and ISO-NE Meeting

Chairman Mengacci noted that various members have requested information sessions on certain energy issues. He indicated that Don Downes and DPUC Commissioner Ann George offered to provide a high level overview of the electric and natural gas markets. Chairman Mengacci noted these workshops may be scheduled after the September and/or October Board meetings. Tracy Babbidge offered that the DEP would provide a workshop on environment issues. Joel Gordes offered to provide a workshop on energy security issues. Jim Hoffman indicated such briefings would be appreciated and attended. There was also discussion about the potential to hold a CEAB meeting at ISO-NE to facilitate Board members' familiarity with ISO-NE's facility and functions.

6. Update on Legislative Responsibilities

a. Connecticut Siting Council Forecast Proceeding: Heather Hunt, on behalf of the La Capra Associates team, reported that: the Forecast Proceeding hearing was scheduled for July 15, 2008; the CEAB's participation would focus on trying to ensure the information in the Forecast Proceeding record was consistent with the information the CEAB has gathered while working on the Procurement Plan; and, that the CSC recently released its Draft Forecast Report, which affords the CEAB a comment opportunity in August.

b. Various Energy Issues: Jane Stahl, on behalf of the La Capra Associates team, reported that the next step in the Various Energy Issues (VEI) matter is a meeting of the VEI Subcommittee, perhaps after the August meeting or shortly thereafter. Jane Stahl noted the various benefits of completing the Procurement Plan prior to turning attention to Various Energy Issues. Joel Gordes asked whether the state will be able to carry out the Procurement Plan without the right organizational structures. Jane Stahl responded that the Procurement Plan effort will inform issues that will be considered in the Various Energy Issues report.

c. Procurement Plan: The CEAB members who are by statute exempt from participating in CEAB's review of the Procurement Plan left the meeting. Dan Peaco of La Capra Associates provided an overview of the Procurement Plan Subcommittee recommendations as set forth in a PowerPoint distributed to the Board. Dan Peaco thanked representatives from CL&P and UI for their contribution to CEAB's efforts. Mike Cassella thanked the members of the Subcommittee for the time they had given to the preparation of the recommendations.

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Joel Gordes asked whether Conn. Gen. Stat. Sec. 16a-35kk will be included in the Procurement Plan background discussion. Mike Cassella indicated the Plan will be mindful of the connections.

On Demand Side Management (DSM), Dan Peaco reviewed the Subcommittee recommendations consistent with the PowerPoint. He noted that while the Subcommittee discussed the need to be more aggressive on DSM, it also discussed the need to be cognizant of the near term rate impacts. Jeff Gaudiosi stated that the Energy Conservation Management Board's (ECMB) DSM potential study update is on track to be completed by the end of 2008. There was discussion about the value of being able to plan DSM spending on a longer-term basis than year to year. Jeff Gaudiosi referenced a letter from the ECMB on the recommendations.

On renewables, Dan Peaco reviewed the Subcommittee recommendations consistent with the PowerPoint. There was discussion about: any potential cost implications of meeting the Renewable Portfolio Standards (RPS) requirements with out-of-state resources; Renewable Energy Credit (REC) prices v. Alternative Compliance Payment prices; and, the Connecticut Clean Energy Fund's (CCEF) analysis about resources available to meet the RPS. Mary Healey noted the DPUC's recent Draft Decision on Long Term REC contracts and the risk of creating stranded costs. In that context, Dan Peaco noted the usefulness of the recommendation to test the REC contract market at this time. Mary Healey suggested the recommendation should clearly reflect this cautious approach. There was discussion about CCEF retaining RECS and the implications for renewable projects.

On conventional generation, Dan Peaco reviewed the Subcommittee recommendations consistent with the power point. There was discussion about the number of megawatts (MW) that could come out of service over time given tightening emissions regulations. Dan Peaco noted the need for additional analysis on this issue. Tony Sheridan noted that: nuclear power was the one technology that could meet the full range of needs and that nuclear should be addressed as a priority objective. There was discussion of Connecticut's general capacity and expertise in the nuclear field. Melissa Ozols noted that various states legislate in different ways relative to the nuclear industry, which could influence the nuclear industry's relative level of interest in development opportunities. Mike Cassella noted nuclear power was in the list of issues to be addressed for future plans. Tim Cole indicated the number of issues being identified for future study was large and suggested it would be useful to create a timeline to manage them. Dan Peaco said he will take feedback received and create a priority list based thereon.

On transmission, Dan Peaco reviewed the Subcommittee recommendations consistent with the power point.

On emissions, Dan Peaco reviewed the Subcommittee recommendations consistent with the PowerPoint. He reported there was progress on integrating future environmental regulations and how they will affect generation. Tracy Babbidge noted the need to assess how the state can meet federal standards.

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Upon request, Dan Peaco reviewed the Subcommittee recommendations consistent with the PowerPoint. Tim Cole questioned the extent to which planning was based on experience and historic growth patterns that are changing, such as housing density. Dan Peaco noted the underlying economic models are historical. Melissa Buckley commented on the importance of considering changes in other states, such as increasing RPS requirements, and the affect on Connecticut's ability to meet the RPS.

Public Comment

Mr. Mengacci asked public attendees for any comment they wished to convey to the Board.

Robert Fromer spoke about a series of issues including but not limited to carbon and peak oil.

Roger Koontz of Environment Northeast: referred to a letter provided to the Board in support of ECMB's position relative to the Procurement Plan; indicated that the Procurement Plan is an opportunity to make a real difference for customers and that multi-year planning was critically important to the ECMB; referenced the increase in customer demand for services and the risk of shutting down commercial and industrial programs over the next six months due to oversubscription, which may cause a crisis in confidence; spoke about the need to use all cost effective DSM, the DSM focus scenario and the declining relative percentage of customer bills now dedicated to DSM; and, urged the Board to recommend specific spending amounts over a three-year period in the final Procurement Plan.

Mr. Fromer said if the Board meets at ISO-NE, the public should also be invited. The Chairman indicated he would talk with ISO-NE about any associated security issues.

Adjournment

There being no further business to come before the board, Mr. Mengacci adjourned the meeting at 12:20 p.m.

Submitted by: Heather Hunt

Accepted by: