

# MEMORANDUM

May 20, 2009

**TO: CONNECTICUT ENERGY ADVISORY BOARD**  
**FROM: MICHAEL CASSELLA**  
**SUBJECT: BACKGROUND FOR MAY 29<sup>TH</sup> CEAB VISIONING SESSION**

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The Visioning Workshop on May 29<sup>th</sup> will give us an opportunity as a Board to step back and take a broader view of where we are and where we are going with energy planning in Connecticut. The discussion should result in the identification of key questions that need to be asked in the 2010 Procurement Process. In other words, where do we want to go and what information do we need to move in that direction. It may also clarify issues that we need to pursue outside of the Procurement Process.

In anticipation of this session, I have worked with La Capra to develop questions for each section of the agenda based on the discussions relating to the 2009 procurement process and other Board discussions. La Capra has assembled some materials that may be useful in informing your thinking on each area. The questions and resources are intended to seed, not limit, our discussion. I am committed to a productive outcome for the sessions and hope that our discussions will take a high level view.

The attached agenda lists the questions and core reading material. For those who wish to delve more deeply, Gretchen has created a Web page ( <http://www.ctenergy.org/2010ProcurementPlan.html> ) with links to additional materials organized by the topics on the agenda.

I believe this meeting will provide a framework for our work in the coming year. If you are unable to make the May 29<sup>th</sup> meeting, I encourage you to contribute your thoughts or questions by calling or writing to me or the entire Board or another Board member who will be in attendance.

**CEAB Vision Workshop  
May 29, 2009**

**9:00 a.m. to 3:00 p.m.**

**Scope of the Plan**

**• What Should We Use as a Planning Horizon?**

- Are the current planning horizons appropriate and adequate to address the interrelated goals associated with integrated resource planning? What other state goals/policies should be considered in identifying the planning horizon?
- What are the advantages and disadvantages of too long or too short a horizon and can they be addressed as part of the plan?

**Some considerations:**

1. *Should we address very short-term resource acquisition issues such as rate impacts?*
2. *Is the planning horizon based on a timeframe defined as resources needed in that period or whether there needs to be actions taken to facilitate resources that will be needed in the longer term?*
3. *What is the longest term we should include in our planning? For the Procurement Plan? For overall CEAB efforts?*
4. *Should planning be looking at 2025, 2030 or 2050 carbon reduction goals?*
5. *What are the relevant timeframes for the Clean Air Interstate Rules (CAIR) & other environmental objections?*

**• Do We Address the Intersection of Electric Sector to Transportation, Environment?**

- The Procurement Plan is electric resource focused. To what extent can and/or should transportation, natural gas, air quality and economic issues be factored into this planning process?
- Should CEAB use the IRP to facilitate coordination and integration of energy planning across sectors?

**• What Analysis, Procurement, and Policy Content is Needed?**

- Goals for non-conventional resources have been critiqued as being set without sufficient documentation, as has the quantitative basis for comparing resources that address multiple state goals.
  - What type of analyses do we need/want the plan to include and be supported by?
  - What particular metrics should the Board examine? What criteria to use?
    - *Price of electricity?*
    - *Long term economics? Cost –Benefits Analyses?*
    - *Environmental metrics?*
    - *Reliability and security metrics?*
    - *All of the above*

## **STATUTORY REQUIREMENTS**

Public Act 07-242, Section 51 (b) On or before January 1, 2008, and annually thereafter, the companies shall submit to the Connecticut Energy Advisory Board an assessment of (1) **the energy and capacity requirements of customers for the next three, five and ten years**, (2) the manner of how best to eliminate growth in electric demand, (3) how best to level electric demand in the state by reducing peak demand and shifting demand to off-peak periods, (4) the impact of current and projected environmental standards, including, but not limited to, those related to greenhouse gas emissions and the federal Clean Air Act goals and how different resources could help achieve those standards and goals, (5) energy security and economic risks associated with potential energy resources, and (6) the estimated lifetime cost and availability of potential energy resources.

## Goals, Policy Objectives

- **Are Existing Energy Goals in Statute, Governor's Policy, and Regional and Federal Policy Being Addressed?**
  - Have we adequately identified related State goals that can be furthered through Integrated Resource Planning and implementation?
  - Have we identified federal or regional goals that are beyond our authorities or capabilities?
  - Are there federal/regional goals that require specific procurement/resource changes?
  
- **What Long-Term Goals Should be set for the Plan?**
  - Given the interconnectedness of the electric sector and other energy-related issues, what types of goals should the plan include?
  - Should we consider current state policy goals as static or open for reconsideration?
  - Have we or how can we establish a sufficient basis to fine-tune, amend or expand previously set goals?
  
- **What are CEAB Priorities**
  - In light its statutory charges as informed by its continuing IRP work, are there particular goals or areas upon which CEAB should focus?
    - Are there gaps in existing structures that CEAB could champion or fill?
    - Are there opportunities in energy related matters for which there is no apparent leadership?

### **CURRENT STATE GOALS**

The state's energy policy as established under the 2008 Global Warming law (Public Act 08-98) and Governor Rell's Connecticut Energy Vision:

- 20 percent reduction in fossil fuel consumption by 2020
- 20 percent reduction in electric-peak grid consumption by 2020
- Commercial transportation fuels to include mixture of 20 percent alternative fuels by 2020
- Residential and commercial heating oil to include mixture of 20 percent alternative fuels by 2020
- 10 percent reduction in greenhouse gas emissions by 2020 compared to 1990 levels
- 80 percent reduction in greenhouse gas emissions by 2050 compared to 2001 levels

## Implementation/Structural Issues

- **Are Changes Needed to Make the Connecticut/Regional Market Regulatory Structure Work Better for CT?**
  - Does CEAB have the capacity and authority to influence or otherwise address the market regulatory structure?
- **Should/Can Codes and Standards Be Addressed?**
  - Can CEAB use the IRP process and procurement analyses to meet state policy goals with regard to:
    - energy efficiency program design choices
    - building code modifications
    - funding/rate of return criteria
    - other state entity decision making
  - Should CEAB confirm whether the operative resource adequacy and reliability standards that underlie state energy decisions are beyond its authority to address or regardless, to determine their continued viability for the state?
- **Organizational Structure of the Industry and Govt.<sup>1</sup>**
  - Does the IRP provide authority, planning guidance and decision making criteria for state entities and their current organizations and capabilities?
    - To what extent has or how can this be communicated to industry and state entities?
  - Can CEAB establish the capacity to monitor IRP progress, apply metrics, inventory assets and monitor market conditions and environmental requirements, so implementation and/or structural modifications can be identified and made as warranted?
  - Can CEAB or another state entity establish capacity for public education/outreach?
- **How Do/Can Financial Mechanisms Be Used to Contribute to Meeting State Goals?**
  - Should CEAB review how various resources are funded?
  - How does the Plan accommodate the use of various funding mechanisms?

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<sup>1</sup> **A Report on Various Energy Issues for Connecticut: Phase I, May 30, 2008.**

The Phase I Report contains information to develop about how various Connecticut energy entities, and entities with energy- related roles, currently function and interact with one another in energy-related planning and implementation processes. The CEAB Website contains a link to Report and also to excerpts of the VEI Phase I report for your reference.

## 2010 Planning Process

- **What Should Be the Scope of EDC's Work<sup>2</sup>?**
  - What are the necessary analyses for the 2010 Plan?
  - What metrics need to be developed?
  - Are there particular resource plan scenarios or strategies we want tested?
- **What Additional Work Needs to Be Done by CEAB/Others?**
  - What work outside of the EDC procurement planning process does CEAB need to sponsor?
  - How can CEAB be a focal point in coordinating the State's participation at ISO-NE?
- **How should the Stakeholder Input Process be Led?**
  - Are current stakeholder processes sufficient and effective?
  - Is CEAB's scope different enough that CEAB should lead the stakeholder process?
  - How do we determine who should be involved?

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<sup>2</sup> Board members may want to read Sections V and VI in the 2009 Procurement Report to refresh their memory of the issues that arose out of the 2009 Plan and the direction for 2010 offered in the 2029 Plan. A link is provided on the Web site.

## **Background Reading for Visioning Workshop**

(See <http://www.ctenergy.org/2010ProcurementPlan.html>)

### **Connecticut Energy Policy and Planning Structure**

Governor Rell's "CT's Energy Vision For a Cleaner, Greener State"  
(<http://www.ct.gov/governorrell/lib/governorrell/energyplan.pdf>)

### **AN ACT CONCERNING CONNECTICUT GLOBAL WARMING**

**SOLUTIONS.Public Act 08-98** (<http://www.cga.ct.gov/2008/ACT/PA/2008PA-00098-R00HB-05600-PA.htm>)

### **Summary from Various Energy Issues Report**

<http://www.ctenergy.org/pdf/Overview.pdf>

### **Various Energy Issues Report**

[http://www.ctenergy.org-pdf-CEAB\\_VEI\\_Phase\\_I\\_FINAL.pdf](http://www.ctenergy.org-pdf-CEAB_VEI_Phase_I_FINAL.pdf)

### **Program Review and Investigation Staff Report on Connecticut's Energy Efficiency and Conservation Programs (September 25, 2008)**

[http://www.cga.ct.gov/2008/pridata/Studies/PDF/Energy\\_Briefing.PDF](http://www.cga.ct.gov/2008/pridata/Studies/PDF/Energy_Briefing.PDF)

### **Global Warming Solutions**

DEP Draft Presentation on (see slides 6-11)

<http://www.ctenergy.org/pdf/DEPPPT.pdf>

### **Energy Security and Smart Grid**

Energy Security <http://www.ctenergy.org/pdf/Security.pdf>

Microgrids/SmartGrids [http://www.ctenergy.org/pdf/MicrogridsSmartGrids\\_pdf.pdf](http://www.ctenergy.org/pdf/MicrogridsSmartGrids_pdf.pdf)

MicroGrids Partners' Meeting <http://www.ctenergy.org/pdf/MicrogridsMtg.pdf>

### **Regional Energy Planning**

ISO May 9, 2009 Presentation to NECPUC "The Evolution and Expansion of System Planning"

[http://www.ctenergy.org/pdf/ISO\\_NECPUc.pdf](http://www.ctenergy.org/pdf/ISO_NECPUc.pdf)

### **CEAB Recent Statements**

See Sections V and VI of 2009 Procurement Report, May 1, 2009

<http://www.ctenergy.org/pdf/2009CEABProcurementReportPosted.pdf>

### **Change in Gas Outlook**

Wall Street Journal Article

<http://www.ctenergy.org/pdf/WSJ.pdf>