

**STATUS REPORT  
TO THE  
CONNECTICUT ENERGY ADVISORY BOARD**

**April 25, 2008**

**LA CAPRA ASSOCIATES CONSULTING SERVICES ACTIVITIES**

**CONNECTICUT UTILITIES PROCUREMENT PLAN**

**Scope:**

1. Review Utility analysis with broad stakeholder participation
2. Refine input assumptions and analysis of Integrated Resource Planning options
3. Develop a preferred resource plan for Connecticut
4. Incorporate Resource Procurement Recommendations into the Revised Plan for August 1, 2008 filing to DPUC

**Areas of Focus:**

1. Demand Management – review Utilities recommendation to dramatically increase Energy Efficiency and Price Responsive Demand funding
2. Renewable Energy – reconcile the utility perspective with that of the CCEF regarding the outlook for meeting RPS requirements.
3. Generation – work with utilities and the Connecticut generation owners to incorporate a more realistic viewpoint of the ability to rely on the continued operation of older steam-based generation throughout the next 10 plus years.
4. Environmental Compliance – integrate into the analysis the impacts of the continued reliance on older high emissions generating capacity
5. Transmission – develop additional analysis showing the impact transmission projects will have on economics, installed capacity, operable capacity, operating reserve, and statewide emissions.
6. Procurement Options – analyze the most beneficial ‘procurement’ actions to meet the multiple objectives of minimizing ratepayer costs, emissions compliance and reliability.

**Deliverables to the Board:**

1. Discussion of IRP Analysis – June Meeting
2. Presentation of Plan recommendations and report outline – July Meeting
3. Draft Plan for CEAB approval – during July

**Stakeholder Activity:        Renewable Energy**

**Stakeholders:**

Utilities, CCEF, Environment Northeast, AARP

**April Activities:**

Meetings – April 2, April 17 and planned May 5<sup>th</sup>

- a. Discussed collectively the utilities analysis of the renewable energy project potential that lead to their concern on the likely renewable energy development shortfall as compared with the RPS requirements.
- b. CCEF presented their perspective to the Stakeholders
- c. La Capra Associates compiled independent and CCEF research into a preliminary renewable energy outlook. This outlook shows that given the scope of current, underdevelopment, proposed projects and identified resource potential, would provide sufficient energy to meet RPS requirements. This would provide an outlook for a low REC Price outlook

**Planned May Activities:**

Meetings – planned May 5<sup>th</sup>

- 1) Validate in discussions with utilities the La Capra associates / CCEF levelized cost analysis methodology.
- 2) Finalize Renewable energy forecast by scenario used with the utilities' procurement plan
- 3) Develop assumptions for the regional RE resource potential beyond RPS

**Stakeholder Activity:        Demand Management**

**Stakeholders:**

Utilities, ECMB, Environment Northeast, AARP, First Light Power

**April Activities:**

Meeting – April 11

- a. Reviewed DSM analysis basis for scope, cost and practical potential of the expansion of Energy Efficiency and Price Responsive Demand
  - Cost effectiveness process
  - Capability to ramp up programs
  - Funding Sources for DSM expansions
- b. ECMB has request CEAB to formally support its proposal before the DPUC to immediately bring funding levels for energy efficiency to the levels established as economic in the utilities projects and identified

**Planned May Activities:**

- 1) Receive and review CCEF's outline of funding source options
- 2) Utilities to develop participant cost estimates
- 3) Review cost effectiveness filing
- 4) Develop proposal for NEW DSM assumptions in the base plan.

**Stakeholder Activity:            Environmental Compliance**

**Stakeholders:**

Utilities, DEP, Environment Northeast, AARP, First Light Power, NRG

**April Activities:**

Meetings – Stakeholders April 14, DEP follow-up April 16 and 22

- a. Initiated dialogue between DEP, utilities and Connecticut Generation owners
- b. Monitoring DEP Fuel Burning Stakeholder process
- c. Establishing scenario assumptions for individual Electric Generation Unit (EGU) for each scenario
- d. Establishing planning levels for Statewide compliance of individual pollutants, particularly NOX and CO2

**Planned May Activities:**

Meetings – Stakeholders planned May 5<sup>th</sup>

- 1) Apply multiple scenarios/cases for individual EGU emission rate levels for NOx, Sulfur, CO2 and HG to modeling effort of utilities
- 2) Apply multiple scenarios/cases for statewide targets/caps of individual pollutants.
- 3) Discuss whether or how to incorporate High Electric Demand Days (HEDD) emissions working group efforts into the procurement planning process. Possibly recommend capturing that in January 2009 utility procurement plan.

**Stakeholder Activity:        Generation**

**Stakeholders:**

Utilities, DEP, Environment Northeast, AARP, NRG, PSEG, Competitive Power Ventures, NEPGA, First Light Power

**April Activities:**

Meetings – April 2, April 17

- a. Established dialogue among CEAB, DEP, utilities and Connecticut generation owners regarding the issues surrounding existing older generation. – operate, deactivate, reconfigure etc.
- b. Conducted discussions on the available public information on the existing units and potential new generation
- c. Awaiting Generation companies to provided suggested changes to the analysis utilities used in January Plan to conclude there was little to no potential for the units to stop operating.
- d. Developing assumptions to apply cost and performance impacts of the existing Connecticut generation fleet in order to comply with tightening emissions rates limits

**Planned May Activities:**

Meetings – planned May 5<sup>th</sup>

- 1) Apply new cost estimates to utility analysis to establish a viewpoint on the likeliness of continued operation by scenario, and as a planning option.
- 2) Analyze reconfiguration options as potential procurement resources
- 3) Determine impact on capacity needs if current generation fleet experiences attrition.

**Stakeholder Activity:        **Transmission****

**Stakeholders:** anticipated

Utilities, ISO-NE, DEP, Environment Northeast, AARP, NRG, PSEG, Competitive Power Ventures, NEPGA, First Light Power

**April Activities:**

Meetings – none to date, planned mid-May

**Planned May Activities:**

- 1) Meet with ISO-NE and full stakeholder group to discuss the need for Norwalk Harbor RMR status, needs assessment of NEEWS, the ramifications of zero CT load growth
- 2) Discuss Forward Capacity Auction implications
- 3) Discuss potential Transmission project impact on emissions

**Stakeholder Activity: Procurement**

**Stakeholders:** anticipated

Utilities, DEP, Environment Northeast, AARP, NRG, PSEG, Competitive Power Ventures, NEPGA, First Light Power

**April Activities:**

Meetings – none to date, planned mid-May

**Planned May Activities:**

- 1) Limited until preferred resource plans are established
- 2) Activity in this area slated for June