

**GUIDE TO THE
REQUEST FOR PROPOSAL PROCESS**

*Soliciting Preferred Energy Projects To Meet
Connecticut's Energy Needs*

Volume I:

A Primer for Energy Project
Developers and Stakeholders



The Connecticut Energy Advisory Board

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LIST OF ACRONYMS

CEAB	Connecticut Energy Advisory Board
CSC	Connecticut Siting Council
DPUC	Department of Public Utility Control
EIA	Energy Independence Act
FMCCs	Federally Mandated Congestion Charges
ISO-NE	New England Independent System Operator
RFP	Request for Proposals

PREFACE

This Connecticut Energy Advisory Board (“CEAB”) Guide to the Request for Proposal Process is the first in a series of four reports that the CEAB will issue to provide information to the market and the public on the CEAB’s Request for Proposals (RFP) processes. These four reports focus on the planning context, the solicitation process, information requirements, and proposal evaluation aspects of the RFP processes, as follows:

Volume I: CEAB RFP Process – A Primer for Energy Project Developers and Stakeholders

A guide introducing the CEAB RFP Process responsibilities, the context for this process, a basic description of the solicitation process, and the role of the RFP Process in the State’s energy planning.

Volume II: CEAB RFP Process – A Guide to the RFP Process

A guide describing the specific processes and procedures that the CEAB will employ when conducting a solicitation.

Volume III: CEAB RFP Process - Templates for RFP Solicitation Materials

A guide containing form documents the CEAB will use in preparing materials for specific solicitations.

Volume IV: CEAB RFP Process – The Proposal Evaluation Process

A guide describing the process the CEAB will use in evaluating proposals submitted in response to a solicitation.

Upon issue, copies of these guides, and others referenced in this Primer, can be obtained by visiting CEAB’s web site (www.ctenergy.org), by email at contact@ctenergy.org or by contacting:

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Any other inquiries regarding the CEAB’s RFP Process should be directed to CERC, as well.

1. Connecticut's New Approach to Energy Project Development

The State of Connecticut has established a new approach to energy infrastructure development and permitting. The State will now take an active role in two distinct ways. First, the State will encourage the development of energy projects that meet its energy policy objectives, such as affordability and system reliability, and address its preferences regarding such matters as the minimization of environmental and quality of life impacts. Second, the State will ensure that alternatives to major facilities are considered when such facilities are proposed by utilities or market participants.¹

In June 2003, the Legislature vested the Connecticut Energy Advisory Board (CEAB) with substantial responsibilities to implement this new approach and modified the Connecticut Siting Council (CSC) process accordingly (Public Act 03-140¹). For the energy project developer, **the CEAB is now a first point of contact** and a facilitator for coordinating project planning for the State.

Public Act 03-140 – An Act Concerning Long Term Planning for Energy Utilities –

is designed, in part, to help Connecticut
*“anticipate rather than react to
emerging energy needs.”*

The CEAB's responsibilities include three key components:

- (1) Playing a significant role in State energy planning;
- (2) Establishing Preferential Criteria for energy projects in Connecticut; and
- (3) Actively soliciting project proposals through suitable RFP processes.

An important objective of the solicitation processes is to encourage the development of high quality projects in Connecticut. The CEAB believes that this can best be accomplished if the processes operate efficiently and transparently. Accordingly, the CEAB's RFP Processes are designed to be expeditious and to increase the effectiveness of the overall review process in a way that advances State energy policy.

¹ Appendix A provides a brief discussion of the energy projects that are subject to evaluation by the CEAB and approval by the CSC.

The RFP Process

The RFP process will be implemented in one of two ways, as circumstances may require: a “Proactive RFP” initiated by the CEAB or a “Reactive RFP” conducted in response to a project application brought to the CSC. Both processes are designed to encourage the simultaneous consideration of a broad range of solutions to meet the energy infrastructure needs of the State.

- **Proactive Mode** – In its Proactive mode, the CEAB will periodically solicit projects, including energy efficiency measures and distributed generation, to meet the State’s needs as identified through the CEAB’s energy planning. Projects that best meet the needs and preferential criteria will be recommended by the CEAB to the CSC and other permitting and funding agencies.
- **Reactive Mode** – The Reactive RFP process will be utilized when an energy project, unsolicited by the CEAB, initiates the CSC authorization process. The CEAB will solicit alternatives to the proposed project, evaluate all submitted proposals relative to the Energy Plan and Preferential Criteria, and prepare a report and recommendation to the CSC and other permitting and funding agencies. Recommended projects, as in the Proactive process, will need to file an application with the CSC; the CSC will consider them along with the proposed project.

Proactive RFP Mode

The CEAB may issue an RFP if it determines an energy-related need exists.

Reactive RFP Mode

When an energy project proposal is filed with the CSC, the CEAB will solicit alternative solutions and evaluate submitted proposals in relation to the State’s Preferential Criteria.

Both the Proactive RFP and the Reactive RFP processes are designed to be catalysts for preferred energy project development and the means for the broad consideration of alternative ways to meet the State’s needs. Through these solicitation processes -- and in other ways, as well -- the CEAB will actively communicate to stakeholders and the market the State’s needs and preferences.

The CEAB membership includes a broad cross-section of governmental leaders in Connecticut. This membership structure provides the leadership to carry out the CEAB’s key functions and to facilitate high-level State coordination in the review of projects covered by the CEAB processes.

CEAB Membership

Chair of the Department of Public Utility Control
The Consumer Counsel
Commissioner of Environmental Protection
Commissioner of Transportation
Commissioner of Agriculture
Secretary of the Office of Policy and Management
Appointee of the Governor
Appointee of the President Pro Tem of the Senate
Appointee of the Speaker of the House of Representatives

The CEAB offers this Primer as an introduction and a guide to all who may be interested in the new approach to energy development being implemented by the CEAB. The CEAB is committed to helping all stakeholders understand the process through this RFP Primer, with information in subsequent CEAB guides, and through dialogue with interested stakeholders. This information will also be communicated by the CEAB through public announcements and public forums.

2. Connecticut's Energy Challenge

Connecticut's energy infrastructure has many critical needs, and the challenges in meeting these needs are significant in both the very near term and over the long term.

A recent CEAB report describes the critical near-term needs in Connecticut's electric sector, which include the need to complete transmission projects under development, reduce peak demands, and develop load management and distributed-generation in key locations. In the longer term, the State must plan for the retirement, replacement, or repowering of existing aging generation and continue to address the reliability and operating issues associated with limitations in the transmission system.

The natural gas sector also faces important challenges. The January 2004 cold snap disruption in gas supplies points to the stress on the gas supply system and the increasing interdependence of the gas and electric systems in the region. Significant increases in the price of natural gas, oil, and electricity create additional demands for solutions to assure that Connecticut's energy future is secure and affordable. All-in-all, both fuel diversity and non-fossil fuel solutions (demand-side management and renewables) are priorities, although other supply options will also be necessary.

“Energy Independence Act” (EIA)

In recent years, substantial changes have been proposed by the New England Independent System Operator (ISO-NE) to the region's electricity markets that have the potential to substantially increase Connecticut's electricity costs. In July 2005, the General Assembly passed and the Governor signed An Act Concerning Energy Independence (Public Act 05-1, the “Energy Independence Act” or “EIA”) into law in response to these pending changes. The EIA authorizes the Department of Public Utility Control (“DPUC”) to take a number of steps, including the facilitation of project development, to mitigate the cost implications of these new market rules. These measures, by way of example, include financial incentives for some projects and possible long-term contracts for capacity for others.² The EIA measures, working in tandem with the CEAB's responsibilities, create the means for the State to take actions to address its needs in a cost effective manner.

Environmental and Public Policy Issues

In addressing these energy challenges, important environmental and public policy issues must be addressed, as well. Environmental issues such as control of acid rain and greenhouse gas emissions, land

² Projects selected by the DPUC pursuant to the EIA are exempt from the CEAB Reactive RFP Process.

use issues associated with generation, transmission, pipelines, and water resource utilization are vitally important to the State. Public policy issues such as continued development of competitive energy markets, economic and community development, and quality of life bear significantly on the State's energy decision-making.

These considerations led to the development (through the CEAB) of the State's Preferential Criteria for energy infrastructure projects. The State is committed to the development and long-term sustainability of a reliable energy infrastructure; at the same time, it is also committed to minimizing the impact on the environment and to the quality of life of all its citizens. The State's Preferential Criteria are designed to provide a balance between the needs for energy infrastructure projects and their impacts. The CEAB's RFP processes will be used to facilitate the development of energy projects that reflect this balance.

Preferential Criteria

The CEAB has developed a set of *Preferential Criteria* considering both the needs for energy projects and their impacts.

3. CEAB Responsibilities and RFP Processes

Under Public Act 03-140 (the “Long-Term Planning Act”), the CEAB’s responsibilities include developing a State Energy Plan; establishing Preferential Criteria for energy projects in Connecticut; and actively soliciting project proposals through suitable RFP processes. This section describes these responsibilities in more detail.

3.1 Energy Planning

The Long-Term Planning Act requires the CEAB to prepare a comprehensive State Energy Plan on an annual basis. This Plan is to be based on existing reports and studies regarding the need for new energy resources, new energy transmission facilities in Connecticut, and new energy conservation initiatives in Connecticut. The State Energy Plan is required to:

- (1) Assess current energy supplies, demand, and costs;
- (2) Identify and evaluate the factors likely to affect future energy supplies;
- (3) Address the progress made toward long-term goals set in the previous Plan;
- (4) Recommend methods to decrease dependency on fossil fuels;
- (5) Assess Connecticut’s infrastructure for natural gas and electric systems;
- (6) Evaluate the impact of regional transmission infrastructure planning processes on the State’s environment, on energy market design, and on the State’s economic development;
- (7) Consider alternative energy planning mechanisms;
- (8) Specify energy policies and long-range energy planning objectives and strategies; and
- (9) Recommend necessary administrative and legislative actions to implement desired policies, objectives and strategies.

Given its broad involvement in critical planning matters, the CEAB’s State Energy Plan provides stakeholders with important information regarding the State’s energy needs. The CEAB has published Energy Plans in 2004 and 2005 and will publish the next annual Energy Plan in January 2006.

The Long-Term Planning Act also established electric energy planning coordination responsibilities for the CEAB, which closely relate to the CEAB's State Energy Plan responsibility with respect to the electric sector. The Act directs the CEAB to represent the State in the regional system planning process conducted by the Independent System Operator of New England (ISO-NE), and to participate in the CSC's annual loads and resources forecast proceeding. In its annual proceedings, the CSC collects current information from the Connecticut generators and distribution companies and prepares a report on the loads and resource projections over the coming decade. In 2005, the CEAB was actively involved in both the ISO-NE's planning process that culminated in its *Regional System Plan 2005* and the CSC's proceeding that culminated in its *Review of Connecticut Utilities' Ten-Year Forecasts of Loads and Resources 2005*.

The CEAB is responsible for assessing proposed energy projects via the Proactive or Reactive RFP processes. The CEAB also provides electric system planning guidance to other State agencies, and periodically prepares assessments of the State's electric sector needs. These assessments will incorporate information obtained from the ISO-NE and CSC processes, as well as other available planning information.³ In 2006, the CEAB will undertake a longer term assessment that will guide its planning and RFP processes. The CEAB assessments are also inputs to the plans of the Energy Conservation Management Board and the Renewable Energy Investments Advisory Committee (also referred to as the Clean Energy Fund Advisory Committee).

The CEAB's annual Energy Plan and the periodic assessments of specific needs provide guidance to the CEAB in the conduct of its RFP Process responsibilities. These plans and assessments also offer important information to the public and to energy project developers and should facilitate the development process for projects that best meet the State's needs and preferences.

³ In September 2005, the CEAB issued a preliminary assessment of Connecticut's electric sector requirements – *Electric Supply and Demand: Near-Term Requirements for Reliability and Mitigation of Federally Mandated Congestion Charges* – at the request of the Department of Public Utility Control (“DPUC”).

3.2 Preferential Criteria

The Long-Term Planning Act requires the CEAB to establish infrastructure criteria guidelines known as the Preferential Criteria. These Criteria must be consistent with the State Energy Plan, as well as State policies regarding the environment, economic development, and electric industry restructuring. The CEAB published the Preferential Criteria in 2004 following a public comment and hearing process.

The CEAB's Preferential Criteria were established to support and balance energy reliability, environmental and natural resource protection, cost effectiveness, and quality of life goals in the evaluation of energy projects. The Preferential Criteria provide guidelines for energy project proponents and for the CEAB in its evaluation of proposals received through the RFP Processes.

3.3 CEAB's RFP Processes

The Long-Term Planning Act assigns the CEAB responsibility for running Request for Proposal (RFP) solicitations (a) when the CEAB decides to seek solutions to meet needs for new energy resources, new energy transmission facilities in the State, and new energy conservation initiatives in the State identified in the State Energy Plan ("Proactive RFPs"); and (b) in response to CSC energy project applications ("Reactive RFPs"). Both Proactive and Reactive RFPs will result in a final report that will discuss how each project application meets the requirements of the Preferential Criteria and the Energy Plan. This CEAB-issued report will be the final result of the solicitation process.

(a) CEAB-Initiated RFP Process: Proactive RFPs

A Proactive RFP is initiated by the CEAB when it has identified a specific need or set of needs through its energy planning activities. The CEAB has the authority to conduct a solicitation for projects in this manner if and when it determines that the energy requirements of the State warrant that action. This determination will derive from the energy planning activities of the CEAB, including the public input process. The prospective energy project developer will have the assurance that the State has conducted a public process in making its decisions. The CEAB anticipates that this approach will facilitate the identification of specific project types and locations that will be well suited to meet the State's needs.

In the Proactive RFP process, all projects can be advanced on a parallel path. The timing of the issuance of any Proactive RFP will be determined by the CEAB based upon the circumstances at the time. The proactive RFP process is described more fully in Section 4.

The actual conduct of a Proactive RFP, should one be issued, will be the same as in the Reactive RFP mode. The Long-Term Planning Act contains specific parameters for the time allowed from the issuance of the RFP to the CEAB evaluation of proposals and, finally, to applications at the CSC. Those timing parameters apply to all RFPs conducted by the CEAB.

(b) Process for Unsolicited Applications: Reactive RFPs

A Reactive RFP is initiated by an energy facility's application to the CSC. As was the case prior to the Long-Term Planning Act, any project developer can file an application to the CSC for a project it wishes to develop in the State.

Once an application to the CSC is made, the CEAB is obligated to issue an RFP for alternatives to the proposed project within 15 days. Unlike the Proactive RFP, this process does not begin with all project alternatives on a parallel path. Instead, the CEAB Reactive RFP is intended to solicit alternatives to the project so as to enable the CSC to review all options in a consolidated proceeding.

The CEAB encourages project proponents to communicate with it and to coordinate project plans with its Proactive RFP Process. If timing needs preclude the applicant from coordinating with the Proactive RFP Process, it is recommended that the project proponents provide the CEAB with as much notice as possible of their intent to file with the CSC, so as to allow the CEAB to conduct an effective RFP in response to the application.

Within the time constraints of the Reactive RFP process, the CEAB will assess the merits of the project that initiated the reactive RFP process and the alternatives to it. All projects will be evaluated relative to one another and to the CEAB's then-current assessment of the State's needs and preferential criteria.

(c) Integrating the RFP Process with State Incentive Programs

Currently, CEAB's RFP Process is a vehicle to coordinate project planning and development in the pre-permitting stage, culminating in a recommendation to the Siting Council. The direct result of the CEAB process is a report to the CSC. The CEAB RFP Process does not offer a power contract or any form of project financial assistance.

However, the CEAB report will also provide information that other state agencies may consider when issuing permits or financial assistance to projects; a favorable CEAB evaluation would likely be given weight by other State agencies that review energy projects. In addition, a project with a CEAB recommendation may also have opportunities to work with the DPUC, the Energy Conservation Management Board, or other State programs that offer financial assistance. In this sense, the CEAB RFP Processes may be used as a "gateway" that may ultimately lead to a financial reward.

4. The RFP Processes

The CEAB RFP Process is a new approach to energy project development and permitting that has been instituted to meet Connecticut's energy challenges. With this change, Connecticut is striving to make the development process more predictable and less daunting for proponents of energy projects that best meet the State's Preferential Criteria. At the same time, the energy development process should become more transparent to the citizens of Connecticut.

4.1 Objectives of the CEAB's RFP Processes

The RFP Processes are, at their essence, energy project recruiting tools; and the CEAB is committed to making the RFP Processes a gateway to more effective review of energy projects that best meet the State's needs and policy objectives. Ultimately, the RFP Processes should result in preferred energy project development.

RFP Process Objectives

- Proposals should compete with one another to encourage the development of the best projects.
- A goal is to provide greater clarity regarding the State's preferred energy projects.

From the State's perspective, the CEAB RFP processes are advantageous in several respects. The processes provide a forum in which to evaluate each potential project against the State's Preferential Criteria. It also allows the State to simultaneously consider the full range of project alternatives, including energy efficiency and distributed generation, that could potentially meet a given energy need.

From the project developer's perspective, there are also several key advantages of this process:

- ***Connecticut's Needs Have Been Identified*** – The CEAB's annual needs analyses will provide project developers with an assessment of the State's energy needs. The better a project is able to meet those needs, the greater the likelihood of project success. The developer may also utilize the CEAB needs assessment to assist in preparation of its application to the Siting Council, which involves a demonstration that the project meets the State's energy needs.
- ***Preferential Criteria Are Public*** – The processes provide greater clarity regarding the characteristics of the State's preferred energy projects, allowing developers to understand what types of projects will likely be approved. This will be done via the State's delineated Preferential Criteria, discussed in Section 3.2 above. Both the Criteria themselves and the evaluation method to judge a project against these Criteria will be made public, aiding project proponents in understanding the likelihood of success.

4.2 Description of the Proactive RFP Process Phases

The CEAB Proactive RFP Process has four phases, which are discussed in this Section of the Primer:

Phase 1: Pre-RFP Communication

Phase 2: RFP Issuance and Proposal Development

Phase 3: Evaluation and Ranking of Proposals, Issuance of CEAB Report

Phase 4: CSC Application

Phase 1: Pre-RFP Communication

The emphasis in this phase is primarily information dissemination. The CEAB will apprise the development community of all CEAB processes related to the forthcoming RFP, including articulation of the need being addressed, the role of CEAB, and the proposal process and requirements. As the decision by the CEAB to initiate a Proactive RFP is based on a specific need as shown by the State Energy Plan, this phase will primarily consist of public articulation of the need to best allow developers to respond.

The CEAB will conduct all activities in this phase. Such activities may include holding workshops and informational conferences. The CEAB will determine, based upon circumstances at the time, the amount of time to be allowed between announcement of the need to be addressed and issuance of the RFP issuance; the target is a minimum of 60-90 days.

Phase 2: RFP Issuance and Proposal Development

In this phase, the CEAB will release an RFP seeking proposals that effectively respond to the State's determined need. The CEAB will work to ensure that the RFP process provides potential bidders with as much forward notice regarding the RFP issuance and the requirements to be met. A bidders' conference will be held following the issuance of the RFP documents. There will also be other opportunities for potential bidders to obtain additional information regarding either the process or the requirements.

From the date the CEAB issues an RFP, a specific statutory timeline applies to the remainder of process. Specifically, proposals must be received within 60 days of the date of issuance of the CEAB RFP.

Phase 3: Evaluation and Ranking of Proposals, Issuance of CEAB Report

The CEAB will evaluate projects and submit an evaluation report and recommendation to the CSC for its consideration in its proceeding. As required by statute, the CEAB evaluation will take place during the 45-day period following receipt of bids. The primary goals of the CEAB evaluation are to assess how well applications meet the identified need and to rank the applications against the Preferential Criteria. The report may include some preliminary assessments of the environmental consequences of the proposed project and a discussion of the general viability of the project. It may also provide recommendations for measures that could be taken to mitigate adverse impacts or to improve the project so as to comport more favorably with some of the evaluation criteria.

Phase 4: CSC Application

Within 30 days of issuance of the CEAB report in a Proactive RFP Process, the project developers must submit an application to the CSC, commencing its siting process. The CSC is required to hold consolidated proceedings, allowing for a more effective examination of alternative methods to fill Connecticut's stated electricity needs.

4.3 Description of the Reactive RFP Process Phases

The main difference between the Proactive and Reactive RFP processes occurs prior to the issuance of the RFP. Applicants who wish to file with the CSC must provide the CEAB (and affected municipalities) with 60 days' notice of their intent to file an application with the CSC. The CEAB must initiate a Reactive RFP within 15 days following the filing of an application with the CSC. Thus, the CEAB will have at least 75 days' advance notice of the need to issue a Reactive RFP.

Phases 2 and 3 of a Reactive RFP will proceed in the same manner as in a Proactive RFP.

Phase 4 of the Proactive RFP process will not be needed in the Reactive RFP for the original applicant, since the application was already filed in Phase 1. However, Phase 4 will be the same in both RFP processes for other applicants who respond to the Reactive RFP.

4.4 RFPs Pursuant to the Energy Independence Act

The CEAB RFP processes are pre-permitting processes that are designed to provide recommendations to the CSC and other permitting agencies regarding the consistency of proposed

projects with the State's needs and preferences. The CEAB Proactive and Reactive RFP processes do not offer either financial awards or contracts to the participants.

The CEAB recognizes that participants in the CEAB RFP processes may also have an interest in obtaining financial assistance in some form from the State. While the CEAB processes, alone, do not convey any such assistance at this time, programs administered by other agencies (such as the Energy Conservation Management Board, the Clean Energy Fund, or the Department of Public Utility Control) may consider the recommendations of the CEAB in their evaluation of project proposals.

In July 2005, the Energy Independence Act established RFP processes for capacity contracts to be administered by the DPUC. The EIA (Section 12 (c)) requires the DPUC to issue an RFP by February 1, 2006 for the purpose of reducing federally mandated congestion charges ("FMCCs").⁴ Section 12 (c) also requires the DPUC to solicit a range of resources, including customer- and grid-side distributed resources, and new and repowered generation. Contracts for capacity between a resource provider and an electric distribution company are specifically limited to no more than 15 years. In addition to the foregoing contracts for capacity, the DPUC, pursuant to the EIA, has the authority to offer incentives for the provision of certain resources that can reduce FMCCs. In the future, it is possible that the CEAB processes will offer such incentives or be combined with incentives offered by other State programs. Note also that the DPUC also has the discretion to issue other RFPs for the purpose of reducing FMCCs (Section 12 (k)).

The EIA was enacted subsequent to the enhancements of the CEAB's responsibilities under the Long-Term Planning Act. At present the CEAB and DPUC RFP processes are separate and distinct.

⁴ FMCCs include, but are not limited to, energy congestion charges, the costs of reliability must-run ("RMR") agreements, potential locational capacity costs, and others.

5. A Guide to the New Energy Facility Permitting Laws

As noted above, the CEAB and its function were substantially reformed when Public Act 03-140, “*An Act Concerning Long-Term Planning for Energy Facilities*” (the “Long-Term Planning Act”), was signed into law in June 2003. This statute also modified the Connecticut Siting Council (“CSC”) process for energy projects, establishing the CEAB RFP Processes as the gateway to the authorization process at the CSC, effective December 1, 2004.

More recently, in July 2005, the General Assembly passed and the Governor signed Public Act 05-01, “*An Act Concerning Energy Independence*” (the “Energy Independence Act”). Among other things, this Act created a series of options to enable the State to encourage and facilitate preferred energy resources so as to mitigate FMCCs. In particular, the Energy Independence Act includes requirements that the Department of Public Utility Control (“DPUC”) conduct RFPs to award contracts and other financial incentives to certain electric supply and demand-side resources. The RFP authority vested in the DPUC by the Energy Independence Act is distinct from the CEAB RFP Process set forth in the Long-Term Planning Act; however, the Energy Independence Act exempts certain projects from the CEAB process.

This section of the Primer provides a synopsis of the changes enacted in the Long-Term Planning Act, including (1) the timeline for the RFP Processes; (2) changes in the CSC process; and (3) the CEAB’s coordination with municipalities. Appendix A provides a brief discussion of the energy projects that are subject to evaluation by the CEAB and approval by the CSC.

5.1 Statutory Timeline for the RFP Processes

As discussed above, the Long-Term Planning Act specifies a 15-week period within which the CEAB shall conduct the RFP Processes, whether Proactive or Reactive. In that period, the CEAB will solicit proposals, evaluate the proposals received for consistency with the Preferential Criteria, and prepare a report to the CSC that describes the results of that evaluation. The RFP Processes are designed to be expeditious and to increase the effectiveness of the overall review process in a way that advances State energy policy.

Pre-RFP Process Requirements for Reactive RFPs

When an unsolicited project application is made to the CSC (one not responding to a CEAB Proactive RFP), the applicant must provide notice to CEAB and affected municipalities at least 60 days in

advance of filing an application with the CSC (see Section 5.3 below). Within 15 days of receipt of that advance notice, the CEAB must publish that notice in one or more newspapers or periodicals. This published notice is a mechanism to inform others in the market of the pending application and attendant RFP Process. Once the application is filed with the CSC, the CEAB must issue an RFP soliciting proposals for alternatives to the applicant's project within 15 days of the filing of that application with the CSC.

Time Requirements for All CEAB RFP Processes

Once the CEAB issues a solicitation, whether Proactive or Reactive, the process is to be conducted within a 15-week period (105 days), in two phases:

- 1) Proposal Solicitation: Proposals offered in response to that RFP must be submitted within 60 days.
- 2) Proposal Evaluation: Upon receipt of proposals in response to an RFP, the CEAB will evaluate the proposals received and prepare a report to the CSC within 45 days.

These time requirements provide all respondents to an RFP a set time-frame for resolution of the RFP.

Evaluation Report

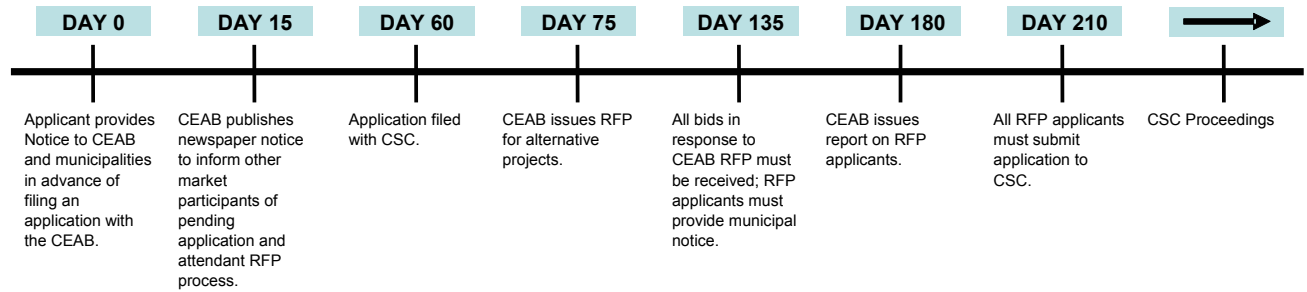
The CEAB's evaluation of the proposals received in response to an RFP will include an assessment of each proposal's conformance with the Preferential Criteria. This report will be provided to the CSC for its consideration in its consolidated proceeding regarding all applications submitted to the CSC by project proponents that participated in the RFP.

Proponent Applications to CSC

A project proponent that submits a proposal to the CEAB in response to a CEAB RFP must submit an application to the CSC within 30 days of the conclusion of CEAB's RFP evaluation if the proponent wishes to be considered by the CSC in a consolidated proceeding to address the alternatives proposed.

The timelines discussed in this section are summarized in Figure 1 on the next page.

Figure 1: Statutory Process Timeline – RFP Responsive to CSC Application



5.2 Changes to the Connecticut Siting Council Process

The Long-Term Planning Act gave significant energy planning responsibility to the CEAB and continued the CSC's role in the authorization process for energy facilities. However, the Act modified the CSC process to integrate the CEAB and CSC activities. The key modifications to the CSC authorization process established by the Act are described below.

Sixty-Day Advance Notice of a CSC Application to the CEAB

An application to the CSC to site an energy facility (generation, transmission line, substation, gas pipeline, or gas storage facility) initiates the CEAB Reactive RFP Process. A prospective energy facility applicant to the CSC must provide notice to the CEAB at least sixty days prior to making an application to the CSC.

This notice requirement is the same as the notice requirement that applicants have had previously and will continue to have regarding any municipality in which the facility is to be located. The Act expands that notice requirement to include the CEAB.

CSC Commencement of Public Hearing

The RFP Process requirement in the Long-Term Planning Act alters the time requirements for the CSC to initiate public hearings on an application. An unsolicited application to the CSC first triggers a CEAB RFP. The CSC process is now triggered by the completion of the CEAB RFP Process. The CSC can begin its review of an application when:

- a) The CEAB has completed the RFP Process, including completion of the CEAB's report on the proposal evaluations and the expiration of the 30-day period allowed for projects proposed to the CEAB to submit an application to the CSC, or
- b) In the event no proposals are received by the CEAB in response to a Reactive RFP, the CEAB will issue a report that evaluates the project that initiated the process and the CSC will set a hearing date.

CEAB RFP Evaluation Report

The CEAB report of results from the evaluation of proposals received in response to an RFP is to be filed with the CSC and is to be included as part of the record in subsequent CSC proceedings.

Consolidated Proceedings

In the event that an RFP Process results in more than one application to the CSC, the Act provides that the applications will be heard in a consolidated public hearing process. The goal of this consolidated proceeding, as with the RFP Process, is to specifically provide for the concurrent consideration of alternatives to meet the identified needs.

5.3 CEAB Coordination with Municipalities

The Long-Term Planning Act modified some of the municipal consultation and participation requirements that had previously been established as part of the CSC process.

Sixty-Day Notice to Municipalities and CEAB

As described previously, a prospective energy facility applicant to the CSC must provide notice to the CEAB and any affected municipalities at least sixty days prior to making an application to the CSC. The timing of this notice provides for the municipal consultations to occur in parallel with CEAB preparations to issue an RFP.

A project proponent responding to a CEAB RFP must provide notice to any affected municipalities at the time that the proposal is submitted to the CEAB. For these RFP respondents, the municipal consultation process is conducted in parallel with the CEAB proposal evaluation process. This consultation serves the same pre-application function for the CSC process as the traditional municipal consultation process.

Municipal Participation Account

The Act adds to the CSC filing fee a municipal participation fee to be paid by each applicant and placed in a municipal participation account. The fees are to be used to assist municipalities with the cost of participating in CSC proceedings.

Municipal Participation in ISO New England Planning

As noted earlier, CEAB represents the State in the regional system planning process conducted annually by ISO New England. CEAB's responsibilities in this role also include encouraging municipalities that are affected by a proposed project to participate in ISO New England's planning process.

6. Conclusion

This Primer introduces the CEAB RFP Processes and their context. It provides a basic description of the Processes and their role in the State's energy planning. For further information and context, please review the documents listed on the attached list of Basic Reference Materials.

Again, this is the first in a series of four guides that the CEAB will issue to provide information to the market and the public regarding its RFP Processes. As they become available, copies of these guides, and others referenced in this Primer, can be obtained by visiting CEAB's web site (<http://www.ctenergy.org>), by email at contact@ctenergy.org or by contacting:

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Basic Reference Materials

1. An Act Concerning Long-Term Planning for Energy Facilities, Public Act 03-140, Approved June 26, 2003.
2. Energy Plan for Connecticut, Connecticut Energy Advisory Board, March 2004.
3. Preferential Criteria for Evaluation of Energy Proposals, Connecticut Energy Advisory Board, December 1, 2004.
4. Energy Plan for Connecticut, Connecticut Energy Advisory Board, January 2005.
5. An Act Concerning Energy Independence, Public Act 05-1, Approved July 2005.
6. Connecticut's Electric Supply and Demand: Near Term Requirements for Reliability and Mitigation of Federally Mandated Congestion Charges, Preliminary Assessment by the Connecticut Energy Advisory Board, September 2, 2005.

Appendix A: Energy Facilities Subject to the CEAB Process

Under the *Long-Term Planning Act*, any energy facility that is required to file an application with the CSC will be subject to the CEAB's RFP Process.

The CEAB will conduct the RFP Process in response to an application to the CSC for any of the energy facilities that have traditionally been subject to CSC application requirements, which include:

1. Electric transmission lines, 69 kV and greater;
2. Fuel transmission facilities, excluding gas transmission pipelines less than 200 lbs psi;
3. All electric generating and storage facilities, excluding:
 - a. emergency generating devices;
 - b. PURPA qualifying cogeneration facilities less than 25 MW;
 - c. PURPA qualifying renewable facilities less than 1 MW; and
4. Any electric substation or switchyard designed to change or regulate the voltage of electricity at 69 kV or more or to connect two or more electric circuits at such voltage (which may have a substantial adverse environmental effect as determined by the CSC).

The *Long-Term Planning Act* adds a requirement that any project responding to a CEAB RFP file an application to the CSC. The CEAB will solicit proposals from alternatives that may not otherwise be subject to CSC jurisdiction. For example, the *Act* expressly directs the CEAB to solicit proposals that include distributed generation and energy efficiency measures. Proposals will be encouraged and considered in the RFP Process and included in the CEAB report submitted to the CSC. The *Act* contemplates that all such proposals will file applications with the CSC to allow the CSC to concurrently consider all proposed alternatives to meet the identified needs.

The *Energy Independence Act* provides the DPUC with authority to authorize contracts with proposed projects. Projects selected by the DPUC in its implementation of this authority that require authorization from the CSC are exempt from the CEAB RFP Process. In addition, the Energy Independence Act provides a rebuttable presumption of public benefit to those projects selected by the DPUC at the CSC and provides expedited approval at the CSC (declaratory ruling) for distributed generation applications not more than 65 MW in size selected by the DPUC.