

CONNECTICUT ENERGY ADVISORY BOARD REQUEST FOR PROPOSALS
SEEKING ALTERNATIVES TO THE CONNECTICUT LIGHT AND POWER COMPANY'S
PROPOSED GREATER SPRINGFIELD RELIABILITY PROJECT
AND MANCHESTER TO MEEKVILLE PROJECT

Consolidated Responses to Questions Received by the CEAB.

December 11, 2008

On November 4, 2008, the Connecticut Energy Advisory Board ("CEAB") issued a Request for Proposals ("RFP") Seeking Alternatives To The Connecticut Light And Power Company's ("CL&P") Proposed Greater Springfield Reliability Project and Manchester to Meekville Project (collectively, the "GSRP"). The CEAB's RFP indicated that prospective bidders may ask questions of the CEAB regarding the pending RFP, and that the CEAB would post the questions and responses on the CEAB web site.

The CEAB did receive a number of questions. These questions and our responses are provided below.

Q1: The preferential criteria states that preferred projects: "provide cost effective benefits to the state's energy consumers (short-term and long-term evaluation- including examination of life-cycle cost)." In its analysis and evaluation, will the CEAB calculate the costs and benefits of the GSRP proposal to Connecticut ratepayers? Will evaluated projects be ranked along with the GSRP proposal based

on total ratepayer benefits? Will the CEAB consider costs and benefits to parties outside of Connecticut?

A1: According to the CL&P filing, the GSRP addresses reliability issues in areas in Connecticut and Western Massachusetts and includes transmission facilities in both areas. Therefore, it is likely that some projects proposed in response to the CEAB RFP could be located outside of Connecticut. These projects will be evaluated along with any projects located in Connecticut. As indicated at the Bidders' conference held on November 21, 2008, La Capra Associates, the CEAB's consultants, will perform a preliminary economic evaluation using the costs for the GSRP as provided by CL&P and the bid information provided in Template 6A. Although the precise method for performing this analysis will not be finalized until after actual bids are received, we anticipate examining the GSRP and proposed alternatives on a total project basis and from a Connecticut ratepayer basis.

Q2: Will the CEAB include in its recommendations proposed measures proposed to ensure that the costs and benefits of any selected alternatives are delivered in accordance with the proposals offered in this docket?

A2: The CEAB and its consultants will evaluate all bids received to the best of our ability pursuant to the Preferential Criteria. To the extent that some proposed projects have greater surety of benefits than others, based upon information provided by bidders,

the CEAB will attempt to factor those differences in its evaluations consistent with the review process set forth in the Preferential Criteria. The CEAB does not intend to develop independent measures to ensure the benefits of any project.

Q3: As a means of providing transparency in the evaluation process, will the CEAB provide the weighting applied to the various preferential criteria in the evaluation process?

A3: If bids are received, then the CEAB will evaluate them and issue a report to the Connecticut Siting Council. The CEAB intends to include as much relevant information as possible, including but not limited to any weighting factors used.

Q4: Since the benefits of NEEWS are generally presented in the context of the entire project, does the CEAB plan (as mentioned by LaCapra at the bidder's conference) to evaluate NEEWS in totality when analyzing benefits and alternatives?

A4: As noted on page 7 of the RFP, the CEAB recognizes the possibility that project alternatives proposed may have other benefits beyond the GSRP scope, such as addressing needs associated with other components of NEEWS. Your proposal should identify any such benefits that you believe would be provided and include supporting

information for the CEAB to consider. The CEAB will consider the potential for additional benefits in its evaluation.

Q5: How much of an increase in Connecticut's interface import capability is expected from the GSRP?

A5: An estimate of the increase due solely to the GSRP has not been provided to the CEAB. CL&P has stated that the entire NEEWS project is estimated to increase Connecticut's import capability by 1,100 MW to 3,600 MW from 2,500 MW.

Q6: What is the duration of the benefits of GSRP in mitigating Springfield's reliability problems?

A6: In its filing on the GSRP, it does not appear that CL&P has performed a longevity analysis of the GSRP. However, as suggested at the Bidders' Conference, all bidders should obtain all public and confidential from CL&P and reach their own conclusion on this matter.

Q7: On the bottom of page 7 of the RFP it states that "The CEAB will seek to confirm with CL&P whether the 678 MW of peaking generation recently contracted

through the DPUC’s recent Final Decision in Docket No. 08-01-01, DPUC Review of Peaking Generation Projects dated June 25, 2008, but not included in CL&P’s study will help meet the CL&P territory requirement, as well as considering other supply and demand resources planned for the project area that were not included in the CL&P needs assessment. The CEAB and its consultants will continue to work with CL&P to better quantify magnitude, and other aspects, of the resource alternatives that would mitigate the need for the transmission project. We will keep interested Bidders apprised of any progress in that regard.” Can the CEAB provide any information at this time to inform bidders as to the actual need?

A7: At the November 21st Bidders’ Conference, Mr. Richard Hahn of La Capra Associates suggested that all parties that are interested in developing and submitting a proposal in response to the GSRP RFP obtain and execute a confidentiality agreement with CL&P. This agreement can be obtained from Mr. Robert Carberry of CL&P (telephone: 860-665-6774 or email: carbere@nu.com). Once signed, the interested party should then request from CL&P all information and analyses related to non-transmission alternatives (“NTAs”) to the GSRP, including (a) all confidential material produced by CL&P or ICF Consulting and (b) all confidential material provided to La Capra Associates by CL&P as part of La Capra Associates’ review of the GSRP. We cannot discuss the details of this material until you and other potential bidders sign the confidentiality agreement with CL&P. Once you receive and review that material, I believe you will find that it addresses this issue to the extent that the CEAB was able to analyze the GSRP prior to the issuance of the RFP. You will then be in possession of everything that the CEAB has received from CL&P regarding the GSRP RFP analysis.

Q8: Template 12: Please define the "Verification Plan".

A8: The Verification Plan should demonstrate the proposed project's ability to deliver its expected capacity and energy benefits when needed. For example, for new supply sources, this would involve measuring the output using interval metering. This is standard for large generators, but output from smaller generation resources that may utilize net metering still need to be demonstrated. For demand resources, the Verification Plan would involve demonstrating the expected peak and energy savings actually occur at the time they are needed or requested. As another example, ISO-NE requires a verification plan for demand resources that participate in the capacity and energy markets. A similar plan could apply here.

Q9: Template 15: Please define the "Physical" Risk Management.

A9: The term "physical risk" as it is used in template 15 is intended to assess a potential project's ability to withstand an actual or physical interruptions of expected capacity and energy benefits, such as accidents or physical damage. This term does not include financial or economic risk.

Q10: Page 5 of CEAB RFP: "CL&P states that the GSRP will work together with the other NEEWS projects. Relieve transmission bottlenecks between MA, RI and

E. CT, and the load center in SW CT”. Is it safe to assume that a new generation resource located in SW CT would be looked at favorably by CEAB and, in turn, CL&P assuming its cost of generation is competitive?

A10: Based upon the CEAB’s assessment of the information provided by CL&P, it appears that new resources located in SW CT, including new generation, can contribute to solving the reliability issues identified by CL&P. However, as noted on page 8 of the RFP, the CEAB recommends that you obtain access to CL&P’s studies (see response to question 2 below) and perform your own due-diligence on the analysis conducted by CL&P. Cost competitiveness is one factor to be considered in evaluating alternatives to resolve these reliability issues. Other factors are specified in the CEAB’s Preferential Criteria. The CEAB will consider the information in your proposal regarding the merits of your project’s location, cost, reliability, and other attributes and urge you to base that information on your review of the CL&P studies.

Q11: Page 7 of CEAB RFP: “Based upon the material received from CL&P to date, it would appear that significant amounts of NTAs, possibly in excess of 1,000 MW in each of the WMECO and CL&P service territories, would be required...” When will CEAB know if the 678 MW of peaking generation contracted by the DPUC (June 2008) is included / excluded in the 1,000 MW need within CL&P’s territory?

A11: At the November 21st Bidders’ Conference, Mr. Richard Hahn of La Capra Associates suggested that all parties that are interested in developing and submitting a proposal in response to the GSRP RFP obtain and execute a confidentiality agreement with CL&P. This agreement can be obtained from Mr. Robert Carberry of CL&P (telephone: 860-665-6774 or email: carbere@nu.com). Once signed, the interested party should then request from CL&P all information and analyses related to non-transmission alternatives (“NTAs”) to the GSRP, including (a) all confidential material produced by CL&P or ICF Consulting and (b) all confidential material provided to La Capra

Associates by CL&P as part of La Capra Associates' review of the GSRP. We cannot discuss the details of this material until you sign the confidentiality agreement with CL&P. Once you receive and review that material, we believe you will find that it addresses the issues raised in this question.

Q12: Page 8 of CEAB RFP: CEAB is working to quantify the technical / economic features of the resource alternatives that CL&P has evaluated relative to the transmission projects, including the confidential CEII. When will CEAB and its consultants complete its review of the CEII, since this is the very core of being able to know if assumptions used by CL&P in evaluating NTAs were realistic, and that allowed CL&P to conclude “only transmission improvements (not NTAs) will bring the electric systems...into compliance...” (CL&P Docket 370; Page ES-11).

A12: The CEAB has concluded its review of the CEII data. Please see the response to question 11 above for additional details.

Q13: Page 9 of CEAB RFP: “This RFP asks bidders to indicate whether additional revenue streams may be required, over and above any market revenues...” Assuming a new generation project does require additional revenues – who would be the contracting party to pay these revenues? Over what contract term (years) would these additional revenues be paid?

A13: As was stated at the November Bidders' Conference, the CEAB process as specified in the enabling legislation does not include the ability to offer contracts (refer to the discussion of contracting issues beginning on page 19 of the transcripts to the Bidder's conference). The CEAB is charged with identifying alternatives for the Connecticut Siting Council to evaluate. The RFP asks for an estimate of additional revenues needed above other market revenues to facilitate an evaluation of any bids received. It is up to each bidder to determine what they need, including contract term.

Q14: Can the CEAB hold in abeyance its RFP and suspend the RFP bidding deadline until the CEAB has completed its review of CL&P’s application as it relates to non-transmission alternatives and the impact of the peaking units.

A14: The schedule that was included in the CEAB RFP seeking alternatives to the Greater Springfield Reliability Project (“GSRP”) and discussed at the Bidders’ Conference that was held on November 21, 2008 is based upon Connecticut legislation. The schedule was established to utilize the maximum amount of time allowed by this legislation for each activity or step in the process. Therefore, the CEAB does not have the ability to suspend the RFP or extend the schedule, as requested.

At the November 21st Bidders’ Conference, Mr. Richard Hahn of La Capra Associates suggested that all parties that are interested in developing and submitting a proposal in response to the GSRP RFP obtain and execute a confidentiality agreement with CL&P. This agreement can be obtained from Mr. Robert Carberry of CL&P (telephone: 860-665-6774 or email: carbere@nu.com). Once signed, the interested party should then request from CL&P all information and analyses related to non-transmission alternatives (“NTAs”) to the GSRP, including (a) all confidential material produced by CL&P or ICF Consulting and (b) all confidential material provided to La Capra Associates by CL&P as part of La Capra Associates’ review of the GSRP. We cannot discuss the details of this material until you and other potential bidders sign the confidentiality agreement with CL&P. Once you receive and review that material, I believe you will find that it addresses the issues raised in your December 1st letter to Ms. Deans to the extent that the CEAB was able to analyze the GSRP prior to the issuance of the RFP. You will then be in possession of everything that the CEAB has regarding the GSRP RFP. The CEAB does not anticipate receiving any further information from CL&P.

Q15: At its most recent meeting, the CEAB announced that it had received seven Notices of Intent to submit responses, some of which included comments on the RFP. At that time, the CEAB indicated that it would not release these documents to the public because at least some of them appeared to contain proprietary

competitive information. Would it be possible for interested parties to review these comments, either pursuant to an appropriate confidentiality agreement, or with any claimed proprietary information redacted, and if so, when could such a review be anticipated?

A15: The CEAB has reviewed the comments received and concludes that the information provided therein was not claimed to be proprietary or confidential and does not appear to include proprietary or confidential information. Accordingly, the CEAB will post the comments it received on the CEAB web site.

Q16: The Greater Springfield Reliability Project has been included in the ISO's regional system plan because it meets the reliability and security criteria (thermal and voltage limits, short circuit duty, and system stability) necessitated by federal law and regulation. If responses to the RFP are submitted, will they include analyses of the satisfaction of these criteria, and will CEAB's evaluation of proposed alternatives include an analysis of their compliance with the reliability Criteria?

A16: Pursuant to Conn. Gen. Stat. Sec. 16a-7c(f), the CEAB will analyze any response to the RFP received, including the proposal contained in the application to the Siting Council that initiated the RFP, for conformance with the infrastructure criteria guidelines, also referred to as the Preferential Criteria, adopted pursuant to Conn. Gen. Stat. Sec. 16a-7b.

Q17: CL&P stands ready to assist the CEAB in its evaluation of the responses. How and when might we provide such assistance?

A17: The CEAB appreciates all offers of assistance, information and analysis that may inform the RFP process and/or analysis. To the extent the CEAB identifies such assistance, information or analysis that may be obtained from any entity in a way that is

transparent and available to all interested persons, the CEAB will so indicate and make such request known to all interested persons.

Q18: How will the CEAB interact with ISO-NE in its evaluation of the responses?

A18: Please see response to Question 16.

Q19: Will the bid submissions be posted publicly and, if so, when (i.e., upon submittal or only after all submittals have been received after January 2nd)? For example, if a bidder filed a bid package before Jan. 2 deadline, will the details of the bid be publically available to all?

A19: After the deadline for bid submittals has past, the CEAB intends to post a list of entities who submitted a proposal. Bidders are advised to file any confidential and proprietary information contained in their bid in conformance with the Confidential Information protocols detailed in Section VII of the Request for Proposals. The CEAB and its consultants will evaluate all proposals received against the Preferential Criteria. Within 45 days, the CEAB will prepare and file a report with the Connecticut Siting Council.