

Highlights
CEAB Request for Written Comments on RFP Exemption Criteria

I. Background: The *RFP Exemption Criteria Straw Proposal* provided in relevant part that the CEAB may consider, at its discretion, any of the following criteria in evaluating whether to exempt a proposed Project from a Reactive RFP:

- a. The Project provides evidence to the CEAB that it sought alternative solutions from the market in an open and transparent solicitation process to meet the stated need or parts of the stated need in the context of formulating the proposal and that no alternative solutions responded to such solicitation.
- b. The CEAB has issued an RFP for the same or materially similar facility proposed to meet the same or similar need and: 1) no alternative solution responded to such RFP; or, 2) no alternative solution came forward in response to the RFP that, in the CEAB's judgment, favorably relate to the Preferential Criteria.
- c. The Project provides evidence to the CEAB that it has been selected by the Department of Public Utility Control following a competitive bid process that solicited a range of energy infrastructure solutions to meet a need recognized by the State of Connecticut.
- d. The Project provides the CEAB comprehensive alternative solution analysis, which analysis demonstrates to the CEAB's satisfaction that alternative solutions to the stated need are not technically viable; do not conform to the Preferential Criteria; and/or, are cost prohibitive.
- e. The Project provides the CEAB evidence that: 1) the Project's characteristics, such as its size and Connecticut Class I renewable energy source status, would not preclude the development of additional projects with the same characteristics; and 2) the Project materially conforms to the Preferential Criteria.
- f. The Project provides evidence to the CEAB that the time or cost associated with a Reactive RFP would jeopardize the Project's viability if the Project: 1) has a unique profile, such as, for example, a relatively small, low cost project with no environmental or quality of life impacts; 2) has exigent circumstances; and, 3) the Project materially conforms to the Preferential Criteria.
- g. Any other fact or circumstance that, in the CEAB's judgment, renders a Reactive RFP unnecessary.

II. Written Comments: Northeast Utilities (NU), United Illuminating (UI) and Connecticut Municipal Electric Energy Cooperative (CMEEC) filed comments. The highlights are as follows:

A. NU: NU would prefer RFP exemption criteria be applied in a nondiscretionary manner to send the clearest market signals. However, NU supports the RFP exemption criteria as set forth and suggests that an RFP exemption also be considered for projects that are:

- included in the DPUC approved procurement plan (Public Act 07-242 Section 52);
- peaking generation approved by the DPUC (Public Act 07-242 Section 50);
- included in a procurement plan approved by the CEAB (Public Act 07-242 Sections 51, 53, 62 and 63);
- required to be constructed by state law or regulatory order;
- included in the ISO's Regional System Plan;
- determined by ISO to be required to meet a regional system need;
- comprised of facilities located in part in Connecticut and in part in one or more other states such that the parts of the facilities located in Connecticut do not by themselves solve a system need; and,
- subject to siting authority in one or more states in addition to Connecticut.

B. UI: For smaller projects (less than \$50 million), criteria b, c, and e (see Section I, above) may justify an RFP exemption provided the projects meet the criteria. For major projects (more than \$50 million), there should be an RFP. Criteria a and d (see Section I, above) should not be adopted as a general basis for exemption. They may be an acceptable basis for an exemption, however, in certain circumstances such as if a major transmission project were jointly sponsored by both electric utilities and municipal utilities and the filing establishes that alternatives were considered and the assumptions and analysis are known. The reality and the perception of a full and unbiased process is important to assure consumers that all reasonable alternatives have an opportunity to be brought forward and considered to meet electric infrastructure needs.

C. CMEEC: The RFP process is a vital regulatory tool, which, when coupled with Integrated Resource Planning, facilitates infrastructure planning including a balanced consideration of transmission/distribution facilities, generation resources and demand side initiatives. Significant projects with large costs, long development lead times, and large and long range implications for the development of the electric system should not be exempt. Minor projects with lesser costs, shorter lead times and more easily defined system needs would be exempted where the transaction costs of an RFP outweigh the benefits. There should be a cost threshold for individual projects below which the exemption criteria would apply with a presumption in favor of exemption; for significant projects there should be a presumption against exemption unless joint comprehensive planning, development, sponsorship and other criteria are established by the applicants.