

CONNECTICUT ENERGY ADVISORY BOARD

August 3, 2007

**WRITTEN COMMENTS OF THE UNITED ILLUMINATING COMPANY
ON
PROCESS FOR CONSIDERING TRANSMISSION PROJECT**

The United Illuminating Company (“UI”) submits these written comments in response to the Connecticut Energy Advisory Board (“CEAB”) Request for Written Comment on the process to be followed with respect to Northeast Utilities’ proposed “New England East West Solution” (“NEEWS”) project (“Request”).

UI supports the effort of the CEAB, reflected in the Request, to determine the best way to consider potential alternatives to certain large transmission projects. A 345-kilovolt (“kV”) transmission project with the scope, scale, complexity, and costs of the NEEWS project affects the entire State and all of the State’s residents and businesses via both benefit and cost. Because such projects have statewide reliability and economic implications, it is important that the planning of these projects be undertaken statewide. The State’s three transmission-owning utilities – UI, The Connecticut Light and Power Company and Connecticut Municipal Electric Energy Cooperative (“CMEEC”) – should jointly participate in evaluating and planning large scale 345-kV transmission in the State.

It is essential that any request for proposal (“RFP”) process, whether it is “proactive” or “reactive,” be based on a well-defined and current determination of Connecticut’s resource needs on an integrated basis as well as the resources currently expected to be available to meet those needs. The 2006-2007 ISO-NE regional system

plan is no longer a reasonable sole basis for identifying large scale statewide needs. The following recent developments and issues must now also be considered:

- The Department of Public Utility Control (“DPUC”) RFP process has resulted in the DPUC’s pending approval of contracts for four projects that will add nearly 800 MW of resource capacity to the State.
- There is a legislative mandate to develop a comprehensive energy resource assessment and procurement plan by January 1, 2008.
- There is a legislative requirement that electric distribution companies submit proposals to the DPUC in January 2008 to build peaking generation, and the opportunity for others to submit such proposals.
- There have been changes in the ISO-NE generation queue.
- The Forward Capacity Market will commence operation, and new and proposed generation capacity will be bidding in the market.

The addition of generation is particularly important in considering the need for a major 345-kV transmission project, because properly located generation can defer the need to construct transmission, especially for NEEWS (as noted in a prior ISO Planning Advisory Committee presentation).

Once the current need for resources is identified, the focus should then turn to seeking the appropriate range of potential alternative solutions to address the identified need. A proactive RFP may be advantageous, provided that the “need” to be met by RFP responses is not bound to specific project parameters. Because various types of resources may appropriately be considered to meet an identified need, a proactive RFP must focus on the need (i.e., what must be accomplished) and seek projects that will meet the need.

A reactive RFP, on the other hand, is better suited if an application to the Connecticut Siting Council (“Siting Council”) has been filed with respect to a specific project. The reactive RFP then seeks alternative solutions to meet the need that the specific project asserts it is addressing. This is consistent with Conn. Gen. Stat. § 16a-7c,

which provides that the RFP process is to be triggered by a filing with the Siting Council, and does not provide for a preemptive RFP addressed to a specific project.

Applying these principles to the Request here, UI suggests that:


- (1) the CEAB take no action to issue a proactive RFP prior to its assessment of the comprehensive resource evaluation and procurement plan required to be submitted in January;
- (2) the CEAB take no action at this time to exempt the NEEWS project from the statutory RFP process, because other resources must be considered as potential alternatives;
- (3) the CEAB take no action to issue a reactive RFP with respect to the NEEWS project until such time as that project has filed its application with the Siting Council.

These suggestions are intended to assure that infrastructure in the State is reviewed and built to meet the State's energy needs reliably and economically. If the NEEWS project or some variation of the project becomes a component of the comprehensive resource plan, and is among the integrated, reliable, low cost combination of solutions to the State's energy needs, then it would be appropriate to consider whether an exemption from the RFP process, or a specific RFP, would make sense at that time.

It is UI's understanding, based on recent discussions with CMEEC, that CMEEC shares the concern that the RFP process not be short-cut or eliminated with respect to the NEEWS project, particularly in light of the changes in resource development and new planning process in Connecticut. UI supports CMEEC's comments to the CEAB that express these concerns.

Respectfully submitted,

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