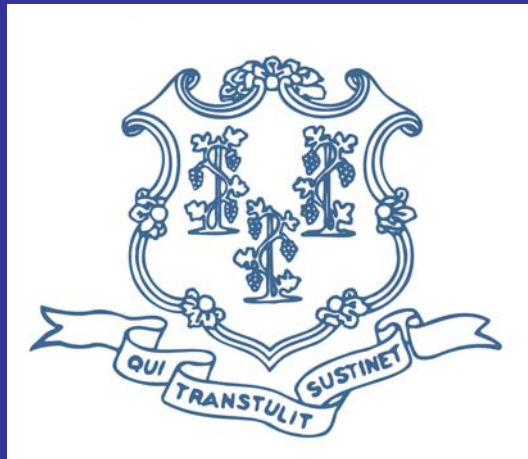


ENERGY PLAN FOR CONNECTICUT

PREPARED BY

THE CONNECTICUT ENERGY ADVISORY BOARD



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Executive Summary

As required pursuant to Public Act 03-140 the Connecticut Energy Advisory Board (Board or CEAB) submitted a comprehensive energy plan for 2004 to the joint standing committees of the Connecticut General Assembly having cognizance of matters relating to energy, environment and transportation. CEAB's goal was to outline for Connecticut's state policymakers the key long-term visionary goals and strategies that will help to create a successful state energy policy.

This year's 2005 energy plan or "report" is a derivative of the broad-based 2004 energy plan. The first section of this document will serve to update the members of those committees and the public on the accomplishments of CEAB throughout 2004. The second section of this document highlights major activities which support the goals of the 2004 energy plan and outlines strategies for 2005 and beyond.

To reiterate, the Board's 2004 plan advocated the following state energy-related strategies:

1. Continue to support energy efficiency and conservation;
2. Support renewable energy technologies;
3. Support demand response programs;
4. Support transportation and land-use policies that reduce energy use;
5. Optimize fuel diversity;
6. Promote electric system reliability;
7. Enhance natural gas infrastructure;
8. Actively participate in the development of the electric wholesale market;
9. Evaluate and provide a progress report as part of an annual energy plan;
10. Develop preferential standards for new projects.

In addition, it stressed the following overarching policy goals;

- ❖ Citizens and businesses in Connecticut must have access to a safe, affordable, diverse and reliable energy supply.
- ❖ Connecticut policymakers must act in a coordinated fashion and where appropriate act on a regional basis to address pressing energy issues using the Board's energy plan as a blueprint for action.

In the year ahead the Board plans to adhere to these basic goals and utilize them as the backdrop against which their activities will be guided. The Board will continue to take both a short-term and long-term perspective on the energy challenges and opportunities facing Connecticut.

During 2004 the Board was engaged in the following activities:

- ❖ The development of infrastructure criteria guidelines (preferential criteria)
- ❖ The development of the Board's request-for-proposals (RFP) process
- ❖ The sponsoring of the Long Island Sound Symposium with the Connecticut Academy of Science and Engineering (CASE)
- ❖ The sponsoring of a conference on Connecticut's Energy Future with the Institute for Sustainable Energy (ISE)
- ❖ The hosting of legislators at their April Board meeting
- ❖ The creation of a Web page

PART 1: 2004 CEAB ACTIVITY

1. Preferential Criteria

1.1 Purpose of Preferential Criteria

As part of a new process for the development and siting of certain energy facilities established pursuant to section 18 of Public Act 03-140, the Connecticut Energy Advisory Board has developed preferential standards or criteria that support and balance energy reliability, environmental and natural resource protection, cost effectiveness and quality of life goals.

1.2 CEAB Review Process

CEAB's process of issuing request(s) for proposals RFP(s) and its subsequent review of proposals will be triggered by two different events. 1) The process will be activated reactively when a proposal is forwarded to the CEAB after an entity has filed an application with the Connecticut Siting Council (CSC). The CEAB is then required to issue a RFP seeking alternative solutions. 2) The process will also be activated proactively if the CEAB determines that an energy-related need or problem exists in the state for which it would like to encourage possible solutions. The CEAB will then issue a RFP requesting that parties respond with possible solutions.

In both cases the range of solutions may include transmission, electric generation, demand-side changes and any other strategy or combination of strategies. Multiple responses to a RFP will be examined simultaneously and reviewed at a macro-level against the criteria. Different strategies or combinations of strategies will be considered relative to each other. In both cases the CEAB is likely to perform a threshold screening to determine whether a proposal proponent is viable and financially stable and its proposal is reasonably likely to be financed and constructed before moving into the balance of the CEAB evaluation phase.

1.3 Development of Final Criteria

In April the Board created an ad hoc committee to discuss appropriate preferential criteria and prepare an initial draft to be considered for adoption by the Board. The Board convened a July public workshop to help in formulating its initial draft criteria to issue for public comment.

In mid-August the Board issued its draft preferential criteria for a three-week period of public comment. During October a revised draft incorporating input from this written comment period was posted on the CEAB Web page for another round of written comment accompanied by public hearings. Citizens and customer groups, environmental groups, state and local agencies, developers and transmission and distribution companies as well as other interested parties were encouraged to submit comments and participate in the public hearing and rounds of public comment.

Input from the public hearings and the second round of comments were considered to develop the final preferential criteria adopted by the Board in 2004. The preferential criteria adopted by the Board appear in the Appendix.

2. Requests for Proposals

2.1 Background

Prior to the advent of electric restructuring, all electric services were provided by vertically integrated regulated monopolies with exclusive service areas. As a result, the regulatory framework for the siting of electric transmission, distribution and generation facilities was appropriately built on the assumption that facilities could only be proposed by the monopoly entity. It was a linear process requiring review and approval by a variety of public agencies, which applied various standards that the proposal must meet to achieve approval. The law provided that any proposal which met certain minimum standards must be approved. Moreover, the law required each agency to complete review of the first proposal received before any other proposal could be considered.

When electric restructuring was implemented, the generation functions of electric service were transferred to entities not subject to state regulation. Beyond that, state and federal authorities began to encourage “merchant” energy facilities, owned by private unregulated entities to own and operate a wide array of facilities in the electric and gas industries. These initiatives produced a large new class of entities who wished to develop and operate facilities and, over the past several years, a variety of proposals to develop new energy facilities has been made. Taken together, the existing regulatory structure suggested to energy planners that their success was highly likely if they advanced projects that generally met the minimum regulatory requirements and their project was the first project in the door.

Connecticut policymakers, recognizing the shortcomings of the existing regulatory system in a new world and the need to find a new forum for resource planning previously done by the Department of Public Utility Control, developed a new structure based on two ideas – first, that proposals should compete with one another in a new structure that encouraged the development of the *best* proposal and second, that the review process needed to consider additional factors related to quality of life impacts. Moreover, proposals should not only be considered simultaneously, but differing strategies should be weighed against each other.

2.2 The Charge

Among other things, Public Act 03-140 charges the Board to establish a request-for-proposal (RFP) process to solicit new and competing strategies to fulfill the state’s requirement for safe, adequate, and reliable utility service including but not limited to, transmission, generation, conservation, load management, load response, energy-efficiency measures or any other energy strategy or combination of strategies and use the preferential criteria adopted by the Board in evaluating and providing commentary on such proposals.

The state is seeking an end to the solely reactive process to energy facility siting by making the process more predictable and less daunting for project applicants and the public. As a result, the RFP process needs to be designed and implemented in a manner that delivers process transparency, coherence, and efficiency to the siting process.

2.3 Targeted Outcomes

The overarching principle of the CEAB in developing its RFP process is to create a process that can engender confidence with the project developers and the public that this process will, over time, improve the efficiency and efficacy of the siting and permitting process for preferred projects by stating clear plans, criteria and objectives and by facilitating timely review and approvals.

The overriding objective for the CEAB RFP process is to foster and facilitate market-based energy developments that fulfill the state's energy, environmental, and economic development objectives. For such reason, the goals of CEAB's RFP process are the following:

1. ***Preferred Project Development:*** The RFP process is intended to encourage project proponents to bring forward and develop energy projects that further the policy objectives adopted by the CEAB and that state of Connecticut.
2. ***Simultaneous Consideration of All Alternatives:*** The RFP process is intended to provide a forum and a mechanism to promote simultaneous consideration of alternatives to proposed energy projects, supplant the "first-come, first-serve" tendency of the current system, and provide a mechanism for consideration of demand-side and distributed generation alternatives in concert with larger projects subject to Siting Council jurisdiction.
3. ***Transparency:*** The RFP process is intended to:
 - a. provide clearly articulated state plans, preferences and standards to guide project developers as they formulate plans for energy projects, and
 - b. facilitate public review and evaluation of proposed projects.
4. ***Permitting Process Improvement:*** The RFP process is intended to make the siting and permitting process less daunting and more predictable for developers of preferred energy projects.
5. ***Enhancing Competitive Markets:*** The RFP process is intended to work in tandem with the competitive electric market by clarifying the state's objectives and criteria to energy project investors and developers and by clarifying the state's process for permitting preferred projects.

2.4 Developing the RFP Process

The Board selected an ad hoc committee to work on shaping an RFP process to be adopted by the Board. As a first step in establishing the process, the committee secured Board approval to issue a Request for Information (RFI).

Request for Information

In the RFI issued in late July, the Board sought information from a wide array of entities including but not limited to industry organizations, businesses and consultants that could assist in the development and deployment of its RFP process. Specifically it sought the following information:

1. Guidance on the development, publication and circulation of RFP solicitations;
2. Guidance on the coordination of the evaluation process of proposals; and.
3. Any other items that a responder to the RFI felt would be relevant and useful.

Request for Proposal for Consulting Services

Based on responses to the RFI as well as the evolving realization of the Board that objective technical support would improve and expedite the development and deployment of its RFP process, in September the Board solicited proposals for such support.

Specifically this RFP sought proposals from respondents for providing support with two principal tasks:

1. Development of the CEAB RFP Solicitation Process
2. Development of an Assessment/Evaluation Process

Eight proposals were received by the Board from which four finalists were invited to meet with the Board's review team. In October the Board selected a consultant for the project and entered into contract negotiations.

Developing the RFP Solicitation Process

A "three-pronged approach" to design and deploy the RFP process is proposed:

1. RFP process design
2. RFP process implementation
3. Integration of CEAB's process into the state project permitting process

RFP Process Design

The RFP team intends to develop a design process that incorporates input from prospective project proponents and collaborates with the Siting Council and other permitting agencies. The process design phase includes the following elements:

1. ***RFP Solicitation Process Design:*** Developing the framework and “boilerplate” modules for conducting the process and developing an approach to the RFP process.
2. ***RFP Evaluation Design:*** Developing information requirements for RFP applicants, quantitative and qualitative evaluation metrics, and an evaluation decision framework to be used by the CEAB in developing its proposal review commentary. The CEAB Energy Plan, Preferential Criteria and Siting Council filing requirements provide the ground work for completion of this element.
3. ***RFP Proactive Process Design:*** Developing prototypes for the conduct of the process by taking input from prospective process participants and stakeholders, and developing an approach to an initial, proactive RFP process.

RFP Process Implementation

1. ***Contingent Reactive RFP Process:*** Anticipating the event that an application would trigger the need for a reactive RFP process prior to implementation of the proactive approach, a work plan to provide an expedited design and implementation process to meet such an occurrence will be developed.
2. ***Proactive Process Implementation:*** Prepare for the first proactive RFP solicitation utilizing the solicitation, evaluation and process designs developed in first element of the project work plan.

Integration of the RFP Process with Other State Processes

1. ***Integration:*** Assess the best ways to integrate the CEAB RFP process with the other state approvals for permits or funding. For the Board’s RFP process to be effective, commentary issued by the Board on proposals should be of value as projects complete their applications and seek approval from permitting and funding agencies.

3. Long Island Sound Symposium

To assist the Board in drafting preferential criteria, the Board collaborated with the Connecticut Academy of Science and Engineering (CASE) in presenting the Long Island Sound Bottomlands Symposium, a two-day symposium in July. The purpose of this symposium was to convene national and local experts to assist the CEAB in understanding the most accurate yet cost-effective means to analyze and evaluate available data about Long Island Sound (LIS) and to identify additional habitat/ecosystem information that would enhance the capability of state agencies in planning, managing and evaluating proposed energy related uses of LIS and its bottomlands.

The LIS Symposium provided information useful to the CEAB in its effort to create preferential criteria/standards and will be used in the consideration of energy-related projects in LIS. Most importantly, the symposium identified a need to focus better attention on the general issue of the overall management of LIS for the purpose of gaining a better understanding of a variety of LIS issues and needs. The symposium also showcased the need and laid the ground work for interstate/regional cooperation in gathering relevant data on the Sound and emphasized the need for standardization of the classification of data for use in evaluating energy proposals affecting the Sound. CASE's report on the symposium can be accessed from the Board's Web page, www.ctenergy.org.

4. Connecticut's Energy Future Conference

In December 2004, the Board and the Institute for Sustainable Energy hosted the conference, "Connecticut's Energy Future." This full-day conference was designed to create an open forum for policy makers, energy professionals and regional stakeholders to discuss energy issues impacting Connecticut's economy and environment. It was also designed to inform and assist Connecticut's legislators, their staff and agency policy makers in addressing pressing energy issues in the 2005 legislative session within the framework of the energy plan.

Topics discussed included many of the action steps needed to implement Connecticut's energy plan. The conference included a forecast update on the regional supply of electricity, natural gas and oil, a presentation on power supply and demand management options as well as presentations by national and regional experts on best practices from other regions of the country.

Conference information and presentations can be accessed by visiting the Institute for Sustainable Energy's Web site at www.sustainenergy.org.

The conference is anticipated to occur annually and serve as a vehicle for the formulation of recommendations to be included in the next iteration of CEAB's energy plan and/or developed into legislative proposals.

5. CEAB Board Meetings

Members of the joint standing committees having cognizance for energy, the environment and transportation were invited to the Board's April meeting. With committee members that attended, the Board discussed the 2004 plan and other energy matters of importance as well as how to keep legislative committee members in particular, and the legislature as a whole, engaged in the work of the Board.

The Board's monthly meetings are well attended by stakeholders and meeting agendas provide the opportunity for public comment. In addition to its monthly meetings the Board has scheduled numerous public hearings designed to solicit public comment on its energy plans, preferential criteria and request-for-proposal process. Several Board events have been broadcast on television by the Connecticut Network (CT·N).

6. CEAB Web Presence

The Board has provided information and the opportunity for input to the state's energy stakeholders through its Web page (www.ctenergy.org) and the development of a service list of over 600 individuals representing the public, diverse associations and organizations, companies and consulting firms, institutions of higher education, and local, state and regional governments, all with an interest in energy-related matters.

The Web page includes sections on the legislation which created the Board and its organization, meetings, news and notices regarding hearings, requests for proposals and other ongoing work of the Board required by the public act. The service list receives notices of all meetings of the Board, public hearings, solicitations of comments, requests for information and proposals, symposiums and other relevant information.

2005 Board plans include development, design and launch of a more robust, fully independent Web site for the CEAB.

PART 2: CONNECTICUT ENERGY STRATEGIES UPDATE

1. Status on 2004 State Energy Strategies

The Board's 2004 energy plan summarized the overall status of factors impacting Connecticut's energy policy. Based on the information presented, the Board put forth ten specific strategies targeted to ensure a balanced energy future that will also enable Connecticut to attract, retain and expand business. This section highlights recent activity relating to these strategies and factors impacting them.

1.1 Continue to Support Energy Efficiency and Conservation

In the 2004 energy plan, the Board recognized that "energy efficiency is a cornerstone of past and present state energy policy, and the support for a 'conservation ethic' emphasizing increased energy efficiency will bring the state closer to meeting its energy goals." The Board recognizes that progress has been made in recent years towards meeting these goals such as: investor-owned electric utilities delivery of consistent programs to customers statewide; initiatives that have focused Conservation and Load Management (C&LM) resources in the Southwestern Connecticut region to stimulate greater energy savings in that targeted area; and better coordination of the public education campaign on the benefits of the (C&LM) funds and the Clean Energy Fund. CEAB strives to collaborate at a minimum with the Energy Conservation Management Board, the Northeast Energy Efficiency Council and the Connecticut Green Building Council to assist in implementing the goal of energy efficiency and conservation.

Efforts to Reduce Greenhouse Gas Emissions

Building on the regional effort begun with the New England States and the Eastern Canadian Provinces in 2001, Connecticut continues its efforts to reduce greenhouse gas emissions through the completion of its initial Climate Change Action Plan. A group of top level state officials within Connecticut called the Governor's Steering Committee on Climate Change, reached out to citizen stakeholders and asked for recommendations on reducing greenhouse gas (GHG) statewide.

Comprised of a collaboration of 25 representatives from business, government, non-profit and academic stakeholders a Connecticut Climate Change Stakeholder Dialogue group was established. The stakeholder dialogue was a one-year process beginning in 2003 that was organized by the Governor's Steering Committee on Climate Change, coordinated by the Connecticut Clean Energy Fund, and facilitated by the Center for Clean Air Policy.

The stakeholder group issued 55 recommended actions to the Governor's Steering Committee on Climate Change in five sectors: 1) transportation, 2) electricity, 3) residential, commercial, and industrial, 4) agriculture, forestry, and waste, and 5) education. Stakeholder recommended actions achieve over 75 percent and 80 percent of the 2010 and 2020 targets respectively. In March 2004 former Governor Rowland accepted 38 recommendations from the committee's report that will help significantly reduce Connecticut's emissions of GHG.

The action steps include:

- A program allowing Connecticut ratepayers to choose to pay for electricity derived from clean energy. Ratepayers will soon have access, through their existing electric company, to a whole new series of clean energy options that are pollutant-free, including wind, solar, hydro, fuel cell and biomass power;
- New emission standards for cars which could begin as early as model year 2008;
- The planned use of energy efficient materials and design concepts in the construction of new state buildings; and
- The benchmarking of state facilities to identify which properties can be made more efficient users of energy.

Recommendations are projected to account for more than half of the greenhouse gas emission reductions targeted by 2010. This is the equivalent of planting nearly 3 million acres of trees or removing over 750,000 cars from our highways over a year's time.

Other efforts to implement the recommendations of the committee's report include:

- In April, 2004, the Governor's Office issued Executive Order 32, which requires the state to purchase the clean energy equivalent of 20 percent of its consumption by 2010, 50 percent by 2020 and 100 percent by 2050;
- Connecticut recently joined the Environmental Protection Agency (EPA) Green Power Partnership program (a voluntary partnership between the EPA and organizations that are interested in buying green power);
- Connecticut has developed a Web site (www.ctclimatechange.com) to inform the public on climate change issues and keep them updated on the climate change action plan process. Currently, the Web site is being utilized to invite the public to submit ideas on further actions to reduce greenhouse gas emissions in Connecticut and to provide any case studies for GHG reductions.

Other efforts to reduce greenhouse gas emissions on the regional level include the Regional Greenhouse Gas Registry (RGGR) and the Regional Greenhouse Gas Initiative (RGGI). Through RGGR, Connecticut is working with the other northeast states through the New England States Coordinated Air Unit Managers (NESCAUM) to develop a regional greenhouse gas registry. As part of the RGGI, the state is currently collaborating with other northeast states to design and evaluate a cap and trade program to reduce CO₂ emission from power plants.

1.2 Support Renewable Energy Technologies

In the 2004 energy plan, the CEAB recognized that “developing renewable energy and other emerging technologies will not only promote several existing state policies but also will provide the state with benefits related to environmental improvement, economic development and increased energy security. In addition, emerging renewable energy development can help Connecticut meet objectives related to increased energy reliability, reduced congestion and reduced energy costs.”

The Board recommended “that the state support emerging and renewable energy technologies through the development of new policy goals and financial assistance programs, as well as through further assessment and evolution of existing goals and programs.”

This section reports on progress and developments supporting renewable energy technologies.

Making Progress Toward Greater Use of Renewable Energy

During the 2003 session, the Connecticut legislature enacted a series of different changes to Connecticut’s Electric Restructuring law. Most notable of these changes, were a broad range of proposed initiatives to enhance both supply and demand for renewable energy to meet our state’s growing electrical needs. Over the last year, the DPUC has conducted two administrative proceedings to implement the long-term renewable contracts for 100 megawatts of renewable power, and alternative Transitional Standard Offer (TSO) provisions of the new Electric Restructuring Act. In both proceedings, the DPUC benefited greatly from the assistance it received from a broad and diverse group of stakeholders who participated in several DPUC sponsored working groups. When combined with the new Renewable Energy Portfolio Standards (RPS) which took effect on January 1, 2004, these two new initiatives present a real opportunity to advance the use and development of renewable energy in Connecticut.

DPUC Review of Long-Term Renewable Energy Contracts: (Docket 03-07-17)

The DPUC conducted an administrative proceeding that adopted guidelines for the implementation of the electric distribution companies’ obligation, pursuant to the C.G.S. §16-244c, to enter into at least 100 megawatts of electric power contracts with Class I renewable energy sources by July 1, 2007. In its decision, the DPUC approved a selection process, selection criteria, and general contract terms. The three-phase contract procurement process will be executed in several rounds:

Phase I: solicitation, review, screening, and selection by the Connecticut Clean Energy Fund (CCEF) culminating in a report to the electric distribution companies;

Phase II: electric distribution companies’ review and contract negotiations; and

Phase III: electric distribution companies’ contract submittals to the DPUC for review and approval, followed by release of CCEF funding to approved projects.

Prior to becoming eligible for this new source of ratepayer funds, these renewable energy projects must receive some level of funding from the CCEF. The energy contracts must be in place by July 1, 2007, although renewable projects need not be installed and operating at that time. The electric power derived from these contracts will, in part, be applied to fulfill the new electric distribution companies RPS obligations. Recent cost studies performed in neighboring states, support the conclusion that the execution of long-term contracts with renewable projects is expected to provide cost savings compared to RPS compliance in the absence of long-term contracts. By entering into long-term contracts, it is likely that many new renewable generators will be able to attract capital with adequate returns at revenues within the pricing structure established by the DPUC.

DPUC Investigation of Alternatives Transitional Standard Offer Services for UI and CL&P Customers: (Docket 03-07-16)

The DPUC conducted an administrative proceeding that adopted the process for Connecticut Light & Power (CL&P) and United Illuminating (UI) to seek bids from electric generators of environmentally-friendly renewable power for a new service offering that will begin in early 2005. Environmentally-friendly renewable power is typically derived from a fuel source that is continuously renewed by nature, i.e. solar, wind, hydro, and biomass. The new service offering is a joint effort between CL&P and UI so that electric customers of both companies will have the same service options. In order to facilitate the new service offering, the companies planned to issue a joint request for proposal in November 2004, with bids due in December 2004. The DPUC expected that there would be two winning bidders each offering two products: one service offering for 100% renewable power and another for 50% renewable power.

At this point in time, renewable power is slightly more expensive than electric generation from fossil fuels with a premium of up to 5¢/kilowatt hour (kWh) per statute. It is anticipated that in early 2005, electric consumers will be able to sign up for this program either through their electric utility or directly with the winning bidders. Our state's electric consumers have consistently expressed a desire for more electricity options, and for more environmentally-friendly electric power. This new service program offers them both. It should also result in new energy entities entering the state which should spur on the development of Connecticut's competitive electricity market. This program will give our state's residents the opportunity to support the renewable energy market in the state, and will also increase consumer demand which will encourage further investment in new clean energy resources.

1.3 Support Demand Response Programs

In the 2004 plan, the Board recognized that demand-response (DR) programs afford significant electric reliability benefits as well as having the "ability to mitigate electricity market volatility, dampen market power, promote greater economic efficiency, and potentially provide a means for environmental improvement." Therefore the Board recommended "that the state promote the increased development of DR, in parallel with ongoing energy conservation and efficiency programs." Information related to progress on this strategy follows.

Demand Response

Connecticut's electric distribution companies (discos) continue to target load response programs in the 53 towns in Southwest Connecticut (SWCT), with particular emphasis on the 16 priority towns in the Norwalk-Stamford sub-area. In 2004, the DPUC withheld approval of the 2004 Conservation and Load Management Plan proposed \$20 - \$40/kilowatt (kW) supplemental payments to participants in the ISO-NE Load Response Program, due to the robust response of the ISO-NE request for proposals (RFP) for reliability resources in SWCT. The resources selected by ISO-NE will provide approximately 125 MW of additional reliability capacity beginning June 1, 2004, and up to 255 MW by the summer of 2007. These demand response resources include emergency generation, load control, load response, and conservation resources. The discos continue to offer a one-time set-up incentive to cover the costs for data, phone, or metering connections for the ISO-NE Load Response Program. Both discos also offer technical assistance for customers using internet-based software system.

Within particular commercial and industrial (C&I) and residential programs, the disco's budgets and programs prioritize SWCT towns, with particular emphasis on the Norwalk-Stamford sub-area, to address peak load reliability. The C&I RFP program evaluates bids on the basis of kW as well as kWh reductions, and has offered special bids for SWCT in 2003 and 2004. The Small Business Energy Advantage program has given SWCT special emphasis. Since 2003, the companies have run their "Wait 'til 8" general awareness campaign, with emphasis on SWCT towns. In 2004, the companies have included the promotion of residential time-of-use rates as part of the general awareness campaign.

In 2004, DPUC initiated Docket No. 04-05-06, DPUC Review of Rate Design for Electric Distribution Companies, with particular emphasis on residential rates. Among other rate design issues, DPUC will investigate time-of-use, seasonal rates, and rates to promote more efficient use of electricity.

1.4 Support Transportation and Land-Use Policies that Reduce Energy Use

The Board continues to support and implement the strategies identified in the Recommended Conservation and Development Policies Plan for Connecticut, 2004-2009 (Recommended C & D Plan) <http://www.opm.state.ct.us/igp/cdplan/cdplan2.htm> and the efforts of the Transportation Strategy Board as they pertain to reducing energy use through effective transportation and land use planning.

The use of fuel for transportation will have a growing impact on the use of energy resources in the state over the next 50 years. One measure of this is that the transportation sector is expected to produce the greatest increase in carbon dioxide emissions (over 60%) by 2050. Transportation accounts for two thirds of the nation's oil consumption. In addition to carbon dioxide, nitrogen oxide and sulfur dioxide emissions from on-road and off-road mobile sources account for almost half the emissions of these pollutants. An ongoing challenge is the continued increase in vehicle miles traveled (VMT) due in large part to decentralized patterns of development. Increases in

VMT threaten to offset some of the gains from technological advances in automobile fuel efficiency and emission control systems.

The Recommended C & D Plan promotes programs to reduce vehicle miles traveled, land-use policies to curtail sprawl as well as programs to reduce statewide green house gas emissions as set forth in the approved recommendations of the Climate Change Action Plan (see Action Item 8 of the Climate Change Action Plan) <http://www.negc.org> . More specifically, the Recommended C & D Plan supports strategies that include but are not limited to the following:

- Encourage energy-efficient patterns of development such as revitalized regional centers, higher densities around public transportation nodes and along corridors, and planned mixed-use development that provide convenient access to transit and enable more opportunities for bicycling and walking.
- Promote travel reduction programs which, together with other energy, air quality and transportation programs, will reduce the rate of growth of annual vehicle miles traveled to a level that will contribute to the achievement of: 1) ambient air quality standards for ozone; 2) a reduction in carbon dioxide emissions; 3) energy intensity improvements and reduced petroleum reliance; and 4) satisfactory levels of service on state highways.
- Encourage diesel emission reduction through engine tune ups, cleaner diesel fuels, emissions filter catalysts and retrofitting equipment.
- Encourage fleet conversion to natural gas or other alternative fuels, and support development of appropriate refueling infrastructure.

1.5 Increase Fuel Diversity

In support of the Board's strategy to increase fuel diversity in the state's energy supply mix, it has recommended that the "state place a priority on maintaining an adequate level of fuel diversity by monitoring fuel use patterns."

The efforts described in Part 2, Sections 1.1 - 1.3 above will continue to increase fuel diversity over time by increasing the diversity of the sources of electric generation away from fossil fuels. The real challenge to the state going forward will be to establish a balance between economic and environmental priorities so that fuel diversity is optimized into the future. It will be important to guard against policies and actions that would undermine fuel diversity in the state.

1.6 Promote Electric System Reliability and Enhance the Electric Infrastructure

The Board has recommended that the state "explore and evaluate the performance of electric distribution systems and to promote policies aimed at improving the reliability of the electric system." CEAB also recognizes the importance of security issues which are directly related to system reliability. Recent developments impacting this recommendation are reported in this section.

In June, 2004, Connecticut and New York negotiated a successful compromise regarding the operation of the Cross Sound Cable and the “1385” cable running from Connecticut to Long Island (Agreement). The Agreement sends a positive signal that Connecticut and New York are willing to compromise and successfully retain their sovereign state rights and interests to make decisions on matters within their jurisdiction rather than setting a precedent for the federal usurpation of state authority. For Connecticut, the Agreement improves the reliability and efficiencies of the electric system and enhances the interconnected regional electric transmission infrastructure while at the same time protecting the environmental quality of Long Island Sound.

Despite the fact that the Connecticut General Assembly renewed the existing moratorium on energy projects across Long Island Sound (LIS), originally established under Public Act 02-95, for the third year in the 2004 legislative session, Public Act 04-222 also provided for the waiver of such moratorium through the submission of a petition and the receipt of unanimous consent of the chairpersons and ranking members of the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment, the chairman of the Connecticut Siting Council, the chairperson of the Department of Public Utility Control and the Commissioner of the Environmental Protection, and any other state agency head with jurisdiction over the subject of the petition.

According to the Agreement, owners of the cable will resolve the outstanding issues associated with the installation of the 24.5-mile electric transmission and fiber optic cable system that runs between New Haven, Connecticut and Brookhaven, New York across Long Island Sound by obtaining the required approvals from Connecticut’s Department of Environmental Protection (CT DEP). During the time the cable was energized pursuant to the United States Secretary of Energy’s emergency orders as a result of the blackout of the northeastern United States on August 14, 2003, an 18-month study indicates that the actual operation of the cable has caused no environmental harm.

The second part of the Agreement provided that the Long Island Power Authority (LIPA) and Connecticut Light & Power (Northeastern Utilities) develop a plan for the removal and replacement of the “1385” cable that runs between Northport, Long Island and Norwalk, Connecticut. The necessary approvals from the CT DEP would need to be obtained to correct the environmental harm being caused by the leaking cable. The “1385” cable has allowed Long Island to provide support to the Connecticut electricity system. In fact, in the recent past critical transfers of power from Long Island Sound to Southwest Connecticut over the 1385 Cable enabled ISO-NE to narrowly avert outages in Southwest Connecticut.

Finally, the Agreement establishes a six-million dollar fund for research and restoration of Long Island Sound and its related resources by equal contributions from LIPA, Cross Sound Cable and CL&P. The fund will be mutually administered by the states of Connecticut and New York through the Long Island Sound Study (LISS) Management Committee. The LISS is a cooperative effort comprised of researchers, regulators and other concerned organizations working to improve the health of LIS by implementing the Sound’s Comprehensive Conservation and Management Plan completed in 1994.

1.7 Enhance Natural Gas Infrastructure

In its 2004 plan, the Board recommended possible actions in support of its strategy to enhance the state's natural gas infrastructure. Recent initiatives in support of this strategy are cited below.

DPUC Natural Gas Supply and Demand Technical Meeting

On September 9, 2004, the DPUC convened a technical meeting to discuss natural gas supply and demand, pricing, and related issues for winter 2004-2005. Presiding was DPUC Commissioner Linda J. Kelly.

Commissioner Kelly convened the session stating that its purpose was to present information on preparedness for this winter's heating season, especially in light of the January 2004 cold snap and the increasing dependence on natural gas by electric generators. In attendance were the DPUC's staff, and other state government agencies including, the Office of Consumer Counsel (OCC), the Office of Policy and Management (OPM), the Office of the Attorney General, the Department of Social Services, the Connecticut Energy Advisory Board, the Institute for Sustainable Energy, and the Legislative research staff to the Energy and Technology Committee. Participants included representatives of the Tennessee Gas Pipeline, Duke Energy Gas Transmission, Iroquois Gas Transmission System, Distrigas Massachusetts, Connecticut Natural Gas (CNG), Southern Connecticut Gas (SCG), Yankee Gas Services Company, the Independent System Operator of New England (ISO-NE), the American Gas Association (AGA), the Northeast Gas Association (NGA), the Northeast Energy Efficiency Partnership (NEEP), Connecticut's Consumer Counsel and the Department of Social Services (DSS).

In a prepared statement distributed at the forum, the Attorney General indicated his concerns raised by studies indicating a continent-wide natural gas scarcity as production remains flat while demand increases. The Attorney General's concern for the impact on Connecticut consumers is magnified by dramatic increases in gas commodity costs, as well as the state's higher costs due to delivery at the end of the pipelines and to a regional electric generation system heavily reliant on natural gas. The Consumer Counsel stressed the necessity of reliable gas service 24/7, and concerns over the interdependency of the gas and electric systems and the vulnerability of low-income consumers in paying their heating bills.

Presenting an overall perspective, the AGA indicated that current natural gas storage levels are above the previous 5-year average and growing. Although 2004 production is down compared to 2003, it was expected to rebound in the remainder of the year. Spot market prices were down considerably from earlier in the year, and the probability was that prices will be high again in the winter ahead as gas demand increases, especially in the electric generation sector here in New England. A diverse supply of gas from the lower-48 states, Canada and Liquefied Natural Gas (LNG) imports, along with available storage supply should enable the Northeast to meet winter demand. However, as demand is susceptible to key drivers, such as weather and economic activity, supply is anticipated to remain tight into the near future.

The three pipeline companies and the Local Distribution Companies (LDCs) serving Connecticut indicated that they were prepared to meet all firm contracts this winter, with storage playing a

critical role. Increased pipeline capacity was cited as a necessity in meeting growing demand in the Northeast. Distrigas Massachusetts, as well as the pipeline companies, stressed the growing dependence on LNG as an essential component of New England's natural gas supply strategy.

The panel on the interdependency of the gas and electric systems, which included the NGA, ISO-NE, the three pipeline companies, and Connecticut's three LDCs, emphasized the importance of enhancing communication and coordination between the gas and electric industries. For this purpose, several task forces comprised of national and regional organizations and the industries have been established to monitor and assess systems interactions to institute essential protocols. ISO-NE and the NGA are active participants in this effort.

The second panel on energy management and assistance for consumers, comprised of the DSS, LDCs and NEEP addressed the implications for consumers for the coming winter. It is expected that Low Income Home Energy Assistance Program (LIHEAP) funding for Connecticut for the 2004-2005 season will be lower than set current levels. However, with all fuel costs increasing and no appreciable increase in funds, Connecticut consumers are likely to be more challenged in paying their heating bills. NEEP, a regional organization forwarding energy efficiency initiatives and partnerships, emphasized the substantial historical and strategic contribution of energy efficiency in reducing energy consumption and consequent costs for all consumers. The LDCs will undertake focused communication and outreach campaigns to inform their customers about energy assistance, payment arrangements, conservation programs, and the winter moratorium prohibiting gas and electric distribution companies from withholding services from hardship cases where customers lack financial resources to pay their bills.

Natural Gas Hedging

On April 28, 2004, the DPUC on its own motion opened Docket No. 04-04-16, DPUC Review of the Use of Hedging by Connecticut Local Distribution Companies. The purpose of this proceeding is to investigate the use of hedging, by the state's three local gas distribution companies (LDCs), as a price risk management tool that can assist in stabilizing the impact of the volatility of gas well-head prices for retail customers. This docket is still in the evidentiary phase having received pre-filed testimony, interrogatories and held hearings. The DPUC currently allows the use of hedging which was approved in its decision dated July 8, 1994 in Docket No. 94-01-12, DPUC Generic Review of Connecticut Gas Local Distribution Companies Implementation of the Federal Energy Regulatory Commission (FERC) Order No. 636. However, the LDCs believe that the parameters presently set forth by the DPUC are so burdensome that they have not done any hedging.

Gas Unbundling

The DPUC also initiated on its own motion on March 23, 2004, Docket No. 97-07-11RE02, DPUC Investigation into Issues Associated with the Unbundling of Natural Gas Services by Connecticut Local Distribution Companies, Phase 2 – Shifted Costs for the limited purpose of implementing Order No. 5 from Docket No. 97-07-11PH02. The DPUC's Order No. 5 calls for the unbundling participants to develop a plan to fully eliminate remaining shifted capacity costs or so notify the DPUC if an agreement cannot be reached. The participants could not develop a

plan so the docket went forward with pre-filed testimony, interrogatories and hearings. At present the schedule has been suspended with the lead commissioner on October 20, 2004 asking for the participants to continue in their negotiations to produce a settlement agreement that would fully eliminate shifted costs reporting back to the DPUC in 30 days. The lead commissioner gave the participants guidance by addressing two main issues that the gas supplier of last resort function should remain with the LDCs, and gas capacity assignment should not be undertaken unless the participants can resolve the issue of recallability of the gas capacity in the case of a bankruptcy.

1.8 Actively Participate in the Development of the Wholesale Market

In last year's plan, the Board elaborated on potential actions that Connecticut could take in support of its recommended strategy for the state to actively participate in the development of the wholesale power market. Developments impacting the wholesale marketing are included in this section.

Federal Activities

During 2004, there continued to be a variety of important issues being considered by federal regulatory agencies which impact Connecticut's energy cost and energy reliability. Highlights regarding several key topics include:

FERC Connecticut Transmission Informational Meetings

The transmission system in SWCT is recognized by FERC as the most urgent in New England and one of the ten most urgent in the nation, threatening the reliability of not only the local area, but also the entire New England grid. The political and engineering disputes over the design and siting of the transmission improvements have resulted in repeated delays in the approval process – it has already taken over two and a half years and the Siting Council decision on Phase II is due in April of this year. During this time, reliability has continued to degrade and costs have been piling up.

Connecticut ratepayers have paid about \$200 million in additional costs related to congestion, which will continue to grow until the transmission system is upgraded. Moreover, Connecticut cannot begin to address its underlying generation capacity shortage until the transmission system is upgraded. Beginning in 2006, this could add a new and additional \$300 million per year to ratepayers' bills.

For these reasons, FERC convened two informational meetings at the Legislative Office Building in Hartford, the first on October 13, 2004 and the second on January 6, 2005. Both were intended as regional events, involving both a large contingent of Connecticut policy makers and leading regulators from the other New England states.

At the meeting in October, FERC heard testimony on the status of the transmission upgrade proposals. The primary issue was the effort being made by the proposal sponsor to bring the

Phase II project design into compliance with new rules requiring extensive underground installation of the transmission lines that were adopted by the Connecticut General Assembly in 2003. These new rules called into question the engineering feasibility of the design and also predestined a large part of the costs of underground to be paid for by Connecticut ratepayers alone, instead of being shared with all New England customers as an overhead design would be. Again underlining their concern that the lack of progress posed an ever-increasing threat to the bulk electric system, the FERC commissioners made it clear that they were going to schedule a follow-up meeting in January of 2005 and that by that time, they expected to see a plan that would both meet the requirements of state law and meet engineering standards. In addition, they expected to see cost estimates for the recommended solution.

By the time FERC held the second informational meeting on January 5, 2005, the Reliability and Operations Committee (known as the ROC Committee) had issued its report, describing three alternative plans that included underground segments of four, thirteen and twenty-four miles respectively. The meeting focused on the review of the ROC report.

The ROC report was developed under the supervision of the project sponsors (CL&P and UI) and ISO-NE. They were assisted by a number of consulting firms, including several that are widely acknowledged as the leaders in their fields. It was extensive, involving months of modeling as scores of scenarios were tested for engineering feasibility.

Respecting the jurisdiction of the Connecticut Siting Council, which will have to consider the report in their proceeds on Phase II, the FERC commissioners did not express an opinion on the ROC report or its recommendations. However, they did indicate their continuing concern that concrete progress be made as quickly as possible. They promised to monitor the progress and reconfirmed their intention to take such action as they determined to be appropriate if the process was delayed again.

Locational Installed Capacity Payment (LICAP)

In response to a Federal Energy Regulatory Commission (FERC) order that ISO-New England (ISO-NE) file a Locational Installed Capacity Payment (LICAP) proposal by March 1, 2004, ISO-NE filed a LICAP proposal purportedly designed to keep needed electric generators running and to incent the entry of new electric generation. On March 1, 2004, ISO-NE filed a five-year LICAP proposal that uses a demand curve to determine the charges that would be levied in each geographic zone (as discussed below, subject to the litigation process, Connecticut may be split into two LICAP zones, Southwest Connecticut and the rest of Connecticut). Zones that have sufficient electric generation capacity would clear at zero, meaning there would be no LICAP charge. Zones with shortages would pay charges; the greater the capacity shortfall, the higher the charge.

On March 22, 2004, the DPUC and OCC filed a joint protest against the LICAP proposal based on the following points:

1. It is technically infeasible to add new generation in SWCT until Phase I and II transmission upgrades are completed, and therefore requiring LICAP payments prior to the completion of the upgrades would merely penalize ratepayers;
2. Given number 1 above, any LICAP payment required prior to the completion of the upgrades will be an ineffective penalty;
3. There are no certain, concrete benefits for costs incurred – the zone pays more money to all existing generators in the mere hope that the payments will produce new investment and maintain existing investments. In general, no one has persuasively demonstrated through a cost-benefit study that the benefits will likely justify the costs;
4. Other new market initiatives (e.g., Standard Market Design, including locational marginal pricing, and forward reserve market) have not been given time to bear fruit in terms of whether they will incent the construction of generation capacity without new and exorbitant capacity payments;
5. No examination of other less costly alternatives has occurred;
6. The proposal ignores the impact of increased transmission capacity, i.e. it will not reduce Connecticut's LICAP charges to credit the state with increased import capability after the upgrades are completed. In fact, incredibly, ISO-NE has admitted that under its proposal, LICAP charges will actually *rise* if the proposed 345-kilovolt line is installed;
7. The use of an untested, administratively created demand curve to set prices is not a market-based solution, is awkward and may cause price uncertainty; and
8. Targeted contracts, entered into with only those specific generators needed to serve reliability, are better transition tools until the transmission upgrades are completed.

Connecticut's Attorney General and various other parties also filed similar protests. The state's congressional delegation also filed a letter opposing the ISO-NE LICAP proposal. ISO-NE submitted a revised LICAP proposal on August 31, 2004, but the above-listed objections remain intact.

FERC issued a June 2 order approving the LICAP concept for implementation on January 1, 2006, but set several issues for hearing. The June 2, 2004 order establishes two proceedings: 1) a hearing on the details of LICAP (demand curve, capacity transfer limits, and reserve margin requirement) with decision scheduled for June 2005; and 2) a "paper" hearing on whether there should be a separate SWCT LICAP zone. Connecticut's DPUC, OCC, Attorney General, and other parties filed a request for rehearing asking FERC to reconsider its order approving LICAP. In a November 8, 2004 order, FERC essentially rejected the request for rehearing and made it clear that it intends to implement a LICAP proposal similar in nature to ISO-NE's proposal by January 1, 2006, regardless of whether the transmission upgrades are completed and whether Southwest Connecticut generators are actually able to respond to any incentives.

The state's DPUC, OCC, and Attorney General filed requests for rehearing of the November 8, 2004 order. These same Connecticut Parties also filed an appeal of the June 2nd order in the First Circuit Court of Appeals seeking a reversal of that order.

Recent price projections performed by the ISO that were made public on January 5, 2005 show a cost impact over the first five years for New England of approximately \$8.8 billion with Connecticut paying approximately 40%.

Table 3. ISO-NE's ICAP Demand Curve: Net Impact (\$ millions)							
	SWCT	RoCT	All CT	NEMA	RoPool	Maine	All NE
2005/06	26	11	37	-55	131	22	135
2006/07	79	62	142	23	306	51	522
2007/08	182	159	341	272	630	105	1,347
2008/09	225	198	423	278	644	107	1,452
2009/10	173	157	330	270	627	103	1,331
2010/11	228	207	436	347	803	133	1,719
Sum	914	794	1,709	1,135	3,141	521	6,506

This table depicts the Connecticut DPUC's Expert Witnesses' estimate of LICAP costs resulting from implementation the ISO NE's proposed demand curve.¹ The net is of RMR and ICAP costs that would be paid in lieu of LICAP.

The evidentiary hearing on the demand curve is scheduled to begin February 23, 2005. A FERC order is due in June of 2005. An appeal of a final FERC order by some or all of the Connecticut Parties would have to be considered a probability depending on the outcome of the hearing.

Southwest Connecticut Locational Installed Capacity (LICAP) Zone

On July 2, 2004, ISO-New England filed a recommendation that a separate SWCT LICAP zone be created. Under this recommendation, the SWCT LICAP zone would pay an estimated \$350 million annual LICAP charge beginning in 2006. Connecticut's Department of Public Utility Control, Office of Consumer Counsel, Attorney General (AG), and various other parties filed comments against the creation of a separate SWCT LICAP zone. These arguments include raising the previous general arguments against LICAP plus: 1) there is not sufficient and credible evidence or analysis that LICAP or a separate SWCT LICAP region would stimulate investment in new electric generation; 2) there is no basis for creating a SWCT LICAP region before completing the hearing that will define LICAP details; 3) there is no justification for equating SWCT prices with New York prices; and 4) transmission upgrades should eliminate the need for

¹ Cross Answering Testimony of Miles Bidwell and Carl Pechman on behalf of The Connecticut Department of Public Utility Control, Office of Consumer Counsel, Richard Blumenthal, Attorney General, and Southwestern Area Commerce and Industry Association dated January 10, 2005 in Federal Energy Regulatory Commission Docket No. ER03-563 at p. 21.

a separate SWCT zone or drastically reduce any zonal charge. FERC also issued a November 8, 2004 order on this issue and, over the aforementioned objections of the Connecticut Parties, that approved a separate SWCT LICAP zone.

The Connecticut Parties (DPUC, OCC, AG, NU and SACIA) filed a request for rehearing as to this order asking the FERC to reconsider its ruling. If this proves unsuccessful, the next step in the legal process would be an appeal to a Circuit Court of Appeals.

Reliability Must Run Agreements

Until some type of capacity market is created to provide adequate compensation to peaking electric generation units, or the proposed electric transmission upgrades render some of the electric generating units located in SWCT unnecessary to serve reliability, Connecticut will face the prospect of negotiating Reliability Must Run (RMR) contracts with certain electric power plants owners, or if negotiations fail, of having FERC impose RMR contract(s).

In late October 2004, ISO NE, DPUC, OCC, NRG and other parties filed a settlement agreement with the FERC accepting RMR contracts for several NRG units until January 1, 2006. FERC recently approved this settlement and no appeals are expected.

Under the November 8, 2004 FERC order on LICAP, it is clear that FERC wants RMR agreements to end on January 1, 2006, upon institution of a LICAP market. Whether a generator will in fact be denied an RMR agreement in 2006 and thereafter if it claims that it is not earning enough from LICAP (assuming it is approved in some form) and other sources of revenue is very much in doubt. Thus, beginning in 2006, it would have to be considered likely that Connecticut and perhaps other New England states will be giving LICAP payments to all generators, regardless of need, and LICAP payments along with RMR payments to generators who allege that they are not receiving sufficient energy market revenue. Any excess profits will be retained by power plants while the ratepayers absorb all or substantially all of the risk of losses.

Milford Power LLC and PSEG Power Connecticut LLC have requested cost-of-service (COS) rates for some of their generating plants under RMR contracts until LICAP is implemented. The ISO NE has determined that the generators in question are needed to serve reliability. The issues before the FERC are, among other things: 1) whether these units are entitled to COS rates; and, 2) if so, what is the appropriate level of recovery. The Connecticut DPUC, OCC and AG protested both companies' requests for COS rates on several grounds, including that such contracts should be given only under exceptional circumstances because regulated COS rates are contrary to competitive markets. The Connecticut Parties requested that the cases be dismissed and filed alternative COS analysis and requests for hearings.

In the case of Milford Power LLC, the FERC issued a deficiency letter with thirteen questions from the FERC seeking additional information regarding the company's petition. The company filed answers in response to the questions. FERC issued a notice setting a due date of February 11, 2005 for parties to file comments/protests related to Milford's responses. The Connecticut Parties will file another protest.

In the PSEG docket, FERC approved the RMR contract, subject to refund, and set the cost of service issues for hearing. A settlement conference is scheduled with Judge Cowan on February 8, 2005. The DPUC and OCC will participate in settlement conferences and the hearing, if the matter cannot be settled.

The Connecticut Parties are concerned that additional generators may yet file for RMR contracts until LICAP is implemented.

Regional Transmission Organization (RTO)

On March 24, 2004, FERC granted ISO-NE and the transmission organizations' (Filing Parties) application for RTO status pending the acceptance of certain conditions. RTO status will give ISO-NE a greater level of control over the transmission grid than it had previously enjoyed while limiting (though not eliminating) the opportunity of other parties, including public parties, to participate in the decision-making process. The FERC order also addresses a related filing on return on equity (ROE) issues applicable to transmission rates charged by the New England RTO. FERC set for hearing a proposed 12.8 percent ROE applicable in regional and local transmission rates. FERC allowed a 50 basis-point adder for transmission used for regional service. FERC set for hearing a proposed 100 basis-point adder applicable to all future transmission expansion. This litigation is currently ongoing with hearings set for mid-February 2005.

FERC also ordered ISO-NE to make a compliance filing within ninety days of the March 24th order that implements FERC's instructions and required amendments to the transmission operating agreement (TOA). Many of the changes required by FERC were the result of recommendations that Connecticut/New England Commissioners of Public Utility Control (NECPUC) argued for in their comments to FERC. Currently, ISO-NE and the transmission organizations have submitted their compliance filing and the Connecticut Parties and NECPUC are prepared to litigate ROE for transmission. Coupled with continued litigation by the Connecticut Parties and others as to LICAP and the creation of a new zone for SWCT, as discussed above, the wholesale power markets should continue to be in flux through 2005.

Most recently, on November 3, 2004, FERC accepted the settlement agreement filed by the New England Power Pool (NEPOOL), ISO NE and the transmission organizations subject to further conditions. The Filing Parties' June 22 and August 11 compliance filings concerned, for instance, the resolution of the transfer of reversionary interest of NEPOOL's tangible assets to ISO, the Commission's acceptance of the proposal filed by NEPOOL and the New York Independent Service Operator (NYISO) to eliminate Through and Out service charges for transactions between New York and New England (to become effective Dec. 1, 2004), and several other issues.

Connecticut via NECPUC filed a protest to the November 3rd order accepting the settlement agreement. The motion for clarification related to the objectives set forth in the settlement agreement which were different from those approved by the Commission in its initial RTO order. This motion is pending. RTO for New England became operational on February 1, 2005.

Special Case Nodal Pricing (SCNP)

In orders issued December 21, the FERC accepted for filing ISO's SCNP option as an acceptable alternative to full nodal pricing for load for the New England wholesale markets subject to conditions. SCNP is the implementation of nodal pricing on a voluntary "special case" basis for customers with loads above 5MW's. FERC also accepted ISO's request that SCNP be implemented on a date consistent with ISO's implementation of its new ancillary services markets in October 2005. The duration of SCNP is estimated at 12-14 months but may be extended.

FERC found that SCNP will provide price signals at specific nodes and will translate to a significant improvement in relation to ISO's existing zonal prices. SCNP is also aimed at sending more accurate and transparent price signals to SCNP participants, which in turn is supposed to encourage more price responsive demand among SCNP participants.

The Connecticut DPUC filed objections to this proposal since there is no evidence to support these conclusions or even any discussion to explain them. It is also unclear how reliability will improve. Connecticut also argued that price volatility will likely increase to participating customers in nodes because prices would be determined over a smaller area and any changes in demand or generation would have a greater impact on prices. Finally, Connecticut believes there would be less incentive to participate in demand response programs because customers that choose nodal pricing will see lower electric rates.

The FERC rejected Connecticut's arguments and concluded that the proposal as filed will allow participants to see real time prices for the individual nodes where they actually take energy, rather than as a weighted-average price over an entire zone and determined that SCNP should enhance not discourage retail competition. The FERC did grant a request to hold a technical conference of SCNP and day-ahead load response program (DALRP), in Boston on March 4, 2005 to further discuss these proposals and how these programs fit within the overall market development plan for New England.

ISO-NE Budget Proceedings

In orders issued December 30, the FERC accepted for filing, and rejected in part, the ISO's 2005 Administrative Tariff and accepted for filing, subject to certain revisions, the ISO's Capital Funding Tariff, each to become effective on January 1, 2005. In its Administrative Tariff Order, the Commission rejected proposed Schedule 5 (RSC costs) and set for expedited evidentiary hearing the proposed rate design of Schedule 3, directing that the entire proceeding, including the issuance of an initial decision by the presiding judge, be completed by May 27, 2005. The Connecticut DPUC filed for intervenor status in order to track these proceedings and to submit comments as necessary.

1.9 Evaluate and Provide a Progress Report as Part of the Energy Plan

Public Act 03-140 requires the Board to submit an annual energy plan to the committees cognizant on energy, transportation and the environment. The purpose of this document is to meet this requirement for 2005. The contents will update Connecticut's state policymakers and the public on key goals and strategies to ensure the state has a successful energy policy and to present plans for the year ahead and beyond for energy strategies for the state of Connecticut. Other noteworthy activity in the state during the year is also included here.

2004 Connecticut Legislation

During the last Connecticut legislative session (February 2004-May 2004), a number of energy-related laws were passed. These laws are listed below and summaries of these Public Acts are included as part of the appendix.

- PA 04-252 – An Act Concerning Climate Change (emissions reductions)
- PA 04-85 – An Act Concerning Energy Efficiency
- PA 04-84 – An Act Concerning Clean Cars
- PA 04-231 – An Act Concerning Clean and Alternative Fuels Vehicles
- PA 04-222 – An Act Concerning Preservation of the Family Farm and LIS

1.10 Develop Preferential Standards for New Projects

The development of preferential standards is described in detail in Part 1, Section 1 of this document and the final criteria appear in the Appendix.

2. 2005 Energy Strategies for Connecticut

In the year ahead the Board renews its commitment to the goals presented in its 2000 and 2004 energy plans. The strategies and action items presented in those plans remain sound. The Board also recommends adopting and implementing the following six strategies for 2005:

1. Maximize the state's efforts on its number 1 strategy of reducing dependence on fossil fuels by implementing two out of the five recommended actions by year end 2005.
2. Initiate and implement by year-end 2005, a statewide public education and awareness programs on the Board's recommended strategies to reduce dependence on fossil fuels. Specifically promote programs which will:
 - Continue to support energy efficiency
 - Support renewable energy technologies
 - Increase penetration of distributed generation (DG) and combined heat and power (CHP)
 - Support clean burning, efficient DG applications, especially if located in transmission-constrained areas
 - Support demand response (DR) programs
 - Support transportation and land-use policies that reduce energy use
 - Increase fuel diversity
3. By year-end 2005, build upon the strong network of partners and allies committed to realize the established goals.
4. Initiate legislative efforts to promote and realize the 2004 energy plan strategies.

Suggested areas of focus include:

- Public financing authority for energy projects
 - Tax incentives for efficiency and renewable energy projects
 - Modification of the Board's structure and mandates
5. Develop CEAB processes to actively and effectively engage in regional and national energy developments in accordance with its statutory mandate (RTO, RTEP, RSC, FERC etc.) by mid-year 2005.

3. Long-Term Energy Policy Opportunities and Challenges for Connecticut

The Board's initial enabling statute (Sec. 16a-3) emphasizes "long-range energy supply and demand options with particular emphasis on conservation and energy resource development within the state" and "the effect of the energy component of the state's economy on citizens, government, commerce and industry." PA 03-140 overlaid additional criteria to address in energy plans. Accordingly, the CEAB continues to take both a short- and long-term and broad perspective on the energy challenges and opportunities facing Connecticut. It is with this in mind that the Board cites the following opportunities and challenges:

1. Continuing to build the CEAB RFP process so that it will help bring to fruition the right energy projects for the state and achieve the long sought-after coordination among state agencies with energy responsibilities;
2. Addressing the immediate reliability needs of Southwestern Connecticut in the wider context of the impact these short-term solutions may have on the longer term energy needs of future Connecticut energy consumers;
3. Moving away from the traditional central power plant approach to system planning to promote and include sustainable alternatives as part of the mix;
4. Seeking fresh support from state, regional and national energy policy makers for 2004 and beyond Energy Plan strategies;
5. Providing a process and system for a coordinated state energy policy and program management in order that Connecticut may retain its jurisdiction and authority;
6. Continuing to work with FERC and ISO to assure appropriate cost socialization of generation and transmission improvements that service the region.

APPENDIX

A. CONNECTICUT ENERGY ADVISORY BOARD MEMBERS
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B. CONNECTICUT PUBLIC ACT NO. 03-140***AN ACT CONCERNING LONG-TERM PLANNING FOR ENERGY FACILITIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-50g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

The legislature finds that power generating plants and transmission lines for electricity and fuels, community antenna television towers and telecommunication towers have had a significant impact on the environment and ecology of the state of Connecticut; and that continued operation and development of such power plants, lines and towers, if not properly planned and controlled, could adversely affect the quality of the environment, the ecological, scenic, historic and recreational values of the state. The purposes of this chapter are: To provide for the balancing of the need for adequate and reliable public utility services at the lowest reasonable cost to consumers with the need to protect the environment and ecology of the state and to minimize damage to scenic, historic, and recreational values; to provide environmental quality standards and criteria for the location, design, construction and operation of facilities for the furnishing of public utility services at least as stringent as the federal environmental quality standards and criteria, and technically sufficient to assure the welfare and protection of the people of the state; to encourage research to develop new and improved methods of generating, storing and transmitting electricity and fuel and of transmitting and receiving television and telecommunications with minimal damage to the environment and other values described above; to promote energy security; to promote the sharing of towers for fair consideration wherever technically, legally, environmentally and economically feasible to avoid the unnecessary proliferation of towers in the state particularly where installation of such towers would adversely impact class I and II watershed lands, and aquifers; to require annual forecasts of the demand for electric power, together with identification and advance planning of the facilities needed to supply that demand and to facilitate local, regional, state-wide and interstate planning to implement the foregoing purposes.

Sec. 2. Subsection (a) of section 16-50i of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2004*):

(a) "Facility" means: (1) An electric transmission line of a design capacity of sixty-nine kilovolts or more, including associated equipment but not including a transmission line tap, as defined in subsection (e) of this section; (2) a fuel transmission facility, except a gas transmission line having a design capability of less than two hundred pounds per square inch gauge pressure; (3) any electric generating or storage facility using any fuel, including nuclear materials, including associated equipment for furnishing electricity but not including an emergency generating device, as defined in subsection (f) of this section or a facility (i) owned and operated by a private power producer, as defined in section 16-243b, (ii) which is a qualifying small power production facility or a qualifying cogeneration facility under the Public Utility Regulatory Policies Act of 1978, as amended, or a facility determined by the council to be primarily for a

producer's own use, and (iii) which has, in the case of a facility utilizing renewable energy sources, a generating capacity of one megawatt of electricity or less and, in the case of a facility utilizing cogeneration technology, a generating capacity of twenty-five megawatts of electricity or less; (4) any electric substation or switchyard designed to change or regulate the voltage of electricity at sixty-nine kilovolts or more or to connect two or more electric circuits at such voltage, which substation or switchyard may have a substantial adverse environmental effect, as determined by the council established under section 16-50j, and other facilities which may have a substantial adverse environmental effect as the council may, by regulation, prescribe; (5) such community antenna television towers and head-end structures, including associated equipment, which may have a substantial adverse environmental effect, as said council shall, by regulation, prescribe; (6) such telecommunication towers, including associated telecommunications equipment, owned or operated by the state, a public service company or a certified telecommunications provider or used in a cellular system, as defined in the Code of Federal Regulations Title 47, Part 22, as amended, which may have a substantial adverse environmental effect, as said council shall, by regulation, prescribe; and (7) any component of a proposal submitted pursuant to the request-for-proposal process.

Sec. 3. Section 16-50i of the general statutes is amended by adding subsection (g) as follows (*Effective October 1, 2004*):

(NEW) (g) "Request-for-proposal process" or "request-for-proposal" means the process set forth in section 19 of this act.

Sec. 4. Subsection (a) of section 16-50l of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(a) To initiate a certification proceeding, an applicant for a certificate shall file with the council an application, in such form as the council may prescribe, accompanied by a filing fee of not more than twenty-five thousand dollars, which fee shall be established in accordance with section 16-50t, and a municipal participation fee of twenty-five thousand dollars to be deposited in the account established pursuant to section 15 of this act, except that an application for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i, as amended by this act, shall not pay such municipal participation fee. An application shall contain such information as the applicant may consider relevant and the council or any department or agency of the state exercising environmental controls may by regulation require, including the following information:

(1) In the case of facilities described in subdivisions (1), (2) and (4) of subsection (a) of section 16-50i, as amended by this act: (A) A description, including estimated costs, of the proposed transmission line, substation or switchyard, covering, where applicable underground cable sizes and specifications, overhead tower design and appearance and heights, if any, conductor sizes, and initial and ultimate voltages and capacities; (B) a statement and full explanation of why the proposed transmission line, substation or switchyard is necessary and how the facility conforms to a long-range plan for expansion of the electric power grid serving the state and interconnected utility systems, that will serve the public need for adequate, reliable and economic service; (C) a map of suitable scale of the proposed routing or site, showing details of the rights-of-way or site

in the vicinity of settled areas, parks, recreational areas and scenic areas, and showing existing transmission lines within one mile of the proposed route or site; (D) justification for adoption of the route or site selected, including comparison with alternative routes or sites which are environmentally, technically and economically practical; (E) a description of the effect of the proposed transmission line, substation or switchyard on the environment, ecology, and scenic, historic and recreational values; (F) a justification for overhead portions, if any, including life-cycle cost studies comparing overhead alternatives with underground alternatives, and effects described in subparagraph (E) of this subdivision of undergrounding; (G) a schedule of dates showing the proposed program of right-of-way or property acquisition, construction, completion and operation; and (H) identification of each federal, state, regional, district and municipal agency with which proposed route or site reviews have been undertaken, including a copy of each written agency position on such route or site; and

(2) In the case of facilities described in subdivision (3) of subsection (a) of section 16-50i, as amended by this act: (A) A description of the proposed electric generating or storage facility; (B) a statement and full explanation of why the proposed facility is necessary; (C) a statement of loads and resources as described in section 16-50r; (D) safety and reliability information, including planned provisions for emergency operations and shutdowns; (E) estimated cost information, including plant costs, fuel costs, plant service life and capacity factor, and total generating cost per kilowatt-hour, both at the plant and related transmission, and comparative costs of alternatives considered; (F) a schedule showing the program for design, material acquisition, construction and testing, and operating dates; (G) available site information, including maps and description and present and proposed development, and geological, scenic, ecological, seismic, biological, water supply, population and load center data; (H) justification for adoption of the site selected, including comparison with alternative sites; (I) design information, including description of facilities, plant efficiencies, electrical connections to system, and control systems; (J) description of provisions, including devices and operations, for mitigation of the effect of the operation of the facility on air and water quality, for waste disposal, and for noise abatement, and information on other environmental aspects; (K) a listing of federal, state, regional, district and municipal agencies from which approvals either have been obtained or will be sought covering the proposed facility, copies of approvals received and the planned schedule for obtaining those approvals not yet received.

Sec. 5. Subsection (a) of section 16-50l of the general statutes, as amended by section 4 of this act, is repealed and the following is substituted in lieu thereof (*Effective December 1, 2004*):

(a) (1) To initiate a certification proceeding, an applicant for a certificate shall file with the council an application, in such form as the council may prescribe, accompanied by a filing fee of not more than twenty-five thousand dollars, which fee shall be established in accordance with section 16-50t, and a municipal participation fee of twenty-five thousand dollars to be deposited in the account established pursuant to section 15 of this act, except that an application for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i, as amended by this act, shall not pay such municipal participation fee. An application shall contain such information as the applicant may consider relevant and the council or any department or agency of the state exercising environmental controls may by regulation require, including the following information:

[(1)] (A) In the case of facilities described in subdivisions (1), (2) and (4) of subsection (a) of section 16-50i, as amended by this act: (i) A description, including estimated costs, of the proposed transmission line, substation or switchyard, covering, where applicable underground cable sizes and specifications, overhead tower design and appearance and heights, if any, conductor sizes, and initial and ultimate voltages and capacities; (ii) a statement and full explanation of why the proposed transmission line, substation or switchyard is necessary and how the facility conforms to a long-range plan for expansion of the electric power grid serving the state and interconnected utility systems, that will serve the public need for adequate, reliable and economic service; (iii) a map of suitable scale of the proposed routing or site, showing details of the rights-of-way or site in the vicinity of settled areas, parks, recreational areas and scenic areas, and showing existing transmission lines within one mile of the proposed route or site; (iv) justification for adoption of the route or site selected, including comparison with alternative routes or sites which are environmentally, technically and economically practical; (v) a description of the effect of the proposed transmission line, substation or switchyard on the environment, ecology, and scenic, historic and recreational values; (vi) a justification for overhead portions, if any, including life-cycle cost studies comparing overhead alternatives with underground alternatives, and effects described in (v) of this subparagraph of undergrounding; (vii) a schedule of dates showing the proposed program of right-of-way or property acquisition, construction, completion and operation; and (viii) identification of each federal, state, regional, district and municipal agency with which proposed route or site reviews have been undertaken, including a copy of each written agency position on such route or site; and

(B) In the case of facilities described in subdivision (3) of subsection (a) of section 16-50i, as amended by this act: (i) A description of the proposed electric generating or storage facility; (ii) a statement and full explanation of why the proposed facility is necessary; (iii) a statement of loads and resources as described in section 16-50r; (iv) safety and reliability information, including planned provisions for emergency operations and shutdowns; (v) estimated cost information, including plant costs, fuel costs, plant service life and capacity factor, and total generating cost per kilowatt-hour, both at the plant and related transmission, and comparative costs of alternatives considered; (vi) a schedule showing the program for design, material acquisition, construction and testing, and operating dates; (vii) available site information, including maps and description and present and proposed development, and geological, scenic, ecological, seismic, biological, water supply, population and load center data; (viii) justification for adoption of the site selected, including comparison with alternative sites; (ix) design information, including description of facilities, plant efficiencies, electrical connections to system, and control systems; (x) description of provisions, including devices and operations, for mitigation of the effect of the operation of the facility on air and water quality, for waste disposal, and for noise abatement, and information on other environmental aspects; (xi) a listing of federal, state, regional, district and municipal agencies from which approvals either have been obtained or will be sought covering the proposed facility, copies of approvals received and the planned schedule for obtaining those approvals not yet received.

(2) On or after December 1, 2004, the filing of an application pursuant to subdivision (1) of this subsection shall initiate the request-for-proposal process, except for an application for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i, as amended by this act.

(3) Notwithstanding the provisions of this subsection, an entity that has submitted a proposal pursuant to the request-for-proposal process may initiate a certification proceeding by filing with the council an application containing the information required pursuant to this section, accompanied by a filing fee of not more than twenty-five thousand dollars, which fee shall be established in accordance with section 16-50t, and a municipal participation fee of twenty-five thousand dollars to be deposited in the account established pursuant to section 15 of this act, not later than thirty days after the Connecticut Energy Advisory Board performs the evaluation process pursuant to subsection (f) of section 19 of this act.

Sec. 6. Subsection (a) of section 16-50k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Except as provided in subsection (b) of section 16-50z, no person shall exercise any right of eminent domain in contemplation of, commence the preparation of the site for, or commence the construction or supplying of a facility, or commence any modification of a facility, that may, as determined by the council, have a substantial adverse environmental effect in the state without having first obtained a certificate of environmental compatibility and public need, hereinafter referred to as a "certificate", issued with respect to such facility or modification by the council, except fuel cells with a generating capacity of ten kilowatts or less which shall not require such certificate. Any facility with respect to which a certificate is required shall thereafter be built, maintained and operated in conformity with such certificate and any terms, limitations or conditions contained therein. Notwithstanding the provisions of this chapter or title 16a, the council shall, in the exercise of its jurisdiction over the siting of generating facilities, approve by declaratory ruling (1) the construction of a facility solely for the purpose of generating electricity, other than an electric generating facility that uses nuclear materials or coal as fuel, at a site where an electric generating facility operated prior to July 1, 1998, (2) the construction or location of any fuel cell, unless the council finds a substantial adverse environmental effect, and (3) the siting of temporary generation solicited by the Department of Public Utility Control pursuant to section 17 of public act 03-135.

Sec. 7. Subsection (e) of section 16-50l of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2004*):

(e) Except as provided in subsection (e) of section 19 of this act, at least sixty days prior to the filing of an application with the council, the applicant shall consult with the municipality in which the facility may be located and with any other municipality required to be served with a copy of the application under subdivision (1) of subsection (b) of this section concerning the proposed and alternative sites of the facility. For a facility described in subdivisions (1) to (4), inclusive, of subsection (a) of section 16-50i, as amended by this act, the applicant shall submit to the Connecticut Energy Advisory Board the same information that it provides to a municipality pursuant to this subsection on the same day of the consultation with the municipality. Such consultation with the municipality shall include, but not be limited to good faith efforts to meet with the chief elected official of the municipality. At the time of the consultation, the applicant shall provide the chief elected official with any technical reports concerning the public need, the site selection process and the environmental effects of the proposed facility. The municipality may conduct public hearings and meetings as it deems

necessary for it to advise the applicant of its recommendations concerning the proposed facility. Within sixty days of the initial consultation, the municipality shall issue its recommendations to the applicant. No later than fifteen days after submitting an application to the council, the applicant shall provide to the council all materials provided to the municipality and a summary of the consultations with the municipality including all recommendations issued by the municipality.

Sec. 8. Subsection (a) of section 16-50m of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2004*):

(a) The council shall promptly fix a commencement date and location for a public hearing on an application for a certificate complying with section 16-50l, as amended by this act, (1) where no proposals are received pursuant to the request-for-proposal process, not less than thirty days after the deadline for submission of such proposals nor more than sixty days after such deadline; (2) where a proposal is received pursuant to the request-for-proposal process, not less than thirty days after the deadline of submission of an application pursuant to subdivision (3) of subsection (a) of section 16-50l, as amended by this act, nor more than sixty days after such deadline; or (3) where the application is for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i, as amended by this act, not less than thirty days after receipt of an application nor more than one hundred fifty days after such receipt. Applications that are common to a request-for-proposal shall be heard under a consolidated public hearing process. At least one session of such hearing shall be held at a location selected by the council in the county in which the facility or any part thereof is to be located after six-thirty p.m. for the convenience of the general public. After holding at least one hearing session in the county in which the facility or any part thereof is to be located, the council may, in its discretion, hold additional hearing sessions at other locations. If the proposed facility is to be located in more than one county, the council shall fix the location for at least one public hearing session in whichever county it determines is most appropriate, provided the council may hold hearing sessions in more than one county.

Sec. 9. Section 16-50o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2004*):

(a) A record shall be made of the hearing and of all testimony taken and the cross-examinations thereon. Every party or group of parties as provided in section 16-50n shall have the right to present such oral or documentary evidence and to conduct such cross-examination as may be required for a full and true disclosure of the facts.

(b) The applicant shall submit into the record the full text of the terms of any agreement, and a statement of any consideration therefor, if not contained in such agreement, entered into by the applicant and any party to the certification proceeding, or any third party, in connection with the construction or operation of the facility. This provision shall not require the public disclosure of proprietary information or trade secrets.

(c) The results of the evaluation process pursuant to subsection (f) of section 19 of this act shall be part of the record, where applicable.

(d) A copy of the record shall be available at all reasonable times for examination by the public without cost at the principal office of the council. A copy of the transcript of testimony at the hearing shall be filed at an appropriate public office, as determined by the council, in each county in which the facility or any part thereof is proposed to be located.

Sec. 10. Subsection (a) of section 16-50p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003, and applicable to applications for a certificate of environmental compatibility and public need filed after July 1, 2003*):

(a) In a certification proceeding, the council shall render a decision upon the record either granting or denying the application as filed, or granting it upon such terms, conditions, limitations or modifications of the construction or operation of the facility as the council may deem appropriate. The council's decision shall be rendered within twelve months of the filing of an application concerning a facility described in subdivision (1) or (2) of subsection (a) of section 16-50i or subdivision (4) of said subsection (a) if the application was incorporated in an application concerning a facility described in subdivision (1) of said subsection (a), and within one hundred eighty days of the filing of any other application concerning a facility described in subdivision (4) of said subsection (a), and an application concerning a facility described in subdivision (3), (5) or (6) of said subsection (a), provided such time periods may be extended by the council by not more than one hundred eighty days with the consent of the applicant. The council shall file, with its order, an opinion stating in full its reasons for the decision. Except as provided in subsection (c) of this section, the council shall not grant a certificate, either as proposed or as modified by the council, unless it shall find and determine: (1) A public need for the facility and the basis of the need taking into consideration other feasible and prudent alternatives provided to the council by a party or intervenor that address the same public need; (2) the nature of the probable environmental impact of the facility, or a feasible and prudent alternative provided to the council by a party or intervenor, alone and cumulatively with other existing facilities, including a specification of every significant adverse effect, whether alone or cumulatively with other effects, on, and conflict with the policies of the state concerning, the natural environment, ecological balance, public health and safety, scenic, historic and recreational values, forests and parks, air and water purity and fish, aquaculture and wildlife; (3) why the adverse effects or conflicts referred to in subdivision (2) of this subsection are not sufficient reason to deny the application, including why other feasible and prudent alternatives with less adverse effects or fewer conflicts that are provided to the council by a party or intervenor do not address the same public need; (4) in the case of an electric transmission line, (A) what part, if any, of the facility shall be located overhead, (B) that the facility conforms to a long-range plan for expansion of the electric power grid of the electric systems serving the state and interconnected utility systems and will serve the interests of electric system economy and reliability, and (C) that the overhead portions, if any, of the facility, or a feasible and prudent alternative provided to the council by a party intervenor, are cost effective and the most appropriate alternative based on a life-cycle cost analysis of the facility and underground alternatives to such facility, and are consistent with the purposes of this chapter, with such regulations as the council may adopt pursuant to subsection (a) of section 16-50t, and with the Federal Power Commission "Guidelines for the Protection of Natural Historic Scenic and Recreational Values in the Design and Location of Rights-of-Way and Transmission Facilities" or any successor guidelines and any other applicable federal guidelines; (5) in the case of an

electric or fuel transmission line, that the location of the line will not pose an undue hazard to persons or property along the area traversed by the line. The terms of any agreement entered into by the applicant and any party to the certification proceeding, or any third party, in connection with the construction or operation of the facility, shall be part of the record of the proceedings and available for public inspection. The full text of any such agreement, and a statement of any consideration therefore, if not contained in the agreement, shall be filed with the council prior to the council's decision. This provision shall not require the public disclosure of proprietary information or trade secrets.

Sec. 11. Subsection (a) of section 16-50p of the general statutes, as amended by section 10 of this act, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2004*):

(a) (1) In a certification proceeding, the council shall render a decision upon the record either granting or denying the application as filed, or granting it upon such terms, conditions, limitations or modifications of the construction or operation of the facility as the council may deem appropriate.

(2) The council's decision shall be rendered in accordance with the following:

(A) Not later than twelve months after the deadline for filing an application following the request-for-proposal process for a facility described in subdivision (1) or (2) of subsection (a) of section 16-50i, as amended by this act, or subdivision (4) of said subsection (a) if the application was incorporated in an application concerning a facility described in subdivision (1) of said subsection (a);

(B) Not later than one hundred eighty days after the deadline for filing an application following the request-for-proposal process for a facility described in subdivision (4) of said subsection (a), and an application concerning a facility described in subdivision (3) of said subsection (a), provided such time periods may be extended by the council by not more than one hundred eighty days with the consent of the applicant; and

(C) Not later than one hundred eighty days after the filing of an application for a facility described in subdivision (5) or (6) of said subsection (a), provided such time period may be extended by the council by not more than one hundred eighty days with the consent of the applicant.

(3) The council shall file, with its order, an opinion stating in full its reasons for the decision. Except as provided in subsection (c) of this section, the council shall not grant a certificate, either as proposed or as modified by the council, unless it shall find and determine:

(A) A public need for the facility and the basis of the need;

(B) The nature of the probable environmental impact of the facility alone and cumulatively with other existing facilities, including a specification of every significant adverse effect, whether alone or cumulatively with other effects, on, and conflict with the policies of the state

concerning, the natural environment, ecological balance, public health and safety, scenic, historic and recreational values, forests and parks, air and water purity and fish, aquaculture and wildlife;

(C) Why the adverse effects or conflicts referred to in subparagraph (B) of this subdivision are not sufficient reason to deny the application;

(D) In the case of an electric transmission line, (i) what part, if any, of the facility shall be located overhead, (ii) that the facility conforms to a long-range plan for expansion of the electric power grid of the electric systems serving the state and interconnected utility systems and will serve the interests of electric system economy and reliability, and (iii) that the overhead portions, if any, of the facility are cost effective and the most appropriate alternative based on a life-cycle cost analysis of the facility and underground alternatives to such facility, and are consistent with the purposes of this chapter, with such regulations as the council may adopt pursuant to subsection (a) of section 16-50t, and with the Federal Power Commission "Guidelines for the Protection of Natural Historic Scenic and Recreational Values in the Design and Location of Rights-of-Way and Transmission Facilities" or any successor guidelines and any other applicable federal guidelines;

(E) In the case of an electric or fuel transmission line, that the location of the line will not pose an undue hazard to persons or property along the area traversed by the line; and

(F) In the case of an application that was heard under a consolidated hearing process with other applications that were common to a request-for-proposal, that the facility proposed in the subject application represents the most appropriate alternative among such applications based on the findings and determinations pursuant to this subsection.

Sec. 12. Subsection (c) of section 16-50p of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003, and applicable to applications for a certificate of environmental compatibility and public need filed after July 1, 2003*):

(c) (1) The council shall not grant a certificate for a facility described in subdivision (3) of subsection (a) of section 16-50i, either as proposed or as modified by the council, unless it finds and determines: (A) A public benefit for the facility; (B) the nature of the probable environmental impact, including a specification of every significant adverse and beneficial effect that, whether alone or cumulatively with other effects, conflicts with the policies of the state concerning the natural environment, ecological balance, public health and safety, scenic, historic and recreational values, forests and parks, air and water purity and fish and wildlife; and (C) why the adverse effects or conflicts referred to in subparagraph (B) of this subdivision are not sufficient reason to deny the application. For purposes of subparagraph (A) of this subdivision, a public benefit exists if such a facility is necessary for the reliability of the electric power supply of the state or for a competitive market for electricity.

(2) The council shall not grant a certificate for a facility described in subdivision (1) of subsection (a) of section 16-50i which is substantially underground or underwater except where such facilities interconnect with existing overhead facilities, either as proposed or as modified by the council, unless it finds and determines:

(A) A public benefit for the facility, in the case of such facility that is substantially underground, and a public need for such facility, in the case of such facility that is substantially underwater, taking into consideration other feasible and prudent alternatives provided to the council by a party or intervenor that address the same public need or public benefit, as applicable;

(B) The nature of the probable environmental impact of the facility, or a feasible and prudent alternative provided to the council by a party intervenor, alone and cumulatively with other existing facilities, including a specification of every single adverse and beneficial effect that, whether alone or cumulatively with other effects, conflict with the policies of the state concerning the natural environment, ecological balance, public health and safety, scenic, historic and recreational values, forests and parks, air and purity and fish and wildlife;

(C) Why the adverse effects or conflicts referred to in subparagraph (B) of this subdivision are not sufficient reason to deny the application, including why other feasible and prudent alternatives with less adverse effects and fewer conflicts that were provided to the council by a party or intervenor do not address the same public need or public benefit, as applicable;

(D) In the case of a new electric transmission line, (i) what part, if any, of the facility shall be located overhead, (ii) that the facility conforms to a long-range plan for expansion of the electric power grid of the electric systems serving the state and interconnected utility systems and will serve the interests of electric system economy and reliability, and (iii) that the overhead portions of the facility, if any, are cost-effective and the most appropriate alternative based on a life-cycle cost analysis of the facility and underground alternatives to such facility and are consistent with the purposes of this chapter, with such regulations as the council may adopt pursuant to subsection (a) of section 16-50t, and with the Federal Energy Regulatory Commission "Guidelines For the Protection of Natural Historic Scenic and Recreational Values in the Design and Location of Rights-of-Way and Transmission Facilities" or any other successor guidelines and any other applicable federal guidelines; and

(E) In the case of an electric or fuel transmission line, that the location of the line will not pose an undue hazard to persons or property along the area traversed by the line. For purposes of subparagraph (A) of this subdivision, a public benefit exists if such a facility is necessary for the reliability of the electric power supply of the state or for the development of a competitive market for electricity.

Sec. 13. Subsection (c) of section 16-50p of the general statutes, as amended by section 12 of this act, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2004*):

(c) (1) The council shall not grant a certificate for a facility described in subdivision (3) of subsection (a) of section 16-50i, either as proposed or as modified by the council, unless it finds and determines: (A) A public benefit for the facility; (B) the nature of the probable environmental impact, including a specification of every significant adverse and beneficial effect that, whether alone or cumulatively with other effects, conflicts with the policies of the state concerning the natural environment, ecological balance, public health and safety, scenic, historic and recreational values, forests and parks, air and water purity and fish and wildlife; (C) why the adverse effects or conflicts referred to in subparagraph (B) of this subdivision are not sufficient

reason to deny the application; and (D) in the case of an application that was heard under a consolidated hearing process with other applications that were common to a request-for-proposal, that the facility proposed in the subject application represents the most appropriate alternative among such applications based on the findings and determinations pursuant to this subdivision. For purposes of subparagraph (A) of this subdivision, a public benefit exists if such a facility is necessary for the reliability of the electric power supply of the state or for a competitive market for electricity.

(2) The council shall not grant a certificate for a facility described in subdivision (1) of subsection (a) of section 16-50i which is substantially underground or underwater except where such facilities interconnect with existing overhead facilities, either as proposed or as modified by the council, unless it finds and determines:

(A) A public benefit for the facility, in the case of such facility that is substantially underground, and a public need for such facility, in the case of such facility that is substantially underwater;

(B) The nature of the probable environmental impact of the facility alone and cumulatively with other existing facilities, including a specification of every single adverse and beneficial effect that, whether alone or cumulatively with other effects, conflict with the policies of the state concerning the natural environment, ecological balance, public health and safety, scenic, historic and recreational values, forests and parks, air and purity and fish and wildlife;

(C) Why the adverse effects or conflicts referred to in subparagraph (B) of this subdivision are not sufficient reason to deny the application;

(D) In the case of a new electric transmission line, (i) what part, if any, of the facility shall be located overhead, (ii) that the facility conforms to a long-range plan for expansion of the electric power grid of the electric systems serving the state and interconnected utility systems and will serve the interests of electric system economy and reliability, and (iii) that the overhead portions of the facility, if any, are cost-effective and the most appropriate alternative based on a life-cycle cost analysis of the facility and underground alternatives to such facility and are consistent with the purposes of this chapter, with such regulations as the council may adopt pursuant to subsection (a) of section 16-50t, and with the Federal Energy Regulatory Commission "Guidelines For the Protection of Natural Historic Scenic and Recreational Values in the Design and Location of Rights-of-Way and Transmission Facilities" or any other successor guidelines and any other applicable federal guidelines;

(E) In the case of an electric or fuel transmission line, that the location of the line will not pose an undue hazard to persons or property along the area traversed by the line; and

(F) In the case of an application that was heard under a consolidated hearing process with other applications that were common to a request-for-proposal, that the facility proposed in the subject application represents the most appropriate alternative among such applications based on the findings and determinations pursuant to this subdivision. For purposes of subparagraph (A) of this subdivision, a public benefit exists if such a facility is necessary for the reliability of the electric power supply of the state or for the development of a competitive market for electricity

and a public need exists if such facility is necessary for the reliability of the electric power supply of the state.

Sec. 14. Subsection (a) of section 16-245l of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(a) The Department of Public Utility Control shall establish and each electric distribution company shall collect a systems benefits charge to be imposed against all end use customers of each electric distribution company beginning January 1, 2000. The department shall hold a hearing that shall be conducted as a contested case in accordance with chapter 54 to establish the amount of the systems benefits charge. The department may revise the systems benefits charge or any element of said charge as the need arises. The systems benefits charge shall be used to fund (1) the expenses of the public education outreach program developed under subsection (a) of section 16-244d other than expenses for department staff, (2) the reasonable and proper expenses of the education outreach consultant pursuant to subsection (d) of section 16-244d, (3) the cost of hardship protection measures under sections 16-262c and 16-262d and other hardship protections, including but not limited to, electric service bill payment programs, funding and technical support for energy assistance, fuel bank and weatherization programs and weatherization services, (4) the payment program to offset tax losses described in section 12-94d, (5) any sums paid to a resource recovery authority pursuant to subsection (b) of section 16-243e, (6) low income conservation programs approved by the Department of Public Utility Control, (7) displaced worker protection costs, (8) unfunded storage and disposal costs for spent nuclear fuel generated before January 1, 2000, approved by the appropriate regulatory agencies, (9) postretirement safe shutdown and site protection costs that are incurred in preparation for decommissioning, (10) decommissioning fund contributions, (11) operating expenses for the Connecticut Energy Advisory Board, and (12) legal, appraisal and purchase costs of a conservation or land use restriction and other related costs as the department in its discretion deems appropriate, incurred by a municipality on or before January 1, 2000, to ensure the environmental, recreational and scenic preservation of any reservoir located within this state created by a pump storage hydroelectric generating facility. As used in this subsection, "displaced worker protection costs" means the reasonable costs incurred, prior to January 1, 2006, by an electric company or a generation entity or affiliate arising from the dislocation of any employee other than an officer, provided such dislocation is a result of restructuring of the electric generation market and such dislocation occurs on or after July 1, 1998; and provided further such costs result from either the execution of agreements reached through collective bargaining for union employees or from the company's or entity's or affiliate's programs and policies for nonunion employees. "Displaced worker protection costs" includes costs incurred or projected for severance, retraining, early retirement, outplacement and related expenses. "Displaced worker protection costs" does not include those costs included in determining a tax credit pursuant to section 12-217bb.

Sec. 15. (NEW) (*Effective July 1, 2003, and applicable to applications for a certificate of environmental compatibility and public need filed after July 1, 2003*) (a) There is established an account to be known as the "municipal participation account", within the General Fund, which shall be a separate, nonlapsing account. There shall be deposited in the account the municipal participation fees received pursuant to subdivisions (1) and (3) of subsection (a) of section 16-50l

of the general statutes, as amended by this act. The interest derived from the investment of the account shall be credited to the fund. Any balance remaining in the account at the end of any fiscal year shall be carried forward in the account for the fiscal year next succeeding.

(b) Payments from the account shall be made upon authorization by the State Treasurer not later than sixty days after receipt of an application for a proposed facility, except for a facility described in subdivisions (5) and (6) of subsection (a) of section 16-50i of the general statutes, as amended by this act, to each municipality entitled to receive a copy of such application under section 16-50l of the general statutes, as amended by this act, in order to defray expenses incurred by such municipalities in participating as a party to a certification proceeding, except for a proceeding on an application for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i of the general statutes, as amended by this act. Any moneys remaining at the end of such proceeding shall be refunded to the applicant in even amounts. Where more than one municipality seeks moneys from such account, the council shall evenly distribute such moneys among the municipalities. No municipality may receive moneys from the account in excess of twenty-five thousand dollars. No municipality may receive moneys from the account in excess of the dollar amount such municipality has expended from its own municipal funds. A municipality that has received moneys from the account in excess of the costs it incurred in participating in the certification proceeding, as determined by the council, shall refund such excess moneys to the account upon the conclusion of such proceeding.

(c) In administering the moneys in the account, the State Treasurer shall verify that the subject municipality (1) actually participated as a party to the subject certification proceeding, and (2) actually spent the money it claims to have spent on participating in the subject certification proceeding.

Sec. 16. Section 16a-3 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(a) There is established a Connecticut Energy Advisory Board consisting of nine members, including the Commissioner of Environmental Protection, the chairperson of the Public Utilities Control Authority, the Commissioner of Transportation, the Consumer Counsel, the Commissioner of Agriculture, and the Secretary of the Office of Policy and Management, or their respective designees. The Governor shall appoint one member, the president pro tempore of the Senate shall appoint one member, and the speaker of the House of Representatives shall appoint one member, all of whom shall serve in accordance with section 4-1a. No appointee may be employed by, or a consultant of, a public service company, as defined in section 16-1, or an electric supplier, as defined in section 16-1 or an affiliate or subsidiary of such company or supplier.

(b) The board shall, (1) prepare an annual report pursuant to section 17 of this act; (2) represent the state in regional energy system planning processes conducted by the regional independent system operator, as defined in section 16-1; (3) encourage representatives from the municipalities that are affected by a proposed project of regional significance to participate in regional energy system planning processes conducted by the regional independent system operator; (4) issue a request-for-proposal in accordance with subsections (b) and (c) of section 19

of this act; (5) evaluate the proposals received pursuant to the request-for-proposal in accordance with subsection (f) of section 19 of this act; (6) participate in a forecast proceeding conducted pursuant to subsection (a) of section 16-50r; and (7) participate in a life-cycle proceeding conducted pursuant to subsection (b) of section 16-50r.

(c) The board shall elect a chairman and a vice-chairman from among its members and shall adopt such rules of procedure as are necessary to carry out its functions.

(d) The board shall convene its first meeting not later than September 1, 2003. A quorum of the board shall consist of two-thirds of the members currently serving on the board.

(e) The board shall employ such staff as is required for the proper discharge of its duties. The board shall annually submit to the Department of Public Utility Control a proposal regarding the level of funding required for the discharge of its duties, which proposal shall be approved by the department either as submitted or as modified by the department.

(f) The Connecticut Energy Advisory Board shall be within the Office of Policy and Management for administrative purposes only.

Sec. 17. (NEW) (*Effective July 1, 2003*) On or before January 1, 2004, and annually thereafter, the Connecticut Energy Advisory Board shall prepare a comprehensive energy plan based on existing reports and studies as to the need for new energy resources, new energy transmission facilities in the state and new energy conservation initiatives in the state. The board shall hold regional public hearings on the proposed plan and shall give at least thirty days notice of each hearing by publication on the Internet websites of the agencies participating on the board. Notice of such hearing may be published in one or more newspapers having general circulation in each municipality as deemed necessary by the board. The notice shall state the date, time and place of the hearing, the subject matter of the hearing, the statutory authority for the plan and the location where a copy of the plan may be examined. Any person may comment on the proposed plan. The board shall provide a time period of not less than forty-five days from the date the notice is published on the Internet websites of the agencies participating on the board for review and comment. The board shall consider fully, after all public hearings, all written and oral comments respecting the proposed plan and shall mail to each person who commented or requested notification, notice of availability of the following documents at a designated location: The text of the final plan, a summary of the differences between the proposed and final plan and the reasons for such differences, and the principal considerations raised in opposition to the proposed plan and the reasons for rejecting any such considerations. The chairman of the board shall sign the final plan and shall submit it to the joint standing committee of the General Assembly having cognizance of matters relating to energy, the environment and transportation. Such plan shall reflect the legislative findings and policy stated in section 16a-35k of the general statutes, shall be consistent with the state plan of conservation and development adopted under chapter 297 of the general statutes, and shall include, but not be limited to, (1) an assessment of current energy supplies, demand and costs; (2) an identification and evaluation of the factors likely to affect future energy supplies, demand and costs; (3) a statement of progress made toward long-term goals set in the previous report; (4) recommendations for decreasing dependency on fossil fuels by promoting energy conservation, solar and other alternative energy sources; (5) an assessment

of the infrastructure of the state for natural gas and electric systems; (6) an evaluation of the impact of regional transmission infrastructure planning processes conducted by the regional independent system operator, as defined in section 16-1 of the general statutes, on the state's environment, on energy market design, and economic development in the state; (7) the consideration of alternative energy planning mechanisms and targets as an alternative to integrated resource planning; (8) a statement of energy policies and long-range energy planning objectives and strategies appropriate to achieve, among other things, the least-cost mix of energy supply sources and measures that reduce demand for energy, giving due regard to such factors as ratepayer impacts, security and diversity of fuel supplies and energy generating methods, protection of public health and safety, adverse or beneficial environmental impacts, conservation of energy and energy resources and the ability of the state to compete economically; and (9) recommendations for administrative and legislative actions to implement such policies, objectives and strategies.

Sec. 18. (NEW) (*Effective July 1, 2003*) Not later than December 1, 2004, the Connecticut Energy Advisory Board shall develop infrastructure criteria guidelines for the evaluation process under subsection (f) of section 19 of this act, which guidelines shall be consistent with state environmental policy, state economic development policy, the state's policy regarding the restructuring of the electric industry, as set forth in section 16-244 of the general statutes, and the findings in the comprehensive energy plan prepared pursuant to section 17 of this act, and shall include, but not be limited to, the following: (1) Environmental preference standards; (2) efficiency standards, including, but not limited to, efficiency standards for transmission, generation and demand-side management; (3) generation preference standards; (4) electric capacity, use trends and forecasted resource needs; (5) natural gas capacity, use trends and forecasted resource needs; and (6) national and regional reliability criteria applicable to the regional bulk power grid, as determined in consultation with the regional independent system operator, as defined in section 16-1 of the general statutes.

Sec. 19. (NEW) (*Effective October 1, 2004*) (a) Not later than fifteen days after receiving information pursuant to subsection (e) of section 16-50l of the general statutes, as amended by this act, the Connecticut Energy Advisory Board shall publish such information in one or more newspapers or periodicals, as selected by the board.

(b) On or after December 1, 2004, not later than fifteen days after the filing of an application pursuant to subdivision (1) of subsection (a) of section 16-50i of the general statutes, as amended by this act, except for an application for a facility described in subdivision (5) or (6) of subsection (a) of section 16-50i of the general statutes, as amended by this act, the Connecticut Energy Advisory Board shall issue a request-for-proposal to seek alternative solutions to the need that will be addressed by the proposed facility in such application. Such request-for-proposal shall, where relevant, solicit proposals that include distributed generation or energy efficiency measures. The board shall publish such request-for-proposal in one or more newspapers or periodicals, as selected by the board.

(c) The board may issue a request-for-proposal for solutions to a need for new energy resources, new energy transmission facilities in the state, and new energy conservation initiatives in the state identified in the annual comprehensive energy report prepared under section 17 of this act

or identified in regional energy system planning processes conducted by the regional independent system operator, as defined in section 16-1 of the general statutes. Such request-for-proposal shall, where relevant, solicit proposals that include distributed generation or energy efficiency measures. The board shall publish such request-for-proposal in one or more newspapers or periodicals, as selected by the board.

(d) Not later than sixty days after the first date of publication of a request-for-proposal, a person or any legal entity may submit a proposal by filing with the board information as such person or entity may consider relevant to such proposal. The board may request further information from the person or entity that it deems necessary to evaluate the proposal pursuant to subsection (f) of this section.

(e) Upon the submission of a proposal pursuant to a request-for-proposal, the person or entity submitting the proposal shall consult with the municipality in which the facility may be located and with any other municipality that would be required to be served with a copy of an application for such proposal under subdivision (1) of subsection (b) of section 16-50l of the general statutes, as amended by this act, concerning the proposed and alternative sites of the facility. Such consultation with the municipality shall include, but not be limited to, good faith efforts to meet with the chief elected official of the municipality. At the time of the consultation, the person or entity submitting the proposal shall provide the chief elected official with any technical reports concerning the public need, the site selection process and the environmental effects of the proposed facility. The municipality may conduct public hearings and meetings as it deems necessary for it to advise the person or entity submitting the proposal of its recommendations concerning the proposed facility. Within sixty days of the initial consultation, the municipality shall issue its recommendations to the person or entity submitting the proposal. If a person or entity chooses to file an application pursuant to subdivision (3) of subsection (a) of section 16-50l, as amended by this act, then such person or entity shall provide to the Connecticut Siting Council a summary of the consultations with the municipality, including all recommendations issued by the municipality. A person or entity that has complied with this subsection shall be exempt from the provisions of subsection (e) of section 16-50l, as amended by this act.

(f) Not later than forty-five days after the deadline for submissions in response to a request-for-proposal, the board shall issue a report that evaluates each proposal received, including any proposal contained in an application to the council that initiated a request-for-proposal, based on the materials received pursuant to subsection (d) of this section, or information contained in the application, as required by section 16-50l of the general statutes, as amended by this act, for conformance with the infrastructure criteria guidelines created pursuant to section 18 of this act. The board shall forward the results of such evaluation process to the Connecticut Siting Council.

Sec. 20. Section 16a-4 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

The Secretary of the Office of Policy and Management shall employ, subject to the provisions of chapter 67, such staff as is required for the proper discharge of duties of the office as set forth in this chapter and sections 4-5, 4-124l, 4-124p, 8-3b, 8-32a, 8-33a, 8-35a, 8-189, subsection (b) of

section 8-206, sections 16a-20, 16a-102, 22a-352 and 22a-353. The secretary may adopt, pursuant to chapter 54, such regulations as are necessary to carry out the purposes of this chapter.

Sec. 21. Section 16a-8 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

The board shall encourage programs to foster cooperative efforts by and among Connecticut business, industry, utilities, the academic community and government to develop new sources of energy.

Sec. 22. Subsection (e) of section 25-204 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(e) After adoption pursuant to subsection (d) of this section of an inventory, statement of objectives and map, the river committee shall prepare a report on all federal, state and municipal laws, plans, programs and proposed activities which may affect the river corridor defined in such map. Such laws shall include regulations adopted pursuant to chapter 440 and zoning, subdivision and site plan regulations adopted pursuant to section 8-3. Such plans shall include plans of conservation and development adopted pursuant to section 8-23, the state plan for conservation and development, water utility supply plans adopted pursuant to section 25-32d, coordinated water system plans adopted pursuant to section 25-33h, the comprehensive energy plan adopted pursuant to section 17 of this act, municipal open space plans, the commissioner's fish and wildlife plans, the master transportation plan adopted pursuant to section 13b-15, plans prepared by regional planning agencies pursuant to section 8-31a, and publicly-owned wastewater treatment facility plans. State and regional agencies shall, within available resources, assist the river committee in identifying such laws, plans, programs and proposed activities. The report to be prepared pursuant to this section shall identify any conflicts between such federal, state, regional and municipal laws, plans, programs and proposed activities and the river committee's objectives for river corridor protection and preservation as reflected in the statement of objectives. If conflicts are identified, the river committee shall notify the applicable state, regional or municipal agencies and such agencies shall, within available resources, attempt with the river commission to resolve such conflicts.

Sec. 23. Subdivision (4) of section 25-231 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(4) "Major state plan" means any of the following: The master transportation plan adopted pursuant to section 13b-15, the plan for development of outdoor recreation adopted pursuant to section 22a-21, the solid waste management plan adopted pursuant to section 22a-211, the state-wide plan for the management of water resources adopted pursuant to section 22a-352, the state-wide environmental plan adopted pursuant to section 22a-8, the historic preservation plan adopted under the National Historic Preservation Act, 16 USC 470 et seq. , the state-wide facility and capital plan adopted pursuant to section 4b-23, the long-range state housing plan adopted pursuant to section 8-37t, the comprehensive energy plan adopted pursuant to section 17 of this act, the water quality management plan adopted under the federal Clean Water Act, 33 USC 1251 et seq. , the Connecticut hazardous waste management plan adopted pursuant to section

22a-134cc, any plans for managing forest resources adopted pursuant to section 23-20 and the Connecticut River Atlantic Salmon Compact adopted pursuant to section 26-302.

Sec. 24. Subsection (e) of section 25-234 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2003*):

(e) After adoption of an inventory, statement of objectives and map, pursuant to subsection (d) of this section, the river commission shall prepare a report on all federal, state, regional and municipal laws, plans, programs and proposed activities which may affect the river corridor defined in such map. Such federal, state, regional and municipal laws shall include regulations adopted pursuant to chapter 440, and zoning, subdivision and site plan regulations adopted pursuant to section 8-3. Such federal, state, regional and municipal plans shall include plans of development adopted pursuant to section 8-23, the state plan for conservation and development, water utility supply plans submitted pursuant to section 25-32d, coordinated water system plans submitted pursuant to section 25-33h, the comprehensive energy plan adopted pursuant to section 17 of this act, the master transportation plan adopted pursuant to section 13b-15, plans prepared by regional planning organizations pursuant to section 8-31a and plans of publicly-owned wastewater treatment facilities whose discharges may affect the subject river corridor. State and regional agencies shall, within available resources, assist the river commission in identifying such laws, plans, programs and proposed activities. The report to be prepared pursuant to this section shall identify any conflicts between such federal, state, regional and municipal laws, plans, programs and proposed activities and the river commission's objectives for river corridor management as reflected in the statement of objectives. If conflicts are identified, the river commission shall notify the applicable state, regional or municipal agencies and such agencies shall, within available resources and in consultation with the river commission, attempt to resolve such conflicts.

Sec. 25. (*Effective July 1, 2003*) Sections 16a-7 and 16a-35m of the general statutes are repealed.

Approved June 26, 2003

C. Preferential Criteria for Evaluation of Energy Proposals

Effective December 1, 2004

Purpose:

As part of a new process for the development and siting of certain energy facilities established pursuant to Public Act 03-140, the Connecticut Energy Advisory Board (CEAB) must develop preferential criteria (Criteria) that will support and balance energy reliability, environmental and natural resource protection, cost effectiveness and quality of life goals.

CEAB Review Process:

The CEAB's process of issuing an RFP(s) and its subsequent review of proposals will be triggered by two different events. 1) The process will be activated reactively when a proposal is forwarded to the CEAB after an entity has filed an application with the CT Siting Council (CSC). The CEAB is then required to issue a RFP seeking an alternative solution(s). 2) The process will also be activated proactively if the CEAB determines that an energy-related need or problem exists in the state for which it would like to encourage a possible solution(s). The CEAB will then issue a RFP requesting that parties respond with a possible solution(s).

In both cases the range of solutions may include transmission, electric generation, demand-side changes and any other strategy or combination of strategies. Multiple responses to a RFP will be examined simultaneously and reviewed at a macro-level against the Criteria. Different strategies or combinations of strategies will be considered relative to each other. In both cases the CEAB is likely to perform a threshold screening to determine whether a proposal proponent is viable and financially stable and its proposal is reasonably likely to be financed and constructed before moving into the balance of the CEAB evaluation phase.

CEAB Report:

Following its review, the CEAB will submit to the CSC a written report containing the CEAB's commentary on the manner in which the proposal(s) achieves Connecticut's energy policy goals as reflected in the Criteria. The CEAB's commentary will include any information that the CEAB obtained through the conduct of its required RFP process(s) and may identify issues where the CEAB does not have sufficient information to provide commentary. The CEAB report is an advisory document which will be incorporated into the CSC record to provide information to the CSC to consider in its review of energy projects as well as to inform other state agencies of cognizance. As is presently the case, any energy project that receives the CSC's approval will also be required to receive approval by the appropriate state regulatory agencies to ensure that all applicable statutory and regulatory requirements are satisfied.

Preferential Criteria:

Upon submittal to the CEAB, the proposal(s) must at a macro-level identify and purport at a minimum to meet statutory and regulatory standards applicable to such proposals. As is presently the case, through subsequent regulatory proceedings with the appropriate regulatory agencies, the proposal(s) will also be required to receive the applicable statutory and regulatory approvals. The CEAB review process is not a replacement for or otherwise in lieu of the applicable statutory and regulatory approval processes.

I. Energy

CEAB prefers proposal(s) that:

A. Meet identified energy needs.

The CEAB will evaluate the consistency of a proposal with forecasted resource needs as identified by the Regional System Operator, the Connecticut Siting Council, the State Energy Plan and other resources that it deems to be relevant and appropriate

B. Enhance system reliability.

1. Promote reasonable levels of self-sufficiency that is sufficiently independent of or not wholly dependent upon exterior fuel sources to the extent feasible given regional considerations.
2. Engage in the deployment of proven technologies & engineering and design techniques to minimize risks of failure or unsatisfactory performance.
3. Maximize the level of protection of facilities from direct physical risk (includes whether the risk is accidental or intentional; and natural or man made).
4. Develop portions of state's electric system with high quality uninterrupted power (reliability attribute) through use of strategies such as distributed generation.
5. Ensure appropriate diversity of system types (transmission, generation and conservation and load management).

C. Promote diversity of fuel supply (oil, natural gas, nuclear, renewable etc.).

1. Enhance state's ability to meet statutory Renewable Portfolio Standards, Section 16-245a of the Connecticut General Statutes (CGS), (encourage use of "clean energy resources").
2. Electric generation facilities should, if technologically feasible, utilize dual fuel capability and have all required authorizations necessary to operate on short notice.

D. Capitalize on use of existing infrastructure (generation or transmission/distribution) including substitution of newer, more efficient technologies for older systems.**E. Provide a long-term system benefit (minimize use of short-term/ stop gap measures except for emergencies).****F. Ensure consistency with the State Energy Plan.****G. Address consistency with policies of relevant regional entities such as Regional System Operator, Regional State Committee and Regional Transmission Organization among others.**

II. Economics

CEAB prefers proposals that:

- A. **Encourage competitive energy market development (including investment in identified short-term needs of the market).**
- B. **Provide cost effective benefits to state’s energy consumers (short-term and long-term evaluation- including examination of life-cycle cost).**
- C. **Seek to lower or at least minimize the increase in energy costs to the state’s energy consumers thereby enhancing the state’s economic competitiveness.**
- D. **Develop portions of state’s electric system with high quality uninterrupted power (economic development tool) through the use of strategies such as distributed generation.**
- E. **Serve to enhance government revenues (local and/or state tax impacts).**

III. Energy Efficiency & Demand and Load Management Response

CEAB prefers proposals that:

- A. **Implement demand-side strategies that reduce electric generation/gas delivery capacity requirements by implementing programs to encourage customers to reduce their energy consumption.**
- B. **Implement the management of energy load patterns to better utilize system facilities by shifting load from peak use periods to other periods of the day or year.**
- C. **Implement demand-side strategies that result in the more efficient use of energy resources to perform tasks.**

Note: C&LM efforts being proposed should present information that demonstrates the legitimacy and independence of energy savings that are being proposed.

IV. Environment

Upon submittal to the CEAB, the proposal(s) must at a macro-level identify and purport at a minimum to meet statutory and regulatory environmental standards applicable to such proposals. As is presently the case, through subsequent regulatory proceedings before the Department of Environmental Protection (DEP), the proposal(s) will be required to receive the applicable statutory and regulatory approvals. The CEAB review process is not a replacement for or otherwise in lieu of the applicable statutory and regulatory approval process.

The evaluation of the proposals utilizing the criteria listed below shall be conducted according to the concepts of **avoidance, minimization and mitigation in that respective order**. First, either an identified area or environmental impact should be avoided. Then, where a reasonable and sensible alternative that would avoid the environmental impacts

does not exist, impacts should be minimized. Finally, any adverse environmental impacts that cannot be minimized should be mitigated. CEAB prefers proposals that:

Ensure that the natural resource/land-use management impacts allow for protecting and sustaining the health of people, communities and ecosystems. Includes specific guidance provided for both A) Long Island Sound and other Estuarine Waters and Submerged Lands of the State; and B) Upland and Freshwater.

A. Long Island Sound and other Estuarine Waters and Submerged Lands of the State

Avoid:

1. Impacting Long Island Sound¹ when a reasonable and sensible alternative exists.
2. If a reasonable and sensible alternative does not exist, locate, design, construct, operate and maintain facilities and infrastructure in a manner that protects living marine resources and coastal resources as defined in Section 22a-93(7) of the CGS and protects water quality and designated uses consistent with Section 22a-426 and Connecticut's Water Quality Standards.
3. More specifically, if Long Island Sound cannot be avoided then:
 - a. the following areas should be avoided:
 - sensitive coastal resources and habitats (i.e., beaches and dunes, intertidal flats, tidal wetlands, bluffs and escarpments, submerged aquatic vegetation², and other sensitive habitat once classified or determined.³);
 - habitats of federal and state threatened or endangered species;
 - critical habitats and natural area preserves;
 - designated recreational, commercial, and natural shellfish beds;
 - significant geological or archaeological sites;
 - significant long-term research areas; and
 - waterfront parcels unless the proposal is a water-dependent use (CGS Section 22a-93(16)).

¹ Hereinafter the reference to Long Island Sound shall include Long Island Sound and other estuarine waters and submerged lands of the state.

² Submerged aquatic vegetation means rooted vascular plants such as eelgrass (*Zostera marina* in LIS), kelp beds and approximately 25 species such as pondweeds and tapegrass of brackish and tidal freshwaters.

³ As highlighted at the Long Island Sound Bottomlands Symposium, it is possible to develop a classification of LIS habitats, their distribution and abundance. Funding is required for such efforts that could identify an expanded list of sensitive/important submerged habitat types.

- adverse impacts that have the following effect should be avoided: significant degradation of water quality; wind patterns as needed to sustain existing recreational uses; sediment quality; wildlife, finfish or shellfish habitat; existing circulation patterns of coastal waters; natural patterns of erosion and sedimentation; and drainage patterns;
- increasing the hazard of coastal flooding;
 - siting a non-water dependent use on a site suited for a water-dependent use (CGS Section 22a-93(16));
 - siting a non-water dependent use on the waterfront that would reduce or inhibit access to the shore or coastal waters; and
 - reducing navigational opportunities, recreation activities and commercial fishing activities.

Minimize:

1. Adverse environmental impacts attributable to size, length, number, installation method and timing of construction of energy infrastructure.
2. Adverse environmental impacts to near shore environments by using less impacting techniques or technology such as horizontal drilling.
3. Installation in areas where geologic or other subsurface constraints would result in adverse environmental impacts associated with either larger energy infrastructure or more intrusive installation techniques.
4. Adverse environmental impacts of proposals by giving careful consideration to utilization of/upgrades to existing energy infrastructure as an alternative to totally new construction.
5. To the extent consistent with surroundings, minimize impacts on shoreline through reuse of already developed areas, such as brownfields, existing generating or substation sites and existing utility and roadway right-of-way, particularly where doing so enables the reuse, conversion and upgrading of existing facilities.
6. Support of development inconsistent with the State Plan of Conservation and Development and the Coastal Management Act
7. Establishment and spread of plant species identified by the Connecticut Invasive Plant Council as non-native invasive plants.

Mitigate:

Any adverse environmental impact that cannot be minimized should be mitigated. Impact should be mitigated to the extent practicable to replace lost resource functions and values impacted.

B. Upland and Freshwater**Avoid:**

1. Locating, designing, constructing, operating and maintaining facilities and infrastructure in a manner that adversely impacts natural resources (fish, wildlife, wetlands, surface waters, groundwater, soil, agricultural lands, forests and other wildlife habitats and endangered-threatened-special concern species), notable archeological and historic sites and areas recognized as significant natural communities by the Connecticut Geologic and Natural History Survey, Natural Diversity Database when a reasonable and sensible alternative exists.
2. Fragmenting of existing blocks of habitat and other undeveloped lands.
3. Direct impacts to wetlands and watercourses.
4. Impacts to the quality and quantity of surface and ground waters, public water supply sources and aquifer protection areas; protect the designated uses of these waters as required under Connecticut Water Quality Standards. More specifically, reduce demand or consumption of potable water supply and encourage the use of technologies that maximize opportunity to recycle water to minimize demands on water resources.
5. Diversions or withdrawals from surface waters or ground waters from over-allocated basins or that are identified in Connecticut's *List of Impaired Waters*.
6. Activities that individually or cumulatively will cause unacceptable alteration to stream flows or impede movement of aquatic life.
7. Degradation of the riparian buffer zone along each side of perennial and intermittent watercourses in accordance with the DEP Riparian Corridor Protection Policy.
8. Impacts affecting floodplains, flood flows, flood storage or flood velocities.
9. Except for facilities following existing utility or road corridors, avoid adversely impacting any area designated as a Natural Area Preserve or the Appalachian National Scenic Trail.
10. Hydroelectric generation facilities that do operate in run-of-river mode (instantaneous, real-time). Avoid blockloading modes of reservoir operation except in instances where DEP determines that the block loading is appropriate.

Minimize:

1. Impacts to the resources identified in subsection 1. above.
2. Soil erosion and control sedimentation.
3. Impacts to the visual, biological, geological and recreational qualities of ridgelines and summits.
4. Adverse environmental impacts of proposals by carefully considering the utilization of/upgrades to existing infrastructure as an alternative to new construction.
5. To the extent consistent with surroundings, minimize sprawl as well as impacts on areas through reuse of already developed areas, such as brownfields, existing generating or substation sites, already impacted shorefronts or riparian areas, and existing utility and roadway right-of-way, particularly where doing so enables the reuse, conversion or upgrading of existing facilities.
6. Creation of field conditions conducive to the establishment and spread of plant species identified by the Connecticut Invasive Plant Council as non-native invasive plants.
7. Adverse impacts upon and actively manage lands, wetland and aquatic habitats within rights-of-ways to maximize their value to fish and wildlife, to prevent the establishment and spread of non-native and invasive plant species, and to reduce or eliminate established populations of non-native and invasive plant species.
8. Disruption of the operation of the State's transportation system, (i.e. highway, lane closures, transit, rail, etc.). If disruption is necessary, provide mitigation plan to address transportation impacts. Consider utilization of existing utility and transportation right-of-ways in a joint-use fashion where practicable.

Mitigate:

Proposal(s) should mitigate any adverse environmental impact that cannot be minimized. Impact should be mitigated to the extent practicable to replace lost resource functions and values impacts.

V. Quality of Life/Community Interests

Avoid or minimize adverse impacts upon local quality of life values and concerns. These issues primarily focus on subjects that are not otherwise required by state statute or regulation. As part of its review process the CEAB will consider but not be limited to proposals that favorably address the following types of community interests:

- Compatibility with local land use planning and zoning
- Aesthetic & visual impact
- Traffic and transportation system impacts
- Property value impact
- Ambient noise
- Light Trespass
- Proximity to certain public facilities (impact on schools, hospitals, nursing homes, day-care, playgrounds, etc.)
- Local public health concerns (e.g. EMF)
- Interference of electronic devices
- Impacts on economically disadvantaged populations

D. 2004 Connecticut Energy Legislation Summary

In the most recent Connecticut legislative session (February 2004-May 2004), the following energy efficiency and conservation-related laws were passed:

- PA 04-252 – An Act Concerning Climate Change (emissions reductions)

This act took effect October 1, 2004. The act requires (1) the state to take steps to reduce greenhouse gas emissions as part of a regional effort to reduce such emissions and (2) the Governor's Steering Committee on Climate Change to develop plans to help achieve the reduction goals. It requires the Department of Environmental Protection (DEP) commissioner to (1) report annually on progress in achieving the goals and (2) work to establish a regional greenhouse gas registry and regional reporting system with other states or a regional consortium. The act requires certain electric generators and commercial and industrial sites annually to report their greenhouse gas emissions to the registry. The commissioner must also annually consider requiring (1) additional facilities or sectors to report to the regional greenhouse gas registry and (2) the reporting of additional greenhouse gases, and direct and indirect emissions.

The act requires the Department of Administrative Services (DAS) to develop and maintain information about environmentally preferable practices, in addition to environmentally preferable products and services the law already requires, including those practices, products, and services that minimize the impact of global warming. It limits those practices, products, and services to those DAS procures.¹

PA 04-85 – An Act Concerning Energy Efficiency

This act took effect July 1, 2004 and requires the Department of Public Utility Control (DPUC) to establish, by regulation, energy efficiency standards for specified heating, cooling, and lighting, and other types of products. DPUC must establish the standards in consultation with the Office of Policy and Management (OPM) by July 1, 2005.²

- PA 04-84 – An Act Concerning Clean Cars
- This act took effect October 1, 2004 and requires the environmental protection commissioner to adopt, by December 31, 2004, regulations implementing California's emissions standards for light-duty motor vehicles (passenger cars and trucks with a maximum loaded weight of 8,500 pounds) and to keep them current with changes California makes. The regulations apply beginning with the 2008 model year. The act explicitly authorizes the commissioner to regulate motor vehicle emissions for other

¹ Connecticut General Assembly, Office of Legislative Research, *PA Summaries*. On line at <http://www.cga.ct.gov/2004/sum/2004SUM00252-R03SB-00595-SUM.htm>.

² Connecticut General Assembly, Office of Legislative Research, *PA Summaries*. On line at <http://www.cga.ct.gov/2004/sum/2004SUM00085-R02SB-00145-SUM.htm>.

vehicle classes. Under prior law, Connecticut, which participates in the U. S. Environmental Protection Agency's (EPA) National Low Emission Vehicle Program, could incorporate the California standards by reference.¹

- PA 04-231 An Act Concerning Clean and Alternative Fuels Vehicles

This act took effect July 1, 2004, except for the provisions affecting the state motor vehicle fleet and the sales tax exemption for hybrid passenger cars, which take effect October 1, 2004. The provision for business tax credits is applicable to income years beginning January 1, 2004.

The act exempts from the sales tax, until October 1, 2008, hybrid passenger cars that achieve a U. S. Environmental Protection Agency (EPA) estimated highway gasoline mileage rating of at least 40 miles per gallon. It extends until 2008 sales and other tax credits and exemptions encouraging the use and sale of, and investment in, alternative fuels and alternative fuel vehicles, facilities, and equipment.

It requires that the fleet average for each class of cars or light duty trucks the state buys have the best achievable mileage per pound of carbon dioxide (CO₂) emitted.²

- PA 04-222 An Act Concerning Preservation of the Family Farm and LIS

This took effect July 1, 2004, except for the moratorium extension and Connecticut Farm Fresh programs, which was effective upon passage. The act extends for a third year, until June 3, 2005, the moratorium on state agency considerations or final decisions on applications relating to electric power line, gas pipeline, or telecommunications crossings of Long Island Sound. The act allows applicants to submit a petition for a waiver of the moratorium to (1) the chairpersons and ranking members of the Energy and Technology and Environment committees, (2) the Connecticut Siting Council and Public Utilities Control Authority chairpersons, (3) the Department of Environmental Protection (DEP) commissioner, and (4) any other state agency with jurisdiction over the petition subject. It allows these officials to grant the petition by unanimous consent.³

¹ Connecticut General Assembly, Office of Legislative Research, *PA Summaries*. On line at <http://www.cga.ct.gov/204/sum/204SUM00084-R02sB-00119-SUM.htm>.

² Connecticut General Assembly, Office of Legislative Research, *PA Summaries*. On line at <http://www.cga.ct.gov/2004/2um/2004SUM00231-R02SB-00218-SUM.htm>.

³ Connecticut General Assembly, Office of Legislative Research, *PA Summaries*. On line at <http://www.cga.ct.gov/2004/sum/2004SUM00222-R02SB-00589-SUM.htm>.

E. SUMMARY OF PUBLIC COMMENT

CEAB appreciates the comments which were received from the diverse groups of respondents. CEAB recognizes the importance of the participation of the public and interested parties in the formulation of this report. As the Executive Summary indicates, the purpose of CEAB's 2005 plan is to update the 2004 comprehensive plan by reporting on the activities and accomplishments of the CEAB and related issues throughout the past year. The following section describes the comments that have been received, and, where appropriate, some response from CEAB.

Party Commenting	Summary of Comments	CEAB Response
<p>Attorney General State of Connecticut Richard Blumenthal</p>	<p>Connecticut must continue to be proactive in addressing its energy infrastructure needs and must fight federal initiatives that are harmful to the state's short- and long-term interests. The board should discuss the profoundly negative impacts federal energy policy will have on Connecticut, its citizens and its economy. The board needs to update information on LICAP and RMR agreements. The board should consider its conclusion that the operation of the Cross Sound Cable provides benefits for Connecticut. The Attorney General is concerned that the FERC and ISO-NE may interpret the draft's omission of Connecticut's substantial efforts to improve its electrical infrastructure as proof for those entities' erroneous assertion that the state does not have a comprehensive plan to secure its energy future and therefore may only encourage these agencies to continue to impose costly new policies.</p>	<p>Information on federal activities has been updated and rewritten in Section 1.8 of the final plan.</p>
<p>Audubon Connecticut Alexandra Breslin, Director of Governmental Affairs</p>	<p>Some mention of the value of efficient lighting systems in the reduction of energy consumption would be useful. Audubon Connecticut strongly supports the development of renewable sources of energy, including wind power. Proper planning for such facilities as wind and hydroelectric power generation is just as important as it would be for traditional energy facilities. It is essential that such projects be evaluated according to the same preferential criteria for evaluation of energy proposals as would be used with traditional generation facilities.</p>	<p>Pursuant to Public Act 03-140, the CEAB has developed preferential criteria that will support and balance energy reliability, environmental and natural resource protection, cost effectiveness and quality of life.</p>
<p>Celtic Energy/ New England Energy Efficiency Council Chris Halpin</p>	<p>Need to reiterate support for energy efficiency and protect these funds not just going forward but to pay off the securitization funds that we're currently losing so we can continue to bring it back up to the level that it had been traditionally. Coordinate how Connecticut Clean Energy Fund and Conservation & Load Management Fund are used. Implement sustainable development and life cycle cost analysis. Need to encourage energy efficient buildings and then promote use of renewable energy sources. Need to educate the public especially youth on responsible energy management.</p>	<p>As both the 2004 and 2005 plan indicate, CEAB supports energy efficiency and encourages the use of renewable energy sources. (Part 2, Section 1.1)</p>

Party Commenting	Summary of Comments	CEAB Response
<p>Comverge, Inc. Mike Alissi Program Manager</p>	<p>Comverge commends the CEAB for its proposed 2005 energy plan, and for recognizing the critical importance of demand response programs in particular. Comverge encourages the CEAB to consider appropriate specific actions in 2005 to enhance public awareness about currently available load response programs and to explore the adoption of additional programs elsewhere in Connecticut. Comverge encourages CEAB to consider ways to facilitate the dissemination of information about programs like CoolSentry to the public. Comverge encourages CEAB to explore the implementation of residential and commercial/industrial load control programs in other parts of the state where load is concentrated and the potential benefits are significant, i.e. the Hartford area.</p>	<p>As stated in Part 2, Sec. 2 of the plan, the Board plans to initiate and implement a public education and awareness program on its recommended strategies to reduce dependence on fossil fuels. These strategies include supporting demand response programs.</p>
<p>Connecticut Business & Industry Association Robert Earley Assistant Counsel</p>	<p>There <u>is</u> a transmission crisis in our state. CEAB fails to mention electric transmission issues in its 2004 summary of State Energy Strategies. CEAB also fails to mention FERC's two recent visits to CT. Enhancing electrical infrastructure needs to be treated as importantly as the natural gas infrastructure by CEAB. Current CEAB lacks business member. CEAB and its energy plan will serve our state best if they are ultimately used to streamline our current siting process. CBIA believes that the ultimate solution to Connecticut's energy problems requires a comprehensive approach addressing the priorities of 1) upgrading electric & natural gas transmission systems & siting adequate generation capacity; 2) creating vibrant competitive marketplaces for electricity & natural gas; and 3) conservation & load management efforts and development/deployment of alternative energy technologies. Integrated resource planning should incorporate a regional approach.</p>	<p>This final report has been updated to include information regarding FERC's recent visits to Connecticut. CEAB appreciates CBIA's continued participation and believes that the 2005 report recognizes and coincides with what CBIA believes to be the ultimate solution to Connecticut's energy problems.</p>
<p>Connecticut Coalition for Environmental Justice Dr. Mark Mitchell</p>	<p>Environmental hazards are disproportionately placed in low-income communities & communities of color. CEAB should keep this in mind in considering pollution impacts and making transmission and generation siting recommendations. Those needing the energy should pay for securing it.</p>	<p>Pursuant to Public Act 03-140, the CEAB has developed preferential criteria that will support and balance energy reliability, environmental and natural resource protection, cost effectiveness and quality of life.</p>
<p>Connecticut Industrial Energy Consumers by McNEES WALLACE & NURICK LLC</p>	<p>CIEC supports the board's goal of crafting a balanced energy plan that advances the state's economic development policies. CIEC urges the board to include a more comprehensive examination of energy cost increases facing the state and to articulate specific measures for addressing the impact of such costs. Redraft the Plan for conformity to P.A. 03-140, as a minimum, with correspondence to the legislature's energy and technology committee for an extension of time to submit a final version.</p>	<p>As previously stated, the CEAB has prepared this document as an update of its 2004 Energy Plan and intends to produce a comprehensive update in its next iteration of the plan.</p>

Party Commenting	Summary of Comments	CEAB Response
<p>Eastern Connecticut State University Fred Loxom Endowed Chair for Sustainable Energy Studies</p>	<p>Key component of plan is commitment to targeted green house gas emission reduction goals. Recommends establishing similar goals for energy conservation. Energy conservation is the greatest energy resource available. Goals should target retrofits for existing buildings; passive design for new construction; and efficient systems for new construction. Recommends establishing renewable energy goals for the future. Goals should encourage solar/thermal systems in all sectors and the use of bio mass energy sources. Recommends extending or enhancing the current mass transit system. Emphasizes the need for public education because an informed public and an educated workforce are essential to achieving the short- and long-term goals of the energy plan.</p>	<p>As the 2005 report indicates, the state has established goals for renewable energy sources and energy conservation in the future.</p>
<p>Environment Northeast Roger Koontz Senior Attorney</p>	<p>Going forward CEAB should set quantitative goals to provide for a least-cost mix of supply and demand alternatives for the state as specified in the statute. It's time to develop energy efficiency standards for customers and institute substantial programs to use gas & fuel oil more efficiently, similar to what has been done for electricity.</p>	<p>Pursuant to Public Act 03-140, the CEAB has developed preferential criteria that will support and balance energy reliability, environmental and natural resource protection, cost effectiveness and quality of life.</p>
<p>Environmental Energy Solutions Joel N. Gordes</p>	<p>Emphasized the need to make this a forward-looking plan rather than a retrospective analysis. Submitted CEAB 2/2000 plan as exemplary sample. Plan does not provide a section or even a small section on energy security and particularly looking at the vulnerabilities of centralized energy structures versus decentralized energy structures that employ more distributed resources.</p>	<p>CEAB recognizes the importance of security in maintaining service and reliability for the entire region. CEAB's Preferential Criterion for Energy B3 is: Maximize the level of protection of facilities from direct physical risk (includes whether the risk is accidental or intentional; and natural or man made).</p>
<p>Enviro Energy Connections Henry Link, P. E.</p>	<p>Hire more full-time professional staff at OPM's Energy Office and perhaps other related agencies. CEAB should identify "network of Partners" (page 27, item 3). CEAB should state in Paragraph 1.1 on Energy Efficiency that it will collaborate with at least the Energy Conservation Management Board, the Northeast Energy Efficiency Council, and the CT Green Building Council to help implement this goal. Public education campaign needs to emphasize that improving energy efficiency through small changes in energy conservation does not need to result in a lesser quality of life for individual or commercial consumers. Item 1.6 on System Reliability should also include discussion of enhancing energy security. In 1.3 on demand response, the implementation of utility rates to promote efficient use of electricity should be a high priority. High-energy users need to be especially targeted for load response programs regardless of town designation.</p>	<p>CEAB recognizes the importance of security in maintaining service and reliability for the entire region. CEAB's Preferential Criterion for Energy B3 is: Maximize the level of protection of facilities from direct physical risk (includes whether the risk is accidental or intentional; and natural or man made). And many other of these recommendations already are present in the current plan.</p>

Party Commenting	Summary of Comments	CEAB Response
<p>PACE Judi Friedman</p>	<p>PACE remains concerned about energy security. PACE strongly recommends the closing of our nuclear plants, extreme protections taken for our spent fuel pools and the decentralization of our grid infrastructure using renewable energy and increased energy efficiency.</p>	<p>CEAB recognizes the importance of security in maintaining service and reliability for the entire region. CEAB's Preferential Criterion for Energy B3 is: Maximize the level of protection of facilities from direct physical risk (includes whether the risk is accidental or intentional; and natural or man made).</p>
<p>The Woodlands Coalition RuthAnn Wiesenthal-Gold Barbara Courier Bell</p>	<p>The Woodlands Coalition would like to see more public participation in the CEAB process and feels the plan needs more thorough editing.</p>	<p>This report represents the work of the CEAB, which is done through a completely public process. CEAB's monthly meetings, where the formulation of this report was discussed at length are noticed regularly with the Secretary of the State, on its Web site, and to an extensive service list. The draft of this report was subject to a 45-day period of public comment and three public hearings across the state.</p>
<p>Institute for Sustainable Energy William Leahy Director of Operations</p>	<p>Increased emphasis on the use of customer-based, demand-side management programs in addition to adding effective Demand Reduction programs can slow the growth in peak demand and improve the region's load profile. Plan implementation should not rely solely on the use of public benefit funds collected from energy users, but the strategy should also include the creative use of tax incentives and financing mechanisms such as loans and bonds. In addition to CHP, the CEAB should investigate a strategy to encourage the installation and deployment of clean peak shaving generators. CEAB goals should include clean burning, efficient Distributed Generation applications, especially if located in transmission constrained areas. CT should create a fossil fuel conservation program and a public benefit fund for natural gas and oil conservation similar to the very successful Energy Conservation and Load Management Fund for electric customers. CEAB should explore the role that domestically produced BioDiesel fuels could have on further reducing our dependence on oil.</p>	<p>Goals in Part 2, Section 2 are revised.</p>

Party Commenting	Summary of Comments	CEAB Response
<p>New England Energy Efficiency Partnership, Inc. Susan Coakley Executive Director</p>	<p>The board should fully commit to protecting, enhancing and utilizing the state’s Conservation and Load Management Fund for energy efficiency programs. The board should commit to gas and oil conservation fund as part of its fuel diversity initiative. The board should work with relevant state agencies and partners to implement all the items in the draft climate action plan and continue to be an active participant in the Regional Greenhouse Gas Initiative. The board should urge DPUC to examine decoupling distribution company revenues from sales when reviewing rate cases. Support the development of new energy efficiency product standards. Promote energy efficiency to achieve reliability in New England's electric system.</p>	<p>As stated in Part 2, Sec. 2 of the plan, the Board plans to initiate and implement a public education and awareness program on its recommended strategies to reduce dependence on fossil fuels. Also as previously stated, the CEAB has prepared this document as an update of its 2004 Energy Plan and intends to produce a comprehensive update in its next iteration of the plan.</p>
<p>ISO-New England Gordon van Welie President & CEO</p>	<p>Submitted the report “Connecticut Energy Plan Framework: Recommended Solutions and Actions for the State of Connecticut” consisting of key excerpts from RTEP04 and outlines options for CT to address identified reliability problems. Report can be accessed at</p> <p>http://www.iso-ne.com/iso_news/2005_Archive/CT_Energy_Report_01_04_05.pdf</p>	<p>CEAB and ISO realize the value for Connecticut in capitalizing on the work that’s been done by ISO in terms of conducting the inventory and recommendations made in RTEP04 and earlier RTEPs.</p>
<p>Northeast Utilities Richard Soderman Director, Regulatory Policy</p>	<p>The CEAB should continue to follow through on its original mandate as articulated in the Act before seeking to modify its structure and mandates. Especially important is CEAB’s participation in regional planning. The CEAB’s plan for Connecticut should be amended so as to provide prioritized and actionable recommendations, with measurable goals and objectives. NU suggests the inclusion of a synopsis of the recent Independent System Operator of New England (“ISO-NE”) report to the CEAB, and the most recent CSC Annual Forecast of Loads and Resources Report, in order to fully inform the state of such critical issues as the progress of the transmission infrastructure projects and the state’s energy reliability outlook. NU would further recommend including these documents as part of the appendix of the Draft: 1) Discussion of the recent lawsuit filed by the Department, the OCC, the Attorney General, and the Connecticut Light and Power Company regarding the Federal Regulatory Commission’s (FERC) LICAP Plan, 2) Discussion of the impacts on CT’s retail rates by the Nov. 2004 filings by competitive generators with ISO for additional RMR agreements, and 3) Discussion of recent notice that NE Transmission Owners & ISO-NE are pursuing a 2/1/2005 RTO operations effective date.</p>	<p>Information on federal activities has been updated and rewritten in Section 1.8 of the final plan. The Internet address for accessing the ISO report is included with ISO’s comments above. The Internet address for accessing the Connecticut Siting Council Annual Forecast of Loads and Resources Report is given below.</p> <p>http://www.ct.gov/csc/lib/csc/2004_forecast-final.pdf</p>

Party Commenting	Summary of Comments	CEAB Response
Robert Fromer Environmental Consultant	2005 Draft Energy Plan is not a meaningful plan but an abstract conceptualization of a small percentage of the factors necessary for consideration to formulate a comprehensive method for achieving the goals and objectives of P.A. 03-140. Doesn't meet requirements of the statute regarding a plan. He advocates life cycle energy analysis and assessment. Sees need for solid waste management plan and enforced passive solar energy requirements.	As previously stated, the CEAB has prepared this document as an update of its 2004 Energy Plan and intends to produce a comprehensive update in its next iteration of the plan.
Joseph F. Camean, P. E. Consulting Engineer	Put an end to incandescent light bulbs. Stop building or operating "electric only" power generating installations. Include tree trimming and forest wood waste in our fuel mix. Bring to market photovoltaic cells affordable enough to eliminate roof shingles. Revitalize use of cool storage for air conditioning. Build a trial segment of an electrically powered train line that can carry vehicles and truck containers as an overlay of an existing State-owned moderate use highway. Incentivize "all electric" vehicles for regular commuters by providing battery exchange at their workplaces. Seriously consider re-powering Millstone I with a passive safely closed fuel cycle reactor. Implement modern coal gasification as a surrogate to natural gas. Don't build SWCT electric transmission project. It's a bad solution. State needs to provide for more generation and reduce dependence on importing it. Convert gas utility distribution system from natural gas to hydrogen. Put renewably produced electricity on the market in an easy to understand price menu.	The Board's recommended 2005 energy strategies presented in Part 2, Sec. 2 address many of these issues.
Peter C. Moss	2005 CT Energy Plan goals would be advanced by maintaining current electricity production from nuclear and perhaps encouraging new nuclear electricity production from new safer reactors.	As stated in Part 2, Sec. 2 of the plan, the Board plans to initiate and implement a public education and awareness program on its recommended strategies to reduce dependence on fossil fuels.
Jane Shelly	I want to encourage you to support alternative fuels -- especially solar energy -- and to get CT off of nuclear power.	As stated in Part 2, Sec. 2 of the plan, the Board plans to initiate and implement a public education and awareness program on its recommended strategies to reduce dependence on fossil fuels.