

Public Act No. 02-95 Legislative Working Group

Preliminary Position Statement by CL&P

July 26, 2002

Connecticut Light and Power Company's Involvement with the Working Group:

The Connecticut Light and Power Company (CL&P) serves residential, municipal, commercial, and industrial customers in 149 cities and towns, providing more than 1.1 million customers with safe and reliable electricity. Now in its second century of service, CL&P plays a major role in the growth and vitality of Connecticut's economy and quality of life.

With the onset of electric industry deregulation in Connecticut, electric utilities were required to divest all electric power generation assets. CL&P now serves customers as a regulated electric power distribution company, operating and maintaining electric transmission and distribution facilities within the State of Connecticut. Further, CL&P is also required to supply customers with standard offer energy services, which it acquires in the wholesale power market (not from its own generating plants).

Industry restructuring has also resulted in significant changes to the process for planning, review and approval of transmission projects, primarily in roles and responsibilities of distribution companies and their regulators. For example, planning for transmission expansion had traditionally been accomplished by vertically integrated utility companies, and those plans would be subject to review by the Connecticut Siting Council (Siting Council). Today, the planning for transmission network expansion is done by ISO-NE, which determines the need for such projects, consistent with its responsibilities under Federal Energy Regulatory Commission (FERC) jurisdiction.

As a distribution company, CL&P is responsible for the poles and wires that deliver the energy. Simply put, it is CL&P's job to deliver electric power to all of its customers each and every day. CL&P is dedicated to providing all in its service area with safe, dependable and reliable electric energy.

Being the applicant for regulatory agency approvals of a Bethel to Norwalk transmission line project designed to enhance the capacity of the existing electric transmission system serving Southwest Connecticut, CL&P has designated two members of the Working Group convened by the Institute for Sustainable Energy (ISE) in accordance with Section 2 of Public Act 02-95. Section 2 directs the Institute to "develop a comprehensive assessment and report." The Institute has looked to multiple mechanisms, including focused, factual workshops, public hearings, written public comments, dialog among the members of the Working Group and the Task Force, and the contemplated collaborative process, to solicit input as part of this development process.

The Task of the Working Group:

In commenting on the report to be prepared and submitted to the legislature, the Institute has communicated to the Working Group that it and the process provided for in Public Act 02-95 is not intended to substitute for or otherwise direct the outcome of the regulatory approval processes that apply to any pending and future applications relating to electric transmission lines from Bethel to Norwalk. By statute, the Siting Council and the Department of Environmental Protection will be required in any opinion or decision on CL&P's proposed project to evaluate the consistency of the application for these lines with the ISE's report. The ISE has communicated its intent that the report will serve to guide the regulatory evaluation of such applications, detailing and potentially sequencing the considerations in a generic manner. In this form, the report will be relevant to not only regulatory determinations on the pending application, but also future applications for transmission lines before the Siting Council and the Department of Environmental Protection.

Section 2 of Public Act expressly provides for the assessment and report to include a review of:

1. The economic considerations and environmental preferences and appropriateness of installing transmission lines underground or overhead;
2. The feasibility of meeting all or part of the electric power needs of the region through distributive generation;
3. The electric reliability, operational and safety concerns of the region's transmission system and the technical and economic feasibility of addressing those concerns with available electric transmission system equipment; and
4. Recommendations for any legislative changes "deemed necessary."

The first three of these issues require the gathering and analysis of data related to technical aspects of transmission facilities and distributed generation. The last issue addresses process changes that may be appropriate potentially to improve the siting process, which might include actions that can be implemented either within existing statutory authority or that would require new legislation.

Proceeding with the Task of the Working Group:

Within this statutory framework, the fundamental charge to the Working Group is to assess and report on the status of various technical issues and whether Connecticut has appropriate policies and regulatory processes in place to protect the environment when the need for an energy infrastructure project such as the Bethel to Norwalk electric transmission line is indicated. CL&P proposes that the Working Group proceed on two tracks toward the development of the assessment and report. The first track would be discussions and collaboration among Working Group members. The second track would

consist of the preparation of a draft assessment on technical, economic and environmental information by the consultant retained by ISE. Once completed, the draft assessment would be reviewed and, at any member's option, commented on by the Working Group. Significant items in the assessment on which members of the Working Group might disagree could be noted in the report to which the assessment is appended.

Addressing the Final Assessment and Report:

During the collaborative phase of its task, the Working Group should concentrate its focus on the progress of the consultant in gathering and analyzing technical data and reviewing existing regulatory process at the Siting Council and other state agencies with a role in energy. Below CL&P identifies potential key questions for the Working Group, to be addressed either directly or utilizing the consultant to prepare portions of the assessment.

1. Technical Assessment

a) Key Questions

What are the limitations of the current electric transmission system to assure reliable and safe delivery of electric energy?

Can the current electric transmission system address these limitations technically, reliably, economically and in a timely manner?

What are the factors relevant to the determining the technical ability and advisability of installing higher voltage electric transmission lines underground?

Do these factors include cost, reliability, capacity, security, timeliness, compatibility with current infrastructure and direct environmental impacts?

How are these factors evaluated when overhead line alternatives exist?

What are the technical limitations or constraints on the installation of higher voltage overhead and underground electric transmission lines in Southwest Connecticut?

What are the potential regulatory processes and limits applicable to these installations?

What are the factors relevant to determining whether distributed generation is a feasible and realistic alternative to meet a substantial amount of the region's peak electric power needs?

Do these factors include reliability, safety, environmental equity, commercial availability, asset life, design, installation and maintenance costs, air quality, impact on electric distribution system performance, and incremental regulatory oversight resources?

What environmental and aesthetic criteria should be considered when evaluating overhead and underground transmission solutions?

Are there general rules that can be developed that will address these technical questions?

b) CL&P Proposal

CL&P proposes that the ISE consultant review materials which are part of the Working Group's record and other relevant data within the public domain for the purpose of providing a summary assessing the current state and availability of these technologies and applicable factors. With regard to factual information on transmission constraints in Southwest Connecticut, an appropriate source would be the DPUC's decision (Docket No. 02-04-12—DPUC Investigation into Possible Shortages of Electricity in Southwest Connecticut During Summer Periods of Peak Demand). After the ISE consultant has either made significant progress on or completed its initial assessment and analysis, the Working Group can then work toward finalizing this assessment and making any recommendations.

2. Regulatory Process Considerations

a) Key Questions

What are the current regulatory programs, processes and standards that apply to the regulatory agency approvals for the proposed higher voltage electric transmission lines?

How has the jurisdictional responsibility for transmission projects changed with industry restructuring and is there federal preemption of any regulatory considerations, such as state vs. regional needs?

What is the role of ISO-NE in the planning of transmission lines?

What is the relationship between ISO-NE and the Siting Council and is there an opportunity for review and comment on ISO-NE plans?

What criteria must the Siting Council consider when evaluating an application to build a transmission facility?

Does the Siting Council process provide sufficient opportunity for public and local government comment?

Does the Siting Council process provide opportunities to review necessary mitigation or alternative proposals? Can it, and should it?

What is the relationship between the Siting Council and the DPUC responsibilities?

What is the relationship of the Siting Council and the DEP?

b) CL&P Proposal

CL&P proposes that the Working Group:

(i) Review the jurisdictional responsibilities for assessing need in connection with higher voltage electric transmission lines in Southwest Connecticut, including how the Siting Council can assist ISO-NE in the planning process and how ISO-NE plans can be debated within Connecticut;

(ii) Recommend policy changes or adjustments, if any may be appropriate, that are consistent with this allocation of responsibilities;

(iii) Ensure applicable Connecticut policies, laws and regulations, including any recommended changes, are consistent with federal requirements and mandates; and

(iv) Recommend processes for including public input into the planning and review process.

Moving forward, as fully engaged members of the Working Group, CL&P looks to the further refinement of the process, with discrete steps and milestones. These steps and milestones will facilitate the development of the required assessment and report in an orderly, efficient and timely manner. The mechanisms for input, by both nonpartisan sources of information and advocates, should be specific, finite and understood by all involved in the process. With the assistance of the consultant hired by ISE, the data gathering process, which is limited to existing information, should be defined in scope and time. To be of greatest value to the greatest number, this assessment and report should be usable by the agencies when reviewing projects - proposed, contemplated and not yet contemplated – to enhance electric transmission capabilities in Southwest Connecticut and the region.