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State of Connecticut

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CONNECTICUT
SITING COUNCIL

August 15, 2005

Mr. Derek S. Phelps
Executive Director
Connecticut Siting Council
10 Franklin Square
New Britain, CT 06051

Re: Docket F-2005 – 2005 Ten Year Forecast of Electric Loads and Resources

Dear Mr. Phelps:

Attached please find the first set of interrogatories submitted by Richard Blumenthal, Attorney General for the State of Connecticut ("Attorney General"), AG-1 through AG-42. These interrogatories are directed to ISO New England, Inc.

I certify service of this filing upon all parties and intervenors of record in this proceeding.

Very truly yours,

RICHARD BLUMENTHAL
ATTORNEY GENERAL

BY:

A handwritten signature in cursive script, appearing to read "Michael C. Wertheimer", written over a horizontal line.

Michael C. Wertheimer
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**STATE OF CONNECTICUT
CONNECTICUT SITING COUNCIL**

2005 TEN YEAR FORECAST	:	DOCKET F-2005
OF ELECTRIC LOADS	:	
AND RESOURCES	:	AUGUST 15, 2005

**FIRST SET OF INTERROGATORIES SUBMITTED BY RICHARD BLUMENTHAL,
ATTORNEY GENERAL FOR THE STATE OF CONNECTICUT,
TO ISO NEW ENGLAND, INC.**

Richard Blumenthal, Attorney General for the State of Connecticut, hereby requests that ISO New England, Inc. answer the following interrogatories no later than August 26, 2005. In the event that the information requested herein has been provided in this proceeding, the respondent need only specifically identify where the responsive data or information is located in the record.

I. DEFINITIONS

A. As used in these interrogatories, "any" shall include "all," and "all" shall include "any," as needed to make the request inclusive and not exclusive.

B. As used in these interrogatories, "and" shall include "or," and "or" shall include "and," as needed to make the request inclusive and not exclusive. For example, both "and" and "or" mean "and/or."

C. As used in these interrogatories, "include" and "including" mean "including but not limited to."

D. As used in these interrogatories, "concern" and "concerning" mean "relate," "relating," "refer," "referring," "reflect," "reflecting," "about," "constitute" or "constituting."

E. As used in these interrogatories, "ISO-NE" means ISO New England, Inc. and its present or former subsidiaries, affiliates, branches, divisions, principals, associated persons,

control persons, directors, officers, employees, agents, trustees and beneficiaries. Each reference to ISO-NE shall be interpreted to include any, all, or any grouping or subgrouping of persons and entities named in the foregoing enumeration as needed to make the reference inclusive and not exclusive.

F. As used in these interrogatories, "document" means all materials and tangible forms of expression in any of the Applicants' possession, custody or control, whether drafts or unfinished versions, originals or nonconforming copies thereof, however, or by whomever prepared, created, produced, maintained, used, sent, received, dated, or stored (manually, mechanically, electronically or otherwise), including books, papers, records, files, notes, messages, bulletins, letters, chronologies, charts, studies, graphs, computer printouts, receipts, schedules, itineraries, declarations, affirmations, affidavits, deposition transcripts or other sworn, affirmed or unsworn statements, scripts, press releases, minutes, summaries, analyses, correspondence, memoranda, work papers, ledger sheets, confirmations, cables, wires, telecopies, facsimiles, telegrams, telexes, telephone logs, notes or records of conversations or meeting, contracts, agreements, notices or advertisements.

II. INTERROGATORIES

AG-1. As an entity that from time to time conducts forecasts of electric loads and resources, please identify the qualities and characteristics that contribute to a reliable and useful forecast of electric loads and resources. Please explain your answer in detail.

AG-2. Does the relative usefulness of a forecast of electric loads and resources depend, at least in part, upon the reliability and accuracy of the information that is used when formulating those forecasts? Please explain your answer in detail.

AG-3. Can the Connecticut Siting Council's ("CSC") forecast of electric loads and resources provide a basis upon which it, and other policy making entities in the State of Connecticut, can assess the adequacy of the state's electric supply system and make policy decisions related thereto? Please explain your answer in detail.

AG-4. ISO-NE submitted a report entitled *Connecticut Energy Plan Framework – Recommended Solutions and Actions for the State of Connecticut* ("Report") and dated January 4, 2005 to the Connecticut Energy Advisory Board ("CEAB"). Please explain the reasons that ISO-NE submitted this report to the CEAB.

- a. Does ISO-NE still agree that the Report was submitted, in part, to "aid Connecticut policy makers" in managing the risks facing both Connecticut's and New England's bulk power systems. Report, 5.
- b. Does ISO-NE still agree that "[t]imely review and action by Connecticut Officials on projects that are proposed to address identified reliability risks is necessary to successfully implement a comprehensive state action plan." Report, 23.
- c. Does ISO-NE still agree that ISO-NE further stated that "[a]n effective action plan for Connecticut must fully resolve all of the state's electric system reliability problems" Report, 24.

AG-5. In the Report, ISO-NE referred to and described LICAP, Report, 20, and recommended "[t]he development of a well-functioning locational capacity market . . . to create the correct market incentives for increased investment in demand response resources and activities." Report, 21, 22. ISO-NE also projected the Capacity Situation in Southwest Connecticut and in Connecticut for the years 2004 through 2013. Report, 8-10. In projecting these capacity levels, did ISO-NE consider or include its Locational Installed Capacity ("LICAP") proposal, as submitted to the Federal Energy Regulatory Commission ("FERC") or as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, in any manner?

- a. If so, how?
- b. If not, why not?

AG-6. On July 14, 2005, in this proceeding, counsel for ISO-NE stated that ISO-NE would not respond to questions concerning LICAP issues. See transcript, July 14, 2005, 189-192. Explain in detail why ISO-NE was willing to submit the Report to “aid Connecticut policy makers” in managing the risks facing both Connecticut’s and New England’s bulk power systems, and in that report recommended the development of a well functioning capacity market, but in this proceeding refused to discuss the impact that LICAP may or may not have on future electric loads and resources?

AG-7. On August 1, 2005, ISO-NE issued its *First Draft Regional System Plan 2005*, (“Draft RSC05”). This report “is a comprehensive assessment of the needs for generating and transmitting power in New England. Studies conducted for RSP05 projected energy use and load growth and investigated the adequacy of installed and operable capacity in New England in terms of the amount and types of resources that will be needed and where and when they will be needed to ensure the reliability of the system.” Draft RSC05, 3.

- a. Does ISO-NE agree that one possible purpose for, or use of, the RSC05 is to allow states to review forecasts of electric loads and resources? Please explain the reasons for this response in detail.
- b. Does ISO-NE agree that the information and data contained in the RSC05 would be useful to a New England state that is seeking to generate its own forecast of electric loads and resources? Please explain the reasons for this response in detail.
- c. Does ISO-NE agree that RSC05 would be useful to a New England state that is seeking to assess its electrical energy needs and plan to meet those needs? Please explain the reasons for this response in detail.

AG-8. In the Draft RSC05, ISO-NE stated that “[t]o estimate the demand that will need to be served, the ISO conducted energy and load-growth studies that forecasted energy and peak load needs for 2005 – 2014. These forecasts considered data on historical demand, economic and demographic factors, weather, and projected reductions in peak energy use and peak loads based on conservation and peak-load management (C&LM) programs.” Draft RSC05, 3-4. In conducting its forecasts and analysis, did ISO-NE consider or include its Locational Installed Capacity (“LICAP”) proposal, as submitted to the Federal Energy Regulatory Commission (“FERC”) or as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, in any manner?

- a. If so, how?
- b. If not, why not?

AG-9. In the Draft RSC05, ISO-NE provided a Summary of System Needs, Solutions, and Associated Market Mechanisms. Table ES-1, 8. A locational capacity market was specifically referred to five times as an “associated market mechanism” in this summary. Does the “associated market mechanism” relate or refer to the LICAP proposal, as submitted to the FERC or as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, in any manner?

- a. If so, how?
- b. If not, why not?

AG-10. The concept of a locational capacity market is mentioned a number of times in the Draft RSC05. See, e.g., Draft RSC05, 9, 11, 14, 15. Did ISO-NE analyze the impact that its LICAP proposal, as submitted to the FERC or as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, would have on energy capacity or load in Connecticut and/or New England from 2005 through 2014?

- a. If so, how?
- b. If not, why not?

AG-11. The pre-filed testimony of David Ehrlich submitted in this proceeding and dated July 7, 2005 refers to an ISO-NE report entitled 2005-2014 Forecast Report of Capacity, Energy, Loads and Transmission (“2005-2014 CELT Report”) which is dated April 29, 2005. Does the 2005-2014 CELT Report constitute ISO-NE’s capacity and load forecast for 2005 through 2014?

AG-12. Please describe in detail whether and how ISO-NE believes that its LICAP proposal, if implemented as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, will impact capacity, energy, loads, transmission and resources in New England over the next ten years.

AG-13. On page 3 of Mr. Ehrlich’s pre-filed testimony, he states that “ISO forecasts energy and seasonal peak loads, based on an assumed set of economic and demographic conditions.” Was ISO-NE’s LICAP proposal, as submitted to the FERC or as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, considered or included in any manner when generating the 2005-2014 CELT Report?

- a. If the response to AG-02 is affirmative, please describe in detail the manner in which LICAP was considered or included and the impact that LICAP had on capacity, energy, loads, transmission and resources in New England.

b. If the response to AG-02 is affirmative, please provide ISO-NE's ten year forecast of capacity, energy, loads, transmission and resources in New England assuming that LICAP is not approved or implemented.

c. If the response to AG-02 is negative, please describe in detail the reasons that ISO-NE did not consider or include the impact of LICAP on capacity, energy, loads, transmission and resources in New England.

d. If the response to AG-02 is negative, please provide ISO-NE's ten year forecast of capacity, energy, loads, transmission and resources assuming that LICAP is approved and implemented in 2006.

AG-14. ISO-NE's LICAP proposal, if implemented as approved by a FERC administrative law judge in an initial decision dated June 15, 2005, could cost the New England region's electric rate payers as much as \$13 billion over the next five years, roughly \$4 billion of which will be paid by Connecticut's ratepayers. Please describe in detail:

a. whether ISO-NE considered how a rate increase on the order of \$13 billion over the next five years would impact ISO-NE's forecast of capacity, energy, loads, transmission and resources in New England, including whether such an increase would reduce demand or would reduce the rate of increase in demand for electricity in New England.

b. the impact that ISO-NE believes that a rate increase on the order of \$13 billion over the next five years would impact ISO-NE's forecast of capacity, energy, loads, transmission and resources in New England, including whether such an increase would reduce demand or reduce the rate of increase in demand for electricity in New England.

AG-15. Please describe in detail whether and how a reduction in demand for electricity in New England, or a reduction in the rate of increase in demand for electricity in New England, will or may impact the construction of new generation facilities in New England.

AG-16. Does ISO-NE agree that projected reductions in demand for electricity in New England, or reductions in the rate of increase in demand for electricity in New England, could or would discourage the development of additional generation resources in New England? Please explain your answer in detail.

AG-17. According to ISO-NE, LICAP is necessary to create incentives for energy companies to develop new power plants in New England. Please describe in detail the impact or effect that ISO-NE's LICAP proposal, if implemented as approved by a FERC administrative

law judge in an initial decision dated June 15, 2005, will have on the number, type and location of electric generation facilities in Connecticut and New England over the next ten years as follows:

- a. The total number of megawatts added in Connecticut.
- b. The timing of when the additional megawatts will be added in Connecticut.
- c. The specific locations or load zone in which the additional megawatts will be added.
- d. Whether any additional megawatts will be added in southwest Connecticut before the completion of the 345 kV loop in southwest Connecticut.
- e. Whether the addition of any megawatts in Connecticut will be offset by the retirement of existing generation facilities in the State.

AG-18. With respect to the Bethel to Norwalk, or Phase I, 345 kV line that has been approved by the Connecticut Siting Council:

- a. Describe whether and how it was considered and impacted ISO-NE's analysis and findings in its 2005-2014 CELT Report.
- b. In the event that it was not considered or did not impact ISO-NE's analysis or findings in its 2005-2014 CELT Report, please fully describe how the addition of this 345 kV line to the grid will impact Connecticut's capacity, energy, loads, transmission and resources and resources over the next ten years.

AG-19. With respect to the Middletown to Norwalk, or Phase II, 345 kV line that has been approved by the Connecticut Siting Council:

- a. Describe whether and how it was considered and impacted ISO-NE's analysis and findings in its 2005-2014 CELT Report.
- b. In the event that it was not considered or did not impact ISO-NE's analysis or findings in its 2005-2014 CELT Report, please fully describe how the addition of this 345 kV line to the grid will impact Connecticut's capacity, energy, loads, transmission and resources and resources over the next ten years.

Demand

AG-20. Please provide the ISO-NE's "base" (so-called, 50/50 and 90/10) forecast of peak load and annual energy consumption, respectively, for each of the next ten years beginning with 2006, for, respectively, southwest Connecticut ("SWCT"), Connecticut (excluding SWCT) and New England. Identify all assumptions utilized in preparing the "base" forecast (e.g., temperature assumptions, probabilities of occurrence, price elasticities, wholesale price of electricity).

- a. Please provide your response with respect to the most recent such forecast completed by ISO-NE (and, if not already provided, provide the forecast utilized in RTEP04 and the Draft RSC05, respectively). Identify the report or study (and provide copy of same) issued by ISO-NE in which the forecast(s) was utilized.
- b. With respect to all inquiries below, please provide documentation regarding all forecasts utilized in connection with RTEP04, the Report and the Draft RSP05 (to the extent possible).

AG-21. Provide the Connecticut per capita income and/or the Connecticut domestic product levels, growth rates and other related assumptions utilized in preparing the forecast inquired of in question AG-20. What was the source of such data and how did ISO-NE determine what data to use?

AG-22. Explain all assumptions and calculations regarding the price elasticity(ies) of demand utilized in the demand forecasts inquired of in question D.1.

AG-23. Explain and describe all assumptions regarding demand-side conservation and load management measures and/or demand-side response incorporated in the forecast(s) provided in response to D.1.

AG-24. Has ISO-NE initiated an investigation or evaluation of the impact on its demand forecast(s) resulting from the measures to be implemented under Connecticut P.A. 05-01, An Act Concerning Energy Independence. If so, please provide the results and workpapers related to any such investigation or evaluation.

AG-25. Has ISO-NE conducted any investigation or evaluation of the impact on peak load or energy consumption resulting from the imposition of LICAP charges on Connecticut electric consumers beginning in at any point during 2006 if approved by FERC? If so, please provide all results and workpapers relating to any such investigation or evaluation.

AG-26. Has ISO-NE conducted any investigation or evaluation of the impact on peak load or energy consumption of Connecticut electric consumers resulting from recent changes in the

price of natural gas or fuel oil delivered into New England and their impact on wholesale electric energy prices in New England? Is so, please provide all results and workpapers relating to any such investigation or evaluation.

AG-27. Has ISO-NE conducted an investigation or evaluation of the impact on Connecticut state domestic product and growth rates resulting from the imposition of LICAP charges beginning at any point in 2006 if approved by FERC? If so, please provide all results and workpapers relating to any such investigation or evaluation.

AG-28. Has ISO-NE conducted an investigation or evaluation of the impact on Connecticut state domestic product and growth rates and electric consumption (peak and aggregate) resulting from the implementation of locational forward reserve requirements or other ancillary service market enhancements? If so, please identify the specific such requirement or enhancement, its anticipated commencement date and provide all results and workpapers relating to any such investigation or evaluation.

AG-29. Has ISO-NE conducted a cost/benefit analysis for its LICAP proposal, its proposals for locational forward reserve or other ancillary service market enhancements? If so, please provide any such analysis and all workpapers relating to any such analysis.

AG-30. Has ISO-NE analyzed the impact on peak load and energy consumption in Connecticut resulting from utilization of the Cross Sound Cable or the 1385 line under current usage arrangements, or as they may be modified pursuant to seams elimination agreements with New York? If so, provide such analysis and all workpapers related to such analysis.

Supply

Responses to the following questions should provide information as utilized by ISO-NE in RTEP04, the Report and the Draft RSP05 (to the extent available) or other forecast completed by ISO-NE or under its direction since the completion of RTEP04.

AG-31. Provide ISO-NE's forecast of installed generation capacity located and connected to the transmission grid in each of SWCT, Connecticut (excluding SWCT) and New England beginning with 2006 and for each of the next ten years.

AG-32. Provide the assumptions regarding available generation (including levels of assumed forced and scheduled outage rates and availability) for generation capacity in SWCT, Connecticut (excluding SWCT) and New England, respectively, utilized in response to question AG-31. What was assumed about changes in forced and scheduled outage rates, if any, resulting from RMR contracts and/or LICAP (utilizing the method approved by a FERC administrative law judge in an initial decision dated June 15, 2005).

AG-33. Provide the forecasted transfer capacity of the transmission grids for imports and exports, respectively, into Connecticut (excluding SWCT) and SWCT from/to the rest of New England and from/to the New York ISO control area (each provided separately) for 2006 and for each of the next ten years.

AG-34. Provide the assumptions regarding increases in transfer capacity into SWCT and Connecticut (excluding SWCT) (in volume and over what periods), respectively, which will result from completion of CL&P 345 kV Phase I (Bethel to Norwalk) project and from completion of the Phase II line (Norwalk to Middletown), respectively.

AG-35. Describe all transmission upgrade projects (expected in-service date, cost, configuration) which are planned or under consideration over the next ten years which are anticipated to increase the transfer capacity into SWCT or Connecticut (excluding SWCT), respectively.

AG-36. What are the anticipated impacts of the Southern New England Reliability Project (“SNERP”)¹ on transmission transfer limits into Connecticut? What is the estimated cost of the SNERP project and its anticipated in-service date? What is the priority between completing SNERP and the Phase I and Phase II 345 kV CL&P Projects and the rationale for such priority?

AG-37. What is ISO-NE’s estimate of the amount of installed generation capacity which can be connected to the transmission grid in SWCT, prior to completion of the Phase I and/or Phase II projects? Provide volumes of capacity, costs of interconnection, operating limits, if any on such capacity. Provide the same answers for the period following completion of the Phase I and Phase II projects.

AG-38. What has ISO-NE assumed regarding the export or import of capacity utilizing the Cross Sound Cable and the 1385 line during each of the next ten years (beginning with 2006)?

AG-39. What is the requirement for locational forward reserves in Connecticut and each region of New England? Provide estimates for 2006 and each year thereafter to 2015.

LICAP

AG-40. Provide all forecasts of LICAP costs (on a \$/kw-month and in aggregate) for SWCT and CT (excl. SWCT), respectively, prepared by ISO-NE for 2006 (beginning in Jan. 1, 2006 or October 1, 2006 or such later date as may be approved by FERC). Identify the assumed

¹ SNERP is the terminology which has been used to describe an enhancement to the 345 kV line from Rhode Island to Lake Road (Killingly, CT) to the Card (Lebanon, CT) substation. It is anticipated to cost a little over \$100MM and to integrate the 750 MW Lake Road generating station into Connecticut, with substantial beneficial impacts on LICAP charges (possibly greater than the Phase I and Phase II Projects).

local sourcing requirement, local sourced generation and generation capacity transfers assumed for each such period, utilized in calculating the cost forecast.

AG-41. Provide all forecasts of RMR fixed costs recovery (with and without estimated inframarginal net offsets) for SWCT and Connecticut (excluding SWCT), respectively, prepared by ISO-NE for 2005 and each subsequent year to 2015, with and without LICAP. Identify the annual fixed cost recovery, and separately the anticipated annual inframarginal net revenue offset, by specific generating plant for each such period and in aggregate for each of SWCT and Connecticut (excluding SWCT).

AG-42. Provide the basis for removing RMR fixed costs (and the amount removed and specific generating plants affected) upon the advent and following the same of LICAP.