

STATE OF CONNECTICUT

CONNECTICUT SITING COUNCIL

2007 TEN YEAR FORECAST OF)
ELECTRIC LOADS AND RESOURCES)

Docket No. F-2007

July 12, 2007

**COMMENTS OF ISO NEW ENGLAND
ON DRAFT LOAD FORECAST REPORT**

ISO New England Inc. (“ISO-NE” or the “ISO”) appreciates the opportunity to provide comments on the Siting Council’s *2007 Review of the Ten-Year Forecast of Connecticut Electric Loads and Resources*, dated June 19, 2007 (“Draft Report”). In addition to the comments provided herein, the ISO would be pleased to offer additional information the Council or its staff may require for completing its final report.

Resource Forecast

Following the initial discussion of the state’s supply resources, the Draft Report specifies certain generating facilities that count towards Connecticut’s generation capacity. (PP. 7, 11) In this context, the Draft Report addresses the Lake Road Power Station in Killingly (P. 7), which is not currently counted toward Connecticut’s generation capacity because it does not currently provide incremental capacity in Connecticut due to its location on the transmission system. (P. 25) The Draft Report correctly addresses the exclusion of the Lake Road generating facility under the “Natural Gas Powered Generation” (P. 15) and the “Electric Transmission in Northeast Connecticut.” (P. 25). As the status of the Lake Road facility is not clear when the Lake Road facility is first mentioned early in the report (P.7), the ISO suggests that the

Council may wish to avoid any ambiguity and clarify the status of the Lake Road facility early in the report.

The Draft Report indicates that Connecticut's electric utilities would institute a plan of action "[i]f a major failure in serving based load were to happen—for instance, if Millstone nuclear units were to go offline." (P. 5) It is important to understand that this plan would not be implemented anytime a base load unit, including Millstone, goes offline since not every such incident would result in capacity shortage in Connecticut. Moreover, any such action would be implemented under the direction of ISO-NE system operators pursuant to the established ISO-NE operating procedures in coordination with the electric utilities in Connecticut. These actions would be applicable at peak load conditions and would depend on the system conditions in New England.

The Draft Report discusses the status of the Devon 7 and 8 units as well as NRG's efforts to return these units into service. (P. 13) On March 16, 2007, NRG submitted to the ISO Proposed Plans for the reactivation of Devon 7 and 8. By letter dated April 17, 2007, the ISO approved the Proposed Plan for the reactivation of the Devon 7 unit. The approval of the Proposed Plan to reactive Devon 7 is conditioned upon the unit entering into commercial service without material modification prior to October 5, 2007. Also by letter dated April 17, 2007, the ISO approved the Proposed Plan for the reactivation of the Devon 8 unit. The approval of the Proposed Plan to reactive Devon 8 was conditioned upon the unit entering into commercial service without material modification prior to June 7, 2007. The Devon 8 unit was not returned to commercial service on June 8, 2007. Also regarding the Devon 7 and 8 units, the Draft Report states that "[i]nitial indications are that recent changes to the transmission system will allow deliverability of

any generation from reactivated units at Devon.” (P. 13) The ISO wishes to clarify for the Council that recent changes to the transmission system, in combination with some additional minor system upgrades, should likely allow deliverability of any generation from the reactivated units at Devon.

Figures 4a and 4b of the Draft Report are included under the “Petroleum Power Generation.” As the Draft Report correctly points out, these figures “depict the existing and projected generation fuel mix for Connecticut.” (P. 13) However, the figures also depict the projected capacity mix, including coal, gas, hydro, oil, refuse and methane and nuclear. The ISO suggests that Figures 4a and 4b be placed after Table 3 prior to the discussion of the various generating resources categorized by fuel type.

The ISO concurs with the Council that “dual-fuel capability is an important part of diversifying the fuel mix for electric generation and avoiding overdependence on particular fuel.” (P. 15) Specifically, the Draft Report recognizes “the importance of units being able to switch to oil during extreme cold weather conditions when there is coincident peak demand for natural gas for heating and generating electricity.” (P. 15) In this respect, the Draft Report also identifies procedures that were developed by the ISO to address system operations during extreme cold weather conditions, including shifting wholesale electricity trading deadline to better align with the natural gas market. While these particular procedures expired after winter 2005/06, in fall 2006, the ISO adopted Appendix H (Operation During Cold Weather Conditions) to Market Rule 1, Section III of the ISO Transmission, Markets and Services Tariff, which is patterned on the procedures implemented on the rules established for operation during cold weather conditions in response to the cold snap experienced in January 2004. The ISO also

reinstated certain market rule provisions that had been part of the Winter 2005/2006 Action Plan to increase the availability of dual-fuel facilities during emergency conditions. The ISO informs the Council of these changes so that the Council can assess the impact of such measures on, including any benefits that may result for, the State.

Market Rules Affecting Supply

The Draft Report briefly discusses the Forward Capacity Market (“FCM”) established pursuant to a Settlement Agreement approved by the Federal Energy Regulatory Commission in June 2006. (P. 19) The ISO calls to the Council’s attention that it anticipates holding the first forward capacity market auction in early 2008, and suggests that the following changes be reflected in the final Report: “ISO-NE anticipates estimates that the first forward capacity market auction would ~~could~~ be held as early as February 2008 ~~December 2007~~, which resources being paid roughly 2.5 years later, in 2010.” (P. 19).

Transmission System

The Draft Report discusses approved transmission projects as well as projects under consideration to increase electricity imports into Connecticut. A listing and update of the transmission projects in the ISO’s Regional System Plan is posted on the ISO’s website at: <http://www.iso-ne.com/trans/rsp/index.html>. The Project List is accompanied by a PowerPoint presentation and Excel file that contain details for each project and is updated periodically throughout the year and presented to New England stakeholders at the Planning Advisory Committee. Please note that this is a password-protected site for CEII and market-sensitive information reasons. To obtain access to this information, please contact ISO-NE Customer Service at 413-540-4220.

Conclusion

The Draft Report correctly states that the ISO plans the transmission system to withstand the higher 90/10 peak loads. (PP. 4-5) As the Draft Report explains, the 90/10 forecast represents the forecast based on extreme weather conditions and has a ten percent chance of being exceeded. (P. 4) In the “Conclusion,” the Draft Report describes the ISO’s “90/10” forecast as “the more stringent” scenario. (P. 29) The ISO’s 90/10 scenario is a standard analysis which, as the Draft Report correctly states, produces more conservative results. (PP. 4-5)

As a general matter, the ISO commends the Council for the analysis presented in the Draft Report, for its thoughtful analysis about the adequacy of supplies to meet demand over the forecast period of 2007 to 2016, including appropriate caveats, and recommendations for ensuring the long-term reliability of the electric system.

Additional Ministerial Comments

In addition to these substantive comments, the ISO also calls to the Council’s attention the following changes for clarification purposes:

- “NRG is also considering the possibility of retiring 492 MW of its ~~existing~~ 497 MW of existing generation at the Montville facility and install a 630 MW clean coal facility.” (P. 8)
- “The ~~2015~~ 2016 fuel mix includes, as an assumption, all three natural gas-fired units that currently have not been constructed and/or completed.” (P. 14)
- “~~See transmission section.~~—The NEEWS Project is discussed further in the transmission section.” (P. 19)
- “However, currently, only 2,106 MW or 56 percent of the approved capacity is ~~now~~ operating.” (P. 22)
- “Distribution lines are those ~~generally~~ below 69-kV.” (P. 23)

- “Connecticut’s electric transmission system is depicted in the map in Appendix B.” (P. 23) Appendix B is not a map.
- “Appendix B shows planned new transmission, reconductoring, or upgrading of existing lines to meet load growth and/or system operability needs.” (P. 23)

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing has been sent via email or first class mail, postage prepaid, on July 12, 2007, to the attached Service List.

s/Anthony M. Macleod
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