

The United Illuminating Company
157 Church Street
PO Box 1564
New Haven CT 06506-0901
Phone 203.499.5858
Fax 203.499.3664

Sigrid E. Kun
Senior Counsel



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Mrs. Kimberley J. Santopietro
Executive Secretary
Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 08-07-01 – DPUC Review of the Integrated Resource Plan

Dear Mrs. Santopietro:

The United Illuminating Company (“UI” or “Company”) has carefully reviewed the draft decision issued by the Department of Public Utility Control (“Department”) in this proceeding on January 16, 2009 (“Draft”). The Draft sets forth determinations in connection with a review of the Integrated Resource Plan (“IRP”) filed by the Connecticut Energy Advisory Board (“CEAB”) with the Department pursuant to Section 51 of Public Act No. 07-242 (the “Energy Act”) as well as the IRP submitted by UI and The Connecticut Light and Power Company (together the “Companies”) to the CEAB as required by the Energy Act. The Company hereby submits this letter as its written exceptions to the Draft. UI does not request oral argument in this matter, but reserves the right to participate if argument is held at the request of one of the other participants in this docket.

The Company appreciates the Draft’s time and attention in analyzing various resources. For example, the Draft’s analyses with respect to transmission recognizes that (i) there is significant difference between a “fully fleshed out project with cost data and significant modeling” and an initial proposal without any contract, (ii) the CEAB should identify deliverables for transmission alternatives to ensure full comparability (and help sponsors craft their proposals), (iii) a multiparty dialogue (including ISO-NE) should occur to develop an appropriate planning process for utilization in comparing alternatives, and (iv) only alternatives to major transmission projects should be evaluated in future IRPs.

The Company, however, also believes that the Draft errs in its narrow interpretation of the Energy Act. The IRP process is perhaps the only available venue for stakeholders to consider the myriad of policy matters affecting, and affected by, resource decisions. The legislature did not intend that these other policy matters be ignored until there was a clear need for new resources. Moreover, no other venue currently exists in which to consider these issues on a holistic basis (i.e., the “integrated” in “integrated resource planning”). UI believes that, instead of setting strict limitations on how future IRPs should be developed, the Department should acknowledge that the Companies, CEAB and everyone else involved are still developing the process. The clear fact that there is no new resource

needs allows for time to turn the IRP process into the comprehensive review of energy issues that it was intended to be.

This first foray into the IRP process has been a significant effort. Much information regarding Connecticut's energy landscape has been compiled. Lengthy hearings that included a diverse set of energy marketplace stakeholders provided for lively and important discussion concerning Connecticut's energy issues now and in the future. The first IRP was a unique opportunity that, consistent with the Energy Act, the Company fully expected would form a first step to an annual process that would help stake out how best to plan for Connecticut's future needs, whenever they may arise. The Company understood the process to be aimed at arriving at "informed readiness" because resource needs cannot be filled overnight in "a manner that minimizes the cost of such resources to customers over time and maximizes consumer benefits consistent with the state's environmental goals and standards" (as expressly required by the Energy Act).

The Companies and the CEAB enthusiastically embraced the challenge and, indeed, have continued to forge ahead in formulating the 2009 IRP, which was submitted by the Companies to the CEAB on January 02, 2009. As noted in this proceeding, the IRP process was envisioned by the Company (and, indeed, the Connecticut General Assembly) as an important mechanism for Connecticut to take control of its energy future and manage resources in a way that will benefit Connecticut consumers now and in the future. UI Reply Brief at 1.

The Draft, however, represents a constrained view of the purpose and importance of the IRP process. The Draft limits what was intended to be a comprehensive review and analysis of the State's energy status and needs by creating a two phase process involving a simple energy and capacity needs assessment to be followed by the preparation of a procurement plan only if a need has been identified.¹ The Draft takes what should be a proactive approach to resource planning and turns it into "an important backstop" that "should be used sparingly when there are clear deficiencies in the market response." Draft at 35. Moreover, the Draft states on two separate occasions (at 33 and 35) that a needs assessment should be performed in a vacuum by emphasizing that "[o]ther policy goals should be considered only when resources are evaluated and selected but should not drive the addition of resources if no need is identified." UI believes that this narrow interpretation of the IRP's purpose could result in significant customer benefits, including cost savings, to be "left on the table" because they may not be properly identified during the times when there is no immediate resource need.

The Draft further openly states that the Department (i) has narrowed the scope of this proceeding to meet statutory deadlines and (ii) must rely on the markets absent "further direction to the contrary by the legislature[.]" Draft at 35. These two observations can be better addressed without the contemplated two-phase process. First, a move to a two-year IRP cycle as contemplated in the Draft would alleviate scheduling concerns. Second, market responses can be solicited in the event that needs or potential benefits are

¹ This two phase approach has three steps: (i) quantify supply resources, (ii) determine whether there is a supply shortfall or surplus and (iii) determine resource increase solutions. Draft at 14.

identified but are not the result of a resource shortfall. This type of market solicitation could allow the market to focus specifically on the identified issues to better ensure that it best meets customers' needs. Moreover, UI believes that the legislature has spoken clearly on this matter. The Energy Act provides for a "comprehensive plan" that includes an assessment of a wide array of issues, including policy matters (such as environmental and economic) as well as matters including fuel diversity, emissions, eliminating growth in demand and other considerations. Moreover, as legislative history reveals, the IRP was intended to be a broad approach to "plan for everyone in this State. It's an integrated approach to try and take into consideration all users in the State of Connecticut and all forms of their usage." See House of Representatives Public Hearing transcript, June 1, 2007 (Representative Mazurek).

The parameters set forth in the Energy Act (coupled with its legislative history) underscore a fundamental need to arrive at answers on a proactive basis, and for these answers to take into account all manner of policy needs in addition to simple measures of resource adequacy. The IRP is the vehicle for the complex discussion of energy issues (including associated and inextricably interwoven policy considerations). There are many drivers to energy issues that extend beyond a simple energy and capacity needs assessment. These should not be deferred until a resource shortage exists. Moreover, there is no other forum that can put consumers first in such an important and wide-reaching fashion. Consumers are justifiably clamoring for answers to their energy concerns, and a comprehensive IRP process can help us formulate these answers.

The Company strongly urges the Department not to narrow the scope of the IRP in a manner that is plainly inconsistent with the meaning and intent of the Energy Act. The IRP is a critical tool for "smart planning" because whatever route is chosen in the future means a different result for Connecticut consumers. There is more important work to be done but a simple two-step approach to the IRP process means that all of this potential for discussion of and planning around key and emerging energy issues would be deferred until a resource adequacy issue is identified.

The Company recommends that the Department instead use the opportunity provided by the clear resource surplus over the next few years to allow the Companies and the CEAB to continue to refine the IRP process and to develop the comprehensive planning tool that was envisioned by the legislature. The collaborative process established by the Companies and the CEAB in the development of the 2009 IRP was a watershed event for energy planning in Connecticut, and significant progress is being made toward establishing a complete and thorough 2010 plan that will fully meet the legislature's vision.

Very truly yours,


Sigrid E. Kun

Cc: Service List