

## **Appendix F**

### **Position Papers of Task Force Members**

# **Position Papers of Task Force Members**

**ISO New England Inc.**

**Connecticut Light and Power Company**

**Connecticut Fund for the Environment, Inc.**

**Yankee Gas Services Company**

**Connecticut Natural Gas Corporation and The Southern Connecticut Gas Company**

**Department of Public Utility Control**

**Cross-Sound Cable Company, LLC**

**Connecticut Department of Agriculture**

**Save the Sound, Inc.**

**The United Illuminating Company**

**Connecticut Seafood Council**

**Department of Environmental Protection**

**Federal Energy Regulatory Commission**

**SBC/SNET**

**ISO New England Inc.**  
**Preliminary Position Paper**  
**Connecticut Task Force and Working Group on Transmission Projects**

**I. Executive Summary**

Earlier this year, Governor Rowland and the Connecticut General Assembly imposed moratoriums on any new proposals for projects to cross Long Island Sound until June 2003 and on any approval of the proposed Bethel to Norwalk 345kV transmission line until February 1, 2003. In Executive Order No. 26 and Public Act 02-95 (PA 02-95, or "the Act"), the Governor and General Assembly established a Task Force and Working Group to examine the advantages and disadvantages of energy crossings of Long Island Sound and to review alternatives to the Bethel to Norwalk electric 345kV transmission proposal respectively. Both these groups were charged with preparing reports by a date certain for the Governor and the General Assembly's review. Because the Governor and the General Assembly appointed ISO New England Inc. ("ISO-NE" or the "ISO") as a member of both the Task Force and the Working Group, and pursuant to the request of the Task Force and Working Group mediator, ISO-NE herein respectfully submits its views on these initiatives.

The following preliminary position paper includes two sections. Section II provides an introduction to ISO-NE and background to this proceeding. Section III describes the ISO's preliminary position with regard to the Working Group and Task Force initiatives.

Section III.A outlines principles for the Connecticut Task Force and Working Group to consider as they make decisions about both the content of the report as well as any specific recommendations to be made to the Governor and the General Assembly.

Section III.B provides an overview of the current process for electric system planning in New England. This is a process that has been established by the Federal Energy Regulatory Commission ("FERC") and is embodied in the NEPOOL Open Access Transmission Tariff ("NOATT"). The NOATT represents the governing rules for all aspects of transmission service. Under the NOATT, the ISO is responsible for facilitation of a robust public stakeholder process and coordination and integration of resources and information with neighboring control areas, i.e., New York and Canada.

Section III.C provides ISO-NE's review of PA 02-95 and Executive Order No. 26. ISO-NE selected key issues from both PA 02-95 and the Executive Order in which we are uniquely qualified to provide a response. These issues include interconnections to the New England power grid, a comparison of overhead and underground transmission lines and the potential for demand response resources.

Upon completion of the Working Group and Task Force's review of the energy needs of the State of Connecticut, it is essential that the State take prompt measures to address the critical need that has been identified in southwest Connecticut ("SWCT"). In this regard, the ISO believes that the final report's assessment of the state's energy situation should appropriately build and rely on the ISO's regional planning process ("RTEP"). (See Section III). The ISO is hopeful that the past two years of comprehensive and thorough analysis by ISO and public and private stakeholder review in the RTEP process examining the needs of New England generally and southwest Connecticut specifically will help expedite the State's consideration of appropriate measures to secure a reliable energy future.

## **II. Introduction & Background**

ISO-NE is a Delaware chartered, not-for-profit federal utility operating under a services agreement with the New England Power Pool (“NEPOOL”) and regulated by the FERC. Neither the ISO’s employees nor its Board of Directors have a financial interest in the wholesale electricity markets. Pursuant to the FERC’s policy, the ISO is charged with the reliable operation of the New England Power system, oversight of wholesale electricity markets in the New England region, administration of the regional open-access transmission tariff, and regional planning of the power system.

Governor Rowland and the General Assembly have named ISO-NE to the Task Force and Working Group established pursuant to Executive Order 26 and PA 02-95. We are pleased to provide our perspective on the planning and operation of the New England bulk power grid. Further, given our mission of providing - and safeguarding - reliable electric service, we view it as our responsibility to be actively engaged in any effort to examine and understand the provision of reliable and efficient electricity on the New England bulk power system.

Specifically, the Working Group is charged with studying underground versus overhead transmission lines in southwest Connecticut, studying the feasibility of meeting the region’s power needs with distributed generation, and studying the reliability, operational and safety concerns of the region’s transmission system. The Working Group is required to report on its findings and, if necessary, make legislative recommendations by January 1, 2003.

The Task Force is charged with producing a comprehensive environmental assessment and plan for Long Island Sound, evaluating ways to mitigate the number of energy crossings in Long Island Sound, and making recommendations for providing for regional energy needs while protecting Long Island Sound. The Task Force is required to report on its findings and recommendations by June 2003.

ISO-NE agrees with the Governor and the Legislature’s recognition that Southwest Connecticut is facing a serious energy problem that requires a comprehensive solution to ensure an adequate and reliable supply of electricity for the state and region. Further, ISO-NE is pleased that the Governor and other state and local officials have acknowledged that there are, in fact, areas in Connecticut where it has been determined that transmission must be sited.

The ISO is hopeful that the result of this process is that the State will implement, in prompt fashion, a robust and long-term strategy to help secure Connecticut’s energy future and contribute to a reliable and robust regional marketplace. It is critical that this effort, and any similar effort to establish other state-specific energy plans, recognize that states operate within a regional market with regional infrastructure.

### III. Preliminary Positions

#### A. Principles for Task Force and Working Group Consideration

ISO-NE recommends these principles to the Task Force and Working Group:

1. **Connecticut faces a serious energy problem today that requires the development and implementation of near-term and long-term solutions.**

ISO-NE has found, through extensive engineering studies and first-hand operational experience, a serious energy infrastructure problem in southwest Connecticut. The fundamental problem is the inability of the transmission system to import power into southwest Connecticut and the inability of the system to reliably move power within southwest Connecticut. This situation threatens reliability of service and creates system congestion resulting in additional cost to consumers within the State.

2. **Connecticut is part of an interconnected regional power grid and cannot be considered an energy “island.”**

Since 1971, the six New England states have been part of an interconnected regional grid, which has evolved against a backdrop of cooperative, coordinated planning and operation. As such, Connecticut is integrated into the New England system. Simply, there is no stand-alone “Connecticut” electric grid. Underscoring this reality is the fact that Connecticut has been a net *importer* of electricity. Connecticut is interconnected with New York and has vital links in the operation of the Northeast Grid.

3. **A regional power system must be planned and expanded on a regional basis.**

The region’s power system is a resource to all of the states in New England. Regional power systems are designed to provide access to the most efficient resources available on the system, which also has the benefit of reducing the need for overall investment. Regional power systems also allow recovery from contingency events. When a resource within a state in New England is out of service, that state can draw upon the resources of the New England region to maintain electric service. That’s why the lights don’t go out in Connecticut when the Millstone units are offline, or when a transmission line in southwest Connecticut is out of service. The New England bulk power system must be planned and expanded on a regional basis because the system is comprised of interconnected transmission and generation resources that are *operated* on a regional basis. The ISO is responsible for system planning and expansion and performs this function on behalf of the region.

4. **Continuous assessment of a dynamic power system is essential to identifying new needs, achieving appropriate and timely solutions and preventing system redundancy.**

A comprehensive plan for Connecticut must recognize that the Region’s energy infrastructure is not static. To truly be an effective guide for appropriate solutions, an energy plan needs continuous assessment to reflect the most up-to-date system conditions, both in the state of Connecticut and throughout the region. This requires ongoing monitoring of the system and incorporating any modifications or updated assumptions for generation, transmission and demand. The ISO’s RTEP process is the most comprehensive ongoing, and iterative analysis of the regional power grid. It is this aspect of the process that provides for the most appropriate decisions and allows for timely implementation of needed solutions. Additionally it provides the most appropriate and accessible avenue for stakeholders

throughout New England to be informed and involved in the ongoing regional planning process. Any state energy planning effort or initiative should be coordinated with the discussion and activities of the RTEP process.

**5. Connecticut needs to keep pace with growing energy demand in a restructured market.**

Restructured wholesale electricity markets have attracted significant new, cleaner, more competitive sources of power. For many reasons, much of this new supply has not been sited near demand centers such as southwest Connecticut. The current transmission infrastructure is inadequate, resulting in increased costs and decreased reliability of service in southwest Connecticut.

Expanding the transmission system is not the only way to address the problem of congestion. Distributed generating resources located closer to the demand centers and demand response and reductions could serve the same purpose. The ISO's current RTEP report calls for both near-term and long-term solutions to the energy problems facing southwest Connecticut. Near-term solutions include transmission upgrades that increase power import capability and voltage support, and aggressive efforts to develop demand response in specified areas. The ISO also supports the current transmission proposal that would significantly expand the transmission backbone in SWCT as an effective long-term solution to the problem.

**6. Connecticut's energy plan must be completed on time and prompt action taken thereafter.**

It is important that the Task Force and the Working Group produce these reports consistent with the timetable established in the act to allow regulatory officials to proceed expeditiously with pending applications once the moratorium is lifted. While regional energy markets and federal energy policy may be in a state of transition, the reliability of electric service in southwest Connecticut is in jeopardy today and will worsen each year. To preserve reliability and appropriately meet the energy needs of the State, it is important that Connecticut move toward a decision on proposed energy infrastructure. The Working Group and Task Force play a critical role in the State's review of an appropriate solution to this matter.

## **B. Overview of Electric System Planning in New England**

### **1. Effects of Restructuring**

The changes brought about by electric industry restructuring – most notably utility divestiture of generating plants and load-serving responsibilities – have impacted the planning and operation of the regional power system. Simply stated, in much of New England, local utilities no longer own the generation needed to serve their load. The bulk power system was built under a regulatory structure that promoted the efficient serving of vertically integrated utilities' native load. In the restructured environment, power transactions patterns have changed significantly and transmission congestion has increased on the power system. In some areas, this, coupled with the lack of investment in the generation and transmission infrastructure, has resulted in decreased reliability and the potential for increased costs. In September 2000, the FERC conveyed upon the ISO responsibility for a new system assessment and expansion process that would address the realities of the newly restructured marketplace.

### **2. Regional Transmission Expansion Plan (RTEP)**

In its July 3, 2002 report on Southwest Connecticut, the DPUC observed that while “the responsibility of regulators and utilities has changed over the past few years with electric restructuring[,] [t]ransmission is still owned by the utilities but, planning is done by ISO-NE and is regulated by the [Federal Energy Regulatory Commission].”<sup>1</sup>

This new system assessment and expansion process, called the Regional Transmission Expansion Plan, or “RTEP,” includes an on-going needs assessment of the bulk power system. The RTEP process provides an analysis of the reliability and economics of the power system and invites market solutions to identified reliability and congestion issues, including new generation, merchant and elective transmission, and demand (load) response. To the extent that the market does not adequately address system problems or needs, the RTEP process outlines a coordinated transmission plan that identifies needed projects for ensuring a reliable electric system and for reducing congestion. The RTEP coordinates planned market responses with needed reliability and economic upgrades. Ultimately, the RTEP seeks to promote a reliable, regional bulk electricity system that can support a robust marketplace, with due consideration given to environmental issues and concerns.

RTEP analyzes the New England system on a sub-regional basis, breaking the system into 13 transmission sub-areas that represent the physical system as well as more detailed “bus by bus” analysis, and beyond into PJM and Ontario. The RTEP includes analysis on an interregional basis, including neighboring New York, the Maritimes, and Quebec. (For example, Connecticut is represented by three distinct and separate sub-areas: “Nor-Stam”; “SWCT” and CT).<sup>2</sup> Using proven reliability and economic models, the RTEP assesses the state of the bulk transmission system in terms of reliability and economic congestion. Studies performed under the RTEP seek to explore, in detail, the problems identified within and between sub-areas, develop and review possible alternatives for feasibility and select the most effective solution. The work encompasses technical consideration of thermal, voltage and stability limits and system and equipment performance under a wide range of potential operating conditions. In fact, the RTEP process that uncovered the problems in SWCT also led to the comprehensive analysis of southwest Connecticut that included a very detailed look at that area.<sup>3</sup>

<sup>1</sup> Docket No. 02-04-12 DPUC Investigation into Possible Shortages of Electricity in Southwest Connecticut During the Summer Periods of Peak Demand, p. 35, July 3, 2002.

<sup>2</sup> See Attachment.

<sup>3</sup> Southwestern Connecticut Reliability Study, Interim Report, January 2002

The RTEP process incorporates diverse stakeholder input from Market Participants, state regulators and other interested parties through the Transmission Expansion Advisory Committee, or TEAC. The ISO is required to consider and relies on TEAC input to produce its annual Regional Transmission Expansion Plan. The presentations made at TEAC meetings by ISO-NE along with the meeting minutes are available for review by the public on the ISO-NE web site. These meetings generally occur every 4-6 weeks and all Connecticut agencies are urged to participate. Presently, the DPUC and Office of Consumer Counsel attend regularly.

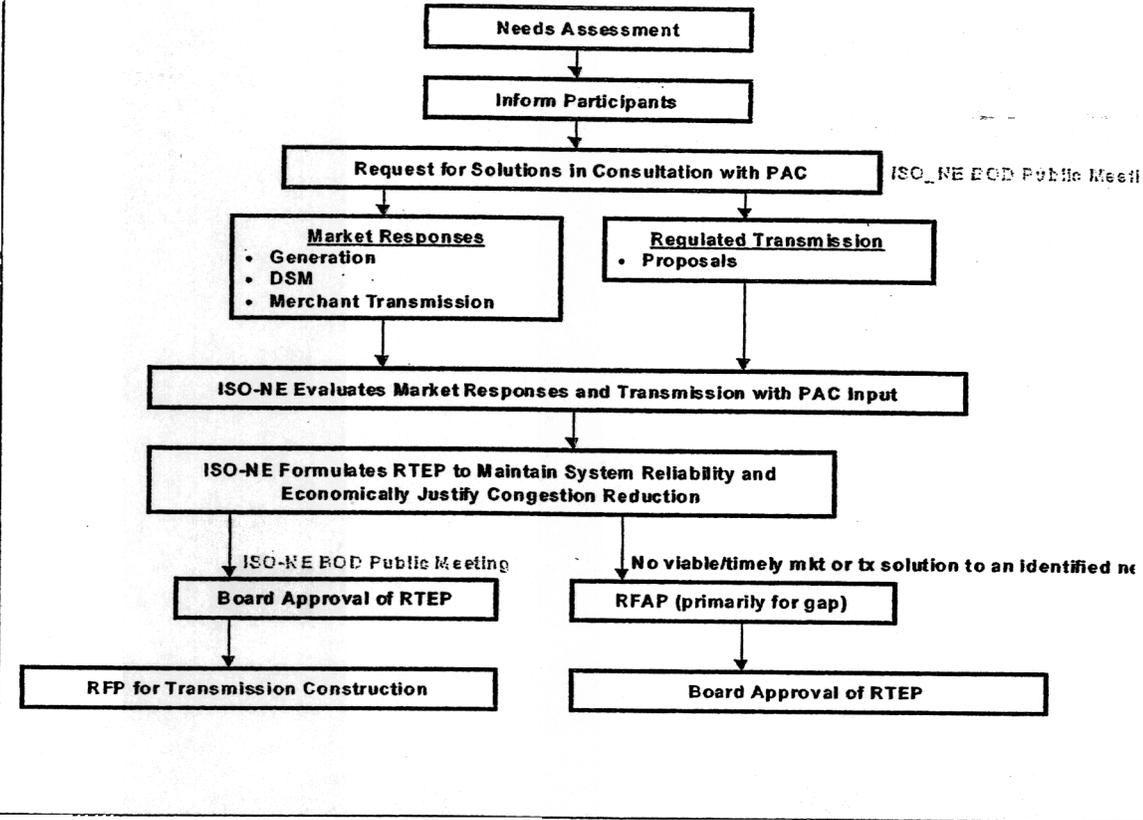
- **RTEP is an Ongoing Assessment**

The RTEP process continuously identifies the economic and reliability problems and evaluates a range of potential solutions in a comprehensive and integrated manner. The first issuance of the study, RTEP01, provided an assessment of the system that served as an initial “request for solutions” and as a status report of transmission planning studies. The development of RTEP02 reflects stakeholder and public input and continual updates to technical information and projected system conditions.

State-specific energy plans should recognize that electric energy flows by means of an interconnected regional power grid that does not recognize political boundaries. There is no “Connecticut” electric grid that is distinct from the New England electric grid. And because the RTEP process incorporates diverse and ongoing stakeholder input and review, the Working Group and Task Force recommendations should take into account and build upon the RTEP process as a comprehensive needs assessment and a timely identification of cost-effective transmission solutions.

The existing RTEP process is depicted below.

# RTEP Process Flow



## **C. Review of PA 02-95 and Executive Order No. 26**

### **1. Review of PA 02-95**

PA 02-95 requires an evaluation of meeting the Region's energy needs that do not require the laying of a power line or cable within Long Island Sound (Section 3(C)). At the same time, the Act requires an evaluation of the reliability and operational impacts to the state and region presented by proposed crossings of Long Island Sound and an evaluation of the impact on reliability by limiting such crossings. (Section 3(F)).

In addition, PA 02-95 requires the Working Group to assess: (A) The economic considerations and environmental preferences and appropriateness of installing transmission lines underground or overhead; (B) the feasibility of meeting all or part of the electric power needs of the region through distributed generation; and (C) the electric reliability, operational and safety concerns of the region's transmission system and the technical and economic feasibility of addressing those concerns with currently available electric transmission system equipment.

Once a determination has been made that transmission is an appropriate solution for Connecticut, there are essentially two options: overhead and underground (including underwater) power lines or cables. The Task Force should consider that restricting cables in Long Island Sound could place additional pressure on the need for terrestrial routes for new transmission lines. Furthermore, as part of the interconnected network, the Long Island Sound crossing interconnections with New York provide benefits to Connecticut and the rest of New York.

#### **a. Interconnections enhance reliability for a dynamic and integrated bulk power system.**

New England has direct interconnections with New York, Quebec, and New Brunswick. Connecticut has four direct interconnections to New York. These tie lines enhance reliability and economy of operation, and they reduce the need for overall capital investment. In order to address effectively Connecticut's and the six-state region's energy needs, it is critically important to understand that the Northeast bulk power grid is dynamic and tightly integrated. This means that power naturally flows across state lines and the patterns of those flows can change depending on the availability of transmission lines and generation on any given day, the need to maintain transmission facilities and generating units, the operation of new transmission facilities and generating units, and the relative demand for electricity in any given state. As an example, on any given day, the Metro Boston area may receive electricity service from generators in Rhode Island, and as far away as Maine.

Therefore, while energy may flow to New York over cables crossing Long Island Sound, those cables also provide important reliability benefits for Connecticut energy users, especially when unexpected outages occur in Connecticut. ISO-NE coordinates the operation of these cables with the New York ISO, especially when reliability is jeopardized in New England or Connecticut. As the General Assembly recognized, the final energy plan must acknowledge that Connecticut is part of a regional electric grid.

For example, New England, Connecticut, and indeed, southwest Connecticut have been net importers of electricity, *i.e.* these sub-regions import more electricity than they export. As a result, while power is exported from Connecticut on many occasions, the Connecticut, Southwest Connecticut and Norwalk-Stamford RTEP sub-areas were net importers of electricity for the period June 2001 through May 2002. Southwest Connecticut must import power from other parts of the state, New England, and New York since there is insufficient generating capacity in the 52-town region to meet demand. More

generally, New England was a net importer of electricity over the external ties to New York and Canada for the same period.

Some have suggested during this process that a utility corridor be established within Long Island Sound, or that various transmission projects be consolidated. The Task Force should recognize the reliability benefits afforded by both large and small interconnections. ISO-NE recommends that careful consideration be given to the advantages and disadvantages of this corridor approach to transmission siting. In considering a single “corridor,” recognize there might be reliability benefits to diversified routes so that common outages aren’t a problem. This issue is recognized by Northeast Power Coordinating Council criteria that include consideration of loss of right-of-way (for overhead lines) as an extreme contingency.

There should also be recognition that routing cables between points within Connecticut might best be achieved via routes under Long Island Sound. A siting approach that objectively assesses alternatives would result in the most robust electrical solution with the least adverse environmental impact.

Interconnections allow for lower capacity investment, enhanced reliability, economic transfer, potential environmental benefits, and promote fuel diversity.

**b. Analysis of overhead lines and underground cables raise reliability and cost considerations**

From a planning perspective, the primary question in considering whether installation of underground (or underwater) cables is an appropriate transmission solution is whether any proposal to install underground cables appropriately address reliability criteria.

The secondary question is considering the implications of additional costs associated with construction and maintenance of underground lines. The application by Northeast Utilities Service Company for the construction of a 345-kV electric transmission line and reconstruction of an existing 115-kV electric transmission line between Bethel and Norwalk, Connecticut (Siting Council Docket 217) includes cost estimates for underground alternatives. The Task Force should recognize that the technology and the associated costs for installation and maintenance are different for underground transmission cables than for overhead transmission lines.

Connecticut operates within a regional energy market, and also within a regional transmission market, which is supported by the NOATT. Today’s transmission upgrade funding structure under the NOATT “regionalizes” the cost of reasonable and appropriate transmission upgrades, such as the one needed in southwest Connecticut, throughout the entire six state New England region. (For example, 1,600 miles of 345kV overhead lines already exist in New England, and 400 miles are in Connecticut alone).

Consideration of underground transmission cables therefore requires recognition of two factors that relate to allocating the costs of such cables. First, the NOATT does not recognize transmission facility “gold-plating,” *i.e.*, unnecessary expenditures, as appropriate for cost “regionalization.” Second, the FERC has expressed concern about whether “regionalization” of transmission facility upgrade costs is appropriate.

As a result, all of Connecticut could be subject to higher power costs if the State selects a preference for underground transmission lines. The costs associated with an underground cable could be localized in Connecticut rather than “regionalized” throughout New England under the rules of the

NOATT or through a change in the FERC's policy. (See NEPOOL Planning Procedure 4: Procedure for Determination of Cost Responsibilities of NEPOOL PTF Transmission Facility Upgrades or Additions.)

**c. Promoting distributed generation and demand response represent sound energy policy.**

As noted in Section III.B above, under the FERC-established NOATT, to the extent that the market does not adequately address system problems or needs, the RTEP process outlines a coordinated transmission plan that identifies needed projects for ensuring a reliable electric system and for reducing congestion. Distributed generation and demand response represent two such market solutions that can assist in a more reliably functioning power grid.

The Department of Environmental Protection, the agency responsible for issuing air emissions permits for distributed generating ("DG") units, testified before the Task Force that distributed generation is growing, in part, because businesses want greater reliability and power quality.<sup>4</sup> Distributed generation may be part of the solution to meeting the energy needs of users within the region and should be considered as a resource for demand response. As a resource for demand response, distributed generation has the potential to provide the system operator with greater flexibility in operating the system during peak demand periods. As the DPUC has recognized, however, there are obvious barriers to distributed generation. ISO-NE recommends that the Task Force monitor the proceedings the DPUC plans for distributed generation interconnection.<sup>5</sup>

In RTEP02, the ISO recommended that State regulators "implement measures to promote distributed resource programs",<sup>6</sup> including the use of DG. Installation of distributed generation and demand response, more generally, assist in creating a robust market for electricity through the ability of end users to reduce demand on the transmission system when transmission congestion, and therefore prices, are high.

Another of the key recommendations contained in RTEP02 is to "continue to promote effective Load Response Programs ("LRP") in New England, especially in the SWCT and Norwalk sub-areas, as well as other load pockets."<sup>7</sup>

The RTEP02 studied price-responsive demand side management ("DSM") in congested areas of the New England system, including the three Connecticut sub-areas and Boston. The study showed that the combined SWCT and NOR Sub-Areas experienced a substantial reliability improvement for modest reductions in demand. This underscores the significant impact that load reductions, i.e., LRP or DG, can have on improving reliability.

Conclusions from these two RTEP02 analyses indicate that LRP and DG can have a very significant benefit in terms of both reliability and savings in congestion costs. And while these resources will benefit the State, the ISO does not believe that they are presently a substitute for critical reliability areas, such as southwest Connecticut. Because of the lack of any significant market response and because of the inadequate transmission facilities in the region, until these resources can be installed in critical areas to provide the same degree of reliable and flexible service as transmission facilities, they should not be viewed as pure substitutes for transmission.

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<sup>4</sup> *Energy Issues Presentation*, Chris James, Connecticut DEP, Director Air Planning and Standards Division, July 18, 2002

<sup>5</sup> Docket No. 02-04-12 Final Report, p. 33

<sup>6</sup> 2002 Regional Transmission Expansion Plan (RTEP02), ISO New England, September 11, 2002, p. 15.

<sup>7</sup> *Ibid.*

**d. The ability of currently available equipment to serve reliability, operational and safety concerns.**

There are numerous upgrades in progress on the bulk power grid that employ currently available electric transmission equipment. For example, Connecticut Light & Power is installing a FACTS dynamic voltage controller (“STATCOM”) at the Glenbrook Station in Stamford. The DPUC identified the limitations of such upgrades recently. The DPUC stated, “[w]hile upgrades to the Glenbrook Substation will improve voltage support they will not increase transmission import capability to the Norwalk - Stamford area.”<sup>8</sup> The Task Force should recognize that while such upgrades do improve the performance of the system and therefore are always an appropriate alternative for analysis, they may not be sufficient to address transmission line loading operational limitations that, coupled with a lack of local supply, could be problematic.

**e. Appropriate Legislative Changes**

PA 02-95 states that the Working Group shall include legislative changes in its January 1, 2003 report. The Working Group has been asked by local officials to consider changing the rules governing the Connecticut Siting Council’s process for reviewing applications. (This issue was introduced at the May 17 organizational meeting and restated at the hearing in Norwalk.)

Officials from the Town of Norwalk have stated that the three phases contemplated by NU ought to be considered simultaneously by the Connecticut Siting Council. While these three projects may each affect Norwalk, they are in different stages of development and serve different purposes. Phase 1, which extends the 345 kV line from Bethel to Norwalk, is embodied in NU’s present application before the Siting Council (Docket 217). Phase 2 envisions extending the 345 kV line from Norwalk to Middletown. Phase 3 envisions a new tie to New York. Phases 1 and 2 are proposed for reliability purposes, while Phase 3 is a merchant transmission proposal and is not needed for reliability. Holding up the approval of an existing application until concept-stage projects are developed would *further delay needed transmission improvements* provided by earlier phase projects.

**3. Review of Executive Order 26**

**Energy Crossings of Long Island Sound**

Executive Order 26 calls for: (a) An evaluation of methods to minimize the numbers and impacts of energy crossings within Long Island Sound; (b) Recommendations for providing for regional energy needs while protecting Long Island Sound; (c) An assessment of the present status, future potential, and environmental impacts of proposed methods for laying of a power line, pipeline or cable; and (d) An identification of possible measures that may be taken to mitigate environmental impacts and maintain the aesthetic integrity of regions in Connecticut where it has been determined transmission must be sited.

It is important for the Task Force and the Working Group to recognize in formulating “recommendations for providing for regional energy needs” that Connecticut is part of an integrated regional power grid. Simply stated, there is no standalone “Connecticut” electric grid.

Other than the replacement of the existing cable from Norwalk to Northport (Long Island), NY, which is owned by Northeast Utilities and built into the Connecticut rate base, every proposal to construct a cable under Long Island Sound is proposed as a merchant transmission project by an independent market participant and would not be paid for by Connecticut ratepayers. Market participants are within

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<sup>8</sup> Docket No. 02-04-12 Final Report, p. 19

their rights to propose merchant transmission under the open access policy of the FERC established by Order 888.

Three companies have submitted eight different proposals to cross Long Island Sound and connect to the New England bulk power grid.<sup>9</sup> These are merchant proposals to sell power across control areas and would function much like the existing tie lines to New York and Canada. ISO-NE's obligation for each proposal is limited to studying the feasibility of making the proposed interconnection to the New England system to support the operation of the line. ISO-NE does not have a process or the authority to assess the merits of one merchant transmission project versus another. That responsibility rests with Connecticut policymakers and the Connecticut Siting Council.

It is generally accepted that some of these are competing projects. Ultimately the marketplace and state regulators will decide which of these projects will go forward. (The "spaghetti" map of proposed projects, which has been on display at Task Force meetings, is only conceptual.)

#### **IV. Conclusion & Impact of the Moratorium**

It is important that the Task Force and the Working Group produce these reports consistent with the timetable established in the act to allow regulatory officials to proceed expeditiously with pending applications once the moratorium is lifted. This is important to enable Connecticut to move toward a decision on proposed energy infrastructure to preserve reliability and appropriately meet the energy needs of the State.

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<sup>9</sup> ISO-NE Interconnection Study Status: [http://www.iso-ne.com/transmission\\_services\\_and\\_generation\\_interconnection/New\\_Interconnections/Interconnection\\_Study\\_Status.xls](http://www.iso-ne.com/transmission_services_and_generation_interconnection/New_Interconnections/Interconnection_Study_Status.xls)

## **Public Act No. 02-95 Legislative Task Force**

### **Preliminary Position Statement of CL&P**

**July 26, 2002**

#### **Connecticut Light and Power Company's Involvement on the Task Force:**

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).

The restructuring has also resulted in significant changes to the process of review and approval of transmission projects, primarily in roles and responsibilities of distribution companies and regulators. For example, planning for electric 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 electric 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 a local electric distribution company, CL&P is a member of the Task Force created by Section 3 of Public Act 02-95, An Act Concerning the Protection of Long Island Sound. Section 3 requires that "a comprehensive environmental assessment and plan" be developed by the Task Force under the direction of the Institute for Sustainable Energy (ISE). Multiple mechanisms, including focused, factual workshops, public hearings, written public comments, and the contemplated collaborative process, satisfy the statute's further direction to solicit the input of others in addition to the members of the Task Force in this development process.

### **The Work of the Task Force:**

The Task Force is charged by statute to develop a framework that will assure an evaluation of project proposals, which balances appropriately the need for cost-effective and reliable utility resources and the commitment to continued protection of Connecticut's environmental resources. This framework is not intended to substitute for or otherwise direct the outcome of the regulatory approval processes that apply to existing proposals. Rather the hope would be that the framework would guide these regulatory approval processes, detailing and potentially sequencing the considerations in a generic manner, lending itself to ready application in the context of individual proposed projects. Should the adherence to this guidance suggest the need for revisions to the current regulatory approval processes for individual projects, including the available mechanisms for defining the balance among multiple needs and multiple environmental resources, such revisions may be identified by the Task Force.

Incorporating by reference those listed in Executive Order Number 26, Public Act 02-95 sets forth the criteria to be reviewed and analyzed when developing the assessment and plan. The Task Force's assessment and plan, with reference to these criteria, will provide the regulatory authorities, the applicant and other interested entities with the end product of this statutorily-directed development process. These criteria are to be reviewed during the collaborative process.

The specific issues that the Task Force is required to address in regard to electric transmission lines are as follows:

1. An evaluation of methods to minimize the number and impacts of energy crossings within Long Island Sound (LIS);
2. Recommendations for providing regional energy needs while protecting LIS;
3. An assessment of the present status, future potential, and environmental impacts of proposed methods for laying electric power lines, gas pipelines or telecommunications cables;
4. An identification of possible measures to mitigate environmental impacts and maintain aesthetic integrity of regions in Connecticut where it has been determined transmission must be sited;
5. A comprehensive inventory and mapping of existing environmental data on the natural resources of LIS;
6. An evaluation of the relative importance and uniqueness of natural resources and an identification of the most ecologically sensitive natural resources of LIS;
7. An assessment of the present status, future potential and environmental impacts on LIS of meeting the region's energy needs that do not require the laying of power lines, gas pipelines or telecommunications cables within LIS;
8. An evaluation of methods to minimize the numbers and impacts of electric power line crossings, gas pipeline crossings, and telecommunications crossings within LIS, including the individual and cumulative effects of any such crossings;
9. An inventory of current crossings of LIS and an evaluation of the current environmental status of those areas;

10. An evaluation of the reliability and operational impacts to the state and region of proposed LIS crossings and an evaluation of the impact on reliability by recommended limitations on such crossings;
11. Recommendations for providing for regional energy needs while protecting LIS to the maximum extent possible;
12. Recommendations on natural resource performance bonds.

The clear focus of this mandate is to review issues related to LIS. Several of these issues, which can be grouped into information inventory and technical assessment, require the gathering and analysis of data related to technical aspects of LIS data and electric cable, gas pipeline and telecommunications cable crossings. Several issues, including item 4, which appears to focus primarily on overland transmission projects, suggest process changes.

**Proceeding with the Work of the Task Force:**

Within this statutory framework, the Task Force should proceed on two tracks toward the development of the assessment and plan. The first track would be discussions and collaboration among Task Force members on elements of an enhanced process that may be appropriate to facilitate the regulatory review in connection with the siting of projects. The Task Force's plan would then include these agreed-upon process enhancements. The Task Force can note any significant unresolved issues in the plan or an appendix to the plan.

The second track would consist of the preparation of an assessment by the consultant retained by ISE. As required by the Request for Proposal (RFP), this consultant would gather and summarize existing data to fulfill the assessment directives of Section 3 of Public Act 02-95. Once the draft assessment is completed, the members of the Task Force will review it. At his or her option, any Task Force member may comment on the draft assessment. The draft assessment would be an appendix to the Task Force's plan. The Task Force can note any significant unresolved issues with the draft assessment in the plan or an appendix to the plan.

**Addressing the Final Assessment and Plan:**

During the collaborative phase of its task, the Task Force should address three components in the final assessment and plan. These three components (information inventory, technical assessment and process assessment) derive from the directives of Section 3. Below CL&P identifies potential key questions for the Task Force, to be addressed either directly or utilizing the consultant preparing the draft assessment.

**1. Inventory of Existing Database of Long Island Sound Resources**

**a) Key Questions**

What data currently exists on the natural resources of LIS? Where is it located?

Where are there gaps in the current database? Is the missing data potentially relevant? Is it reasonably attainable?

What are the most ecologically sensitive natural resources of LIS?

What are the existing crossings of LIS?

What is the status of these crossings?

**b) CL&P Proposal**

CL&P proposes that:

(i) The ISE consultant complete a survey of existing data on LIS natural resources, which collects, categorizes and summarizes existing data within the public domain, primarily from governmental entities;

(ii) The ISE consultant identify the most ecologically sensitive natural resources, based upon a review of the existing data and the literature;

(iii) The ISE consultant identify the gaps in the existing data on LIS natural resources; and

(iv) The ISE consultant identify the existing crossings of LIS.

**2. Technical Assessment**

**a) Key Questions**

What are the technical considerations of laying power lines, gas pipelines or telecommunications cables in LIS? How do they affect the environment?

What are the relative effects of laying power lines, gas pipelines or telecommunications cables in LIS compared with other activities within LIS?

To what extent are the laying of power lines, gas pipelines or telecommunications cables compatible with each other, thereby making it possible to minimize the number of LIS crossings by the use of corridors?

Should there be a limitation on or identification of corridors for purposes of laying power lines, gas pipelines or telecommunications cables? If so, what is the basis for limitation?

Are there reliability and operational impacts with a limitation on corridors for purposes of laying power lines, gas pipelines or telecommunications cables?

What measures can be taken to mitigate the impacts of LIS crossings?

)

**b) CL&P Proposal**

)

CL&P proposes that the ISE consultant review materials which are part of the Task Force's record, the data systems of DEP and other governmental entities and other sources for the purpose of providing a summary analysis of these technical issues. After the ISE consultant has either made significant progress or completed its initial assessment and analysis, the Task Force can then work toward finalizing this assessment and making and recommendations.

**3. Regulatory Considerations**

**a) Key Questions**

)

What are the existing regulatory programs, processes and standards that apply to the regulatory agency evaluation and approval of projects that cross LIS?

What information needs to be considered if we are to responsibly manage the ecology of LIS?  
What information do we currently have (see above in inventory)?

What does the information we have say about how well we are managing LIS?

Are individual property rights adequately and appropriately considered under the current state regulatory structure?

)

What is the viability of and potential role for natural resource performance bonds?

How, when and to what extent are the cumulative, incremental, direct impacts of additional, multiple crossings of LIS?

When, what and how are measures taken to mitigate environmental impacts?

When, what and how are measures taken to enhance environmental benefits?

What mechanisms currently assure coordination of approval processes for individual cross LIS projects?

Are there better mechanisms that could better assure coordination of approval processes for individual projects?

What mechanisms currently consider the incremental and direct impacts of individual projects in the context of the existing infrastructure and future needs?

What mechanisms currently assure public participation in the evaluation and approval processes for individual projects?

What is the role of the Connecticut Department of Environmental Protection?

What is the role of the Connecticut Siting Council?

Are security and privacy among the considerations when evaluating the alternatives commercially available to meet regional energy needs?

**b) CL&P Proposal**

CL&P proposes that:

(i) The Task Force review the existing regulatory process in which LIS crossing projects are reviewed;

(ii) The Task Force, to the extent possible, recommend policy changes or adjustments or construction or maintenance approaches, if any may be appropriate, consistent with agreed upon approaches to facilitating projects in an environmentally compatible way;

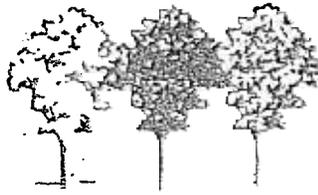
(iii) The Task Force ensure that any recommended policy changes or adjustments are consistent with federal requirements and mandates;

(iv) The Task Force review the extent to which the Siting Council's current process for review of, and receipt of comment on, individual projects' development and management plans provides the analysis (or the opportunity for analysis) of methodologies for mitigation of environmental impacts and enhancement of environmental benefits and the balancing of competing environmental resource considerations; and

(v) The Task Force review the mechanisms for public participation in the Siting Council regulatory approval process.

Moving forward, as a fully engaged member of the Task Force, 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 plan 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 should be defined in scope and time. While any current project proposals may be instructive as to the appropriate elements of the assessment and plan, the Task Force should not become a forum for decisions on specific projects; these projects will be reviewed and analyzed in detail by the regulatory authorities, each of whom will afford adequate opportunity for meaningful public input. To be of greatest value

to the greatest number, this assessment and plan should be usable by the agencies when reviewing projects, proposed, contemplated and not yet contemplated.



Connecticut Fund for the Environment

**Preliminary Position Paper of the Connecticut Fund for the Environment,  
Member of the Long Island Sound Task Force**

**By Curtis Johnson and Penny Anthopolos**

The Connecticut Fund for the Environment (“CFE”) views the Long Island Sound Task Force as an opportunity to use sound planning to avoid, wherever possible, the very real threats that energy crossings pose to Long Island Sound, an important regional and national estuary.

In order to fulfill the mandate set by the Legislature in creating this Task Force, the Connecticut Fund for the Environment perceives that several steps must be taken: (1) to complete a thorough and comprehensive assessment identifying the most critical and important natural resources and habitats in the Sound; (2) to learn from the negative impacts to the Sound’s resources from past transmission lines across Sound; (3) to gain a genuine and reliable understanding of the energy needs of Connecticut and the region; (4) to understand the reliability, or lack thereof, of the Siting Council’s regulatory scheme in approval of energy-transmission projects in today’s changed energy market; *and perhaps most important, 5) to carefully study and make informed recommendations on the alternatives that would prevent, or at least significantly diminish, the destruction and impairment of the Sound’s natural resources, through avoiding the placement of energy-transmission projects in the Sound altogether or, failing that, through ensuring that all future energy transmission projects placed in the Sound are sited in a manner to carefully and fully avoid the Sound’s most crucial natural resources.*

The Legislature, in creating and setting forth the responsibilities of this Task Force, expressly mandated that the Task Force carefully consider alternatives to protect Long Island Sound—not merely that the Task Force review current and likely future pro-

posals, and make recommendations as to their suitability for placement in the Sound. The Task Force must consider alternatives that avoid harming the Sound. These alternatives include, among others, enhanced and effective demand-side reduction programs; the innovative and promising development of feasible and cost-effective fuel-cell technologies; clean generation of power on Long Island that would make electrical cables from Connecticut to Long Island unnecessary; and careful evaluation of the existing proposals for more traditional energy infrastructure development to meet Long Island's energy needs that avoid crossing the Sound entirely.

The Connecticut Fund for the Environment believes that more emphasis within the Task Force (and in other, truly regulatory entities) must be placed upon these technologies and proposals which could, particularly in concert with one another, meet the energy needs of Connecticut and the region.

However, a critical question that arises when determining whether such technologies would be sufficient to meet these energy needs is: What are the short- and long-term energy need of the region? An unbiased approach must be taken by the Task Force (and Working Group) to determine whether the energy benefits to Connecticut purported by Long Island Sound energy-transmission advocates are genuine. The Task Force members must honestly study and answer the question of whether the perceived, significantly increased "needs" relate primarily to ensuring energy reliability for consumers, or to increasing profits for people within the energy industry.

A genuine and significant region-wide, increased energy need does warrant aggressive, but very carefully planned, emphasis on meeting that need. However, the gradually improving vitality of our State's most fragile and unique natural resource is certainly not worth risking for any reason, particularly if alternatives exist to meet that need. At the very least, we must avoid destruction or impairment of the most vulnerable of the Sound's important natural resources.

## **Public Act No. 02-95 Legislative Task Force**

### **Preliminary Position Statement by Yankee Gas Services Company** **July 26, 2002**

#### **Yankee Gas Services Company's Involvement on the Task Force:**

Yankee Gas Services Company (Yankee Gas) is Connecticut's largest natural gas distribution company, servicing over 191,000 customers in 70 cities and towns. Yankee Gas is a leader in safety and reliability, customer service and operational excellence. Its commitment is to grow and continuously improve the efficiency and quality of its natural gas distribution system.

Yankee Gas purchases natural gas from a variety of sources, including the Gulf of Mexico and Eastern and Western Canada. Natural gas purchased in these supply basins is transported on the interstate pipeline system under contracts that Yankee Gas maintains to ensure that customer demands can be met, regardless of weather conditions. Yankee Gas' philosophy in managing its supply portfolio is to maintain a diverse mix of assets that are cost effective, are coincident with customer demands, and ensure the continued reliability of its distribution system.

The availability of natural gas provides more choices and promotes fuel diversity. More choices result in greater competition which then results in lower costs to consumers. Commercial and industrial customers prefer a choice in fuels so that they may optimize the economics of their operations, making them more competitive. Cities and towns throughout Connecticut find that by having natural gas available in their communities they may have an advantage in promoting desired economic development opportunities. Builders and property managers may prefer natural gas because it eliminates the need to have on-site fuel storage.

Natural gas is the cleanest, most efficient of all fossil fuels. The inherent cleanliness of natural gas, coupled with the high efficiency of natural gas equipment, can reduce the emission of air pollutants that produce smog and acid rain. The growth of the natural gas infrastructure in Connecticut, accomplished in an environmentally responsible manner, is important to providing the widest range of fuel choices to consumers.

Being a local gas distribution company, Yankee Gas is a member of the Task Force created by Section 3 of Public Act 02-95, An Act Concerning the Protection of Long Island Sound. Section 3 requires that "a comprehensive environmental assessment and plan" be developed by the Task Force under the direction of the Institute for Sustainable Energy (ISE). Multiple mechanisms, including focused, factual workshops, public hearings, written public comments, and the contemplated collaborative process, satisfy the statute's further direction to solicit the input of others in addition to the members of the Task Force in this development process.

### **The Work of the Task Force:**

The Task Force is charged by statute to develop a framework that will assure an evaluation of project proposals, which balances appropriately the need for cost-effective and reliable utility resources and the commitment to continued protection of Connecticut's environmental resources. This framework is not intended to substitute for or otherwise direct the outcome of the regulatory approval processes that apply to existing proposals. Rather the hope would be that the framework would guide these regulatory approval processes, detailing and potentially sequencing the considerations in a generic manner, lending itself to ready application in the context of individual proposed projects. Should the adherence to this guidance suggest the need for revisions to the current regulatory approval processes for individual projects, including the available mechanisms for defining the balance among multiple needs and multiple environmental resources, such revisions may be identified by the Task Force.

Incorporating by reference issues listed in Executive Order Number 26, Public Act 02-95 sets forth the criteria to be reviewed and analyzed when developing the assessment and plan. The Task Force's assessment and plan, with reference to these criteria, will provide the regulatory authorities, the applicant and other interested entities with the end product of this statutorily-directed development process. These criteria are to be reviewed during the collaborative process.

The specific issues that the task force is required to address in regard to gas transmission lines are as follows:

1. An evaluation of methods to minimize the number and impacts of energy crossings within Long Island Sound (LIS);
2. Recommendations for providing regional energy needs while protecting LIS;
3. An assessment of the present status, future potential, and environmental impacts of proposed methods for laying power line, pipeline or cable;
4. An identification of possible measures to mitigate environmental impacts and maintain aesthetic integrity of regions in Connecticut where it has been determined transmission must be sited;
5. A comprehensive inventory and mapping of existing environmental data on the natural resources of LIS;
6. An evaluation of the relative importance and uniqueness of natural resources and an identification of the most ecologically sensitive natural resources of LIS;
7. An assessment of the present status, future potential and environmental impacts on LIS of meeting the region's energy needs that do not require the laying of a power line or cable within LIS;
8. An evaluation of methods to minimize the numbers and impacts of electric power line crossings, gas pipeline crossings, and telecommunications crossings within LIS, including the individual and cumulative effects of any such crossings;
9. An inventory of current crossings of LIS and an evaluation of the current environmental status of those areas;

10. An evaluation of the reliability and operational impacts to the state and region of proposed LIS crossings and an evaluation of the impact on reliability by recommended limitations on such crossings;
11. Recommendations for providing for regional energy needs while protecting LIS to the maximum extent possible; and
12. Recommendations on natural resource performance bonds.

The clear focus of this mandate is to review issues related to LIS. Several of these issues, which can be grouped into information inventory and technical assessment, require the gathering and analysis of data related to technical aspects of LIS data and electric cable, gas pipeline and telecommunications cable crossings. Several issues, including item 4, which appears to focus primarily on overland transmission projects, suggest process changes.

#### **Proceeding with the Work of the Task Force:**

Within this statutory framework, the Task Force should proceed on two tracks toward the development of the assessment and plan. The first track would be discussions and collaboration among Task Force members on elements of an enhanced process that may be appropriate to facilitate the regulatory review in connection with the siting of projects. The Task Force's plan would then include these agreed-upon process enhancements. The Task Force can note any significant unresolved issues in the plan or an appendix to the plan.

The second track would consist of the preparation of an assessment by the consultant retained by ISE. As required by the Request for Proposal (RFP), this consultant would gather and summarize existing data to fulfill the assessment directives of Section 3 of Public Act 02-95. Once the draft assessment is completed, the members of the Task Force will review it. At his or her option, any Task Force member may comment on the draft assessment. The draft assessment would be an appendix to the Task Force's plan. The Task Force can note any significant unresolved issues with the draft assessment in the plan or an appendix to the plan.

#### **Addressing the Final Assessment and Plan:**

During the collaborative phase of its task, the Task Force should address three components in the final assessment and plan. These three components (information inventory, technical assessment and process assessment) derive from the directives of Section 3. Below Yankee Gas identifies potential key questions for the Task Force, to be addressed either directly or utilizing the consultant preparing the draft assessment.

#### **1. Inventory of Existing Database of Long Island Sound Resources**

##### **a) Key Questions**

What data currently exists on the natural resources of LIS? Where is it located?

Where are there gaps in the current database? Is the missing data potentially relevant? Is it reasonably attainable?

What are the most ecologically sensitive natural resources of LIS?

What are the existing crossings of LIS?

What is the status of these crossings?

**b) Yankee Gas Proposal**

Yankee Gas proposes that:

(i) The ISE consultant complete a survey of existing data on LIS natural resources, which collects, categorizes and summarizes existing data within the public domain, primarily from governmental entities;

(ii) The ISE consultant identify the most ecologically sensitive natural resources, based upon a review of the existing data and the literature;

(iii) The ISE consultant identify the gaps in the existing data on LIS natural resources; and

(iv) The ISE consultant identify the existing crossings of LIS.

**2. Technical Assessment**

**a) Key Questions**

What are the technical considerations of laying electric power lines, gas pipelines and telecommunications cables in LIS? How do they affect the environment?

What are the relative effects of laying electric power lines, gas pipelines and telecommunications cables in LIS compared with other activities within LIS?

To what extent is the laying of electric power lines, gas pipelines and telecommunications cables compatible with each other, thereby making it possible to minimize the number of LIS crossings by the use of corridors?

Should there be a limitation on or identification of corridors for purposes of laying electric power lines, gas pipelines and telecommunications cables? If so, what is the basis for limitation?

Are there reliability and operational impacts with a limitation on corridors for purposes of laying electric power lines, gas pipelines and telecommunications cables?

What measures can be taken to mitigate the impacts of LIS crossings?

**b) Yankee Gas Proposal**

Yankee Gas proposes that the ISE consultant review materials which are part of the Task Force's record, the data systems of DEP and other governmental entities and other sources for the purpose of providing a summary analysis of these technical issues. After the ISE consultant has either made significant progress or completed its initial assessment and analysis, the Task Force can then work toward finalizing this assessment and making and recommendations.

**3. Regulatory Considerations**

**a) Key Questions**

What are the existing regulatory programs, processes and standards that apply to the regulatory agency evaluation and approval of projects that cross LIS?

What information needs to be considered if we are to responsibly manage the ecology of LIS?  
What information do we currently have (see above in inventory)?

What does the information we have say about how well we are managing LIS?

Are individual property rights adequately and appropriately considered under the current state regulatory structure?

What is the viability of and potential role for natural resource performance bonds?

How, when and to what extent are the cumulative, incremental, direct impacts of additional, multiple crossings of LIS?

When, what and how are measures taken to mitigate environmental impacts?

When, what and how are measures taken to enhance environmental benefits?

What mechanisms currently assure coordination of approval processes for individual cross LIS projects?

Are there better mechanisms that could better assure coordination of approval processes for individual projects?

What mechanisms currently consider the incremental and direct impacts of individual projects in the context of the existing infrastructure and future needs?

What mechanisms currently assure public participation in the evaluation and approval processes for individual projects?

What is the role of the Connecticut Department of Environmental Protection?

What is the role of the Connecticut Siting Council?

What is the role of FERC?

Is there federal pre-emption of any regulatory considerations?

Are security and privacy among the considerations when evaluating the alternatives commercially available to meet regional energy needs?

**b) Yankee Gas Proposal**

Yankee Gas proposes that:

(i) The Task Force review the existing regulatory process in which LIS crossing projects are reviewed;

(ii) The Task Force, to the extent possible, recommend policy changes or adjustments or construction or maintenance approaches, if any may be appropriate, consistent with agreed upon approaches to facilitating projects in an environmentally compatible way;

(iii) The Task Force ensure that any recommended policy changes or adjustments are consistent with federal requirements and mandates;

(iv) The Task Force review the extent to which the Siting Council's current process for review of, and receipt of comment on, individual projects' development and management plans provides the analysis (or the opportunity for analysis) of methodologies for mitigation of environmental impacts and enhancement of environmental benefits and the balancing of competing environmental resource considerations; and

(v) The Task Force review the mechanisms for public participation in the Siting Council regulatory approval process.

Moving forward, as a fully engaged member of the Task Force, Yankee Gas 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 plan 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 should be defined in scope

and time. While any current project proposals may be instructive as to the appropriate elements of the assessment and plan, the Task Force should not become a forum for decisions on specific projects; these projects will be reviewed and analyzed in detail by the regulatory authorities, each of whom will afford adequate opportunity for meaningful public input. To be of greatest value to the greatest number, this assessment and plan should be usable by the agencies when reviewing projects, proposed, contemplated and not yet contemplated.



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7-30-02

Tim D. Kelley  
Vice President  
Energy Services and Regulatory Affairs  
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JV

July 26, 2002

Louise E. Rickard  
Acting Executive Secretary  
Department of Public Utility Control  
10 Franklin Square  
New Britain, CT 06051

RE: Docket No. 02-04-23; Task Force Investigation of all Proposals for Gas or Electric Transmission Projects

Dear Ms. Rickard:

In response to Joel Rinebold's letter dated June 14, 2002 Connecticut Natural Gas Corporation ("CNG") and The Southern Connecticut Gas Company ("SCG") (collectively the "Companies") hereby submit their joint position paper on the following subjects:

- Gas Franchise Areas
- Transmission Subsidies
  - Natural Gas Demand Side Management
  - Conservation and Load Management Programs

### Gas Franchise Areas

The Local Distribution Company ("LDC") infrastructure to support economic and energy growth including distributed generation would be enhanced if all Connecticut LDCs had the ability to serve non-franchised territories on equal terms. Currently, Yankee Gas Services has an unintended advantage via its charter granting it the ability to serve non-franchised territories without petitioning the Legislature for franchise authority. This anomaly inhibits a competitive marketplace and the pursuit of growth opportunities for two out of the State's three LDCs, even if the LDC could most economically serve customers. Leveling the playing field would foster economic growth which the towns and State all agree is a key government initiative, but more importantly, customers would benefit from the increased competition in the expansion of gas service throughout the State.

### **Electric Transmission Subsidies**

CNG and SCG encourage the building of necessary infrastructure to support the reliability and growth potential of both the electric and natural gas industries. In addition, construction methods should adhere to the prevailing environmental and safety standards to protect customers and employees. While CNG and SCG support necessary transmission construction, they oppose any subsidies to support the construction of transmission facilities.

The State, the ISO and the FERC should continue to support pricing policies which adhere to the “cost causation” and “participant funding” principles. Cost causation is a principle that allows the FERC, ISO/RTO or another organization to determine the allocation of costs of new facilities to those who benefit. Participant funding is a subset of cost causation which allows the market to decide who benefits. Participant funding, which is preferable, would allow market participants to voluntarily choose to fund new facilities. If market participants don’t commit to fund a project, the project is not pursued because the market decided the project was not worthwhile – let the market decide what projects get built.

Take Connecticut for example. The current mechanism in ISO-NE to fund transmission projects is through socialization. Socialization would send inappropriate price signals to other customers in New England if the Connecticut transmission upgrade costs were socialized beyond Connecticut. Conversely, it would be unfair to Connecticut customers to pay for upgrades in other parts of the New England system that offer them no benefits.

Furthermore, strict adherence to a policy of cost causation and participant funding would: a) allocate costs of the transmission upgrade to the residents of Southwest Connecticut or b) encourage the beneficiaries of the project, Southwest Connecticut market participants, to fund a project to lower their energy costs and increase reliability.

### **Formation of a Natural Gas Demand Side Management (DSM) Incentive Program**

Over the years, the SCG and CNG have focused efforts on DSM of natural gas resources. They have promoted conservation programs focusing on low income home conservation improvements and residential energy audits through customer communications, marketing practices, community events, trade shows and through participation in home improvement center events.

Although this practice has assisted in managing natural gas demand, DSM efforts would be significantly more effective if rebate incentives were available to customers who choose environmentally-friendly, high-efficiency natural gas equipment. An incentive program could

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July 26, 2002  
Louise E. Rickard

be modeled after electric industry DSM incentive programs and be designed similarly for natural gas DSM programs. The basic premise is that incentives would encourage consumer to select more costly high-efficiency equipment compared to inefficient models and help to reduce natural gas usage.

The Companies strongly favor such a program as it benefits all of their customers, not just those receiving rebates. The program does this by reducing the Companies' strategic mix of peaking resources, transmission assets and commodity requirements resulting in overall cost reductions for its customers.

**Need for changing existing Electric Conservation and Load Management (C&LM) Programs**

As presently administered, electric conservation and load management programs and incentives unfairly focus attention and funds on only reducing electric demand through the use of electric based solutions. This means that any non-electric technology that utilizes a fossil fuel in a highly efficient manner is not currently considered a viable option under the conservation programs. This practice has ultimately exacerbated the constrained electric situation in Southwest Connecticut.

For example, on an annual basis millions of dollars of C&LM funds are used to subsidize the capital purchase of higher efficiency rated electric motor driven air conditioning systems. Natural gas fueled cooling equipment or highly efficient cogeneration equipment that does not qualify for the C&LM funds is not afforded a comparable subsidization. Less overall efficient HVAC designs are favored over more efficient fossil fueled Combined Heat and Power ("CHP") designs that are ultimately better for the environment. The C&LM program has indirectly favored electric-dependent energy solutions while stunting the naturally competing fossil based alternatives. The cumulative effect has resulted in a more critical summer peak demand period. The task force should recommend the adoption of overall fuel utilization efficiency as a determining parameter for subsidization. This would be fairer and better for the environment.

Respectfully,

Connecticut Natural Gas Corporation  
The Southern Connecticut Gas Company

cc Joel M. Rinebold  
Office of Consumer Counsel

July 31, 2002

Joel Rinebold  
Executive Director  
Institute for Sustainable Energy  
83 Windham Street  
Willimantic, CT 06226

RE: Docket No. 02-04-23 - Task Force Investigation Of All Proposals For Gas Or  
Electric Transmission Projects

Dear Mr. Rinebold:

In response to your letter dated June 14, 2002 in which you request that Task Force members submit a brief preliminary position paper, the Department of Public Utility Control (Department) submits the attached preliminary position paper for consideration by the Task Force created by Public Act 02-95.

Both the Public Act and Executive Order 26, which the Public Act incorporates by reference, mandates that the Task Force develop a comprehensive plan that protects Long Island Sound from environmental impacts caused by energy infrastructure while at the same time allowing the region to build infrastructure required to meet the region's energy needs. The preliminary position paper recommends some conceptual changes to the energy infrastructure siting process that can help achieve this goal.

Additionally, so that the Task Force does not perform its work in a vacuum apart from other relevant efforts underway to ensure that the region's energy needs are met in the short and long term, the Department has outlined some of these other ongoing efforts. These efforts pertain to conservation and load and management, transmission planning, energy efficiency, etc. and involve entities such as the Department, the Energy Conservation Management Board, the New England Demand Response Initiative, and the Independent System Operator of New England.

The Department invites the Task Force to discuss the ideas presented in its preliminary position paper at future meetings. If you have any questions, please call me at (860) 827-2742.

Sincerely,

Robert Luysterborghs

## I. CONCEPTUAL ISSUES

### CONCEPTUAL CHANGES RECOMMENDED IN THE REVIEW PROCESS

The Department recommends systemic changes in the process for review of expansion projects or new facilities to relieve congestion or enhance reliability in SWCT and/or across the state. The Department states its assumptions for what the review process should contain and offers its conceptual changes, as follows:

#### *Assumptions*

- Process needs to consider multiple issues - environmental, energy, and others
- Process needs to consider multiple proposals on a comparison basis, not by seriatim review as currently
- Standards for review must be constructed to provide an incentive for project sponsors to make attractive proposals and provide a basis for comparative review

#### *Recommended conceptual changes*

- "Open Season" - This process begins when (1) the planning authority determines that a need exists or (2) when a proposal is made. An RFP is then issued to the widest possible audience, soliciting proposals to resolve the perceived need or compete with the proposal already made. RFPs must be written to solicit proposals using differing strategies to address the need (e.g., congestion resolution can include generation, transmission, DG, LRP, DSM, etc.)
- Comparison Process - The first stage is review by a joint body including representatives of all governmental bodies having a role in the proposed projects, plus representatives of public interests. This stage involves an initial, general review of the concepts and operates on a 'veto' strategy. The object is to identify projects that have fatal flaws at the outset of the process, rather than after expensive and lengthy detailed review, sometimes by several bodies before the fatal flaw is identified.
- Development of Preferential Standards - Currently, review is conducted on the basis of absolute standards - what is required and what is prohibited. An appropriate set of new standards must be stated in terms of preferences within the range of permitted strategies (e.g., preferences for environmentally enhancing construction over ugly industrial construction, or use of a 'utility corridor' instead of using a previously unused route, etc.) It is also important that these standards be set through a process involving substantial and broad-based input from a wide range of interests, and that the standards be well publicized so that planners and designers will take them into account in planning and designing projects.

## II. SPECIFIC POLICY RECOMMENDATIONS AND CONCERNS

When considering specific steps to take to alleviate congestion and improve reliability in SWCT, the Department believes that a balanced approach including upgrades to the transmission and adequate infrastructure for the gas pipeline system, additional generating capacity (including distributed generation), an increased focus on C&LM activities in SWCT, particularly in the Norwalk-Stamford area, as well as a determined outreach effort to increase awareness about this issue among all customer classes. The transmission and generation options are longer-term solutions. Transmission and generation issues are addressed more generally in the conceptual issues, above. The Department identifies policy activities in other deliberative venues, and clarifies its positions and concerns regarding, energy efficiency, load management, distributed generation and gas infrastructure, below

### A. POLICY ACTIVITIES IN OTHER VENUES

The Department emphasizes that the Task Force is well advised to remain apprised of the ongoing developments within the policy-making bodies described below. It is important for the Task Force to coordinate and build upon the work already achieved or underway:

Department orders to CL&P and UI (Companies) in Docket No. 02-01-22, DPUC Review of The Connecticut Light and Power Company's and The United Illuminating Company's Budgets and Modifications for Conservation and Load Management Activities for the Year 2002, Decision dated May 29, 2002.

Docket No. 02-04-12, DPUC Investigation into Possible Shortages of Electricity in Southwest Connecticut During Summer Periods of Peak Demand, Decision dated July 3, 2002.

- New England Demand Response Initiative (NEDRI), a facilitated 45 member working group comprising representatives from ISO-NE, industry, and public utility commissions, will be developing regional policy recommendations for incorporating demand response into New England electricity markets. Specifically, NEDRI will propose policy initiatives in the following areas: price responsive load, retail pricing and metering, reliability and demand side resources, and energy efficiency. NEDRI expects to complete its recommendations by the 4<sup>th</sup> quarter 2002.

The Energy Conservation Management Board provides oversight and recommendations on the Companies' C&LM program and budgets before they are submitted to the Department. The ECMB will be monitoring energy efficiency and load response programs, with particular emphasis on SWCT, during 2002 and beyond.

- ISO-NE – Load Response Working Group, a 20 (or so) member group comprising NEPOOL participants, regulators, and other stakeholders, meets approximately monthly in Holyoke, MA to evaluate and modify the ISO-NE LRP.
- Transmission Expansion Advisory Committee – Convened monthly by ISO-NE and comprising NEPOOL participants, regulators, and other stakeholders, TEAC develops and annual transmission expansion plan, the Regional Transmission Expansion Plan (RTEP) in the 3<sup>rd</sup>/4<sup>th</sup> quarter each year. ISO-NE conducts the underlying methodological work, in conjunction with input by TEAC participants, in support of the annual Plan.

## **B. ENERGY EFFICIENCY PROGRAMS**

As a part of Docket No. 02-01-22, the Department authorized, with the advice and assistance of the ECMB, modified 2002 budgets and immediate initiatives to reduce electric demand for summer 2002 and mitigate the near-term reliability problems in SWCT. Pursuant to Docket No. 02-01-22, the Department supports the following initiatives:

Targeted C&LM efforts in constrained areas in SWCT, particularly in the Norwalk-Stamford sub area. The approach consists of making use of existing programs and delivery mechanisms, dedicating more resources toward consumer education, and improving participation in load response programs. The Companies should incorporate kW incentives into their programs to encourage implementation of measures that reduce peak demand.

- The Department will convene technical meetings in September 2002 to evaluate 2002 SWCT results, commence budgeting and design of programs aimed at reducing SWCT 2003 peak load. The Companies and the ECMB will consider modifications or program enhancements to reduce air conditioning loads in SWCT. The Companies and the ECMB will also consider additional bonuses or other incentives for customers to encourage participation and maximize the implementation of cost-effective measures in this region of the state.

The Companies will continue to work with State agencies and municipalities to prioritize and fast track projects in SWCT. The Companies shall develop flexible alternative incentives (e.g., municipalities contribute a portion of the incentive that brings the cost/benefit ratio equal to 1.0; implementing a revolving loan fund) to attract additional municipal participants.

- The Companies are directed to update and evaluate their cost-effectiveness screening techniques to reflect current capacity values and report their findings in the next C&LM filing. The Companies shall also develop incentives for renewable resource measures consistent with those used for C&LM programs. On or before August 15, 2002, the Companies shall submit information in support of alternative

cost-effectiveness measures. This issue to be addressed in a technical session to be held no later than September 30, 2002.

The Department also supports the following initiatives:

- An independent, verifiable assessment of the conserved energy potential (kWh and kW) in Connecticut, with particular emphasis on SWCT, to be funded within the C&LM budget. This study will assist in the formulation of future plans by the Department, the Companies and ISO-NE in determining utilization of conservation investments to mitigate congestion and reducing peak demand in SWCT as well as other parts of the state. This study should be coordinated with assessments undertaken by the task force.
- Demand for cost-effective C&LM programs far exceeds the dollars available. The Department believes that the Companies deliver high quality, cost-effective programs, and the Department continues to monitor closely the budgets, delivery mechanisms and cost-effectiveness of programs. The Department supports the continuation of the 3-mill charge to fund the C&LM programs.

The Department (as well as DEP) will actively participate in the NEDRI working group through the end of 2002 on price responsive load issues, retail pricing and metering, reliability and demand side resources, and energy efficiency. The Department will look for ways to communicate and coordinate the efforts of NEDRI with those of the Task Force.

#### **C. LOAD RESPONSE PROGRAMS**

Pursuant to Docket Nos. 02-01-22 and 02-04-12, the Department supports the following load response initiatives:

The Department has approved funding for CL&P and UI to provide direct incentives and technical assistance to end-use customers to encourage their participation in the ISO-NE LRP.

The Department believes that ISO-NE LRP should be self-sustaining; C&LM ratepayer funds should be allocated to facilitate participation but should not provide direct incentives to the ISO-NE LRP. However, the Department has authorized immediate supplemental funding for 2002 to alleviate reliability problems in SWCT for this summer.

The Department believes that further changes may be needed to the ISO-NE LRP, which is judged by customers to be confusing and provide insufficient incentives. The Department continues to work with ISO-NE and the utilities to monitor the ISO-NE LRP, identify modifications to improve participation.

- The Department is concerned that ISO-NE may be constrained in its efforts to take adequate steps to ensure reliability in SWCT. It appears that funding, which is controlled by NEPOOL, may be restricted, limiting the ISO-NE's ability to meet its responsibilities. The Department therefore will closely monitor the situation and work with ISO-NE and NEPOOL to ensure that additional actions are taken if problems become imminent.
- The Department encourages the Companies to be flexible and creative in promoting load response sign-up, such as aggregating customers and promoting load response among municipal customers.
- While C&LM funds have not been used to promote time-of-use or interruptible rates in the past, the Department believes that such applications may be appropriate for future consideration.
- The Department will continue working with ISO-NE and as a participant in NEDRI to work toward integrating demand side markets with supply resources in the electric wholesale market.

#### **D. DISTRIBUTED GENERATION AND DISTRIBUTED RESOURCES**

In its Decision in Docket No. 02-04-12, the Department supported distributed generation as a means to address reliability concerns in SWCT and across the state. The Task Force should develop state and regional policy initiatives to promote clean distributed generation. The Department proposes to undertake some or all of the following initiatives:

- Draft an RFP for an interconnection study of SWCT Connecticut to be conducted by outside consultants and funded by C&LM funds or Clean Air fund to determine the best interconnection sites for DG.
- Conduct a proceeding to develop DG interconnection requirements and/or participate in regional coordination of interconnection standards and procedures based on the NARUC model rules or another standard.
- Explore the merits of recommending that the Legislature consider (1) giving incentives to electricity consumers that employ on-site, clean DG, and (2) allowing electric distribution companies to install and operate in the very limited scenario of a reliability emergency, clean DG or other emergency generators.

The Department recommends that a working group within the Task Force should undertake the following initiatives:

- Develop a fact sheet defining distributed generation and an explanation of the technical issues: fuel types and associated emissions, cost/KW, applications, etc

Explore market barriers to adopting clean DG and how public policy can seek to overcome these barriers to market adoption. Policy initiatives include but are not limited to: review of interconnection procedures, DG demonstration projects, RD&D projects funded through the C&LM funds, analysis of the best locations to site DG, safety issues for linemen, and resources to test and improve the technical capabilities of some of the newer, cleaner DG.

Examine ways in which utilities, through the C&LM fund, can promote cost-effective combined heat and electricity.

- Explore role Clean Energy fund has had in promoting clean DG. Examine and refine goals of Clean Energy fund with respect to clean DG.

Explore ways in which Clean Energy fund and C&LM fund can coordinate their efforts to promote clean DG.

Distribution companies, with the assistance of public funds such as the Clean Energy Fund, should participate in demonstration projects involving the interconnection of clean DG, such as fuel cells, with the distribution system.

Recommend policies to promote replacement of older diesel generators with clean DG.

Recommend RD&D projects, funded by the Clean Energy Fund and/or the C&LM fund, to develop and promote smaller clean DG units. Unlike DG generators in the 5 MW to 10 MW range, DG units of less than 5 MW is an emerging market.

#### **E. GAS SUPPLIES FOR POWER PLANTS AND DISTRIBUTED GENERATION IN SWCT**

The Department expresses its concern about the adequacy of gas capacity to power additional gas generation. Should there be a desire to build new gas plants or to re-power existing gas plants in Southwest Connecticut, there is inadequate capacity currently in place locally to supply the load. Incremental local capacity could be installed as long as the customer (power plant) was willing to pay the costs to install the additional capacity. Also, there would be a need for upstream capacity that is available on a non-firm basis. Incremental upstream capacity could also be provided if the customer (power plant) were to make the required commitment. Traditionally, power plants have been hesitant to invest in long term capital projects to provide for the facilities necessary to assure them service. Where they have invested in capacity, it has usually been only limited capacity, that is, it does NOT include capacity all the way back to the source of gas, but relies on the use of unused capacity held by others. Also, some power plants have chosen to commit only to a portion of the volume they need to provide service.

Should there be a desire to build distributed power units in Southwest Connecticut, the issues are similar to those of power plants. To the extent that the units are chosen to be firm customers of the local distribution companies (LDCs), the LDCs would arrange for the necessary facilities. It is anticipated that the LDCs would require long term commitments from any large loads to protect their capital investment.

## STATE OF CONNECTICUT

### TASK FORCE INVESTIGATION OF ALL PROPOSALS FOR GAS OR ELECTRIC TRANSMISSION PROJECTS DPUC DOCKET NO. 02-04-23

#### PRELIMINARY POSITION PAPER OF THE CROSS-SOUND CABLE COMPANY, LLC

Cross-Sound Cable Company, LLC ("CSC LLC") is a joint venture between TransÉnergie U.S. Ltd. ("TEUS"), the U.S.-based transmission project development subsidiary of Hydro-Québec, and United Capital Investments, Inc., an unregulated subsidiary of UIL Holdings Corporation, the parent company of The United Illuminating Company.

In January 2002, the Connecticut Siting Council, by unanimous decision, granted to CSC LLC a Certificate of Environmental Compatibility and Public Need for the construction, operation and maintenance of the Cross Sound Cable project, a 330-megawatt, high-voltage direct current ("HVDC") submarine electric transmission cable system between New Haven, Connecticut and Brookhaven, New York. The Cross Sound Cable will transfer energy both to and from Connecticut and will be available to supply energy to Connecticut in the event of an emergency.

Additional transmission projects such as the Cross Sound Cable provide significant benefits to Connecticut and the region. Increasing the regional electric transmission infrastructure improves electric grid reliability, allows for greater regional sharing of resources to keep the lights on, and helps ensure that consumers have electricity when they need it.

Our position with respect to this investigation is simple: gas and electric transmission infrastructure projects are vital to Connecticut's and the region's economy, and the review of the siting of these projects needs to incorporate a broader perspective so that the varied benefits of these projects can be fully aired and assessed by the relevant government agencies and the general public. It is important to note that the existing review process is appropriately and judiciously meeting this objective of a broader perspective. Agencies such as the Connecticut Siting Council perform a balancing of public benefit against environmental impact in reviewing these projects, as dictated by the state's existing energy facility siting laws. CSC LLC believes that the Connecticut Siting Council and other state and federal agencies having the appropriate expertise and jurisdiction over such facilities should be allowed to continue to review, and approve, modify, or reject such facilities on a case by case basis.

CSC LLC would like to share with the Task Force its expertise in designing, financing, constructing, owning and operating high technology electric transmission projects. We believe it is important for the Task Force to understand the changing nature of the electric transmission industry. These changes are both technological and regulatory in nature, and have the net effect of overturning the conventional wisdom regarding the transmission industry.

To that end, we wish to share with the Task Force our Top Three Myths regarding investment in new transmission:

1. Transmission is and will remain a natural monopoly

Frequently we hear that transmission has the economic characteristics of a natural monopoly and that only certain, privileged entities should be allowed to invest in transmission. In fact, as well will elaborate below, the economic characteristics that have traditionally characterized transmission investments are being largely overturned by rapid technological change. While we do not advocate (nor do we think is appropriate) to “de-regulate” the existing transmission system, we strongly believe that NEW transmission investments should not be subject to a monopoly framework. In many ways, the transmission industry today is at the same place where the electricity generation or the telecommunications industries were at the dawn of their industry restructuring.

*‘Free riders’ restrict transmission investment*

The ‘Free Riders’ problem occurs when the costs of a particular investment are not fully assigned to the beneficiaries of such investment. In the past, large transmission investments have suffered from this characteristic, resulting in certain users benefiting from particular investments without bearing the full cost of that investment. The new controllable transmission technologies have remedied this problem – only the users of the facilities pay the facilities’ cost. We should note that for Cross Sound Cable, we have a “free rider” issue – but it is a positive one, as Connecticut electric users benefit from the benefits provided by the project without having to bear any of the project’s costs.

*Economies of scale (lumpiness of investment) restrict transmission investment*

Similar to the ‘Free Rider’ issue, many argue that transmission investments are ‘lumpy’ in nature, and that the per unit cost goes down dramatically the larger the facility. Again, technology has undermined this assumption. New transmission technologies are highly modular and generally provide blocks of capacity in more ‘market-friendly’ sizes. Not only does this reduce total costs, but it also provides more options and flexibility in determining the viability of projects.

2. Need eminent domain and other state police powers to site transmission

Here is perhaps the most attractive benefit provided by new transmission technologies. Similar to fiber optic cables, new transmission cables are smaller and easier to place underground in existing rights-of-way (railroads, highways, pipelines, etc.). Furthermore, new point source and converter devices allow transmission capacity to be increased in existing substations. CSC LLC’s own experience demonstrates that it is possible to build new transmission in a reasonable period of time without the use of eminent domain. Importantly, the cost of underground transmission has fallen precipitously. While long ago underground facilities may have cost more than ten times the cost of traditional overhead transmission, today this is no longer the case. As an example, CSC LLC’s affiliates are presently commissioning the largest fully underground land-based transmission facility in the world – Murraylink in Australia, at approximately 110 miles, using existing rights-of-way for all of the route. The total materials

and installation cost of Murraylink remains higher than that for a conventional overhead transmission facility – but only about two times more, and (more importantly) the project is now close to completion after about three years of planning and development. It would have been extremely difficult to construct a conventional overhead transmission project in this time frame – and the permitting cost would have likely negated much of the savings from the use of less expensive conventional overhead transmission technologies.

3. Transmission takes too long to build – need a central planning process to “pre-approve” projects

We often hear from self-appointed ‘transmission professionals’ that it is too complex and difficult to build transmission. To improve on this fact, it is argued that only incumbent monopoly entities should be qualified to build transmission, and that we need to implement a highly centralized, regional transmission planning process to get things done. While such a process may have some merit in identifying problem areas in the grid, the fact of the matter is that in our experience our transmission projects take about three years to go from concept to energization, and we are working hard to shorten that period. Further, the experience with centrally planned generation plants should serve as a cautionary note to those who wish to implement a similar system for transmission. Customers across the country have been and will continue to pay for the ‘miscalculations’ of past electric system planners.

Similarly, many incumbent utilities argue for the creation of monopoly ‘independent’ transmission companies (ITCs) that would plan and build all transmission they deem would be necessary in the region. We do not believe that this exclusive monopoly will result in the lowest cost for consumers. Other entities must have an opportunity to compete to provide solutions to customers, whether they be generation, transmission, demand-side, or other resources. It is only in this manner that we can assure that customers will bear the lowest cost for needed investments.

The fact remains that advances in technology can overcome each of these myths. The best example of this overturning of conventional wisdom is the roughly \$600 million in projects being advanced by CSC LLC’s parent, TEUS and its affiliates, in North America and Australia:

<u>North America</u>		
Cross Sound Cable	330 MW, 40 km subsea DC	In final stages of construction
Lake Erie Link	325-975 MW, 120 km DC	Undergoing permitting
Harbor Cable	330-660 MW u/g & subsea	Undergoing permitting
 <u>Australia</u>		
Directlink	180 MW, 65 km u/g DC	In operation since Dec 2000
Murraylink	220 MW, 180 km u/g DC	In final stages of construction
Southernlink	150 MW existing lines upgrade	Undergoing permitting

In total, these projects represent a minimum of 1500 megawatts of transmission capacity, with almost 1000 megawatts in North America.

CSC LLC welcomes the opportunity to participate in this important endeavor. We look forward to working with other members and the public in general to advance the understanding of the changes taking place in the transmission industry and the many unrealized benefits the industry can provide to consumers and to society as a whole, both in Connecticut as well as the entire region.



STATE OF CONNECTICUT

DEPARTMENT OF AGRICULTURE  
OFFICE OF THE COMMISSIONER



Bruce H. Gresczyk  
Deputy Commissioner

received  
7-24-02

Tel: (860)713-2500  
Fax: (860)713-2514

July 22, 2002

Joel M. Rinebold  
Executive Director  
Institute for Sustainable Energy  
Eastern Connecticut State University  
83 Windham Street  
Willimantic, Connecticut 06226

Dear Mr. Rinebold:

Enclosed please find the Position Statement of the CT Department of Agriculture Concerning Gas and Electric Transmission Project Proposals in Long Island Sound per your request dated June 14, 2002.

Please contact me at (860) 713-2500 if you have any questions.

Sincerely,

Bruce H. Gresczyk  
Deputy Commissioner

BHG/vrc

## POSITION STATEMENT

### STATE OF CONNECTICUT DEPARTMENT OF AGRICULTURE

Concerning

### GAS AND ELECTRIC TRANSMISSION PROJECT PROPOSALS IN LONG ISLAND SOUND

DOCKET NO. 02-04-23

- The Connecticut Department of Agriculture is designated as the lead state agency for matters concerning shellfish and aquaculture pursuant to CGS Sections 22-11d, 26-192 and 26-192a.
- It is the position of the Connecticut Department of Agriculture that the placement of cables and pipelines in Long Island Sound, including its coves, harbors, rivers and embayments; should be avoided.

Cable and pipeline projects in Long Island Sound and adjacent aquatic environs should not be permitted unless all feasible alternatives have been exhausted and that the public benefit to Connecticut citizens is verifiably demonstrated to significantly outweigh the environmental impacts of the proposed project.

- Key shellfish production areas should not be used for the siting of utility projects.
- Should a determination be made to permit cable or pipeline installations in Long Island Sound; then the site should be selected to minimize negative environmental impacts effecting marine resources, marine habitat, commercial fisheries and aquaculture operations.

If such suitable site(s) can be determined, then the establishment of a utilities corridor should be considered. Such corridor could be used for siting and consolidating multiple projects (telecommunications, electric, natural gas, or water). The number and size of utility corridors should be kept to a minimum.

- A portion of the revenues generated from commercial pipeline and cable projects should be used to establish an endowment to the State of Connecticut for the purposes of shellfish research and shellfish bed restoration.



7-26-02

July 19, 2002

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South Norwalk, CT 06854  
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Fax: 203 354.0041

Glen Cove, NY  
Tel: 516 759.2165

Groton, CT  
Tel: 860 405.9036

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E-mail:  
[savethesound@savethesound.org](mailto:savethesound@savethesound.org)

Mr. Joel Rinebold  
Executive Director  
Institute for Sustainable Energy  
Eastern Connecticut State University  
83 Windham Street  
Willimantic, CT 06226

## Re: Preliminary Concerns Request

Dear Mr. Rinebold:

As per your request for preliminary positions, Save the Sound, Inc. submits this document as a member of the Long Island Sound Taskforce per Public Act 02-95. Save the Sound, Inc., (STS) is a regional non-profit membership organization dedicated to the restoration, protection and appreciation of Long Island Sound and its watershed through advocacy, education and research. Despite our deep concerns over the potential environmental effects of the transmission upgrade in upland portions of Connecticut, we will limit our comments to the Long Island Sound Crossings only. Additionally, while we understand that this request has been put to the Taskforce merely as a "preliminary position paper," STS nonetheless reserves the right to delete or add to any portion of these comments. We do not yet feel fully comfortable that 1) enough information has been gathered<sup>1</sup> nor 2) the information we have reviewed thus far has actually been processed to the extent necessary for us to provide a very meaningful comment. That caveat aside, after reviewing those comments submitted in DPUC Docket #02-04-23 and after hearing the data and opinions given in the various workshops you so kindly arranged, we have the following preliminary concerns thus far:

### *1) Protection of Long Island Sound*

One of our primary concerns is that this process ought not proceed under the assumption that utility companies must use LIS as a conduit for energy. Public Act 02-95 is entitled "An Act Concerning the *Protection* of Long Island Sound." Protection is defined as "cover[ing] or shield[ing] from exposure, injury, or destruction." No one should lose sight of that. The Taskforce should proceed with this journey as one that thoroughly protects Long Island Sound even if that means no traversing through the Sound (which may or may not be the case). We must provide for the safekeeping of LIS first, then conform our meeting of energy needs to that protection plan- not visa versa.

### *2) Alternatives*

---

<sup>1</sup> STS does realize we are only in the beginning phases of this project and that an enormous amount of information will be revealed as the process moves forward.

STS would hope that *all* alternatives to Long Island Sound crossings be explored. There are some technologies which may seem far afield now, but may come to fruition in a few years. We would hope that the Taskforce be forward looking in its approach to alternatives and not merely look to current feasibility.

### ***3) Future Policy***

The work to be accomplished on this Taskforce is wide in breadth, but it is still limited in scope. The legislation spells out precisely what types of inventory and evaluations are to take place (although the public hearings and workshops have opened that mandate further if we are to do a truly comprehensive study and plan). However, even under the best scenario, whereby the Taskforce provides extremely comprehensive evaluations and recommendations, without follow-up policy and legislative changes, all of this dedication and hard work by legislators, town officials, citizens, and taskforce members will not protect the Sound from future "gold rushes" after this year has expired.

### ***4) Tapping Unknown Informational Resources***

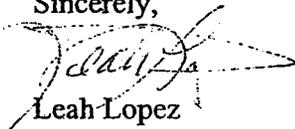
While we have had a number of excellent presentations on issues ranging from need to health, STS believes that despite publication of public hearings and despite the best efforts of all involved to invite a wide variety of presenters to workshops, there is a wealth of knowledge and information that has not been discovered, much less tapped into. It is the fear of STS that as the taskforce enters into this next meeting phase of process, public participation will decrease. A further effort should be made by each Taskforce to find willing participants/presenters with appropriate areas of expertise to ensure that extensive and reliable information is procured. This is necessary to allow members to provide the most informed and complete positions/recommendations possible.

### ***5) Environmental and Need Issues***

For a description of additional areas of concern for both environmental and need issues, please see STS' previously submitted, but in any event attached, comments on the RFP and Docketed matter.

Should you have additional questions or concerns, please feel free to contact me.

Sincerely,



Leah Lopez  
Staff Attorney  
Save the Sound, Inc.  
20 Marshall Street  
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Fax: 203.354.0041  
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7-26-02

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### ***4) Tapping Unknown Informational Resources***

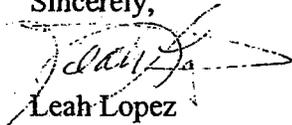
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llopez@savethesound.org

Preliminary Position Statement of The United Illuminating  
Company  
Supporting the Work of the Public Act No. 02-95 Legislative Task  
Force

UI Representation on the Task Force

Public Act No. 02-95 provides for a representative of each electric distribution company to participate on a task force to support the efforts of the Institute for Sustainable Energy in developing a comprehensive environmental assessment and plan. The United Illuminating Company (UI), as the electric distribution company serving more than 315,000 customers and a population of 730,000 in seventeen municipalities in southwestern Connecticut, is pleased to provide a representative to participate in the task force's work. Pursuant to Public Act 98-28, UI has divested its non-nuclear generation assets and is in the process of completing the divestiture of its nuclear generation assets. As a result, consistent with the legislative restructuring mandates, UI's focus is on delivering electricity to its customers safely and reliably. Therefore UI's interest as a participant in the task force's work is to assure that the interconnected electric transmission system is robust and available, enabling UI to deliver electricity safely and reliably to retail customers.

The Task Force's Statutory Undertakings

Public Act 02-95 sets forth specific matters to be addressed by the task force. The task force, in working with the Institute, is charged with obtaining information as to the current status of electric, gas and telecommunications lines crossing or within the Long Island Sound; developing information as to the potential environmental impacts of such lines, now and into the future; and developing information about the contribution of such lines to the reliability and operation of the remainder of the state's and region's energy and telecommunications infrastructure.

UI's Preliminary Position

UI believes that the information acquired by the task force and the Institute for Sustainable Energy will be helpful in developing an informed assessment and report. UI cannot comment on the gas and telecommunications infrastructure, but does provide its preliminary comments with respect to the electric transmission system issues.

In reviewing the information collected on crossings of Long Island Sound, it is important that the task force and the Institute consider this specific information within the context of the interconnected electric infrastructure that connects the states within New England and that connects New England to other parts of the Northeast region. Regional planning is a critical part of planning and operating a reliable transmission system for all customers. UI believes that any recommendations should consider ISO-NE's current role and the role of the emerging Regional Transmission Organization in the transmission planning process.

It is also important that we continue to support the agencies that have been statutorily mandated to consider issues related to the siting of facilities. The regulatory framework plays a critical role in balancing all the aspects and impacts, positive and negative, of infrastructure projects. In particular, the Connecticut Siting Council and the Connecticut Department of Environmental Protection have worked to minimize environmental impacts consistent with maintaining and upgrading our infrastructure to meet increasing demands. These agencies have consistently implemented fair and reasonable processes designed to facilitate their independent evaluation of applications related to electric system infrastructure. UI believes that any recommendations should focus on improving the process for considering applications related to electric system infrastructure.

Finally, UI submits that the task force should provide information and expertise to the Institute on a broad basis. Aiming the task force's work at individual projects could result in a short-term assessment and report that do not adequately consider the longer term. Electric system planning and operation must consider both the short term and the long term.

UI looks forward to participating in the task force and assisting the Institute of Sustainable Energy in its work.

July 2002

**Position Paper on Northeast Utilities' Proposed 345 kV Transmission Line  
in Southwest Connecticut**

The towns of Norwalk, Wilton, Weston, Bethel and Redding, do not contest the need for more access to power in Southwest Connecticut (SWCT). SWCT is a congested region because of its location, inadequate transmission lines flowing into the region, insufficient local generation, and limited conservation and load management programs. These problems do pose a threat to consumers throughout New England, as they are forced to bear the costs of transmission congestion uplift payments and loss of load probabilities that are much higher than industry standards. The probability of loss of load is mitigated by exercise of Operating Procedure 4, and there is always the possibility that load shedding may be required. However, there is certainly the economic impetus to "market" the congestion of the region, which results in higher prices to customers. Something must be done in an efficient and economic manner to put an end to the congestion and bottlenecking of power that causes higher prices to consumers. The towns encourage the State to examine all possible solutions to the problems in the region, and to choose the most effective, economic, and reliable resolution.

Independent studies conducted by the ISO-NE affirm the need for more transmission to SWCT and also show that nominal amounts of generation in critical areas can substantially help to alleviate congestion. Therefore, as Connecticut Attorney General Richard Blumenthal testified, only a multi-pronged approach will effectively and successfully address the problems. He argues that in addition to improved and increased transmission infrastructure, SWCT must implement distributed generation as well as aggressive conservation and load management programs.

Northeast Utilities (NU) has put forth a proposal for the construction of a 345 kV line that would run from Bethel to Norwalk. They contend that the incentive for

building the line is the transmission congestion in SWCT, and that after completing a number of studies, the 345 kV line is the best option. Limited research on NU's proposed line done by independent experts indicates that it would be greatly underutilized for a very high percentage of the time. Also of note is the fact that this line alone does not relieve the SWCT problems, a full solution relies on completion of the 345 "loop" that, as proposed, would further tie the Norwalk-Stamford area to New Haven and back to Middletown. The Towns and the Attorney General contend that while this plan would certainly resolve the congestion issue, it would do so at an economic and environmental cost that is excessive when compared to possible alternatives.

Testimony of an expert witness given before the Siting Council on behalf of the CT Attorney General not only affirms that the first line of this plan, the Bethel to Norwalk line, would be underused, but addresses the methodological flaws and manipulations in NU's research, the underlying motivations behind the construction of such a large line, and the alternative solutions that would adequately address the problems in SWCT. The witness also pointed out that NU's proposed placement of the line on the same structures that currently support the 115 kV line that feeds the area poses a real threat to reliability as they would overload remaining lines if an outage were to occur.

Despite assuming a very high demand, NU presumes that no new sources of generation will be produced, and that there will be no in-service generation in Norwalk. In other words, NU conducted its studies using excessively high numbers for load forecasts and irrationally low numbers for available generation, making the situation appear more dire and in need of a larger transmission line. The expert witness argued that even if the load forecast used by NU is applied, the 345 kV loop will be underutilized, with usage varying from 2% - 14% of its total capacity.

The witness asserted that the motivation behind constructing the line does not lie in a simple desire to alleviate transmission congestion in SWCT, but in a complex scheme to build a submarine line to Long Island which will be used to sell power in the lucrative Long Island and New York City markets. The line from Bethel to Norwalk is only the first part of a loop that NU wants to build which will allow for the construction of the underwater line. Ironically, most of the costs for this loop will be borne by New England consumers, while the profits from the sales to New York will be seen only by Generators, New Yorkers and NU stockholders. (not sure about this, since Transmssion is regulated wouldn't revenues go to offset costs to consumers or is that not model???)

Finally, the expert put forth an alternative that would address the transmission congestion in SWCT in a more environmentally friendly, economic, and effective way. He recommends the reinforcement of existing 115 kV circuits from Devon to Norwalk and from Pequonnock to Norwalk as well as the addition of a 115 kV underground cable from Plumtree to Norwalk.

The towns agree that there must be something done to address the transmission and generation problems in SWCT. The towns believe that the study of alternative resolutions should be broadened significantly and have in fact, proposed adding even more transmission capability than that proposed by the Attorney General's Office. Using the data supplied by CL&P, the expert retained by the four towns has documented that the addition of two 115kV lines underground (in the public roadway) would provide enough capacity to meet electrical demand until 2017. The towns recommend the following:

- The Siting Council hire an independent entity with expertise in transmission modeling, in particular, short circuit, thermal loading, and stability analysis. Companies such as The Shaw Group, EPRO, GE, and Westinghouse, as well as other companies under engagement to ISO

New England for such studies, are qualified companies to undertake such an effort.

- The Siting Council should assess NU the cost of this independent analysis.
- The analysts should consider the scenarios of additional generation in strategic locations that have a reasonable chance of development coupled with lower voltage transmission as an alternative solution. Suggested generation options should include up to 100 MW in Norwalk and Stamford areas.

The Task Force should also investigate the following:

- If the 345 kV line were to be built and connected to Long Island, what is the feasibility of establishing a special assessment on the power sold in the lucrative New York markets to provide reimbursement/compensation to affected communities in particular and to Connecticut rate payers in general ?
- Assuming a design basis of 25 years, what is the most economic and/or most environmentally benign solution to the SWCT power supply problem? The investigation should consider transmission, generation, and load management/conservation in fashioning a preferred solution.

Task Force Member

Larry Rossi

77 Walter Ave.

Norwalk, Ct. 06851

August 8, 2002 update



STATE OF CONNECTICUT  
DEPARTMENT OF ENVIRONMENTAL PROTECTION



RECEIVED

August 19, 2002

Joel M. Rinebold  
Executive Director  
Institute for Sustainable Energy  
83 Windham Street  
Willimantic, CT 06226

RE: Position Paper

Dear Mr. Rinebold:

On behalf of the Department of Environmental Protection staff who serve on the Task Force established pursuant to Public Act 02-95 and Executive Order 26, Rick Jacobson, Ralph Lewis and myself, attached is our collective position paper as requested. We appreciate the opportunity to share our initial thoughts with the Task Force, and look forward to actively participating in the collaboratives as this process progresses.

Please do not hesitate to contact us if you have any questions.

Sincerely,

Betsey Wingfield  
Assistant Director  
Office of Long Island Sound Programs

cc: Rick Jacobson  
Ralph Lewis  
Jane Stahl  
Art Rocque

Phone: (860) 424-3034/Fax: (860) 424-4054

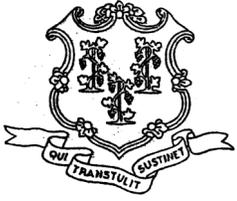
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# STATE OF CONNECTICUT

## DEPARTMENT OF ENVIRONMENTAL PROTECTION



Department of Environmental Protection  
Response to Request for Statement of Position  
PA 02-95 and EO 26 Task Force  
August 2002

The Connecticut Department of Environmental Protection is committed to working with the Task Force formed pursuant to Public Act 02-95 and Executive Order 26 to ensure that development of energy infrastructure proceeds in a manner which is protective of the environment while meeting the energy needs of the citizens of the state. The work of the Task Force is timely given that Connecticut stands at an energy crossroads, with interrelated factors to be balanced. Deregulation of the electric and gas utilities has resulted in a large number of proposed generation and transmission projects. The advent of clean and efficient combined cycle gas generation has made natural gas supplies integral to electricity generation. Southwestern Connecticut is a transmission-constrained area, undergoing economic and energy demand growth, in addition to being a severe non-attainment area for ozone. Due to proposed changes by ISO New England, the premium cost of providing electricity to southwestern Connecticut during times of grid congestion will soon be borne solely by Connecticut residents, rather than all of New England. The federal government is considering the formation of regional transmission organizations. Development patterns and pressures are making it difficult to site new generation and transmission facilities. Energy infrastructure is no longer a state-specific issue, but a regional one, in which each state must balance broader equities. Finally, public interest in conservation and protection of our environment has never greater.

Meeting the energy needs of the citizens of Connecticut must be balanced with protecting Connecticut's natural resources. Historically, this balance has been achieved through the interplay of utility regulation combined with strong environmental protection laws wherein regulators balanced need against environmental protection. Under utility deregulation pursuant to PA 98-28, the competitive market place determines which energy facilities are proposed and constructed, rather than a public policy driven energy planning process which incorporates sound environmental management. While the environmental protection laws have not changed, they were not designed to address the cumulative impacts of competitive projects within a deregulated system. Therefore, a modification to the existing regulatory framework is necessary to achieve an appropriate energy-environment balance. Specifically, we need to modify the way new transmission and generation projects are reviewed and approved by the cognizant state agencies.

The present system evaluates the public benefit and environmental impact of individual projects. Given that transmission and generation projects generally result in some level of adverse environmental impacts, in most cases the determination of public need is necessary to allow the consideration of adverse environmental impacts. For example, if an energy infrastructure project in Long Island Sound will not result in a broad public benefit, whether directly to Connecticut residents or indirectly through increased reliability of the regional grid, then the adverse environmental impacts of the project are likely to be unacceptable.

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This Department has consistently been able to make informed technical decisions on specific projects under the existing framework, however, we have not been able to weigh the environmental pros or cons of alternative or competing projects. For example, assume that two projects are proposed to supply energy to a specific area. One may be more environmentally damaging than the other which originates closer to the ultimate user of the energy and is of a smaller scale, but if the environmentally damaging proposal has been filed first it must be considered first, with no easy way to incorporate a meaningful discussion of project alternatives. Accordingly, we suggest that energy projects need to be considered on a more comprehensive, comparative basis, rather than individually on a first-apply, first-served basis. Ideally, such consideration would be made before environmental permit applications are submitted for specific projects. One possible mechanism would be to develop an "open season." Incentives should be developed which encourage applicants to submit proposals that meet the energy-environment balance that we are trying to achieve. While it is premature for the Department to propose a specific process, we are committed to working with our fellow regulatory entities and the Task Force members to develop and evaluate options.

Energy crossings of coastal, tidal and navigable waters, including Long Island Sound, present a unique set of issues in part because of the Department's public trust responsibility. The state holds in trust for the people of Connecticut the waters and bottom lands waterward of mean high water in addition to having direct regulatory jurisdiction in Long Island Sound. The Department approaches energy infrastructure projects the same way it approaches all projects: avoid, minimize or mitigate adverse impacts to natural resources, in that order. However, once the Siting Council has made a finding of public benefit for a project, the issue of large scale avoidance is moot. While we evaluate specific projects for consistency with state statutes, siting alternatives have already been evaluated or not, as part of the Siting Council process. It is critical that the step-wise process of avoid, minimize or mitigate adverse impacts to natural resources be incorporated into all regulatory processes, starting with the planning process so that there is a wide-ranging analysis of alternatives.

In sum, all aspects of energy policy must be weighed in the balance, including unintended adverse consequences, when evaluating proposed energy facilities. However, neither the existing regulatory process nor proponents or opponents of specific projects have been able to achieve such a comprehensive perspective. For instance, some Cross-Sound Cable opponents have suggested that Long Island should generate its own power and then there would be no need to send power across Long Island Sound. However, the two large oil-fired plants on Long Island, Northport and Port Jefferson, emit far more air pollution per kilowatt hour than the so called "Sooty Six" plants in Connecticut. Given that both states share an airshed, unless new generating capacity on Long Island is particularly clean, such an approach will result in additional air pollution in Connecticut, as well as adverse water quality through nitrogen deposition to Long Island Sound. It is also important to note that in order to increase clean generation, Long Island will likely need greater access to natural gas.

### **Additional Factors for Consideration of the Task Force**

Regarding the natural resource assessment and plan that is required by PA 02-95, the Department welcomes the collection of existing data on Long Island Sound resources into one place. However, we would be remiss not to point out that we regularly use such data in our technical review of projects, and that having it in one place will not change the inadequacies in the framework of the decision making process. In addition, it is unrealistic and unnecessary to conduct new resource mapping, without clear identification of data gaps.

In developing a new approach to energy policy, the Task Force undoubtedly recognizes the central paradox that, while per capita demand for electricity is rising, many citizens are opposed to the construction of new generation or transmission facilities. The only way to resolve this dilemma is to reduce or even reverse the growth in electricity demand. Therefore, from a local, state, regional and global environmental perspective, the most important commitment all stakeholders can make is to conservation and efficiency improvements. At a cost of about 2 cents a kilowatt hour, conservation and efficiency improvements provide price and service stability and reduce air pollution. In addition to current load management initiatives, commercial users should be encouraged to conserve energy at all times, not just during peak demands. Another critical step is targeted investment in clean distributed generation and renewable energies. Both promote stability of supply and of price. However, the placement and operation of diesel generators during peak demand that coincide with air quality alerts, is an unacceptable solution.

Connecticut has a strong commitment to improving air quality for all of its residents, with an emphasis on southwestern Connecticut as a severe ozone nonattainment area. Ideally, electricity generation must be integrated with land use and transportation planning as development and transportation patterns influence air quality as well as interacting with each other. One potential mechanism to achieve such integration is through the State Plan of Conservation and Development that is presently being updated. In addition, the ongoing efforts of the Transportation Strategy Board are very relevant to this issue. The Task Force is encouraged to work with these entities toward comprehensive planning.

Energy infrastructure corridors have been suggested by many as the best way to minimize crossing impacts to Long Island Sound. While this approach may minimize the number of sites subject to disturbance, we must evaluate the potential long term environmental and security impacts of grouping utilities in specified corridors. This is a concept that should be thoroughly evaluated by the Task Force, but should not be considered a panacea at this juncture. In addition, the Task Force may want to consider recommending exclusion zones where no energy infrastructure crossing will be allowed in order to protect uniquely sensitive habitats or species. To the extent that energy infrastructure crossings cause any adverse environmental impacts to the Sound, the best way to reduce such impacts is to limit the total number of crossings.

Finally, concern has been expressed that private companies are benefiting from structures being installed in Long Island Sound without commensurate benefit for the people of the state. Many other coastal states have a submerged lands leasing program, whereby authorized

regulated activities must purchase a lease or easement, in addition to receiving required regulatory permits, for use of public trust submerged lands. There are many different methods of calculating lease fees, including a graduated rate based on square footage, a percentage of appraised value, and exemptions for certain types of structures, such as residential docks. Some states such as New York, New Jersey and Delaware apply a per-foot lease fee specifically for submerged cables and pipelines. Depending on the methodology used, submerged cable leasing fees could generate a substantial amount of revenue. For instance, utilizing New York's one-time cable lease fee rate of \$15.23 per lineal foot, the Connecticut portion of the Cross-Sound, LLC cable would yield well over a million dollars in lease fees. Moreover, since a leasing fee would be an expression of the State's property interest rather than a regulatory requirement, it could presumably be applied retroactively to existing cables and pipelines as well as prospectively. Accordingly, the Task Force should seriously consider recommending that the General Assembly create a system of submerged lands leasing for underwater cables, pipelines and other commercial, non-water dependent, non-riparian uses of the State's public trust area. The revenues from such a fee should be dedicated to the protection and improvement of coastal resources of Long Island Sound.



02-04-23

received  
8-13-02

Barbara C. Gordon, Executive Director  
 129 Ardmore Road, West Hartford, Ct. 06119  
 Phone: 860-523-8705  
 e-mail: ctseafoodcouncil@aol.com  
 http://www.ctseafood.org

TO: Joel M. Rinebold  
 From: Barbara Gordon, Executive Director CT Seafood Council  
 Date: August 12, 2002  
 Subj: Task Force Alternative

Dear Joel:

Representing the Ct Seafood Council, I wish to go on record as opposing any and all intrusion into Long Island Sound.

We believe this alternative should be a major part of the Task Force's study.

The legislation setting up the Task Force is a product of the opposition to cables and pipelines crossing Long Island Sound. We must not lose sight of this original intent.

I urge that this alternative be placed at the forefront of decision making by the Task Force.

Very truly yours,

Barbara Gordon  
 Executive Director

REC'D  
 02 AUG 14 PM 1:57  
 U.S. EXECUTIVE SECRETARY

**Randolph E. Mathura, Director  
Division of Gas Pipeline Certificates  
Office of Energy Projects  
Federal Energy Regulatory Commission**

**Statement of Position to  
the Task Force Authorized by  
E.O. 26 and P.A. No. 02-95  
State of Connecticut**

The above state laws establish a Task Force to undertake a review and analysis of all pending proposals for permanent large-scale gas or electric transmission projects, including those crossing Long Island Sound (LIS) and electric transmission proposals in Southwestern Connecticut. The Task Force is also charged with preparing a comprehensive environmental assessment and plan for meeting the state's energy needs giving consideration to the minimal disruption of the resources of LIS. The E.O. 26 deadline is January 1, 2003 and the P.A. 02-05 deadline is June 3, 2003.

FERC has siting authority over two pending natural gas projects that will impact LIS<sup>1</sup> and one other gas project in Connecticut.<sup>2</sup> FERC does not have any other related siting authority for pending energy projects in Connecticut. I will advise the Task Force as a staff technical expert in FERC matters. However, as I was designated a non-decisional employee in the pending proceedings by notice issued on June 26, 2002, pursuant to 18 C.F.R. '385.102(a) and '385.2201(c)(3), I am foreclosed from advising the Commission on the disposition of the pending projects. Moreover, I will abstain from any Task Force votes regarding the pending projects or any other relevant matters pending before the FERC. My goal is to bring to the Task Force a regional and national perspective, and to be a readily accessible resource on FERC policy, procedures and actions.

---

<sup>1</sup> Islander East Pipeline Company, L.L.L. CP01-384, *et al.*, Algonquin Gas Transmission Company CP01-387; and Iroquois Gas Transmission System, L.P. CP02-52.

<sup>2</sup> Iroquois Gas Transmission System, L.P. CP02-31.

**Randolph E. Mathura, Director  
Division of Gas Pipeline Certificates  
Office of Energy Projects  
Federal Energy Regulatory Commission**

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<sup>2</sup> Iroquois Gas Transmission System, L.P. CP02-31.



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8-21-02

**Gregory J. Zupkus**  
*Director-External Affairs*

111 Trumbull Street  
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Phone 860 947-7080  
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August 15, 2002

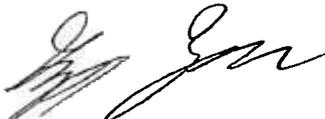
Mr. Joel Rinebold  
Executive Director  
Institute for Sustainable Energy  
83 Windham Street  
Willimantic, CT 06226

Re: Docket No. 02-04-23 Task Force / Long Island Sound Study

Dear Mr. Rinebold:

SBC SNET submits the attached document in response to your request for preliminary position papers from Long Island Sound Task Force members concerning Docket No. 02-04-23. If you have any further questions, please feel free to call me at (860) 947-7080. Once again, thank you for all your help pertaining to this matter.

Sincerely,



Gregory J. Zupkus  
Director, External Affairs



**Initial Position  
To the Task Force Established Pursuant to  
Executive Order 26 and Public Act No. 02-95**

**Gregory Zupkus  
The Southern New England Telephone Company**

The Southern New England Telephone Company (SNET) is pleased to participate in the work of the task force developing a cohesive policy for addressing utility and public service company issues that concern Long Island Sound.

SNET is responsible for the poles, wires and cables that deliver voice and data communications to residents across the state. While SNET does not immediately foresee the need for telecommunications facilities to cross Long Island Sound, it does have responsibility for existing underwater facilities.

These facilities provide telecommunications services to the peninsulas and islands off the coast of Connecticut, such as the Thimble Islands. These cables have been in place for decades and require minimal, though routine, maintenance and occasional repair. As the task force devises policies for future projects, it is important to recognize SNET's continued obligation to provide reliable service to customers located on, or near, the coastline. It is worth noting that the moratorium passed by the legislature did not apply to the maintenance, repair or replacement of facilities used to provide service to our off-shore customers.

We do not believe that any changes in regulation or other requirements regarding these minimal, existing facilities are necessary or warranted. SNET complies with applicable utility and environmental requirements established by the Connecticut Department of Environmental Protection, the U.S. Army Corps of Engineers and the Department of Public Utility Control in completing any such off-shore work. This is not limited to executive approval, but also includes obtaining permits as necessary. SNET would be happy to share information concerning our facilities and procedures with the task force, should that be desired.

While SNET does not currently operate any facilities that actually run across Long Island Sound to Long Island, and we do not have any plans to construct such a facility at this time, we do believe this is an appropriate time to address such issues. It is SNET's position that the existing regulatory framework and requirements are sufficient to address any potential environmental concerns that would be generated by proposals to extend telecommunications lines across Long Island Sound. Nonetheless, SNET supports the effort to map facilities as well as to discuss of the possibility of bundling electric, gas and telecommunications pipelines together to minimize intrusion into the Sound's ecosystem.