

STATE OF CONNECTICUT
OFFICE OF CONSUMER COUNSEL
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STATE OF CONNECTICUT

CONNECTICUT SITING COUNCIL

RE: CL&P APPLICATION FOR THE : DOCKET NO. 370A
GREATER SPRINGFIELD RELIABILITY : (Consolidated Docket)
PROJECT AND THE MANCHESTER TO :
MEEKVILLE JUNCTION CIRCUIT :
SEPARATION PROJECT : JULY 9, 2009

RE: NRG ENERGY, INC. APPLICATION : DOCKET NO. 370B
PURSUANT TO CGS § 16-50L(A)(3) FOR : (Consolidated Docket)
CONSIDERATION OF A 530 MW COMBINED :
CYCLE GENERATING PLANT IN MERIDEN, :
CONNECTICUT : JULY 9, 2009

**OCC'S RESPONSES and OBJECTIONS TO FIRST SET
INTERROGATORIES AND DATA REQUESTS addressed to the OFFICE OF
CONSUMER COUNSEL by THE CONNECTICUT LIGHT AND POWER
COMPANY**

The Office of Consumer Counsel ("OCC") hereby provides its responses and objections to the First Set of Interrogatories and Data Requests Addressed to the Office of Consumer Counsel by The Connecticut Light and Power Company, as filed on June 5, 2009.

Office of Consumer Counsel
Witness: Paul Chernick

- CL&P-1: Do you expect that Richard Chernick will provide testimony in the Docket as an expert witness, with respect to:
- a. The need for the proposed Greater Springfield Reliability Project (GSRP).
 - b. The need for the Manchester to Meekville Jct. Line Separation Project. (MMP).
 - c. Whether, or to what extent, the Meriden Plant provides a practical alternative solution to the need addressed by GSRP and/or MMP.
 - d. Application of reliability standards and criteria of NERC, NPCC, and/or ISO-NE to: (i) the existing transmission facilities in the Greater Springfield area and in north-central Connecticut; (ii) the proposed GSRP and MMP; and/or (iii) the Meriden Plant.

Answer: OCC refers CL&P to the Direct Testimony of Paul (not "Richard") Chernick, filed by OCC in this docket on July 7, 2009.

Office of Consumer Counsel
Witness: Paul Chernick

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CL&P-2: If the answer to any part of the previous question is in the affirmative, please:

- a. List all proceedings (by Agency, Docket Number and Title) in which Mr. Chernick, has provided a report, written statement, or written or oral testimony since January 1, 2002 with respect to the need for an electric transmission line or alternatives to an electric transmission line, and as to each such proceeding:
 - i. Identify the voltage and location of the proposed line.
 - ii. Identify the party or intervenor who offered the statement, report, or testimony of Mr. Chernick.
 - iii. Identify the nature [e.g., written statement, written report, pre-filed testimony, oral testimony] and date of each such statement.
 - iv. With respect to any oral testimony, state whether a transcript was prepared.
 - v. State the position he adopted with respect to the need for, or the alternative(s) to, the proposed line in each such statement.
 - vi. State the ultimate ruling, if any, of the agency to which the testimony was provided.
 - vii. State whether Mr. Chernick is in possession of a transcript of his testimony and, if so, produce a copy thereof for inspection.

Answer: OCC objects to this question as being overly broad and burdensome.

Subject to and without waiving the aforesaid objection, OCC refers CL&P to Exhibit PLC-1, attached to Direct Testimony of Paul Chernick, filed by OCC in this docket on July 7, 2009.

Connecticut Siting Council
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Data Request CL&P-2
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Office of Consumer Counsel
Witness: Paul Chernick

During the time period specified, Mr. Chernick's only testimony on specific transmission lines (other than his present testimony in this docket) has been in two regulatory dockets.

In Connecticut Siting Council Docket No. 217, for which CL&P has the requested documents, Mr. Chernick testified on behalf of OCC.

In Vermont PSB Docket No. 6596, on the Northwest Reliability transmission plan, Mr. Chernick testified on behalf of the Conservation Law Foundation. A copy of that testimony is attached. Mr. Chernick does not believe that he has the transcript of that testimony.

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Office of Consumer Counsel
Witness: Paul Chernick

CL&P-3: Will Mr. Chernick's testimony in this Docket be based in part on any written analyses, computer modeling or simulation, or power-flow studies prepared or commissioned or to be prepared or commissioned by him?

- a. If so, please identify and produce copies of all work papers, electronic spreadsheets, computer output and other documents comprising or supporting those analyses.

Answer: OCC refers CL&P to the Direct Testimony of Paul Chernick, filed by OCC in this docket on July 7, 2009.

Further, certain spreadsheets related to the preparation of that testimony are provided as an attachment hereto.

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Data Request CL&P-4
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Office of Consumer Counsel
Witness: Paul Chernick

CL&P-4: Has Mr. Chernick evaluated or analyzed the "Economic Analysis" of the GSRP and the bid projects in the CEAB Evaluation Report?

- a. If so, please provide copies of any writings that contain or reflect is analysis.

Answer: OCC objects to this question to the extent that it seeks material that may constitute attorney-client privileged information or attorney work product.

Subject to and without waiving this objection, there are no such non-privileged documents. Mr. Chernick comments briefly on the CEAB analysis in his written testimony filed in this docket on July 7, 2009.

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Connecticut Siting Council
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Data Request CL&P-5
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Office of Consumer Counsel
Witness: Paul Chernick

CL&P-5: Exhibit F to the Evaluation Report sets forth a "Forecast of the Net Costs" of each RFP bid. Please comment on the degree of accuracy to which the net benefits forecast for the bid projects in that table are likely to be predicted.

Answer: OCC objects to this question as being outside the scope of OCC's direct testimony. CL&P is free to present its own evidence with respect to this issue but should not be permitted to expand the scope of the testimony of OCC's witness.

Subject to and without waiving this objection, Mr. Chernick has not attempted to quantify the uncertainty in the CEAB analysis referenced.

Office of Consumer Counsel
Witness: Paul Chernick

CL&P-6: Is there a risk that the net benefits projected by CEAB for the later years of a Meriden contract would not be realized, after net costs equally or greater than those projected for the early years had been realized?

a. Would it be reasonable for the Council to take such a risk into account should they make an economic comparison between GSRP and the proposed Meriden Plant?

Answer: OCC hereby incorporates its Objection to CL&P-5 in its response to CL&P-6.

Subject to and without waiving that objection, Mr. Chernick believes that both the costs and the benefits of any future resource may, in any particular year, be higher or lower than expected when those costs/benefits were first estimated. The present-value computation weights later years less heavily, discounting later benefits. Long-term contracts function as insurance against high short-term prices in the future.

As to part (a) of this question, Mr. Chernick does not believe that any need has been demonstrated for any resource addition. That being so, no comparison of GSRP to Meriden or other projects is necessary. If some regulatory body —presumably CEAB and/or DPUC— undertakes a full economic analysis of potential resource additions for Connecticut, including GSRP, Meriden and other projects, analysis of the uncertainty in both the costs and benefits of various projects would be useful. However, uncertainty analysis is not universal in these evaluations, and the results can be difficult to evaluate and use in decision-making.

Office of Consumer Counsel
Witness: Paul Chernick

CL&P-7: In the late 1980s/early 1990s, CL&P was required to enter into a number of long-term electricity purchase agreements with independent generators pursuant to the Public Utility Regulatory Policies Act of 1978 (or PURPA). In order to support the development of co-generation plants by private enterprises, these contracts provided for “front-loaded” pricing (i.e. purchases at prices above the estimated “avoided costs” of self generation) in the early years of the contract and purchases at prices below projected avoided costs in the later years of the contract. These contracts ultimately resulted in net costs to Connecticut ratepayers of more than \$1 billion. What contract structure and terms would CEAB recommend for the purpose of avoiding the risk of similar losses from a bi-lateral contract designed to support the construction of the Meriden Plant?

Answer: OCC objects to this question as it contains extensive testimony not in the record. OCC also objects to this question as it appears to be directed to the CEAB and not to OCC.

Subject to and without waiving this objection, Mr. Chernick notes the following:

- He cannot confirm the [“more than \$1Billion”] net cost value posited in the question. The net after-the-fact cost of various contracts is complicated to assess, for a number of reasons:
 - Some contracts reduced costs to consumers in some years and increased them in other years.
 - The non-utility contracts were critical in maintaining reliable service in Connecticut and New England in various periods of tight power supply.
 - Market prices for power would be higher without the non-utility contracts.

The benefits of the contracts should include the savings from the cancelation of Seabrook 2, which was avoided in part due to non-utility contracts, and other projects that utilities might have undertaken in absence of the contracts, such as CL&P’s proposal to repower Devon 3–6 as a coal-gasification combined-cycle plant.

Office of Consumer Counsel
Witness: Paul Chernick

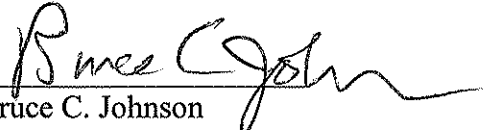
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- Long-term contracts function as insurance against high short-term prices in the future. Valuing this benefit is complex.
- The utility forecasts of avoided costs from the 1980s have turned out to be incorrect and generally higher than actual short-term market prices. Consumers generally are better off with lower market prices and losses on the long-term contracts than with high market prices and gains on the long-term contracts.
- Generation contracts have received favorable review in Connecticut in recent years. Under legislative direction, the DPUC has required the utilities to enter into contracts with more the 1,400 MW of new generation in the last couple of years.
- Transmission facilities also can have costs in excess of benefits. The expected benefits of the GSRP have not been quantified. Nor have the net benefits of most existing transmission facilities been quantified, even in retrospect.


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Respectfully submitted,

MARY J. HEALEY
CONSUMER COUNSEL

By: 
Bruce C. Johnson
Principal Attorney
Victoria Hackett
Staff Attorney

I hereby certify that a copy
of the foregoing has been mailed and/or
hand-delivered to all known parties and
interveners of record this 9th day of
July 2009.


Victoria P. Hackett
Commissioner of Superior Court