

Draft Minutes

SB 383 North Country Transmission Meeting

September 29, 2008

Meeting start: 10:06 A.M.; adjournment: 12:05 P.M.

Members in Attendance: Representative William J. Remick; Frederick W. King; Kate Peters, Office of the Governor; William Sherry, National Grid; Sandi Hennequin, Constellation Energy; Chris Sherman, New England Power Generators Association; Louis Bravakis, Laidlaw Energy Group; Doug Patch, Esq., Orr & Reno representing Noble Power; Bill Gabler, Clean Power Development; Amy Ignatius, Office of Energy & Planning; Donald Tase, Jr., Upland Forestry; Stephen P. Barba, Plymouth State University; Joseph Staszowski, PSNH; Michael Vlacich, Director of Economic of Development, DRED; Thomas B. Getz, Chairman, NH PUC; Representative Naida Kaen, Senator Martha Fuller Clark.

Other Speakers: Clifton Below, Commissioner, NH PUC; Joe Rossignoli, National Grid

Link to Meeting Agenda: [Transmission Meeting Agenda](#)

10:06 A.M.

Adoption of Minutes: **Thomas B. Getz** moved to adopt the minutes from the previous meeting. The motion was seconded by **William Remick** and unanimously adopted.

Kate Peters - Review of New England Governors' Conference

Kate Peters summarized the energy related activities at the September 15-16, 2008 New England Governors' Conference in Bar Harbor and handed out the [NEGC Resolution on Energy Policy and Resolution Concerning Energy](#).

Agenda Items for this meeting and upcoming meetings

Thomas B. Getz:

- The Transmission Commission seeks generator reactions to National Grid's presentation, specifically on the appropriate allocation

of risk in the development of transmission projects for renewables.

- For the October meeting:
Mike Harrington has lined up a participant from FERC.
DRED and CPD will address biomass availability.
Legislative recommendations should be circulated by 10/20.
- Draft report due on December 1st - goal is to circulate a draft by November 17 for comments.

Clifton Below - ISO Conference & Regional Discussions

Commissioner Below reported on a panel he moderated at the ISO New England's Regional Energy Conference in Boston, which he attended along with other Senators and NH Representatives. Discussions focused on how to allocate the cost of transmission for connection of renewables, including cost accountability for developing transmission and cost overruns.

At the conference, Paul J. Hibbard, Chairman of the Massachusetts Department of Public Utilities, expressed Massachusetts's views on the regionalization of costs:

- Massachusetts can meet its RPS requirement with renewable resources largely within the state and, as a result, has only a secondary interest in the question of renewables from more distant locations.
- The Northeast should not regionalize costs for economic transmission or market efficiency upgrades that are intended to connect new resources.
- The legislatures in the regions have made a policy decision through RPS and the development of retail competition and the forward capacity market that all decisions should be a private market decision and not an administratively determined central planning process.
- The price of generation, combined with the cost of developing the necessary transmission should be within the price of the

competitive market alternatives plus the RECs, which could be done through long term contracts that combine the price of the transmission and the output of the generation to load-serving entities.

- Regionalization works against the notion of competitive markets for determining generation investment decisions.

Commissioner Below noted that transmission is usually amortized over 30-40 year periods and raised the question of whether 30-40 year long-term contracts would be desirable.

Rep. Naida Kaen and Sen. Martha Fuller Clark - ISO Conference

The ISO Conference saw a general consensus on the need to shift from oil to renewables. Programs such as RPS and RGGI are positive steps. The ultimate issue is the impact of transmission costs on ratepayers. Legislators need to expand the dialogue among states.

Michael Harrington

Schedule 11 (at page 315) of the [ISO-NE OATT Tariff](#), entitled "Generator Interconnection Related Upgrade Costs" allows interconnection transmission costs to be regionalized, at least in part, if costs can be shown to benefit the region as a whole.

Massachusetts is looking at tying Renewable Energy Credits to time of day and location. Such an approach could devalue NH RECs because NH generators are not as close to load centers.

Joe Rossignoli - Transmission Project Process Improvements

Mr. Rossignoli made a presentation entitled, ["Allocation of Risk in the Development of Large Scale Renewable Transmission Projects"](#).

General Notes following Mr. Rossignoli's Presentation

* Projects in the queue are semi-confidential - no specific details are given out about the projects.

* Slides 8 & 9 show 'Engineering, Permit & Licensing' Costs as low cost items, but only relative to final costs of materials and construction costs or even the project as a whole. Such costs are generally substantial, and they better define what the project will cost as a whole once the project is considered "real".

* Load Serving Entities would issue Requests for Proposals (RFPs) for Purchase Power Agreements (PPAs) once a project is deemed "real".

* The life of a transmission line is approximately 30 years.

* Cost reassessments are part of every project because costs can't be identified until a project is defined, and a project can't be defined until it has been engineered and received siting approval.

Questions & Answers

Amy Ignatius asked if the Transmission companies could produce simplified models of different approaches, including basic assumptions, so that the Commission members could better understand ratepayer costs, transmission company costs, etc. **National Grid** agreed to work on that.

Thomas B. Getz requested that the Commission receive ideas and comments from the generators with regard to what it will take to move forward and what a model would look like from the generators' perspective.

Louis Bravakis stated that generators have too many unknowns at this time in order to provide detail or substantial comments to the Commission. With issues involving political versus financial acceptance and capital markets allowing for very little risk, the place to start would be continuing dialogue and figuring out what these projects will really cost.

Martha Fuller Clark noted the need to find a way to expedite the process and figure out how the costs can be shared in a way that will be reasonable and equitable for everyone. Also, state-to-state coordination should be addressed, as well as federal policy with regard to renewables. **Steven Huntington**, a non-voting member appointed

by U.S.Senator Paul Hodes agreed to elaborate on federal policy via email at a later date.

Amy Ignatius pointed out that discussions on generator response are not significantly different than they were 1 year ago, reflecting a lack of the sense of urgency in resolving these issues. She understands that actual costs of projects won't be available by November or December but urges generators to transmit any meaningful information or plans to the Commission as soon as possible so that it can move forward.

ENDING NOTES

Next Meeting is October 27, 2008. For questions and additional information, please contact Michael Harrington (Michael.Harrington@puc.nh.gov) or Tom Frantz (Tom.Frantz@puc.nh.gov) at the PUC. For copies of materials discussed at the meeting please visit the PUC website at www.puc.nh.gov/Electric/electric.htm or contact the PUC Legal Assistant, Jennifer Ducharme at Jennifer.Ducharme@puc.nh.gov.

Adjourned at 12:05 P.M.