

Minutes

[SB 383](#) North Country Transmission Meeting

November 24, 2008

Meeting start: 10:05 A.M.; adjournment: 11:57 A.M.

Members in Attendance: Representative Naida Kaen; Representative William J. Remick; Hon. Frederick W. King; William Sherry, National Grid; Sandi Hennequin, Constellation Energy; Chris Sherman, New England Power Generators Association; Louis Bravakis, Laidlaw Energy Group; Mark Lyons, Noble Environmental; Mel Liston, Clean Power Development; Amy Ignatius, Office of Energy & Planning; Tom Colgan, Wagner Forest Management; Stephen P. Barba, Plymouth State University; Joseph Staszowski, PSNH; Thomas B. Getz, Chairman, NH PUC; Steven Huntington; Palmer Lewis.

Other Speakers: Representative Lyle Bulis.

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

1. Representative Naida Kaen convenes the meeting at 10:07 A.M.

2. Adoption of Minutes: There were minor edits to the minutes from the previous meeting. **Palmer Lewis** noted that he was present at the meeting although it was not reflected in the minutes. **Amy Ignatius** also provided written edits to the minutes to address editorial changes.

Representative Naida Kaen requested a motion for adoption of the minutes. **Sandi Hennequin** moved to adopt the minutes from the previous meeting with the revisions noted. The motion was seconded by **Naida Kaen** and minutes were unanimously adopted subject to those minor revisions.

3. Northeast Utilities Presentation - [Northern New Hampshire New Resource Interconnection Options and Costs](#) by Joe Staszowski. This presentation covered issues relating to:

- o The Northern NH Loop - The existing system and the issue of getting additional generation from the loop to load centers in Southern NH and into MA.
- o Current renewable projects in the queue.
- o System upgrades for additional generation.
- o NH 10-year ISO-NE Study
- o Interconnection possibilities and system upgrade costs.
- o Expansion options and preliminary costs.

- o Potential reductions to transmission upgrade costs
- o Timelines for expansion.

NU states that, although the initial Commission report released estimated that the connection of approximately 400 MW of generation in the North Country could cost as much as \$150-200 million, the figure could be in the range of \$125-155 million or lower.

Once the results of the ISO-NE 10-Year (Projection) study are completed then potential reductions to the cost of upgrades can be better evaluated. If ISO-NE recommends that upgrades to NH transmission lines be done within a certain timeframe then those costs will be regionalized once the upgrade is complete. ISO-NE would give NH a deadline to complete the reliability upgrades recommended. ISO will only regionalize costs when the upgrades are considered necessary so NH.

Doug Patch asked if the upgrades are completed in order to accommodate the additional 400 MW of generation capacity and then further down the road additional generation comes online, then will the upgraded system be able to be further upgraded? **Joe Staszowski** answered that under this reduced fee model, 400 MW of generation would be as much as the system could handle and that stability issues would prevent someone from adding generation over the 400 MW allotted.

Representative Kaen asked if the upgraded system might be able to handle the full 570 MW of generation which is currently in the queue. **Joe Staszowski** noted that he did not believe it would be sufficient.

Louis Bravakis asked if NU had given any thought as to what an additional 200 MW of generation might cost over and above the 400 MW upgrade. **Joe Staszowski** said no but noted that the cost would likely be substantial.

Thomas Getz asked what the process would be for selecting which upgrade option to pursue. **Joe Staszowski** noted that it would be up to the transmission owners and that they would likely go with the option which proved to be the cheapest while still reaching the minimum reliability level needed. He also noted that if the transmission companies choose the cheapest

option which services the fewest regional needs, then they would have trouble getting the project costs regionalized.

Representative Bulis asked if it was possible that NH will be in a similar situation 10 years from now when it comes to transmission upgrades. Will we have to upgrade the transmission lines that we are upgrading? And if some of the lines that we have now are as old as 80 years old, will the upgrades last that long? **Joe Staszowski as well as Representative Naida Kaen** noted that building a brand new transmission line would be far more costly than an upgrade and would take many years to complete.

4. Review [Preliminary Report](#)

Thomas Getz began a discussion with the Commission on the preliminary draft of the final progress report due on December 1, 2008 to be distributed to the parties specified in [SB 383](#). The purpose of this report was to keep an ongoing record of what the Transmission Commission has done as well as creating a resource for people who want to dig deeper into the issue of transmission upgrades. He asked members if anyone had substantive changes to the preliminary report. Chairman Getz asked anyone with comments to submit them via email to [Jennifer Ducharme](#) as soon as possible.

Chairman Getz noted that the PUC would still be doing all it can on the issue of regional cost allocation. There are many working groups discussing these issues as well. Some of the workgroups mentioned come out of the New England Governors Conference, ISO-NE and NECPUC. There is also a cost containment/cost control effort of which Chairman Getz is co-chair. He concluded that the Commission's task is to determine how to make progress on a state approach as well as requesting cost allocation proposals from transmission owners to try to get legislation in as soon as possible.

Hon. Fred King commented that he was under the assumption that although SB383 was not clear, it sounded as though the Commission would expire on 12/1 after the report was submitted and that this was the last meeting. He noted that **Senator Martha Fuller Clark** was potentially submitting legislation to extend the Commission past December 1, 2008, but he has not seen that yet. He commented that he understands that nobody is ready to request a 100% ratepayer backing of a transmission upgrade and urged transmission owners to

submit proposals so that we can try to find a balance in order to come to a resolve. Additionally, he noted that at the very minimum the Commission can provide continued support in transmission expansion related issues but that now the issues is in the hands of the legislature and not the Commission's.

Thomas Getz noted that the PUC would continue working on the issues as they have all along and that the Commission would need to determine whether or not this would be the last meeting of the North Country Transmission Commission.

Mel Liston commented that there were 3 issues that the Commission should look at in conjunction. The first being a global climate initiative, the second being North Country transmission issues and the third being the PSNH Merrimack Station and its mercury scrubber issues. He said, for example, if NH was to retire the Merrimack plant in Bow and spend a portion of the money that was going to be used to install the scrubbers on North Country Transmission upgrades which would replace the station with "green power" than that would yield more favorable rates for consumers. **Donna Gamache** from PSNH said that the issues were very different and funds from the Merrimack station would not just be transferred over for expansion to the North Country. She suggested that the board stay on the issue of expansion to the North Country and continue to focus on that issue.

Representative Bulis proposed creating a statewide energy policy on renewables. **Representative Kaen** invited him to attend the Energy Policy Commission meeting later that day at 1PM in the LOB.

Bill Sherry noted that there would be significant implications of going beyond 400 MW in the North Country due to reliability issues and cost and he wanted to be sure that readers of the 12/1 report understood that.

Tom Colgan commented that although the Commission would like to get a joint proposal from transmission owners, many states worry about developers getting together to discuss those kind of issues. He noted the NY Attorney General said that producers were working together to limit production as well as the market. He said it was important to find a reasonable approach because clearly the entire cost cannot be socialized but the issue is trying to figure out what an acceptable socialized percentage would be. He suggested that the transmission owners provide estimates of what they might be willing

to pay but an estimate should also be provided in regard to what the public would be willing to pay in socialized costs.

Louis Bravakis asked if requesting individual proposals from generators might resolve the issues which came up in NY. That would also give the Commission individual points of views of all of the generators.

Mark Lyons noted that he did not see anything wrong with working together and that the knowledge of all of the individuals working together would be a benefit. He noted that it might be efficient to also get together with ISO-NE to discuss these issues. Additionally, he noted that in order to figure out what might or might not be legal for generators to discuss, perhaps the Commission could get advice from a public counsel from either the PUC or the AG's office.

Amy Ignatius commented that a possible way to wrap up the report would be to have a recommendations section at the end of the report. She made recommendations which included:

- Endorsing the concept of upgrading to a vibrant and robust system in the North Country and not focus on specific MW amount.
- Continuing to operate as a Commission.
- Generators working amongst themselves in order to figure out how they would bring expanded transmission to the North Country.
- Developing a cost allocation approach and having the PUC assess ratepayer impacts and options.
- Welcoming legislation on any issues brought forth and making the Commission a resource to legislative committees or any other groups to help identify individuals or materials that could be helpful/important to these groups and committees.

Commission members agreed that having a recommendations section in the progress report would be prudent. **Amy Ignatius** noted that we are at a critical point in time in order to get legislation introduced for discussion this session. **Tom Frantz** noted that there were no LSR's submitted that directly applied to expansion of transmission into the North Country and **Hon. Fred King** stated that the LSR window has closed but there should be a bill introduced in January that would deal with the expansion of North Country transmission.

Edith Tucker asked **Tom Getz** to articulate why transmission expansion to the North Country was in the public interest. **Chairman Getz** responded that the legislation determined that it was in the public interest and we are just working with those legislative findings.

Chairman Getz asked if there would be any objections to the Commission delegating him to work with **Amy Ignatius** in order to finalize the progress report with the incorporation of a recommendations section.

Mel Liston polled Commission members to see if anyone else thought that the Commission should look beyond the current issues to incorporate the PSNH Merrimack station. All other members agreed that the charge of the Commission from SB 383 was to look at issues regarding expansion of transmission into the North Country only.

Representative Kaen recommended that the Commission authorize **Amy Ignatius'** thoughts on a recommendations section to be transmitted into the report without further analysis by the Commission. The recommendation was agreed to unanimously.

Chairman Getz confirmed that he would work with **Amy Ignatius** to finalize the report and reviewed Amy's recommendations with the Commission one last time. He again urged transmission owners to get together and discuss a proposal as to which costs they would be willing to incur for a transmission upgrade and which costs they believed should be socialized. **Doug Patch** noted that there is a value in having a facilitator in the meetings with the transmission owners. **Chairman Getz** stated that the PUC would continue to act as facilitator for any meetings.

Members voted unanimously to accept the final progress report as it would be written and to adjourn all further meetings until legislation is passed to continue the North Country Transmission Commission.

Meeting Adjourned at 11:57 AM.

ENDING NOTES

There are no further meetings scheduled for the North Country Transmission Commission. 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.

Meeting Adjourned at 11:57 A.M.