

**STATE OF NEW HAMPSHIRE**  
**Inter-Department Communication**

**DATE:** September 23, 2009  
**AT (OFFICE):** NHPUC

**FROM:** George McCluskey

**SUBJECT:** New Hampshire Electric Cooperative's LCIRP - Docket No. DE 06-015

**TO:** Commissioners  
Debra Howland

Background

On April 13, 2009, the Commission directed NHEC by secretarial letter to file by April 30, 2009 a description of the following:

- NHEC's current least cost planning process for transmission and distribution; and
- NHEC's plans for complying with the requirements of RSA 378:38, et seq., on a going forward basis.

NHEC responded to this directive by filing a copy of its currently effective Long Range Plan, produced in 2003. Staff reviewed the filing and concluded that little attention had been given to explaining the processes used to plan the development of NHEC's distribution system. In the cover letter attached to the filing, NHEC noted that it has budgeted funds necessary to produce a new Long Range Plan in 2009. This new plan would include information about NHEC's transmission and distribution planning process that would be incorporated in a September 30, 2009 plan to be filed pursuant to RSA 378:38. The cover letter also stated that NHEC intends to model its plan on two IRPs filed by Granite State Electric in Dockets DE 05-098 and DE 07-052.

Recommendation

Though Staff is pleased that NHEC has agreed to file a new plan later this month, we are concerned the Company intends to model it on the IRPs of Granite State. We believe those filings do not fully address the types of issues that should be included in an IRP for a transmission and distribution only utility. This view was conveyed to Granite State in an April 2009 e-mail that identified numerous issues that in Staff's view should have been, but were not, addressed in its 2007 filing. See the attached note. Consistent with its dealings with Granite State, although we recognize that some of those issues may not be applicable to NHEC, Staff will forward the same information to NHEC for its consideration as part of the upcoming planning proceeding. In the meantime, Staff recommends that the Commission close Docket No. DE 06-015.

Please let me know if you have any questions or would like to discuss this issue further.

*GRM*

cc: Steve Mullen, Electric Division  
Suzanne Amidon, Legal Division

## Issues for Grid's Next IRP

### Demand-side Resources

- a. Discuss the goal(s) of implementing energy efficiency programs and identify the beneficiaries. Potential goals could be: (i) improve supply reliability; (ii) improve price stability and predictability; (iii) lower participant and non-participant costs; (iv) reduce environmental emissions; or (v) avoid T&D costs.
- b. If Grid believes energy efficiency programs lower non-participant costs, discuss the basis of this belief and include: (i) a description of its avoided cost methodology; (ii) the resulting avoided cost forecast by cost component; (iii) the approach used to evaluate each program; (iv) avoided costs by program; (v) implementation costs by program; and (vi) program rank based on the Total Resource Cost test.
- c. Address the potential for demand-side resource programs in the Company's service area and any plans Grid has for expanding/contracting such programs. If the Company has no control over demand-side resource decisions, so state and explain why.
- d. Discuss the cost-effectiveness of the ISO-NE demand-response programs and the Company's efforts to increase the number of customers participating in such programs.

### Transmission Resources

- a. Define clearly the transmission network that is the subject of this portion of the plan and distinguish transmission from distribution.
- b. Discuss transmission planning objectives and standards.
- c. Discuss the planning implications of the shift in responsibility for transmission operations and planning from utilities to ISO-NE.
- d. Identify current and future major bottlenecks on Grid's transmission system and discuss causes and impacts.
- e. Describe process for developing solutions to address transmission bottlenecks and discuss process for reviewing and obtaining approvals for major regional projects.
- f. Give examples of non-transmission solutions and describe analysis to determine cost effectiveness and discuss pros and cons of alternative solutions.
- g. Detail medium and/or long-term capital budget for new and upgraded transmission facilities.
- h. Discuss implications of RGGI and state RPS for transmission planning, particularly the remote location of many renewable resources including wind and biomass.
- i. Describe the technical/operational challenges of incorporating renewable energy sources into existing transmission network without compromising system reliability. J. Status of proposals to link wind-rich areas in Northern NH with load centers.
- k. If relevant, status of proposed solutions such as federal or state tax breaks for transmission investments required to connect renewable resources to the network and the socialization of costs by RTO.

### Distribution Resources

- a. Describe the existing distribution system taking care to distinguish between distribution and transmission facilities. Also distinguish the terms "supply system" and "distribution system" and "supply line" and "distribution line."
- b. Discuss the goals of distribution system planning.

- c. Discuss generally the main causes of distribution system outages and describe the planning to limit the number of customers affected by such outages. Discuss the indices of service reliability. Describe the planning to minimize energy delivery losses.
- d. Describe the tools and processes utilized to evaluate the capability of the distribution system.
- e. Describe the process for incorporating DG facilities into the distribution system including analysis to determine the effects of such facilities on the system.
- f. Identify types of DG facilities that have been considered and describe any studies conducted by Grid to understand the economics of DG applications.
- g. Describe the Company's distribution system plan including reinforcement and system expansion project level information such as timing, capacity size, and cost.