



State of Connecticut

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DEPARTMENT OF PUBLIC UTILITY CONTROL

NEWS RELEASE

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DPUC Issues Draft Decision Approving Request for Proposal To Reduce Future Electricity Costs to CT Consumers

The Department of Public Utility Control (DPUC) today issued its first major Draft Decision in Docket 05-07-14PH02, implementing the Energy Independence Act's requirement to issue a Request for Proposal (RFP) soliciting long term contract bids from new (or incremental) generation, demand response, conservation and energy efficiency projects in Connecticut. The objective of the RFP is to motivate the development of new generation and demand-side resources in the state, in order to reduce the future costs of wholesale electricity for Connecticut consumers (referred to broadly as Federally Mandated Congestion Charges (FMCCs)) and to provide for reliable, competitively-priced electricity supply.

The DPUC and other experts in the field forecast that Connecticut will need around 600 to 700 megawatts of new quick start electric generating units or dispatchable demand response to meet its electricity needs starting in 2007 and will, in later years, need more capacity, either from new generation projects, demand response, or conservation and energy efficiency measures to meet increasing demand for electricity. The capacity solicited through the DPUC's RFP is expected to improve the security and reliability of electric supply to Connecticut consumers while controlling potential future cost increases due to shortages in electric generating capacity. In addition, the RFP also seeks to recognize the key role of environmental standards on new energy development by providing substantial weighting in favor of projects that will improve the quality of Connecticut's environment and effectively utilize existing electric generation and transmission infrastructure.

Like the landmark Energy Independence Act adopted by the CT General Assembly which mandates this RFP, the Request for Proposal and associated documents have required careful consideration by the DPUC and leading edge regulatory policy making. In developing this solicitation, the DPUC is actively seeking to encourage the participation of the broadest array of potential respondents. The RFP has been explicitly designed to take advantage of well-accepted competitive solicitation processes and contractual methods, while incorporating best practices used in other jurisdictions for energy infrastructure procurement. All critical elements of the RFP

process, including the timeframe for bidding, the environment for providing information to bidders, the bid evaluation procedures, and finally, the long-term contract securing capacity from selected projects, have been carefully considered by the DPUC and have incorporated extensive stakeholder input from numerous technical workshops, and written comments on draft work products issued by the DPUC over the recent months. These work products include the assessment of investment needs in Connecticut, the draft RFP, and draft contract templates.

The Draft Interim Decision and RFP have been issued today for public review and comment. The DPUC anticipates voting on the Decision in September, after which time, the RFP process will be initiated. **The current schedule envisions the issuance of the RFP on September 15, 2006.** Binding proposals by prospective bidders will be due in December 2006, and an Interim Decision by the DPUC in March 2007 will then announce winning bidders. Fifteen days from the announcement of winners in the RFP, the electric distribution companies will file executed contract(s) with the DPUC for final approval. The DPUC will approve these contract(s) no later than September 27, 2007.

For more information on the DPUC's efforts to implement the Energy Independence Act and other energy-related initiatives, visit www.state.ct.us/dpuc/.