

STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC UTILITY CONTROL

DPUC Investigation of Measures  
To Reduce Federally Mandated  
Congestion Charges

Docket No. 05-07-14PH02  
October 31, 2006

**Additional Questions & Answers  
Discussed at  
Pre-Bid Conference held  
October 10, 2006  
In Hartford, CT**

**Addendum to October 18, 2006 Document**

1. With Financial Bids due on December 13, 2006 it is likely that entities proposing to build generation projects will be relying on initial cost estimates related to matters such as interconnection costs and/or EPC Contractor work. Will Suppliers have any opportunity to refine their bids post December 13 or will their Financial Bids be binding?

*No, the Financial Bid is a contractually binding estimate and bidders will not have any opportunity after December 13, 2006 to amend their Financial Bids. The Department's mandate to select the lowest cost projects on behalf of bidders makes it impossible for the Department to select winning bidders and allow those winning bidders to thereafter change their Financial Bid.*

2. For financing purposes, what is the process for modifying an executed Contract, if for example a potential lender raises unforeseen issues with respect to non-price terms of the Contract?

*Section 2.1 of the draft Master Agreements allows for limited modification of Exhibit A to the Agreement prior to Commercial Operation. The Master Agreement does not contemplate any other modifications after execution, other than in the context of market rules changes.*

3. Is there any way, given the two Contract structures envisioned that a composite bid (which ISO-NE is currently considering) that might combine a resource that's available in the summer and resource that is available in the winter?

*The Department will not select a project that requires two separate contracts. If the project sponsors can sufficiently integrate their projects in terms of administrative, financial, and operational control such that one contract can be used, such project sponsors are welcome to submit a proposal into the RFP process, explaining how it will be possible for the project to be governed through use of one contract with the buyer.*

4. Will one or both utilities be counter-signatories to the generator Contract?

*As described in the RFP (Section 1.3), there will only be one electricity distribution company serving as counterparty per Agreement. That counterparty will initially be based on the electrical location of the project vis-à-vis the distribution company's service territory, though additional re-allocation of projects may be necessary to preserve the 80-20 peak load division between the electric distribution companies.*

5. How does a disco recover the Contract capacity amounts over the term of the Contract?

*The DPUC interpreted this question to be about how the electric distribution companies recover these costs from ratepayers. According to statute, the recovery of these costs is through the non-by-passable FMCC charge on ratepayers' bills. The DPUC clarified in its Interim Decision on August 25, 2006 that it intends for ratepayers of the two electric distribution companies to pay an equivalent charge per MWh of energy consumed; therefore, there will be a true-up process between the two EDCs to account for any differentials between the amounts they recover through FMCC charges and the amount they are paying out as counterparties to these Contracts. The*

*DPUC currently anticipates that this true-up between the EDCs will be managed through the existing biannual settlement process for FMCCs.*

6. How will winning projects be allocated to the utilities if there is ambiguity between electrical and physical location of a given facility?

*We are allocating projects based on their electrical location but will re-allocate projects should the balance between the electric distribution companies not resemble their 80-20 peak load division. For projects that are physically located in one service territory and electrically located in another one, preliminary allocation of Contracts will be based on the electrical location of the project.*