



State of Connecticut

Contact: RFP Coordinator:
Bridgett Neely (617) 921- 3832

DEPARTMENT OF PUBLIC UTILITY CONTROL

NEWS RELEASE

April 23, 2007

DPUC Announces 4 Winning Bids in Capacity RFP: Projects Represent 787 MW of New Electric Capacity for CT

The Department of Public Utility Control (DPUC) has selected four projects, totaling an aggregate 787 MW, as winning bidders in its RFP process for new capacity. This portfolio of projects is expected to reduce costs to CT ratepayers, improve system reliability, and provide important environmental benefits. The selected portfolio consists of: 1) a 620 MW gas-fired combined cycle baseload plant in Middletown offered by Kleen Energy, 2) a 66 MW oil-fired peaking facility located in the heart of congested Southwestern CT (Stamford) offered by Waterside Power, 3) a 96 MW gas-fired peaking facility also located in Southwestern CT (Waterbury) offered by Waterbury Power, and 4) a 5 MW state-wide energy efficiency project offered by Ameresco.

“This is a significant and concrete step in transforming CT generation facilities from old, expensive and dirty generation to new, clean and efficient facilities that will help to drive down electric prices. After factoring in the stream of payments that would be made to each project under its long term contract, we expect these facilities to produce half a billion dollars in benefits, but the benefits could exceed \$1.6 billion over the life of these contracts. This will be a win-win-win situation for CT – we will improve environmental quality, avoid new federal charges and drive down electric prices, all because of these new facilities” said DPUC Chairman Donald Downes.

The DPUC and its consultants London Economics International LLC (LEI) analyzed the winning projects along with 18 other projects that had submitted conforming bids in December 2006. These four projects represented the best projects within each technological class. In addition, based on an analysis of over 25 portfolio combinations, this portfolio of four projects maximized the projected net benefit to consumers across a wide range of future market conditions. Based on LEI’s simulation analysis of nine future market outlooks, these four projects in combination are expected to produce \$417 million of energy benefits and \$441 million of capacity market benefits, before netting out project costs, over the next 15 years. Of all the portfolio options available to the DPUC in this competitive solicitation, this portfolio contains the most cost-effective projects and produces the biggest reduction in congestion costs. The winning portfolio

also clearly meets the other selection criteria embodied in the Energy Independence Act: this portfolio is the least cost given the benefits it produces; it also is expected to improve local reliability and reinforce system-wide transmission security.

The winning portfolio had other benefits as well. For example, in the face of gas shortages during peak periods, this additional 787 MW can potentially save CT ratepayers and businesses as much as \$229 million per electricity outage event. The portfolio is likely to reduce emissions of pollutants such as NO_x, SO₂, and CO₂ by more than a billion tons over the next 15 years. The three generation projects re-use industrial sites and, in some cases, previous electric power generation sites (also referred to as brownfield sites). The four projects selected by the DPUC also introduce three new market participants to the CT electricity sector, expanding the number of competitors and thereby reducing existing market power concerns.

“The process for this RFP has been exhaustive. We have used nine different scenarios to account for all the future factors that might make our choices more or less beneficial and we have considered each project not only standing alone, but also in virtually every combination. The combination of baseload and peaking generation, together with the energy efficiency resources chosen in this RFP, will provide a comprehensive package that will operate in all conditions - not just in peak periods like proposals to simply build additional peaking plants” said DPUC Chairman Donald Downes.

For more information, please see the Department’s Draft Decision dated April 23, 2007 and the report of LEI recommending winning bidders.