

**NORTHEAST ENERGY AND COMMERCE ASSOCIATION (NECA)  
LEGISLATIVE AND REGULATORY COMMITTEE**

**Recent Orders/Rulings/Legislation or Other Noteworthy Items**

June – December 2007

**FINAL (1/7/08)**

The following table highlights recent regulatory orders, ruling, legislation and/or other items of potential interest to the Northeast Energy and Commerce Association's (NECA) membership. For more information on specific items, readers are encouraged to contact the appropriate individual(s) noted in the numbered bracket below the table. This publication and the opinions expressed herein are provided subject to the reader's understanding and full agreement that they do not constitute the rendering of legal advice or other professional advice by NECA, its members or any of their attorneys.

| JURISDICTION   | UPDATE   |
|----------------|--|
| Administration | <ul style="list-style-type: none"> <li>• <b><i>\$44 Million Committed For Net Zero Energy Homes</i></b> On October 19, the Department of Energy announced that it would invest \$44 million over five years towards the construction of net zero energy homes. Grants will be distributed to four contact teams from Building America, a private/public partnership that develops energy solutions for new and existing housing.<sup>[3]</sup></li> <li>• <b><i>Greenhouse Gas Reduction Potential Study Released</i></b> On December 4, National Grid released a study titled "Reducing Greenhouse Gas Emissions: How Much at What Cost?" The report, published by McKinsey &amp; Co., found that with inventive policies and programs, the United States would be able to reduce greenhouse gases by three gigatons at a cost of approximately \$1 trillion by 2030.<sup>[3]</sup></li> <li>• <b><i>National Efficiency Group Releases "Vision for 2025" Report</i></b> In November, the National Action Plan for Energy Efficiency leadership group released their report "Vision for 2025: Developing a Framework for Change." The report demonstrates that aggressive energy efficiency strategies over the next 18 years could cut the United States' energy use by 50 percent or more. The report also states that meeting this goal will cost the country \$100 billion.<sup>[3]</sup></li> <li>• <b><i>Greenhouse Gas Report Released</i></b> On November 28, the Energy Information Administration (EIA) released the 2006 edition of its annual "Emissions of Greenhouse Gases in the United States" report, as required under the Energy Policy Act of 1992. The report presents the EIA's latest inventory of emissions of carbon dioxide, methane, nitrous oxide, and other greenhouse gases. It finds that total U.S. greenhouse gas emissions in 2006 were 1.5 percent lower than in 2005, and that 2006 carbon dioxide emissions totals were lower than they were in 2003.<sup>[3]</sup></li> <li>• <b><i>The Energy Information Administration</i></b> released their annual report located at <a href="http://www.eia.doe.gov/oiaf/aeo/index.html">www.eia.doe.gov/oiaf/aeo/index.html</a></li> </ul> |
| Congress       | <ul style="list-style-type: none"> <li>• <b><i>Climate Change</i></b> - The Senate Environment and Public Works Committee just passed S. 2191, the "America's Climate Security Act of 2007," by a vote of 11 to 8. All the Republican members except for Sen. John Warner (R-VA) voted against the bill. All the Democrats and Independents voted for the bill. Although a number of amendments were adopted, no major changes were adopted in committee other than those included in Chairman Barbara Boxer's (D-CA) manager's amendment.<sup>[8]</sup></li> <li>• <b><i>Energy Diplomacy and Security Act</i></b> - The Senate Foreign Relations Committee passed S.193 that promotes partnerships with consuming countries to increase the use of sustainable energy sources.<sup>[8]</sup></li> <li>• <b><i>The Energy Independence and Security Act of 2007</i></b> was signed on December 19<sup>th</sup> by President Bush. Among others, the bill</li> </ul>   |

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|              | contains provisions for federal buildings to upgrade all of their lighting; creates an Office of High-Performance Green Buildings; and calls for the reduction of greenhouse gas emissions by 20 percent in 10 years <sup>[8]</sup>  |
| FERC         | <ul style="list-style-type: none"> <li>• <b>Forward Capacity Market</b> – On July 25, 2007, FERC issued an order substantially denying rehearing of a previous FERC order that accepted the market rules implementing FCM.<sup>[8]</sup></li> <li>• <b>Resource Adequacy</b> – On September 14, 2007, FERC issued an order denying rehearing requests of its previous order accepting ISO-NE tariff changes that determined the Installed Capacity Requirement for the New England control area. In the order, FERC explained the basis for its jurisdiction over ICR under the Federal Power Act.<sup>[8]</sup></li> <li>• <b>NESCOEs</b> – On October 30, 2007, FERC accepted ISO-NE’s tariff filing that would enable ISO-NE to act as the billing and collection agent for the New England States Committee on Electricity.<sup>[8]</sup></li> <li>• <b>Competitive Market Analysis</b> – FERC issued an Advanced Notice of Proposed Rulemaking that sought comment from stakeholders regarding whether FERC should direct regions with organized markets to make changes to their competitive markets to enhance demand response, facilitate long-term contracts, strengthen market monitoring and improve the responsiveness of RTO/ISO governing boards and management to stakeholder concerns.<sup>[8]</sup></li> </ul>  |
| Connecticut  | <ul style="list-style-type: none"> <li>• <b>CT Utilities’ IRP</b> As required by Section 51 of Public Act 07-242, Connecticut’s electric utilities filed with the Connecticut Energy Advisory Board on January 3, 2008 an integrated resource plan for the state. The 260-page report, authored by the Brattle Group, finds that there is no need for new generation resources to meet reliability standards either in Connecticut or in New England until 2018. The new resources then needed could be sited inside or outside Connecticut. To close the current fast-start resource gap, 279 MW of combustion turbines are needed now.<sup>[7]</sup></li> <li>• <b>The CT DEP</b> has issued a public notice as part of a rule making proceeding concerning proposed regulations to implement RGGI in Connecticut. This notice is not scheduled to be published in the Connecticut Law Journal until January 8, 2008, but the Department wanted to notify the SIPRAC community as soon as possible. The public notice and proposed regulations are now available on the Department’s web page at: <a href="http://www.ct.gov/dep/cwp/view.asp?A=2586&amp;Q=401336">http://www.ct.gov/dep/cwp/view.asp?A=2586&amp;Q=401336</a>. The Department will be holding a public hearing on these proposed regulations. The public hearing will be held on February 8, 2008 at 1:30 PM in the Phoenix Auditorium, 79 Elm Street, Hartford.<sup>[4]</sup></li> <li>• <b>Natural gas Conservation and Load Management Plan Released</b> - On October 2, the natural gas utilities of Connecticut filed their 2008 Joint conservation and Load Management Plan. The plan, numbered docket 06-03-10, includes ramping up the programs from last year and further coordinating with electric utilities on the development and implementation of programs.<sup>[3]</sup></li> <li>• <b>Energy Efficiency Partners Program Docket</b> On December 27, a technical meeting was held on Docket 07-06-59 concerning the review of the Energy Efficiency Partners Program. The docket was opened as a requirement of House Bill 7432 which calls for the Department of Public Utility control to evaluate and approve potential energy efficiency partners are evaluated and approved to</li> </ul> |

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|               | work with the state to reduce electric demand. <sup>[3]</sup>   |
| Maine         | <ul style="list-style-type: none"> <li>• <b>Independent Transmission Co.</b> – Energy East Corp., a subsidiary of Bangor-Hydro-Electric, is considering forming one or more independent transmission companies as the state explores option for participation in ISO’s energy market. Other options include developing a market with one or more of the Canadian Maritime provinces and working with current ISO framework to address and correct inequities.<sup>[6]</sup></li> <li>• <b>RGGI</b> – The Governor introduced L.D. 1851 (“Regional Greenhouse Gas Initiative Act of 2007”) to establish a statewide carbon dioxide cap-and-trade program for fossil fuel-fired generators greater than 25MW.<sup>[6]</sup></li> <li>• <b>Markets</b> – The Maine Energy Council said the state should expedite its evaluation of regional energy arrangements and participate at the regional and federal levels to protect the interest of Maine’s consumers and fully exercise Maine’s energy sovereignty. The Council supports the PUC’s look at alternatives to continued participation in the ISO NE energy market.<sup>[6]</sup></li> <li>• <b>Long-term Capacity</b> – The PUC and Representative Bliss have submitted Legislative Document 268 to amend a 2006 law that directs large investor-owned transmission and distribution utilities to enter into long-term contracts for capacity resources. LD 268 seeks to clarify the cost provisions of the law.<sup>[6]</sup></li> <li>• <b>Long-term contracts</b> – Energy companies called on the PSC to seek proposals for long-term standard offer contracts for 2009-2019 in an effort to provide an incentive for investment in generation and transmission in northern Maine.<sup>[6]</sup></li> <li>• <b>Utility Owned Generation</b> – The Legislature debated L.D. 413 which would remove provisions in existing laws that prevent investor-owned transmission and distribution utilities from owning and operating generation facilities and from selling that energy to consumers at retail.<sup>[6]</sup></li> <li>• <b>Capacity Rule Change</b> - Maine Gov. John Baldacci has joined state regulators to protest a proposed rule change from the administrator of the transmission system and electric power markets in two of the state’s northern counties.<sup>[6]</sup></li> <li>• <b>Gov’s Task Force on Wind Permitting</b> – Gov. Baldacci on May 8<sup>th</sup> ordered the creation of a task force to explore the regulation of and barriers to the development of wind generation in the state.<sup>[6]</sup></li> </ul> |
| Massachusetts | <ul style="list-style-type: none"> <li>• <b>An Act to Generate Renewable Energy and Efficiency Now (SB 2457)</b> – The Senate is expected to debate the revised version of the bill on January 9, 2008.<sup>[6]</sup></li> <li>• <b>Proposed Rule Change</b> – Massachusetts DEP has proposed changes to the state’s Chapter 91 waterways regulations to designate underwater cables that deliver electricity from an offshore wind project as “water dependent”. The DEP will hold hearings in early January before closing the public comment period on January 17. The regulations could take effect in April 2008.<sup>[6]</sup></li> <li>• <b>Cape Cod Commission</b> – the Cape Cod Commission passed a resolution to require that the process to site energy projects within</li> </ul>  |

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|               | <p>their jurisdiction be subjected to an extensive review process. The purpose of the procedural changes is to establish a procedural record and testimony that will be accepted by the state in the event of an appeal. <sup>[6]</sup></p> <ul style="list-style-type: none"> <li>• <b>The Draft MA Ozone Attainment SIP</b> has been issued for public review and comment. The draft <i>Transport SIP</i> has also been issued. Public hearings on both the Ozone and Transport SIPs are scheduled for Friday, January 18. The Ozone SIP narrative and appendices are available for your review on MassDEP's website at: <a href="http://www.mass.gov/dep/air/priorities/sip.htm">http://www.mass.gov/dep/air/priorities/sip.htm</a>. The Transport SIP is available at <a href="http://www.mass.gov/dep/air/priorities/sip.htm#transport">http://www.mass.gov/dep/air/priorities/sip.htm#transport</a>. Please note that the public comment period will close on January 28, 2007. <sup>[6]</sup></li> <li>• <b>Massachusetts Division of Energy Resources (DOER)</b> published its amended Regulation for the Renewable Energy Portfolio Standard (RPS) in the <i>Massachusetts Register</i> in October. Included in the publication were the guidelines on the RPS Eligibility of Biomass Generation Units referenced in the regulation. Both the RPS regulations and the eligibility guidelines for biomass generation units took effect on October 19, 2007. <sup>[6]</sup></li> </ul> |
| New Hampshire | <ul style="list-style-type: none"> <li>• <b>NH RPS</b> – The NH Public Utility Commission has initiated its rule making process for implementation of NH's Renewable Portfolio Standard. A technical session regarding the proposed rule making will be held on Thursday, 1/10 at 1 pm (Hearing Room A) and a hearing will be held on Thursday 1/24 at 10 am (Hearing Room B). The order of notice and rules can be found at: <sup>[8]</sup><br/><a href="http://www.puc.nh.gov/Regulatory/Orders%20of%20Notice/120707onDRM07-089%20rps%20rules%20071119.pdf">http://www.puc.nh.gov/Regulatory/Orders%20of%20Notice/120707onDRM07-089%20rps%20rules%20071119.pdf</a><br/><br/><a href="http://www.puc.nh.gov/Regulatory/Proposed%20Rules/puc2500%20adopted%20rule%20112107.pdf">http://www.puc.nh.gov/Regulatory/Proposed%20Rules/puc2500%20adopted%20rule%20112107.pdf</a></li> <li>• The NH Rulemaking Register for 12/28/07 notices that the NH DES is proposing to modify its definition of emergency to allow for operation when ISO declares OP 4, Action 12. Comments are due 2/1/08 and a public hearing will be conducted on 1/22/08. <sup>[8]</sup></li> </ul>  |
| Rhode Island  | <ul style="list-style-type: none"> <li>• <b>Wind Resources</b> – RI Economic Development Corp. issued the “Final Report RIWINDS Phase I: Wind Energy Siting Study” that evaluated the viability of wind sites in the state. <sup>[6]</sup></li> <li>• <b>Public Utility Commission</b> – In an effort to better represent the poor, advocacy groups are calling on the Governor to appoint two additional members to the PUC, making it a total of five members. <sup>[6]</sup></li> </ul>  |
| Vermont       | <ul style="list-style-type: none"> <li>• <b>Governor's Panel Lays Out Energy Efficiency Road Map</b>-On October 27, Governor Douglas' Commission on Climate Change released its final report and recommendations on how the state can continue to address climate change by achieving the goal of reducing state emissions by 25 percent below 1990 levels by 2012 and 50 percent below 1990 levels by 2028. The report's recommendations include expanding energy efficiency programs beyond electricity and natural gas, creating a clearinghouse for greenhouse gas emissions information, creating a Climate Change Cabinet, and implementing an internal carbon offset program. <sup>[3]</sup></li> </ul>  |

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