

CBIA Energy & Environment Council

Energy Committee Update

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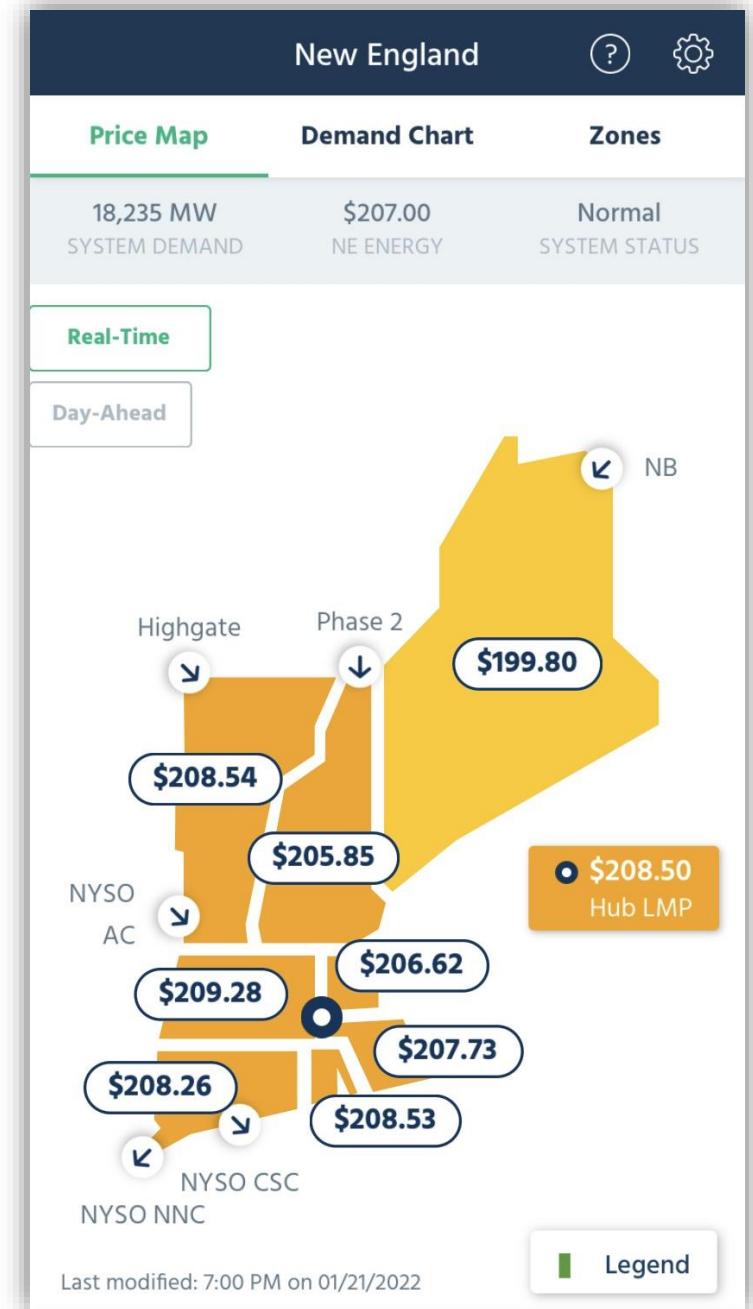
Monthly Meeting | February 2022



January 2022 – Cold and Expensive

- Average temperatures were colder than normal by approximately 2°F, resulting in higher-than-normal demand for electricity
- Average natural gas prices were 127% higher than average natural gas prices in December 2021 and 283% higher than average natural gas prices January 2021
- Coincident with higher natural gas prices, oil units were in merit on several days in January – with fuel inventories trending down considerably over the course of the month
- The cost of electricity at the wholesale level was \$1.4 billion in January 2022, double what it was in December 2021 (\$721 million) and almost triple what it was a year ago (\$488 million)
 - Average real-time energy prices (at the Hub) were \$139/MWh
 - Average day-ahead energy prices (at the Hub) were \$142/MWh
- On February 1, the Connecticut General Assembly's Energy and Technology Committee held a [forum](#) on electric grid resilience and winter reliability

<https://www.iso-ne.com/static-assets/documents/2022/02/february-2022-coo-report.pdf>



DEEP's 2022 Comprehensive Energy Strategy

- Under Section 16a-3d of the Connecticut General Statutes, the Department of Energy and Environmental Protection (DEEP) is charged with preparing a **Comprehensive Energy Strategy** (CES) for the state every four years
- The CES examines future energy needs in the state and identifies opportunities to reduce costs for ratepayers, ensure reliable energy availability, and mitigate the public health and environmental impacts of Connecticut's energy use, such as greenhouse gas (GHG) emissions and emissions of criteria air pollutants
- In addition, Governor Lamont's **Executive Order 21-3** directs DEEP to include in the next CES a set of strategies to:
 - a. provide for more affordable heating and cooling for Connecticut residents and businesses
 - b. achieve reductions in GHG emissions from residential buildings and industrial facilities to meet the 2030 and 2050 emissions targets established in the Global Warming Solutions Act
 - c. improve the resilience of the state's energy sector to extreme weather events, fuel commodity price spikes, and other disruptions

Note: Connecticut's Global Warming Solutions Act requires the state to reduce economywide GHG emissions 45% below 2001 levels by 2030 and 80% below 2001 levels by 2050.

<https://portal.ct.gov/DEEP/Energy/Comprehensive-Energy-Plan/Comprehensive-Energy-Strategy>



Notice of Proceeding and Scoping Meeting

- On **January 6**, DEEP issued a Notice of Proceeding and Scoping Meeting, scheduled for **February 17**
- The objective of the scoping meeting was to provide an overview of, and seek public input on, the expected structure, schedule, and topics for the CES, as well as key research questions that will be a focus of the CES analysis
- Comments on the scope of the CES are due on or before **March 3**



PURA's Grid Modernization Dockets Continue

- On **February 18** and **February 25**, the Connecticut Public Utilities Regulatory Authority (PURA) will hold [technical meetings](#) in Docket No. 17-12-03RE10 – *PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Building Blocks of Resource Adequacy and Clean Electric Supply*
- The purpose of the technical meetings is to receive presentations from DEEP and the electric distribution companies on Connecticut's clean energy procurements to date, with the intention of informing the broader conversation on how state-level solutions to providing clean energy may be more efficiently incorporated into retail electric supply

Forward Capacity Auction #16

- On **February 7**, ISO New England administered Forward Capacity Auction #16, procuring capacity needed to meet demand for electricity in the **June 1, 2025 to May 31, 2026** timeframe
- FCA #16 was conducted in accordance with the ISO tariff and a **February 4** D.C. Circuit Court of Appeals order relating to Killingly Energy Center -- a 650 MW natural gas-fired power plant proposal in Killingly, Connecticut
- The **February 4** order granted NTE Connecticut's Motion to Stay a **January 3** Federal Energy Regulatory Commission (FERC) order accepting ISO New England's termination of Killingly Energy Center's capacity supply obligations (obtained in previous auctions) and disqualifying Killingly from participating in FCA #16
- ISO New England conducted FCA #16 and calculated the results with and without Killingly, creating two sets of results that have unique prices and quantities cleared
- The ISO will release one set of results once there is greater certainty about Killingly's status; to that end, the ISO filed a motion with FERC on **February 9** requesting expedited action on the pending rehearing request by NTE Connecticut