

For Immediate Release

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**DEPARTMENT OF PUBLIC UTILITY CONTROL LAUNCHES RFP
TO SOLICIT NEW CAPACITY TO MEET STATE'S IMMEDIATE NEEDS AND
REDUCE FUTURE ELECTRICITY COSTS TO CONNECTICUT CONSUMERS**

BOSTON, September 15, 2006 – The Connecticut Department of Public Utility Control (DPUC) starts today its procurement process for new resources. The Request for Proposals (RFP) seeks to acquire megawatts from new generation, demand-side reduction, conservation and energy efficiency projects in the state of Connecticut. The RFP was mandated by statute in order to reduce the impact of Federally Mandated Congestion Charges on Connecticut ratepayers.

The DPUC selected London Economics International LLC (LEI) earlier this year to advise the DPUC in the development of the RFP. In addition, LEI has been designated the RFP coordinator and will manage the solicitation process and bid evaluation, in conjunction with staff from the DPUC. While no specific megawatt target has been set for the procurement process (as the amount procured will also depend on the financial bids received), the DPUC noted in the Needs Assessment (published August 25, 2006) that LEI's analysis, as well as projections made by other experts in the field, forecast that Connecticut already needs around 600 to 700 MW of new quick start electric generating units or dispatchable demand response. LEI's analysis in the Needs Assessment further concludes that, in later years, the state will need more baseload generating capacity or conservation (ranging from 600 MW up to 2,400 MW by 2021) to address growing demand for electricity in Connecticut.

The RFP, approved by the DPUC on September 13, 2006, invites bids from new resources or existing resources willing to make additions or refurbishments. The RFP is seeking responses from diverse resources, including generation, demand response, conservation and energy efficiency projects. The resulting contracts from the RFP will be for new capacity for terms of up to 15 years. The contract that winning bidders will sign consists of a financial two-way contract (Contract for Differences), which will require that the electric distribution companies true-up the supplier (winning bidder) to his contract price if the market price in the ISO-NE Forward Capacity Market is

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lower than the contract price. Alternatively, if the market price in the ISO New England (ISO-NE) Forward Capacity Market is higher than the contract price, the supplier would pay the electric distribution company the difference. At the option of the bidder, the contract may also settle against the ISO-NE Locational Forward Reserve Market. In addition, the RFP includes an innovative Call Option mechanism, with settlement against the ISO-NE Day Ahead Energy Market. If a bidder elects the Call Option, he will get a supplemental capacity payment. In exchange, the bidder will pay his counterparty (the electric distribution company) all implied energy profits in the ISO-NE Day Ahead Energy Market above a specified price level (strike price) for the contracted quantity of capacity. The Call Option therefore operates as an effective price cap on cost of energy for Connecticut ratepayers.

Financial Bids will be due December 13, 2006 and the DPUC expects to announce winning projects no later than spring of 2007. Proposed projects will be evaluated on a cost-benefit basis to ensure that the portfolio of projects selected by the DPUC results in positive anticipated net benefits to Connecticut ratepayers over the term of the contracts. At the same time, 15% of the total bid score will be judged based on policy priorities, such as improving the quality of Connecticut's environment, diversifying the fuel used in electricity generation in the state of Connecticut, improving the reliability of the electricity delivery system, and making effective use of existing generation, transmission, and fuel supply infrastructure.

For more information on the RFP, please visit the RFP website at: www.Connecticut2006RFP.com or contact the RFP Coordinator at: RFPCoordinator@Connecticut2006RFP.com.

London Economics International LLC (LEI) is a global economic, financial, and strategic advisory professional services firm specializing in energy and infrastructure. The firm combines detailed understanding of specific network and commodity industries, such as electricity generation and distribution, water and wastewater provision, and natural gas distribution, with a suite of proprietary quantitative models to produce reliable and comprehensible results. For further information on London Economics International LLC please contact AJ Goulding or Julia Frayer at (617) 933-7200 or go to www.londoneconomics.com.

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