

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 10-261

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
2010 Least Cost Integrated Resource Plan

Response to PSNH's Objection to
TransCanada's Motion to Compel PSNH to Respond to Data Request TC 3-2

NOW COMES TransCanada Power Marketing Ltd. and TransCanada Hydro Northeast Inc. ("TransCanada"), an intervenor in this docket, and responds to Public Service Company of New Hampshire's ("PSNH") July 7, 2011 Objection to TransCanada's Motion to Compel ("Objection") as follows:

1. In paragraph 6 of the Objection PSNH says that "the CRA Study is so vastly different from the Continued Unit Operation Study that...the information would not lead to admissible evidence." The CRA study, while done to determine market price suppression effects of the Northern Pass project, used a model whose "data structures and functionality accurately reflect the competitive market" according to CRA. *See* The Economic Impact of LICAP on New England, by CRA International dated September 22, 2005, p.20 (describing the GE-MAPS Model) (copy attached as Exhibit A). The model "determines the least-cost secured dispatch of generating units to satisfy a given demand, on the assumption that the units are dispatched according to their variable costs." *Id.* Accordingly, "GE-MAPS provides a highly accurate, detailed simulation of the hourly operation of the individual generating units and transmission system that constitute the wholesale market." *Id.* PSNH's claims the CRA study is vastly different from the

Continued Operation Study are clearly baseless. In fact, Levitan's Continued Operation Study flatly states: "A rigorous market price simulation and dispatch model simulates Newington Station..." (page 33, 4th paragraph). Thus, the two studies both use production dispatch modeling, and both provide detailed simulation of Newington operation.

2. PSNH also claims "the CRA Study used a production cost model to assess the entire New England electrical control area and addressed only whether the New England system would be different if the Northern Pass Transmission project were built and incorporated into to [sic] the system." (Objection, paragraph 6) TransCanada does not question what PSNH's or NU's intent was in conducting the Northern Pass study. One product of the study, however, is output files that provide significant detail on the operation and net energy benefits of all generating units in New England, including Newington. The data on the simulated operation of Newington within these files will be based on assumptions that NU / PSNH considered reasonable. Most important, the case modeled by CRA in which Northern Pass is assumed to be built will reveal the value of Newington Station in that scenario. Unless that data is provided, PSNH will have successfully masked the impact of the Northern Pass energy imports on Newington, since PSNH specifically directed Levitan to exclude consideration of Northern Pass from the study – in other words, it told Levitan to assume that Northern Pass had a zero probability of success. This is a critical assumption, since the only possible impact on Newington from Northern Pass is to significantly diminish its value.

3. Aside from this important data concerning the impact Northern Pass is likely to have on Newington, the CRA work serves as an important check on the Levitan

analysis. Already, through persistent questioning by TransCanada, the Newington net revenues determined by Levitan in its original report have been determined to be in error by 200% (the original analysis stated Newington's net energy benefit was \$120 Million; the corrected analysis reduced these benefits to \$40 million). TransCanada has no reason to believe that even the "corrected" information is, in fact, correct, given the opaque nature of the analysis. This situation cries out for an independent check on the analysis. Through persistence and good fortune, TransCanada discovered just such an analysis, the CRA Study already conducted by PSNH's parent, Northeast Utilities, as part of its Northern Pass price suppression work.

4. Compelling PSNH to produce the requested analysis will still allow PSNH to continue to make all the arguments it desires as to its relevance and admissibility. Perhaps most importantly, it will allow some light to be shed on what otherwise appears to be an effort by PSNH to orchestrate the Levitan analysis of Newington Station in its favor.

5. In paragraph 3 of the Objection PSNH argues that TransCanada gives no credible excuse why it could not have asked for the data earlier. Quite to the contrary, in its Motion TransCanada explained in detail the chronology of events, including the significant corrections to the Levitan study noted above and the 40 pages of changes to the IRP itself that came after the first two rounds of data requests were complete and that led TransCanada to search for other information that might corroborate or challenge the Levitan findings. It was these corrections to the Levitan study and the original plan that led to the discovery of the CRA Study, which TransCanada argued, and PSNH did not dispute in its Objection, should have been provided in response to earlier data requests.

6. In paragraph 5 of the Objection PSNH states that neither it nor NU possesses the information requested by TransCanada since the CRA did not provide modeling files with the CRA Study. TransCanada suggests that either PSNH or NU, which commissioned the study, contact the CRA to obtain the information. Because the modeling files requested by TransCanada support a current FERC filing, this information should be easily obtained from the CRA.

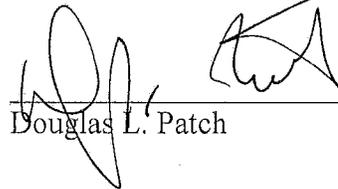
7. For the reasons cited in TransCanada's Motion to Compel and for the reasons included in this Response, TransCanada believes that the Commission should require PSNH to respond to the data request.

WHEREFORE, TransCanada respectfully requests that this honorable Commission:

- A. Grant its Motion to Compel; and
- B. Grant such further relief as it deems appropriate.

Respectfully submitted,

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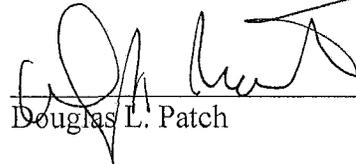


Douglas L. Patch

July 11, 2011

Certificate of Service

I hereby certify that on this 11th day of July, 2011 a copy of the foregoing motion was sent by electronic mail or first class mail, postage prepaid to the Service List.



Douglas L. Patch

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