

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

In Re: MANCHESTER STREET STATION

:
:
:
:

Docket No. SB-89-1

ORDER

On December 15, 1990, the Energy Facility Siting Board ("EFSB" or "Board") granted a license to The Narragansett Electric Company and the New England Power Company (jointly the "Companies")¹ for the construction and operation of the repowered Manchester Street Station ("Manchester Street Station").²

The repowered Manchester Street Station was designed with dual fuel capacity so that it could use either natural gas or low sulfur No. 2 distillate oil. However, during the licensing proceedings in Docket SB-89-1, the Companies committed to using natural gas as the primary fuel.

In the Final Report and Order, the Board imposed the following condition:

Natural gas shall be the primary fuel of the Station, and no other fuel shall be utilized at the Station, except that if natural gas is unavailable, as defined in this Order, the Applicants may utilize low (0.3%) sulfur No. 2 distillate fuel oil as a replacement fuel at the Station for not more than thirty (30) consecutive days, but not more than sixty (60) days over the course of a calendar year; provided, however, that such durational limits may be extended by the Board on a case-by-case basis upon written request and demonstration to the Board's satisfaction of the continued unavailability of natural gas. Final Report and Order at 105.

¹ In 1998 the Companies sold Manchester Street Station to USGen New England, Inc. Earlier this month Manchester Street Station was sold to Dominion Energy Manchester Street, Inc.

² In re: The Narragansett Electric Company and the New England Power Company (Manchester Street Station Repowering Project), Docket SB-89-1, Final Report and Order 105 (Order No. 12, December 15, 1990) ["Final Report and Order."]

As part of the licensing of the repowering project, the Companies were required to apply for and obtain a Prevention of Significant Deterioration (“PSD”) permit from the Rhode Island Department of Environmental Management (“DEM”). The PSD permit which is issued by DEM under delegation from the Environmental Protection Agency is one of a few permits that is outside of the EFSB process under §42-98-7(a)(3) of the Energy Facility Siting Act.

The PSD permit which was issued on April 13, 1992 contained a restriction on the use of fuel similar to that contained in the Final Report and Order, including the definition of unavailability of natural gas as meaning “interruption in supply or transportation resulting from equipment failure, regulatory actions or interruption of supply outside the control of [the Companies.]” See Final Report and Order, at 92.

Since the issuance of the Final Report and Order in 1990, the electric industry in Rhode Island and New England generally has undergone a substantial transformation with the enactment of the Utility Restructuring Act of 1996 (“URA”) by the Rhode Island General Assembly and the subsequent sale by the regulated public utilities of their generating assets. At the same time, ISO New England, Inc. (“ISO-NE”) has been created and now controls the dispatch of generating assets in New England.

In January 2004, New England experienced extremely cold weather conditions and very high demand for electricity. Because of constraints on the natural gas supply, the electric generating reserve margin dropped below that necessary to ensure reliable operation of the electric supply system.³ Following the completion of the report by ISO-NE’s Task Force which studied the cold snap, ISO-NE has explored with DEM options to deal with the need to maintain

³ Final Report on Electricity Supply Conditions in New England during the January 14-16, 2004 ‘Cold Snap’, ISO New England, Inc., October 12, 2004, p. 2

the availability of electric generating capacity during extreme cold weather in New England. DEM and ISO-NE are currently discussing a change in the definition of unavailability of fuel to accommodate such events and DEM has stated its willingness to make a change in the definition of unavailability of fuel to accommodate events under NEPOOL Operating Procedure No. 20 (OP-20 — Cold Weather Event Operations) and NEPOOL Operating Procedure No. 4 (OP-4 — Action During Capacity Deficiency).

In order to enable it to burn No. 2 distillate oil, Manchester Street Station has by letter dated December 14, 2004 requested that the Board revise condition 9 of the Final Report and Order.

On January 14, 2005 the Board considered this matter at open meeting. After discussion and consideration of the need to provide an adequate supply of electricity during extreme cold weather conditions, the Board unanimously voted to approve the request of Manchester Street Station.

Accordingly, it is hereby

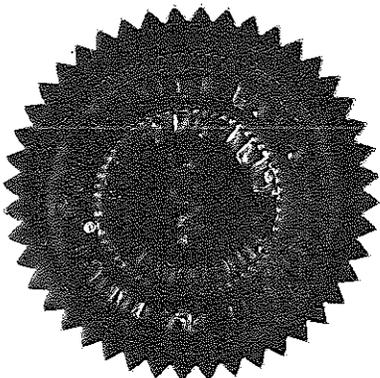
(Number 55) ORDERED

Condition 9 of the Final Report and Order is hereby revised to read as follows:

Natural gas shall be the primary fuel of the Station, and no other fuel shall be utilized at the Station, except that if natural gas is unavailable, as defined by the Rhode Island Department of Environmental Management, Office of Air Resources, low (0.3%) sulfur No. 2 distillate fuel oil may be utilized as a replacement fuel at the Station for such time and under such conditions as DEM may allow.

DATED AND EFFECTIVE AT WARWICK, RHODE ISLAND THIS 14TH DAY OF JANUARY 2005 PURSUANT TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED JANUARY 27TH, 2005.

ENERGY FACILITY SITING BOARD



Elia Germani

Elia Germani,
Chairman

Robert K. Griffith, Jr. *

Frederick J. Vincent

Frederick J. Vincent

* Mr. Griffith was unavailable and did not participate in this decision.