

**Policies & Procurement Committee**  
**Feb. 9, 2012**  
**Telephonic Meeting Draft Minutes**

Members Present:           Dot Kelly  
                                      Donald Stein

CRRA Staff Present:       Tom Kirk, President  
                                      Peter Egan, Director of Environmental Affairs  
                                      Roger Guzowski, Contract and Procurement Manager  
                                      Laurie Hunt, Director of Legal Services  
                                      Rich Quelle, Senior Engineer  
                                      Virginia Raymond, Senior Operations Analyst  
                                      Moirra Benacquista, Secretary to the Board/Paralegal

Others present: John Pizzimenti of USA Hauling.

Director Stein called the meeting to order at 9:30 a.m. and noted that a quorum was present.

Director Stein noted there were no members of the public present which cared to speak during public comment, and said the regular meeting would commence.

**1.     APPROVAL OF MINUTES OF THE JAN. 12, 2012, POLICIES & PROCUREMENT COMMITTEE MEETING**

Director Stein requested a motion to accept the minutes of the Jan. 12, 2012, Policies & Procurement Committee meeting. The motion to approve the minutes was made by Director Kelly and seconded by Director Stein.

The motion to approve the minutes was approved unanimously by roll call.

**2.     RESOLUTION REGARDING AN O&M CONTRACT FOR OPERATION AND MAINTENANCE OF THE SOUTH MEADOWS JET TURBINE FACILITY**

Director Stein requested a motion on the above referenced item. The motion to approve was made by Director Stein and seconded by Director Kelly.

**RESOLVED:** That the President is hereby authorized to execute an agreement with NAES Corporation for the Operation and Maintenance of the mid-Connecticut Jet Turbine Facility, substantially as presented and discussed at this meeting.

Mr. Egan said CRRA owns energy peaking unit assets at the South Meadows facility, which is referred to as the jet turbines facility. He said the assets consist of four twin packs; each twin pack includes two gas turbine engines from Pratt & Whitney which provide peaking power to the ISO New England grid when ISO is required. Mr. Egan said CRRA received these assets in 2000 as part of the transaction in which CL&P divested itself of its generating assets across the state. He said in the case of South Meadows CRRA received the property, the assets associated with the electric generating facility at the power block, and the jet turbine peaking units.

Mr. Egan said at that time CRRA contracted with an operator, Northeast Generation Services and a lead market participant, Select Energy, to operate and sell the power on CRRA's behalf. He said both contracts end on May 31, 2012. Mr. Egan explained the resolution involves the contract for the activities which Northeast Generation Services currently performs on CRRA's behalf and CRRA's initiative to identify an operator to continue to operate the jet turbine facility. Mr. Egan said NGS did not bid on this service after advising management a year ago that they did not intend to continue to operate the jet turbine facility as they are exiting this line of service.

Ms. Raymond said CRRA issued a Request for Proposals so management would have the ability to enter into contract discussions if need be. She said the documents were issued Nov. 7, 2011, and were advertised as required. Ms. Raymond said CRRA received five notices of interest which interested bidders were required to provide. She said three of those five submitted proposals on Dec. 14, 2011, including; NAES Corporation, NRG Energy Services LLC, and PurEnergy Operating Services, LLC.

Ms. Raymond said based on reviews of the initial submittal management followed up with additional questions to each of the procurement participations and received additional information which was requested, including information which impacted pricing. Ms. Raymond said based on the pricing evaluation management determined that NAES Corporation would provide the best value for both transition and O&M services and as a result management is recommending the contract be awarded to NAES Corporation.

Director Stein asked if NAES's primary business before entering into managing facilities for CRRA was in the gas turbine world. Mr. Egan replied that NAES had experience in managing power plants and operating some large base load units. He said NAES has significant experience running these types of peaking units, as do the two other bidders, and noted NAES has a number of this type of power plant in its portfolio. Ms. Raymond added that management was extremely impressed with PurEnergy Operating Service's interviewing. She said PurEnergy was extremely cooperative and provided detailed follow up information.

Director Stein asked if management went through three different options for the management structure under NAES. Ms. Raymond replied yes. She said management asked each of the participants for a higher level of detail in the event that sometime in the future CRRA has to comply with the NERC reliability standards critical cyber asset standard. Ms. Raymond said it became apparent to management that the most cost effective way to manage the jets with the RTU being moved out of Convex is to have it on site. She explained this drove up the prices from the other parties as it would be too costly to put in the communication systems which would be required as there would literally have to be two systems, one on CRRA's site and a second RTU on the operators site.

Director Stein said he would assume there would be some synergy in having NAES run both facilities. Mr. Raymond replied yes. She said this is especially important in transition as NAES is developing plant manuals, the Human Resources manual, the Operation & Maintenance Manual, Maintenance Manuals, Safety Manuals and Administrative Manuals. Ms. Raymond said in this case instead of having entire new documents created there can simply be sections or amendments made to each of those documents reflecting requirements for the jets.

Director Kelly thanked management for an excellent write-up. She said she was surprised that PurEnergy Operating Services had a combined cycle unit in Hartford and asked for further details. Mr. Egan said he would provide her with that information.

The motion previously made and seconded was approved unanimously by roll call.

### **EXECUTIVE SESSION**

Director Stein requested a motion to enter into Executive Session to discuss pending litigation, trade secrets, personnel matters, and feasibility estimates and evaluations. The motion made by Director Stein and seconded by Director Kelly was approved unanimously. Director Stein requested that the following people remain for the Executive Session, in addition to the Committee members:

Tom Kirk  
Laurie Hunt, Esq.  
Peter Egan

The Executive Session commenced at 10:00 a.m. and exited Executive Session at 10:27 a.m. Chairman Damer noted that no votes were taken.

The meeting was reconvened at 10:27 a.m., the door was opened, and the Board secretary and all members of the public (of which there were none) were invited back in for the continuation of public session.

### **ADJOURNMENT**

Director Stein requested a motion to adjourn the meeting. The motion made by Director Kelly and seconded by Director Stein was approved unanimously by roll call.

The meeting was adjourned at 10:28 a.m.

Respectfully submitted,

Moira Benacquista  
Secretary to the Board/Paralegal