

**CENTRAL MAINE POWER COMPANY
RESPONSE TO COMPETITIVE ENERGY SERVICES' DATA REQUEST NO. 2
DOCKET No. 2008-255**

September 30, 2008

CES-02-19

- Q.** Please provide in electronic format the data, model and calculations supporting your statement on Page 51 at line 9 that "... the reductions in costs of purchased capacity alone represent a savings of approximately \$30 million, with a 2008 net present value of nearly \$13 million."
- A.** Attached to this response are two Excel files.
- Attachment 1 – Value of Loss Reduction in CPCN Petition (2008-255).xls
 - Attachment 2 – Load Duration Curve Data (2008-255).xls (provided on CD)

The basic methodology for estimating the capacity value of loss reductions is to calculate 0.5% of the Maine annual peak load for each year from 2012 to 2027. Those MW reductions are multiplied by 1.15 and by the respective forecasted values of Forward Capacity Market prices to determine the annual value of the capacity savings. The annual dollar savings are summed, and a net present value is calculated using a 10% discount rate. Attachment 1 provides all of these calculations. The 1.15 multiplier represents ISO-NE 15% reserve margin and its application is necessary to convert reductions in load to reductions in required capacity.

Attachment 2 is being provided to the Maine Public Utilities Commission, Competitive Energy Services, and The Office of the Public Advocate on CD. The disc will be provided to other parties upon request.

Response Prepared and Submitted By:

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Attachment(s):

1. Value of Loss Reduction in CPCN Petition (2008-255).xls
2. Load Duration Curve Data (2008-255).xls (Provided on CD)

MPRP ESTIMATE OF THE VALUE OF REDUCED LOSSES

N5_S1 versus Base

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Maine Peak (MW)	1,983	2,031	2,073	2,120	2,167	2,216	2,266	2,317	2,369	2,422	2,476	2,532	2,589	2,647	2,707	2,768	2,830	2,893	2,958	3,025
peak hour % loss reduction	0.0%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
peak hour loss reduction (MW)	-	-	-	-	10.8	11.1	11.3	11.6	11.8	12.1	12.4	12.7	12.9	13.2	13.5	13.8	14.1	14.5	14.8	15.1
annual MWH loss reduction	-	-	-	-	42,585	43,542	44,521	45,522	46,545	47,591	48,661	49,755	50,874	52,017	53,187	54,382	55,605	56,855	58,133	59,440
ME LMP (\$ per MWH)	\$68.35	\$68.55	\$68.76	\$68.96	\$69.16	\$70.87	\$72.57	\$74.27	\$77.68	\$77.68	\$80.85	\$84.02	\$87.19	\$90.36	\$93.53	\$99.39	\$105.26	\$111.12	\$116.98	\$122.84
FCM price (\$ per KW-year)	\$45.00	\$49.20	\$54.00	\$46.80	\$46.80	\$63.30	\$79.79	\$96.29	\$112.79	\$129.29	\$132.52	\$135.83	\$139.23	\$142.71	\$146.27	\$149.93	\$153.68	\$157.52	\$161.46	\$165.50
Capacity Value of reduced Losses					\$ 0.6	\$ 0.8	\$ 1.0	\$ 1.3	\$ 1.5	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.9
Energy value of reduced losses (\$M) \$	-	-	-	-	\$ 2.9	\$ 3.1	\$ 3.2	\$ 3.4	\$ 3.6	\$ 3.7	\$ 3.9	\$ 4.2	\$ 4.4	\$ 4.7	\$ 5.0	\$ 5.4	\$ 5.9	\$ 6.3	\$ 6.8	\$ 7.3
Total					\$ 3.5	\$ 3.9	\$ 4.3	\$ 4.7	\$ 5.2	\$ 5.5	\$ 5.8	\$ 6.2	\$ 6.5	\$ 6.9	\$ 7.3	\$ 7.8	\$ 8.4	\$ 8.9	\$ 9.5	\$ 10.2
Capacity SUM (\$M) \$	30.6																			
Energy SUM (\$M) \$		73.86																		
Total SUM (\$M) \$																				
NPV (\$M 2008) \$	12.7	24.0	36.7																	
Average Losses					4.86	4.97	5.08	5.20	5.31	5.43	5.55	5.68	5.81	5.94	6.07	6.21	6.35	6.49	6.64	6.79