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# 21<sup>st</sup> CENTURY ENERGY PLAN

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Policy Strawman for the Development of  
a  
Certificate of Need Process

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# Basics of Certificate of Need

- Process used in many States
    - Traditionally Regulated States and Restructured States
  - Voluntary Two Tier Process
    - **Tier I**
      - Need for the new supply is established
      - Determines a Plan or Approach for Resource Acquisition
    - **Tier II**
      - Proceeding that establishes the cost on a plant specific basis.
      - Cost Basis for Plant Additions based on Competitive Bidding of Engineering, Construction and Procurement (EPC)
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# Certificate of Need

- Comprehensive Filing of Least Cost Plan/IRP
    - As Needed Basis (not prescribed)
  - Contested Case Open Process
  - Supply addresses EE, DSM, Renewables, etc.
  - Certificate is non-rescindable
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# Key Issues

- Separates different types of risk into parts
    - Risk of being second guessed many years later
    - Risk to Cost and Schedule
  - Process is voluntary, traditional approach still available
  - May commence permitting, siting, interconnect studies with or without CON – Manage Risk to Schedule
  - Is necessary but not sufficient by itself to stimulate development of Capital Intensive Assets (Baseload)
    - Pre-Approval does not address other key issues that will need to be attended. For Instance:
      - Effects of Retail Open Access on Load Swings – long term planning for long term assets
      - Cash flow during construction
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