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Via e-mail to: communications@nescoe.com

Ms. Heather Hunt
Executive Director
New England States Committee on Electricity

Re: Report to the New England Governors on Coordinated Procurement

Dear Ms. Hunt,

I appreciate the efforts by NESCOE to promote the development of renewable generation and the opportunity to comment on the July 12th, 2010 Report to the New England Governors (Report).

NSTAR supports the need for regional cooperation to achieve environmental goals through increased renewable generation and the need to coordinate these activities with national developments in the areas of transmission policy. The Report correctly points out the complexity of such an undertaking involving multi state procurements. We, nonetheless, think it worthwhile to engage stakeholders in identifying possible solutions. We appreciate the Report identifying the important role electric distribution companies (EDC) can play in achieving those goals.

The following are some high level comments that NSTAR is prepared to further developed in the context of the stakeholder process identified in the Report.

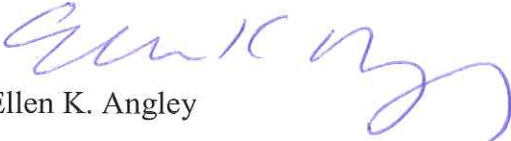
1. Customers: From the customer's perspective the most important driver should be broad based, least cost and competitive so that renewable development does not burden customers unduly.
2. Long term Purchase Power Agreements (PPA): The Report deals extensively with the use of PPAs by Electric Distribution Companies (EDC's) as a vehicle to develop renewable generation. Before we decide that PPA's are the preferred vehicle to project development, we need to consider the development of transmission which can be an enabler for projects and can mitigate the need for or the structures of PPA's. For example, greater access to markets through the provision of transmission can reduce the need for PPA's.
3. PPA Terms: Standardized terms for such PPA's can be complex between multiple states, EDC's and developers but are not insurmountable. Such standardized terms can be used as a starting point for EDC's and developers' negotiations. However, allowing PPA's tailored to meet the developer and EDC needs on a case by case basis has a greater chance of success.
4. Electric Distribution Companies: The fundamental driver for the EDC's is how such PPA's effect their cost of capital through balance sheets impacts. Rating agency perspectives on

how PPA's are taken into account when formulating credit ratings have developed considerably since EDC's last entered into long term PPA's. Carefully constructing PPA's to minimize balance sheet impacts so that there is a balance of risk and reward between customers, shareholders and developers is an important element for success. The stakeholder process needs to address these issues in more detail and recognize that not all states or EDC's will have the same perspective, so one size may not fit all. Flexibility needs to be built into the process to accommodate these differences.

5. Transmission: Transmission is a key enabler for the development of renewable generation, particularly on the scale as identified in the Report. States with the most ambitious renewable programs such as CA and TX have adopted a coordinated approach to the development and funding of transmission for renewable energy. Whether transmission is bundled with the generation or provided as a separate service with separate funding is an issue that needs further discussion and could be developed within the stakeholder process. That process also needs to take into consideration evolving FERC policies regarding the development of transmission and regional solutions that emerge in response to regional policies.

Thanks again for the opportunity to comment and we look forward to developing these concepts further within the structures identified in the Report or any alternative structures you deem appropriate.

Sincerely,



Ellen K. Angley