

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.

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Docket No. ER14-616-000

**MOTION TO INTERVENE AND COMMENTS OF
THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”) and the Commission’s December 13, 2013 Notice of Filings #1, the New England States Committee on Electricity (“NESCOE”) hereby files this motion to intervene and comments in the above-captioned proceeding.¹ On December 13, 2013, ISO New England Inc. (“ISO-NE”) filed tariff revisions related to buyer-side mitigation provisions of the Forward Capacity Market (“FCM”) rules (“December 13 Filing”).²

The December 13 Filing includes ISO-NE’s proposed changes to the Offer Review Trigger Prices (“ORTP”) to be used in the ninth Forward Capacity Auction (“FCA”), corresponding with the 2018-2019 deliverability period (“FCA 9”).³ NESCOE supports

¹ 18 C.F.R. §§ 385.212 and 385.214 (2012).

² Capitalized terms not defined in this filing are intended to have the meaning given to such terms in the ISO-NE Transmission, Markets and Services Tariff (the “Tariff”). Market Rule 1 is Section III of the Tariff. ISO-NE’s proposed revisions are updates to Section III.A.21 of Market Rule 1.

³ ISO-NE’s tariff revisions also establish a process for determining the ORTP values that will be used in future FCAs for which underlying inputs to the various ORTPs will not be specifically recalculated. In the intervening years between recalculations, the inputs to ORTP will be indexed. December 13 Filing, Transmittal at 11-12.

ISO-NE's revised ORTP values resulting from the recalculation process.⁴ NESCOE also respectfully requests that, for FCA 9 and subsequent FCAs, the Commission direct ISO-NE to consider the best available resource capability and cost information in setting the ORTP for off-shore wind. In addition, NESCOE supports an amendment sponsored by EnerNOC during the stakeholder process to enhance the new resource qualification provisions for demand response resources with distributed generation.

I. Communications

Pursuant to Rule 203,⁵ the persons to whom correspondence, pleadings, and other papers in regard to this proceeding should be addressed and whose names are to be placed on the Commission's official service list are designated as follows:

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⁴ On March 14, 2013, NESCOE filed a request for rehearing of the Commission's February 12, 2013 order in Docket No. EL13-34-000, *New England States Committee on Electricity v. ISO New England Inc.*, 142 FERC ¶ 61,108 (2013) ("February 2013 Order"), which is presently pending before the Commission. The instant proceeding, relating to ORTP values, concerns a core subject matter of the February 2013 Order. NESCOE's comments in this proceeding should not be construed as waiving its rights under, or taking an alternative position to, the rehearing request. New Hampshire does not join NESCOE in connection with support for ISO-NE's *on-shore* wind ORTP values.

⁵ 18 C.F.R. § 385.203 (2012).

II. Motion to Intervene

NESCOE is the Regional State Committee for New England. It is governed by a board of managers appointed by the Governors of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through a regional tariff that ISO-NE administers.⁶ NESCOE's mission is to represent the interests of the citizens of the New England region by advancing policies that will provide electricity at the lowest reasonable cost over the long term, consistent with maintaining reliable service and environmental quality.

This proceeding concerns information related to FCA 9, specifically buyer side mitigation provisions. This proceeding has system reliability, consumer cost, and environmental implications. NESCOE has a direct, immediate, and substantial interest in this proceeding, which will not be adequately represented by any other party. In addition, NESCOE's participation in this proceeding as the representative of the New England Governors will serve the public interest. NESCOE respectfully requests leave to intervene in this matter.

IV. Comments

NESCOE supports ISO-NE's revisions to the ORTP values reflected in the December 13 Filing. The proposed ORTP values better reflect current information and establish an appropriate mitigation screen for all listed resource types. NESCOE also agrees with ISO-NE that these values developed by the Internal Market Monitor ("IMM") are not intended to be estimates of an expected offer into the FCA from a resource using a given technology.⁷ The ORTP values are, by design, set at the low-end of a range of potential offers and are a screen through which market participants' offers are reviewed for competitiveness.

⁶ *ISO New England, Inc.*, 121 FERC ¶ 61,105 (2007).

⁷ December 13 Filing, Transmittal at 4-5.

The recalculated ORTP values reflect available, current information. ISO-NE's consultants have updated the year in which prices are identified. Going forward under the ISO-NE proposal, the relevant year for calculating the price inputs to the ORTP will be consistent with the corresponding FCA's capacity deliverability period. Also, ISO-NE's consultants updated the after-tax weighted average cost of capital to reflect current market information. Notably, ISO-NE's consultants have used an updated forecast for renewable energy certificate ("REC") revenues and adjusted the capacity credit and capacity factor provided to new on-shore wind resources. The capacity credit for new on-shore wind resources reflects current information from existing wind turbines and the new capacity factor assumption represents the capability of the newest turbines being installed. For a resource type exhibiting significant technology improvements like wind, the recalculation of the ORTPs to reflect the most up to date information, including greater capacity factor, is critical. The recalculated ORTP values thus provide a more appropriate basis for ISO-NE's mitigation regime.

The combined effect of using updated REC revenues and the capabilities of the newest wind turbine technology is to establish a new on-shore wind ORTP of \$0. Wind is defined as a renewable resource by each of the New England states and is an important resource in connection with the New England states meeting their renewable energy requirements pursuant to state laws and regulations.⁸ The recalculated ORTP values eliminate a significant barrier to on-shore wind resources receiving capacity credit.

Further, NESCOE respectfully requests that the Commission direct ISO-NE to consider the best available capacity factor data and capital and operations and maintenance cost estimates

⁸ Conn. Gen. Stat. §§ 16-1 and 16-245a et seq.; 35-A M.R.S. §§ 3210, 3210-C; M.G.L. ch. 25A § 11F; New Hampshire Statutes, Chapter 362-F; R.I. Gen. Laws § 39-26 et seq.; 30 V.S.A. §§ 8002, 8005, and 8005a.

in setting the ORTP for off-shore wind.⁹ Similar to other new capacity resources, using the most current information in developing ORTP values is critically important for establishing the appropriate trigger for offer price review. The Commission should require ISO-NE to consider such best available information in developing ORTP values for FCA 9 and subsequent auctions.¹⁰

NESCOE also joins with more than 75% of NEPOOL participants in supporting EnerNOC's proposal submitted at the December 6, 2013 NEPOOL Participants Committee to enhance new demand response resource qualification provisions.¹¹ EnerNOC's proposal is consistent with the goals of buyer-side mitigation and will provide additional clarity to new demand response capacity resources.

EnerNOC proposed a new tariff provision in Section III.13.1.4.2.4 of Market Rule 1. The objective of EnerNOC's proposed language is to address the uncertainty associated with a new demand response resource. As FERC staff recently acknowledged, a three-year forward capacity market commitment may pose challenges to short-lead time resources like demand response.¹² At the time of new resource qualification, almost four years before the corresponding capacity delivery period, demand response resources "may face difficulties in securing customer

⁹ See, e.g., National Renewable Energy Laboratory, *Analysis of Offshore Wind Energy Leasing Areas for the Rhode Island/Massachusetts Wind Energy Area*, April 2013, at 25, available at: <http://www.nrel.gov/docs/fy13osti/58091.pdf>.

¹⁰ Energy Management, Inc. ("EMI") contends that ample, credible public information regarding the capital costs and capacity factors for off-shore wind resources is available to ISO-NE. See October 4, 2013 EMI memorandum to New England Power Pool Markets Committee, RE: ORTP for Offshore Wind, available at: http://www.iso-ne.com/committees/comm_wkgrps/mrks_comm/mrks/mtrls/2013/oct892013/a06_emi_memo_10_04_13.pdf.

¹¹ See Actions of NEPOOL Participants Committee, Dec. 6, 2013, at 2, available at: http://www.nepool.com/uploads/NPC_NOA_20131206.pdf.

¹² See Commission Staff Report, *Centralized Capacity Market Design Elements*, Docket No. AD13-7-000 (Aug. 23, 2013), at 13.

commitments so far in advance.”¹³ This uncertainty applies equally to potential demand response resources with behind-the-meter distributed generation and more traditional load management capabilities. The EnerNOC proposal would enable new demand response resources seeking to qualify for the FCM to have flexibility in the measure type used to support its resource qualification, provided that no out-of-market revenues were relied upon for the installation or delivery with the measure. This proposal balances the Commission’s interest in effective buyer-side mitigation with accommodating short-lead time resource participation in the FCM. Accordingly, NESCOE supports EnerNOC’s proposal at the December 6, 2013 NEPOOL Participants Committee as a reasonable enhancement to the December 13 Filing.

III. Conclusion

For the reasons stated herein, NESCOE respectfully requests that the Commission (i) grant its motion to intervene, and (ii) consider the above comments in this proceeding.

Respectfully submitted,

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Date: January 8, 2014

¹³ *Id.*

CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Longmeadow, Massachusetts this eighth day of January, 2014.

Respectfully submitted,

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