

# Governors' Infrastructure Initiative

July 22, 2014

# Today's Topics

- Follow up to questions from June 20<sup>th</sup> meeting
- Updates on gas pipeline concept development
- Draft Tariff language

# Follow-up on Questions from June 20

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# What entity will make the electric transmission tariff FERC filing?

- **Two FERC filings and processes, if a project is to make use of the tariff:**
  - 1) PTOs, who have certain filing authority under federal law, will file a generic billing and collection schedule that will be included in the ISO-NE tariff if accepted by FERC
    - Tariff development underway; feedback appreciated
  - 2) Following a competitive solicitation, if states elect to pursue a project where consumer benefits significantly outweigh the consumer costs, prevailing transmission developer will need to file its transmission costs at FERC *after* project selection
    - To ensure costs are just and reasonable and that no power costs are included in transmission cost recovery
- **ISO and any prevailing developer will need a contractual arrangement which will be determined based on project and developer selected**

## Who has Transmission Rights to a selected facility? Current thinking is . . .

- **If a line is internal to New England** it will be PTF and will be subject to open access and scheduled by the ISO in accordance with its normal procedures
- **If a line has one terminus that is external to New England**, it can be a merchant line or PTF or given a newly created designation. This can vary by project and the developer's preference should be proposed in the response to the RFP.
- One possibility under consideration where one terminus is external – scheduling rights could be assigned to the purchasers of the power contracts for the length of time that the contracts are in place, after which time the line could be rolled into PTF.

# Will there be a True-up Mechanism?

- **A true up mechanism is not needed in the ISO Tariff schedules**
- To the extent that any limited true-up mechanism is considered and permitted, it would be developed through the RFP process, which will be issued for stakeholder comment, and would appear in a subsequent submission to FERC

# Delivery Point – Electric Power

## **States prefer physical delivery to unconstrained nodes at locations yet to be determined**

- Potential transmission projects that only deliver power to northern New England may limit dispatch and full utilization of incremental low-carbon resources to the region
- States interest is in *increasing* no-and low-carbon resources
- States interest is in *relieving* reliability problems
- Projects should not exacerbate but rather relieve existing constrained interfaces

# RFP Evaluation Criteria

- States continue to work on the draft RFP instrument
- States recognize the evaluation complexities of having separate power and transmission pricing in the same RFP response
- There will be a public comment opportunity on the draft RFP; appreciate inputs
- States will, as a collective body, independently evaluate transmission projects
- Following the RFP evaluation any selected project will be subject to state and federal regulatory processes



# Gas Pipeline Development Concept Update

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# Gas Pipeline Development Concept Update

- States received 15 responses in 4 categories in reply to Request for Further Comment and Expressions of interest:
  - expressions of interest in being the contract entity
  - alternative proposals to the IGER concept
    - NRG and MMWEC presenting today
    - States are interested in stakeholder feedback on these alternatives
  - restated support and opposition to the concept
  - other information regarding the capacity manager role
- States are still considering proposals and have not decided on a specific structure yet

# Tariff Schedule for Transmission

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# Tariff Schedule for Gas

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The states believe the draft tariff language accommodates various gas pipeline development concepts; appreciate feedback on that point.