

owner's bid and the IMM-determined bid is equal to or less than ten percent, then the IMM accepts the resource owner's bid price.⁶

NESCOE supported the initial ISO-NE package of revisions that adopted an "input flexibility" approach instead of establishing a materiality threshold.⁷ NESCOE does not oppose the materiality threshold in the May 12 Filing and agrees that it complies with the Commission's directives in the April 12 Order. However, NESCOE views the ten percent threshold as a trigger at the *top* end of an acceptable range. This could have adverse consumer implications if a resource's exercise of market power is allowed "to go unchecked."⁸ Indeed, in describing the challenge in determining an appropriate threshold level, the IMM stated that "the potential harm to the market from not mitigating an exercise of market power is high[.]"⁹

NESCOE understands that the materiality threshold for mitigation is intended to be exactly that: a level to determine whether mitigation will be automatically applied. It is not a ratification of competitiveness. A resource's bid that falls below the materiality threshold must still reflect its true costs.

For the reasons stated herein, NESCOE respectfully requests that the Commission consider the above comments in this proceeding.

⁶ *Id.*

⁷ *See id.* at 2-3.

⁸ *Id.* at 3. For example, considering a net cost-of-new-entry price of \$11.64/kw-month for the upcoming eleventh Forward Capacity Auction, a retirement bid reflecting an upward deviation of 10% from that price could increase costs by approximately \$477 million.

⁹ *Id.*

Respectfully submitted,

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Date: June 2, 2016

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 Cambridge, Massachusetts this 2nd day of June, 2016.

Respectfully submitted,

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