

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

Advanced Energy Economy )  
Sustainable FERC Project )

Docket No. EL19-43-000

**COMMENTS OF THE  
NEW ENGLAND STATES COMMITTEE ON ELECTRICITY  
IN SUPPORT OF THE PETITION FOR DECLARATORY ORDER**

Pursuant to the Federal Energy Regulatory Commission’s (“Commission”) February 19, 2019 Notice of Petition for Declaratory Order, the New England States Committee on Electricity (“NESCOE”) files these comments in support of the February 13, 2019 Petition for Declaratory Order that Advanced Energy Economy and Sustainable FERC Project (“Petitioners”) filed in the above-captioned proceeding (“Petition”).<sup>1</sup>

Petitioners state that ISO-NE has indicated through one-on-one phone calls the potential for a material change to the terms and conditions upon which energy efficiency (“EE”) resources participate in the Forward Capacity Market (“FCM”). Petitioners seek declaratory relief from the Commission regarding: (1) retroactive application of measurement and verification (“M&V”) requirements that determine FCM qualified capacity ratings for the recently conducted thirteenth Forward Capacity Auction (“FCA 13”); and (2) the need for a filing under Section 205 of the Federal Power Act for any prospective application of changes to the FCM’s M&V requirements for EE resources.<sup>2</sup> Petitioners request Commission action before the upcoming show-of-interest window opens for the fourteenth Forward Capacity Auction (“FCA 14”) on April 12, 2019.

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<sup>1</sup> NESCOE filed a timely motion to intervene in the above-referenced docket on February 15, 2019. Capitalized terms not defined in this filing are intended to have the meaning given to such terms in the ISO New England (“ISO-NE”) Transmission, Markets and Services Tariff.

<sup>2</sup> Petition, at 29-30. FCA 13 corresponds to the 2022-2023 Capacity Commitment Period. On December 19, 2018, the Commission accepted ISO-NE’s filing for qualification in connection with FCA 13. *ISO New England Inc.*, Commission Letter Order Accepting Informational Filing for Qualification in the Forward Capacity Market, Docket No. ER19-295-000 (December 19, 2018).

NESCOE supports the Petitioners' request for a declaratory order to provide certainty that EE resources, like all resources, need in order to participate efficiently in the FCM. NESCOE was not a participant in any of the referenced phone calls between ISO-NE staff and representatives of EE resources leading up to FCA 13. Accordingly, NESCOE does not have first-hand knowledge of the specific communications underlying the Petition. NESCOE understands, however, that as set forth in the Petition a number of EE resources have serious concerns regarding potential material changes to the terms and conditions of FCM participation that may result in significant de-rating of the EE resources' qualified capacity, both retroactively and going forward.

It is imperative that resource owners have clarity regarding their rights and obligations in the FCM because those rights and obligations directly affect their financial and operational risks - and their pricing of those risks - in the FCM. Consumers, of course, ultimately pay for the risk premiums that accompany uncertainty or eroded investor confidence. Timely resolution of the questions in the Petition will provide a measure of certainty that market participants, and EE resources in particular, require to participate efficiently in the FCM.

In addition, Petitioners describe how the annual FCM calendar introduces a degree of urgency to the Commission's consideration of the Petition. Petitioners contend that the show of interest window "is the critical period by which certainty is needed."<sup>3</sup> NESCOE agrees with the Petitioners' request for prompt Commission action. Without prompt action, EE resources may be discouraged from participating in the FCM or participating at their full value. Ultimately, absent the timely clarity the Petitioners seek, consumers will be at substantial risk of paying an artificially high price for capacity – after paying for the energy efficiency resources through state-supported programs in the first place.

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<sup>3</sup> Petition, at 30.

As a result of state laws and programs across the six New England states, New England consumers' relative level of investment in energy efficiency resources is unmatched. As a consequence, energy efficiency resources have become an important part of the region's resource mix. For example, in 2019, Passive Demand Resources (most of which are EE resources) are projected to provide (or avoid) 13% of the region's demand for energy on an annual basis, with that portion forecasted to comprise 20% of annual energy demand by 2025.<sup>4</sup> As of FCA 13, existing on-peak demand capacity resources numbered more than 2,000 MW and comprised approximately 6% of the region's capacity.<sup>5</sup>

New England consumers' investment in energy efficiency is projected to continue: for 2019 to 2024, the six New England states on a combined basis are expected to invest almost \$1 Billion per year in EE measures, not including FCM revenues.<sup>6</sup> Compared with many other resource types, energy efficiency resources have relatively lower costs, help alleviate challenges that arise due to the region's natural gas infrastructure constraints, and result in fewer air emissions. The size of New England's portfolio and consumers' relative level of investment pursuant to state laws and programs demonstrate the importance of EE resources to the region and the importance of their efficient participation in the FCM to consumers.

For the reasons discussed herein, NESCOE supports the Petitioners' request for a declaratory order within the requested timeframe to clarify issues related to EE resource participation in the FCM.

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<sup>4</sup> ISO-NE, Forecast Report of Capacity Energy Loads and Transmission (CELT) 2018-2027 ("CELT Forecast Details 2018"), available at [https://www.iso-ne.com/static-assets/documents/2018/09/forecast\\_data\\_2018.xlsx](https://www.iso-ne.com/static-assets/documents/2018/09/forecast_data_2018.xlsx).

<sup>5</sup> *ISO New England Inc.*, Informational Filing for Qualification in the Forward Capacity Market for 2022-2023 Capacity Commitment Period, Docket No. ER19-295-000 (November 6, 2018), Spreadsheet Data File, available at: [https://www.iso-ne.com/static-assets/documents/2018/12/ferc\\_info\\_filing\\_existing\\_resources\\_fca13.xlsx](https://www.iso-ne.com/static-assets/documents/2018/12/ferc_info_filing_existing_resources_fca13.xlsx).

<sup>6</sup> ISO-NE Final 2018 Energy Efficiency Forecast, available at [https://www.iso-ne.com/static-assets/documents/2018/04/cef2018\\_final\\_fcst.pdf](https://www.iso-ne.com/static-assets/documents/2018/04/cef2018_final_fcst.pdf). Including FCM revenues, the projected value of annual state investments in EE resources increases from \$1.1 to \$1.15 Billion over the same time frame.

Respectfully Submitted,

/s/ Benjamin S. D'Antonio

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Dated: February 22, 2019

## 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 22nd day of February, 2019.

/s/ Benjamin S. D'Antonio

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