

**To:** Gordon van Welie, President and CEO  
ISO New England  
**From:** NESCOE  
**Date:** April 10, 2019  
**Subject:** Process Needs in Connection with 2019 Request for Proposal and  
Competitive Transmission Solicitation  
**Cc:** Anne George, ISO New England  
Nancy Chafetz, Chair, NEPOOL Participants Committee

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On April 3, 2019, ISO New England (ISO-NE) presented to New England Power Pool (NEPOOL) officers and a representative of the New England States Committee on Electricity (NESCOE) and the New England Conference of Public Utility Commissioners (NECPUC) an update to ISO-NE's 2019 Annual Work Plan.<sup>1</sup> In the context of a Work Plan update, ISO-NE announced for the first time its intent to issue a request for proposals (RFP) for transmission solutions to meet reliability needs in the Boston area in 2019. This would be the first competitive solicitation that ISO-NE initiates under the Federal Energy Regulatory Commission's (FERC) Order 1000 framework. To the best of our knowledge, this was the first indication that ISO-NE has made in any forum that it intends to issue a competitive RFP for transmission infrastructure *this year*. It is critical that ISO-NE broaden this announcement to all market participants, in the nearest term and include ISO-NE's timeline for an RFP and for any tariff and/or planning procedure changes ISO-NE intends to pursue to implement a competitive process.

NESCOE is encouraged that ISO-NE is taking steps toward a competitive procurement for transmission in New England. In 2015, shortly after Order 1000 became effective in New England, NESCOE and ISO-NE jointly sponsored a "Competitive Transmission Forum," which explored how other regions were implementing their new competitive processes and addressed complex issues such as cost containment.<sup>2</sup> Despite that early interest and activity, ISO-NE today is the only RTO/ISO that has not initiated a competitive procurement for transmission needed for reliability under an approved Order 1000 process. NESCOE has long expressed that an RFP for the sake of an RFP is not sensible or in consumers' interest. NESCOE has also expressed concern with ISO-NE's approach to satisfy transmission needs in New England solely through

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<sup>1</sup> ISO-NE's draft 2019 Annual Work Plan was presented to the NEPOOL Participants Committee on October 4, 2018.

<sup>2</sup> [http://nescoe.com/wp-content/uploads/2015/10/CompTx\\_agenda\\_26Oct2015.pdf](http://nescoe.com/wp-content/uploads/2015/10/CompTx_agenda_26Oct2015.pdf).

what ISO-NE deems to be “time-sensitive” projects. Those projects are not subject to competition or any meaningful mechanism to discipline costs.<sup>3</sup>

ISO-NE has acknowledged that its current solution study process places competitive solicitations “on hold” and has committed to continuing “to review the implementation of the competitive process in New England and across the country.”<sup>4</sup> NESCOE hopes that ISO-NE’s expression of intent to issue an RFP reflects a commitment to meeting transmission needs through processes that include well-vetted cost discipline and containment mechanisms.

For this first RFP, we share a common interest in New England in getting it right. That means, at the outset, that all potential project developers should have the same information about a forthcoming competitive process on the same timeline. To that end, ISO-NE should broadly and immediately let all market participants and other stakeholders know that ISO-NE intends to issue an RFP in 2019 and include all available substantive and procedural information in that announcement. We urge ISO-NE not to wait until the May 2019 Participants Committee meeting to share the information publicly, as ISO-NE has indicated. We also encourage ISO-NE not to limit information distribution to current New England market participants so as not to disadvantage experienced transmission project developers that operate in other parts of the country.

NESCOE encourages ISO-NE to provide as much lead time as possible to developing, and inviting feedback, from states and stakeholders on tariff and related changes to effectuate the RFP. Structuring an RFP and its evaluation criteria is a complex task and can increase consumer costs if not done appropriately.

This is especially the case for cost containment provisions. The New England states have long expressed interest in developing transmission cost containment approaches (processes and criteria that have important cost implications) with the benefit of other regions’ experience, considerable stakeholder discussions, and progress and without the time pressure of an imminent need. Every other RTO/ISO in the country either currently has FERC-approved tariff provisions accounting for transmission cost containment as part of their project evaluation process or is in the process of developing cost containment provisions. This work needs to start today in New England.

NESCOE looks forward to continuing to work closely with ISO-NE on these important issues that have significant reliability and consumer cost implications.

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<sup>3</sup> See, e.g., Comments of the New England States Committee on Electricity, Competitive Transmission Development Technical Conference, Docket No. AD16-18-000 (May 31, 2016), at 5-6, 9-10, available at [http://nescoe.com/wp-content/uploads/2016/05/AD16-18\\_o1000\\_5-31-16.pdf](http://nescoe.com/wp-content/uploads/2016/05/AD16-18_o1000_5-31-16.pdf); Post-Technical Conference Comments of the New England States Committee on Electricity, Competitive Transmission Development Technical Conference, Docket No. AD16-18-000 (Oct. 3, 2016), at 3-6, available at [http://nescoe.com/wp-content/uploads/2016/10/AD16-18\\_PostConferenceComments\\_10-3-16.pdf](http://nescoe.com/wp-content/uploads/2016/10/AD16-18_PostConferenceComments_10-3-16.pdf). See also NESCOE, Order 1000 in New England, Consumer Liason Group, Sept. 7, 2017, at Slides 8, 15, available at [http://nescoe.com/wp-content/uploads/2017/09/CLG-Order1000\\_9-7-17.pdf](http://nescoe.com/wp-content/uploads/2017/09/CLG-Order1000_9-7-17.pdf).

<sup>4</sup> ISO-NE, 2017 Regional System Plan, at 69.