

## New England States Committee on Electricity

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January 31, 2012

Mr. David Meyer  
Office of Electricity Delivery and Energy Reliability  
United States Department of Energy  
1000 Independence Avenue SW  
Washington, DC 20585

**RE: New England States' Comments on Preparation of the 2012 Congestion Study**

Dear Mr. Meyer:

The New England States Committee on Electricity<sup>1</sup> (NESCOE) appreciates the opportunity to provide comments on the Department of Energy's (Department) Plan for Conduct of the 2012 Electric Transmission Congestion Study (2012 Study).<sup>2</sup> In 2009, the Department's Congestion Study concluded that New England was no longer a Congestion Area of Concern. Since that time, congestion in New England has diminished even further and is today virtually non-existent. Accordingly, and for the reasons set forth below, the Department's 2012 Study should continue to conclude that congestion is not a concern in New England.

NESCOE provides the following information to assist the Department in its analysis of the New England region. New England's organized wholesale electricity markets and ISO New England Inc.'s (ISO-NE) transmission planning processes provide ample publicly available data that evidence the reduced congestion that the Department cited in its 2009 Study.

NESCOE briefly describes below some of the conclusions that can be drawn from these data sources. NESCOE also explains some of the activities the New England states have proactively undertaken to mitigate potential future transmission congestion. Finally, the New England states request that the Department consult with the states about what data, if any, and what specific analytical approach, if any, the Department may consider using to assess conditional congestion.

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<sup>1</sup> NESCOE is New England's Regional State Committee and represents the collective views of the six New England states. These comments are submitted to the Department on behalf of the States of Connecticut, Maine, New Hampshire, Rhode Island, Vermont and the Commonwealth of Massachusetts.

<sup>2</sup> Plan for Conduct of 2012 Electric Transmission Congestion Study, Notice of regional workshops and request for written comments, 76 Fed. Reg. 70,122 (November 10, 2011).

Once the Department has reviewed the information below and referenced data, NESCOE would be pleased to provide the Department additional information to support the conclusion that New England has virtually no congestion.

## **EXAMPLES OF CONGESTION-REDUCING DEVELOPMENTS IN NEW ENGLAND SINCE 2009**

In the 2009 Congestion Study, the Department concluded that, “transmission congestion within New England has fallen significantly”<sup>3</sup> and therefore no longer identified New England as a Congestion Area of Concern. Since the 2009 study, this trend has continued, leading ISO-NE to comment at the Philadelphia workshop for the 2012 study preparations, “[c]ongestion is virtually non-existent in New England.”<sup>4</sup> The same multi-faceted approach to which the Department attributed New England’s success in alleviating congestion in the 2009 study<sup>5</sup> has continued to further eliminate transmission congestion. The following are examples of the outcome of that approach.

### ***Maine Power Reliability Program***

The Maine Power Reliability Program (MPRP) “establishes a second 345 kilovolt (kV) path in the north from Surowiec to Orrington and adds new 345 kV lines in southern Maine, creating a third parallel path from Surowiec to Eliot. These new paths will provide basic infrastructure necessary to increase the ability to move power into Maine from New Hampshire and improve the ability of the transmission system within Maine to move power into the local load pockets as necessary.”<sup>6</sup> The MPRP has received siting approval for most of the component projects from the Maine Public Utilities Commission. It is currently under construction. The most recent cost estimate for the MPRP is \$1.44 Billion and the projected in-service date is 2014.<sup>7</sup>

### ***The New England East-West Solution***

The New England East-West Solution (NEEWS) is a series of projects identified to serve load and improve the transfer capability across southern New England. Two of the four components, the Springfield and Rhode Island projects, have received siting approval, are under

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<sup>3</sup> U.S. Department of Energy (DOE), *National Electric Transmission Congestion Study*, at 56, Washington, DC: DOE (December 2009) (2009 Congestion Study).

<sup>4</sup> Henderson, M. presentation, *ISO New England Comments on the National Electric Transmission Congestion Study*, at slide 8, DOE Workshop, Philadelphia (December 6, 2011) (ISO-NE Congestion Presentation).

<sup>5</sup> 2009 Congestion Study at 58.

<sup>6</sup> ISO New England Inc., *2011 Regional System Plan*, at 6 (October 21, 2011) (2011 RSP), available at: <http://www.iso-ne.com/trans/rsp/2011/index.html>.

<sup>7</sup> Oberlin, B. presentation, *Regional System Plan Transmission Projects: November 2011 Update*, at slides 9 and 16, ISO New England Planning Advisory Committee Meeting (November 16, 2011) (November 2011 RSP Update), available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/projects/2011/nov\\_project\\_list\\_slides.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/projects/2011/nov_project_list_slides.pdf).

construction, and are slated for completion in 2012 to 2014.<sup>8</sup> Another component, the Interstate Reliability Project, was reevaluated to account for an updated load forecast, system operating constraints, and both new and retiring generation resources. The Interstate project has a projected in-service date of 2015.<sup>9</sup> The fourth component, the Greater Hartford / Central Connecticut reliability project is currently under reevaluation to determine the timing of the need for the project. The most recent, combined cost estimate for NEEWS is \$1.845 Billion.<sup>10</sup>

### ***Changes in Load and Demand-Side Resources***

- ***Load Forecasts:*** The recent economic downturn and the growth of demand-side resources have had a significant impact on the utilization of the transmission system in New England.<sup>11</sup> The most recent Regional System Plan (RSP) described the recession as ending in 2009 followed by weak economic growth in 2010, with a return to long-run growth rates forecasted in 2013. As a result, “the summer and winter peak forecasts are not materially different from the [prior year’s] forecast.”<sup>12</sup> The RSP also reported that the “compound annual growth rate for [ISO-NE’s] electric energy use is 1.1% for 2011 through 2020, 1.4% for the summer peak, and 0.5% for the winter peak.”<sup>13</sup>
- ***Energy Efficiency Forecast in Transmission Planning:*** The New England states have aggressive energy efficiency goals and ratepayer-funded programs.<sup>14</sup> The New England states’ energy efficiency goals strive for an estimated 13.6% total reduction in region-wide electric energy consumption projected for 2020.<sup>15</sup> At the New England states’ request, ISO-NE developed a methodology in 2011 to account more accurately in the transmission planning process for the savings from current ratepayer-funded energy efficiency programs and their scheduled ramp-up. Historically, ISO-NE recognized historical energy efficiency, federal appliance standards, and those energy efficiency resources reflected in the Forward Capacity Market’s (FCM) three-year window, which understated the region’s significant investment in energy efficiency resources. Going forward, this greater level of estimated energy efficiency will be incorporated in a new Energy Efficiency Forecast as part of the region’s annual load forecasting process. ISO-

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<sup>8</sup> 2011 RSP at 7, 59, and 75.

<sup>9</sup> *Id.*

<sup>10</sup> November 2011 RSP Update at slides 9 and 17.

<sup>11</sup> In addition, the impacts of recently-developed domestic sources of natural gas on the load forecast are unclear; as natural gas economics improve, customer switching from electric water- and space-heating to natural gas may have an impact on electric load forecasts.

<sup>12</sup> 2011 RSP at 36.

<sup>13</sup> *Id.*

<sup>14</sup> As referenced in the 2009 Congestion Study at 53, “New England states rank among the nation’s leaders in energy efficiency policy and program accomplishments.” The American Council for an Energy Efficient Economy’s *2011 State Energy Efficiency Scorecard* ranks Massachusetts 1<sup>st</sup>, Rhode Island and Vermont tied at 5<sup>th</sup>, Connecticut 8<sup>th</sup>, Maine 12<sup>th</sup>, and New Hampshire 21<sup>st</sup>. See: <http://www.aceee.org/research-report/e115>.

<sup>15</sup> 2011 RSP at 3.

NE has stated that it will roll out the Energy Efficiency Forecast in Spring 2012 in conjunction with the regional ten-year load forecast update.<sup>16</sup>

- **Increasing Demand-Side Resources:** New England's FCM procures resources for future commitment periods to ensure resource adequacy. Both active (demand response and emergency generation) and passive (energy efficiency) demand resources participate in the Forward Capacity Auction. Over the first five auctions, the megawatts of demand resources clearing in the auction have consistently increased from approximately 7% to 10% of the total.<sup>17</sup>
- **Demand Resource Integration:** Finally, demand response resources are continuing their integration into New England's energy markets. In response to the Federal Energy Regulatory Commission's (FERC) Order No. 745,<sup>18</sup> ISO-NE's compliance approach will fully-integrate demand response resources on a comparable basis to generation resources in 2016. In the interim, the existing pilot programs will transition to a day-ahead energy market opportunity at the full locational marginal price (LMP) in 2012.<sup>19</sup> This comparable treatment of demand response and generation is expected to incent new demand response resources to actively participate in the energy market, potentially mitigating system peaks.

#### **EXAMPLES OF FORWARD-LOOKING, PREVENTATIVE CONGESTION- REDUCING ACTIVITIES NEW ENGLAND HAS UNDERTAKEN SINCE 2009**

Since 2009, New England has undertaken various efforts to proactively assess and address future power system challenges. Some of them bear directly on the region's ability to meet potential future conditional congestion scenarios. The activities described in this section are intended to position the region to successfully manage challenges that may emerge, including but not limited to addressing potential future congestion. While these activities are not, and should not be considered as, means to assess *current* congestion, the Department may find them helpful in understanding the scope of activities taking place in New England today to assess - and as necessary to prevent - potential *future* congestion.

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<sup>16</sup> Ehrlich, D. and Winkler, E. presentation, *ISO-NE Proof of Concept Forecast of New State-Sponsored Energy Efficiency 2014-2020*, ISO New England Planning Advisory Committee Meeting (November 16, 2011), available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mtrls/2011/nov162011/ee\\_forecast\\_update.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2011/nov162011/ee_forecast_update.pdf).

<sup>17</sup> ISO New England Inc. Internal Market Monitoring Unit, *2010 Annual Markets Report*, at 108 (June 3, 2011) (2010 Annual Markets Report), available at [http://www.iso-ne.com/markets/mkt\\_anlys\\_rpts/annl\\_mkt\\_rpts/index.html](http://www.iso-ne.com/markets/mkt_anlys_rpts/annl_mkt_rpts/index.html); and Results of New England's FCA #5, available at: [http://www.iso-ne.com/markets/othrmkts\\_data/fcm/cal\\_results/ccp15/fca15/index.html](http://www.iso-ne.com/markets/othrmkts_data/fcm/cal_results/ccp15/fca15/index.html).

<sup>18</sup> *Demand Response Compensation in Organized Wholesale Energy Markets*, Order No. 745, 76 Fed. Reg. 16,658 (Mar. 24, 2011).

<sup>19</sup> *ISO New England Inc.*, 138 FERC ¶ 61,042 (January 19, 2012).

### ***New England's Strategic Planning Initiative***

New England seeks to proactively confront emerging issues and work toward solutions to the region's evolving electric sector needs. In response to potential risks that may impact New England's power system and wholesale electricity markets in the future, in 2011 ISO-NE initiated a series of discussions, referred to as the Strategic Planning Initiative, with market participants and states.<sup>20</sup> Through the Strategic Initiative, New England is proactively and collaboratively considering the potential impact of risks associated with: 1) resource performance and flexibility, 2) increased reliance on natural gas-fired capacity, 3) retirement of generators, 4) integration of a greater level of variable resources, and 5) the alignment of planning and markets. Following the region's assessment of a series of Strategic Planning studies ISO-NE has underway that may inform solutions, the region will consider related rule modifications during 2012 through 2014. Early efforts will focus on resource performance and flexibility, operating reserve requirements, and modifications to resource adequacy markets to ensure alignment between markets and regional planning processes.

### ***Formation of the Interstate Transmission Siting Collaborative***

New England has successfully sited more than \$4 billion of transmission since 2002, which reflects that New England does not have a transmission siting problem to solve. Nevertheless, given the significant transmission projects in development – over \$5 billion planned over the next ten years - and the states' interest in developing the region's renewable resources, in June 2011, NESCOE announced the formation of the New England Interstate Transmission Siting Collaborative (Collaborative). The purpose of the Collaborative is to consider and to implement, as appropriate, means to increase coordination of states' siting processes required for interstate transmission facilities in New England. The Collaborative will work on advancing the interstate siting coordination concepts identified in the New England Governors' Renewable Energy Blueprint (Blueprint).<sup>21</sup> The Collaborative has opened communications with transmission owners and developers about possible coordination opportunities over the short- and long-term. While the Collaborative resulted from a proactive review of coordination opportunities available to the New England states under current law in order to facilitate development of renewable resources located in and proximate to the region, any siting coordination measures may facilitate transmission proposed to meet any number of objectives.

### ***Coordinated Renewable Power Procurement & Public Policy Projects under FERC Order No. 1000***

*Exploring Coordinated Renewable Power Procurement:* Following the development of the Governors' Blueprint in 2009, NESCOE has continued to explore the potential for

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<sup>20</sup> For more information on New England's Strategic Planning Initiative, see: [http://www.iso-](http://www.iso-ne.com/committees/comm_wkgrps/strategic_planning_discussion/materials/index.html)

<sup>21</sup> For more information on the New England Governors' Renewable Energy Blueprint, see <http://www.nescoe.com/Blueprint.html>.

coordinated competitive procurement of renewable resources.<sup>22</sup> First, in 2010, NESCOE issued a report in response to the New England Governors' request that analyzed potential procurement mechanisms, including terms and conditions and regulatory approval processes. Subsequently, in 2011, NESCOE conducted a Request for Information (RFI) to help identify renewable energy resources within New England and neighboring regions that could be developed by 2016 that have the greatest potential to help New England meet its renewable energy goals at the lowest all-in delivered cost, including both generation and transmission. More recently, following a New England governors' resolution in July 2011 to express their continued interest in exploring the potential for joint or separate but coordinated competitive procurement of renewable resources, NESCOE undertook analyses to provide directionally indicative resource and cost information regarding potential new wind resources in New England and New York that could meet New England's renewable goals, and the transmission that might be required to integrate the output of some of those resources. The indicative analyses are intended to inform policy-makers' consideration of potential coordinated competitive procurement opportunities.

*FERC Order No. 1000:* In response to FERC's Order No. 1000, the New England States developed a draft framework to address the Order's requirements regarding public policy projects and associated cost allocation. The states' draft framework has been presented to ISO-NE and the region's stakeholders for discussion and is expected to inform the region's Order No. 1000 compliance filing later in 2012.

The numerous efforts of the states and the efficacy of the organized wholesale markets and transmission planning process in New England have resulted in the alleviation of all significant transmission congestion. As the Department recognized in the 2009 Study, "the region has shown that it can permit, site, finance, cost-allocate and build new generation and transmission, while encouraging new demand-side resources as well." Developments in New England since the 2009 Study demonstrate the region's continued ability to make progress in all aspects of congestion mitigation, as well as robust forward-looking work on power system issues that may emerge over time.

## **PUBLICLY AVAILABLE DATA & INFORMATION: NEW ENGLAND STUDIES & METRICS**

The organized wholesale marketplace and transmission planning process in New England provides ample objective information regarding the significance and character of transmission congestion. As an initial matter, New England has invested \$4.6 Billion since 2002 on transmission projects to maintain reliability and has another \$5.3 Billion in projects in development.<sup>23</sup> ISO-NE, in its 2011 Regional System Plan, stated:

Transmission projects also have reduced congestion and reduced dependence on generating units located in load pockets. In 2010, system wide congestion-related costs totaled approximately \$37 million, and payments for generators in "must-run" situations that provided second-contingency coverage and voltage support totaled \$9 million. This

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<sup>22</sup> For more information on Coordinated Renewable Power Procurement, see [http://www.nescoe.com/Coordinated\\_Procurement.html](http://www.nescoe.com/Coordinated_Procurement.html).

<sup>23</sup> ISO-NE Congestion Presentation at slide 4.

represents significant reductions from 2008 when congestion totaled \$273 million and generator payments for “must run” situations totaled \$212 million.<sup>24</sup>

ISO-NE performs various studies that consider congestion-related impacts and publishes market data germane to congestion costs. Further, ISO-NE publishes transmission facility utilization information in a format that provides hourly, historical flows and limits. Most importantly, ISO-NE develops a comprehensive, 10-year plan each year in coordination with the region’s stakeholders.

### ***Study That Provides Data That Enables Assessment of Current Congestion: ISO-NE’s 2011 Regional System Plan***

ISO-NE’s 2011 *Regional System Plan* (RSP) analyzes congestion within New England. NESCOE recommends the Department refer to it in its preparation of the 2012 Study. The RSP includes “forecasts of future annual and peak loads for a five- to 10-year planning horizon and the need for resources; information about the amounts, locations, and characteristics of market responses that can meet the defined system needs to satisfy demand – system wide and in specific areas; and descriptions of transmission projects for the region that could meet identified needs.”<sup>25</sup>

### ***Studies That Exemplify New England’s Efforts to Proactively Address Potential Emerging Challenges, Including Preventing Future Congestion***

As noted, New England – ISO-NE, stakeholders and states – is working proactively to assess, and address as needed, emerging issues that may present challenges to the New England power system in the years ahead, including preventing any future congestion that may emerge over time. These studies do not relate to, or provide data about, current congestion in New England but may be informative to the Department about New England’s forward-looking activities to address system needs that may emerge.

- The *New England Wind Integration Study* (NEWIS), which was prepared for ISO-NE,<sup>26</sup> assessed the operational effects of large-scale wind penetration using statistical and simulation analysis of historical data. The primary objective of NEWIS was to “determine the operational, planning and market impacts of integrating substantial wind generation resources for [ISO-NE], with due consideration to the neighboring areas.”<sup>27</sup> The NEWIS study observes, for example, that significant congestion was not present on New England’s power system even when modeling significant levels of wind integration: “The transmission system with the 8 GW overlay was adequately designed to handle 24% wind energy without significant congestion.”<sup>28</sup> However, in assessing congestion, or the

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<sup>24</sup> 2011 RSP at 5.

<sup>25</sup> 2011 RSP at i.

<sup>26</sup> The NEWIS was prepared by GE Energy Applications and Systems Engineering, EnerNex Corporation, and AWS Truepower for ISO New England.

<sup>27</sup> GE Energy, *New England Wind Integration Study*, at 6 (December 5, 2010) (NEWIS), available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/reports/2010/newis\\_es.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/reports/2010/newis_es.pdf).

<sup>28</sup> NEWIS at 24.

potential for it at some future point in time, the Department must take particular care not to base any findings on studies such as NEWIS that make clear that detailed transmission studies are needed to fully assess how transmission enhancements affect congestion.<sup>29</sup> Such studies provide useful information about New England's proactive work on developing renewable resources but not detailed data that could support any determination about potential future congestion.

- ISO-NE's *Strategic Transmission Analysis* intends to address transmission concerns highlighted in 2010/2011 economic studies performed by the ISO and the risks identified in the Strategic Planning Problem Statement.<sup>30</sup> The Strategic Transmission Analysis will help stakeholders evaluate the implications of generator retirements on the operation of the transmission system and the impact of continued integration of energy from renewable resources. This study is underway.
- ISO-NE's *2011 Economic Study*, performed in response to stakeholder requests,<sup>31</sup> focuses on the economic impact of potential congestion resulting from the development of renewable resources in New England, including significant quantities of on-shore wind energy in Maine.<sup>32</sup> This study is underway and scheduled for completion in 2012.

### ***Study the Department Should Not Rely on For Purposes of the 2012 Study***

NESCOE strongly urges the Department not to use the *Eastern Interconnection Planning Collaborative (EIPC) Phase I study* as a source for the 2012 Congestion Study. While considerable efforts were expended to form the EIPC and develop the Stakeholder Specified Infrastructure upon which the Interconnection would be modeled, the EIPC Phase I Report is simply scenario analysis.<sup>33</sup> The EIPC Phase I report is informative for industry participants and

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<sup>29</sup> NEWIS at p. 27.

<sup>30</sup> Doe, S. presentation, *Strategic Transmission Analysis Update*, ISO New England Planning Advisory Committee Meeting (December 14, 2011), available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mtrls/2011/dec142011/strat\\_trans\\_analysis.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2011/dec142011/strat_trans_analysis.pdf).

<sup>31</sup> ISO-NE's Open-Access Transmission Tariff requires the performance of studies requested by stakeholders. ISO New England Inc. Transmission, Markets, Services Tariff, Section II Open-Access Transmission Tariff, Attachment K Regional System Planning, Section 4.1(b) Requests by Stakeholder for Need Assessment for Economic Considerations.

<sup>32</sup> Coste, W. presentation, *Economic Studies Update: Final Scope of Work*, ISO New England Planning Advisory Committee Meeting (January 18, 2012), available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mtrls/2012/jan182012/2011\\_eco\\_study\\_scope.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2012/jan182012/2011_eco_study_scope.pdf).

<sup>33</sup> As the EIPC Phase I Report observed: "It will be apparent that any transmission expansions indicated from the macroeconomic studies do not provide a transmission plan, and the generic transmission infrastructure upgrades and high level cost estimates associated therewith as part of the Phase 1 analysis do not represent likely project solutions; rather, such information was developed as a data point to assist the SSC in



policymakers alike, but should not be construed as a plan in the transmission planning sense of the term, and the results should be considered accordingly. In short, future scenarios - whether EIPC or others - are not and should not be viewed as reasonable proxies for the presence of congestion.

### ***Metrics***

The 2009 Study identified three ways that congestion may be evidenced, as transmission usage, as transmission reliability, or as economic congestion.<sup>34</sup> ISO-NE provides detailed, publicly available information with regard to transmission usage and economic congestion. As explained below, these metrics show that congestion in New England has diminished since the previous congestion study in 2009.

#### ***Congestion Component of Locational Marginal Prices***

The congestion component of the LMP provides an objective metric for evaluating the presence (or absence) of congestion.<sup>35</sup> In New England, the congestion component has significantly decreased in magnitude since 2008. In 2008, the Day-Ahead Congestion Revenue was \$125.4 Million, and in 2010, the number had decreased to \$37.3 Million.<sup>36</sup> In addition to the congestion revenue declining in relation to the overall size of the energy market, the congestion component alone decreased by approximately 70%.<sup>37</sup> According to ISO-NE, “[c]ongestion revenues dropped dramatically in 2009 after the completion of transmission projects in Connecticut and Boston.”<sup>38</sup>

Furthermore, Day-Ahead Congestion Revenue can be compared to Financial Transmission Right (FTR) Auction Revenue to obtain a proxy for market participants’ perception of the value of hedging against congestion. Total Auction Revenue, or the perceived value of hedging against congestion through the purchase of FTRs, in 2008 was \$116.7 Million. This figure decreased to \$30.2 Million in 2010, evidence of decreased demand for the hedge provided by FTRs. As observed by ISO-NE, “[t]he average annual price in 2010 dropped significantly from the prior year as participants realized that the transmission projects completed in 2008 and 2009 significantly decreased congestion.”<sup>39</sup>

Finally, to put the congestion component of LMP in context, one can compare the congestion component to the loss component. In 2010, the congestion component was

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determining the three scenarios to be analyzed during the Phase 2 studies. The choice of transmission line types and voltages for expansion of the pipes is standardized and does not reflect regionally optimal choices.” EIPC Phase I Report at Executive Summary xv.

<sup>34</sup> 2009 Congestion Study at 6.

<sup>35</sup> ISO-NE Wholesale Market data may generally be found here: <http://www.iso-ne.com/markets/index.html>; data regarding the congestion component of LMP may be found here: [http://www.iso-ne.com/markets/hrly\\_data/selectHourlyLMP.do](http://www.iso-ne.com/markets/hrly_data/selectHourlyLMP.do); and summaries of congestion revenue may be found here: [http://www.iso-ne.com/markets/othrmkts\\_data/conrev\\_summ/index.html](http://www.iso-ne.com/markets/othrmkts_data/conrev_summ/index.html).

<sup>36</sup> 2010 Annual Markets Report at 88.

<sup>37</sup>  $(\$125.4 - \$37.3) / \$125.4 \approx 70\%$

<sup>38</sup> 2010 Annual Markets Report at 85.

<sup>39</sup> 2010 Annual Markets Report at 86.

significantly less than the loss component in both the day-ahead and real-time energy markets. According to ISO-NE's 2010 Annual Markets Report:

During 2010, average day-ahead zonal prices did not vary more than about \$0.87/MWh from the Hub, with the exception of Maine and Connecticut. The differences in prices are primarily caused by transmission losses, rather than congestion. Average LMPs in Maine were about \$2.19/MWh lower than the Hub, largely because of the transmission losses when power travels from Maine to the load in southern New England. The average CT load zone LMPs were \$1.87/MWh greater than the average Hub price caused by transmission losses and some congestion. These results are similar to results in 2009.<sup>40</sup>

A similar phenomenon occurred in the real-time market. Thus, prices are relatively uniform across New England, and where they diverge, line losses are the primary explanation.

### ***Flow Duration Information***

ISO-NE publishes estimates of the hourly flows and limits on New England's thermal interfaces.<sup>41</sup> Analysis of these usage metrics is another means by which congestion may be observed. In a recent presentation to the Planning Advisory Committee on the interface flows, ISO-NE observed, "[t]here appears to be little congestion on the system as a whole."<sup>42</sup>

### ***REQUEST FOR CONSULTATION ON ANY DATA ASSOCIATED WITH AND/OR ANALYTICAL APPROACH THE DEPARTMENT MAY CONSIDER USING IN CONNECTION WITH POTENTIAL CONDITIONAL CONGESTION***

New England requests that the Department consult with the New England states in advance of making any determination concerning the data, if any, and the specific analytical approach, if any, that the Department may consider using to assess Conditional Constraints in New England.

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<sup>40</sup> 2010 Annual Markets Report at 65.

<sup>41</sup> For more information and raw data, see: [http://www.iso-ne.com/markets/hstdata/hourly/hst\\_hrly\\_flows\\_and\\_lmths/index.html](http://www.iso-ne.com/markets/hstdata/hourly/hst_hrly_flows_and_lmths/index.html).

<sup>42</sup> Ehrlich, D. presentation, *RSP12 – 2011 Historical Market Data: Locational Marginal Prices, Interface MW Flows*, at slide 67, ISO New England Planning Advisory Committee Meeting (January 18, 2012), available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mtrls/2012/jan182012/lmp\\_and\\_interface.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2012/jan182012/lmp_and_interface.pdf).

***CONCLUSION***

NESCOE appreciates the opportunity to comment and the Department's consideration of its views. As noted, we would be pleased to provide any further information the Department may find helpful in concluding that in New England congestion is virtually non-existent.

Respectfully Submitted,  
New England States Committee on  
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