

New England States Committee on Electricity

April 4, 2014

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

Via Electronic Mail

**RE: New England States' Comments on the Consultation Draft of the
2012 National Electric Transmission Congestion Study**

Dear Mr. Meyer:

The New England States Committee on Electricity¹ (NESCOE) appreciates the opportunity to provide comments on the Department of Energy's (Department) Consultation Draft of the 2012 Electric Transmission Congestion Study (2012 Study).² The Department's 2009 Congestion Study (2009 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 information below 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 demonstrating the continued trend of reduced congestion that the Department cited in its 2009 Study. NESCOE briefly discusses below some of the conclusions that can be drawn from the Consultation Draft regarding what are described as resource-driven transmission constraints. NESCOE also explains some of the activities the New England states have proactively undertaken to mitigate potential future transmission congestion.

¹ 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.

² The State of Maine does not join in support of these NESCOE comments.

Triennial Congestion Study

The Department seeks comment on whether the Triennial Congestion Study continues to serve a useful purpose in informing discussion of transmission infrastructure needs. New England's transmission infrastructure needs are identified and addressed through regional and multi-regional stakeholder processes such as those conducted by ISO-NE and the Inter-Area Planning Stakeholder Advisory Committee (IPSAC). As a result, a national process to identify transmission infrastructure needs in New England is duplicative and unnecessary. Interconnection-wide analyses, such as those done by IPSAC and the Eastern Interconnect Planning Collaborative (EIPC), provide useful scenario analysis and information but should not form the basis for congestion findings.

Given the substantial amount of planning that takes place at the regional and inter-regional level, including the changes expected to take effect as a result of the Federal Energy Regulatory Commission's (FERC) Order 1000, the scope of the congestion study should be modified. The congestion study should be focused on data collection and dissemination. The data collected in the modified version of the congestion study would supplement certain Energy Information Administration (EIA) forms to provide a more granular look at transmission infrastructure on a national scale.

National Corridor Designation

The Department's ability to designate National Corridors is not necessary to ensure that adequate and appropriate transmission infrastructure is built in New England in a timely manner. New England has a proactive process in place to assess the need for and build new transmission infrastructure. This process will further be enhanced through the introduction of competition in transmission development arising from the requirements of Order 1000. The ISO-NE transmission planning process is guided not only by ISO-NE's own planning standards, but also those set forth by the North American Electric Reliability Corporation (NERC) and the Northeast Power Coordinating Council (NPCC). The ISO-NE process incorporates input from a diverse group of stakeholders in the Planning Advisory Committee (PAC). The ISO-NE Regional System Plan (RSP) has identified \$11 billion in new transmission infrastructure needed to meet reliability standards since 2002.

In addition to designating reliability needs, ISO-NE's transmission planning process can identify infrastructure needed to relieve economic congestion. These so-called market efficiency transmission upgrades includes a mechanism to socialize transmission that is justified on an economic basis across the region. To date, and for a variety of reasons, the mechanism has not been used.

The process to identify National Corridors should *not* include analysis of future resource additions. State Renewable Portfolio Standards (RPS) in themselves, or the obligation to fulfill them in the future, are not a reasonable basis to make a congestion finding. Such RPS laws do not require transmission infrastructure development. Rather, market participants who sell energy and Renewable Energy Certificates (RECs) into the restructured marketplace are responsible for

adequate transmission to deliver their power to the market. States also have a number of policies to develop distributed energy resources that do not require transmission development to transport power over long distances. In addition, RPS laws may include an alternative compliance mechanism whereby suppliers can meet their RPS obligations by making payments rather than purchasing renewable energy resources at costs that exceed what a state has determined is reasonable.

Also, the mere potential for resource development does not indicate the resource will be built. In New England, interconnection queues are not evidence of congestion. The interconnection queue is part of the process that resource developers use to assess the technical and economic viability of a project. The time associated with a resource's progress through the interconnection queue is not necessarily related to, or an indicator of, transmission congestion. Many aspects of a project must fall into place for successful project development; the mere resource potential or even its presence in the interconnection queue is not evidence that it will be built or that it will cause congestion if it is built.

New England Has No Congestion

New England has assessed reliability needs and developed infrastructure that has all but eliminated congestion in the region. Over the last eleven years (2002-2013), 475 transmission projects were put into service in New England at a cost of \$5.5 billion.³ Critical "load pockets", such as Boston and Southwest Connecticut, have received significant investment and new interconnections with neighboring power systems were put into place. Over the next seven years, another \$5.5 billion in new infrastructure development is under construction, planned or proposed to reinforce the transmission facilities in New England.⁴

In the 2009 Study, the Department attributed New England's success in alleviating congestion to a multi-faceted approach. This same approach has continued in New England and will further eliminate the potential for transmission congestion in the future. This approach includes new transmission, reduced load growth through energy efficiency, increasing demand-side resources, and demand resource integration.

New Transmission

Much of the data the Department relied upon for the assessment of congestion in New England refers to the 2011 Regional System Plan. The 2012 Study should rely upon more recent information that is available in the 2012 and 2013 Regional System Plans.

Two major new transmission projects are under development or near completion in New England:

- Maine Power Reliability Project: two new 345kV lines to increase movement of power in Maine and between Maine and New Hampshire, \$1.44 billion.

³ Regional System Plan Transmission List, available at http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2013/oct162013/a4_rsp_project_list.zip.

⁴ *Id.*, at slide 10.

- New England East West Solution (NEEWS): improvements to serve load and increase transfer capability across southern New England, \$1.85 billion.

Load Forecasts

Load growth is very limited in New England due to state investments in energy efficiency. In fact, some states are projected to have declining net load growth due to energy efficiency. The New England states will collectively spend \$6.3 billion on energy efficiency in the next ten years. The energy efficiency forecast used in transmission planning has identified that these investments will reduce the 90/10 peak by 3,000 MW, the 50/50 peak by almost 4,000 MW, and annual energy consumption by 2,250 GWh over the 10-year time horizon.⁵

Demand-side Resource participation in FCM

In New England, demand-side resources are on equal footing with generation resources in ISO-NE's three-year Forward Capacity Market (FCM). ISO-NE recently procured 3,000 MW of demand resources in the forward capacity auction for the 2017-2018 deliverability period. Demand resources include energy efficiency, demand-response resources, and real-time emergency generation (RTEG). RTEG resources are capped at 600 MW.⁶ FERC Order 745 also required that demand resources be paid full market price when they are in merit in the economic dispatch order. Efforts are also underway to integrate demand response into the ISO-NE reserves markets.

Growth in Distributed Generation Resources

In addition, ISO-NE is now working to develop a distributed generation forecast to take account of the exponential growth of solar photovoltaic (PV) and other distributed generation resources in the region.⁷ Similar to energy efficiency, growth in distributed generation will be incorporated into the region's load forecast used in transmission planning.

These examples demonstrate that, in New England, the advancement of public policies such as supply diversity, environmental quality, and increased development of renewable generation resources, is neither compromised nor hindered by issues related to transmission infrastructure. Indeed, ISO-NE has interconnected an additional 735 MW of renewable resources since 2009.⁸

⁵ ISO-NE Draft Final Energy Efficiency Forecast 2018-2023 ("EE Forecast"), available at http://www.iso-ne.com/committees/comm_wkgrps/othr/enrgy_effncy_frctst/2014mtrls/iso_ne_draft_final_2014_ee_forecast_2018_2023.pdf.

⁶ ISO-NE Transmission, Markets & Services Tariff Section III, Market Rule 1, Section 13.2.3.3.(f), at page 117, available at http://www.iso-ne.com/regulatory/tariff/sect_3/mr1_sec_13-14.pdf.

⁷ See, for example, ISO-NE Final Interim Solar PV Forecast ("PV Forecast"), available at http://www.iso-ne.com/committees/comm_wkgrps/othr/distributed_generation_frctst/2014mtrls/apr22014/final_interim_pv_forecast.pdf.

⁸ ISO-NE interconnection queue, available at http://www.iso-ne.com/genrtion_resrcs/nwgen_inter/status/index.html.

Clean Energy Policies Do Not Create Congestion

The Consultation Draft raised concerns that state clean energy policies will affect transmission constraints and congestion. Specifically, the Draft points to one study that suggests New England (along with New York and PJM) will miss their 2020 RPS goals due to transmission constraints that limit flow of renewable generation within or between regions. As a threshold issue, a single study does not merit this broad statement or indicate that New England will not meet its RPS goals. As described above, the potential for renewable energy development in New England does not alone demonstrate the existence of congestion.

States will fulfill their RPS statutes over time and with resources the marketplace identifies as most economic, including any necessary transmission upgrades. Issues associated with state policy implementation are appropriately and adequately addressed in traditional state regulatory and siting proceedings. Some states may opt for more local distributed sources to fulfill their policy obligations. Others will support development of renewable resources and the transmission to accompany them.

In the New England generator interconnection process, it is the responsibility of the generation resource developer to upgrade transmission facilities in order to reliably and safely connect to the network. To that end, interconnection queues themselves are not indicative of congestion. Interconnection queues and development timelines are long for a variety of reasons, some of which include need for time to assess technical and financial viability. The procedures established in the regional open access transmission tariff govern how generators interconnect to the system and account for necessary transmission upgrades.

New England Effectively Addresses Summer Peak Conditions

The Consultation Draft indicated some concern that “New England’s situation could be complicated by local reliability challenges under extreme summer weather conditions” based on a May 2012 ISO-NE report.⁹ To the contrary, New England effectively addresses local reliability challenges through its transmission planning processes, and ISO-NE possesses the tools to operate the system reliably through contingencies. Any anecdotal local reliability challenges do not exhibit the duration or severity that merit characterization as congestion. In addition, investment in distributed generation and energy efficiency will further reduce the demand for energy from the grid in the summer.

Solar PV resources have proliferated in the region in the last three years. In fall 2013, ISO-NE began the process of forecasting solar PV development in the region, both projects currently underway and anticipated due to the significant policy support for these resources. ISO-NE released its Final Interim PV Forecast in April 2014, which forecasts 2.5 GW of solar PV installed by 2023 in New England, without even accounting for resources that may come

⁹ *Consultation Draft*, National Electric Transmission Congestion Study, February 2014, at 70.

online without additional financial support through state policy programs. ISO-NE anticipates a total energy contribution of 630 MW from these resources on summer peak.¹⁰

ISO-NE also forecasts the contribution of energy efficiency programs to summer peak reduction through the energy efficiency forecast. The Preliminary 2014 Energy Efficiency Forecast reduces the load forecast in the region by 2,961 MW on summer peak by 2023.¹¹

New England is Increasing the Economic Efficiency of its Seam with New York

The Consultation Draft also raised concerns with market rules, scheduling and reservation practices that may obstruct trade flows across shared boundaries between ISOs. In late 2010, ISO-NE and New York Independent System Operator, Inc. (NYISO) conducted a joint study of their common border and issued a white paper on Inter-Regional Interchange Scheduling. ISO-NE and NYISO jointly developed an effort to enhance the market efficiency of external transactions between the two regions. On February 24, 2012, ISO-NE and the New England Power Pool (NEPOOL) Participants Committee together filed revisions to market rules to implement Coordinated Transaction Scheduling (CTS) between New England and New York. The FERC found that CTS is a just and reasonable mechanism for enhancing the market efficiency of external transactions between ISO-NE and NYISO. CTS will provide substantial benefits to consumers in both ISO-NE and NYISO by addressing inefficiencies present in the current external transaction scheduling process. Specifically, for the combined ISO-NE and NYISO region, Potomac Economics estimates that CTS will result in \$129 million to \$139 million in annual consumer savings, and \$9 million to \$11 million in annual production cost savings.¹²

NESCOE Supports the Department in Providing Additional Transmission Data

NESCOE commends the Department for annually posting a companion document on transmission data. This additional level of transparency is beneficial to the Congestion Study process. Such additional transmission information will enable stakeholders to meaningfully comment on the specific data referenced and provide additional sources of data that may be helpful to in the Department's conduct of the Congestion Study.

Finally, in addition to the specific comments requested, NESCOE offers some minor comments/corrections:

Table ES-1 "Transmission Constraints and Congestion – Applicability and Availability of Major Sources of Data" includes a section on "Resource Driven Transmission Constraints". Under the category of "Renewable or Clean Energy zone" for ISO-NE, it is unclear what is

¹⁰ PV Forecast, at slide 9.

¹¹ EE Forecast, at slide 36.

¹² *ISO New England, Inc. and New England Power Pool*, 139 FERC ¶ 61,047 (Docket No. ER12-1155) (April 19, 2012), at 24.

meant by “Not Available; in progress.” Specifically, what data does the Department seek that is “Not Available; in progress?” This table is identical to Table 3-1 on page 12 of the report.

On page 48: the text reads, “the New England Governors signed a resolution directing the New England Committee on Electricity to begin ‘coordinated competitive procurement’ of renewable energy.” It should read “New England *States* Committee on Electricity.” The title, repeated on page 5, should also read New England *States* Committee on Electricity.

CONCLUSION

In conclusion, NESCOE appreciates the opportunity to comment on the 2012 Study purpose and scope in comments to the Consultation Draft. We appreciate the Department’s thoughtful questions regarding the usefulness of the Congestion Study and its openness to receive input on how to modify the scope of the study to be worthwhile.

Respectfully Submitted,
New England States Committee on
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