

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

ISO New England Inc. and)	Docket Nos. ER13-193-003
Participating Transmission Owners)	ER13-196-002
Administrative Committee)	(not consolidated)

COMMENTS OF THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY

Pursuant to the November 18, 2013 notices¹ issued by the Federal Energy Regulatory Commission (“Commission” or “FERC”) in the above-captioned proceedings, the New England States Committee on Electricity (“NESCOE”) files these limited comments in support of NESCOE’s proposed role in the identification of net public policy transmission needs for purposes of cost allocation. NESCOE filed a motion to intervene and protest in these dockets on December 10, 2012, and the Commission has recognized NESCOE as a party.²

I. RELEVANT BACKGROUND

a. Proposed Changes to the Default Cost Allocation Method

On November 15, 2013, ISO New England Inc. (“ISO-NE”) and the Participating Transmission Owners Administrative Committee (“PTO AC”) (together, the “Filing Parties”) jointly submitted a further compliance filing with the Commission in accordance with the May 17 Order.³ In pertinent part, the filing proposes a so-called “hybrid” default cost allocation method whereby 70 percent of the costs of a Public Policy Transmission Upgrade would be

¹ *ISO New England Inc. and New England Power Pool Participants Committee*, Errata Notice Extending Comment Date, Docket No. ER13-193-003 (Nov. 18, 2013); *ISO New England Inc. et al.*, Errata Notice Extending Comment Date, Docket No. ER13-196-002 (Nov. 18, 2013).

² *ISO New England Inc.*, 143 FERC ¶ 61,150 at P 8 (2013) (“May 17 Order”). On June 17, 2013, NESCOE and five New England states also filed a request for clarification and rehearing of the May 17 Order, which is presently pending before the Commission. NESCOE’s comments on these further compliance filings should not be construed as waiving its rights under such request or accepting or supporting those aspects of the May 17 Order that are the subject of the rehearing request.

³ The Commission extended the filing deadline in a July 22, 2013 Notice of Extension of Time.

allocated region-wide on a load ratio share basis and 30 percent of such costs would be allocated to those states whose policies were identified as giving rise to the project(s).⁴ The Filing Parties explain the development of their default cost allocation method, and accurately note that no NESCOE position emerged on the proposal now before the Commission.⁵

The New England Power Pool (“NEPOOL”) Participants Committee recently filed comments that detail the stakeholder process and resulting stakeholder votes held with respect to default cost allocation in the context of the further compliance requirement.⁶ As NEPOOL explains, in addition to the PTO AC proposal that is a subject of this proceeding, the Participants Committee also considered an alternative cost allocation method offered by a public power market participant. This alternative proposal would cap regionalized costs—i.e., costs socialized among New England states based on load ratio share—for public policy projects at 30% and make the cost determination on a case-by-case basis.⁷ Remaining costs would be allocated to those states that are identified beneficiaries of the project and in direct proportion to such state’s need, but in no case would entities exempt from state Public Policy Requirements driving the project be allocated any costs.⁸ Both this alternative and the PTO AC proposal failed to garner sufficient support from NEPOOL, reflecting a division among stakeholders.⁹

b. NESCOE’s Role In Identifying Net Needs

Under the further compliance filing before the Commission, the proposed revisions to Schedule 12 of the ISO-NE Tariff detail how the 30 percent allocation would be implemented.

⁴ See Filing Parties Transmittal Letter at 24; Filing Parties proposed Schedule 12, at Section 6.

⁵ See Filing Parties Transmittal Letter at 22-24.

⁶ Comments of the New England Power Pool Participants Committee, Docket Nos. ER13-193-003 and ER13-196-002 (Dec. 10, 2013).

⁷ See *id.* at 7, 9.

⁸ See *id.*

⁹ See *id.* at 9, 16.

Under the proposed language, NESCOE would have an opportunity to provide an estimated “Planning Need” in its request to ISO-NE to conduct a Public Policy Transmission Study.¹⁰ The Planning Need would include NESCOE’s estimate of the MWhs or MWs needed over the requested study period to satisfy the identified state and federal Public Policy Requirements and how these needs are apportioned among the states.¹¹ The Planning Need would take into account contracts and other mechanisms that are able to satisfy the identified Public Policy Requirements (i.e., factors that would serve to reduce the need and therefore establish the net need ISO-NE should study and upon which the 30 percent of project costs would be allocated).¹² To the extent NESCOE does not include a Planning Need in its study request, the 30 percent would be allocated on a load ratio share basis to those states identified as having a Public Policy Requirement.¹³

II. COMMENTS

In the May 17 Order, the Commission approved that portion of the compliance filing that accorded NESCOE a central role in the identification of federal and state Public Policy Requirements that drive transmission needs.¹⁴ NESCOE does not have a position on the default cost allocation proposal reflected in the further compliance filing, including the proposed 70/30 allocation split. NESCOE, however, supports it having a central role in determining how the

¹⁰ Filing Parties proposed Schedule 12, at Section 6.

¹¹ *Id.*

¹² *See id.*

¹³ *Id.*

¹⁴ *See, e.g.*, May 17 Order at PP 108 (“[W]e find that the Filing Parties’ proposal to rely on NESCOE to identify transmission needs driven by federal and state public policy requirements is consistent with the Commission’s determination in Order No. 1000 that public utility transmission providers may rely on a committee of state regulators to identify transmission needs driven by public policy requirements.”), 111 (“The Filing Parties’ proposal, according to which NESCOE will review proposed state and federal public policy requirements that drive transmission needs and request a new public policy transmission study or an update of a previously conducted study, is consistent with the Commission’s determination in Order No. 1000 that such procedures may rely on a committee of state regulators.”).

public policy planning need relates to cost allocation. NESCOE's determination of such a need is consistent with and, indeed, inseparable from the study needs identification process already approved by the Commission.

NESCOE's key involvement in this area properly assumes state collaboration in connection with cost allocation and, in turn, states' determination regarding whether and to what extent new infrastructure is the appropriate means to advance state policies as reflected in state laws and regulations. That NESCOE does not have a position on the default cost allocation method itself should not be construed as unwillingness on NESCOE's part to undertake this responsibility. As stated above, such a role is consistent with, and an extension of, NESCOE's activity in the process of identifying transmission needs driven by Public Policy Requirements.

III. CONCLUSION

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

Respectfully submitted,

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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 Boston, Massachusetts this 16th day of December, 2013.

Respectfully submitted,

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