

## *New England States Committee on Electricity*

**To: ISO-NE & Reliability Committee**  
**From: New England States Committee on Electricity**  
**Date: November 4, 2009**  
**Re: NESCOE's Point of View on ISO-NE's Proposal to Change Market Rule 1 Concerning Tie Benefit Calculations in 3<sup>rd</sup> Annual Reconfiguration Auction**

NESCOE does not support ISO-NE's proposed permanent change to Market Rule 1 governing the tie benefits calculation in third annual reconfiguration auctions (ARA).

A proposal to implement a permanent Market Rule change should be supported by both operational and economic data to enable an assessment of reliability and operational impacts, as well as cost implications. This has not been produced to date.

New England's approach to tie benefit assumptions and reliance are currently subject to discussion in the stakeholder process. NESCOE supports exploring the use of more consistent assumptions across the Forward Capacity Auction and each of the subsequent ARAs for each Commitment Period than Market Rule 1 currently provides and exploring protocols with neighboring regions to increase certainty associated with tie benefits, particularly in these times of excess capacity.

However, there remains a lack of substance underlying the determination to propose a permanent change to Market Rule 1. To date, there is no analysis to support a conclusion that ISO-NE's preferred means to arrive at a specific tie benefit number for the 2010/211 3<sup>rd</sup> ARA is a necessary and appropriate solution for New England over the long-term. There is also no indication of an emerging consensus around ISO-NE's proposed tie benefit approach that would suggest a probability of it becoming New England's long-term solution.

In this case, whatever proposal is ultimately adopted to depart from the current Market Rule ought to be styled and characterized as what it is: a one-time, temporary departure from a Market Rule because ISO-NE is uncomfortable with the result of the application of the Market Rule in this case.