

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

ISO New England Inc. and New England)	
)	Docket No. ER20-1967-000
Power Pool)	
)	

**COMMENTS OF THE
NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

Pursuant to the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) June 2, 2020 Notice of Filings #1, the New England States Committee on Electricity (“NESCOE”) hereby files these comments in the above-captioned proceeding.¹ On June 2, 2020, ISO New England Inc. (“ISO-NE”) and the New England Power Pool Participants Committee (“NEPOOL”) jointly filed with the Commission proposed Tariff revisions “to address an implementation issue regarding the treatment of energy efficiency resources during Capacity Scarcity Conditions and to more fully align the Tariff rules with the Commission’s directives” regarding the implementation of ISO-NE’s “Pay For Performance” (“PFP”) mechanism² (the “Balancing Ratio Changes”).³

¹ NESCOE filed a doc-less motion to intervene in this proceeding on June 3, 2020. Capitalized terms not defined in this filing are intended to have the meaning given to such terms in the ISO-NE Transmission, Markets and Services Tariff (the “Tariff”).

² See *ISO New England Inc. and New England Power Pool Participants Committee*, 147 FERC ¶ 61,172 at P 89 (2014) (“PFP Order”) (finding ISO-NE’s proposed treatment of energy efficiency resources under the PFP program to be unduly discriminatory and directing Tariff changes to “ensur[e] that energy efficiency resources’ Capacity Performance Payments are calculated only for Capacity Scarcity Conditions during hours in which demand reduction values are calculated under the Tariff for that particular type of resource.”).

³ ISO New England Inc. and New England Power Pool Participants Committee, *Energy Efficiency Treatment During Capacity Scarcity Conditions*, Docket No. ER20-1967-000 (filed June 2, 2020) (“June 2 Filing”), at 1, 4-8, 15; see *id.*, Prepared Testimony of Ryan McCarthy on Behalf of ISO New England Inc. (“McCarthy Testimony”), at 7.

NESCOE supports the Balancing Ratio Changes. The June 2 Filing recounts the origin of the proposed revisions, beginning with a September 2018 scarcity event and leading to over a year of stakeholder discussions that included supporting technical analysis.⁴ The Balancing Ratio Changes provide a fair and streamlined method for addressing the unanticipated settlement imbalances and associated mutual insurance pool charges that only became widely understood after PFP became effective in 2018.⁵ NESCOE joins over 94% of NEPOOL markets participants and stakeholders—reflecting a supermajority across all NEPOOL sectors—in supporting these reasonable changes.⁶

The June 2 Filing briefly describes the stakeholder process that culminated in the Balancing Ratio Changes.⁷ ISO-NE convened the Demand Response Working Group (“DRWG”) at the direction of the NEPOOL Markets Committee.⁸ The DRWG met numerous times over the course of 2019 and considered a range of approaches for estimating the performance of energy efficiency resources across all hours.⁹ In reviewing the various alternative approaches available, the Markets Committee instructed the DRWG that it should

⁴ June 2 Filing at 8-9, 13.

⁵ *See id.* at 8-11, 15; McCarthy Testimony at 11. NESCOE understands that the scarcity conditions occurring on September 3, 2018, just over three months into PFP’s implementation, constituted the first PFP event.

⁶ The June 2 Filing explains that the NEPOOL Markets Committee voted 94.21% in favor of the revisions and that the NEPOOL Participants Committee “overwhelmingly approved the revisions . . . as part of the Consent Agenda for its April 2, 2020 teleconference meeting.” June 2 Filing at 13 (footnote omitted).

⁷ *Id.*

⁸ *See id.*; Final Report of the Demand Resources Working Group to the NEPOOL Markets Committee, *Assessing Energy Efficiency Resource Performance in All Hours*, July 12, 2019 (“Final Report”), at 1-3, available at https://www.iso-ne.com/static-assets/documents/2019/07/reportofthedrwgonassessingeerperformanceinallhours_final2.pdf.

⁹ Final Report at 1-3.

“prioritize options that require the least time and expense to develop and implement.”¹⁰ The DRWG presented its Final Report to the Markets Committee in September 2019.¹¹

The Final Report described five options that the DRWG considered. It concluded that “among the options reviewed by the DRWG,” an approach referred to as “Shaping Option A” had been “identified as the option requiring the least time and expense to develop and implement.”¹² The Final Report also identified drawbacks with the other four options considered.¹³ It noted, however, that none of the options achieved consensus and also described concerns that some participants expressed regarding Shaping Option A.¹⁴

NESCOE took initial steps to receive feedback regarding its preliminary interest in advancing Shaping Option A through the stakeholder process.¹⁵ NESCOE noted that, absent Tariff changes, energy efficiency resources would face continued uncertainty regarding system charges in contravention of the Commission’s directives in the PFP Order.¹⁶

¹⁰ *Id.* at n. 2.

¹¹ ISO New England Inc., Henry Yoshimura, Chair, Demand Resources Working Group, Assessing Energy Efficiency Resource Performance in All Hours: Final Report of the Demand Response Work Group to the Markets Committee, Sept. 18, 2019, NEPOOL Markets Committee, available at https://www.iso-ne.com/static-assets/documents/2019/09/a4_presentation_drwg_report_for_assessing_ee_performance.pptx.

¹² Final Report at 14.

¹³ *Id.* at 1 (“Given what is known at this time, three of the five other options require retrieval of data not previously captured and/or reported, and/or require additional analysis that would involve additional costs and time for both Market Participants and [ISO-NE] to implement. The fourth option – the Modelling Option – will not be available until the 2021-2022 timeframe.”).

¹⁴ *Id.* at 12-14.

¹⁵ See NESCOE, Energy Efficiency Resources Capacity Obligations During Scarcity Conditions, Nov. 12-13, 2019, NEPOOL Markets Committee, available at https://www.iso-ne.com/static-assets/documents/2019/11/a3_nescoc_presentation_ee_resources_capacity_supply_obligations_scarcity_conditions.pptx.

¹⁶ See *id.* at Slide 8.

Following stakeholder feedback at the Markets Committee,¹⁷ NESCOE materially revised its proposal in the interest of securing broader support.¹⁸ NESCOE advocated for what ultimately became the Balancing Ratio Changes and achieved its objective as reflected in the backing of all NEPOOL sectors.¹⁹ For the reasons set forth in the July 2 Filing, ISO-NE's proposal, borne out of broad regional consensus and guided by the Commission's directives in the PFP Order, represents an appropriate and fair market rule revision.

Respectfully submitted,

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Date: June 23, 2020

¹⁷ See generally *id.*; NESCOE, Energy Efficiency Resources Capacity Obligations During Scarcity Conditions, Dec. 10, 2019, NEPOOL Markets Committee, available at https://www.iso-ne.com/static-assets/documents/2019/12/a4_nescoe_presentation_ee_scarcity_conditions.pptx.

¹⁸ NESCOE, Energy Efficiency Resources and Capacity Obligations During Scarcity Conditions, Feb. 11, 2020 NEPOOL Markets Committee, at Slides 2-3, available at https://www.iso-ne.com/static-assets/documents/2020/02/a3_a_nescoe_ee_cso_during_scarcity_conditions_presentation.pptx; NESCOE, Energy Efficiency Resources and Capacity Obligations During Scarcity Conditions, Mar. 10, 2020, NEPOOL Markets Committee, at Slide 2, available at https://www.iso-ne.com/static-assets/documents/2020/03/a3_nescoe_presentation_ee_cso_during_scarcity_conditions.pptx.

¹⁹ See June 2 Filing at n. 54, listing the result of the Markets Committee roll-call vote: Generation Sector (16.79% in favor, 0.00% opposed, 3 abstentions); Transmission Sector (16.79% in favor, 0.00% opposed, 0 abstentions); Supplier Sector (13.06% in favor, 3.73% opposed, 5 abstentions); Publicly Owned Entity Sector (16.79% in favor, 0.00% opposed, 0 abstentions); Alternative Resources Sector (13.98% in favor, 2.06% opposed, 3 abstentions); and End User Sector (16.79% in favor, 0.00% opposed, 1 abstention).

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 Cambridge, Massachusetts this 23rd day of June, 2020.

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