



New England States Committee on Electricity

To: Eric Johnson, ISO-NE
From: NESCOE (Jason Marshall)
Date: April 11, 2022
Subject: NERC Reliability Standard Development: Fuel Assurance with Energy-Constrained Resources

We appreciate the opportunity to meet with Pete Brandien, ISO-NE Vice President of System Operations, later this week. As you know, that discussion will focus on recent work that Pete has helped lead at the North American Electric Reliability Corporation (NERC) in developing a standard authorization request (SAR) for a new mandatory reliability standard (and possibly revisions to existing standards) that would require assessments of: (i) resource fuel assurance and flexibility, and (ii) gas delivery security. The draft SAR for this project, titled “Fuel Assurance with Energy-Constrained Resources,” is included in materials posted in connection with the NERC Board of Trustee’s February 2022 meeting.¹

We understand that Pete serves as Chair of NERC’s Energy Reliability Assessment Task Force (ERATF), which is housed in the Reliability and Security Technical Committee. ERATF is the lead proponent of the draft SAR.

NESCOE shares ISO-NE’s interest in reliable system operations and has worked closely with ISO-NE on priority initiatives to promote continued reliability. We appreciate the chance to speak with Pete to exchange early views and understand better how this ISO-NE led initiative fits within existing tools available to ISO-NE and its potential implications for New England consumers.

To help facilitate discussion and maximize time, we are sharing the questions below in advance. We may, of course, have additional questions to ask at the meeting, and ISO-NE may have questions for us as well.

1. What is ISO-NE’s objective in seeking a NERC requirement to assess energy security risks?
 - a. What is ISO-NE seeking to achieve from a required NERC analysis that ISO-NE is not or could not undertake on its own initiative?
 - b. Could RTOs, through the ISO/RTO Council or otherwise, agree to undertake such analysis in furtherance of reliability responsibilities without a NERC mandate? Has ISO-NE had that conversation with other

¹ See Policy Input, NERC Board of Trustees Meeting, February 2022, at PDF pp. 17-28, available at <https://www.nerc.com/gov/bot/Agenda%20highlights%20and%20Mintues%202013/Policy-Input-Package-February-2022-PUBLIC-POSTING.pdf>.

RTOs or the ISO/RTO Council? Could an ISO-NE led assessment, or coordinated RTO initiative, provide greater flexibility than a NERC standard?

- c. Would Resource Capacity Accreditation (RCA) reforms, an anchor project in ISO-NE's 2022 Revised Work Plan, obviate or mitigate the need for this standard?
2. The draft SAR states in part: "The resulting Reliability Standard should provide certainty of risk mitigation and expected reliability performance across the industry when the system is planned. Rather than a burden, these enhancements would provide certainty of risk mitigation between organizations and throughout the interconnections, thereby, ensuring that an Adequate Level of Reliability for the [Bulk Electric System] is maintained."

Later, the draft SAR states: "It is not the intention of the ERATF to require solutions to the energy related issues being addressed. This SAR is intended to require study of energy related issues to clearly convey the risks related to operating the BES under conditions of the concurrent limited fuel supply and variable output resources."

- a. Is it possible for a NERC standard to lead to "certainty of risk mitigation" where fuel supply issues are involved?
 - b. If this effort becomes a mandatory standard, could energy security assessments that are conducted pursuant to the standard lead to NERC violations? Would ISO-NE be required to file a Corrective Action Plan or otherwise seek to address those violations? If so, how?
 - c. Are there current mechanisms available in the standard development process to ensure that "solutions" are not required as an outcome of these mandatory NERC assessments? Are there recent examples where a mandatory reliability standard requiring a certain system assessment has not required solutions if that assessment identifies risks or violations?
 - d. If ISO-NE is required to "solve" for possible violations, does that mean transmission upgrades, fuel purchase requirements, market rule changes, or a combination of actions?
 - e. Would ISO-NE evaluate the costs of transmission solutions to address energy security relative to market (or out of market) solutions?
 - f. Has the ERATF considered jurisdictional issues implicated by this proposed standard?
3. FERC has stated generally that the cost of implementing a reliability standard is appropriate for consideration in the development of that standard. Has ERATF or any other NERC task force or committee quantified the potential cost of

- implementing this standard? If not, will ISO-NE in its NERC leadership role, request cost analysis?
4. What is the status of the ERATF initiative, including the draft SAR?
 - a. Did ERATF revise the proposal following feedback at the February 2022 Board of Trustees' meeting or the February 16, 2022 workshop?
 - b. Has ISO-NE provided feedback on the SAR or the larger initiative? Are those comments on ISO-NE's website?
 5. When is ISO-NE planning to discuss this initiative, the SAR, and the implications for New England with regional stakeholders? If ISO-NE has no plan for that discussion, would ISO-NE be willing to brief consumer-interested stakeholders that do not typically have the resources to assign staff to NERC matters?