

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

ISO New England Inc.

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Docket No. ER12-1643-004

**COMMENTS OF THE  
NEW ENGLAND POWER POOL PARTICIPANTS COMMITTEE  
(August 22, 2014)**

The New England Power Pool (“NEPOOL”)<sup>1</sup> Participants Committee<sup>2</sup> hereby files these Comments in support of the request for extension of time for the new Regulation market effective date that was filed by ISO New England Inc. (“ISO-NE” or “ISO”) on August 1, 2014 in the above-captioned docket (the “Request”). In the Request, ISO-NE has submitted proposed changes to the Tariff to extend the effective date of the new Regulation market design in Market Rule 1 from October 1, 2014 to March 31, 2015.

**I. BACKGROUND**

In an order dated May 20, 2014 (the “May 20 Order”), the Commission rejected certain additional changes to the Regulation market design jointly proposed by ISO-NE and NEPOOL in

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<sup>1</sup> Capitalized terms not defined herein have the meanings ascribed thereto in the Second Restated NEPOOL Agreement, Participants Agreement, or the ISO New England Inc. (“ISO-NE”) Transmission, Markets and Services Tariff (the “Tariff”). Section III of the Tariff is referred to as “Market Rule 1”.

<sup>2</sup> NEPOOL is a voluntary association organized in 1971 pursuant to the New England Power Pool Agreement, and it has grown to include over 440 members. The Participants include all of the electric utilities rendering or receiving services under the Tariff, as well as independent power generators, marketers, load aggregators, brokers, consumer-owned utility systems, demand response providers, developers, end users and a merchant transmission provider. Pursuant to revised governance provisions accepted by the Commission in *ISO New England Inc. et al.*, 109 FERC ¶ 61,147 (2004), the Participants act through the NEPOOL Participants Committee. The NEPOOL Participants Committee is authorized by Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement to represent NEPOOL in proceedings before the Commission. NEPOOL is the principal stakeholder organization for the New England RTO. NEPOOL was a joint filing party with ISO-NE in the very first filing that initiated the root docket (ER12-1643-000).

Docket No. ER14-1537-000.<sup>3</sup> Those proposed changes would have modified the ISO-NE Regulation market design previously accepted by the Commission by order dated June 20, 2013.<sup>4</sup> The Commission rejected the proposed changes primarily due to a concern about the potentially unduly discriminatory effect on limited-energy resources, such as energy storage devices.<sup>5</sup> Specifically, the Commission was concerned that the proposed revisions did not account for the special operating characteristics of energy storage resources and would inappropriately limit such resources in the amount of capacity they offer in order to avoid potential penalties for nonperformance due to “fading” or “drift” in the Regulation signal.<sup>6</sup> The May 20 Order had the effect of maintaining the Regulation market design that was accepted in the June 2013 Order with an effective date of October 1, 2014.<sup>7</sup>

The revised Tariff sheets submitted by ISO-NE on August 1 with the Request would extend the effective date of the previously accepted Regulation market design from the approved October 1, 2014 date to March 31, 2015. In its transmittal letter (the “Request Transmittal Letter”), the ISO explains that it is seeking the later effective date to enable it to address the concerns expressed in the May 20 Order with the proposed revisions, particularly the concern about the comparable treatment of limited-energy resources.<sup>8</sup> The ISO states that it is intending to develop Market Rule revisions to provide for an “energy neutral” dispatch of resources in the new Regulation market.<sup>9</sup> The ISO intends to take the proposed Market Rule revisions through

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<sup>3</sup> *ISO New England Inc., Order Rejecting Proposed Tariff Changes*, 147 FERC ¶ 61,135 (2014).

<sup>4</sup> *ISO New England Inc., et al.*, 143 FERC ¶ 61,250 (2013) (the “June 2013 Order”).

<sup>5</sup> May 20 Order at PP 26-27.

<sup>6</sup> *Id.*

<sup>7</sup> The October 1, 2014 effective date was provided for by order dated July 29, 2013. *ISO New England Inc., Notice of Extension of Time*, in Docket No. ER12-1643-002.

<sup>8</sup> Request Transmittal Letter at pp. 3-5.

<sup>9</sup> *Id.* at p. 4.

the NEPOOL stakeholder process in August and September and to file them with the Commission in September, together with the non-controversial enhancements that also were rejected as part of the May 20 Order.<sup>10</sup> The ISO states in its Request Transmittal Letter that the reasons for the March 31, 2015 requested effective date are to allow ISO-NE time to: (i) receive a Commission order on Tariff revisions to be proposed in September, (ii) develop the necessary software to accomplish the energy neutral dispatch of Regulation resources, and (iii) not interfere with higher priority market and reliability projects underway now and continuing through the winter of 2014/2015.<sup>11</sup>

## II. COMMENTS

At its June 6, 2014 meeting the Participants Committee considered (as a non-voting matter) the ISO's proposal to file this Request to extend the effective date of the new Regulation market design to March 31, 2015. The ISO explained its plan to develop Market Rule revisions for an energy neutral dispatch of Regulation resources and its intent to file those revisions--together with the previously supported non-controversial revisions to the Regulation market design--this September, after completing the necessary Participant Processes. The ISO also explained its reasons for the requested extension, including the time needed for software development and the press of other higher priority market and reliability projects. After some discussion, the general consensus of the Participants Committee was that **NEPOOL supports the ISO's Request to extend the effective date for the new Regulation market design**

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<sup>10</sup> *Id.* at pp. 4-5. NEPOOL notes that consideration of changes proposed by ISO-NE has already begun at the Markets Committee, with a presentation and an initial set of proposed Market Rule changes reviewed with members at the August 5, 2014 Markets Committee meeting. ISO-NE's August 5 presentation to the Markets Committee is available at: [http://www.iso-ne.com/committees/comm\\_wkgrps/mrks\\_comm/mrks/mtrls/2014/aug562014/a05\\_iso\\_presentation\\_08\\_05\\_14\\_r1.pptx](http://www.iso-ne.com/committees/comm_wkgrps/mrks_comm/mrks/mtrls/2014/aug562014/a05_iso_presentation_08_05_14_r1.pptx).

<sup>11</sup> *Id.*

**changes to March 31, 2015** for the reasons stated by the ISO at the meeting and subsequently in its Request Transmittal Letter.

NEPOOL has a keen interest in ensuring that the implementation of the offer flexibility project approved by the Commission,<sup>12</sup> which will have a far greater impact on reliability and markets in the region than changes to the Regulation market, be completed in time for the upcoming winter. ISO-NE has stated unequivocally that it was not possible to implement both sets of changes while meeting the October 1 effective date for the necessary Regulation market changes, and that Market Rule changes must be made to ensure that the Commission-directed outcome for the Regulation market works correctly with newly programmed offer flexibility changes. NEPOOL sees great value in ISO-NE collaborating with its stakeholders and appreciates ISO-NE's affirmative confirmation here that it will be collaborating on these issues. NEPOOL urges the Commission to allow that process to occur in order to ensure that the Commission-directed outcome for the Regulation market is not to the detriment of the broader changes being implemented in time for this winter.

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<sup>12</sup> See, e.g., *ISO New England Inc. and New England Power Pool*, 145 FERC ¶ 61,014 (Oct. 3, 2013).

### III. CONCLUSION

For the reasons stated herein, NEPOOL requests that the Commission accept the ISO-NE Tariff sheet revisions to extend the effective date for the revised Regulation market design to March 31, 2015.

Respectfully submitted,

NEPOOL Participants Committee

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Its Attorneys

Dated: August 22, 2014

**CERTIFICATE OF SERVICE**

I hereby certify that I caused a copy of the foregoing document to be served electronically upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission.

Dated at Hartford, Connecticut this 22nd day of August 2014.



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