

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

ISO New England Inc.

)

Docket No. ER15-1462-000

**ANSWER OF THE
NEW ENGLAND POWER POOL PARTICIPANTS COMMITTEE**

(May 19, 2015)

Pursuant to Rule 213 of the Commission's Rules of Practice and Procedure,¹ the New England Power Pool ("NEPOOL") Participants Committee² hereby responds to the May 6, 2015 pleading in this proceeding by the New England Suppliers (the entities submitting that pleading are referred to herein as the "Suppliers", and the pleading as the "Suppliers Pleading").³ In the Suppliers Pleading, the Suppliers have requested, among other potential relief, that the

¹ 18 C.F.R. § 385.213 (2013). Under the Commission's Rules, NEPOOL is entitled to respond to pleadings containing claims for affirmative relief regardless of how the pleading is labeled. The Suppliers Pleading effectively requests that the Commission order changes to Market Rule 1, which NEPOOL may answer. *See, e.g., Iroquois Gas Transmission Sys., L.P.*, 61 FERC ¶ 61,341, at 62,341 n.9 (Dec. 21, 1992) (party is entitled to respond to affirmative request in a pleading regardless of how that pleading is captioned); *Seminole Electric Cooperative, Inc. v. Florida Power & Light Company*, 53 FERC ¶ 61,026, 61,101 (1990) (answer accepted to the extent it responded to a party's requests for affirmative relief). If the Commission considers the Suppliers Pleading to be one in which an answer is not otherwise permitted except for good cause shown, NEPOOL moves for leave to answer the pleading to the extent necessary for the Commission to consider this Answer. Pursuant to Rule 213(a)(2) of the Commission's Rules, the Commission may accept the filing of an answer, for example, to a protest for good cause shown when it leads to a more accurate and complete record, helps the Commission understand the issues, clarifies matters in dispute or errors, responds to new issues raised, or provides information that will assist the Commission in its decision-making process. This Answer will assure a more complete record and will otherwise assist the Commission in reviewing the issues sought to be raised in this proceeding. Accordingly, if needed here, good cause exists for the Commission to grant a motion for leave to file an answer and to accept this Answer.

² Capitalized terms used but not defined in this Answer are intended to have the meanings given to such terms in the Second Restated New England Power Pool Agreement (the "Second Restated NEPOOL Agreement"), the Participants Agreement, and the ISO New England Inc. ("ISO-NE") Transmission, Markets and Services Tariff (the "ISO-NE Tariff").

³ New England Suppliers are comprised of the following entities: Essential Power, LLC, Essential Power Massachusetts, LLC, Essential Power Newington, LLC, Granite Ridge Energy, LLC, and NextEra Energy Resources, LLC. They styled their Pleading as "Supplemental Comments and Request for Clarification."

Commission order the implementation of sloped zonal demand curves as a condition of accepting the new proposed Capacity Zone boundaries.

NEPOOL responds here to urge the Commission to require that any proposed changes to the Market Rules be subject to the full Participant Processes⁴ and such a request not be permitted to circumvent the NEPOOL stakeholder process for New England. Adhering to the NEPOOL stakeholder process offers not only the Commission, but all the Market Participants and other stakeholders the best and most comprehensive review of any potential proposal given the wide diversity of interests represented at the table. If the Suppliers Pleading was intended to request that the Commission order now a specific sloped zonal demand curve proposal in this proceeding, NEPOOL opposes such a request as no such proposal has been fully discussed, analyzed, debated and finally voted in NEPOOL's Participant Processes, as required by agreement.

I. BACKGROUND

ISO-NE commenced this proceeding with its April 6, 2015 filing of proposed new boundaries for Capacity Zones to be used in the tenth Forward Capacity Auction ("FCA-10"). The NEPOOL Reliability Committee did not support the ISO's proposal, with a vote of only approximately 34% in favor. The lack of NEPOOL support reflected several concerns of NEPOOL Participants and other stakeholders.⁵ Among them was a concern about changing Capacity Zone boundaries while also trying to develop sloped zonal demand curves, and the resulting uncertainty and lack of time for Market Participants to make informed investment decisions regarding FCA-10.

⁴ The Participant Processes are the NEPOOL stakeholder processes required by the Commission-approved Participants Agreement among ISO-NE, NEPOOL and the NEPOOL members.

⁵ See NEPOOL Comments, submitted on Apr. 21, 2015 in Docket No. ER15-1462.

The Suppliers Pleading was submitted in response to a recently communicated decision by ISO-NE that it would not follow through on its earlier commitments to submit and implement a sloped zonal demand curve proposal for FCA-10.⁶ The Suppliers Pleading seeks an order directing that ISO-NE file a zonal demand curve proposal within 30 days of the date of a Commission order in this proceeding. If the Commission declines that request, the Suppliers, in the alternative, ask that the Commission either: (1) reject the proposed Northern New England Capacity Zone and retain rules that would apply the system-wide sloped demand curve to a combined capacity zone comprising the Rest-of-Pool Capacity Zone and Northern New England Capacity Zone; or (2) reject ISO-NE's zonal boundary proposal in its entirety and direct ISO-NE to retain all of the zones that were in place for FCA 9.⁷ The Suppliers Pleading is not entirely clear as to whether it is seeking only an order compelling ISO-NE to ensure that *a* zonal demand curve proposal is filed at the conclusion of the ongoing Participant Processes as a condition to accepting the Capacity Zone boundaries filed in this proceeding, or that ISO-NE be forced to submit *the* particular proposal that it has indicated it no longer wishes to pursue for FCA-10.⁸

Ahead of ISO-NE's decision not to follow through on its commitment to implement sloped zonal demand curves for FCA-10, the region was in the midst of the Participant Processes to consider various zonal demand curve proposals. In response to the ISO's decision, a number of the Suppliers sought to continue the Participant Processes by seeking a vote at the Markets

⁶ See ISO-NE Memorandum from Mark Karl to the NEPOOL Markets Committee, *Deferral of Sloped Zonal Demand Curve Proposal* (dated Apr. 28, 2015), available at: http://www.iso-ne.com/static-assets/documents/2015/04/a02_iso_memo_zonal_demand_curve_deferral_04_28_15.pdf

⁷ See Suppliers Pleading.

⁸ At page 2 of the Supplier Pleading, the Suppliers request that the Commission "should clarify that ISO-NE must implement sloped zonal demand curves for FCA 10." Later, however, the Supplier Pleading refers to a specific set of changes contained in a proposal previously circulated by ISO-NE as the ISO-NE's proposal and, in the conclusion, requests that the Commission "clarify that ISO-NE must submit *its* zonal demand curve proposal for FCA 10." (emphasis added).

Committee on the sloped zonal demand curve proposal last circulated by ISO-NE. At the May 5-6, 2015 Markets Committee meeting, after hearing of the reasons for ISO-NE to change its proposed plans for FCA-10, those members moved a resolution that the Markets Committee recommend Participants Committee support for ISO-NE's most recent sloped zonal demand curve proposal and related Market Rule revisions. That latest proposal, which was then and now no longer supported by ISO-NE, was still being discussed and debated.⁹ The vote on the ISO-NE's earlier sloped zonal demand curve proposal was then taken and failed to obtain a Markets Committee recommendation, with a 42.02% Vote in favor.¹⁰

Importantly, the Participant Processes are not yet complete as it relates to NEPOOL's consideration of sloped zonal demand curves for FCA-10. Notwithstanding ISO-NE's desire not to implement sloped zonal demand curves for FCA-10, NEPOOL can still consider such a recommendation within its own process by either ISO-NE or a member requesting consideration by the Participants Committee. There are two meetings of the Participants Committee scheduled to occur before the end of June, one on June 5, and the NEPOOL summer meeting on June 23-25.

⁹ GDF SUEZ Energy Marketing North America ("GDF SUEZ") offered two separate motions to amend for consideration and vote by the NEPOOL Markets Committee at its May 5-6, 2015 meeting. Both amendments failed to pass based on a show of hands vote. Further information on these GDF SUEZ amendments can be accessed at the following links: http://www.iso-ne.com/static-assets/documents/2015/04/a04a_gdf_suez_clearing_memo.pdf and http://www.iso-ne.com/static-assets/documents/2015/04/a02b_02c_gdf_suez_mr_1_redlined_amendments_04_30_15.pdf

¹⁰ The individual Sector votes were Generation (12.23% in favor, 4.9% opposed, 2 abstentions), Transmission (3.43% in favor, 13.7% opposed, 3 abstentions), Supplier (11.99% in favor, 5.14% opposed, 8 abstentions), Alternative Resources (14.38% in favor, 0% opposed, 4 abstentions), Publicly Owned Entity (0% in favor, 0% opposed, 43 abstentions), and End User (0% in favor, 17.13% opposed, 3 abstentions).

II. ANSWER

Commission Consideration of any Market Rule Changes Should Not Occur Until After Completion of Proper Stakeholder Processes.

This proceeding is about ISO-NE's proposed new Capacity Zone boundaries for use in FCA-10. While that proposal was made with the expectation that FCA-10 would include sloped zonal demand curves, and the NEPOOL stakeholders had been engaged with ISO-NE in working through zonal demand curve proposals for nearly a year, ISO-NE submitted its proposal to change Capacity Zone boundaries as a Section 205 filing, separate and ahead of completion of the region's consideration of sloped zonal demand curves. ISO-NE in this proceeding has the burden of demonstrating that the changes to Capacity Zones are just and reasonable for FCA-10 in the absence of changes to the existing Market Rules, including lack of sloped zonal demand curves. NEPOOL's role in this proceeding is to urge in all instances that ongoing market improvements be properly, fully, and meaningfully considered first within its stakeholder processes, before the Commission reaches conclusions on the merits of particular market improvements.

Meaningful stakeholder process in New England depends critically on full adherence to NEPOOL's Participant Processes for changing filed rates. There are requests contained in the Suppliers Pleading that can be read in a way that could be entirely consistent with this outcome, such as conditioning implementation of the requested Capacity Zone changes on implementation of a sloped zonal demand curve proposal that is first worked through the Participant Processes. To the extent that is the Suppliers' request, NEPOOL does not oppose it. NEPOOL does oppose, however, any effort to use this proceeding to require the Commission to order particular Market Rule revisions that have not first gone through a complete and meaningful review in the NEPOOL stakeholder process as required by the Participants Agreement. To the extent any

party to this proceeding is seeking involuntary changes to the ISO-NE Tariff, NEPOOL urges that the Commission direct that such changes be pursued completely through NEPOOL's tried and proven stakeholder processes,¹¹ with deadlines that permit a meaningful chance for the stakeholder process to be completed on a timely basis.¹²

By encouraging and supporting these simple requirements the Commission has a means to fully address the concerns raised in this proceeding while still providing NEPOOL and all of its members, as well as state regulators, the opportunity to develop informed positions on the proposed changes and to reflect those positions in timely pleadings to the Commission. Importantly and by design, those processes, which are required by the Participants Agreement, help to ensure proper notice and due process, and also that the Commission has before it a full and proper record seeking either to justify any proposed changes or to demonstrate why the current Market Rules are unjust and unreasonable.

¹¹ See, e.g., *ISO New England Inc.*, 138 FERC ¶ 61,042 (2012) at P 114 (the "stakeholder process is the appropriate venue for Joint Parties to propose and develop appropriate rules"); *Id.* at P 146 ("We encourage all parties to address any such issues initially in the stakeholder process."); *ISO New England Inc. and New England Power Pool*, 133 FERC ¶ 61,239 (2010) at P 26 ("If Pittsfield seeks to propose changes to the language in the tariff, the Commission recommends that Pittsfield address its concerns through the NEPOOL stakeholder process."); *New England Power Pool and ISO New England, Inc.*, 109 FERC ¶ 61,252, at P 40 (2004) (encouraging parties who want to change tariff provisions to work through stakeholder process); *State of Rhode Island Attorney General's Office v. ISO New England Inc.*, 107 FERC ¶ 61,242, at P 15 (2004) (Commission dismissing the Rhode Island Attorney General's petition and stating that to grant the petition before the stakeholder process had been undertaken would "inappropriately circumvent established procedures in New England").

¹² A requirement that ISO-NE submit a compliance filing under Section 206, like that requested by the New England Power Generators Association ("NEPGA") in its May 15 "Amended Protest", rather than a Section 205 filing, has proven in the past not to permit meaningful stakeholder input. See, e.g., NEPOOL Protest in Docket Nos. ER14-2419, EL14-52 (dated Aug. 4, 2014) and NEPOOL Answer in Docket No. ER14-2407 (dated Aug. 18, 2014).

III. CONCLUSION

WHEREFORE, for the foregoing reasons, NEPOOL requests that the Commission consider this Answer, and require that any Market Rule changes be considered fully and meaningfully through proper NEPOOL Participant Processes before the Commission considers the merits of any such changes.

Respectfully submitted,

NEPOOL Participants Committee

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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 19th day of May 2015.



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