

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

**ISO New England Inc. and
New England Power Pool**

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Docket No. ER15-1650-000

**SUPPLEMENTAL COMMENTS OF
NEW ENGLAND POWER POOL PARTICIPANTS COMMITTEE**

(May 20, 2015)

The New England Power Pool (“NEPOOL”) Participants Committee¹ hereby provides the following comments to supplement the filing submitted jointly by ISO New England Inc. (“ISO-NE”) and NEPOOL on May 1, 2015 in the above-referenced proceeding (the “Joint Filing”). The Joint Filing contained various rule revisions to the Forward Capacity Market (“FCM”) to address several rule changes that ISO-NE’s Internal Market Monitor (“IMM”) has recommended be implemented beginning with the tenth Forward Capacity Auction to be held in February 2016 (“FCA-10”) (collectively referred to herein as the “FCM Mitigation Changes”).² This supplement provides the Commission with additional information regarding the stakeholder process that led to NEPOOL’s approval of the FCM Mitigation Changes.

¹ Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the ISO’s Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (the “ISO-NE Tariff”), the Second Restated New England Power Pool Agreement and the Participants Agreement (“PA”). Section III of the ISO-NE Tariff is referred to as “Market Rule 1.”

² The jointly filed package of FCM Mitigation Changes would: (1) increase the Dynamic De-List Bid Threshold from \$3.94/kW-month to \$5.50/kW-month; (2) limit the amount of flexibility that currently is afforded to capacity suppliers to modify Static De-List Bids after those bids have been submitted and reviewed by the IMM (including the elimination of the option to replace a Static De-List Bid with a Non-Price Retirement Request in certain instances); and (3) modify the pivotal supplier test that the IMM administers prior to the auction to determine if a capacity supplier has the potential to exercise market power. Further details on the FCM Mitigation Changes can be found in the Joint Filing and are not repeated here.

I. COMMENTS

As THE advisory stakeholder organization on wholesale market rule changes in New England, the Joint Filing of FCM Mitigation Changes was preceded by the NEPOOL stakeholder process which takes into consideration the perspectives and concerns of its six separate governance sectors each bringing to the table their unique perspectives in addressing the challenges posed by market rule design changes. During the Participant Processes³ that culminated in NEPOOL's approval of the FCM Mitigation Changes,⁴ there were a number of amendments put forth by various Participants. The Joint Filing does not provide any information about those proposed amendments, so NEPOOL provides that information in this supplement to further assist the Commission in its understanding of concerns and alternatives that were reviewed during NEPOOL's consideration of the FCM Mitigation Changes.

The NEPOOL Markets Committee's consideration of these rule changes involved five meetings of presentations and discussions, with background materials circulated to stakeholders for each of those meetings.⁵ When the package of Market Rule changes that ultimately became the FCM Mitigation Changes were presented for a vote at the April 15, 2015 Markets Committee meeting, NEPOOL members offered three amendments to modify those changes. All three

³ The Participant Processes are the NEPOOL stakeholder processes required by the Commission-approved Participants Agreement among ISO-NE, NEPOOL and the NEPOOL members.

⁴ The Participants Committee approved the FCM Mitigation Changes, with oppositions noted by: Brookfield, Dominion, Dynegy, Entergy, Granite Ridge, NRG, and the AR Sector Small Renewable Generation Group Seat; and abstentions noted by: BP, Calpine, ConEd, DTE, Energy America, Essential Power, Exelon, Galt, Harvard, Jericho, LIPA, NextEra, PSEG, Repsol, United Illuminating, and Vitol.

⁵ The background materials are posted for each Markets Committee meeting and can be found at http://www.iso-ne.com/committees/comm_wkgrps/mrks_comm/mrks/index.html.

amendments failed to garner the requisite 60% Vote threshold required for Markets Committee support.⁶

Following Markets Committee consideration of the FCM Mitigation Changes and suggested amendments, the matter was presented to the Participants Committee for its consideration and vote. Four motions to amend the IMM's proposal were offered for the Participants Committee's consideration, all of which are more fully described below and all of which failed.⁷

NEPOOL has not sought in this supplement to provide a comprehensive report on arguments for or against the proposed requests to modify the FCM Mitigation Changes and/or to take any substantive positions on such proposed modifications. Rather, NEPOOL includes in these supplemental comments a description and short explanation of the proposed modifications to the FCM Mitigation Changes that were considered in the stakeholder process and the outcome of the NEPOOL voting on those amendments.

Proposed But Failed Amendments to the FCM Mitigation Changes

The first amendment offered at the Participants Committee to the FCM Mitigation Changes was sponsored by NRG Power Marketing LLC ("NRG") and was similar to the amendment that was offered, but did not pass at the Markets Committee. That NRG amendment sought to modify the IMM's Static De-List Bid proposal to permit an Existing Generating

⁶ At the Markets Committee, votes on Market Rule changes are framed as a vote on whether to recommend that the Participants Committee support the changes. At the April 15 meeting, the Markets Committee voted to recommend that the Participants Committee support the FCM Mitigation Changes with a 85.48% Vote in favor. The individual Sector votes were: *Generation* - 8.56% in favor, 8.56% opposed, 3 abstentions; *Transmission* - 14.98% in favor, 2.14% opposed, 1 abstention; *Supplier* - 13.32% in favor, 3.8% opposed, 8 abstentions; *AR* - 14.38% in favor, 0% opposed, 3 abstentions; *Publicly Owned Entity* - 17.12% in favor, 0% opposed, 16 abstentions; and *End User* - 17.12% in favor, 0% opposed. *Provisional Member Group Seat* vote results were 0.0% in favor and 0.01% opposed.

⁷ The background materials for each motion to amend were circulated to NEPOOL members in advance of the May 1, 2015 Participants Committee meeting and can be found at:

http://www.nepool.com/uploads/NPC_20150501_Composite4.pdf.

Capacity Resource the flexibility to withdraw from the Forward Capacity Auction at prices that are at or below its accepted, the IMM mitigated, or the FERC-determined Static De-List Bid price. The NRG amendment failed with a 48.18% Vote in favor.⁸

The second amendment for Participants Committee's consideration was offered by Brookfield Energy Marketing, LP ("Brookfield Amendment #1") and sought to adopt the approach proposed by the NRG amendment that would provide greater flexibility for Existing Generating Capacity Resources submitting Static De-List Bids and expand that proposed treatment to Import Capacity Resources. This Brookfield proposal was not previously considered by the Markets Committee.⁹ The Participants Committee determined that Brookfield Amendment #1 would have received less support than the NRG amendment.

The third amendment for Participants Committee's consideration was also offered by Brookfield ("Brookfield Amendment #2") and sought to revise the IMM's proposed Pivotal Supplier Test to include New Capacity Resources in the pivotal supplier formula (excluding any new resources submitted by a Market Participant when calculating the pivotal supplier determination for that Participant).¹⁰ Brookfield Amendment #2 failed by a show of hands vote.

The fourth amendment offered at the May 1 Participants Committee meeting was sponsored by United Illuminating ("UI") and sought to eliminate the publishing of the quantity

⁸ The individual Sector votes recorded at the May 1 Participants Committee meeting were: (*Generation Sector* – 17.12%; *Transmission Sector* – 2.86%; *Supplier Sector* – 11.41%; *Alternative Resources Sector* – 5.36%; *Publicly Owned Entity Sector* – 0%; and *End User Sector* – 11.41%; *Provisional Member Group* – 0.02%).

⁹ At the April 15 Markets Committee meeting, Brookfield offered a different amendment that would have modified the FCM Mitigation Package to allow only *non-pivotal* Import Capacity Resources to participate dynamically in the Forward Capacity Auction. That motion to amend was considered, but not supported by the Markets Committee based on a show of hands vote.

¹⁰ The IMM opposed Brookfield Amendment #2, but did note to the Participants Committee that the issues raised concerning the interaction between New Capacity Resources and the IMM's competitiveness test were worth thinking through and discussing more fully with stakeholders.

of system-wide excess supply and the quantity of excess supply in the export-constrained Capacity Zone at the end of each round of the descending clock auction once the Dynamic De-List Bid Threshold has been reached (“UI Amendment”). This proposal was presented in concept to the Markets Committee at its April 15 meeting, but UI did not seek a Markets Committee vote due to timing. The Participants Committee failed to pass the UI Amendment based on a show of hands vote.

II. CONCLUSION

The information presented in this supplement identifies concerns and alternatives presented and reviewed in the course of the stakeholder process regarding the FCM Mitigation Changes. While none of the amendments described in this supplement received the required level of NEPOOL support, many Participants noted support for continued evaluation of the issues raised by such amendments. The FCM Mitigation Changes presented in the Joint Filing represent what has been explored, and understood sufficiently at this time and in the current circumstances, and are just and reasonable. As such, NEPOOL urges the Commission to accept the FCM Mitigation Changes to become effective on June 1, 2015, without condition or modification, as requested in the Joint Filing.

Respectfully submitted,

NEPOOL Participants Committee

By: /s/

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Its Attorneys

Dated: May 20, 2015

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 20th day of May 2015.



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