

FOLLOW-UP QUESTIONS ON AUGUST 11 PRESENTATIONS

(RECEIVED AS OF AUGUST 26, 2016)

Questions on Forward Clean Energy Market (FCEM) Construct

- 1) How would FCEM impact existing REC market? Would REC markets be needed under this concept? If not, does that imply that REC trading and long-term transactions are no longer needed? Please explain.
- 2) Bilateral markets complement centralized markets. Long-term PPAs as well as trading of products are used to transfer risk from those that are risk averse to those that have an appetite to manage risk. How would your proposal ensure that these activities still continue and complement the FCEM?
- 3) Can you please explain how an LSE would be able to hedge in this market? If this is an energy payment, is the difference paid out as up-lift? What if a generator over or under performs after clearing in the Forward Clean Energy Market? How will this provide accurate market signals that LSEs can use to hedge their load?
- 4) If the FCEM would create an annual product, would you contemplate having some set of common operational parameters around the delivery of the procured MWhs that would be settled in the auction, such that the product being sold in the market is consistent?
- 5) If one FCEM auction is held and all are paid the clearing price, won't states with low need for clean energy be paying much more than they should? Example: If state A needs 10 units of clean power and B needs 100. The clearing price of the auction will be based on 110 units. This price will be drastically higher than the clearing price for 10 units meaning A will be paying a much higher price than they should, based on their needs. Can you please react/explain?
- 6) If the resources clearing the clean energy auction are not obligated to enter the FCM, will this not result in double payment? Wouldn't ratepayers have to pay someone else to provide the capacity that the clean energy resources who don't participate could have provided at a potentially higher price?
- 7) What would be purchased in FCEM?
 - a. Does the FCEM only procure 100% zero-carbon MWhs? For example, if there is a technology that can deliver, say MWhs with 10% of the carbon intensity of gas, does it qualify? Or does it have to be truly 0-carbon?
 - b. How would biomass be treated as far as 0-carbon characteristics? Just the burning of the fuel, or life-cycle?
 - c. How would municipal solid waste be treated? Is carbon avoidance a consideration?

- 8) What could the role of Energy Efficiency (EE) be in a Forward Clean Energy Market?
- 9) The presentations from August 11th seemed to have focused largely on the world of utility-scale generators. How might the FCEM concept being discussed in IMAPP include customer-sited generation? How might customer-generation be spurred on if they were able to participate in an organized market? Would this be an effective way to reduce escalating transmission costs by avoiding the need to move large amounts of clean energy across long distances to population centers?

Questions on Proposal for Clean Power Plant Solicitation (High Liner Foods Presentation)

- 1) Do qualified resources promise to forgo a portion of capacity revenues in return for a guaranteed make whole of their operating costs? (with a requirement to give back only 50% of energy revenues in excess of operating costs until they've returned the entire subsidy). If the RFP size is 4,100 MW, would you ever have any qualified resources that don't receive an award?

General Questions

- 1) What public policy is it that we are trying to integrate in this process? The terms "no carbon" and "renewable" were used interchangeably at the August 11 IMAPP meeting. Not clear if the goal is to change the markets to better accommodate the various public policies on increasing the use of renewable generation or reducing CO₂ emissions or both? This needs to be defined upfront as some of the proposals addressed only reducing CO₂ emissions and some addressed obtaining RPS and CO₂ reduction goals.
- 2) What are the implications of the Massachusetts' clean energy bill, *An Act to Promote Energy Diversity (H4568)*, on the efforts underway in the NEPOOL IMAPP Process? How would the various market-based concepts/design proposals interact or be impacted by the Massachusetts' legislation?