

MEMORANDUM

TO: NEPOOL Principal Committee Members and Alternates

FROM: NEPOOL Counsel (Day Pitney LLP)

DATE: May 15, 2018

RE: Comments in Federal Energy Regulatory Commission (“FERC” or “Commission”) Grid Resilience Proceeding (Docket No. AD18-7)

We have briefly summarized for your information in this memo some pleadings that were filed by May 9 in FERC’s Grid Resilience proceeding in Docket No. AD18-7-000. The FERC directed RTOs/ISOs to file in that docket by March 9 their assessments of grid resilience and respond to specific Commission questions regarding grid resilience. The FERC also invited any other interested persons to submit reply comments by May 9. In response to that invitation, more than 100 sets of comments were filed. We summarize below those that seem most relevant to New England and NEPOOL. In the course of reviewing the comments, we also identify a few that warrant a response on process grounds to urge the Commission to direct that any desired tariff changes in New England be brought first through the NEPOOL stakeholder process.¹ NEPOOL counsel is working with the NEPOOL officers on a response. For your convenience, copies of the full comments filed can be accessed by clicking the commenters’ names in the summaries below.

If you have any questions about this memo or its subject, please contact Eric Runge, 617-345-4735, ekrunge@daypitney.com.

1. In its comments, [Algonquin Gas Transmission, LLC](#) (“Algonquin”) (the “Algonquin Comments”), Algonquin not only replied to the ISO-NE’s initial resilience filing of March 9, but also moved for the issuance of a show cause order that directs the ISO-NE to revise its tariff ostensibly to encourage the long-term natural gas commitments otherwise necessary for the development of natural gas infrastructure in the region.

Specifically, while Algonquin agreed with ISO-NE that New England’s most significant grid resilience challenge is fuel security, it disagreed with the ISO-NE’s omission of additional

¹ The comments that we have identified so far as warranting a NEPOOL response based on the NEPOOL stakeholder process include those from Algonquin, Eversource, National Grid and NRG.

pipeline transportation capacity in its discussion of possible solutions.² Algonquin therefore urges the Commission to “direct the ISO-NE to (1) submit tariff revisions to provide cost recovery mechanisms that would backstop the long-term commitments necessary to develop fuel supply delivery infrastructure, such as compensation to generators for securing fuel supplies, assurance of cost recovery to electric distribution companies that execute contracts for pipeline capacity for use by generators, or payments directly to pipeline companies to the extent that payments derived from the market fall short of a pipeline’s annual revenue requirement; or (2) show cause why it should not be required to do so.”³ Algonquin states: “The Commission should require the ISO-NE to respond to the show cause order by such time that would guarantee that long-term fuel-neutral measures can be implemented, including the development of additional natural gas pipeline infrastructure, prior to the ISO-NE’s predicted severe reliability problems in 2024/2025.”⁴

2. In their comments (the “AGs’ Comments”), the [Attorney Generals \(“AGs”\) of Massachusetts, Rhode Island and Vermont](#) state that the Commission should not rely solely on the Operational Fuel Security Analysis (“OFSA”) as a basis for findings of fact or orders for remedial action because “it presents an incomplete, inaccurate, and therefore misleading view of the New England grid’s characteristics and risks, and because it makes no attempt to assess the likelihood of occurrence of the various scenarios it modelled.”⁵ The AGs state that the OFSA’s “flawed factual assumptions and selective scenario modelling skew the results to show a future where the New England grid is more susceptible to fuel-security risks than it is when compared to stakeholder-requested scenarios. The Joint Requesters’ scenarios present a more realistic view of the 2024/25 operating environment that also vastly decreases the occurrence of all types of emergency proceedings and eliminates rolling blackouts.”⁶ The AGs say that the additional scenarios requested by the entities identified in the OFSA Addendum as the “Joint Requesters” show that there is no more reliability concern in 2024/25 than there is today.⁷ The AGs are critical of the ISO-NE OFSA because it is based on a purely deterministic model and does not assess the likelihood of fuel security risks.⁸ They state that the matter of grid resilience is broader than the ISO’s focus on winter fuel security.⁹

² Algonquin Comments at 4, 25-27.

³ *Id.* at 27-28.

⁴ *Id.* at 4.

⁵ AGs’ Comments at 23; *see also, Id.* at 2-6.

⁶ *Id.* at 23; *see also, Id.* at 2, 7-12.

⁷ *Id.* at 8.

⁸ *Id.* at 12-13.

⁹ *Id.* at 13-14.

Regarding potential solutions to fuel security risks, the AGs state:

With sufficient time and opportunity, the current stakeholder process addressing near-term tariff-based approaches for reliability reviews, a review of the proactive programs that ISO-NE and stakeholders have developed together and implemented, as well as the broader discussion on resiliency and possible market-based changes, should bring into focus any actual future resilience concerns in a responsible and collaborative manner. Any proposed reforms made based on both the outcome of the stakeholder process and the Commission's investigation, must be based on reliable data and a finding of need. Solutions must be market-based and made for the benefit of New England consumers while also considering a reasonable cost burden. Finally, any proposed solutions should be evaluated by conducting a full analysis of cost, benefits, and risks, including a customer bill impact analysis, that shows how consumers are affected and demonstrates that they would be better off under the proposed solution. ¹⁰

The AGs state that no further resilience-related Commission directive to ISO-NE is necessary, and that the Commission should allow the stakeholder process to work through the issues and potential solutions.¹¹ They support market-based solutions and oppose "adoption of PJM's proposal to compel all RTOs and ISOs to develop plans to compensate uneconomic resources for resilience services on an expedited timeframe."¹²

3. [Avangrid's](#) comments (the "Avangrid Comments") focus in part on the results of the ISO-NE's OFSA. Avangrid states that the ISO's filing and the results of the OFSA raise matters that "require the Commission's attention."¹³ Avangrid does not specify what the Commission should do in response to the fuel security risks identified by ISO-NE, but notes that "natural gas supplies, renewable generation and electricity imports are the key elements to a reliable, sustainable, and forward-looking energy supply portfolio."¹⁴

4. In their comments (the "BP Comments"), [BP Energy Company, BP Canada Energy Marketing Corp. and IGI Resources \("BP"\)](#) urge the Commission to allow competition in RTO/ISO and that markets be permitted to work and argues that the filings by the RTOs/ISOs demonstrate there is not a single solution to resilience concerns. BP also urges better coordination between the natural gas and electric industries, but urges the Commission to leave

¹⁰ *Id.* at 23; *see also, Id.* at 2, 7-12.

¹¹ *Id.* at 18-21.

¹² *Id.* at 22.

¹³ Avangrid Comments at 5.

¹⁴ *Id.* at 7.

discussions of gas-electric coordination to the RTOs/ISOs and the pipelines that serve their generators rather than prescribe a solution.¹⁵

5. [Brookfield Renewables](#) (“Brookfield”) comments (the “Brookfield Comments”) highlight Brookfield’s views of the resilience benefits of dispatchable hydroelectric generation resources, which can manage their fuel supply to deliver energy and reserves when called upon by the grid operator. Brookfield argues that hydroelectric generation resources are often not adequately compensated through the existing bulk power markets.¹⁶ The Brookfield Comments urge the Commission to direct RTOs/ISOs to evaluate their existing market product definitions and modify them to recognize necessary resiliency attributes, or to create new market products tailored to each region’s specific resiliency needs.¹⁷ Brookfield recommends that ISO-NE create a market-based mechanism to incentivize resources to perform during severe cold weather events, and urges ISO-NE to recognize that out-of-market programs will artificially depress prices.¹⁸

6. [The California Independent System Operator Corporation \(“CAISO”\), ISO New England Inc. \(“ISO-NE”\), Midcontinent Independent System Operator, Inc. \(“MISO”\), New York Independent System Operator, Inc. \(“NYISO”\), and Southwest Power Pool, Inc. \(“SPP”\) \(the “Joint Commenters”\)](#) filed joint Comments to reply to PJM Interconnection, L.L.C.’s Comments and Responses filed with the Commission on March 9, 2018.¹⁹ The Joint Commenters request that Commission decline to impose the PJM-identified proposals on other regions.²⁰ The Joint Comments emphasize the region-specific needs of each RTO/ISO and argue that each RTO/ISO should pursue resilience-related issues and initiatives they have identified thought collaborative efforts with their stakeholders on the timelines they have established.²¹

7. In their comments (the “Clean Energy Advocate Comments”), the [Clean Energy Advocates](#)²² criticize the ISO’s OFSA as suffering from “serious methodological and data-based flaws that render its results erroneous and its conclusions misguided.”²³ They contend that the

¹⁵ BP Comments at 5-8

¹⁶ Brookfield Comments at 9-11.

¹⁷ Brookfield Comments at 25.

¹⁸ Brookfield Comments at 27-28.

¹⁹ Grid Resilience in Regional Transmission Organizations and Independent System Operators, Comments and Responses of PJM Interconnection, L.L.C., Docket No. AD18-7-000 (March 9, 2018) (“PJM Response”); Grid Resilience in Regional Transmission Organizations and Independent System Operators, 162 FERC ¶ 61,012 (2018) (“Resilience Order”).

²⁰ Joint Comments at 1.

²¹ *Id.* at 2.

²² The “Clean Energy Advocates” include: RENEW Northeast, Inc., Conservation Law Foundation, the Natural Resources Defense Council, the Sierra Club, and the Sustainable FERC Project.

²³ Clean Energy Advocates Comments at 1-2. See also *Id.* at 6-11.

OFSA uses an unreasonable base case that fails to properly account for state renewable/clean energy laws, and has inaccurate assumptions about load projections and local distribution company natural gas demand growth.²⁴ They are also critical of the OFSA because it: is deterministic rather than probabilistic, and thus does not assess the likelihood of resilience risks; and does not take into account market trends.²⁵ The Clean Energy Advocates state that ISO-NE makes unsupported conclusions about fuel security risks based on a flawed study.²⁶ The Clean Energy Advocates state that the results of some of the stakeholder requested scenarios contained in the OFSA Addendum “paint a fundamentally different picture with respect to New England’s fuel-security risk in the 2024/2025 winter season than does the original OFSA.” They contend that the more accurate picture is one of no significant reliability risks based on fuel security.²⁷

Regarding solutions, the Clean Energy Advocates state that solutions for any “legitimate” fuel security risks should be “technology-neutral, market-based measures that rely upon competition to address fuel-security needs efficiently.” They contend that “[l]ong-term non-competitive or administrative measures are inappropriate and unnecessary for addressing ISO-NE’s fuel-security risk.”²⁸ Regarding natural gas pipeline solutions, they state: “socializing the cost of new natural gas pipeline capacity would disadvantage non-natural gas generators and cement in place a fossil fuel-based future for New England for decades to come. Moreover, such an approach would lower energy market prices year-round in a way that would threaten the economics of some existing zero-emission generation and actively discourage investment in new renewable energy resources and demand-side technologies.”

Regarding the stakeholder process in New England, the Clean Energy Advocates state: “Stakeholders have begun a constructive and substantive engagement on the potential fuel-security risks that the region and ISO-NE may be facing. The Commission should not take any action that would disrupt this process. Existing market-based measures should be given a chance to work—e.g., ISO-NE’s Pay-for-Performance requirements are approved but not yet active. Any new initiatives to address fuel security should be consistent with these existing measures.”²⁹

8. In its comments, [Direct Energy](#) (the “Direct Energy Comments”) suggests that the RTOs’ existing planning and stakeholder processes demonstrate that significant Commission action is not required to ensure the resilience of the bulk electric system. Instead of taking significant action, Direct Energy urges the Commission to (1) ensure appropriate coordination and communications protocols among RTOs and among RTOs and local, state, and federal agencies

²⁴ *Id.* at 6-8.

²⁵ *Id.* at 8-11.

²⁶ *Id.*

²⁷ *Id.* at 12-13.

²⁸ *Id.* at 14.

²⁹ *Id.* at 16.

to address reliability concerns, and enable RTOs to share best practices in this regard; (2) ensure that when filed, RTO tariff changes provide for just and reasonable rates that assure adequate funding to pay for the maintenance of reliability, whether through market rule changes, transmission investments, or other mechanisms;³⁰ (3) facilitate development of operational, data exchange, and communications protocols among distribution entities, state utility commissions and RTOs to ensure reliable integration and reduction in barriers to entry of DERs;³¹ (4) allow the RTOs to work within their stakeholder processes in their respective regions to develop and implement solutions to achieve resilience as they define it;³² (5) ensure that any rule changes implemented as a result of this proceeding do not exacerbate or create additional seams issues between the RTOs;³³ and (6) facilitate coordination among states, non-RTO Commission jurisdictional entities and non-Commission jurisdictional entities so that any process developed through this proceeding includes all entities that are charged with maintaining reliability, even if such entities are not in an RTO.³⁴

9. The [Dominion Energy Services'](#) comments (the "Dominion Comments") focus on the need to improve infrastructure permitting, suggesting that prompt regulatory approval for the continued expansion and modernization of electric and natural gas infrastructure is essential to improving the resilience of the bulk power system.³⁵ Dominion also stresses the need for an integrated approach to planning, with criteria and market design changes to specifically account for aspects of resilience and that should be promptly implemented, taking into consideration the regional differences of the RTOs.³⁶

10. The [Environmental Defense Fund \("EDF"\)](#) comments (the "EDF Comments") focus on several ISO/RTO fuel resiliency filings. With respect to ISO-NE specifically, EDF maintains that "until one of the most valuable services pipelines provide (i.e., non-ratable just-in-time delivery service) is delineated and priced, and a transactional structure is in place between pipelines and generators for providing it,"³⁷ the infrastructure challenges facing the region cannot be solved – unless the ISO-NE were to resort to out-of-market action. EDF urges the Commission to evaluate these inefficiencies within the current market before it evaluates suggestions for out-of-market solutions.³⁸

³⁰ Direct Energy Comments at 10-11.

³¹ *Id.* at 9

³² *Id.* at 5.

³³ *Id.* at 12-13.

³⁴ *Id.* at 12-13.

³⁵ Dominion Comments at 4.

³⁶ *Id.* at 5-15

³⁷ EDF Comments at 20.

³⁸ *Id.* at 22.

11. [Eversource's](#) comments (the “Eversource Comments”) focus on the New England fuel security risks identified by ISO-NE and quote Commissioner Powelson to describe the New England fuel security situation as “like a horror story.”³⁹ Eversource states it believes “that New England is already challenged regarding grid resilience and is near the edge of its ability to maintain a reliable electric grid.”⁴⁰ Eversource states that without “prompt development of the necessary natural gas infrastructure, ISO-NE’s ability to reliably operate the BPS is in jeopardy.”⁴¹ In response to what it views as the threat to reliability Eversource urges the Commission to act: “The Commission must determine that there is a need for further action in this docket to preserve grid resilience and reliability in New England. And its action should be quick given the long lead time to develop and put into service the infrastructure needed to ensure regional fuel security and resilience.”⁴² Eversource notes the federal/state jurisdictional and ISO-NE authority issues involved in infrastructure solutions and urges the Commission to convene a New England-specific technical conference in June 2018 to examine fuel security issues and solutions.⁴³

Regarding infrastructure solutions, Eversource states: “Eversource believes that a diverse range of infrastructure solutions would best serve the resilience of the New England system. These infrastructure solutions might include adding: (1) pipeline capacity from abundant natural gas sources such as the Marcellus shale deposit less than 300 miles to the west, (2) electric transmission to deliver abundant hydro capacity from Canada, (3) renewable energy supplies including both on- and off-shore wind with firm transmission to the load centers, and (4) a continued focus on energy efficiency, distributed generation, and storage.”⁴⁴

Regarding the proposed Technical Conference in June 2018 and other Commission action Eversource states:

Accordingly, Eversource urges the Commission to convene a New England-specific technical conference to evaluate and recommend potential state and federal actions to support natural gas infrastructure development. Commission leadership is needed to solve the looming threat to grid resilience caused by the fuel security crisis. Although Eversource is not advocating for any particular action at this time, we offer some examples to illustrate the potential value of using a technical conference to explore possible solutions to foster investment in the infrastructure needed to address New England’s fuel security risk. For example, the Commission could consider whether new

³⁹ Eversource Comments at 3.

⁴⁰ *Id.* at 4.

⁴¹ *Id.* at 3; see also *Id.* at 21-22 for further discussion of infrastructure solution.

⁴² *Id.*

⁴³ *Id.* at 4.

⁴⁴ *Id.* at 21.

capacity resources in the Forward Capacity Market should be required to demonstrate firm fuel supply commitments as a condition for locking in a Forward Capacity Auction's clearing price for seven years. The Commission could also consider adding provisions to the ISO-NE tariff that would provide shared cost recovery for gas delivery infrastructure. In short, The Commission should consider how to address the inherent limitations on cost recovery between New England's wholesale electric and natural gas markets, which is a significant barrier to generators' willingness to fund gas infrastructure.⁴⁵

In its conclusion, Eversource asks the Commission to "proactively monitor the regional stakeholder processes conducted in New England to address the critical and time sensitive issues raised in the ISO-NE's Response."⁴⁶

12. [Exelon's](#) comments (the "Exelon Comments") focus on fuel security, market design and planning and argue that fuel security is "a serious emerging issue affecting grid resilience."⁴⁷ Exelon calls for the Commission to require PJM and other RTOs/ISOs to conduct fuel security analyses like the one done by ISO-NE.⁴⁸ Exelon opines with regard to the studies "At a minimum, in each scenario, the study should analyze the frequency and magnitude of load shed, the frequency and magnitude of reserve shortages, and regional energy prices. A comprehensive study with these components would provide a strong foundation on which PJM and other RTOs can assess and plan for resiliency to natural threats to the bulk power system."⁴⁹

Exelon contends that the fuel security related resilience threat suggests that existing market structures and transmission planning criteria are not just and reasonable.⁵⁰

Exelon states that "RTO-led fuel-security analyses and modeling by themselves are not sufficient to address bulk power system resilience, because PJM and other RTOs lack the information needed to identify the key contingencies that should be modeled."⁵¹ Exelon recommends federal government involvement in the development of a design basis threat assessment for each RTO/ISO: "the Commission, together with the Department of Energy ("DOE") and federal agencies tasked with intelligence gathering and national security, should lead the effort to identify the threats that the system should be planned to meet."⁵² The result

⁴⁵ *Id.* at 24.

⁴⁶ *Id.* at 25.

⁴⁷ Exelon Comments at 1.

⁴⁸ *Id.* at 2, 13-16.

⁴⁹ *Id.* at 16.

⁵⁰ *Id.* at 4-13.

⁵¹ *Id.* at 17.

⁵² *Id.* at 18; *see also, Id.* at 18-21.

should be a design basis threat document (“DBT”) used to guide market design, planning and system protection.⁵³

Exelon states that the Commission must require the RTOs/ISOs to consider resilience in their market design and planning.⁵⁴ Exelon states: “To ensure that the RTOs can properly plan for major risks and build a resilient system, the Commission must eliminate any uncertainty and explicitly clarify that RTOs have the obligation to consider resilience in their market rules and transmission planning. The Commission should make clear that the failure to incorporate resilience concepts into RTO tariffs renders them unjust and unreasonable.”⁵⁵ Exelon supports PJM’s call for a rulemaking to spell out the RTO/ISO’s role in ensuring resilience.⁵⁶ In cases where markets are insufficient to meet resilience needs, RTOs/ISOs “should be able to identify and propose cost-based recovery options for generation resources when appropriate.”⁵⁷ Exelon states that “RTOs should both incorporate resilience into the planning process and develop market-based approaches to incentivize the retention of resilient resources. This could be accomplished through the development of new products or through modifying existing market design elements and transmission planning criteria.”⁵⁸

13. [FirstLight’s and Great River Hydro’s](#) comments (the “FirstLight Comments”) state that ISO-NE emphasized the value of permitting the region to evaluate current market structures and develop further market enhancements, as needed, to meet the fuel security needs specific to New England, and that the OFSA is a useful snapshot, which stakeholders would benefit from greater insight into with more transparency.⁵⁹ The FirstLight Comments state, however, that discussion of core policy issues within the NEPOOL stakeholder process has been preempted by the recent Mystic generating station retirement announcement and the resultant ISO-NE Waiver Request. The FirstLight Comments take issue with ISO-NE’s application of more stringent ten minute operating reserve requirements to its resource planning efforts.⁶⁰

14. [H.Q. Energy Services’](#) comments (the “HQES Comments”) emphasize its view of the importance of imported energy to grid resiliency and reliability. HQES states that ISO-NE should continue its efforts, and be encouraged by the Commission’s policies, to improve price formation and transparency.⁶¹

⁵³ *Id.* at 18-22.

⁵⁴ *Id.* at 25.

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.* at 26.

⁵⁸ *Id.*

⁵⁹ FirstLight Comments at 7-10.

⁶⁰ *Id.* at 10-11

⁶¹ HQES Comments at 3-4

15. [MMWEC's](#) comments (the "MMWEC Comments") focus in part on the recent ISO-NE Waiver filing, and argues that the region needs to move beyond out-of-market RMR agreements. MMWEC also argues that ISO-NE's submission in this proceeding seems too narrowly focused on the region's pressing fuel security issues, and ISO-NE should, instead, take a broader and longer-term perspective on grid resilience.⁶² MMWEC stresses the need for the markets to value fuel diversity⁶³ and that markets should compensate resources that bring low-carbon energy to the grid if those resources make the grid more resilient.⁶⁴

16. [National Grid's](#) comments (the "National Grid Comments") focus in part on New England and fuel security. With respect to those topics, National Grid urges the Commission to recognize National Grid's view of the urgent threat to system resilience in New England posed by fuel security issues, and to take immediate action to address it.⁶⁵ National Grid asks the Commission "to convene a New England-specific technical conference to evaluate and recommend potential actions to support natural gas infrastructure development."⁶⁶ National Grid states that "[i]nnovative leadership by key stakeholders, but especially by the Commission, will be essential if the region is to solve the looming resilience threat posed by New England's region's fuel security crisis."⁶⁷

17. In its comments, [North American Electric Reliability Corporation](#) "NERC" (the "NERC Comments") focuses on NERC activities that it believes already address several aspects of resilience, including robustness, resourcefulness, rapid recovery, and adaptability of the grid. At the direction of the NERC Board of Trustees ("Board"), the Reliability Issues Steering Committee ("RISC") has proposed a resilience framework to reexamine resilience and whether NERC should take additional action. The RISC resilience framework is based on the ALR and the National Infrastructure Advisory Council ("NIAC") Framework for Establishing Critical Infrastructure Goals (relied upon by the Commission for its proposed definition of resilience).⁶⁸ NERC also states that it will continue to assess whether further activities are appropriate to support a resilient grid, consistent with the overarching scope of ALR, the RISC resilience framework, and any applicable Commission orders.⁶⁹

NERC asserts its support of the Commission's "renewed dialogue around resilience." Specifically, NERC highlights the changing resource mix demands reevaluation of resilience and

⁶² MMWEC Comments at 4.

⁶³ *Id.* at 4-5.

⁶⁴ *Id.* at 5-6.

⁶⁵ National Grid Comments at 4.

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ NERC Comments at 3.

⁶⁹ *Id.*

consideration of policies recognizing essential reliability services and the value of a balanced portfolio of generation and infrastructure that provide fuel assurance, particularly under extreme weather conditions.⁷⁰

18. In its Comments, [NESCOE](#) agrees with ISO-NE that fuel security is the primary resilience issue that New England faces.⁷¹ NESCOE provides information on the stakeholder discussions underway in New England on this topic and cautions against “prescriptive actions or further processes at this time that could unintentionally impede active regional efforts already underway or state actions that could help to mitigate any fuel security challenges.”⁷² NESCOE notes the additional stakeholder scenarios requested to the ISO-NE OFSA and, specifically, its request to better align the OFSA reference case with state requirements regarding clean/renewable energy resources. NESCOE states that the reference case so-revised showed a “significantly lower fuel security risk.”⁷³

NESCOE provides a non-exhaustive list of suggested principles to guide ISO-NE and stakeholders as they address fuel security issues and solutions:

1. The problem is fully and fairly analyzed and precisely defined;
2. A broad range of potential solutions are considered;
3. Consumer interests are the guiding factor in evaluating potential solutions; and
4. All potential solutions are illuminated by a cost-effectiveness analysis to enable assessment of whether the costs of proposed solutions have a reasonable relationship to asserted risks.⁷⁴

NESCOE suggests the Commission “could consider adopting these principles to provide guidance to ISOs/RTOs in their current and future assessments of resilience challenges.”⁷⁵ NESCOE supports regional flexibility and objects to PJM’s call for generic rules and Commission actions on resilience.⁷⁶

19. In its comments, [The New England Power Generators Association, Inc. \(“NEPGA”\)](#) (the “NEPGA Comments”) states that it supports the ISO-NE and NEPOOL stakeholder effort to develop market solutions to procure the necessary resources to meet the region’s fuel security

⁷⁰ *Id.* at 4.

⁷¹ NESCOE Comments at 8.

⁷² *Id.*

⁷³ *Id.* at 11.

⁷⁴ *Id.* at 13.

⁷⁵ *Id.*

⁷⁶ *Id.* at 14-17.

needs.⁷⁷ However, NEPGA also argues that the ISO-NE’s OFSA findings are “limited” insofar as they “neither capture[] Market Participant behavior in response to price signals nor the probability of any particular outcome.”⁷⁸ NEPGA contends that the ISO’s OFSA findings are therefore “incomplete”. A properly defined reliability need, according to NEPGA, “must account for price signals, market designs, and the probability of future system conditions and reliability events in defining the reliability need.”⁷⁹

20. In their comments, the [New England Local Distribution Companies \(“New England LDCs”\)](#)⁸⁰ (the New England LDCs Comments”) characterize fuel security as “the critical issue facing the ISO-NE region”.⁸¹ The New England LDCs state: “lack of sufficient fuel to maintain the reliability and resilience of the bulk power system, as well as the firm transportation service relied upon by entities like the New England LDCs, poses a significant threat to resilience of the ISO-NE regional transmission grid. Despite various stakeholder processes and initiatives, ISO-NE has yet to develop a long-term solution to fuel security in the wake of operational and market forces which will at least continue to evolve and most likely will exacerbate these issues.” The New England LDCs urge the Commission to take a coordinated approach to fuel security issues. They recommend the following further action on fuel security:

(1) the Commission should focus on the critical fuel security issues in the New England region and support ISO-NE’s efforts to work with its stakeholders to develop solutions to the issue; (2) given concerns with inadequate natural gas pipeline infrastructure due at least in part to delays and challenges with the natural gas pipeline certificate process, the Commission should consider expedited review of and decisions on new natural gas pipeline certificate applications in critical fuel security regions; and (3) the Commission should issue guidance, particularly with respect to fuel security, to ensure resilience and reliability for customers.⁸²

21. In its comments, [NRG Energy \(“NRG”\)](#) (the “NRG Comments”) criticizes ISO-NE for what NRG perceives as ISO-NE’s “chronic inability to address fuel security challenges,”⁸³ and cited the ISO’s recent waiver filing involving Exelon’s Mystic Units, as highlighting the need for

⁷⁷ NEPGA Comments at 1-3.

⁷⁸ *Id.* at 2.

⁷⁹ *Id.* at 6.

⁸⁰ The New England LDCs include: Bay State Gas Company d/b/a Columbia Gas of Massachusetts; Connecticut Natural Gas Corporation; Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities; Middleborough Gas & Electric Department; NSTAR Gas Company d/b/a Eversource; Northern Utilities, Inc.; City of Norwich, Department of Public Utilities; The Southern Connecticut Gas Company; and Yankee Gas Service Company d/b/a Eversource.

⁸¹ New England LDCs Comments at 2.

⁸² *Id.* at 9.

⁸³ NRG Comments at 9,

immediate market improvements. To that end, NRG asks the Commission to immediately initiate a section 206 proceeding “to re-set ISO New England’s proposed market design priorities and set an expedited timeline for action.”⁸⁴ NRG describes the stakeholder schedule for solutions laid out by ISO-NE as “the worst of all possible worlds.”⁸⁵

Accordingly, NRG recommends three actions that the Commission should undertake: (1) order ISO-NE to continue the Winter Reliability Program for the 2018-2019 winter; (2) order ISO-NE to implement a competitive forward fuel resilience market; and (3) establish a date by which ISO-NE will have proposed a long-term solution of ensuring that all generation resources are priced in the capacity markets.⁸⁶

22. The OFSA Joint Requestors submit several exhibits they suggest will assist the Commission in its evaluation of the ISO-NE’s March 2018 fuel resiliency filing. Exhibit C of the submission details a request that the OFSA Joint Requestors made back in February, and the ISO-NE’s analysis in response, indicating “there is a substantially lower fuel security risk in the region than that indicated by ISO-NE’s initial analysis as long as the New England states continue to advance clean and renewable generation and energy efficiency as their existing laws and regulations requires.”⁸⁷

⁸⁴ *Id.* at 12.

⁸⁵ *Id.*

⁸⁶ *Id.* at 12-14.

⁸⁷ OFSA Joint Requestors at 1.