

Comments submitted by Dick Brooks from Reliable Energy Analytics on 1.18.21

I've reviewed the Felder draft report dated 1/6/2021 and I'm convinced he really understands the challenges facing the region with finding a future pathway forward that addresses this concern:

The fourth issue is the increasing need for balancing resources in a future state. Pathways may not procure sufficient amounts and types of balancing resources that the region needs to operate the grid reliably or if they do, it is not clear that they do so in the most cost-effective manner.

Finally, neither the FCEM nor the ICCM explicitly address the balancing resource issue.

Net carbon pricing does not explicitly address the balancing resource issue.

With regard to AOCE, he states:

*Two options propose changes/reforms to the FCM: Capacity as a Commodity (Gabel Associates, 2020) and Always on Capacity Exchange ("AOCE") (Reliable Energy Analytics, 2019). As currently formulated, however, **both options have not explicitly made clear how they would help to advance or achieve States' clean energy objectives, address the double payment/price suppression tradeoff, or ensure sufficient balancing resources.** If either of these options are pursued in future pathway discussions, **it would be useful to understand how they would specifically help to facilitate the resolution of one or more of these issues.***

I propose that NEPOOL offer to provide Dr. Felder with a more detailed understanding of how AOCE does indeed address all four of the goals outlined in his report (see graphic below), in order to provide him with the additional information needed to conduct a more comprehensive and accurate assessment of AOCE. Materials are available online, at Energy Central that address his concerns. Consider this email as an offer to provide Dr. Felder with more details to show how AOCE addresses these concerns. Although he did not mention the challenges that come with FERC Order 2222 and DER providing "grid services", I also believe it would be beneficial to include this as another factor to be considered for any future pathway going forward.

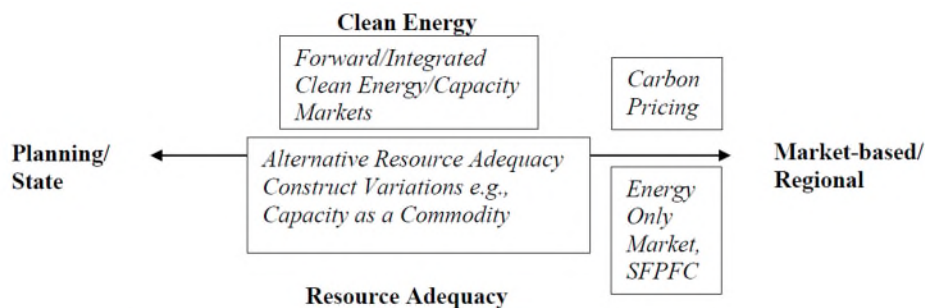


Figure 1: Conceptual Comparison of Pathways along Planning-Market-based and State-Regional Dimensions


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