

To: NECPUC

From: Carolyn O'Connor

Date: April 9, 2010

Subject: Update on Recent and Upcoming Regional Activities

This memo is prepared by ISO's External Affairs Department to provide an update on several regional activities that may be of interest to the States. For your convenience, when appropriate, I have identified dates when key discussions and votes are scheduled to occur at upcoming stakeholder meetings, as well as planned filings.

There is also a section highlighting upcoming ISO speaking engagements and meetings that may be of interest.

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ISO SPEAKING ENGAGEMENTS and UPCOMING NEPOOL & ISO MEETINGS OF INTEREST

ISSUES & UPDATES

Summary of Smart Grid Funding

The ISO's application seeking funding for a smart grid project was approved by the Department of Energy (DOE) on October 27, 2009. ISO made this application working with the New England transmission owners and has since been working with the DOE to execute a contract for the award.

Overview

Project Name: Synchrophasor Infrastructure and Data Utilization in the ISO-NE Transmission Region (SIDU)

DOE Funding Opportunity: Smart Grid Investment Grant (FOA58)

Participants: ISO-NE; Bangor-Hydro; Central Maine Power; Northeast Utilities; National Grid; NSTAR; United Illuminating; VELCO; Metha Tech; V&R Energy System Research; Rensselaer Polytechnic Institute; KEMA Inc.

Brief Summary: The goal of the SIDU project is to provide ISO-NE and associated Transmission Owners (TO) a significantly expanded base of Phasor Measurement Units (PMUs), Phasor Data Concentrators and greatly enhanced phasor data analytical tools. The implementation of this project should yield efficiencies in the way the grid is operated and improve reliability. Deployment of this technology was one of the key recommendations of the DOE following the 2003 blackout.

Project Details

This project is focused on the deployment of synchrophasor technology as a foundation for the next generation of power grid situational awareness and it will serve as the smart grid technology platform upon which advanced analysis and visualization tools can be deployed. It is an essential part of ISO-NE's plans for infrastructure development based on the expansion of its PMU-based disturbance detection and wide-area monitoring system to support advanced smart grid applications. PMUs measure voltage and current conditions sampled from widely dispersed locations in the power system.

The smart grid goals and objectives outlined in the *Energy Independence and Security Act of 2007* and the *American Recovery and Reinvestment Act of 2009* (ARRA) will be advanced by the SIDU by providing grid operators with the tools needed to enhance visibility and situational awareness. This will improve the reliability and resilience of the grid and enable more efficient use of grid resources. The SIDU will utilize synchrophasor data from more than thirty new PMUs that will be deployed strategically throughout the power grid in all six New England states. It will also include upgrades to the existing PMUs.

With this project, the entire New England region is expected to realize the following benefits:

- Faster response to real time system events;
- Increased capability of monitoring system stability and more accurate system models;
- New capabilities in system restoration; and
- Increased ability to reduce congestion.

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Forward Capacity Market Rule Changes

In a February 22, 2010 joint filing to the Federal Energy Regulatory Commission (FERC), the ISO and NEPOOL proposed rule changes to the Forward Capacity Market (FCM).¹ Among other things, these rule

¹ See *ISO New England Inc. and New England Power Pool, Docket No. ER10-787-000*,

changes included revisions to the alternative price rule, the establishment of the cost of new entry (CONE) at \$4.91/kW-month for Forward Capacity Auction #4 (FCA-4), and the extension of the floor price (at .6 times CONE) for FCAs #4-6.

In this filing, the ISO committed to continue, through a future stakeholder process, to consider ways to improve the FCM and to retain an economic consultant to assist in future discussions related to the definition and treatment of out-of-market resources and the alternative price rule.

The filing prompted approximately three dozen responses from stakeholders throughout the region. Highlights of these responses are included below.

*NECPUC*²

In its filing, NECPUC asserts that the “FCM design has worked well since its inception, and the evidence on record does not suggest that the forward capacity market is ‘broken.’”³ Furthermore, NECPUC “does not believe that the FCM has resulted in capacity pricing to date that is inconsistent with the market realities existing in the New England region.”⁴

NECPUC supports the rule changes believing “that the end product represents an appropriate balance among the varied interest of different stakeholders.”⁵

*External Market Monitor*⁶

In response to requests by generators, the ISO’s External Market Monitor filed comments with respect to the FCM rule changes. The External Market Monitor was clear that the comments submitted to FERC were an “initial review” and that a more complete analysis will be included in the External Market Monitor’s 2009 Market Assessment to be published this spring.”⁷

The External Market Monitor’s initial conclusion is that “ISO’s proposed changes to the FCM will improve the performance of the market by increasing the efficiency of FCM prices ... however, we are concerned about the treatment of rejected delist bids in APR-1 and APR-3 and we recommend that the Commission not approve these two changes ... [however the External Market Monitor] strongly support the ISO’s stated intention to continue to work with its stakeholders to develop long-term solutions.”⁸

*NEPGA*⁹

The New England Power Generators Association Inc. (NEPGA) offered to FERC a lengthy protest of the proposed FCM rules. In the protest, NEPGA identified several areas of the proposed FCM rule revisions that they perceive as being “severely problematic.”¹⁰

NEPGA’s arguments include:¹¹

Various Revisions to FCM Rules Related to FCM Redesign. http://www.iso-ne.com/regulatory/ferc/filings/2010/feb/er10-000_02-22-10_fcm_redesign_filing.pdf.

² See, *Motion to Intervene and Comments of the New England Conference of Public Utilities Commissioners.* (ER 10-787). <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12292558>.

³ *Id.* at 5.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ See *Motion to Intervene and Comments of Potomac Economics, Ltd. on Revisions to FCM Rules Related to FCM Redesign by ISO New England, Inc.* <http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=12292375>.

⁷ *Id.* at 3.

⁸ *Id.* at 3 and 4.

⁹ See *Motion to Intervene and Protest of the New England Power Generators Association.* (ER10-787). http://www.nepga.org/contents/NEPGA_Protest_ER10-787.pdf.

¹⁰ See page 1, *Motion to Intervene and Protest of the New England Power Generators Association.* (ER10-787).

¹¹ *Id.* at 13, 14, and 15.

1. Out-of-market capacity has distorted the auction prices in the first three FCAs and will continue to do so;
2. CONE is far below any actual cost of new entry; and
3. All zones should be modeled all of the time and successful de-list bids should be able to set the price in an individual zone.

NEPGA asserts that the current and proposed rules lead to unjust and unreasonable price distortion and as such they specifically ask FERC to immediately approve APR reforms. Furthermore, they ask that CONE be reset at \$7.50 kW-month—this increase to CONE would also increase the auction floor price because the floor price is a function of CONE (.6 times CONE).¹²

NEPGA also expressed some frustration with an 18-month stakeholder process, which they deem to be too long and protracted and incapable of resolving certain issues.¹³

*ISO Answer to Comments and Protests*¹⁴

In response to the protests of NEPGA and others, on March 30, the ISO submitted an answer to FERC. In this answer, ISO asserted that the “FCM Redesign Filing represents real improvements to the FCM, is just and reasonable, and should be approved.”¹⁵ ISO asked that FERC approve the redesign filing no later than April 22, 2010, so that there is adequate time to implement the design change prior to running the fourth FCA.¹⁶

In the March 30 filing, the ISO stated that it “takes the concerns of the External Market Monitor and protestors very seriously, and believes that they have raised legitimate issues that require further expedited consideration,”¹⁷ and “serious consideration of further changes to the FCM should be undertaken right away.”¹⁸

ISO specifically has asked for FERC approval to allow for potential future design changes to the FCM through a stakeholder process with a “Section 205 filing by the ISO no later than December 15, 2010 with the Commission having the option at that time of ordering a paper hearing to the extent that issues are unresolved.”¹⁹

In this filing, ISO “reiterates its commitment to a stakeholder process ... (facilitated by a senior Commission staff person) followed by an ISO filing [with FERC],”²⁰ and “that a stakeholder process must be expeditious, but these redesign efforts should not be a frantic exercise undertaken in a litigation context ... [a stakeholder setting] is a much more constructive environment to consider further changes.”²¹

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NOPR Impacts Discussion of Price Responsive Demand (PRD)

On March 18, 2010, the FERC issued a Notice of Proposed Rulemaking (NOPR) relative to Demand Response Compensation in Organized Wholesale Energy Markets (130 FERC ¶ 61,213 [Docket RM10-](#)

¹² *Id.*

¹³ *Id.* at 7.

¹⁴ See *Motion for Leave to File Answer and Answer of ISO New England Inc.* http://www.iso-ne.com/regulatory/ferc/filings/2010/mar/er10-787-000_03-30-10_answer_to_protests.pdf.

¹⁵ *Id.* at 3.

¹⁶ *Id.* at 2.

¹⁷ *Id.* at 6.

¹⁸ *Id.* at 4.

¹⁹ *Id.* at 3.

²⁰ *Id.* at 33.

²¹ *Id.* at 9.

[17-000](#)).²² This NOPR proposes that ISOs and RTOs be required to pay demand response providers the full locational marginal price (LMP) for demand reductions in all hours when demand response resources reduce energy consumption.²³

In the NOPR, FERC opined that “paying demand response resources the LMP in all hours will compensate those resources in a manner that reflects the marginal value of the resources to each RTO and ISO, comparable to treatment of generation resources. This will improve the competitiveness of the organized wholesale energy markets and, in turn, help to ensure that energy prices in those markets are just and reasonable.”²⁴

For the past year and a half, the ISO and regional stakeholders have been working on the issue of price responsive demand treatment in the energy market. With FERC seeking to address PRD payment issues in the NOPR proceeding, the ISO refrained from asking for a NEPOOL Markets Committee vote in March on the ISO’s proposed market rule language to implement a supply-side approach in which price responsive demand willing to participate in the energy market will receive a payment of LMP minus the retail generation rate for reduced consumption.

Discussion of the FERC NOPR on demand response compensation in organized wholesale energy markets is scheduled to be on the Markets Committee [agenda](#) for Wednesday April 14.

The ISO plans to submit comments to FERC by the May 13, 2010 comment deadline. ISO’s potential response to FERC was briefly discussed at the April 9 NEPOOL Participants Committee meeting. During this discussion, ISO President and CEO Gordon van Welie noted that the ISO’s comments will explain how the ISO believes that the Commission’s proposed rule could be implemented while maintaining an economically efficient market.

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Annual Markets Review: May 17, 2010

The ISO’s Internal Market Monitor, David LaPlante, and External Market Monitor, David Patton, will be releasing their annual market reports in the May timeframe and meeting with federal and state regulators and consumer advocates to discuss the results.

The meeting is scheduled to take place during the annual NECPUC Symposium at the Ocean Edge Resort in Brewster, Massachusetts on Monday, May 17 from 3:30 P.M.–5:00 P.M. Dial-in capability will be available and provided to attendees prior to the meeting.

In accordance with the ISO’s tariff, the ISO is obligated to host a non-public meeting with “appropriate state or federal government agencies, including the Commission and state regulatory bodies, attorneys general, and others with jurisdiction over the competitive operation of electric power markets, subject to the confidentiality protections of the ISO New England Information Policy.”²⁵

²² See NOPR at http://www.iso-ne.com/committees/comm_wkgrps/mrks_comm/mrks/mtrls/2010/mar232010/a2_ferc_nopr_03_18_10.pdf.

²³ NOPR, pages 12-13. “Commission proposes to add section 35.18(g)(1)(v) to our regulations to establish a specific compensation approach for demand response resources participating in organized wholesale energy markets . . . Under the proposed section, each Commission-approved ISO and RTO that has a tariff provision providing for participation of demand response resources in its energy market must pay demand response resources, in all hours, the market price for energy, i.e. full LMP, for demand reductions made in response to price signals.”

²⁴ NOPR, page 13.

²⁵ See *Market Rule I, Appendix A, Section III.A.12.3, Annual Review and Report by the Internal Market Monitor*, http://www.iso-ne.com/regulatory/tariff/sect_3/3-3_10_mr_1_appendix_a.pdf

The market monitors will also share these results at the NEPOOL Participants Committee summer meeting, June 21–23. To register for this meeting, please go to [ISO TEN](#).

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Comments on Credit NOPR

On January 21, 2010, FERC issued a notice of proposed rulemaking on credit issues (Credit NOPR). The FERC proposes to amend its regulations to reform credit practices in organized wholesale electric markets. The issuance of the Credit NOPR reflects FERC’s concern, brought to light at the January 2009 technical conference on credit and capital issues, that more needs to be done to ensure that credit policies of the organized markets can “reasonably protect consumers against the adverse effects of default.”

The FERC requested comments on proposals that operators of organized wholesale markets: (i) shorten the settlement cycle; (ii) reduce the extension of unsecured credit; (iii) eliminate unsecured credit in financial transmission rights (“FTR”) markets; (iv) clarify RTOs’/ISOs’ status as a party to each transaction; (v) specify minimum participation criteria for all market participants; (vi) specify under what circumstances the market operator may invoke a “material adverse change” as a basis for requiring additional collateral; and (vii) limit the time period for posting additional collateral when requested by the market operator.

ISO-NE filed comments in conjunction with the ISO/RTO Council (IRC) and with PJM and NYISO on separate issues not covered in the IRC comment filing. Below is a summary of those comments.

IRC Comments	ISO-NE, PJM and NYISO Comments
<i>On shortening the settlement cycle:</i>	
The IRC does not believe that the Commission should mandate a move to daily settlement periods at this time.	The Northeast ISOs requested clarification that any requirement for weekly billing applies only to energy and associated products, for which sufficient data is available to invoice weekly, but also include sufficient flexibility to bill weekly for other products and services as appropriate.
<i>On reducing the extension of unsecured credit:</i>	
The IRC generally supports this proposal, subject to several observations. First, to the extent that the use of unsecured credit is permitted at all, it is important that the \$50 million amount remain a cap, rather than a specifically-mandated amount, such that individual RTOs and ISOs may use lower limits as appropriate (and as approved by the Commission).	The Northeast ISOs support the concept of establishing “aggregate caps” for the amounts of unsecured credit extended to families of affiliated entities to limit the concentration of credit in a corporate family.
<i>On eliminating the use of unsecured credit in the FTR markets:</i>	
No comments	Northeast ISOs agree with the proposal to eliminate the use of unsecured credit in the FTR markets. NYISO and PJM have already eliminated the use of unsecured credit in connection with FTRs, and ISO-NE’s recent filing proposes to do so as well.
<i>On specifying minimum participation criteria for all market participants:</i>	
Minimum criteria for market participation could be beneficial, as long as the criteria do not present an undue barrier to entry. Also, such minimum participation criteria must be recognized as just one component of aggregate credit risk management policies, and not	No comment

IRC Comments	ISO-NE, PJM and NYISO Comments
viewed as a measure that prevents all potential defaults.	
<i>On specifying under what circumstances the market operator may invoke a “material adverse change” as a basis for requiring additional collateral:</i>	
Tariff provisions providing the ISO or RTO certain rights where there is a “material adverse change” in a market participant’s financial status are important. Rights may include the ability to require the market participant to post an alternate form of collateral, the ability to require additional collateral over and above the requirements otherwise defined in the tariff, and the ability to commence suspension or termination procedures.	No comment
<i>On limiting the time period for posting additional collateral when requested by the market operator:</i>	
The IRC agrees with the Commission that establishing an outer limit on the amount of time granted for the posting of additional collateral will promote confidence in the ISO/RTO markets by limiting default exposure and by shortening collateral posting periods.	No comment

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Revisions to Financial Assurance Policy

The ISO’s Financial Assurance Policy (FAP) provides a credit review process to assess the ability of a market participant to pay for service transactions. This process also serves to protect participants from the risk of non-payment by other participants. This section provides a brief update on recent FAP developments.

The ISO and NEPOOL plan to submit a joint filing to FERC proposing FAP revisions in April.

These revisions include:

- modifying the calculation of financial assurance requirements for capacity charges in the FCM;
- clarifying that the entity responsible for financial assurance related to the FCM is the Lead Market Participant for a resource;
- changing the way in which certain FCM obligations are addressed in the suspension of Non-Municipal Market Participants;
- amending the financial assurance provisions related to termination of a Capacity Supply Obligation (“CSO”) in the FCM;
- establishing consequences for a bank’s failure to honor the terms of one or more letters of credit issued or confirmed in favor of the ISO.

The revision designed to modify the calculation of financial assurance requirements for capacity charges in the FCM is the most significant change being proposed. The calculation of Load-Serving Entity (LSE) Capacity Charges, as currently written, results in financial assurances equivalent to one month of capacity charges. Because FCM capacity charges are billed one month in arrears, for much of a calendar month the default exposure for capacity charges equals two months of capacity charges. Thus, the ISO and the Pool will be under-collateralized for capacity charges much of the time. The new calculation methodology corrects this issue

with a more dynamic calculation that results in requirements that more properly reflect the actual default exposure.

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FCM Auctions and Installed Capacity Requirements

The ISO will hold a reconfiguration auction May 3–5, 2010 for the June 1, 2011-May 31, 2012 (2011/2012) commitment period. This reconfiguration is part of the process for FCA-2. The FERC approved the Installed Capacity Requirement (ICR) and related values for this auction on March 29.

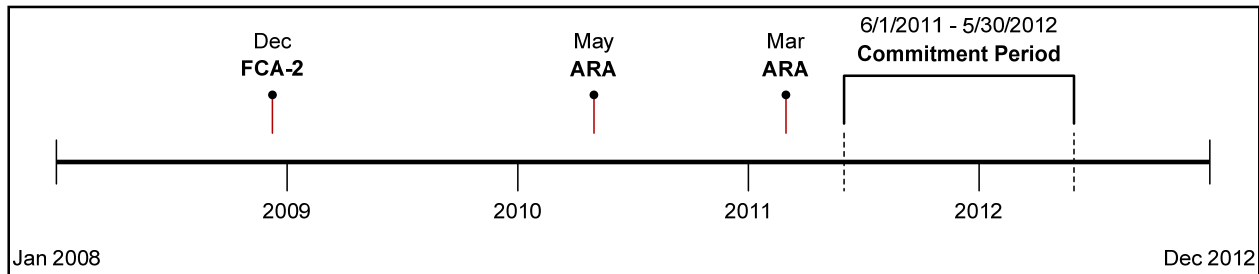


Figure 1: FCA-2 Auction Schedule and Commitment Period

Background on reconfiguration auctions

The ISO conducts two Annual Reconfiguration Auctions (ARAs) between the initial FCA and the commitment period. One is held in May, the year before the commitment period, and the other is held in March, three months before the commitment period. ARAs allow participants to trade CSOs. The purpose of an ARA is to allow participants to shed (sell) CSOs they obtained through the FCA and to allow other participants to acquire (buy) those CSOs. The ISO can *release* excess capacity, if the required amount of capacity has decreased since the FCA, or *procure* additional capacity if there was inadequate supply in the FCA or if the required amount of capacity has increased since the FCA.

FCA-4

The ISO is in the process of developing the ICR and related values for FCA-4, which coincides with resources needed in the 2013/14 timeframe. The ISO plans to file the ICR values in May. FCA-4 is scheduled for August 2, 2010.

Tie Benefits

In order to work through outstanding issues related to the methodology for calculating tie benefits (the amount of emergency energy available from neighboring systems), the Reliability Committee has scheduled the following meeting dates *in addition to* the RC’s usual monthly meetings:

- Thursday, April 29 DoubleTree Westborough, Massachusetts
- Thursday, May 27 DoubleTree, Westborough, Massachusetts
- Monday, June 14 Courtyard Marriott, Marlborough, Massachusetts
- Tuesday, July 20 DoubleTree, Westborough, Massachusetts
- Wednesday, August 25 DoubleTree, Westborough, Massachusetts
- Wednesday September 22 Publick House, Sturbridge, Massachusetts

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Consumer Liaison Group

The ISO will be hosting the next meeting of the Consumer Liaison Group (CLG) at the ISO facility in Holyoke, Massachusetts on May 6, 2010.

Mary Healey, Consumer Counsel for the State of Connecticut and President of the National Association of State Utility Consumer Advocates (NASUCA) will meet with CLG members to offer her perspectives on issues facing New England and national ratepayers. Mark Karl, Senior Director for Resource Adequacy at ISO New England, will discuss a current ISO initiative to review the calculation of tie benefits (the amount of emergency energy available from neighboring systems) and generally how it impacts wholesale market participants.

For those new to the ISO facility, we will also be providing control room tours for interested CLG members.

See: <http://www.iso-ne.com/calendar/detail.action?eventId=101529&link=yes&filter=off> to register for this meeting. For more information on the Consumer Liaison Group, please visit the [CLG webpage](#).

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Planning Advisory Committee

The next meeting of the Planning Advisory Committee will be held April 27, from 9:30 A.M. to 5:00 P.M., at the Courtyard Marriott in Marlborough, Massachusetts. *Please note this location is a change from the usual PAC venue.* Advance registration for all PAC meetings is required and directions and dial-in information are available when you register. Please register [online](#).

Agenda

- Stakeholder presentations on requests for economic studies;
- Operating Reserve projections;
- Representative Installed Capacity Requirements, Local Sourcing Requirements, and Maximum Capacity Limits;
- Transmission Project Listing;
- Long-term Lower Southeastern Massachusetts (SEMA) Needs and Proposed Solutions;
- Reconnector 115 kV line in Kent County, RI (Line G 185S); and
- Cost Estimating and Controls Working Group updates on Auburn (Massachusetts) and Grand Avenue (New Haven, CT) substation projects.

Please save the following dates for future PAC meetings:

- May 25;
- June 16;
- July 15; and
- August 12 (draft RSP10 page turn).

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2010 Economic Study Requests

The following entities submitted requests for economic studies and are expected to present their requests to the PAC on April 27.

- **NESCOE** submitted a request for an economic study for a single year in the 20-year timeframe. The request seeks to build on the results of the 2009 study and provide a baseline for the states to evaluate expansion scenarios that will be performed as part of the EIPC initiative. The request includes two additional studies: (1) market-sourced replacement or repowering of older coal- and oil-fired generators, and (2) replace the same fossil units through a competitive procurement of renewable resources from New England and/or neighboring Canadian provinces.

- **New England Independent Transmission Company (NEITC)** submitted a request for a study of a transmission line to enable renewable generation in the queue for northern New Hampshire to reach the regional market. The study seeks to quantify the production cost savings and congestion savings of adding 700 MW in Coos County, NH.
- **Sea Breeze Atlantic Regional Transmission System**, whose co-founder Boundless Energy, LLC, was one of the developers of the undersea New Jersey–Long Island Neptune transmission cable, submitted a request for an economic study of its proposed “NewSeaBos” Submarine HVDC Light cable transmission project.

The economic study requests are posted on the [ISO Web site](#).

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Eastern Interconnection Planning Collaborative

The EIPC is holding an Eastern Interconnection-wide stakeholder meeting April 22–23 in St. Louis, MO, to allow stakeholders to discuss and develop agreement on a final stakeholder steering committee (SSC) proposal. The straw proposal, comments, and the agenda for the April meeting are posted on the [EIPC Web site](#) (see materials posted under Library). The Keystone Center is providing facilitation and logistical support for the emerging stakeholder process. The ISO is currently working on the roll up of regional plans to create an initial model for the EIPC analysis.

Comments on SSC

Many of the comments seek to expand representation on the SSC. In comments submitted by the Eastern Interconnection States Planning Council (EISPC), the states argue that a one-third share of EISPC representatives on the SSC does not satisfy the fundamental purposes of the DOE’s original Funding Opportunity Announcement (FOA), and the “FOA requires a leadership role for State policymakers, and the proposal does not go far enough to create and protect that role.” EISPC instead recommends that it hold 51% of the seats on the SSC. NEPOOL submitted comments recommending that the straw proposal be modified to add seats to the SSC and allow “regions such as New England to be represented by regional stakeholder groups, such as NEPOOL.” The New England Transmission Owners recommend significantly expanding representation on the SSC to allow two transmission-owning representatives per sector per region, for a total of 18, compared with the 2–3 included in the straw proposal.

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Northeast Coordinated System Plan 2009 Draft Report and Webinar

ISO New England, NYISO, and PJM have posted the draft 2009 Northeast Coordinated System Plan (NCSP09) report for stakeholder review. The draft report is posted on the [ISO Web site](#). A webinar is scheduled for April 30 to discuss the plan with the Inter-Area Planning Stakeholder Advisory Committee (IPSAC) via WebEx, beginning at 9 A.M. Comments are due by April 30 and should be sent to the ISO c/o PACMatters@iso-ne.com.

The IPSAC is the stakeholder advisory group for the comprehensive process of coordinating system planning activities established under the Northeastern ISO/RTO Planning Coordination Protocol adopted by ISO New England (ISO-NE), NYISO and PJM in 2004.

Draft NCSP09 Highlights

The draft NCSP09 report summarizes the existing regional plans developed by ISO-NE, NYISO, and PJM, and highlights interregional studies and plans for further joint analysis by the three ISOs/RTOs.

The report summarizes the load forecast, generation and supply resource additions, reliability needs, and transmission projects in the long-range (10-year) plans for each region. It also summarizes economic studies performed for each region pursuant to FERC Order 890, including PJM's market-efficiency analysis, NYISO's assessment of historic and projected congestion, and New England's 2030 Power System Study performed for the New England Governors.

The report identifies major system improvements within a single region or near the border that may impact other regions. In cases where proposed generation in the interconnection queue of one region could create a reliability problem in another region, such as a short-circuit condition, the regions coordinate studies of these types of interregional impacts. The report identifies new or modified transmission ties between regions, such as the rebuilt underwater cable between Long Island, NY and Norwalk, CT. It also identifies studies of expanded interconnections, such as a new Plattsburg, NY–New Haven, VT tie, and conceptual proposals for new ties between New England and Eastern Canada.

The report identifies the fuel mix for each region (natural gas is the primary fuel for power generation in New England and New York and coal is the primary fuel in PJM). Wind and other (non-hydro) renewable resources produce less than 3% of the total energy in the three regions, but are expected to make up a larger percentage of energy over the long term as a result of renewable portfolio standards and related programs, tax incentives and environmental regulations that restrict carbon and other emissions, notably for coal and oil units. The report identifies initiatives in each region to further integrate demand resources and wind resources into the system. It also identifies plans for further interregional analysis, such as increasing the ability to move power across the interfaces of the three regions.

The report explains that regional variations in cost allocation for economic transmission projects need to be understood before proceeding with discussions concerning interregional cost allocation. It includes a transmission-cost-allocation matrix for the three regions.

IPSAC Webinar: April 30

Preliminary agenda

- 9:00 Administrative items and Introductions
- 9:15 Discussion of IPSAC Comments on the Draft NCSP09 Report
- 10:45 Inter-Regional Electric Market Model (IREMM) Update on PJM/NYISO/ISO-NE Interface Limits
- 11:15 Update on Interregional Cost Allocation
- 11:45 Summary and Next Steps
- 12:00 Adjourn

Materials

Materials for this meeting will be posted at the following location on the ISO-NE website:

http://www.iso-ne.com/committees/comm_wkgrps/othr/ipsac/mtrls/2010/apr302010/index.html

CEII approval is not required for this meeting.

Registration

Please register for this meeting **by noon on April 29** with PJM at:

<http://www.pjm.com/committees-and-groups/stakeholder-meetings/stakeholder-groups/ipsac.aspx>

Although there will be no charge for this meeting, registration is required in order to make all necessary logistical requirements. WebEx information will be provided upon registration. Questions regarding registration and WebEx participation should be directed to PJM Member Relations at 610-666-8980 or toll free at 866-400-8980.

For general questions regarding the IPSAC, please contact ISO-NE at PACMatters@iso-ne.com.

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Regional Greenhouse Gas Initiative Quarterly Auction Results

Carbon dioxide allowances cleared at \$2.07 in the seventh Regional Greenhouse Gas Initiative (RGGI) quarterly compliance auction held March 10, 2010. The auction yielded \$87,956,944.56, increasing the total amount of proceeds from RGGI auctions to more than \$582.4 million. All of the 40,612,408 allowances for the 2009 vintage offered in the seventh auction sold at a price of \$2.07. In a parallel offering, the RGGI states also auctioned allowances for the second three-year control period beginning January 1, 2012. A total of 2,091,000 of the 2,137,992 allowances for the 2012 vintage sold at a price of \$1.86. Unsold allowances for the 2012 vintage year may be sold in future auctions according to each state's regulations. The next auction is scheduled for June 9, 2010.

RGGI Allowance Auctions Summary²⁶

Date	2009 Allowances Sold for 2009–2011 (Tons) ²⁷	Clearing Price 2009-2011 Time Frame (\$)	2012 Allowances Sold for 2012–2014 (Tons) ^(b)	Clearing Price 2012-2014 Time Frame (\$)
September 25, 2008	12,565,387 ²⁸	3.07	N/A	N/A
December 17, 2008	31,505,898	3.38	N/A	N/A
March 17, 2009	31,513,765	3.51	2,175,513	3.05
June 17, 2009	30,887,620	3.23	2,172,540	2.06
September 9, 2009	28,408,945	2.19	2,172,540	1.87
December 2, 2009	28,591,698	2.05	1,599,000	1.86
March 10, 2010	40,612,408	2.07	2,091,000	1.86
Total	191,529,334		10,210,593	

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Annual Pre-Summer Communications Meeting to be Held on May 27

ISO New England will hold its annual pre-summer communications meeting on Thursday, May 27 at ISO's facility at One Sullivan Road, Holyoke, MA, 01040, from 10:00 A.M. to approximately noon, with a light lunch following the meeting. We will enable participation via WebEx.

The purpose of this meeting is to review the ISO's communications protocol for OP4 events in advance of the summer peak period in New England. This year's meeting will include an overview of changes to OP4 actions that will take effect June 1. The number of OP4 actions is being revised to reflect the transition from the activation of demand-response assets through the ISO Load Response Program to the dispatch of Demand Resources under the Forward Capacity Market. The ISO has streamlined the quantity of OP4 actions as part of the revisions to the procedure. As such, the ISO is revising the actions at which it will issue different types of public appeals for conservation, including requests for the region's governors to reinforce ISO conservation requests.

²⁶ Under RGGI, an allowance is the limited right to emit one ton of CO₂. See <http://www.rggi.org/home> for more information.

²⁷ Any unused allowances purchased in one auction can be carried forward to the next compliance period (i.e., banked).

²⁸ The number of allowances sold is lower since not all states participated in this first auction.

Draft versions of the revised OP4 actions are posted on the [ISO Web site](#) for informational purposes only. The final version of the procedure will be posted prior to the June effective date.

Advance registration is required for anyone attending in person, but not for those participating via WebEx. If you plan to attend in person, please register through the ISO New England [Training and Events Network](#).

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Spring Voltage Reduction Test

The ISO will conduct a spring system-wide voltage reduction test on May 11, 2010, with an alternate test date of May 12. The test *only* applies to subtransmission and distribution facilities, which include local load-serving circuits below 69 kilovolts. It will allow the ISO to determine the necessary adjustments to values used to project total system load relief that can reasonably be expected during the summer peak load season if the ISO needs to implement Operating Procedure No. 4 (OP4), *Actions During a Capacity Deficiency*. The test also will be used to assess compliance with ISO New England Operating Procedure No. 13, *Standards for Voltage Reduction and Load Shedding Capability*.

The test will occur in two phases. The ISO will implement the first phase from 10 A.M.–10:30 A.M., for equipment that can achieve a 5% voltage reduction within 10 minutes. The ISO will implement the second phase from 1 P.M.–1:30 P.M., for equipment that requires more than 10 minutes to achieve a 5% voltage reduction. The ISO will report on the results of the test to the Reliability Committee.

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ISO SPEAKING ENGAGEMENTS and OTHER MEETINGS OF INTEREST

April 27, 2010

2010 NYISO Symposium, Albany, New York

ISO New England Speaker: Gordon van Welie, President & CEO

FERC Commissioner Marc Spitzer will be the keynote speaker at this symposium.

More information available at <http://www.nyiso.com/public/2010Symposium/index.htm>.

April 29, 2010

Platts Northeast Power Markets Forum, Alexandria, Virginia

ISO New England Speaker: Mark Karl, Senior Director, Resource Adequacy

More information at www.platts.com/ConferenceDetail.aspx?xmlpath=2010/pc011/index.xml

April 30, 2010

Massachusetts Restructuring Roundtable: Potential New Natural Gas Supplies for New England, Boston, Massachusetts

ISO New England Speaker: Peter Brandien, Vice President, System Operations

More information at <http://www.raabassociates.org/main/roundtable.asp>

May 16-18, 2010

2010 NECPUC ANNUAL SYMPOSIUM, Brewster, Massachusetts

May 17, 2010

ISO New England Speaker: Gordon van Welie will be part of a panel discussion relating to competitive markets, transmission and planning.

More information at <http://www.necpuc.org/symposium.htm>.

May 17, 2010

3:30 P.M. to 5 P.M.

ISO New England's External Market Monitor David Patton and Internal Market Monitor David LaPlante will meet with state and federal regulator representatives and consumer advocates.

May 20, 2010

U.S./Canada Clean Energy Dialogue 2010 Conference, Chicago, Illinois

ISO New England Speaker: Gordon van Welie

More information at <http://events.energetics.com/USCanadaCleanEnergy2010/>

May 26-27, 2010

ISO-RTO Council Annual Board Meeting, Saratoga, New York.

June 8, 2010

17th Annual Northeast Energy and Commerce Association New England Energy Conference, Providence, Rhode Island.

ISO New England Speaker: Vamsi Chadalavada, Senior Vice President & COO.

More information available at http://www.necanews.org/dev/index.php?go=event_view&id=84.

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UPCOMING NEPOOL & ISO COMMITTEE MEETINGS OF INTEREST

Tentative meeting dates for upcoming stakeholder meetings and other meetings of interest:

	Participants Committee	Markets Committee	Reliability Committee	Planning Advisory Committee	Transmission Committee	NECPUC Conference Call	Consumer Advocate Conference Call
April	9	13 14	26 29	27	28	12	20
May	7	11 12	24 27	25	26	10	20

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