



memo

**To:** NECPUC  
**From:** Carolyn O'Connor  
**Date:** December 20, 2011  
**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 issues and activities that may be of interest to you. For your convenience, when appropriate, I have identified dates when key discussions and votes are scheduled to occur at stakeholder meetings, as well as planned filings.

There are also sections highlighting upcoming ISO speaking engagements and meetings that may be of interest.

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### **ISO Speaking Engagements and NEPOOL and Other Meetings of Interest**

### **New England and State Profiles**

ISO has posted its 2011-12 profiles for the six New England states and the region. The profiles incorporate updated information from the 2011 Regional System Plan and other sources of publicly-available information about the region's electric grid and wholesale electricity markets. The profiles are posted on the [ISO website](#).

Tip: For best viewing, download the file (right click and select "Save Target As") and then open as a PDF file.

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### **ISO New England Reports and Studies—December 2011 Update**

ISO's External Affairs Department has developed a table of the major ISO studies underway in the areas of strategic planning and regional system planning. The table is included below as an [appendix](#) to the memo. This table will be updated on a periodic basis.

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### **Energy Efficiency Forecast**

Two notable developments are underway as ISO moves toward the development of its initial energy-efficiency (EE) forecast to be included in the Regional System Plan for 2012. Both aim to provide the ISO with the data necessary to create long-term regional (and state) forecasts of energy savings.

#### *Data Collection*

ISO will work with the states and Program Administrators (PAs) to collect program and program funding data. In this regard, ISO plans to send a data request to the PAs in early January, 2012, in order to allow sufficient time to create the EE forecast alongside the traditional load forecast. Separately, ISO is participating in the Northeast Energy Efficiency Partnership's initiative to create a single EE database tool for a variety of purposes. In the future, this may include the ability to collect the data for the regional EE forecast.

#### *Energy Efficiency Forecast Working Group (EEFWG)*

The ISO will establish a working group early in 2012 to provide ongoing input into the EE forecast process. Specifically, the working group will provide guidance on EE forecast assumptions, methodologies and data inputs. This stakeholder group will be made up of state representatives with expertise in energy efficiency programs, PAs and other interested parties. The EEFWG will be chaired by a representative of ISO New England, and will not be a formal NEPOOL committee or subcommittee.

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### **Planning Advisory Committee**

The Planning Advisory Committee (PAC) is scheduled to meet January 18 and February 15 at the Doubletree Hotel in Westborough, MA, beginning at 9 a.m.

#### *January 18—Preliminary Agenda:*

- Administrative Update
- Interface Flow Duration Curves
- Greater Boston Preferred Solution
- NH/VT Preferred Solution (including Seacoast)
- Brook Street Station (NSTAR, Massachusetts) Need and Solution
- Chester SVC Control System Replacement (Maine) Needs Assessment and Alternatives
- 2012 Regional System Plan Scope of Work
- Generic Costs of Resources
- Environmental Update

*February 15—Preliminary Agenda:*

- Administrative Update
- Load Forecast
- Energy Efficiency Load Forecast
- Customer Service Survey Results
- Stakeholder Process for Submitting Economic Studies
- Economic Study Update
- Maine Power Reliability Program (MPRP) Transfer Limits
- Southwest Connecticut Minimum Load Needs and Preferred Solution

ISO is holding February 16 for a possible second PAC meeting in February.

Meeting [materials](#) will be posted in advance. Advanced registration is required. Please [register](#) online through the Calendar link on the ISO website: [www.iso-ne.com](http://www.iso-ne.com).

Please watch the *Agenda and Administrative Items* presentation posted for each meeting for updates on reports, correspondence, and other materials posted for the PAC. For a quick recap of the topics for past PAC meetings, please see the [PAC Agenda Summary](#) posted with the PAC meeting minutes.

If you have any questions about access to CEII, or the transition from usernames and passwords to digital certificates, please contact Customer Service by phone: 413-540-4220, or email: [custserv@iso-ne.com](mailto:custserv@iso-ne.com).

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**Eastern Interconnection Planning Collaborative: Phase 1 Report**

In December, EIPC issued a report on the formation of the Stakeholder Steering Committee (SSC) and the future scenarios developed by the SSC as part of the Resource Assessment and Interconnection-level Transmission Analysis and Planning initiative conducted by EIPC through a grant from the U.S. Department of Energy (DOE). The report describes the SSC's development of eight public policy future scenarios and the selection of three "futures" by the stakeholder committee. The [report](#), titled "Phase 1 Report: Formation of Stakeholder Process, Regional Plan Integration and Macroeconomic Analysis," is posted on the EIPC website: [www.eipconline.com](http://www.eipconline.com). EIPC is scheduled to conduct transmission studies of the three futures and issue a second report by December 2012.

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**FCM Re-Design: Meeting Dates Set**

On December 9, the NEPOOL Participants Committee approved a motion to defer action on the Forward Capacity Market (FCM) Re-Design reforms until the January 20, 2012, meeting to pursue higher levels of support. Three dates have been reserved for stakeholders to have further discussions on FCM Redesign: December 19, 2011, January 6, 2012, and January 13, 2012. All meetings will start at 9:30 AM, with locations to be determined.

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## Load Reconstitution

On December 15, ISO New England and NEPOOL [jointly filed tariff changes](#) reflecting the recommendation of the Markets Committee, and support of the Participants Committee, that load reconstitution not be implemented at this time. Instead, a load reconstitution methodology may be considered as part of ISO and stakeholder discussion of the potential redesign of the FCM cost allocation methodology planned for late 2012.

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## Wholesale Electricity Costs

### November 2011

The average Day-Ahead and Real-Time Hub prices in November 2011 were \$36.90/MWh and \$38.64/MWh respectively. The average Day-Ahead Hub prices dropped 11% from the October average and 16% from November 2010.

	November 2011	November 2011 Compared to October 2011	November 2011 Compared to November 2010
Average Day-Ahead LMP (hub)	\$36.90/MWh	-11%	-16%
Average Real-Time LMP (hub)	\$38.64/MWh	-3%	-7%
Average Natural Gas Price	\$3.94/MMBtu	0%	-14%
Peak Real-Time Load	17,811 MWh	3%	-2%
Average Real-Time Load	13,499 MW	2%	-3%

November's average natural gas price remained flat compared with October. November's average natural gas price was just under \$4/MMBtu – down 14% from November 2010. Monthly Average and Peak Real-Time Loads were also up from October.

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## ISO Express

ISO New England plans to launch [ISO Express](#), the newly redesigned neData Portal, on December 21. ISO Express will replace the existing neData Portal. ISO Express offers a quick, customizable, one-stop-shop for graphical views of real-time market and power system data. *Note that if you registered for ISO Express in the sandbox environment, you will need to re-register and recreate your changes once the site goes live.*

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## Twitter

On December 1, ISO New England launched its Twitter page at [www.twitter.com/isonewengland](http://www.twitter.com/isonewengland). The ISO looks forward to building a presence on Twitter and hopes to connect with stakeholders, market participants, consumers, and anyone interested in learning more about the New England power system and wholesale electricity markets. Please consider following @isonewengland on Twitter.

Some of potential topics for future tweets include:

- Information about and links to ISO-NE reports and other publications
- Statistics and factoids about the power grid and wholesale markets
- Events, trainings and other calendar announcements
- System conditions, as necessary

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## Federal Affairs Update

### *Federal Renewable Energy Grant Program*

The Treasury Department's [Section 1603](#) renewable energy grant program will expire on Jan. 1, 2012, unless Congress proactively moves to extend it. The 1603 program, created through the 2009 American Recovery and Reinvestment Act, allows various renewable energy projects to receive a cash grant in lieu of the traditional tax credit. The program was set to expire in 2010, but was extended for 12 months as part of a broad tax extender package last year. The Congressional Research Service reports that the Section 1603 program awarded \$5.6 billion in grants through mid-December 2010, with the vast majority of awards going to wind energy projects.

On December 7, a group of 88 members of the House of Representatives (including several members from New England) [called on](#) Congressional leaders to extend the Section 1603 program, citing the more than \$22.8 billion in private financing the program has leveraged. It remains possible that Congress could retroactively extend the program in 2012 when a larger debate over the extension of the Investment Tax Credit and Production Tax Credit will take place.

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### *FERC Technical Conference*

On November 29-30, the Federal Energy Regulatory Commission held a [technical conference](#) on bulk power system reliability and the impact new Environmental Protection Agency regulations could have on fossil-fired generation. Assistant Administrator for EPA's Office of Air and Radiation Gina McCarthy began the conference by stating that warnings that the regulations would cause dire economic consequences are "at best exaggerated." McCarthy noted that the new rules will not have an adverse impact on reliability in any region of the country and that several studies predicting severe consequences on reliability contain flawed assumptions or do not accurately reflect the new regulations.

A significant amount of the conference was dedicated to the compliance timeline for the EPA's upcoming Air Toxics rule, which will require many power plants to upgrade pollution mitigation technologies within three years (with an additional 1-year extension possible). Several witnesses representing organizations in the Midwest and Southeastern U.S., as well as FERC Commissioner Phil Moeller, stated the compliance timeline is simply unachievable and that the construction and installation of new infrastructure, including associated plant outages, will be extremely difficult in the current compliance window. However, witnesses did not advance specific actions for FERC.

Additional topics of discussion included the inclusion of a "safety valve" in final EPA rules that would allow power plants that fail to meet new EPA pollution mitigation goals, but are needed for system reliability, to receive an exemption to remain in service while upgrades are undertaken or until system operators no longer need the plant for reliability. Participants noted the additional cost that would be borne by ratepayers, including immediately following the issuance of final rules when demand increases for a finite amount of pollution control resources and personnel. The North American Electric Reliability Corporation also discussed its current process for developing various standards and findings from its 2011 Long Term Reliability Assessment (LTRA) study.

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### *U.S. Department of Energy Study: Implications of EPA Regulations*

Adding to the growing volume of assessments, reports and investigations looking at the potential impacts of upcoming EPA rules, the U.S. DOE recently released a study entitled [Resource Adequacy Implications of Forthcoming EPA Air Quality Regulations](#). This study examined, for each NERC region, how the volume of retirements and pollution control technology installations that are presumed to follow the implementation of the Cross-State Air Pollution Rule (CSAPR) and the Utility Air Toxics Rule would affect the planning reserve margins and available capacity.

This study created a “Stringent Test Case” wherein all uncontrolled generators were assumed to be required to install both a wet flue gas desulfurization system and a fabric filter to reduce emissions of air toxics. Under this test case, the U.S. DOE found that in all NERC regions, target reserve margins can be met. If expected resource additions are in place, the study found that there will be sufficient capacity even when retrofit outages were taken into account.

The U.S. DOE study also concluded that existing units that choose to retrofit with pollution control technologies should have sufficient time to do so within the context of the Utility Air Toxics Rule compliance timeframe assuming industry and state regulatory authorities act swiftly.

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#### *National Electric Transmission Congestion Study*

On November 10, the U.S. DOE officially began the process for its [2012 National Electric Transmission Congestion Study](#), an effort to quantify the scope and consequences of congestion in various regions. U.S. DOE is currently seeking public [feedback](#) (through January 31, 2012) on what publicly-available data and information should be considered, and what types of analysis should be performed to identify and understand the significance and character of transmission congestion. Michael Henderson, Director of Regional Planning and Coordination, represented ISO at the meeting in Philadelphia on December 6. Mr. Henderson’s presentation is posted on the [DOE website](#).

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#### **Vermont Energy Plan**

On December 15, the Vermont Department of Public Service released the final version of the state’s Comprehensive Energy Plan (CEP). The CEP establishes an aggressive goal of obtaining 90% of the state’s energy needs (all sources, not just electricity) from renewable resources by 2050. For more information see <http://publicservice.vermont.gov/>.

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#### **Center for Energy Transformation and Innovation Established in Vermont**

On December 12, U.S. Senator Bernie Sanders and Governor Shumlin and others announced the creation of a Center for Energy Transformation and Innovation. Funding (\$15 million over three years) will be provided by the U.S. DOE, Sandia National Laboratories, and sources in Vermont, including the state and the University of Vermont. The center will focus on research in three areas:

- Integrating renewable energy onto the power grid;
- Ensuring reliability and security of smart grid and smart meters efforts; and
- Integrating electric vehicles.

This Center will be located on the campus of the University of Vermont, but a specific location and start date have not yet been chosen.

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## ISO Speaking Engagements and NEPOOL and Other Meetings of Interest

January 26-27, 2012

**Electric Power Supply Association**, Annual Meeting, Miami, FL. (Panelists include ISO New England President & CEO Gordon van Welie.) [EPSA website](#)

February 8-9, 2012

**National Electricity Forum**, Renaissance Hotel, Washington, DC. (Panelists include ISO New England President & CEO Gordon van Welie.) [Forum website](#)

February 16, 2012

**Northeast Energy & Commerce Association, Renewable Energy Conference**, Westin Copley Place, Boston

March 14, 2012

**Connecticut Power & Energy Society Environmental Energy Conference**, Cromwell, CT (Keynote speaker: ISO New England President & CEO Gordon van Welie)

	<a href="#">Participants Committee</a>	<a href="#">Markets Committee</a>	<a href="#">Reliability Committee</a>	<a href="#">Planning Advisory Committee</a>	<a href="#">Transmission Committee</a>	NECPUC Conference Call
<b>Jan.</b>	20	10,11	17	18	12	9
<b>Feb.</b>	10	7,8	14	15, 16*	28	13

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\* ISO is holding Feb. 16 for a possible second PAC meeting in February.

**Appendix: ISO New England Reports and Studies—December 2011 Update**

Description	Author	Status
<b>1. Strategic Planning Initiative</b>		
a. Assessment of New England’s Natural Gas Pipeline Capacity to Satisfy Short and Near-Term Power Generation Needs	ICF Resources LLC, for ISO	ISO and ICF Resources presented initial findings to PAC, Dec. 14, 2011; stakeholder comments on findings due by Jan. 1, 2012; full report to follow
b. Strategic Transmission Analysis—Implications for Greater Renewable Generation and Generator Retirements on Transmission System Requirements	System Planning	ISO presented scope of work (SOW) and assumptions to PAC, Sept. 21, 2011; ISO presented update to PAC, Dec. 14, 2011
<b>2. Economic Studies</b>		
a. 2010 Economic Study (retirement scenarios)	System Planning	ISO presented results to PAC, Feb. 16 and March 16, 2011; ISO summarized results in RSP11, Section 13.1
b. 2011 Economic Study (wind scenarios)	System Planning	ISO presented an overview of GridView and a draft SOW to PAC, May 26, 2011; ISO presented results to PAC, July 21, Sep. 21, and Nov. 16, 2011; ISO posted an update on next steps in the PAC materials for Dec. 14, 2011; stakeholder comments on SOW due by Jan. 3, 2012
<b>3. Regional System Plan and Load Forecast Report</b>		
a. 2011 Regional System Plan (RSP11)	System Planning	ISO posted final report, Oct. 21, 2011
b. 2011 Renewable Portfolio Standard (RPS) spreadsheet <sup>1</sup> (companion to RSP11)	System Planning	ISO posted spreadsheet, Oct. 18, 2011
c. 2012 Regional System Plan (RSP12)	System Planning	ISO plans update to PAC on RSP12 SOW, Jan. 18, 2012
d. 2012 Capacity Energy Loads and Transmission (CELT) report	System Planning	ISO discusses the annual load forecast with PAC in the February timeframe and publishes the forecast in the spring. Beginning in 2012, ISO also plans to develop an energy efficiency forecast and an update to PAC is planned for Feb. 15, 2012.

<sup>1</sup> [http://www.iso-ne.com/committees/comm\\_wkgtps/prtcnpts\\_comm/eag/usr\\_sprdshts/index.html](http://www.iso-ne.com/committees/comm_wkgtps/prtcnpts_comm/eag/usr_sprdshts/index.html)

<b>4. Other ISO Studies</b>		
a. 2010 ISO New England Electric Generator Air Emissions Report	System Planning	ISO presented preliminary results to Environmental Advisory Group, Dec. 2, 2011
b. 2009 ISO New England Electric Generator Air Emissions Report <sup>2</sup>	System Planning	ISO posted report, March 2011
c. New England Wind Integration Study (NEWIS) <sup>3</sup>	GE, Enernex, AWS Truepower	ISO posted report, Dec. 5, 2010
<b>5. ISO-NE Transmission Planning Studies for Major Projects<sup>4, 5</sup></b>		
a. Vermont/New Hampshire	System Planning	ISO posted needs report, November 2011; ISO presented preferred solution to PAC, July and November 2011; ISO plans to present an update to PAC on the preferred solution, January 2012
i. Market Resource Alternatives Analysis, Results	System Planning	ISO presented results to PAC, May 26, 2011
b. New England East–West Solution: Interstate Reliability Project	System Planning	ISO posted updated needs report, May 2, 2011; ISO posted draft solution study, Nov. 22, 2011
c. Greater Hartford/Central Connecticut	System Planning	ISO presented SOW to PAC, March 16, 2011
i. Market Resource Alternatives Analysis, Scope of Work, Greater Hartford/Central Connecticut	System Planning	ISO presented SOW to PAC, Dec. 14, 2011
d. Southwest Connecticut	System Planning	ISO posted needs report, July 13, 2011; ISO plans to present an update to PAC, Feb. 15, 2012
e. Greater Boston: North, South, Central	System Planning	ISO presented preliminary solutions to PAC, June 30, 2011; ISO plans to present an update to PAC on preferred solution, Jan. 18, 2012
f. Pittsfield/Greenfield Project	System Planning	ISO presented critical load level analysis and solutions to PAC, July 15, 2010
g. Southeast Massachusetts/Rhode Island	System Planning	ISO presented SOW to PAC, March 16, 2011

<sup>2</sup> [http://www.iso-ne.com/genrtion\\_resrcs/reports/emission/final\\_2009\\_emissions.pdf](http://www.iso-ne.com/genrtion_resrcs/reports/emission/final_2009_emissions.pdf)

<sup>3</sup> [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/reports/2010/newis\\_es.pdf](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/reports/2010/newis_es.pdf)

<sup>4</sup> Needs Assessments and Solution Studies are posted on the PAC website under Reports; [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/index.html).

<sup>5</sup> PAC presentations often include the study history for a particular project.

6. Interregional and National Studies		
a. Northeast Coordinated System Plan 2011 (NCSP10)	ISO New England, New York ISO and PJM	ISOs report on progress through the Inter-Area Planning Stakeholder Advisory Committee (IPSAC); Report expected in June 2012
b. 2011 Joint Report on the Impact of Environmental and Renewable Technology Issues in the Northeast: In support of the NCSP <sup>6</sup>	ISO New England, New York ISO and PJM	ISOs posted report, June 24, 2011
c. New York/New England Economic Study Process Report and Illustrative Results <sup>7</sup>	System Planning	ISO posted report, June 29, 2011; ISO presented results to PAC, March 16, 2011
d. NCSP 2009 <sup>8</sup>	ISO New England, New York ISO and PJM	ISOs posted report, May 24, 2010
e. 2012 National Electric Transmission Congestion Study	U.S. Department of Energy	ISO-NE participated in U.S. DOE's regional workshop, Dec. 6, 2011, in Philadelphia; U.S. DOE expects to release a draft for comment in 2012

**Other resources:**

2011 Regional System Plan, Section 7, Transmission Security and Upgrades: <http://www.iso-ne.com/trans/rsp/index.html>

Regional System Plan Transmission Project List: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/projects/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/projects/index.html)

PAC Agenda Summary (lists topics by meeting date): [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mins/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mins/index.html)

The *Agenda and Administrative Items* presentation posted for each PAC meeting contains updates on reports, correspondence, and other materials posted for PAC review: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/pac/mtrls/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/index.html)

Regional System Plan (RSP) Project Stage Descriptions, Monthly COO report to NEPOOL Participants Committee: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/prtcpnts/mtrls/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/prtcpnts/mtrls/index.html)

Environmental Advisory Group: [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/eag/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/eag/index.html)

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<sup>6</sup> [http://www.iso-ne.com/committees/comm\\_wkgrps/othr/ipsac/reports/2011/env\\_renewable\\_report.pdf](http://www.iso-ne.com/committees/comm_wkgrps/othr/ipsac/reports/2011/env_renewable_report.pdf)

<sup>7</sup> [http://www.iso-ne.com/committees/comm\\_wkgrps/othr/ipsac/reports/2011/ny\\_ne\\_eco\\_study.pdf](http://www.iso-ne.com/committees/comm_wkgrps/othr/ipsac/reports/2011/ny_ne_eco_study.pdf)

<sup>8</sup> [http://www.interiso.com/public/document/NCSP\\_2009\\_20100524.pdf](http://www.interiso.com/public/document/NCSP_2009_20100524.pdf)