

The seal of the Massachusetts Attorney General is a circular emblem. It features a central shield with a Native American figure holding a bow and arrow, with a five-pointed star above. The shield is surrounded by a banner with the motto "ENSE PETIT PLACIDAM SVB LIBERTATE QVIETEM". The outer ring of the seal contains the text "MASSACHUSETTS ATTORNEY GENERAL" at the top and "MARTHA COAKLEY" at the bottom.

Alternative Presentation re Tie benefits

“As is” Capped by UOTBL

September 7, 2010



ISO NE Approach

- Use At Criterion for FCA, ARA 1, ARA 2
- Use As Is for ARA3
 - ❑ Both values limited to Upper Operational Tie Benefits Limit (UOTBL)



MA AG Alternative

- Use “As Is” for neighboring control areas capped by UOTBL for FCA, and ARA 1-3.
- Consistent value throughout.
- By definition reliable since it meets operational criteria.



MA AG Alternative Cont.

- Consistent tie benefit value avoids purchase of capacity in FCA that is sold back in ARA 3 for pennies on the dollar, then re-purchased for FCA₊₄.
- This approach similar to ISO-NE Alternative “Set tie benefit at x% of ICR based on UOTBL”.



Detailed Methodology to Calculate Tie Benefits

Application of “As is” System Conditions

- Assume “As is” system conditions for neighboring control areas and “At criterion” system conditions in New England to calculate tie benefits for ICR Calculations for use in the FCA
- Internal transmission constraints will be modeled consistent with the ISO methodology.
- Use the same tie benefits assumptions for ARAs, except that the tie benefits used in the FCA would be adjusted to reflect changed import capability on individual ties or group of ties and capacity imports that have cleared in prior auctions for the same Capacity Commitment Period.
- Tie benefits using “As is” system conditions would be limited to no higher than the UOTBL developed by ISO New England.



Methodology to Calculate Tie Benefits Application of “As is” System Conditions

- External interconnections with New England receive tie benefits only in proportion to their ability to actually deliver capacity. In other words, the amount of tie benefits associated with an external interconnection depends on the capacity delivery rights of the line.
- Only existing resources are used in the calculation of tie benefits when modeling the neighboring control areas.
 - Known capacity exports should be excluded from the neighboring control area’s existing resource totals.
 - Planned additions and retirements are not modeled.



Methodology to Calculate Tie Benefits

Use GE MARS to conduct “As is” simulations to calculate the expected value of tie benefits assuming equal probability of all states (total and individual tie or group of ties)

- Calculate tie benefits using the latest assumed transmission import capabilities for each individual tie or group of ties with the neighboring Control Areas
- Capacity Imports (including grandfathered imports) are not modeled in the simulation but accounted for afterwards



Methodology to Calculate Tie Benefits Adjustment to Capacity Imports

Verify import capability available for tie benefits

- Account for capacity imports and adjust the tie benefits, if necessary
- Calculate the delta between the latest assumed transmission import capability of the individual tie or group of ties and the sum of the latest import capacity resources (Qualified Existing Capacity Import Resources for the Capacity Commitment Period and additional import capacity resources purchased in prior auctions) over the individual tie or group of ties



Methodology to Calculate Tie Benefits Adjustment to Capacity Imports (Cont.)

- If the tie benefits value of individual tie or group of ties as simulated by MARS is greater than its remaining transmission import capability after accounting for capacity imports, the tie benefit value is capped at the remaining transmission import capability



Methodology to Calculate Tie Benefits Adjustment to UOTBL

Check for the violation of UOTBL

- Sum up the tie benefits of the individual lines or group of lines after accounting for import capability and capacity imports and compare this total with the UOTBL. If the UOTBL is lower, then the total tie benefits would be capped at the UOTBL. Allocate the UOTBL to individual tie or group of ties based on the ratio of the tie benefits values of each individual tie or group of ties over the total tie benefits prior to the UOTBL adjustment.