

## *NEW ENGLAND STATES COMMITTEE ON ELECTRICITY*

**To: ISO-NE**  
**From: New England States Committee on Electricity**  
**Date: October 26, 2009**  
**Re: Questions on 10/21/09 ICR values Power Point**

The New England States Committee on Electricity (NESCOE) appreciates the decision made at the Reliability Committee meeting on October 22, 2009 to allow stakeholders additional time to consider the material provided by ISO-NE on October 21, 2009 related to ISO-NE's recommended ICR Values/Tie Benefits for the third annual reconfiguration auction and associated rule change prior to taking a vote. We similarly appreciate ISO-NE's offer to explain its proposal and associated motions in narrative form and to answer stakeholder questions in writing before the meeting where the vote will take place.

As we requested at the meeting, NESCOE is interested in ISO-NE's view of the proposal set forth by NSTAR and in particular ISO-NE's analysis on its impact, if any, on system reliability needs and/or estimated emergency events. As NESCOE stated in comments provided to the PSPC, we believe ISO-NE should set forth an explanation of the reliability needs, the estimated emergency events and the economic impact of various options when it proposes to depart from a current market rule.

In addition, NESCOE requests answers to the following few questions relating to the ISO-NE's October 21, 2009 power point presentation in advance of the November 5, 2009 meeting.

1. **Slide 17:** In support of its recommendation to modify the market rule, ISO-NE notes NYSCR's concern that New England is relying too much on emergency assistance. On **Slide 13**, ISO-NE notes that neighboring control areas would be supportive of ISO-NE's proposed tie benefit assumption.

In FERC Docket ER07-365-000, in reply to NYSCR's concern about ISO-NE using "as is" criteria in the third auction, FERC agreed with ISO-NE about the appropriateness of using "as is" and disagreed with NYSCR's arguments.<sup>1</sup> To ISO-NE's knowledge, has

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<sup>1</sup> "We do not agree with NYSRC's argument that this will be detrimental to reliability in New York. As ISO-NE explained in its reply comments, the "as is" criterion will still limit tie benefits to the physical capacity of the tie lines minus firm capacity imports, and it only allows increased use of tie benefits to the extent that there is capacity available above the "at criterion" level in neighboring areas. In addition, we recognize that a new generator generally cannot be built within a two month period, so the "as is" criterion is reasonable for this short time period. By contrast, there is more uncertainty as to what generators will be built or retired in the three-year period where the "at criterion" assumption is used, and thus use of the "at criterion" assumption is a reasonable approximation of the expected capacity situations in neighboring areas for the 3-

FERC changed its position on this issue since its February 2007 decision? If FERC has changed its position, please provide any FERC decision or communication on this issue that influenced ISO-NE's current recommendation to help inform stakeholders' understanding.

2. **Slide 12:** Has ISO-NE performed other analyses for reliability implications and/or emergency events for any tie benefit assumption greater than 1,860 MW and less than 3,415 MW? If so, please explain the reliability implications, estimated emergency events and cost implications associated with each assumption analyzed. To what extent are results of ISO-NE's Risk Profile Analysis<sup>2</sup>, which assesses the reliability implications of various levels of tie benefits ranging from 1,665 MW to 3,500 MW for commitment year 2012/2013, useful for assessing the likely differences in the frequency of emergency actions (OP 4 actions and calls on ties with neighboring control areas) given different levels of tie benefits? Can ISO-NE provide a comparison of the operable capacity for commitment years 2010/2011 and 2012/2013 to help provide stakeholders guidance on the applicability of these results to the 2010/2011 commitment period?
3. **Slide 14:** In ISO-NE's representation of stakeholder concerns, there is an emphasis on concern over the performance of DR. In explaining its recommendation and proposed rule change, ISO-NE did not state that it shares some stakeholders' concerns about the operation of DR. Did concerns about the operation of DR influence ISO-NE's recommendations and if so, does ISO-NE possess any analysis or data that would assist stakeholders in assessing the merits of this concern?
4. **Slide 11:** If columns 4 & 5 were done in a comparable fashion (i.e., the Net ICR assuming 1,860 MW rather than 3,415 MW), would the "resulting capacity margin" be negative for all combinations of load and capacity/ICR in the table? Does ISO-NE have an opinion on what this might suggest about the usefulness of "capacity margin", as defined on Slide 11, as a measure of reliability for the region?

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year forward auction." FERC Docket 07-365-000, Order Accepting Tariff Changes And Requiring Compliance Filing dated February 28, 2007 at page 20.

<sup>2</sup> ISO-NE, "Risk Profile Analysis with Various Amounts of Tie Benefits," presented by Peter Wong and Maria Agustin, Power Supply Planning Committee, August 13, 2009, located under Item 4 at the following meeting material: . [http://www.iso-ne.com/committees/comm\\_wkgrps/reblty\\_comm/pwrsuppln\\_comm/mtrls/2009/aug132009/index.html](http://www.iso-ne.com/committees/comm_wkgrps/reblty_comm/pwrsuppln_comm/mtrls/2009/aug132009/index.html).