

New England States Committee on Electricity

To: ISO-NE, Planning Advisory Committee
From: NESCOE
Date: August 3, 2012
Subject: Comment on Draft Regional System Plan 2012

The New England States Committee on Electricity (NESCOE) appreciates the opportunity to provide comments on the Draft Regional System Plan 2012 (draft RSP12). Given the length of the document and short time allotted for review and comments, NESCOE provides limited comments and requests for clarification in certain areas. NESCOE looks forward to discussing these and issues identified by stakeholders at the Planning Advisory Committee on August 9, 2012.

I. Presentation of Analysis

NESCOE believes the RSP, in general, is today more a summary of every issue related to planning discussed in the region during the course of the year than it is a clear plan as contemplated by Attachment K. The amount and type of information reflected in the RSP has increased so substantially that it is challenging to identify the “plan” aspect of the RSP. That the RSP includes substantial information is not a criticism: much the information is informative and it serves as a helpful reference document through the course of the year on various issues. However, to be sure the “plan” aspect of the RSP is not lost in what has become a massive document that covers a wide range of issues, NESCOE suggests that ISO-NE consider restructuring the RSP in future years to include only the basic plan in the main body, with an emphasis appropriately on transmission and the other information Attachment K requires. The balance of the information not directly connected to the RSP per Attachment K could be provided in an appendix.

For example, in comments on the draft 2010 and 2011 RSPs, NESCOE stated that future RSPs should provide clear information about the physical characteristics of physical solutions that may meet identified needs pursuant to Attachment K, which requires the RSP to:

- (iii) specify the physical characteristics of the physical solutions that can meet the needs defined in the Needs Assessments and include information on market responses that can address them

The draft RSP 12 provides information regarding the system deficiencies that will be addressed through transmission upgrade projects but does not clearly

set out the information described above that Attachment K directs the RSP to provide. Several current initiatives should help ISO-NE to provide such information in subsequent RSPs, including for example, ISO-NE's Strategic Initiative and associated future rule changes that may better align planning and markets, as well as ongoing Market Resource Analysis such as that conducted in the New Hampshire/Vermont Pilot. Restructuring the RSP as suggested here would enable the RSP to more clearly present the analysis contemplated by Attachment K.

II. Transmission Project Cost Information

In prior years, NESCOE requested that the RSP present clear information about the cost of transmission upgrades underway in the region. NESCOE appreciates that the Executive Summary of draft RSP 12 provides the lump sum of costs for transmission in the plan, along with a footnote clarifying the range of costs. NESCOE also appreciates improvements ISO-NE has made in the past year to the RSP project list. However, NESCOE requests that the estimated costs also be included for each project in the RSP individually. This information could be included in section 5.4 (Project List and Projected Transmission Project Costs). Perhaps ISO intends to add this (there is some suggestion in Table 5-1 that aggregated data will be included), but project-specific estimates would be useful to help evaluate which projects are the major drivers of new investment and growth in the RNS.

III. Energy Efficiency in System Planning

NESCOE appreciates ISO-NE's sustained effort through 2011 and 2012 to develop and implement a forecast for energy efficiency in the region as described in Section 3.2. NESCOE further appreciates ISO-NE's continuing efforts to refine the forecast and to update future numbers based on annual data collection and observation of program application and budget utilization.

NESCOE also welcomes ISO-NE's effort to identify other resources that may not be captured in existing capacity auctions, such as distributed generation and solar PV, much of which is driven by state policies. NESCOE encourages ISO-NE to further develop processes to identify growth in those areas and to account for them in regional planning. Looking forward, NESCOE offers to assist ISO-NE to track and account for distributed resource development and/or smart meter activity, when appropriate, that could also influence resource adequacy.

IV. Coordinated Procurement Efforts

In Section 7.6, *Renewable Portfolio Standards and Renewable Project Development*, the draft RSP references NESCOE's 2011 Request For Information from renewable developers and the 2012 Supply Curve Analysis

as it relates to understanding the renewable energy supply chain. The final RSP could note that in July 2012, the New England Governors adopted a Resolution directing the states to take steps to implement the coordinated procurement Work Plan, which NESCOE developed in 2012, with the goal of issuing a Request for Proposals by December 2013.

V. NESCOE Updates

Section 9.3.2 addresses *NESCOE Updates*. This section focuses primarily on work such as the Request for Information from renewable developers and the Governors Resolution in 2011 related to coordinated procurement. This represents a small fraction of NESCOE's work. To the extent ISO-NE concludes the RSP should provide *NESCOE Updates*, and NESCOE believes it does not, ISO-NE should refer the reader to NESCOE's *Annual Report* posted at www.NESCOE.com that describes NESCOE's work in the prior year and priorities in the year ahead.

VI. ISO-NE Studies

The draft RSP 12 references numerous studies ISO-NE now has underway to inform market participants' and policymakers' thinking on various issues (e.g., the Strategic Transmission Study, various studies related to Gas-Electric issues, etc.). While not necessary within the four corners of the RSP, it would be helpful for ISO-NE to maintain a web page with all current studies, including estimated time frames for next steps and the scope or objective of each study, with links to the most recent work product associated with each study.

Also, regarding economic studies, the ISO should ensure that it issues some form of "Final Results" or "Final Report" in connection with every completed study. With the exception of the 2009 study completed at the New England Governors' request, there do not appear to be any such corresponding "final" reports or results issued for other economic studies.¹

VII. Gas Study Discussion

- a. In the draft RSP's initial description of the Gas Study, it should be noted that the Gas Study was not done in accordance with ISO-NE reliability criteria. The gas study was expressly not intended to provide a "reliability

¹ For a list of economic studies completed since 2007, see Planning Advisory Committee, Agenda and Administrative Items, Mar. 14, 2012 at p. 14, available at http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/mtrls/2012/mar142012/admin_03-14-12.pdf.

planning” quality answer, and was instead intended to indicate the possible impacts on reliability of various future scenarios

- b. Section 7.3.2.1 states that “[T]he 2011 Natural Gas Study concluded that the natural gas pipeline capacity is insufficient for satisfying the economical gas needs for New England’s power plants during the next decade.” NESCOE believes this is an overstatement of the conclusions in the Gas Study. The Gas Study showed that under a snapshot of extreme conditions, based on the coldest weather in the past 30 to 50 years, there is not enough pipeline capacity. The study did not evaluate the likelihood of these extreme conditions occurring or the duration of these extreme conditions if they did occur. The Gas Study also did not examine the economics of gas use. A more accurate statement might be as follows: “The 2011 Natural Gas Study showed that under certain extreme conditions the natural gas pipeline capacity is insufficient for satisfying the gas needs of New England’s power plants. Further analysis is needed to determine if these extreme conditions are likely to occur and what the duration of this occurrence may be before any conclusions can be drawn on whether this may prevent New England from meeting its one day in 10 year reliability targets.”

VIII. General Comments and Requests for Clarification

The following statements in the Executive Summary are unclear or require further support or explanation:

- a. Section 1.1. states “...the region has considerable potential for developing new resources where and when needed”. This statement is unclear. Does this mean the region has the physical potential for new resources, or that there are resources in the queue that align with locational needs, or that there are New England market participants with the financial ability to develop resources? The sentence should be either explained or deleted.
- b. Section 1.1 states “[R]SP assessments, including those on resource adequacy, operating reserves ..., and transmission security, have shown the amounts, locations, and types of resources and transmission infrastructure the system requires for complying with criteria and standards.” It is not clear which RSP assessments include this information. Specifically, ISO-NE should identify in the Executive Summary the amounts, locations and type of resources described. This information should be included but it is not clear where it is located in the document.
- c. Section 1.2.2.1 states “[T]he amount of capacity resources in the Northeast Massachusetts (NEMA)/Boston capacity zone just meets the resource adequacy requirements for that area.” Does this mean precisely – to the MW? Or is this a generalization that NEMA Boston is tight (i.e., with X MW of its LSR or net ICR? Also, it is not clear what period of time this

statement refers to - in 2012, after the retirement of Salem Harbor or something else? The statement should identify the time frame.

- d. Section 1.2.3 states “[N]ew England stands ready to develop any required infrastructure.” It is not clear what this statement means. To whom does this statement refer (ISO-NE, states, market participants)? Is it a representation of an entity’s current financial capability to develop infrastructure?
- e. Section 1.2.4 states “[I]t also identifies possible regional solutions to meet these needs and resolves issues concerning the development and integration of renewable resources and smart grid technologies.” It is not clear where resolution of these issues exists in the document.
- f. Section 1.2.4.2. in the executive summary states that 12.1 GW of fossil fuel and nuclear capacity that “could be affected” by EPA’s cooling water intake rules with “full compliance likely by 2020.” This language suggests that roughly one-third, 12.1 GW, of regional capacity is at risk by 2020. The detailed analyses in Sections 6.2.5 and Section 8 present a full and accurate analysis of the environmental requirements including uncertainties in implementation and timeframes. We suggest striking the “full compliance likely by 2020” in Section 1.2.4.2 and replacing by restating the final sentence in Section 6.2.5 which is an accurate summary of the EPA MATS, CFSR, NAAQS and Clean Water Act 316(b) requirements for units in New England so far as we are aware: “Most of the at-risk capacity would face compliance or retirement decisions—and FCM positioning decisions—starting late in this decade, extending into the early part of the next decade.”
- g. Section 1.2.4.2 states in the last sentence: “The study also will identify generators at risk for retirement.” Does this refer to the ongoing analysis performed in connection with the Strategic Planning Initiative? This should be clarified.
- h. Section 1.3 states “[T]he ISO’s *2012 Regional System Plan* provides information on the timing, location, and type of system resources and the transmission projects needed for reliably serving load throughout the region through 2021.” It is not clear where the information on the timing, location and type of needed system resources is located in the document. On this and similar statements described above, ISO-NE should include section references to direct the reader to where the specific information is located in the document.