

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.

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Docket No. ER18-1509-000

**COMMENTS OF THE  
NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Combined Notice of Filings #2 issued on May 2, 2018, the New England States Committee on Electricity (“NESCOE”) files these comments in response to the May 1, 2018 Petition of ISO New England Inc. (“ISO-NE” or the “ISO”) for Waiver of Tariff Provisions filed in this docket (the “Petition”).<sup>1</sup>

**I. BRIEF DESCRIPTION OF THE PETITION**

ISO-NE filed the Petition following Exelon Generating Company, LLC’s (“Exelon”) submission of Retirement De-List Bids for the Mystic Generating Station (“Mystic”) in connection with the Forward Capacity Auction (“FCA”) for the 2022-2023 Capacity Supply Commitment Period (“FCA 13”).<sup>2</sup> ISO-NE subsequently determined that Mystic Units 8 and 9 (“Mystic 8 & 9”) are needed to address reliability risks related to fuel security over a two-year period beginning on June 1, 2022 and ending on May 31, 2024.<sup>3</sup> Additionally, ISO-NE stated that the retirement of Mystic 8 & 9 could compound regional fuel security risks because these

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<sup>1</sup> NESCOE filed a doc-less motion to intervene in this docket on May 3, 2018. Capitalized terms not defined in this filing are intended to have the meaning given to such terms in the ISO-NE Transmission, Markets and Services Tariff (the “Tariff”)

<sup>2</sup> Petition at 1.

<sup>3</sup> *Id.* at 3. These Capacity Commitment Periods correspond with FCA 13, which will be conducted in February 2019, and the fourteenth FCA (“FCA 14”), which will be conducted in February 2020.

units are the largest customer of an adjacent liquefied natural gas import terminal known as Distrigas, and the “financial viability” of Distrigas would be “substantially diminish[ed]” with the loss of Mystic 8 & 9.<sup>4</sup>

According to the Petition, while the Tariff permits ISO-NE to retain resources seeking to retire to address local transmission security issues, the Tariff “does not contemplate retention to address reliability risks related to fuel security;” therefore, ISO-NE seeks waiver of the Tariff to authorize the retention of Mystic 8 & 9 “to ensure the fuel security necessary for reliable operation of the New England electric grid.”<sup>5</sup> The Petition also seeks waiver of certain Tariff provisions in order to, among other things, exempt the Retirement De-List Bids for Mystic 8 & 9 from a local transmission reliability review requirement and extend until January 2019 the deadline for Exelon to decide whether to proceed with retirement or accept the terms of the reliability retention.<sup>6</sup>

## **II. COMMENTS**

NESCOE takes no substantive position on the Petition. Various New England states may file separate pleadings in this proceeding. NESCOE emphasizes here a number of threshold issues relating to the Petition that the Commission should closely consider in its review.

First, if the Commission accepts the Tariff waiver, the Commission’s order should specify that its acceptance is limited to the immediate need detailed in the Petition, particularly in light of the fact that ISO-NE has already begun work with states and stakeholders to develop market-rule changes to address fuel security risks.<sup>7</sup> The Tariff waiver is essentially a two-year

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<sup>4</sup> Petition at 3.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* at 6, 20-29.

<sup>7</sup> *Id.* at n. 8.

stop-gap measure to ensure the availability of Mystic 8 & 9 until ISO-NE better defines New England’s specific fuel security problem, and until the region has an opportunity to assess additional analyses that have been requested of ISO-NE that enable risk-informed judgments. Based upon those analyses, it may then be necessary for ISO-NE to work with regional stakeholders to develop one or more market-based solutions that are cost-effective and tailored to address New England-specific risks.<sup>8</sup> Any order accepting the waiver should direct ISO-NE to continue down the path of more adequately defining longer term fuel security risks and, to the extent such risks are identified, work toward market-based solutions that have a close relationship to a specific problem. NESCOE underscores that such market-based measures must be a means to this end: providing consumers with a cost-effective, properly tailored solution to fuel supply security challenges.

Second, nothing in this proceeding should limit the opportunity for NESCOE and others to review and respond to Exelon’s cost-of-service (“COS”) filing in the related Docket No. ER18-1639-000 (the “Exelon Proceeding”) or prejudge the outcome of that COS proceeding. ISO-NE stated in the Petition that any comments on the effects of the COS contract for Mystic 8 & 9 should be considered in the Exelon Proceeding.<sup>9</sup> That ISO-NE expresses interest in deferring discussion of the effects of a COS contract does not change the fact that both ISO-NE’s Petition and the related Exelon Proceeding have significant effects on and cost implications for New England consumers. Importantly, the proceedings also raise potential issues around regional cost allocation, which the Petition also does not address. NESCOE reserves the right to raise any associated issues in the Exelon Proceeding. The Commission should ensure that its

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<sup>8</sup> *See id.* at 5.

<sup>9</sup> *Id.* at n. 65.

action here does not in any way limit NESCOE's or other parties' ability to address these matters in connection with the proposed COS agreement.

Finally, in the Petition, ISO-NE represents to the Commission that if Mystic 8 & 9 are retained for reliability, the units "will be entered into FCAs 13 and 14 as price takers" pursuant to the FCA's clearing rules.<sup>10</sup> To the extent the Commission ultimately approves a COS arrangement in connection with the Exelon Proceeding, such approval will reflect a balance between the costs to be borne by consumers and the benefits consumers will obtain as a result of their investment. NESCOE urges the Commission to be mindful of the representations made in the Petition.

### **III. CONCLUSION**

NESCOE respectfully requests that the Commission consider the above comments in this proceeding.

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<sup>10</sup> *Id.* at 26.

Respectfully Submitted,

*/s/ Jason Marshall*

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*/s/ Phyllis G. Kimmel*

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Dated: May 23, 2018

## CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC this 23rd day of May, 2018.

*/s/ Phyllis G. Kimmel* \_\_\_\_\_

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