

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

**ISO New England Inc. and the
New England Power Pool Participants Committee**

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Docket No. ER21-782-000

**COMMENTS OF
THE NEW ENGLAND POWER GENERATORS ASSOCIATION, INC.**

Pursuant to Rule 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”),¹ the New England Power Generators Association, Inc. (“NEPGA”)² files this Motion to Intervene and Comments in support of ISO New England Inc.’s (“ISO-NE”) and the New England Power Pool (“NEPOOL”) Participants Committee’s jointly proposed change to the methodology for calculating the Dynamic De-List Bid Threshold (“DDBT”) for use in the Forward Capacity Market.³ The proposed methodology is just and reasonable in several respects, including that it is transparent, is intended to reduce inefficient administrative costs, and will avoid unnecessary mitigation reviews on competitive offers. In addition, the proposed DDBT methodology is the product of a collaborative effort among ISO-NE

¹ 18 C.F.R. § 385.214 (2020). This Motion to Intervene and Comments is timely filed. *See Combined Notice of Filings*, Docket No. ER21-782-000 (Dec. 31, 2020).

² The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular member.

³ ISO New England Inc. and New England Power Pool Participants Committee, Market Rule 1 Change to Implement New Methodology for Calculating Forward Capacity Market Dynamic De-List Bid Threshold, Docket No. ER21-782-000 (filed Dec. 31, 2020) (“Joint Filing”).

and NEPOOL stakeholders. For these reasons, NEPGA respectfully requests that the Commission accept the DDBT methodology proposed by ISO-NE and the NEPOOL Participants Committee.

I. Motion to Intervene and Communications

NEPGA is the trade association representing competitive power generators in New England. NEPGA's member companies represent approximately 26,000 megawatts, or nearly 90% of the installed capacity in New England. NEPGA's mission is to support competitive wholesale electricity markets in New England. NEPGA believes that open markets guided by stable public policies are the best means to provide reliable and competitively-priced electricity for consumers. A sensible, market-based approach furthers economic development, jobs and balanced environmental policy for the region. NEPGA's member companies are responsible for generating and supplying electric power for sale within the New England bulk power system. As active participants in the ISO-NE wholesale electricity markets, NEPGA's member companies have substantial and direct interests in the outcome of these proceedings, and those interests cannot be adequately represented by any other party in the proceeding.

All correspondence and communications related to this proceeding should be addressed to the following individuals:

Bruce Anderson
Vice President, Market and Regulatory Affairs
New England Power Generators Association, Inc.
33 Broad Street, 7th Floor
Boston, MA 02109
banderson@nepga.org

I. THE PROPOSED METHODOLOGY IS TRANSPARENT AND CONTRIBUTES TO THE AVOIDANCE OF INEFFICIENT ADMINISTRATIVE COSTS AND UNDUE MITIGATION REVIEWS

There are several aspects of the methodology proposed by ISO-NE and NEPOOL that render it just and reasonable. First, it is a transparent methodology that sets the DDBT at a price based on publicly available information, including the total quantity of supply that cleared and the system-wide clearing price in the prior FCA, together with the projected change in demand for the next FCA.⁴ The first of those variables are historic and thus known, and the last of which ISO-NE will timely publish on its website.⁵ ISO-NE will then estimate how the demand curve would shift, from the prior FCA to the subsequent FCA, due to the forecast change in demand, which demand curve estimate will be based on the existing methodology for the setting of the demand curve as defined in the Tariff.⁶ With this transparent information and methodology as its basis, the DDBT is set, *preliminarily*, to the average (mean) of: (1) the prior FCA's actual system-wide capacity clearing price; and (2) the price at which the quantity of capacity that cleared in the prior FCA would clear in the subsequent FCA based on the forecast change in the demand curve.⁷

Second, it avoids unnecessary administrative costs and guards against significant, unpredictable swings in the DDBT by bounding the DDBT to be no higher than 75% of the Net CONE value in the subsequent FCA and no less than 75% of the prior FCA system-wide clearing price.⁸ The minimum limit helps avoid the inefficiency of setting the DDBT so low that it is within a price range where there is little to no risk of the undue exercise of market power, and where it would be inefficient to saddle Market Participants with the cost of submitting de-list bids with

⁴ Joint Filing, Transmittal Letter at 15. ("Transmittal").

⁵ Joint Filing, Joint Testimony of Matthew Brewster and Christopher Geissler on Behalf of ISO New England Inc., at 54 ("Brewster/Geissler Affidavit").

⁶ *Id.* at 54-55.

⁷ Transmittal at 15.

⁸ Brewster/Geissler Affidavit at 58 - 61. `

little to no incremental benefit to competitive outcomes. Worse yet, these administrative costs could discourage a Market Participant from submitting a de-list bid at all, thus potentially interfering with a competitive price formation. The minimum limit helps avoid those outcomes. Further, the minimum and maximum limits together provide a measure of predictability in the DDBT, in that they do not allow the DDBT to fluctuate significantly year over year.

Third, the proposed methodology requires a “margin” adder to the preliminary DDBT that serves to better protect against uncompetitive outcomes caused by the administrative burden of submitting a de-list bid.⁹ Following the calculation of the preliminary DDBT and application of the maximum and minimum limits, the final DDBT is set equal to the sum of the preliminary DDBT and a “margin” adder.¹⁰ This adder will have the effect of increasing the DDBT such that potential offers within a range of the preliminary DDBT will not be subject to mitigation review. As explained during the NEPOOL Markets Committee deliberation on the proposed change, stakeholders reported that the cost of submitting a de-list bid and engaging the Internal Market Monitor’s mitigation review process discourages Market Participants from making competitive offers that fall just above the DDBT. Thus, an administrative cost may interfere with competitive market outcomes, in that these near-DDBT economic offers are not reflected in the clearing of the auction. The margin adder thus properly accounts for this risk by creating a competitive offer range “buffer” above the preliminary DDBT.

Finally, the proposed DDBT methodology is “borne out of collaborative efforts to achieve a better balancing of interests between NEPOOL’s diverse membership.”¹¹ In the NEPOOL

⁹ The one effective exception is when the DDBT is at its maximum value, in which case the adder is set equal to zero. *See* Brewster/Geissler Affidavit at 62.

¹⁰ Brewster/Geissler Affidavit at 61-62 (the details of the margin adder are contained within ISO-NE’s filing, but of note the adder increases as the preliminary DDBT value decreases, and vice versa).

¹¹ Transmittal at 21.

stakeholder process, two of NEPGA's Members, Dynegy Marketing and Trade LLC ("Vistra") and Calpine Energy Services, LP ("Calpine"), proposed amendments to ISO-NE's original DDBT methodology proposal, as did the New England States Committee on Electricity ("NESCOE").¹² At the October NEPOOL Markets Committee meeting, by vote NEPOOL did not support any of the amendments proposed by Vistra, Calpine and NESCOE.¹³ "[I]n an effort to achieve consensus" on a new DDBT methodology, representatives from NESCOE, Vistra, and Calpine worked together to produce a single, consolidated proposal for vote at the November NEPOOL Participants Committee meeting (the last stakeholder meeting prior to ISO-NE filing the DDBT proposal). This consolidated proposal was overwhelmingly approved by the Participants Committee, which ISO-NE subsequently adopted and filed with the Commission. This collaborative process should be recognized as a successful use of the NEPOOL process.

II. CONCLUSION

For the reasons stated above, NEPGA respectfully requests that the Commission grant this Motion to Intervene and accept the change to the Dynamic De-List Bid Threshold methodology jointly proposed by ISO-NE and the NEPOOL Participants Committee.

Respectfully Submitted,

/s/ Bruce Anderson

Bruce Anderson
Vice President, Market and Regulatory Affairs
New England Power Generators Association, Inc.
33 Broad Street, 7th Floor
Boston, MA 02109
Tel: 617-902-2347
Email: banderson@nepga.org

¹² *Id.*

¹³ *Id.*

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding. Dated at Boston, Massachusetts, January 21, 2021.

/s/ Bruce Anderson _____

Bruce Anderson
Vice President, Market and Regulatory Affairs
New England Power Generators Association, Inc.
33 Broad Street, 7th Floor
Boston, MA 02109
Tel: 617-902-2347
Fax: 617-902-2349
Email: banderson@nepga.org