

two days to answer NEPGA's Protest – NEPGA briefly answers only ISO-NE's assertion that the Reference Unit may be assumed to be in multiple locations for purposes of identifying cost input values that are used to develop the Gross Cost of New Entry value ("CONE"). If not for ISO-NE's late filing and the Commission's statutory deadline fast approaching, NEPGA would also have answered several factual inaccuracies included in ISO-NE's answer. Most importantly, the conclusion to be drawn from ISO-NE's initial filing and now answer remains the same – the proposed Net CONE value is unjust and unreasonable and NEPGA's Protest provides sufficient response to ISO-NE's case in chief to require that the Commission either reject ISO-NE's filing, or otherwise set this matter for hearing to resolve material facts in dispute.

Although the Commission's rules generally do not permit answers to answers, the Commission permits such answers for good cause shown, such as when the response aids in the explanation of issues or facilitates the development of the record.⁵ NEPGA's answer here seeks to add to and correct the record to provide the Commission with a more appropriate basis to make a determination in this proceeding. NEPGA thus seeks leave to answer and requests that the Commission accept this filing.

I. ANSWER

In its Protest, NEPGA demonstrated that ISO-NE chose a single site location for the Reference Unit and that based on that location the Reference Unit requires on-site compression in

⁵ See, e.g., *Morgan Stanley Capital Grp., Inc. v. New York Indep. Sys. Operator, Inc.*, 93 FERC ¶ 61,017, at 61,036 (2000).

order operate and earn revenues according to the Reference Unit's real-time dispatch schedule filed as part of the record by ISO-NE.⁶ Yet, in its answer ISO-NE states:

“It is important to note that months after locational assumptions were presented to stakeholders, some of them asserted that the reference unit must be located on a lateral gas pipeline (a pipeline that extends off of the main gas transmission line), based on a separate locational assumption used for purposes of calculated expected property taxes.”⁷

ISO-NE thus explains that it used one location assumption for determining interconnection costs, while using a separate location assumption for property taxes. ISO-NE posits that NEPGA's claim that the Reference Unit is located at a single site location, rather than multiple locations “seems to form the basis for NEPGA's assertion that a gas compressor would be required.”⁸ Indeed it does, and ISO-NE's suggestion otherwise makes no sense. Conversely, ISO-NE now confirms what was implicit in its initial filing, that it believes that it is free to assume one site location for certain inputs to the Gross CONE value (as in its example, property taxes) and to assume a separate (undefined) location for evaluating the costs necessary to deliver fuel to the Reference Unit.

This position is as absurd and as unsupported in ISO-NE's answer as it was in its initial filing. ISO-NE believes that it can assume that the Reference Unit is located within two miles of connecting to a main gas pipeline and to the 345 kV transmission system for purposes of gas lateral and transmission interconnection costs, but when faced with the Wilmer/Levitan evidence⁹ of a need for gas compression at that specified location, the Reference Unit magically travels to a

⁶ ISO New England Inc. Filing Re Updates to CONE, Net CONE and Capacity Performance Payment Rate, Transmittal Letter at 18, note 59, Docket No. ER21-787-000 (filed Dec. 31, 2020) (citing to hyperlink to the Reference Unit dispatch model).

⁷ ISO-NE Answer at 25.

⁸ *Id.*

⁹ See NEPGA Protest, Attachment A, Affidavit of Sara Wilmer and Richard Levitan on Behalf of New England Power Generators Association, Inc., at PP 22-33, Docket No. ER21-787-000 (filed Jan. 21, 2021) (“Wilmer/Levitan Affidavit”).

location elsewhere in New England where ISO-NE claims compression may not be needed.¹⁰ The Reference Unit can then travel again to another location to avoid the pipeline capacity constraints shown by Levitan and Wilmer at the site location chosen by ISO-NE, thereby avoiding pipeline upgrade costs. With no apparent limiting principle, and taken to its logical conclusion, ISO-NE could choose a separate site location for each of the Reference Unit cost values (*e.g.*, located in northeast Massachusetts for transmission costs, in southwest Connecticut for gas interconnection costs, and in southeast Connecticut for property taxes).

ISO-NE's assertion regarding its use of multiple locations for determining cost assumptions demonstrates a fundamental flaw in its whole approach to developing Gross CONE, and based on this deficiency alone, the Commission cannot accept ISO-NE's Gross CONE. ISO-NE's case-in-chief identified a single location for the Reference Unit for purposes of identifying representative costs including, among other things "interconnection costs [and] property taxes." Yet, ISO-NE inexplicably now claims there is one site location assumption for interconnection costs and a separate location assumption, at the very least, for property taxes. There is no record basis to support this bizarre approach. In fact, ISO-NE's admission that a site location with the perfect combination of conditions necessary to achieve the minimization of all cost inputs as proposed by ISO-NE in its Gross CONE value does not exist and establishes that ISO-NE's proposal is purely theoretical and illusory. The ISO-NE Tariff and Commission precedent cannot be read to allow ISO-NE to recalculate Net CONE in this manner.¹¹

¹⁰ Notably, ISO-NE provides no evidence that the Reference Unit can avoid the need for on-site compression at some other location, other than reporting verbally that ISO-NE's consultant had spoken to Enbridge, the Algonquin owner/operator, and that ISO-NE would "not be adding any costs for on-site compression because there may be locations on Algonquin in New England where compression would not be needed." *See* Wilmer/Levitan Affidavit at P 28.

¹¹ *See* NEPGA Protest at 9-11 (explaining the Tariff obligation to harmonize the assumptions such that Reference Unit is "economically viable.").

As noted, above, ISO-NE also makes several factual assertions either without evidentiary support (*i.e.*, ISO-NE cites to no authority for the assertion) or for which the factual evidence contradicts ISO-NE's assertion, or both. Again, with the timing of ISO-NE's answer, and the Commission's urgency in considering ISO-NE's Net CONE proposal, NEPGA will not seek leave to answer these several additional issues here. The conclusion remains the same, however – ISO-NE has not met its burden to provide the substantial evidence to demonstrate that its proposed rate changes are just and reasonable. NEPGA endorses the answer filed on February 17, 2021, by the Electric Power Supply Association, explaining in further detail ISO-NE's evidentiary burden, the Commission's obligation to base its findings on substantial evidence, and ISO-NE's failure to provide the substantial evidence necessary to meet these burdens.¹²

II. CONCLUSION

For the reasons stated, NEPGA asks that the Commission accept this Answer and consider it in making its findings on ISO-NE's proposed Net CONE value under Section 205 of the Federal Power Act.

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 See Motion for Leave to Answer and Answer of the Electric Power Supply Association, Docket No. ER21-787-000 (filed Feb. 16, 2021).

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, February 17, 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