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RENEW Northeast, Inc.)	
Complainant)	
)	
v.)	Docket No. EL23-16-000
)	
ISO New England Inc. and)	
New England Participating Transmission Owners)	
Respondents)	
)	
)	

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cost causation or beneficiary. This should be remedied both for the reasons given by RENEW and because of the unduly negative consequences this O&M cost shifting has for competitive market outcomes and system reliability. NEPGA respectfully requests that the Commission grant the RENEW Complaint on these grounds and, as requested by RENEW, direct the PTOs to change Tariff provisions as necessary to eliminate the PTO assignment of these costs.

I. COMMENTS

RENEW persuasively explains that the Tariff is unjust, unreasonable, and unduly discriminatory in its assignment of O&M costs to Interconnection Customers. NEPGA will not repeat those arguments here, but instead looks to add to the record with respect to the negative impact this unlawful assignment of O&M costs has on competitive market outcomes.

This unlawful shifting of costs unduly compromises competition, fair market outcomes, and ultimately consumers in several ways. To start, a Market Participant obligated to incur costs it should not bear is in a worse competitive position versus other suppliers – for no other reason than the unjust assignment of costs to that Market Participant. Worse yet, in ISO-NE there is no opportunity for the Market Participant to recover these costs. In the Forward Capacity Market, an Existing Capacity Resource seeking to offer above the Dynamic De-List Bid Threshold prior to the auction can include only its “avoidable costs” (net of, *e.g.*, inframarginal rents earned in the energy markets).⁶ The O&M costs that are the subject of this complaint are clearly not avoidable, in that an Interconnection Customer is responsible for these annual costs for the term of the Interconnection Agreement (typically 20 – 40 years)⁷ regardless of whether or not the Interconnection Customer holds a Capacity Supply Obligation. Only in a priced offer to retire the resource (either entirely or through a Permanent De-List Bid from the capacity market) can an

⁶ Tariff § III.13.1.2.3.2.1.2.A.

⁷ See RENEW Complaint at 21.

Existing Capacity Resource reflect these costs.⁸ Similarly, a Market Participant may reflect only variable costs (mostly fuel)⁹ in Energy Market offers, with the O&M costs at issue here a fixed annual cost. Market efficiency likewise may suffer if a resource is infra-marginal when, but for these unlawful costs, the resource could provide capacity, energy or other services at lower cost than the marginal resource. This in turn harms consumers. Thus, the shifting of costs RENEW highlights creates broad negative economic consequences both for resources that rely on markets to produce economic outcomes and those that pay for their services.

This unjust cost shifting may as well create risks to system reliability, particularly with respect to winter supplies in New England. NEPGA recently recounted in its Comments on standards proposed by the North American Electric Reliability Corporation (“NERC”) that NERC and the Northeast Power Coordinating Council, Inc. (“NPCC”) have spoken to the risks a lack of cost recovery opportunity may pose to winter operations.¹⁰ At the Commission’s recent Forum on New England winter system reliability, for example, NPCC CEO Charles Dickinson explained that in order to meet reliability needs both now and under a changing resource mix, RTOs and ISOs must retain those existing resources that efficiently provide the reliability services the RTOs and ISOs rely on for energy, reserves and other needs.¹¹ NERC, likewise, recently offered that new standards imposing financial or other burdens could have “negative impacts on reliability,” including “the premature retirement of generating units that are unable to implement corrective

⁸ See Tariff § III.13.1.2.3.2.1.1.2 (Review of Permanent De-List Bids and Retirement De-List Bids); Tariff § III.13.1.2.3.2.1.2.B (defining expected net operating profit to include “other normal expenses that can be avoided or not incurred if the resource is retired.”).

⁹ See Tariff, Appendix A, § III.A.7 (calculation of energy market offer price Reference Levels).

¹⁰ Motion to Intervene and Comments of the New England Power Generators Association, Inc., at 5-6, Docket No. RD23-1-000 (filed Dec. 8, 2022).

¹¹ New England Gas-Electric Forum Transcript (“Transcript”) at 9 (Docket No. AD22-9-000) (Sept. 8, 2022). (“[T]here’s a significant need to make certain we have bridging technologies where we retain the technologies that will help use deal with [the resource mix transition].”).

actions due to these [financial and other] constraints or the withdrawal of those units from the winter markets.”¹²

The Commission is well aware of the winter reliability concerns in New England and the need to address them immediately. Continuing to impose O&M costs on an unprincipled basis inconsistent with cost causation raises the same concerns as those raised by NPCC and NERC. The absence of opportunities to recover these unavoidable costs in the New England wholesale electricity market further risks uneconomic generating unit retirements. It is mindful of these impacts that NEPGA supports RENEW here and urges the Commission to remedy these unjust, unreasonable, and unduly discriminatory Tariff provisions on both newly interconnecting resources, as well as those still mired in decades-long Interconnection Agreements.

II. CONCLUSION

NEPGA supports the RENEW Complaint and respectfully asks that the Commission grant it in full and order ISO-NE and the PTOs to amend the Tariff accordingly.

Respectfully Submitted,

/s/Bruce Anderson

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¹² Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standards EOP-011-3 and EOP-012-1 and Request for Expedited Action, at 44, Docket No. RD23-1-000 (filed Oct. 28, 2022).

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 Cambridge, Massachusetts, January 23, 2022.

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