

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

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ISO-New England Inc.)	Docket No. ER15-117-000
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**MOTION TO INTERVENE AND COMMENTS OF THE
NEW ENGLAND POWER GENERATORS ASSOCIATION, INC.**

Pursuant to Rules 211 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. §§ 385.211 and 214, and in accordance with the Commission’s Combined Notice of Filing #2, dated October 16, 2014, the New England Power Generators Association, Inc. (“NEPGA”)¹ hereby files this Motion to Intervene and Comments in response to the ISO-New England (“ISO-NE”) Internal Market Monitor’s (“IMM”) proposed changes to the ISO-NE Tariff to provide for the review and potential mitigation of importers’ supply offers into the Forward Capacity Auction.²

I. Motion to Intervene and Communications

NEPGA is a private, non-profit trade association advocating for the business interests of competitive electric power generators in New England. NEPGA’s member companies represent approximately 26,000 megawatts of installed capacity throughout the New England region. NEPGA’s mission is to promote sound energy policies which will further economic development, jobs, and balanced environmental policy. NEPGA’s member companies are responsible for generating and supplying electric power for sale within the New England bulk

¹ The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular member.

² ISO-NE Filing Re: *ISO New England, Inc.*, Docket No. EL14-99-000; Response to Order to Show Cause, Docket No. ER15-117 (filed October 16, 2014).

power system. As active participants in the ISO-NE capacity and 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 individual:

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II. Comments

On September 16, 2014, the Commission issued an order directing ISO-NE and the IMM to provide for the review and potential mitigation of offers from import capacity resources “in a manner similar to the manner in which other, existing resources are reviewed and mitigated,” or to explain why such market rule changes are unnecessary.³ NEPGA has long advocated for the comparable treatment of all resources that are eligible to offer into the Forward Capacity Auction, with respect to both the capacity product definition and offer mitigation, recognizing that a uniform product definition and comparable mitigation rules among resource types are necessary antecedents to allow the Forward Capacity Market to identify the economically

³ *ISO New England Inc., Order to Show Cause*, 148 FERC ¶ 61,201 (2014) (“September 16 Order”).

efficient price to meet New England’s resource adequacy needs.⁴ As part of this, NEPGA has sought the appropriate levels of offer mitigation to avoid the market inefficiencies created by uneconomic offers into the Forward Capacity Auction, whether from subsidized in-region generation or new imports.⁵

The Commission as well has long recognized the market benefits of comparable treatment of all resources offering into the Forward Capacity Auction. This has been reflected, for example, in its order approving an energy market must-offer obligation for demand response capacity resources, as is the case for generation capacity resources,⁶ and its recent order approving the two-settlement Forward Capacity Market design.⁷ NEPGA applauds the Commission’s focus on ensuring a uniform capacity product definition and comparability in the rules governing the participation, requirements and treatment of all capacity resources – regardless of technology, fuel or location inside or outside the ISO-New England control area. The September 16 Order is an important next step in this process and NEPGA appreciates efforts made to continue to improve the markets.

The IMM’s instant proposal seeks to improve upon the comparability between the mitigation rules applicable to New Import Capacity Resources and existing generation resources,

⁴ See, e.g., *Motion to Intervene and Comments of the New England Power Generators Association, Inc. and the Electric Power Supply Association*, at p. 4, Docket Nos. ER14-1050-000, -001 (filed February 12, 2014) (asking for a clearly defined single capacity product).

⁵ See, e.g., *Opening Brief of Petitioners New England Power Generators Association, Inc., NRG Power Marketing LLC, et al.*, at pp. 40-45, U.S. Court of Appeals for the District of Columbia Circuit No. 12-1060, *et al.* (filed October 9, 2012) (arguing that the failure to mitigate uneconomic import capacity offers is unlawful); *Motion to Intervene and Protest of the New England Power Generators Association*, Docket No. ER10-787-000 (filed March 15, 2010).

⁶ *ISO New England Inc.*, 142 FERC ¶ 61,027, at PP 27-36, 50 (2013) (approving the must-offer requirement and finding that the PER adjustment should apply to all capacity resources because it “is important to achieving comparability between demand response resources and other capacity suppliers.”).

⁷ *ISO New England Inc. and New England Power Pool*, 147 FERC ¶ 61,172, at P 86-89 (2014) (approving a uniform product definition and capacity market design where “resources are compensated without regard to technology type,” and rejecting claims that the application of the single capacity product definition is unduly discriminatory).

in that it subjects a New Import Capacity Resource found to be “pivotal” to mitigation review when its offer is outside of the IMM’s determined range of patently economic offers, as is the case for existing generation resources. The IMM’s market mitigation rules as amended by its proposed Tariff changes in this proceeding, however, fail to extend certain offer flexibility to import resources. Further changes to the mitigation rules are therefore necessary to come closer to comparability in this aspect of the mitigation rules. For example, the Tariff changes proposed by the IMM do not allow a New Import Capacity Resource to offer into the Forward Capacity Auction in more than one price/quantity pair. This treatment is inconsistent with the rules applicable to internal resource types that may offer into the Forward Capacity Auction in up to five price/quantity pairs and also denies these resources an important tool to manage the risk exposure inherent in the two-settlement Forward Capacity Market design recently approved by the Commission.⁸ Though the NEPOOL Participants Committee approved the IMM’s proposal, even a greater percentage of Participants Committee members approved an amended version of the IMM’s proposal to allow New Import Capacity Resources to offer into the Forward Capacity Auction in up to five price/quantity pairs.⁹ NEPGA therefore respectfully asks the Commission to order ISO-NE and the IMM to amend the Tariff to allow New Import Capacity Resources to offer into the Forward Capacity Auction in up to five price/quantity pairs.

⁸ *ISO New England Inc. and New England Power Pool*, 147 FERC ¶ 61,172, at P 75 (2014) (explaining that the two-settlement design allows resources to mitigate their risk, in part, by offering their capacity in blocks, and expecting that the ability to offer in price/quantity pairs will provide flexibility to “manage risk exposure through bidding strategies designed to reflect the varying levels of performance risk associated with different levels of output for a particular resource.”).

⁹ *Comments of the New England Power Pool Participants Committee*, Docket Nos. ER15-117-000, EL14-99 (filed October 31, 2014) (reporting the greater level of market participant support for amendments to the IMM proposal offered by Brookfield Energy Marketing, which allow for New Import Capacity Resources to offer into the Forward Capacity Auction in up to five price/quantity pairs).

The transparency of cost information resources are required to provide the IMM when offering into the Forward Capacity Auction provides another example of the disparate application of the mitigation rules depending on the resource type. Import capacity resources backed by a remote Control Area may base their Forward Capacity Auction offers on “system power,” which allows such a resource to avoid, or at least obscure, IMM review of the project-specific offer costs actually needed to back the transaction, unlike other resources, such as internal generation resources, that must provide detailed project-specific cost information when their offers are subject to mitigation review.¹⁰ This effective exemption from project-specific cost information review applies for a resource backed by a remote Control Area, even when it is well known and publicly reported that the resource is backed by one or more new generation units.¹¹ The IMM has committed to provide NEPOOL stakeholders with a review and discussion of the outcomes from the application of the IMM’s proposed Tariff changes and existing mitigation rules, and to consider future improvements to the mitigation rules, following the ninth Forward Capacity Auction. NEPGA supports this continued discussion, and in particular requests that the IMM address the disparate treatment of external resources backed by a remote Control Area. NEPGA believes it is critical to the proper functioning of the markets that all offers into the Forward Capacity Market are linked to actual capacity, so that the IMM can appropriately consider whether an offer is economic. We therefore encourage the Commission to direct that this matter be addressed in a compliance filing, following completion of the post-ninth Forward Capacity Auction stakeholder process.

¹⁰ See, e.g., ISO-NE Tariff § III.13.1.3.5.3 (allowing New Import Capacity Resources backed by an external Control Area to submit in lieu of other information its capacity projections for the External Control area showing sufficient excess capacity to back the resource).

¹¹ *Id.*

III. Conclusion

Wherefore, NEPGA respectfully requests that the Commission grant its motion for leave to intervene in this proceeding and adopt NEPGA's requests herein.

Respectfully Submitted,

*/s/ Bruce Anderson*_____

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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the comments by via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Boston, Massachusetts, November 6, 2014.

/s/ Bruce Anderson _____

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