

Consumer Liaison Group Meeting

Holyoke, Massachusetts

May 6, 2010

Meeting Notes

I. Participants

The following individuals participated at this meeting either in person or by phone:¹

Jed Nosal (MA AG); Carolyn O'Connor (ISO-NE); Hayley Dunn (ISO-NE); Bob Ruddock (Smith, Ruddock and Hayes); Andy St. Pierre (Crane and Company); Mark Bailey (BAE Systems); Bob Halpin (MA Smart Grid Innovators Collaborative); Bob Espindola (Acushnet Company); Craig Foley (inCharge); Bob Ludlow (ISO-NE); Ellen Foley (ISO-NE); Eric Johnson (ISO-NE); Patricia Rush (PowerOptions); Hans Mertens (VT DPS); Rich Steeves (CT OCC); Paul Peterson (Synapse Energy); Mary Coleman (National Grid); Howard Plante (Freedom Energy Logistics); Donald Drohan (Halifax America Energy); Bill Short (Freedom Energy); Eric Wilkinson (ISO-NE); Bruce McKinnon (CMEEC); Jason Marshall (MA DPU); Jamie Tosches DeMello (MA AG); Edward Goldstein (MA AG); Agnes Gormley (ME OPA); David Cetola (MA AG); Frank Holden (NH State Representative); Naida Kaen (NH State Representative); Camilo Serna (Northeast Utilities); Fred Plett (MA AG); Mary Healey (CT OCC); Lynn Fabrizio (NH PUC); Steve Kaminski (NHEC); Lisa Fink (ME PUC); Leo Wold (RI AG); Joe Sukaskas (Northeast Utilities); Roger Borghesani (TEC).

II. Introductions

Hayley Dunn, External Affairs Representative, ISO New England welcomed the CLG to the ISO and introduced Jed Nosal, Chief, Business and Labor Bureau, Office of Massachusetts Attorney General Martha Coakley as the Chair of the CLG Coordinating Committee. Mr. Nosal introduced Richard Steeves, Office of Consumer Counsel, State of Connecticut as the Vice-Chair, other CLG CC members in attendance and acknowledged the presence of New Hampshire State Representatives Naida Kaen and Frank Holden.

III. Presentation and Discussion with Mary Healey

Mary Healey, Consumer Counsel, State of Connecticut and President, National Association of State Utility Consumer Advocates (NASUCA) discussed electric energy issues in Connecticut as well as some of NASUCA's priorities for 2010.

¹ Please note that this is not an all-inclusive list of participants, some individuals may not have signed-in or may have joined the conference call without identifying themselves.

The Connecticut Office of Consumer Counsel (OCC) is involved in a number of electric energy issues, including an expiration of the competitive transmission assessment (which is a surcharge to cover stranded costs) and decoupling. The OCC is also involved in the 2010 Integrated Resource Plan (IRP) for Connecticut. Reevaluated every two years, the IRP analyzes Connecticut's fleet of resources and looks ahead 20 years to evaluate what future resources should be considered. The IRP takes into consideration energy efficiency, RPS, the repowering of older units, non-transmission alternatives (NTA), combined heat and power and nuclear energy. Ms. Healey expressed concern with the ability of the regional planning process to consider NTAs and urged that information about transmission alternatives be provided earlier in the transmission planning process. She noted that the Greater Hartford Needs Assessment is an opportunity for the ISO planners to work more closely with the state of Connecticut in providing such information.

Ms. Healey also noted that NASUCA is also working to increase its visibility in Washington DC at the FERC, FCC and Congress, and is actively promoting a proposal to create a federal Consumer Advocate. In addition, the Eastern Interconnection Planning Collaborative has set aside three seats for end users – at least one of which must represent a state consumer advocate agency.

IV. Import Capability Affects Costs for Consumers

Mark Karl, Senior Director, Resource Adequacy, ISO New England, presented and facilitated a discussion on the methodology for calculating tie benefits. "Tie benefits" is the amount of emergency energy that can be obtained from neighboring control areas to help the bulk power system during capacity shortage conditions.

Before each Forward Capacity Auction (FCA) the ISO must determine the Installed Capacity Requirement (ICR) or the amount of installed resources needed to meet New England's Resource Adequacy Criterion², and subsequently the amount of resources that will need to be purchased for each FCA. The calculation of tie benefits is an input to the development of the ICR. Setting the ICR is a balancing act because if the ICR is set too high, the consequences are that the region will buy too much capacity, however if the region doesn't buy enough capacity, system reliability could be affected resulting in higher energy prices. All stakeholders (including Consumer Advocates) are encouraged to participate in the ongoing ICR calculation stakeholder process.

There was also a discussion on the current tie benefit issues, including the conditions for calculating tie benefits and the stakeholder process to resolve those issues.

² Criterion states that "... the loss of load expectation [LOLE] of disconnecting non-interruptible customers due to resource deficiencies shall be, on average, no more than 0.1 day per year..." (ISO-NE Resource Adequacy Criterion – Planning Procedure 3). To meet this requirement, the system needs capacity in an amount equal to the expected demand plus enough to handle any uncertainties associated with load or with the performance of the capacity resources

V. Options for Consumer Participation in Wholesale Electricity Markets

Henry Yoshimura, Director, Demand Resource Strategy, ISO New England and Camilo Serna, Director of Strategy and Business and Development at Northeast Utilities (NU) presented on the types and benefits of Demand Resources (DR) in New England and on smart grid pilot programs in Connecticut.

[Mr. Yoshimura provided an overview of DR](#) – what it is, it’s role in New England’s markets and operations, and opportunities for consumers to participate in Demand Response programs. In addition, he discussed the benefits of DR in reducing electricity prices and peak demand.

[Mr. Serna discussed results from NU’s “Plan it Wise” pilot program](#) – a program testing a sample of customers’ response to various dynamic pricing rates and the impact of “enabling” in-home technologies. Results were very positive for commercial and industrial customers, but for residential customers, dynamic pricing was found to be not cost effective. NU is now proposing to the DPUC, an opportunity for all customers to sign-up to participate in dynamic pricing, and if approved, the program will be deployed in 2012. NU’s goals for the dynamic pricing program are to provide customers with information and control tools to manage energy usage and costs; to provide customers with choices on pricing options that may help them lower their overall bill; and to modernize the grid infrastructure to provide safer, more cost effective, and more reliable service to customers.

David Cetola, Assistant Attorney General, Office of Massachusetts Attorney General Martha Coakley, gave an [overview of FERC’s Notice of Proposed Rulemaking \(NOPR\) on Price-Responsive Demand](#). The proposed rule recommends that energy markets be designed to pay demand resources the full LMP for providing energy in all hours. Mr. Cetola provided a number of reasons why FERC made this recommendation, including that it can help to mitigate energy prices and generation market power.

VI. Update on Timely Issues and Activities³

Carolyn O’Connor, Director, External Affairs, ISO New England reviewed timely issues and activities involving the ISO, including:

- **Vermont Needs Assessment.** The ISO conducted a Needs Assessment for Vermont’s transmission system which was posted on the ISO web site on February 8, 2010.⁴ The assessment indicated that absent upgrades to the transmission system, under certain conditions in the future, there will be operational problems with the grid in Vermont. These problems include line overload, low voltage, and loss of load. They are exacerbated and extend to other areas of the region with Vermont Yankee nuclear power station out of service. This needs assessment did not specifically analyze future conditions with Vermont Yankee permanently retired. ISO NE is currently revising this

³ For additional items not mentioned in this update, please see the April monthly issues memo, http://www.iso-ne.com/committees/comm_wkgrps/othr/clg/mnthly_issu_memo/2010_april_issues_memo.pdf

⁴ To view the Vermont Needs Assessment, please go to http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/pac/reports/index-p2.html. Please note that CEII clearance is required to access this report. To obtain CEII clearance, please contact [Customer Service](#).

needs assessment along with a revised New Hampshire needs assessment. This new VT/NH needs assessment will look at future conditions with Vermont Yankee retired. A Solutions Study is currently underway and is expected to be complete by the end of 2010. This study will identify cost effective transmission solutions to the problems identified in the Needs Assessment. New generation, transmission and demand-side resources that have made commitments to the region through the Forward Capacity Market will be analyzed as components of the potential solutions. Ms. O'Connor also noted that given the significance of Vermont Yankee in Vermont and the region, state regulators are seeking to be more directly involved in the Needs Assessment process.

- **FCM Filing.** The ISO submitted a FERC filing requesting clarification or rehearing in FERC's April 23 Order. Specifically the ISO is requesting that FERC postpone the implementation of market rule changes until no earlier than FCA-6 to allow for the time it will take to write and vet new market rules, achieve FERC approval and test new software.
- **Economic Studies.** The ISO received three requests, including one from NESCOE for an economic study, for a single year in the 20-year timeframe. The request seeks to build on the results of the 2009 study and provide a baseline for the states to evaluate expansion scenarios that will be performed as part of the EIPC initiative. The request includes two additional studies: (1) market-sourced replacement or repowering of older coal- and oil-fired generators, and (2) replacement of the same fossil units through a competitive procurement of renewable resources from New England and/or neighboring Canadian provinces.

2010 CLG Meeting Dates

[August 5](#) – Colonnade Hotel, Boston, MA

[November 3](#) – Westborough, MA