

FCM-Generator Interconnection Process Stakeholder Group
Tuesday, March 25, 2008

FERC's Directives on the Intra-Zonal Deliverability Test

On November 8, 2004, FERC issued an order addressing the ISO's filing in compliance with Order No. 2003.¹ As you may recall, the November 8 Order accepted the ISO's MIS as the interconnection standard for New England on the basis that it "offers interconnection customers market benefits that are equivalent to NRIS while requiring minimal upgrade obligations more similar to those required by ERIS."² While FERC accepted the MIS, it made clear that the issue of deliverability needed to be addressed.

Specifically, FERC required the ISO to file a mechanism that will ensure generators meet an intra-zonal deliverability test in order to qualify as ICAP resources, and will offer interconnection customers an option for meeting a zonal deliverability requirement that has higher interconnection obligations than of the MIS. FERC intended this mechanism to complement the LICAP market proposed by the ISO by addressing the issue of deliverability within LICAP zones.³ FERC's November 8 Order, in particular, directed the ISO to consider and address in its intra-zonal deliverability filing the following:

- How best to define zonal deliverability within the capabilities of the existing New England transmission system with the goal of implementing one or more deliverability-based interconnection services;
- Whether the ISO should limit the amount of ICAP capacity that may be sold by a generator to load within its LICAP zone to reflect the available transmission transfer capability between the generator and load;
- Whether the claims of others on transmission transfer capability would require assigning rights to transmission transfer capability for purposes of making ICAP purchases and sales;
- Whether zonal deliverability is a prerequisite for qualifying as an ICAP resource in other LICAP zones;
- Whether new generators built in the future should be required to pay for sufficient upgrades to be deliverable to all loads within the zone in order to sell ICAP capacity, as well as how transmission rights for purposes of qualifying for as an ICAP resource should be assigned to new and existing generation resources; and
- Which interconnection service or services would need to be elected in order to ensure a generator's deliverability within its local zone.⁴

On rehearing, FERC affirmed the requirement that ISO "consider the issue of intra-zonal deliverability, including intra-zonal transfer capability and transfer rights, and to propose revisions to its tariff in a future filing that would offer interconnection customers an option for meeting a zonal deliverability requirement."⁵

¹ *New England Power Pool, et al.*, 109 FERC ¶ 61,155 (2004) ("November 8 Order"), *order on reh'g*, 110 FERC ¶ 61,335 (2005) ("March 24 Order").

² November 8 Order at P 42.

³ Please note that the November 8 Order predates the development and implementation of the Forward Capacity Market.

⁴ *See id.* at PP 48-50.

⁵ March 24 Order at P 15.