

FCM-Generator Interconnection Process Stakeholder Group
Second Draft – Reflecting Comments from Meeting No. 1
October 11, 2007

Background

The current Interconnection Queue process was developed over a number of years and reflects both extensive stakeholder discussions and numerous Commission Orders. The Queue is a critical means for the ISO to ensure that new generators do not degrade system reliability, and is also important in providing certainty to generators about their ability to interconnect to the system. The current Queue is a first-come, first-served approach to granting interconnection rights. There are certain requirements that must be met on an on going basis for maintaining a resource's Queue position. There is no economic prioritization of projects in the Queue. That is, all economic decisions are left to the individual developers and there is no mechanism to give preference to one project over another except through their Queue order. In the current markets, after a resource is on line, Queue order does not dictate any additional rights and all units compete for limited transmission on an economic basis.

The Forward Capacity Market (FCM) design grants projects competing for the capacity market certain rights based on Queue order and, therefore, has raised concerns about whether the current Queue process continues to be appropriate. Specifically, concerns have been raised by the State of Connecticut and NECPUC that the current Queue process may not ensure that the most economic resources are able to sell into the capacity market and that the simple first-come, first-served approach gives certain market participants, specifically those with resources earlier in the Queue, certain priority in the FCM relative to new resources and those resources later in the Queue.

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To facilitate this group's discussion of possible changes to the Queue, NEPOOL, NECPUC, and the ISO are jointly sponsoring the FCM-Generator Interconnection Process Stakeholder Group. The Group is intended to be an open, comprehensive, and constructive stakeholder review of the existing Queue process.

Proposed Mission Statement

The goal of the review undertaken by this Working Group is to identify whether there is a need to make modifications to the Queue process, particularly as it relates to granting rights in the FCM and where improvements may be made in administration of FCM and the Queue process. Any such modifications should improve economically efficient and competitive outcomes in the FCM and promote the interconnection of generators more likely to be actually built while being transparent, meeting stakeholder needs for the development and interconnection of projects, and ensuring the continued reliability of the New England transmission system. They must also resolve any transition issues that may arise from changes to the FCM or Queue process. Any modifications must meet FERC standards governing the interconnection process.

Goals of the Interconnection Queue Working Group

- Provide background and information to stakeholders about the current Queue process and FCM
- Identify and discuss key issues and principles associated with the Queue and FCM
- Develop approaches to address key issues and principles
- Attempt to reach consensus on how to address key issues and principles where possible
- Provide a mechanism for bringing minority position(s) to the appropriate voting NEPOOL committee
- Enhance current processes as appropriate
- File any changes with the Commission by October 2008

Desired Characteristics of the Interconnection Queue Working Group

- Direct involvement of NECPUC and market participants
- Ample opportunity for stakeholders to provide comment and make proposals
- Clearly identify and define key issues and principles
- Robust discussion surrounding key issues and principles
- Operate as a non-voting group that attempts to achieve consensus on issues and frame unresolved issues for action at appropriate voting committees
- Framework that balances information sharing and discussion with the need for timely decision making