

September 4, 2009

To: The Honorable Paul Roberti, Commissioner, Rhode Island Public Utilities Commission; Robert Stein, Chairman, NEPOOL Participants Committee; and Anne George, ISO New England, Vice President, External Affairs & Corporate Communications

Cc: Michael Giaimo, ISO New England

From: Nicolas Bossé, Manager Regulatory Affairs – Brookfield Energy Marketing Inc.

Re: Brookfield Energy Marketing Inc. submissions to the Forward Capacity Market Working Group

Dear Forward Capacity Working Group chairs,

Following the notice sent to the Forward Capacity Working Group members on September 2, 2009, Brookfield Energy Marketing Inc (“BEMI”) hereby submits the following items to be considered into the future deliberations of the working group. The suggestions are twofold:

- 1) Expand the ability of an Import Capacity Resource to acquire and shed Capacity Supply Obligations from the bilateral market; and
- 2) Allow for capacity wheel-through where ISO New England is the intervening control area.

Expand the ability of an Import Capacity Resource to acquire and shed Capacity Supply Obligations from the bilateral market

Currently, an Import Capacity Resource with a Capacity Supply Obligation may participate in a bilateral transaction to shed that obligation to a resource internal to New England. An Import Capacity Resource without a Capacity Supply Obligation may participate in a reconfiguration auction to acquire an obligation. An Import Capacity Resource may not acquire an obligation through a bilateral transaction from a resource internal to New England.

III.13..5.1(f) The Capacity Transferring Resource and the Capacity Acquiring Resource that are parties to a Capacity Supply Obligation Bilateral must be located in the same Capacity Zone, or the path from the Capacity Transferring Resource to the Capacity Acquiring Resource must flow across adjacent Capacity Zones in the direction of the modeled interface constraint(s), as such Capacity Zones and interface constraints are defined following the Forward Capacity Auction conducted for the Capacity Commitment Period to which the transferred Capacity Supply Obligation applies.



III.13..5.1(g) If the Capacity Acquiring Resource is an Import Capacity Resource, then the Capacity Transferring Resource must also be an Import Capacity Resource on the same external interface.

Hence Section III.13.5.1 (f) allows for an Import Capacity Resource to engage into a bilateral transaction to shed a Capacity Supply Obligation to a resource in the Rest-of-Pool Capacity Zone. Provision III.13.5.1 (g) imposes restrictions on an Import Capacity Resource from taking on a Capacity Supply Obligation through a bilateral transaction unless the resource shedding the obligation is also an Import Capacity Resource on the same external interface.

Therefore, the current sets of rules prevent an Import Capacity Resource to acquire a Capacity Supply Obligations from internal resources located in Rest-of-Pool and from another interface but for the those that currently has a Capacity Supply Obligations on the same external interface.

The rule change would have the effect of allowing an Import Capacity Resource to acquire and shed Capacity Supply Obligations with both internal and Import Capacity Resources notwithstanding its physical location or interface as long as they all reside in the same Capacity Zone.

Allow for capacity wheel-through where ISO New England is the intervening control area

Currently an Import Capacity Resource can seek qualification to participate into the Forward Capacity Market using path that crosses multiple Control Areas (Section III.13.1.3.5.3.1.) – “capacity wheel-through”. As an example, an Import Capacity Resource located in the Province of Québec can participate into the Forward Capacity Auction by selling its capacity into ISO New England by crossing the New York or New Brunswick control areas. But the Forward Capacity Market does not allow the same Import Capacity Resource located in Québec to sell its capacity into the New York market using a path that crosses ISO New England. Finally, it should be noted that energy wheel-thru is currently supported by ISO New England.

The request is therefore to modify the Forward Capacity Market rules in a manner to allow for capacity wheel-through where ISO New England acts as an intervening Control Area.

Shall you have any questions regarding these requested modifications to the Forward Capacity Market, please do not hesitate to contact me at 514-451-1479 or via email at Nicolas.bosse@brookfieldpower.com

Kind regards,

/S/
Nicolas Bossé
Manager, Regulatory Affairs - ISO New England