

Ideas for ISO Cost Containment

From the Maine Public Advocate

At the first two meetings of the RTO Responsiveness and Governance stakeholder group, the Maine Public Advocate outlined its concerns about the lack of cost consciousness at ISO NE. On each occasion, Mr. Doot reasonably requested examples of ways ISO NE could better pay attention to costs.

In response, we cite the following list of ideas and issues from page 27 of the Maine PUC's January 16, 2008 Order:

- Requiring that the ISO approve reliability projects on a “least cost” basis for both PTF and non PTF facilities.
- Requiring the ISO-NE and the TOs to clearly define how the “least cost” solutions are to be calculated.
- Amending the existing Regional System Plan methodology and components to require more extensive consideration of non-transmission alternatives to transmission including generation and demand response and a consideration of their cost.
- Identifying a method to more reliably identify where new generation will be built so that generation alternatives may be more reliably considered as alternatives to transmission.
- Providing consequences for projects that exceed cost estimates under certain circumstances. Require documentation and justification of cost overruns on projects beyond a threshold amount and require notice to state commissions of the cost overruns.
- Requiring meaningful coordination between ISO-NE committee review and state review in the transmission planning process.
- Providing a process for reexamination and reconfiguration of a project under certain circumstances. Circumstances which might lead to such a reexamination could include significant cost overruns, significant changes to load forecasts, or other significant events.
- Changing the “no adverse impact” standard for ISO-NE approval of reliability upgrades to one that requires a showing that the need is met at the least cost.