

DRAFT
Minutes of RSP Planning Advisory Committee (PAC29) Meeting
 Doubletree Hotel Westborough, MA
 March 19, 2008

Attendees:

Name	Organization
Jeff Jones	Bangor Hydro
Bill Fowler (phone)	BG/ENEH/LRGC
Ken Bekman	Caithness NE Services Co
Brain Forshaw	CMEEC
Seth Kaplan	CLF
Dano Weisbord	CLF Ventures
Sandi Hennequin	Constellation Energy Commodities
Rick Rodrigue (phone)	CT DEP
Eric Jacobi	CT DPUC
Eric Runge	Day Pitney/NEPOOL
Tim Morrissey (phone)	Dominion
Fernando da Silva	FP&L
Tom Kaslow (phone)	First Light, Dynegy, Calpine
Michel Tremblay	HQ TransEnergie
Bob Stein	HQ US
Dorothy Capra	International Power
Carolyn O'Connor	ISO-NE
Dave Ehrlich	ISO NE
Bob Ethier	ISO-NE
Kevin Flynn	ISO-NE
Michael Henderson	ISO-NE
Eric Johnson	ISO-NE
Andrew Kniska	ISO-NE
Wilma Lawrence	ISO-NE
Frank Mezzanotte	ISO-NE
Jim Platts	ISO-NE
Mark Tessicini	ISO-NE
Peter Wong	ISO-NE
Carol Wendel	ISO-NE
Dan Peaco	La Capra
Bill Killgoar	LIPA
Bob Donaldson	MA DEP
Ghebre Daniel	MADPU
John Keene	MADPU
Shashi Parekh (phone)	MADPU
William C. Black	Maine Public Advocate
Phil Smith	Mirant
Bruce McKinnon	MMWEC
Steve Conant	NEITC
Jim Nash (phone)	NEITC
Henri Daher (phone)	NGRID
Dana Walters	NGRID
Peter Fuller	NRG
Steve Masse	NSTAR
Joe Staszowski	NU
Gene Taddeo	NU

Charles Gilbert	Sea Breeze/Sea Bos
Cristen Schimpf	Siemens
Jeff Fenn	SGC/BHE
Paul Peterson	Synapse
Allison Smith	Synapse
Roger Borghesani	TEC
Christian Bilcheck	UI
Jim Gawronski	UI
Hans Mertens	VTDPS

Administrative

Mr. Mike Henderson welcomed the attendees. After introductions, he reviewed the meeting agenda, dates of future PAC meetings and other information of interest.

RSP08 Scope of Work

Mr. Henderson presented the proposed scope of work for RSP08 production analyses and environmental emission simulations for the period 2010 to 2018. He covered assumptions to be used for resource additions, loads, generation and demand response (DR) modeling, fuel costs and emissions data. He also provided illustrative graphs of potential costs and environmental results from the simulations.

There was considerable discussion of the options for adding resources to meet the Installed Reserve Requirement (IRC) over the ten-year planning period. Mr. Henderson proposed using the FCA #1 auction resources as a starting point and then asked for options to add resources beyond 2010. Suggestions included: adding resources that had I.3.9 and started construction, resources with I.3.9, renewables without I.3.9 and then non renewable resources without I.3.9. Alternative ideas were to add resources in proportion to load, in proportion to LSR, and in proportion to generation, add resources in Queue by in-service date and clarify imports. The PAC was asked to review the slide and suggest approaches before the next meeting.

Comments from the PAC included:

- Delisting of 2000 MW will remove that capacity
- The auction resulted in significant DR which will impact the simulation results
- Will NEEWS be modeled?
- Coordinate RSP08 with economic studies (Attachments K and N)
- Assume not all Queue resources get built
- Peak shaving could be double accounting on the load and supply side
- DR to cap peak doesn't "freeze" energy growth.

Economic Upgrade Stakeholder Process

Dr. Robert Ethier presented the stakeholder processes that the ISO expects to implement for the first time in 2008: the Market Efficiency Transmission Upgrades section of Attachment N and the Economic Studies portion of Attachment K of the OATT. Dr. Ethier described the organization of a working group with four chairpersons and the first meeting is scheduled for March 29 and it is open to any interested party. A first goal of the group will be to understanding the sections of each attachment and the distinctions between them. K is more conceptual and does not result in projects. Then a methodology for conducting the studies will be formulated. Interested stakeholders must submit proposals by April 1 for

economic upgrades and the PAC will identify three to study. Others can be studied but they must be paid for by the project developer.

PAC Comments:

- What is the difference between the two types of studies?
- Attachment N affects production costs, but not consumer cost; they need to include the latter,
- Focus on generic corridors not specific projects,
- Would projects be shared with the PAC? Ans: Yes
- Can a project be under N and K? Ans: K would usually come first for market efficiency upgrades.
- Attachment N has no deadline;
- Depending on the type of project, projects can be paid for by sponsor and in response to a need the ISO identifies
- Does a K study need a sponsor? Ans: ISO will conduct up to three studies. Sponsors can pay for additional studies

Imports from Neighboring Regions (NICE Update)

Mr. Henderson gave an overview and status report of the work being done to consider imports of large amounts of renewable energy from neighboring regions in Canada. This is being guided by a joint U.S. Canadian committee “NICE”. Both hydro and wind energy projects are being planned in the Eastern Canadian Provinces totaling over 13,000 MW with an energy potential of 60 TWh. New England renewable projects in the ISO Queue total around 2,900 MW and have an energy potential of 11 TWh.

Mr. Henderson showed maps of the locations of clusters of these projects and conceptual costs of transmission paths that might be developed to link them and bring the power into and through Northern New England. New England States’ renewable portfolio standard requirements were projected out to 2024. However, by 2024, the total renewable projects in the ISO’s Queue would leave a shortfall of around 9 TWh compare to these requirements. Updated information on resources and transmission plans will be developed for a May meeting of the New England governors and Eastern Canadian Premiers.

PAC Comments:

- Transmission development costs range from \$3 to \$4.7 billion
- Hydro capacity factor could be 100% not 60%
- Can’t expect HQ to build transmission to the border for no cost to New England
- \$574/kW will be paid by TransEnergie and the rest would be paid by developer plus the system transmission costs
- Are these new transmission costs or from Scenario Analysis? Ans: They are new conceptual costs.
- Climate requirements increases the need for renewables,

Long Run Load Forecast

Mr. Dave Ehrlich provided the results of the 2008 New England long run electric energy and peak load forecast for the next ten years. He summarized the changes in the methodology and presented the new forecast. Average annual energy growth is 0.8 % per year and summer peak load grows on average about 1.2% per year. The summer peak is about 850 MW lower than the 2007 forecast for the year 2016. State energy forecasts show NH growing at the fastest rate of 1.6% per year while the lowest energy growing states are MA, RI and VT at 0.7% per year. Mr. Ehrlich highlighted that the load factor is projected to decrease from about 55% today to 52% by the end of the forecast due to the increase in summer air conditioning.

PAC comments:

- Why is load factor targeted? Ans: It is a projection based on trends.
- Is the forecast methodology different for 2008? Ans: Refinements/revisions to current methodology
- Other demand reductions (ODR) are included in the forecast.
- What impact would a recession have? Ans: A full econometric model is reflected in the forecast.
- Why wouldn't the winter load factor trend continue positively and wouldn't DR improve it? Ans: No it is a resource
- Can not see what is the amount of EE and DR embedded in the forecast
- How are new developments i.e. shopping malls etc. included in the forecast? Ans: Specific projects are not reflected on this granular level.

Forward Capacity Market Update

Mr. Mark Tessicini presented the results of ISO's first forward capacity market auction held February 4-6. A total of 34,352 MW cleared at the auction floor price of \$4.50/kW-mo. This was comprised of 30,865 MW from supply resources, 2,552 MW from demand resources and 934 MW from existing imports. There were 2,047 MW of excess capacity above the required amount of 32,305 MW. Mr. Tessicini presented many details of the auction results related to capacity obligations, delisting and obligation by states. For the 2011 to 2012 auction almost 9,000 MW of supply resources are seeking qualification along with about 1,800 MW of demand resources and around 5,000 MW of imports.

PAC Comments:

- Why is Maine singled out?
- Will ISO accept groups of generators prorating?
- Will peaking MW be allowed?
- Do new resources need to qualify for each auction? Ans: Generally they do.
- How to qualify imports for deliverability? Ans: the project must demonstrate it.
- Is wind capacity nameplate? Ans: No

New England RSP08 System Overview

Mr. Peter Wong reviewed the current system statistics that will be the starting point for RSP08 analysis and system simulations. This included generation and transmission system information, past and future load growth and 2007 energy sources, projected load and capacity for 2008, generation availability and demand resource assumptions. He also provided the approved ICR monthly requirements for 2008/2009.

PAC Comments:

- Are peaks normalized? Ans: Yes at 50/50 90deg F and 60 Deg dewpoint
- ISO needs to clarify how dual units are classified.
- Clarification is needed of the percent requirement for 2007 imports (Slide 4).
- Footnote how much is dual fuel. Ans: This varies over time.
- Is there a similar slide for DR as Slide 12 for supply? Ans: Slide 15.
- Clarify how Slide 16 was added into load forecast.

Lower SEMA Transmission Update

Mr. Frank Mezzanotte presented an update on the transmission plans for the lower SEMA area of MA. This included a brief review of the settlement agreement and the short-term study and plan, followed by a more detailed status report on the long-term study. He summarized the violations found to date in analyzing power flows for a 2012 90/10 load, discussed possible long-term alternatives, and concluded with a summary of the next steps. He asked that anyone who believes he has an additional transmission solution to contact him by May 21, in order to be included in the working group. He specifically referenced the December 2007 PAC meeting that focused on HVDC proposals for New England.

PAC Comments:

- What is the current schedule for the short-term upgrades? Ans: NSTAR did not have a definitive answer.
- What are the siting hold-ups? Ans: NSTAR did not have a definitive answer.
- Make clear opportunity for DR and peaking generation.
- Assumptions are missing from slides for other generation. Ans: Dispatch info was provided verbally.
- 2012 is too soon to study improvements. Ans: With new load forecast this will probably be more like 2103-2014, and 2018 will also be studied.
- Allow non-transmission alternatives to be covered by the Tariff.