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ISO New England Releases Regional Power Grid Look-Ahead

Annual Regional System Plan has identified more than 550 transmission projects in the past 10 years

Holyoke, MA—October 21, 2011—ISO New England Inc. today released the *2011 Regional System Plan (RSP11)*, a comprehensive report on New England’s electric power system, including progress to date, an outline of transmission upgrades and resource additions needed to provide a reliable supply of electricity, and challenges and opportunities facing the region through 2020. The Board of Directors of ISO New England, the operator of the region’s bulk power system and wholesale electricity markets, approved *RSP11* today.

“Power system infrastructure identified through the regional system plan has significantly improved the reliability of the region’s power grid,” said Gordon van Welie, president and CEO of ISO New England. “This long-term planning process also has illuminated several trends and challenges that are likely to affect the power grid and markets in the coming years, and we have embarked on a broader initiative—the Strategic Planning Initiative—to tackle those challenges. The Strategic Planning Initiative, combined with the regular regional system planning process, will help prepare the New England power system for the future.”

RSP11 is the eleventh regional system plan issued since the ISO assumed planning responsibility in 2000. The planning document is the result of a year’s collaboration among the ISO, policymakers, state regulators, industry representatives, consumer advocates, and other stakeholders. ISO New England’s annual planning process has proactively identified power system needs and how to address them with transmission upgrades and market resources.

Outlook

Capacity—The results of the latest Forward Capacity Auction (FCA #5) show that New England should have adequate resources to meet demand through 2014/2015. Future FCA auctions will help procure the capacity needed, should generation retirements occur after the 2014/2015 timeframe.

Demand forecast—Energy consumption is projected to grow an average 1.1% annually over the next 10 years, while summer peak demand is expected to grow by 1.4% per year.

Transmission upgrades—Transmission upgrades have been identified in all six New England states to meet reliability requirements. Several are currently under construction, have been approved in state-level

siting proceedings, or are being prepared for siting. These include the Maine Power Reliability Program, upgrades in Southeastern Massachusetts, and the Interstate Reliability Project in Connecticut, Massachusetts and Rhode Island. In all, more than 189 projects, representing an investment of about \$5.3 billion, have been proposed to reinforce the reliability of New England's power system.

Progress Report

Transmission—Eight major 345 kilovolt transmission upgrades required for power system reliability have been completed in the region, and construction has begun on several more. From 2002 to the end of 2011, a total of 379 transmission projects will have been put into service, representing a \$4.6 billion infrastructure investment in all six states. These transmission upgrades maintain system reliability and support market efficiency and have resulted in significant reductions in congestion costs.

Generation—Competitive wholesale markets have encouraged the construction of more than 13,100 megawatts (MW) of new generation in the region since 1997.

Demand resources—The Forward Capacity Market has encouraged expansion of demand-side resources, such as energy efficiency and active demand resources, which reduce load only when needed. More than 2,000 MW of demand resources are available in 2011 and more is being planned.

Planning for the Future Grid – ISO-NE, Regional, and State Initiatives

Strategic Planning Initiative—ISO New England, working closely with its stakeholders, has identified five challenges expected to have an impact on the New England power system in the coming years. The challenges include resource performance and flexibility; increased reliance on natural gas; retirement of generators; integration of variable resources; and alignment of planning and markets. The Strategic Planning Initiative will proactively address these issues to ensure continued reliability and an efficient marketplace in the long term.

Economic planning studies—ISO has completed a number of economic studies that address future system performance for various scenarios. Completed studies and follow-up analyses are being conducted to show the effects of generator retirements, the integration of wind generation, and interregional transfers with neighboring power systems, such as New York ISO, PJM Interconnection, and the Canadian regions.

Energy efficiency forecasting—ISO New England is currently developing a methodology to forecast long-term energy-efficiency savings from state-sponsored programs, for years beyond what is currently captured in the Forward Capacity Market.

Market resource alternatives—Regional System Plans have provided considerable information on the amounts, types, locations, and performance requirements of resources that could meet system needs. In response to stakeholder requests for more detailed information, the ISO recently conducted a pilot study analyzing how various market resources could solve reliability needs in Vermont and New Hampshire. The ISO intends to conduct more such analyses for other areas in the region.

Additional Highlights

Fuel diversity—New England's dependency on natural gas is expected to continue to increase. In 2000, natural gas-fired power plants produced about 15% of the region's electricity. By 2010, that

had increased to 45.6%. At the same time, electric energy produced by oil units declined from 22% in 2000 to 0.4% in 2010.

Renewable Portfolio Standards and related policies—Renewable Portfolio Standards and related goals call for renewable resources and energy efficiency to comprise 31.2% of New England’s total projected energy use by 2020, with state energy-efficiency and combined heat and power programs making up about 13.6% of these goals.

Environmental initiatives—The Regional Greenhouse Gas Initiative (RGGI) and impending changes to federal air and water regulations are likely to affect some New England generators. The ISO has initiated a study to better quantify the resource implications of existing and upcoming EPA regulations and will continue to monitor how federal and state policy changes may affect the region.

Environmental performance—Emission rates for New England generators continue to decline. Compared with 1999, the 2009 average emission rate for sulfur dioxide has declined by 71%, nitrogen oxide by 66%, and carbon dioxide by 18%. Proceeds from RGGI auctions have provided nearly \$263 million to the six New England states, and 86% has been targeted to state energy-efficiency programs.

The Role of Planning

The annual *Regional System Plan* is developed to meet requirements established by the Federal Energy Regulatory Commission, the North American Electric Reliability Corporation, and the Northeast Power Coordinating Council, including the development of annual and peak load forecasts; the provision of information about the amounts, locations, and characteristics of market responses that could meet defined system needs; and a description of needed transmission projects for the region. Each *RSP* is a snapshot in time, and the results are revisited as needed based on the latest available information. Each plan is developed in a year-long, collaborative process that includes state regulators and other government entities, transmission owners, end users, market participants, and other stakeholders.

The [2011 Regional System Plan](#) is available on ISO New England’s website.