



Sherry A. Quirk  
202/778-6475  
squirk@schiffhardin.com

1666 K STREET N.W., SUITE 300  
WASHINGTON, DC 20006

t 202.778.6400  
f 202.778.6460

www.schiffhardin.com

June 5, 2007

**VIA ELECTRONIC FILING**

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Motion for Extension of Time and Request for Expedited Treatment and Shortened Comment Period of ISO New England Inc.,  
New England Power Pool, et al., Docket Nos. ER04-433-000, et al.

Dear Secretary Bose:

Pursuant to Rules 212 and 2008 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, ISO New England Inc. respectfully files the attached Motion for Extension of Time and Request for Expedited Treatment and Shortened Comment Period of ISO New England Inc. with respect to the intra-zonal deliverability compliance filing required by the Commission's June 26, 2006 notice in the above captioned docket. A copy of the foregoing has been served upon all parties included in the Commission's service list in this proceeding in accord with the Commission's rules for electronic filings.

Should you have any questions or need further information concerning this filing, please call Sherry Quirk at the number below or Ray Hepper of ISO New England Inc. at 413-540-4592.

Sincerely,

/s/ E-filed

\_\_\_\_\_  
Sherry A. Quirk, Esq.  
Monica M. Berry, Esq.  
Counsel for ISO New England Inc.  
(Direct) 202-778-6475

Enclosure  
cc: Service List

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New England Power Pool	)	Docket No. ER04-433-000
	)	and ER04-433-001
	)	
Bangor Hydro-Electric Company, <i>et al.</i>	)	Docket No. ER04-432-000
	)	and ER04-432-001

**MOTION FOR EXTENSION OF TIME AND REQUEST  
FOR EXPEDITED TREATMENT AND SHORTENED  
COMMENT PERIOD OF ISO NEW ENGLAND INC.**

Pursuant to Rules 212 and 2008 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Rules of Practice and Procedure, 18 C.F.R. §§ 385.212 and 385.2008 (2006), ISO New England Inc. (“the ISO”) respectfully files this Motion for Extension of Time and Request for Expedited Treatment and Shortened Comment Period concerning the intra-zonal deliverability compliance filing directed by the Commission’s order issued November 8, 2004 (“November 8 Order”),<sup>1</sup> and the related Notice of Extension of Time issued June 26, 2006 (“June 26 Notice”) in the above captioned dockets. The ISO previously on June 9, 2006, filed a motion for an extension of time concerning the intra-zonal deliverability compliance filing. In the June 26 Notice, the ISO was granted its request and was directed to file a report on or before July 2, 2007, on how intra-zonal deliverability should be addressed within the New England markets and the time frame for implementation.

However, in light of the ISO’s filing of revisions to the market rules to implement New England’s Forward Capacity Market (“FCM”) and the Commission’s April 16, 2007, order (“April 16 Order”) conditionally accepting and requiring certain modifications to those rules,

---

<sup>1</sup> *New England Power Pool*, 109 FERC ¶ 61,155 (2004) (“November 8 Order”), *order on reh’g*, 110 FERC ¶ 61,335 (2005).

good cause exists for the Commission to grant a further extension of time to allow the ISO to submit a report on or before February 29, 2008 on intra-zonal deliverability, its relationship to the transmission queue, and the proposed timing of a compliance filing. As discussed further below, among the outstanding issues related to implementation of the FCM, the ISO is committed to prioritizing the intra-zonal deliverability mechanism and anticipates addressing this matter and the transmission queue as a high priority.

In addition, the ISO requests expedited treatment of this filing, and requests that the Commission rule by June 29, 2007. The ISO requests a shortened comment date of ten days from the date of this filing, or June 15, 2007.

## **I. Background**

On January 20, 2004, the New England Power Pool (“NEPOOL”) submitted a compliance filing in response to the Commission’s Final Rule on Generator Interconnection Agreements and Procedures (“Order No. 2003”).<sup>2</sup> A contemporaneous compliance filing was made by the NEPOOL transmission owners<sup>3</sup> concerning the local facilities subject to their control.

---

<sup>2</sup> Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh’g*, Order No. 2003-A, 106 FERC ¶ 61,220 (2004), *reh’g pending*; *see also* Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004) (“Compliance Procedures Order”).

<sup>3</sup> Bangor Hydro-Electric Company; Central Maine Power Company; Fitchburg Gas and Electric Light Company; Maine Electric Power Company (“MEPCO”); New England Power Company; Northeast Utilities Service Company (on behalf of The Connecticut Light and Power Company, Western Massachusetts Electric Company, Public Service Company of New Hampshire, Holyoke Power and Electric Company, and Holyoke Water Power Company); NSTAR Electric and Gas Corporation (on behalf of Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company); The United Illuminating Company; Unitil Energy Systems, Inc.; and Vermont Electric Power Company.

The Commission's order issued on November 8, 2004<sup>4</sup> in this proceeding addressed both of these compliance filings. The November 8 Order required the ISO to file, no later than September 1, 2005 for implementation on January 1, 2006, a mechanism that will ensure generators meet an intra-zonal deliverability test in order to qualify as Installed Capacity ("ICAP") resources, and will offer interconnection customers an option for meeting a zonal deliverability requirement that has higher interconnection obligations than that of the Minimum Interconnection Standard ("MIS"). The Commission intended this mechanism to complement the Locational Installed Capacity ("LICAP") market proposed by the ISO in a separate proceeding<sup>5</sup> by addressing the issue of deliverability within LICAP zones—an issue not addressed by the LICAP proposal.

On December 8, 2004, the ISO requested an extension of time in which to make the deliverability compliance filing required by the November 8 Order. It proposed that such a filing should be required no earlier than July 1, 2006, six months after the date the Commission mandated for implementation of LICAP in New England. The Commission granted the ISO's request by notice issued January 5, 2005. The ISO on June 9, 2006, filed a motion for an extension of time concerning the intra-zonal deliverability compliance filing, stating that additional time was needed to assess intra-zonal deliverability requirements, to allow for stakeholder input and to prepare a report to the Commission. In the June 26 Notice, the ISO was granted its request and was directed to file a report on or before July 2, 2007, on how intra-zonal deliverability should be addressed within the New England markets and the time frame for implementation.

---

<sup>4</sup> November 8 Order at PP 43-50.

<sup>5</sup> *Devon Power LLC, et al.*, 107 FERC ¶ 61,240 (2004).

On March 6, 2006, the ISO and a number of other parties filed a Settlement Agreement in Docket Nos. ER03-563-000, *et al.* (“FCM Settlement”).<sup>6</sup> That agreement contemplates an FCM, which is a forward procurement market, rather than a LICAP market structure in New England. The FCM Settlement establishes a physical, rather than a financial market for capacity, and procurement of capacity just equal to the ICAP Requirement for New England roughly three years prior to the time when the capacity is needed. Given this structural design, intra-zonal deliverability will take on potentially more significance, may well need to be defined differently than under a LICAP structure, and will require considerable analysis by the ISO and New England stakeholders.

On June 16, 2006, the Commission issued an order in which it accepted the FCM Settlement<sup>7</sup> and the ISO on February 15, 2007, submitted a filing containing revisions to market rules implementing the FCM Settlement (“February 15 Filing”).<sup>8</sup> In the April 16 Order, the Commission conditionally accepted the revisions to the market rules proposed by the ISO to implement New England’s FCM and required certain modifications to those rules.<sup>9</sup>

## **II. Request for Extension of Time**

In light of the filing of the proposed market rules implementing the FCM Settlement and the April 16 Order conditionally accepting those rules, the ISO requests an extension of time in which to submit a report concerning how the intra-zonal deliverability required by the November

---

<sup>6</sup> Explanatory Statement in Support of Settlement Agreement of the Settling Parties and Request for Expedited Consideration and Settlement Agreement Resolving All Issues, *Devon Power LLC, et al.*, Docket Nos. ER03-563-000, *et al.* (March 6, 2006).

<sup>7</sup> *Devon Power LLC*, 115 FERC ¶ 61,340 (2006).

<sup>8</sup> Filing Containing Revisions to Market Rules Implementing FCM Settlement Agreement, Docket No. ER07-546-000 (February 15, 2007)(“February 15 Filing”).

<sup>9</sup> *ISO New England Inc.*, 119 FERC ¶ 61,045 (2005) (“April 16 Order”).

8 Order should be addressed and when implementation might be achievable. In its November 8 Order, the Commission suggested differing interconnection standards for different levels of interconnection, reflecting a resource's ability to contribute to reliability and participate in different markets. While the proposed market rules implementing the FCM Settlement enhance the deliverability of the system by assuring that resources that provide capacity are able to provide incremental useful capacity to the system, the rules do not address full intra-zonal deliverability. The rules move in the direction of a deliverability standard and provide a foundation for a more structured deliverability requirement.<sup>10</sup> However, significant additional work remains to be done.

As the ISO stated in its February 15 Filing, intra-zonal deliverability is an important issue in the development of the FCM, and is inextricably interrelated with the potential redesign of the interconnection queue.<sup>11</sup> The ISO anticipates a full and open stakeholder process to fully resolve these issues. Given the need to develop and implement many features of the FCM in anticipation of the first auction in February of 2008, a number of other ongoing projects at the ISO, and the complexity of resolving the issues surrounding development of a new interconnection standard for capacity and energy resources and the redesign of the interconnection queue, the ISO in its February 15 Filing proposed to make a compliance filing prioritizing these issues by September 1, 2007.<sup>12</sup>

In its April 16 Order, the Commission found that a tight timetable for resolving the interconnection queue issue could divert time and resources from the task of qualifying resources

---

<sup>10</sup> November 8 Order at PP 46-50.

<sup>11</sup> February 15 Filing at 17-18.

<sup>12</sup> *Id.* at 22.

and conducting the initial Forward Capacity Auction.<sup>13</sup> The Commission approved the ISO's proposal to submit a compliance filing setting forth a prioritization of issues by September 1, 2007.<sup>14</sup> While it did not prioritize among the listed issues for the region, the Commission noted that the interconnection queue issue is of sufficient importance to merit, at the very least, a position near to the top of any list of priorities.<sup>15</sup>

In accordance with its proposal in the February 15 Filing as approved by the Commission, the ISO is working actively with its stakeholders to discuss priorities and resource availability to develop a realistic schedule that balances all of the important projects the ISO and the region's stakeholders must accomplish. The ISO will submit a compliance filing by June 30, 2007 setting forth its proposed prioritization ("June Filing"), and will proceed to address the issues, including re-design of the queue and deliverability standards. Pursuant to the Commission's directives in its April 16 Order, the ISO anticipates prioritizing the intra-zonal deliverability mechanism and addressing this matter as part of the interconnection queue issue. This will be a highest priority as the Commission and stakeholders all recognize its importance.

In light of the foregoing, it is clear that the July 2, 2007 due date for the compliance filing required by the June 26 Notice will not permit adequate consideration of the issues, given the implementation of the FCM and need for a full and open stakeholder process. The ISO respectfully requests an extension of time until February 29, 2008 to file a report on its progress in addressing the intra-zonal deliverability issue in the context of its stakeholder process related to redesign of the queue, at which time the ISO will inform the Commission of its progress and the proposed date for the required compliance filing. Given this time to further develop the FCM

---

<sup>13</sup> April 16 Order at PP 68-69.

<sup>14</sup> *Id.* at P 60.

<sup>15</sup> *Id.* at P 69.

market structure and an applicable definition of deliverability, the ISO and New England stakeholders will be better prepared to ensure that the capacity acquired in the new capacity market can provide the needed reliability.

The ISO acknowledges that representatives of state regulatory agencies<sup>16</sup> have argued in other proceedings that a date certain should be imposed on the ISO to address the queue, rather than permitting the ISO to submit a compliance filing setting forth its priorities,<sup>17</sup> and the State Parties may object to this Motion on the same basis. However, as noted by the ISO in response to the State Parties,<sup>18</sup> the Commission ruled on this issue in the April 16 Order, finding that there are a number of issues of importance to the region to be addressed, and the question of prioritization of all of the issues should be addressed in a single compliance filing, as noted above. If and to the extent that the State Parties wish to propose a different time frame for resolution of the related issues of the queue and deliverability, parties will be free to urge a different timing or sequence of resolution in response to the June Filing. However, the ISO urges the Commission to grant this Motion, in light of the imminence of the July 2 deadline.

---

<sup>16</sup> The Connecticut Department of Public Utility Control (“CT DPUC”), the New England Conference of Public Utility Commissioners (“NECPUC”), the Vermont Department of Public Service, the Vermont Public Service Board, and the Connecticut Office of Consumer Counsel (collectively, “State Parties”).

<sup>17</sup> *See e.g.*, Notice of Intervention, Protest, and Comments of the Connecticut Department of Public Utility Control Regarding Revisions to Market Rule 1 Relating to the Forward Capacity Market, Docket No. ER07-546-000 (March 8, 2007); Motion to Intervene, Protest, and Comments of the New England Conference of Public Utilities Commissioners Regarding Revisions to Market Rule 1 Relating to the Forward Capacity Market, (March 8, 2007); Request for Rehearing and Motion for Clarification by the New England Conference of Public Utility Commissioners, the Connecticut Department of Public Utility Control, the Vermont Department of Public Service, the Vermont Public Service Board and the Connecticut Office of Consumer Counsel, Docket No. ER07-546-001 (May 16, 2007).

<sup>18</sup> *See e.g.*, Motion for Leave to Answer and Answer of ISO New England Inc., Docket No. ER07-546-000 (March 23, 2007); Motion for Leave to Answer and Answer of ISO New England Inc., Docket No. ER07-546-001 (May 31, 2007).

### **III. Request for Expedited Treatment**

Also, as previously noted above, the ISO requests expedited treatment of this filing, and requests that the Commission rule by June 29, 2007. A shortened comment date of ten days from the date of this filing, or June 15, 2007, will facilitate the Commission's expedited consideration of the filing.

### **IV. Conclusion**

WHEREFORE, for the reasons set forth herein, the ISO respectfully requests that the Commission require the ISO to file, on February 29, 2008, a report on how an intra-zonal deliverability should be accomplished and when implementation can be achieved. The ISO also requests a comment date of June 15, 2007 and requests that the Commission rule by June 29, 2007.

Respectfully submitted,

*/s/ Raymond W. Hepper*  
Raymond W. Hepper, Esq.  
ISO New England Inc.  
One Sullivan Road  
Holyoke, MA 01040-2841  
(413) 540-4592

*/s/ Sherry A. Quirk*  
Sherry A. Quirk, Esq.  
Monica M. Berry, Esq.  
Schiff Hardin LLP  
1666 K Street, NW, Suite 300  
Washington, DC 20006  
(202)-778-6475

*Counsel for ISO New England Inc.*

June 5, 2007

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon the parties designated on the official service list for the above-captioned docket in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.2010 (2006).

Dated at Washington, D.C. on this the 5th day of June, 2007.

/s/ E-filed  
Sherry A. Quirk  
Attorney for ISO New England Inc.

DC\ 7045707.1