November 1, 2007

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

Re: Order No. 698, Docket Nos. RM96-1-___ and RM05-5-___; Statement of Compliance of ISO New England Inc.

Dear Secretary Bose:

On June 25, 2007, the Federal Energy Regulatory Commission ("Commission") issued its Final Rule ("Order No. 698") amending its open access regulations governing standards for business practices and electronic communications with interstate natural gas pipelines and public utilities, incorporating by reference certain standards promulgated by the Wholesale Gas Quadrant ("WGQ") and the Wholesale Electric Quadrant ("WEQ") of the North American Energy Standards Board ("NAESB").[1] In pertinent part, the Commission ordered public utilities covered by Order No. 698 to implement the WEQ Standards and to "file a statement by November 1, 2007 as to whether they have established the required procedures in WEQ Standard 011-1.2 and WEQ Standard 011-1.6." ISO New England Inc. ("ISO-NE") hereby files the statement referred to in the Commission's Order.

As explained below, ISO-NE is in compliance with WEQ Standard 011-1.6. WEQ Standard 011-1.2 is not applicable to ISO-NE.[2] As anticipated in Order No. 698, ISO-NE is not revising its tariff at this time.[3]

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[1] *See Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Order No. 698, 119 FERC ¶ 61,317 (2007) ("Order No. 698").

[2] WEQ Standard 011-1.2 is applicable solely to power plant and pipeline operators. *See, e.g.*, Order No. 698 at P 24 ("WEQ Standard 011-1.2/WGQ Standard 0.3.12 directs the power plant operator and the transportation service provider directly connected to the power plant operator's facility(ies) to establish procedures to communicate material changes in circumstances that may impact hourly flow rates, and the power plant operator to provide projected hourly flow rates accordingly.").

[3] See Order No. 698 at P 70 ("To reduce the burden on filers, we are not requiring pipelines and public utilities to make filings to include these standards in their tariffs at

(continued...)

I. BACKGROUND

ISO-NE is the private, non-profit entity that serves as the Regional Transmission Organization ("RTO") for New England. ISO-NE administers New England's wholesale energy markets and operates the regional bulk power system (*i.e.*, those facilities located in the New England region) pursuant to the ISO New England Inc. Transmission, Markets and Services Tariff (the "Tariff") and Operating Agreements with the New England transmission owners. In its capacity as the RTO for New England, ISO-NE has the responsibility to protect the short-term reliability and plan for the long-term reliability of the Control Area / Balancing Authority, a six-state region that includes approximately 6.5 million businesses and households.

As observed in paragraph 36 of Order No. 698, the genesis for the development of these standards was the coordination problems between the natural gas industry and the scheduling practices of ISOs and RTOs, particularly the problems faced by gas-fired generators in New England during the 2004 cold snap. In response to that cold snap, ISO-NE made Section 205 filings to modify its market rules and therefore had already implemented a number of practices to facilitate the types of communications reflected in the NAESB standards.[4] In particular, Appendix H to Market Rule 1 (which is Section III of the Tariff)[5] provides procedures for operations during cold weather conditions, when gas-fired units in New England are most likely to experience fuel supply and delivery issues. Appendix H contains electric sector protocols for close coordination and communications during such periods.

Since issuance of Order No. 698, ISO-NE reviewed its internal business procedures practices to ensure that it was fully implementing the NAESB Standards, as approved by the Commission. Section III below summarizes the steps ISO-NE has taken to implement the NAESB Standards.

II. COMMUNICATIONS

All correspondence and communications in this proceeding should be addressed to the undersigned for the ISO as follows:

(...continued)
this time. These standards will be included in tariffs when the. . . public utilities file to incorporate in their tariffs the next revised version of the NAESB standards.").

[4] The version of Appendix H currently in effect was accepted by the Commission in *ISO New England Inc; NEPOOL Participants Committee*, 117 FERC ¶ 61,082 (2006).

[5] *See* http://www.iso-ne.com/regulatory/tariff/sect_3/mr1_appendix_h_11-27-06.pdf.

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III. STEPS ISO-NE HAS TAKEN TO IMPLEMENT THE STANDARDS

WEQ 011-1.6. In Order No. 698, the Commission summarizes that this standard requires RTOs, ISOs, independent transmission operators, independent balancing authorities and/or regional reliability coordinators to establish operational communication procedures with the appropriate transportation service provider and/or power plant operator.[6] ISO-NE has established such communication procedures.

On September 27, 2007, the Electric/Gas Operations Committee ("EGOC"),[7] as co-chaired by representatives of ISO-NE and the Northeast Gas Association ("NGA"),[8] approved the Electric/Gas Operations Communications Protocol, which identified the

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[6] Order No. 698 at P 42.

[7] The Electric/Gas Operations Committee (EGOC) was created after the 2004 cold snap. Current EGOC members represent ISO-NE, NYISO, and the regional natural gas industry. The EGOC has met over sixteen times since 2004 to educate and discuss operational issues common to both industries. The EGOC's meeting agendas and minutes are public domain and posted on the ISO-NE web site at: http://www.iso-ne.com/committees/comm_wkgrps/othr/egoc/index.html.

[8] The Northeast Gas Association (NGA) is a regional trade association that focuses on education and training, technology research and development, operations, planning, and increasing public awareness of natural gas in the Northeast U.S. NGA represents natural gas distribution companies, transmission companies, liquefied natural gas ("LNG") importers, and associate member companies. These companies provide natural gas to over 9 million customers in eight states (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont). NGA was established on January 1, 2003. Its predecessor organizations were The New England Gas Association (founded in 1926) and the New York Gas Group (founded in 1973). Reference NGA's web site located at: http://www.northeastgas.org.

mechanisms to be used should ISO-NE need the assistance of any regional natural gas companies to help mitigate electric power operating emergencies and/or other abnormal conditions jeopardizing the reliability of New England's electric power system. The protocol also addresses situations where natural gas entities need the assistance of ISO-NE. This protocol defines the regular flow of information, real-time communications, communications between ISO-NE, NGA and regional gas companies, and industry contact and coordination during non-business hours. This protocol was first developed after New England's January 2004 "cold snap" and attendant issues associated with gas-fired generators. The protocol is regularly reviewed and updated by ISO-NE, NGA and NGA member companies. A yearly publication by the NGA detailing *"Emergency Contact Information"* is the primary document used for inter-industry contact information. This protocol has been incorporated by reference into several ISO-NE System Operating Procedures ("SOPs"). A copy of the aforementioned protocol is attached hereto. In addition, training on and testing of the protocol will occur periodically.

After the 2004 cold snap, ISO-NE with the assistance of EGOC, undertook the steps necessary to sign up to receive automated messages from the regional natural gas (interstate pipeline) sector via their Electronic Bulletin Boards ("EBBs"), concerning Critical Notices, Non-Critical Notices, and Planned Service Outages. ISO-NE is currently enrolled to receive such messages from the following pipeline companies:

1. Algonquin Gas Transmission, LLC – Spectra Energy Transmission Corp.

2. Iroquois Gas Transmission System, L.P. – Iroquois Pipeline Operating Co.

3. Maritimes & Northeast (U.S. & CA) Pipeline, LLC – Spectra Energy Transmission Corp.

4. Portland Natural Gas Transmission System – TransCanada Pipeline USA Ltd

5. Tennessee Gas Pipeline Company – El Paso Corp.

6. Texas Eastern Transmission Company – Spectra Energy Transmission Corp.

7. TransCanada Pipeline System – TransCanada Pipeline Ltd

8. TransQuebec & Maritimes Pipeline – Gas Metro L.P. & TCPL Ltd.

Upon receiving a message concerning a regional declaration of an Operational Flow Order ("OFO") or some other message requiring ISO-NE attention, ISO-NE or the posting pipeline will contact each other using the aforementioned Electric/Gas Operations Communications Protocol. During these communications, only public domain

information concerning the reliability of the respective systems is exchanged, as ISO-NE complies with the confidentiality restrictions defined within the ISO New England Information Policy. Based on the discussions with the gas sector, ISO-NE may contact the affected power plant(s) to determine the impact that these OFO declarations have on their predefined operating schedules. Using all the information received from all parties, ISO-NE may issue remedial dispatch instructions to maintain system or sub-area reliability. In addition to using these automated messaging systems from the regional pipelines, ISO-NE also communicates, under the same confidentiality restrictions, with regional intrastate pipelines, local gas distribution companies, and the regional LNG provider[9] concerning operational events that may impact fuel deliveries to gas-fired power generators within New England. Members of these organizations are also members of the EGOC.

On September 20, 2007, ISO-NE sent a letter (and questionnaire) to owners of all regional gas-fired generation, stating that in accordance with FERC-mandated business standards, ISO-NE is requesting facility-specific information regarding both natural gas supply and transportation arrangements. ISO-NE will use this information to assess the relative reliability of gas-fired generation located within the New England Control Area. Responses were due back to ISO-NE on October 15, 2007. As of this filing, the majority of gas-fired stations have submitted the requested information back to ISO-NE. ISO-NE is assessing this station-specific, fuel delivery information as part of the normal pre-seasonal preparations, with respect to projecting aggregate unit availability within its Seven-Day Forecast.[10]

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[9] Distrigas of Massachusetts, LLC ("DOMAC").

[10] This Forecast can be found on the ISO-NE web site at: http://www.iso-ne.com/sys_ops/op_frcstng/7day_frcst/index.html.

Please acknowledge receipt of the foregoing by date-stamping and returning to our messenger the enclosed extra copies of this filing.

Respectfully submitted,

By:_____

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Counsel for ISO New England Inc.

Attachment

cc : Governance Participants (electronically) and Governors and Energy Regulatory Agencies of the six New England states.

Attachment

Electric/Gas Operations Communications Protocol

ISO New England Inc.
&
Northeast Gas Association
Electric/Gas Operations Communications Protocol

Approved by the
Electric/Gas Operations Committee
On September 27, 2007

Introduction

The purpose of this Electric/Gas Operations Communications Protocol (the *"protocol"*) is to enhance communication between ISO New England Inc.[1] (ISO-NE) and the Northeast Gas Association's[2] (NGA) member companies. This protocol identifies the mechanisms to be used should ISO-NE need the assistance of any regional natural gas company(s) to help mitigate electric power grid operating emergencies and/or other abnormal conditions jeopardizing the reliability of New England's electric power system. The reciprocal is true of the regional natural gas industry. This protocol was first developed in 2004 and is regularly reviewed and updated by ISO-NE, NGA and NGA's member companies.

Regular Information Flow

Ongoing communication is expected to occur between the electric and natural gas industries on a daily basis as part of their regular business processes. For example, regular communications occur between ISO-NE and electric generators interconnected with the regional transmission system and communications also occurs between those generators, specifically gas-fired generators, with their corresponding transportation service providers (TSP), i.e. interstate or intrastate pipelines, local gas distribution companies (LDCs), and other natural gas suppliers.

It is anticipated that most issues or events will be mitigated through this regular information flow, which are in place to support their bilateral and contractual arrangements (ISO to generator, generator to pipeline, etc.).

If conditions on either the regional electric power system or the regional natural gas grid are considered abnormal (i.e., severe weather, capacity deficiencies, energy emergencies, infrastructure failures, etc.), and these conditions are either declared in real-time or projected within a forecast, then the potential exists for additional or enhanced electric/gas communications.

During abnormal events on either system, communications will take place as needed (i.e. more than once) to ascertain the level of knowledge and understanding concerning

system status, problem duration, and identification of remedial activities or mitigation methods.

The ISO can contact any regional gas delivery entity anytime it has questions regarding real-time or forecast conditions of the natural gas system. Natural gas delivery entities may also contact NGA of any key developments or of any prior communications they have had with ISO-NE. The status of individual interstate pipelines is routinely posted on their electronic bulletin boards (EBB). The information requested by ISO-NE and subsequently provided by the natural gas company will be the same level of information afforded to its own customers (i.e. public domain). The information discussed will only be publicly-available information and will comply with the mandates defined within with ISO-NE Information Policy[3] and with NGA's and the gas industry's anti-trust and market confidentiality contractual agreements.

Another mechanism for industry coordination is the Electric/Gas Operations Committee (EGOC). The EGOC was jointly established by ISO-NE and NGA in 2004. It is comprised of representatives of the electric and natural gas delivery systems in the northeast; ISO-NE, on behalf of the bulk electric power industry, and NGA (interstate pipeline companies, the regional LNG importer, and local gas distribution companies), on behalf of the regional natural gas industry. The EGOC is jointly administered by ISO-NE and NGA. Throughout the year, the EGOC convenes on a periodic basis, through meetings and conference calls. The EGOC's purpose is to provide a forum for electric and natural gas representatives to learn more about each other's systems and share information on system operations, planning and procedures. The meetings and information-sharing abide by each industry's antitrust and information policies and only address publicly-available information. Meeting minutes are approved and publicly available.

Real-Time Communications

If the electric power system is currently experiencing an abnormal event or an event projected to occur near-term, or should there be a gas delivery interruption that would potentially impact fuel deliveries to gas-fired generating units, or even a projection of extreme weather, the level of coordination between the electric and gas industries will likely increase. ISO-NE has several procedures that, when implemented, may require increased communications between both parties:

1) Master/Local Control Center Procedure #2 (MLCC#2)
2) Operating Procedure No. 4 – Action During a Capacity Deficiency (OP4).
3) Operating Procedure No. 7 – Actions in an Emergency (OP7).
4) Appendix H of Market Rule No. 1 – Operations During Cold Weather Conditions.
5) Operating Procedure No. 21 – Action During an Energy Emergency (OP21).

The regional gas pipelines and LDCs also have procedures that, when implemented, may require increased communications between both parties (i.e. Critical and Non-Critical Notices). The interstate pipelines post relevant information on their EBBs. Interstate pipeline information may be accessed through the Informational Postings section of their

EBBs. Relevant information includes both Critical and Non-Critical notices as well as Planned Service Outages and available capacity. If a gas supply situation emerges that has implications for the Northeast, a NGA member company can request that NGA convene its Gas Supply Task Force (GSTF) to assess the situation and consider remedial actions that may be taken by GSTF members to alleviate the situation. NGA will institute the procedures outlined in its GSTF charter.

One-Company To One-Company Communications

If either entity, the electric power grid or a natural gas pipeline/LDC is experiencing abnormal system conditions, (public domain) information will be shared on a one-company to one-company basis, either through an initial telephone call, an email message, or posting of relevant information on a respective web site or electronic bulletin board. (i.e. ISO-NE Control Room to individual pipeline or LDC Gas Control). Some interstate pipelines also offer subscription services that allow users to subscribe to e-mail messages for Critical and Non-Critical notices to be sent electronically to email inboxes.

Communication Between ISO-NE And NGA

NGA administers a long-established committee of gas supply officials through its Gas Supply Task Force (GSTF). The GSTF is comprised of representatives from the major LDCs in the Northeast, as well as from all the regional interstate pipelines and the regional LNG supplier. The GSTF was established to monitor and assess any regional gas supply or deliverability issue concerning the natural gas system in the greater Northeast. The GSTF may also be convened to address other non-regional issues, that may have the potential to impact the Northeast (i.e. gulf coast hurricanes damaging oil and gas infrastructure). The GSTF abides by NGA's anti-trust guidelines in all its deliberations. Via telephone or email message, NGA will debrief ISO-NE of all meetings of the GSTF, as it also does for officials of state public utility commissions and energy agencies serving the northeast region. NGA has served as a liaison (conduit) between ISO-NE and the GSTF in the past and will continue to do so in the future.

Industry Contact And Coordination During Non-Business Hours

Should an emergency situation develop during non-business hours, i.e. in the middle of the night or a weekend, the primary contact will be between the control rooms of the electric grid operator (ISO-NE) and the natural gas pipeline(s) or LDCs. NGA has included contact information for ISO-NE, the New York ISO (NYISO), and PJM within their update to their emergency communication manual entitled, "*Gas Supply Information for the Northeast Gas Industry,"* as published annually by the GSTF of NGA. This contact information can be used by any entity to contact the other.

{Endnotes}

[1] ISO New England, an independent, not-for-profit corporation, helps promote the health of New England's economy and protect the well-being of its people by ensuring the constant availability of electricity, today and for future generations. ISO New England meets this obligation in three ways: by reliably operating New England's 32,000-megawatt bulk electric power generation and transmission system, by overseeing and ensuring the fair administration of the region's $9 billion wholesale electricity markets, and by managing comprehensive regional electric power planning. Reference ISO-NE's web site located at: http://www.iso-ne.com.

[2] The Northeast Gas Association (NGA) is a regional trade association that focuses on education and training, technology research and development, operations, planning, and increasing public awareness of natural gas in the Northeast U.S. NGA represents natural gas distribution companies, transmission companies, liquefied natural gas importers, and associate member companies. These companies provide natural gas to over 9 million customers in eight states (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont). NGA was established on January 1, 2003. Its predecessor organizations were The New England Gas Association (founded in 1926) and the New York Gas Group (founded in 1973). Reference NGA's web site located at: http://www.northeastgas.org.

[3] ISO-NE's FERC Electric Tariff, Attachment D. Reference ISO-NE's web site located at: http://www.iso-ne.com/regulatory/tariff/attach_d/att_d_info_policy_eff_11_17_06.pdf