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October 23, 2007

VIA ELECTRONIC FILING

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

Re: Central Vermont Public Service Corporation; Green Mountain Power Corporation; Vermont Electric Cooperative, Inc., Docket No. ER08-12-000; Motion to Intervene and Comments of ISO New England Inc.

Dear Secretary Bose:

Transmitted electronically for filing in the referenced docket is the Motion to Intervene and Comments of ISO New England Inc.

If there are any questions concerning this filing, please call me at (202) 661-2205.

Very truly yours,

/s/ Howard H. Shafferman

Howard H. Shafferman
Counsel for
ISO New England Inc.

Enclosure

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

Central Vermont Public Service Corporation)
)
Green Mountain Power Corporation)
)
Vermont Electric Cooperative, Inc.)

Docket No. ER08-12-000

**MOTION TO INTERVENE AND COMMENTS OF
ISO NEW ENGLAND INC.**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the “Commission”), 18 C.F.R. § 385.212 and 385.214 (2007), ISO New England Inc. (“ISO”) moves to intervene and submit comments in the above-captioned proceeding regarding the Vermont Joint Owners’ Request For Limited Waiver of the Date for Submission Of Composite Offer Forms Under Market Rule 1 (“Waiver Request”) filed on October 2, 2007.

I. COMMUNICATIONS

Correspondence and communications regarding this filing should be addressed to the undersigned as follows:

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II. IDENTITY OF THE ISO

The ISO is a private, non-profit entity that serves as the regional transmission organization (“RTO”) for New England. The ISO administers the New England energy markets and operates the New England bulk power system pursuant to the ISO New England Inc. Transmission, Markets and Services Tariff (“ISO Tariff”) and the Transmission Operating Agreement with the New England transmission owners. In its capacity as the RTO for New England, the ISO has the responsibility to protect the short-term reliability of the control area as well as to provide oversight and fair administration of the New England markets.

III. BACKGROUND

On February 15, 2007, pursuant to the Forward Capacity Market (“FCM”) settlement (the “Settlement”) approved by the Commission,¹ the ISO filed revisions to Market Rule 1 to implement the Settlement (the “FCM Rules”).² As relevant to this

¹ *Devon Power LLC*, 115 FERC ¶ 61,340 (2006), *reh’g denied*, 117 FERC ¶ 61,133 (2006).

² Settlement at Section 3.A. *See also* Filing Containing Revisions to Market Rules Implementing the FCM Settlement Agreement, Docket No. ER07-546-000 *et al.* (February 15, 2007).

Market Rule 1 is Section III of the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 (the “ISO Tariff”). Capitalized terms not otherwise defined in this filing have the meanings ascribed thereto in the Tariff.

filing, the FCM Rules set forth the requirements and deadlines for resources to qualify as capacity resources and participate in the FCM. These rules were developed through a transparent and open stakeholder process spanning roughly six months prior to filing. In particular, FCM rules required that composite offer forms be submitted to the ISO by July 2, 2007 for the first Forward Capacity Auction (“FCA”).³

On October 2, 2007, the Vermont Joint Owners (“VJOs”)⁴ filed the Waiver Request asking the Commission to waive the July 2, 2007 deadline to allow the VJOs to submit a composite offer to participate in the FCM as a single resource. The VJOs have a contract for 310 MW of capacity with Hydro Quebec (the “VJO Contract”). According to the Waiver Request, approximately 70 MW of the 310 MW are transmitted over the Phase I/II High Voltage Direct Current transmission facilities interconnection between New England and Hydro-Québec (the “HQ Interconnection”).

The Waiver Request explains that on April 30, 2007, the VJOs submitted qualification materials to participate in the first FCA. The submission designated 68 MW of import capacity contracts over the HQ Interconnection as an Import Capacity Resource provided by the VJO Contract.

The Commission, in an April 16, 2007 Order, held that Import Capacity Resources accepted in the FCA over the HQ Interconnection should be limited to the capacity that remains available on the line after accounting for the value of existing

³ Tariff Section III.13.1.5. The FCM rules refer to composite offers as “Offers Composed of Separate Resources.”

⁴ The Vermont Joint Owners consist of Central Vermont Public Service Corporation, Green Mountain Power Corporation, and the Vermont Electric Cooperative.

Hydro Quebec Interconnection Capacity Credits (“HQICCs”).⁵ As directed by the Commission, on August 31, 2007, the ISO amended the FCM rules so that in the FCA, only HQ Interconnection capacity that does not degrade HQICCs would be allowed.⁶

The Request states that an combination of the April 16 Order’s mandate not to degrade HQICCs and subsequent changes to the HQ Interconnection transfer capability and to the level of HQICCs will adversely affect the VJOs’ ability to obtain capacity value in the FCM.⁷ Specifically, the VJOs in the Request explain that if they are permitted to re-submit the capacity contracts over the HQ Interconnection and the HQICCs as a Composite Offer, they can receive credit for the HQICCs in nine months of the year and receive credit for the VJO contract capacity in the three winter months of December through February when the HQICCs have no value. The Request states that such a solution is consistent with the Commission’s April 16 Order because the FCA will be able accept the VJO contract as an Import Capacity Resource over the HQ Interconnection for the three winter months without reducing the VJOs’ HQICCs.

IV. REQUEST TO INTERVENE

Because the ISO has an interest that may be directly affected by the outcome of this proceeding, the Commission should grant the ISO’s motion to intervene. Specifically, the applicants’ request in this proceeding directly affects the ISO’s interests in operating the first FCA.

⁵ *ISO New England Inc.*, 119 FERC ¶ 61,045 at P 156 (2007) (“April 16 Order”).

⁶ See ISO filing in Docket No. ER07-546-003 (August 31, 2007).

⁷ Waiver Request at p. 10.

V. COMMENTS

The ISO takes no position as to whether the Commission should grant or deny the Waiver Request. However, the ISO requests that, if the Commission grants the Waiver Request, the ISO be permitted to implement it as if that portion of the VJOs' HQICCs had year-round capacity, with the exception that during the winter months the VJO Contract must meet the delivery conditions and performance requirements of other import contracts. While it may be helpful to think of the treatment desired by the VJOs as similar to that of a Composite Offer, because of the unique characteristics of HQICCs – e.g., they do not participate in and cannot be withdrawn from the FCA, though they count toward meeting the Installed Capacity Requirement – they cannot be given exactly the same treatment as a Composite Offer. The ISO expects that the requested treatment would not have any effect on the FCA, and winter credit for the VJO Contract would be provided as part of the settlement process.

Further, if the Commission decides to grant the Waiver Request, the ISO asks that any such order explicitly provide that the waiver is limited to the specific and unique facts presented here and should not constitute established precedent that would allow Market Participants to avoid these or other terms and conditions set forth in the ISO Tariff.

Specifically, strict enforcement of deadlines in the FCM Rules, in particular, and in all markets, generally, is of critical importance to orderly administration of markets by the ISO. The ISO took great care to inform all participants of the deadlines in FCM both during the stakeholder process and in its filing of the FCM Rules. The ISO, however, recognizes that this is the first time that the FCA is being run, that the FCM Rules are lengthy and complex, and that the adjustments to the HQ Interconnection's transfer

capability and HQICC levels were not finalized until after the date for submission of Composite Offer Forms for the first FCA. All of these counterbalancing factors should be considered by the Commission when it decides this matter. Such an approach would not be inconsistent with Commission policy as applied to similarly unusual factual circumstances.⁸

⁸ See, e.g., *Wisvest-Connecticut, LLC v. ISO New England Inc.*, 101 FERC ¶ 61,372 (2002) (recognizing that, while the ISO “acted within the rules that govern its operation of the New England power market,” the Commission granted the requested relief “under the limited set of circumstances that surround this event.”); *Waterbury Generation LLC v. ISO New England Inc.; Invenergy Thermal LLC v. ISO New England, Inc.*, 120 FERC ¶ 61,007 (2007) (granting requested waivers permitting participation in first FCA).

VI. CONCLUSION

Wherefore, for the foregoing reasons, the ISO respectfully requests that it be permitted to intervene in, and made a party to, the subject proceeding, with all rights attendant thereto. In addition, the ISO respectfully requests that the Commission accept and consider its comments as discussed above.

Respectfully submitted,

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Counsel for ISO New England Inc.

Dated: October 23, 2007

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in these proceedings.

Dated at Washington, D.C. this 23rd day of October, 2007.

/s/ Pamela S. Higgins

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