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October 26, 2009

**VIA HAND DELIVERY**

The Honorable Kimberly D. Bose, Secretary  
The Honorable Nathaniel J. Davis, Sr., Deputy Secretary  
Federal Energy Regulatory Commission  
Room 1A-East, First Floor  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: ISO New England Inc. and New England Power Pool, Docket No. ER09-1746-000, Errata to Filing of Revisions to FCM Rules Related to the Transferability of Capacity Supply Obligations from Real-Time Emergency Generation Resources**

Dear Ms. Bose and Mr. Davis:

On September 25, 2009, ISO New England Inc. (the "ISO") and the New England Power Pool Participants Committee<sup>1</sup> ("NEPOOL") submitted pursuant to Section 205 of the Federal Power Act ("FPA"),<sup>2</sup> revisions to the Forward Capacity Market ("FCM") rules Related to the Transferability of Capacity Supply Obligations from Real-Time Emergency Generation Resources ("RTEG Filing"), effective November 25, 2009.

That filing contained an explanatory cover letter and supporting testimony of Ms. Janine Dombrowski; however, the tariff sheet attachments and list of entities to whom a copy of that filing was served were inadvertently omitted. Accordingly, please accept on behalf of the ISO this Errata containing the enclosed package of attachments in support of the RTEG Filing. For convenience of reference, the testimony submitted with the RTEG Filing is also included herein.

In addition to serving copies on all parties listed on the official service list for this docket, the ISO notes that service of this Errata will be conducted in the same manner as was completed for the RTEG Filing. Thus, pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served this filing electronically rather than by paper copy.

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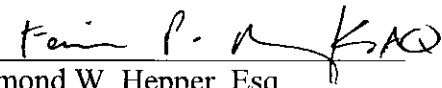
<sup>1</sup> Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the ISO's Transmission, Markets and Services Tariff (FERC Electric Tariff No. 3) (the "ISO Tariff"), the Second Restated New England Power Pool Agreement, and the Participants Agreement. Section III of the ISO Tariff is Market Rule 1.

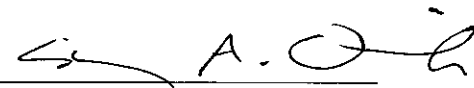
<sup>2</sup> 16 U.S.C. § 824d (2000 & Supp. V 2006).

The names and addresses of the Governance Participants are posted on the ISO's website at [http://www.iso-ne.com/regulatory/ferc/nepool/gov\\_ptcpts\\_eserved.pdf](http://www.iso-ne.com/regulatory/ferc/nepool/gov_ptcpts_eserved.pdf). A paper copy of this transmittal letter and the accompanying materials have also been sent to the governors and electric utility regulatory agencies for the six New England states that comprise the New England Control Area, and to the New England Conference of Public Utility Commissioners ("NECPUC"). The names and addresses of these governors and regulatory agencies are shown in Attachment 4. In accordance with Commission rules and practice, there is no need for the Governance Participants or the entities identified on Attachment 4 to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

For the foregoing reasons, the ISO respectfully requests that the Commission accept this Errata and approve the changes to the FCM rules described in the RTEG Filing, to become effective on November 25, 2009, without condition or change.

ISO NEW ENGLAND INC.

By:   
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Kerim P. May, Esq.  
Margoth R. Caley, Esq.  
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Its Attorneys

Dated: October 26, 2009

**ATTACHMENT 1**

**Blacklined Tariff Sheets**

Section III.13.1.3. A Real-Time Emergency Generation Resource may not participate in a reconfiguration auction. Such resources may participate in a Capacity Supply Obligation Bilateral as either a Capacity Transferring Resource or a Capacity Acquiring Resource, provided, however, that where a Real-Time Emergency Generation Resource participates in a Capacity Supply Obligation Bilateral as a Capacity Acquiring Resource, the Capacity Transferring Resource must also be a Real-Time Emergency Generation Resource. ~~only participate in Capacity Supply Obligation Bilaterals with other Real-Time Emergency Generation Resources, and~~ Such resources may not be Supplemental Capacity Resources. Real-Time Emergency Generation Resources that are New Demand Resources as defined in Section III.13.1.4.1.2 shall be subject to the qualification and financial assurance requirements applicable to New Demand Resources.

#### **III.13.1.4.2. Show of Interest Form for New Demand**

**Resources.** For each resource that a Project Sponsor seeks to offer in the Forward Capacity Auction as a New Demand Resource, the Project Sponsor must submit to the ISO a New Demand Resource Show of Interest Form as described in this Section III.13.1.4.2 during the New Capacity Show of Interest Submission Window, as described in Section III.13.1.10. The ISO may waive the submission of any information not required for evaluation of a project. The New Demand Resource Show of Interest Form is available on the ISO website.

- (a) A completed New Demand Resource Show of Interest Form shall include, but is not limited to, the following information: project name; Load Zone within which the Demand Resource project will be located; beginning with the Forward Capacity Auction for the Capacity Commitment Period starting June 1, 2013, the Dispatch Zone within which a Real-Time Demand Response Resource and a Real-Time Emergency Generation Resource

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~~will be located; estimated summer and winter Demand Reduction Values (MW) (measured at the customer meter and not including losses or reserve margin credit) expected to be achieved five weeks prior to the first and second annual Forward Capacity Auctions after the Forward Capacity Auction in which the Demand Resource Project Sponsor's capacity award would be made, if applicable, and on the Commercial~~

Auction for the Capacity Commitment Period starting June 1, 2013, the Dispatch Zone within which a Real-Time Demand Response Resource and a Real-Time Emergency Generation Resource will be located; estimated summer and winter Demand Reduction Values (MW) (measured at the customer meter and not including losses or reserve margin credit) expected to be achieved five weeks prior to the first and second annual Forward Capacity Auctions after the Forward Capacity Auction in which the Demand Resource Project Sponsor's capacity award would be made, if applicable, and on the Commercial

- (c) A Capacity Supply Obligation Bilateral may not transfer a Capacity Supply Obligation to a Capacity Acquiring Resource where that Capacity Acquiring Resource's unobligated Qualified Capacity is unobligated as a result of an Export Bid or Administrative Export De-List Bid that cleared in the Forward Capacity Auction.
- (d) A Real-Time Emergency Generation Resource may participate in a Capacity Supply Obligation Bilateral as either a Capacity Transferring Resource or a Capacity Acquiring Resource, provided, however, that where a Real-Time Emergency Generation Resource participates in a Capacity Supply Obligation Bilateral as a Capacity Acquiring Resource, the Capacity Transferring Resource must also be a Real-Time Emergency Generation Resource. ~~only participate in a Capacity Supply Obligation Bilateral with another Real-Time Emergency Generation Resource.~~
- (e) [Reserved.]
- (f) The Capacity Transferring Resource and the Capacity Acquiring Resource that are parties to a Capacity Supply Obligation Bilateral must be located in the same Capacity Zone, or the path from the Capacity Transferring Resource to the Capacity Acquiring Resource must flow across adjacent Capacity Zones in the direction of the modeled interface constraint(s), as such Capacity Zones and interface constraints are defined following the Forward Capacity Auction conducted for the Capacity Commitment Period to which the transferred Capacity Supply Obligation applies.
- (g) If the Capacity Acquiring Resource is an Import Capacity Resource, then the Capacity Transferring Resource must also be an Import Capacity Resource on the same external interface.
- (h) A resource, or a portion thereof, that has been designated as a Self-Supplied FCA Resource may transfer the self-supplied portion of its Capacity Supply Obligation by means of Capacity Supply Obligation Bilateral. In such a

**ATTACHMENT 2**

**Clean Tariff Sheets**

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Section III.13.1.3. A Real-Time Emergency Generation Resource may not participate in a reconfiguration auction. Such resources may participate in a Capacity Supply Obligation Bilateral as either a Capacity Transferring Resource or a Capacity Acquiring Resource, provided, however, that where a Real-Time Emergency Generation Resource participates in a Capacity Supply Obligation Bilateral as a Capacity Acquiring Resource, the Capacity Transferring Resource must also be a Real-Time Emergency Generation Resource. Such resources may not be Supplemental Capacity Resources. Real-Time Emergency Generation Resources that are New Demand Resources as defined in Section III.13.1.4.1.2 shall be subject to the qualification and financial assurance requirements applicable to New Demand Resources.

#### **III.13.1.4.2. Show of Interest Form for New Demand**

**Resources.** For each resource that a Project Sponsor seeks to offer in the Forward Capacity Auction as a New Demand Resource, the Project Sponsor must submit to the ISO a New Demand Resource Show of Interest Form as described in this Section III.13.1.4.2 during the New Capacity Show of Interest Submission Window, as described in Section III.13.1.10. The ISO may waive the submission of any information not required for evaluation of a project. The New Demand Resource Show of Interest Form is available on the ISO website.

- (a) A completed New Demand Resource Show of Interest Form shall include, but is not limited to, the following information: project name; Load Zone within which the Demand Resource project will be located; beginning with the Forward Capacity

Auction for the Capacity Commitment Period starting June 1, 2013, the Dispatch Zone within which a Real-Time Demand Response Resource and a Real-Time Emergency Generation Resource will be located; estimated summer and winter Demand Reduction Values (MW) (measured at the customer meter and not including losses or reserve margin credit) expected to be achieved five weeks prior to the first and second annual Forward Capacity Auctions after the Forward Capacity Auction in which the Demand Resource Project Sponsor's capacity award would be made, if applicable, and on the Commercial

- (c) A Capacity Supply Obligation Bilateral may not transfer a Capacity Supply Obligation to a Capacity Acquiring Resource where that Capacity Acquiring Resource's unobligated Qualified Capacity is unobligated as a result of an Export Bid or Administrative Export De-List Bid that cleared in the Forward Capacity Auction.
- (d) A Real-Time Emergency Generation Resource may participate in a Capacity Supply Obligation Bilateral as either a Capacity Transferring Resource or a Capacity Acquiring Resource, provided, however, that where a Real-Time Emergency Generation Resource participates in a Capacity Supply Obligation Bilateral as a Capacity Acquiring Resource, the Capacity Transferring Resource must also be a Real-Time Emergency Generation Resource.
- (e) [Reserved.]
- (f) The Capacity Transferring Resource and the Capacity Acquiring Resource that are parties to a Capacity Supply Obligation Bilateral must be located in the same Capacity Zone, or the path from the Capacity Transferring Resource to the Capacity Acquiring Resource must flow across adjacent Capacity Zones in the direction of the modeled interface constraint(s), as such Capacity Zones and interface constraints are defined following the Forward Capacity Auction conducted for the Capacity Commitment Period to which the transferred Capacity Supply Obligation applies.
- (g) If the Capacity Acquiring Resource is an Import Capacity Resource, then the Capacity Transferring Resource must also be an Import Capacity Resource on the same external interface.
- (h) A resource, or a portion thereof, that has been designated as a Self-Supplied FCA Resource may transfer the self-supplied portion of its Capacity Supply Obligation by means of Capacity Supply Obligation Bilateral. In such a

**ATTACHMENT 3**

**Testimony of Janine Dombrowski**



1 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
2 **PROCEEDING?**

3 A: The purpose of this testimony is to explain the proposed changes to the rules  
4 governing the FCM submitted in this filing, which I will refer to as Rule Changes.

5  
6 **Q: WHAT ARE THE PROPOSED CHANGES TO THE MARKET RULES?**

7 A: The language in Sections III.13.1.4.1.3 and III.13.5.1(d) of Market Rule 1 has  
8 been revised. The new language in these sections will permit a Real-Time  
9 Emergency Generation (“RTEG”) Resource to transfer its Capacity Supply  
10 Obligation (“CSO”) via a Capacity Supply Obligation Bilateral (“CSO Bilateral”)  
11 to a resource of any type, provided that the other requirements associated with  
12 bilateral transactions are met. The revised rules retain the limitation that an  
13 RTEG Resource may only acquire a CSO via a CSO Bilateral from another  
14 RTEG Resource.

15  
16 **Q: WHY ARE YOU PROPOSING THESE CHANGES?**

17 A: The Rule Changes will provide greater flexibility for RTEG Resources to transfer  
18 their CSOs via CSO Bilaterals by increasing the number of trading partners for  
19 both RTEG Resources seeking to transfer and for other resources seeking to  
20 acquire a CSO. Moreover, an RTEG Resource’s CSO entered by the ISO in the  
21 third annual reconfiguration auction under the significant decrease in capacity  
22 provisions in Section III.13.4.2.1.3 may be acquired by any type of resource.  
23 Under Section III.13.4.2.1.3, like other resource types, if an RTEG Resource fails

1 to demonstrate that it will be able to provide the necessary amount of capacity,  
2 and thereby triggers the significant decrease in capacity provisions in Section  
3 III.13.4.2.1.3, then the ISO pursuant to Section III.13.4.2.1.3(b) must enter a  
4 demand bid on behalf of the resource in the third annual reconfiguration auction.  
5 An RTEG Resource's CSO entered by the ISO in this manner may be acquired by  
6 any type of resource, and it is reasonable to allow the same flexibility in bilateral  
7 transactions.

8

9 **Q: DOES THIS CONCLUDE YOUR TESTIMONY AT THIS TIME?**


10 A: Yes.

11 DC\80035702.1

1 I declare under penalty of perjury that the foregoing is true and correct.

2

3 Executed on 9/23/09

4   
5 Janine Dombrowski

6

7 Hampden County, ss

8

9 On this 23<sup>rd</sup> day of September, 2009, before me, the undersigned notary public, personally  
10 appeared Janine Dombrowski, proved to me through satisfactory evidence of identification,  
11 which was personal knowledge of identify, to be the person who signed the preceding or attached  
12 document in my presence, and who swore or affirmed tome that the contents of the document are  
13 truthful and accurate to the best of her knowledge and belief.

14

15 Lorraine M. Brady

16 Lorraine Brady, Notary Public

17 My Commission Expires: July 23, 2010

18



19

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21 DC\80034843.1

**ATTACHMENT 4**

**List of New England Governors and Regulatory Agencies**

The Honorable M. Jodi Rell  
State Capitol  
210 Capitol Ave.  
Hartford, CT 06106

Connecticut Dept. of Public Utility Control  
10 Franklin Square  
New Britain, CT 06051-2605

Maine Public Utilities Commission  
State House, Station 18  
242 State Street  
Augusta, ME 04333-0018

The Honorable John E. Baldacci  
One State House Station  
Rm. 236  
Augusta, ME 04333-0001

The Honorable Deval Patrick  
Office of the Governor  
Rm. 360 State House  
Boston, MA 02133

Massachusetts Dept. of Public Utilities  
One South Station  
Boston, MA 02110

The Honorable John H. Lynch  
State House  
25 Capitol Street  
Concord, NH 03301

New Hampshire Public Utilities Commission  
21 South Fruit Street  
Ste. 10  
Concord, NH 03301-2429

The Honorable Donald L. Carcieri  
State House Room 115  
Providence, RI 02903

Rhode Island Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

The Honorable James H. Douglas  
109 State Street, Pavilion  
Montpelier, VT 05609

Vermont Public Service Board  
112 State Street, Drawer 20  
Montpelier, VT 05620-2701

Harvey L. Reiter, Esq.  
Counsel for New England Conference  
Of Public Utilities Commissioners, Inc.  
c/o Stinson Morrison Hecker LLP  
1150 18<sup>th</sup> Street, N.W., Ste. 800  
Washington, DC 20036-3816


William M. Nugent, Executive Director  
New England Conference of Public  
Utilities Commissioners  
50 Forest Falls Drive, Suite 6  
Yarmouth, ME 04096-6937

John Shea  
Power Planning Committee  
New England Governors' Conference Inc.  
76 Summer Street, 2<sup>nd</sup> floor  
Boston, MA 02110-1226

## 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 (2009), and upon each person identified in Attachment 4 of the attached transmittal letter, in the manner specified in the transmittal letter.

Dated at Washington, D.C., this 26th day of October, 2009.

  
Sherry A. Quirk