
601 13th Street, NW
Suite 1000 South
Washington, DC 20005-3807
TEL 202.661.2200
FAX 202.661.2299
www.ballardspahr.com

April 20, 2010

VIA ELECTRONIC FILING

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

Re: ISO New England Inc. and New England Power Pool, Docket No. ER10-902-000; Motion for Leave to Answer and Answer of ISO New England Inc.

Dear Ms. Bose:

Transmitted electronically for filing is the Motion for Leave to Answer and Answer of ISO New England Inc. in the above-captioned docket.

If there are any questions concerning this filing, please call me at (202) 661-2212.

Very truly yours,

/s/ Daniel R. Simon

Daniel R. Simon
Counsel for
ISO New England Inc.

Enclosure

Internal Market Monitor to provide information as to whether the new rules “achieve their intended purpose.”³ Specifically, the CT DPUC Comments state:

The Commission should order ISO-NE’s Market Monitor to investigate and report on the Competitive Offer Requirements and to file those analyses semiannually in this docket. These reports will permit the Commission to evaluate the efficacy of the rules and to determine whether changes are needed. The report should include analyses of (1) capacity importers’ offers of capacity-backed energy relative to the mitigation thresholds and aggregated data showing actual mitigation of energy offers, (2) whether external resources are being scheduled in merit and whether resources are providing energy when ISO-NE requests, and (3) the prices at which scheduled energy is delivered. Because local rules and constraints may impact the effectiveness of the offer requirements, the Market Monitor’s report to the Commission should analyze performance of the Competitive Import Requirements for each transacting interface. Finally, the Market Monitor should explain whether the FCM Competitive Offer Requirements are actually producing reasonably priced offers dispatched by ISO-NE and whether any changes to ISO-NE’s tariff are warranted.⁴

As indicated in the Answer in Section III below, the Commission should decline the CT DPUC’s request for this separate semiannual reporting requirement, as the quarterly and annual reports already provided by the Internal Market Monitor under Market Rule 1 will provide the information sought by the CT DPUC.

II. MOTION FOR LEAVE TO ANSWER

The CT DPUC Comments request affirmative relief – that is, the imposition of a reporting requirement on the ISO-NE’s Internal Market Monitor. Accordingly, the ISO has a right to answer that request.⁵

³ CT DPUC Comments at 10.

⁴ CT DPUC Comments at 10-11.

⁵ *See, e.g., Iroquois Gas Transmission Sys., L.P.*, 61 FERC ¶ 61,341 at 62,341 n.9 (1992) (party isentitled to respond to affirmative request in a pleading regardless of how that pleading is captioned); *Seminole* (continued...)

In the event that the Commission does not find that ISO-NE has a right to answer on that basis, and treats the CT DPUC Comments as a protest (even though not styled as such), ISO-NE hereby moves, pursuant to Rule 212 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2008), for leave to file this Answer.

The Commission has the authority to waive the prohibition against answers to protests for good cause.⁶ The Commission has found good cause to permit answers where they are otherwise prohibited in various circumstances, including where the answer would assure a complete record in the proceeding,⁷ provide information helpful to the disposition of an issue,⁸ permit the issues to be narrowed or clarified,⁹ or aid the Commission in understanding and resolving issues.¹⁰ ISO-NE believes that this Answer will assure a more complete record in this proceeding and otherwise assist the Commission in understanding and resolving the issues presented.

III. ANSWER

ISO-NE asks the Commission to decline to grant the CT DPUC's request for separate semiannual reports on the impact of the measures reflected in the FCM Competitive Imports Requirements. This additional administrative burden is unjustified, as the information sought by the CT DPUC already is provided in quarterly and annual reports that the Internal Market Monitor is required to prepare under Appendix A of Market Rule 1.

(...continued)

Electric Cooperative, Inc. v. Florida Power & Light Company, 53 FERC ¶ 61,026, 61,101(1990) (answer accepted to the extent it responded to a party's requests for affirmative relief).

⁶ See 18 C.F.R. § 385.101(e) (2008).

⁷ See, e.g., *Pacific Interstate Transmission Co.*, 85 FERC ¶ 61,378, at 62,443 (1998), *reh'g denied*, 89 FERC ¶ 61,246 (1999).

⁸ See, e.g., *CNG Transmission Corp.*, 89 FERC ¶ 61,100, at 61,287 n.11 (1999).

⁹ See, e.g., *PJM Interconnection, LLC*, 84 FERC ¶ 61,224, at 62,078 (1998); *New Energy Ventures, Inc. v. Southern California Edison Co.*, 82 FERC ¶ 61,335, at 62,323 n.1 (1998).

¹⁰ See, e.g., *Tennessee Gas Pipeline Co.*, 92 FERC ¶ 61,009, at 61,016 (2000).

Specifically, CT DPUC seeks semiannual reports by the Internal Market Monitor, for each interface, on: (i) capacity importers' offers of capacity-backed energy, mitigation thresholds, and actual mitigation;¹¹ (ii) whether such offers are scheduled in-merit and are complying with dispatch instructions; and (iii) the prices at which such energy is delivered. The requested reports would also include the Internal Market Monitor's views on whether reasonably priced capacity-backed energy offers are being made by capacity importers, and whether further rule changes are warranted.

Appendix A to Market Rule 1, in Section III.A.12.2.2, requires the Internal Market Monitor to provide a quarterly report of "market data regularly collected by the Internal Market Monitor in the course of carrying out its functions under this Appendix A and analysis of such market data." In the quarterly reports (in relation to the FCM Competitive Imports Requirements), the Internal Market Monitor plans to provide summary information on threshold prices and actual offers, and will also provide the amount of failure-to-offer penalties assessed, the amount of failure-to-deliver penalties assessed, and the relative volume of transactions subject to penalties. Additionally, all offers from capacity importers are included in the ISO's monthly publication of actual offer data (although masked so as not to reveal Market Participant identity pursuant to the ISO New England Information Policy). These bid data are published with a lag of three months.

In a similar vein, Section III.A.12.3 requires an annual review of the operations of the New England Markets, including an evaluation of the procedures for the determination of energy, reserve and regulation clearing prices. Within the scope of this requirement would be an

¹¹ As a threshold matter, ISO-NE notes that the first requested reporting item reveals a misunderstanding by the CT DPUC of the FCM Competitive Imports Requirements. The revised rules do not call for the
(continued...)

evaluation of the effectiveness of the FCM Competitive Offer Requirements, and recommendations for any further rule changes.

Thus, the full range of information and analysis sought by the CT DPUC will be provided in reports that are already required of the Internal Market Monitor by virtue of the provisions of Appendix A to Market Rule 1. For this reason, it is unnecessary for the Commission to impose on ISO-NE the added administrative burden of the separate reporting requirement requested by the CT DPUC.

(...continued)

Internal Market Monitor to “mitigate” capacity-backed energy offers. Instead, the revised rules establish a price below which all capacity-backed energy offers must be made in order to avoid penalties.

IV. CONCLUSION

For the foregoing reasons, ISO-NE respectfully requests that the Commission grant the motion for leave to answer and decline CT DPUC's request that the Commission impose a separate reporting requirement on ISO-NE's Internal Market Monitor.

Respectfully submitted,

/s/ James H. Douglass
James H. Douglass
Senior Regulatory Counsel
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040
Tel: 413.535.4000
Fax: 413.535.4379
jdouglass@iso-ne.com

/s/ Howard H. Shafferman
Howard H. Shafferman
Ballard Spahr LLP
601 13th Street, NW
Suite 1000 South
Washington, DC 20005
Tel: 202.661.2200
Fax: 202.661.2299
hhs@ballardspahr.com

Counsel for ISO New England Inc.

Dated: April 20, 2010

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 this proceeding.

Dated at Washington, D.C. this 20th day of April, 2010.

/s/ Daniel R. Simon

Daniel R. Simon
Ballard Spahr LLP
601 13th Street, NW, Suite 1000 South
Washington, DC 20005
202-661-2212