



July 23, 2015

VIA ELECTRONIC FILING

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

Re: ISO New England Inc. et al., Docket No. EL14-23-000
Filing to Show Cause Why Tariff Changes to Adjust Timing of Day-Ahead Energy Market Results and Reliability Unit Commitment Process are Not Necessary

Dear Secretary Bose:

Pursuant to the Federal Energy Regulatory Commission's ("Commission" or "FERC")¹ Order Initiating Investigation Into ISO and RTO Scheduling Practices and Establishing Paper Hearing Procedures issued on March 20, 2014 in the above-referenced docket,² ISO New England Inc. ("ISO-NE") submits this filing to show cause why changes to the ISO-NE Tariff to adjust the time at which the results of its day-ahead energy market and reliability unit commitment process are posted to a time that is sufficiently in advance of the gas Timely and Evening Nomination Cycles adopted by FERC in its Final Rule in Docket No. RM14-2-000 are not necessary.³

I. COMMUNICATIONS

Correspondence and communications in this proceeding should be addressed to:

¹ Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the ISO's Transmission, Markets and Services Tariff (the "ISO-NE Tariff"). Section III of the Tariff is Market Rule 1.

² *California Independent System Operator Corporation et al.*, 146 FERC ¶ 61,202 (2014) (the "Paper Hearing Order"). The Paper Hearing Order was also issued, for other ISOs, in Docket Nos. EL14-22-000, EL14-24-000, EL14-25-000, EL14-26-000, and EL14-27-000.

³ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, Order No. 809, 80 Fed. Reg. 23197 (April 24, 2015) (the "Final Rule").

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II. BACKGROUND

On March 20, 2014, the Commission issued three related orders addressing the lack of coordination between the nomination and scheduling timelines used by interstate natural gas pipelines and electric transmission operators. The first order was a Notice of Proposed Rulemaking, issued in Docket No. RM14-2-000,⁴ in which the Commission proposed changes to its regulations to better coordinate the scheduling of natural gas and electricity markets in light of increased reliance on natural gas for electric generation. Specifically, in the NOPR, FERC proposed to revise the operating day and scheduling practices used by interstate pipelines to schedule natural gas transportation service.

The second order was the Paper Hearing Order, in which the Commission established proceedings pursuant to Section 206 of the Federal Power Act to ensure that each ISO and RTO's scheduling, particularly its day-ahead scheduling practices, correlate with any revisions to the natural gas scheduling practices ultimately adopted by the Commission in the Final Rule in Docket No. RM14-2-000.⁵ In the Paper Hearing Order, the Commission required that, 90 days after publication of the Final Rule in the Federal Register, each ISO and RTO either: (1) make a filing that proposes tariff changes to adjust the time at which the results of its day-ahead energy market and reliability unit commitment process (or equivalent) are posted to a time that is sufficiently in advance of the gas Timely and Evening Nomination Cycles, respectively, to allow gas-fired generators to procure natural gas supply and pipeline transportation capacity to serve their obligations; or (2) show cause why such changes are not necessary.⁶ The third order issued by the Commission was an order to

⁴ *Coordination of the Scheduling Processes of Interstate Natural Gas Pipelines and Public Utilities*, 146 FERC ¶ 61,201 (2014) (the "NOPR").

⁵ Paper Hearing Order at P 2.

⁶ *Id.* at P 19.

show cause to determine if all pipeline tariffs permit potential shippers to post offers to buy released capacity.⁷

On April 16, 2015, FERC issued its Final Rule in Docket No. RM14-2-000. In the Final Rule, among other things, the Commission amended its regulations at Part 284 to incorporate by reference the North American Standards Board's ("NAESB") revised standards, which provide that the nomination deadline for the gas Timely Nomination Cycle shall be 1:00 p.m. Central Clock Time ("CCT"), with notice to shippers of scheduled quantities at 5:00 p.m. CCT, and the nomination deadline for the gas Evening Nomination Cycle shall remain at 6:00 p.m. CCT, with notice to shippers of scheduled quantities at 9:00 p.m. CCT.⁸ As already mentioned, pursuant to the Paper Hearing Order, ISO-NE is required to either file changes to the ISO-NE Tariff to adjust the time at which the results of ISO-NE's day-ahead energy market and reliability unit commitment process are posted to a time that is sufficiently in advance of, respectively, 1:00 p.m. CCT and 6:00 p.m. CCT, or show cause why such changes are not necessary. Section III of this filing letter explains why changes to the ISO-NE Tariff are not necessary.

III. DESCRIPTION OF WHY TARIFF CHANGES TO ADJUST THE TIME AT WHICH THE RESULTS OF ISO-NE'S DAY-AHEAD ENERGY MARKET AND RELIABILITY UNIT COMMITMENT PROCESS ARE POSTED ARE NOT NECESSARY

Currently, under Section III.1.10.8 (b) of the ISO-NE Tariff, the day-ahead energy market results are posted no later than 1:30 p.m. Eastern Time ("ET"). Specifically, no later than 1:30 p.m. ET of the day before each Operating Day, ISO-NE must: (i) post the aggregate day-ahead energy schedule; (ii) post the Day-Ahead Prices; and (iii) inform the Market Participants of their scheduled injections and withdrawals. By being required to post its day-ahead energy market results no later than 1:30 p.m. ET, which is 12:30 p.m. CCT, ISO-NE is fully compliant with the Commission's requirement that the results of the day-ahead energy market be posted sufficiently in advance of the 1:00 p.m. CCT nomination deadline for the gas Timely Nomination Cycle adopted by the Commission in its Final Rule. It is important to note that, while the deadline to post the results of the day-ahead energy market contained in the ISO-NE Tariff is "no later than 1:30 p.m. ET," the vast majority of the time (85%), ISO-NE posts the results of the day-ahead energy market prior to 1:00 p.m. ET, which is 12:00 p.m. CCT. This provides one hour for gas-fired generators to procure natural gas supply and pipeline transportation capacity by the nomination deadline for the gas Timely Nomination Cycle.

In addition, under the ISO New England Manual for Market Operations (Manual M-11), the results of ISO-NE's initial Reserve Adequacy Analysis are posted at 5:00 p.m. ET. Specifically, under Section 2.2.1 of Manual M-11, ISO-NE provides individual Resource schedules developed during the initial Reserve Adequacy Analysis for non-Fast Start Generators and for priced External

⁷ *Posting of Offers to Purchase Capacity*, 146 FERC ¶ 61,203 (2014).

⁸ Final Rule at P 87.

Transactions to affected Lead Market Participants by posting on a secure site at 5:00 p.m. ET. Therefore, by posting the results of the initial Reserve Adequacy Analysis at 5:00 p.m. ET, which is 4:00 p.m. CCT, ISO-NE is fully compliant with the Commission's requirement that the results of the reliability unit commitment process be posted sufficiently in advance of the 6:00 p.m. CCT nomination deadline for the gas Evening Nomination Cycle adopted by the Commission in its Final Rule.⁹

IV. CONCLUSION

For the foregoing reasons, ISO-NE respectfully requests that the Commission accept this filing as fully compliant with the Paper Hearing Order.

Respectfully submitted,

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Dated: July 23, 2015

⁹ The ISO-NE deadlines for posting the results of the day-ahead energy market and the Reserve Adequacy Analysis were noted by the Commission in the Paper Hearing Order. See Paper Hearing Order at P 10. The Commission accepted the deadlines on April 24, 2013. See *ISO New England Inc. and New England Power Pool*, 143 FERC ¶ 61,065 (2013).