



February 27, 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., Docket No. ER15-____-000
Forward Capacity Auction Results Filing
April 13, 2015 COMMENT DATE REQUIRED BY REGULATION

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Section III.13.8.2 of the ISO New England Transmission, Markets and Services Tariff (the “Tariff”),² ISO New England Inc. (the “ISO”) submits this Forward Capacity Auction Results Filing (“FCA Results Filing”) for the ninth Forward Capacity Auction (“FCA”).³ Section III.13.8.2 (a) of the Tariff requires the ISO to file the results of the FCA with the Federal Energy Regulatory Commission (“Commission” or “FERC”) as soon as practicable after the FCA is complete. The ninth FCA was held on February 2, 2015 for the June 1, 2018 through May 31, 2019 Capacity Commitment Period. The ISO submits this filing in accordance with the Tariff.

Pursuant to Section III.13.8.2(c) of the Tariff, any objection to the FCA results must be filed with the Commission within 45 days from the date of the FCA Results Filing. **Accordingly, any objections must be filed on or before April 13, 2015, and the ISO requests that the Commission issue a notice setting an April 13, 2015 comment date.** As discussed below, the ISO requests an effective date of June 27, 2015, which is 120 days from the date of this submission.

¹ 16 U.S.C. § 824d (2006).

² The rules governing the Forward Capacity Market (“FCM Rules”) are primarily contained in Section III.13 of the Tariff, but also may include other provisions, including portions of Section III.12.

³ Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the Tariff, the Second Restated New England Power Pool Agreement and the Participants Agreement.

The Honorable Kimberly D. Bose, Secretary

February 27, 2015

Page 2 of 7

In accordance with Section III.13.8.2 of the Tariff, this submission contains the results of the ninth FCA, including the Capacity Zones in the auction; the Capacity Clearing Price in each of those Capacity Zones; a list of which resources received Capacity Supply Obligations in each Capacity Zone; and the amount of those Capacity Supply Obligations. Pursuant to Tariff Section III.12.4, the Capacity Zones for the ninth FCA were Connecticut, Northeastern Massachusetts/Boston (“NEMA/Boston”), Southeastern Massachusetts/Rhode Island (“SEMA/RI”) and Rest-of-Pool. The Rest-of-Pool Capacity Zone included Western/Central Massachusetts, New Hampshire, Vermont and Maine.

The auction commenced with a starting price of \$17.728/kW-month. In the NEMA/Boston, Connecticut and Rest-of-Pool Capacity Zones, the descending clock auction concluded after three rounds. Resources in those Capacity Zones will be paid at a price of \$9.551 /kW-month.⁴ The auction continued for one additional round for New York AC Ties imports, closing at \$7.967/kW-month, and two additional rounds for New Brunswick imports, closing at a price of \$3.94/kW-month.

In the SEMA/RI Capacity Zone, there were inadequate resources to meet the zone’s Local Sourcing Requirement. Since all the resources that qualified, including the new resources, were needed to meet the Local Sourcing Requirement in SEMA/RI, bidding never opened in the SEMA/RI Capacity Zone. Due to the inadequate resources in the SEMA/RI Capacity Zone, the administrative pricing provisions of the Tariff relating to Inadequate Supply were triggered.⁵ Under those rules, new resources in the SEMA/RI Capacity Zone will be paid at the auction starting price of \$17.728/kW-month and existing resources in the zone will be paid \$11.08/kW-month.

Section III.13.8.2 (b) of the Tariff requires the ISO to provide documentation regarding the competitiveness of the FCA. The documentation may include certification from the auctioneer and the ISO that: (i) all resources offering and bidding in the FCA were properly qualified in accordance with the provisions of Section III.13.1; and (ii) the FCA was conducted in accordance with the provisions of Section III.13. Pursuant to Section III.13.8.2 (b), the ISO has included the Testimony of Stephen J. Rourke, Vice President of System Planning at the ISO (“Rourke Testimony”), the Testimony of Robert G. Ethier, Vice President of Market Operations at the ISO (“Ethier Testimony”), the Testimony of Jeffery McDonald, Vice President of Market Monitoring and the Internal Market Monitor (“IMM”) at the ISO (“McDonald Testimony”), and the Testimony of Lawrence M. Ausubel, the auctioneer (“Ausubel Testimony”).

The ISO tenders the instant filing in compliance with Section III.13.8.2 of its Tariff pursuant to Section 205 of the FPA, and the ISO requests that the Commission find that the ISO conducted the ninth FCA in accordance with its FERC-approved Tariff.

I. COMMUNICATIONS

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

⁴ Multi-year obligations from previous auctions will be paid based on the Capacity Clearing Price in the auction in which they originally cleared. Self-supply obligations will not be paid through the FCM.

⁵ See Section III.13.2.8.1.1 of the Tariff.

The Honorable Kimberly D. Bose, Secretary
February 27, 2015
Page 3 of 7

Kevin W. Flynn, Esq.
Senior Regulatory Counsel
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841
Tel: (413) 535-4177
Fax: (413) 535-4379
E-mail: kflynn@iso-ne.com

II. STANDARD OF REVIEW

The ISO tenders the instant filing in compliance with Section III.13.8.2 of its Tariff and pursuant to Section 205 of the FPA.⁶ The ISO respectfully requests that the Commission find that the ninth FCA Results Filing meets the standard of Section 205, in that the results are just and reasonable rates derived from the auction that was conducted in accordance with the ISO's FERC-approved Tariff. The attached testimonies support this conclusion, and provide the basis for the Commission to approve the resulting rates.

III. REQUESTED EFFECTIVE DATE

The ISO respectfully requests that the Commission accept the ninth FCA Results Filing, confirming that the auction was conducted in conformance with the ISO's Commission-approved Tariff, to be effective June 27, 2015 which is 120 days after the date of submission. Under the Tariff, parties have 45 days to file with the Commission an objection to the FCA Results Filing. An effective date of 120 days from the date of submission gives interested parties an opportunity to respond to any objections and provides the Commission time to review the FCA Results Filing and associated pleadings.

IV. SPECIFIC FCA RESULTS

A. Capacity Zones Resulting From the Auction

Section III.13.8.2 (a) of the Tariff requires the ISO to provide the Capacity Zones resulting from the FCA. The Capacity Zones for the ninth FCA were Connecticut, NEMA/Boston, SEMA/RI and Rest-of-Pool. The Capacity Zones determined under Section III.13.2.3.4 of the Tariff are the same Capacity Zones that were modeled pursuant to Section III.12.4 of the Tariff.

B. Capacity Clearing Price

The Tariff requires the ISO to provide the Capacity Clearing Price in each Capacity Zone (and, pursuant to Section III.13.2.3.3 (d), the Capacity Clearing Price associated with certain imports, if applicable).⁷

⁶ It should be noted that the Commission has consistently held that the matters properly in dispute in the annual FCA results filing are the results of the FCA and not the underlying market design or rules. *See e.g., ISO New England Inc.*, 130 FERC ¶ 61,145 at P 33 (2010) (finding that challenges to the FCM market design are outside the scope of the proceeding evaluating the FCA results filing).

⁷ Tariff Section III.13.8.2 (a).

For the ninth FCA, the descending clock auction starting price in each Capacity Zone was \$17.728/kW-month. As explained in the Ethier Testimony, the Capacity Clearing Price was \$9.551/kW-month in the Connecticut, NEMA/Boston and Rest-of-Pool Capacity Zones. The Ethier Testimony also explains that the administrative pricing provisions in the Tariff relating to Inadequate Supply determined the payment rates for the SEMA/RI Capacity Zone. An import-constrained zone has Inadequate Supply, if at the Forward Capacity Auction Starting Price, the amount of new qualified capacity is less than the amount of New Capacity Required.⁸ New Capacity Required is defined as the zone's Local Sourcing Requirement minus the amount of existing resources. In the SEMA/RI Capacity Zone, there were inadequate resources to meet the zone's Local Sourcing Requirement. Specifically, there were 7,241 MW (6,888 MW of existing resources and 353 MW of new resources) that qualified to meet the SEMA/RI Local Sourcing Requirement of 7,479 MW.

Under Section III.13.2.8.1.1 (a) of the Tariff, if the Inadequate Supply rule is triggered, existing resources receive the maximum applicable Net Cost of New Entry ("Net CONE") value, or the Capacity Clearing Price for the Rest-of-Pool Capacity Zone and new resources will be paid the Forward Capacity Auction Starting Price. The Net CONE was \$11.08/kW-month and the Capacity Clearing Price for the Rest-of-Pool Capacity Zone was \$9.551/kW-month; therefore, existing resources in the SEMA/RI Capacity Zone will be paid at a price of \$11.08/kW-month. New resources in the SEMA/RI Capacity Zone will be paid at the Forward Capacity Auction Starting Price of \$17.728/kW-month.

The Capacity Clearing Price for imports over the New York AC Ties external interface was \$7.967/kW-month and for imports over the New Brunswick external interface, the Capacity Clearing Price was \$3.94/kW-month. The Capacity Clearing Price on the remaining external interfaces was \$9.551/kW-month.

C. Capacity Supply Obligations

The Tariff requires the ISO to specify in the FCA Results Filing the resources which received Capacity Supply Obligations in each Capacity Zone.⁹ This information is provided in Attachment A.

The Tariff also requires the ISO to list which resources cleared as Conditional Qualified New Generating Capacity Resources and to provide certain information relating to Long Lead Time Generating Facilities.¹⁰ No resources cleared as Conditional Qualified New Generating Capacity Resources in the ninth FCA. In addition, there were no Long Lead Time Generating Facilities that secured a Queue Position to participate as a New Generating Capacity Resource in the ninth FCA nor were any resources with a lower queue priority that were selected in the FCA subject to a Long Lead Time Generating Facility with a higher queue priority.

D. De-List Bids Reviewed For Reliability Purposes

The Tariff requires the FCA Results Filing to enumerate any de-list bids rejected for reliability reasons.¹¹ No de-list bids were rejected for reliability reasons in the ninth FCA.¹²

⁸ Tariff Section III.13.2.8.1.1.

⁹ Tariff Section III.13.8.2 (a).

¹⁰ *Id.*

¹¹ *Id.*

The Honorable Kimberly D. Bose, Secretary

February 27, 2015

Page 5 of 7

V. DOCUMENTATION OF COMPETITIVENESS

Section III.13.8.2 (b) of the Tariff requires the ISO to provide documentation regarding the competitiveness of the FCA. The documentation may include certification from the auctioneer and the ISO that: (i) all resources offering and bidding in the FCA were properly qualified in accordance with the provisions of Section III.13.1 of the Tariff; and (ii) the FCA was conducted in accordance with the provisions of Section III.13 of the Tariff. In this regard, the ISO has included the Rourke Testimony, the Ethier Testimony, the McDonald Testimony, and the Ausubel Testimony.

In his testimony, Mr. Rourke, who oversaw the qualification of resources, certifies that all resources offering and bidding in the ninth FCA were qualified in accordance with Section III.13.1 of the Tariff.¹³ Mr. Rourke testifies that he oversaw the reliability review of all submitted de-list bids for the ninth FCA and that no resources that submitted de-list bids were retained for reliability reasons.¹⁴

In his testimony, Dr. Ethier explains the prices resulting from the auction and how the prices were determined.¹⁵ Dr. Ethier also explains the prices in the four Capacity Zones and why the prices in certain zones were higher than in others.¹⁶

Dr. McDonald explains that the IMM reviewed de-list bids from existing resources and offers from new resources submitted during the qualification process.¹⁷ Dr. McDonald testifies that he oversaw the IMM's review of these bids and offers and certifies that such review was performed in accordance with the provisions of Section III.13.1.¹⁸ Dr. McDonald also notes that the IMM's determinations with respect to the offers and bids were accepted by the Commission in the Informational Filing Order.¹⁹

Dr. McDonald also testifies that the IMM reviewed each round of the FCA in addition to the final results of the FCA. Each round of the FCA was evaluated by the IMM and no evidence of collusive or manipulative behavior was noted. In his testimony, Dr. McDonald certifies that no anti-competitive behavior was evident in the auction.

Dr. Ausubel, the auctioneer, and chairman and founder of Power Auctions LLC, the company that helped implement and administer the FCA, certifies that the auction was conducted in accordance with Section III.13.2.²⁰ Dr. Ausubel's certification is based on his vast experience in conducting energy auctions.

¹² Rourke Testimony at 5.

¹³ *Id.* at 3.

¹⁴ *Id.* at 3-5.

¹⁵ Ethier Testimony at 3.

¹⁶ *Id.* at 2, 11-14.

¹⁷ McDonald Testimony at 2-3.

¹⁸ *Id.*

¹⁹ *Order Accepting Informational Filing*, 150 FERC ¶ 61,021 (2015); *see also* McDonald Testimony at 3.

²⁰ Ausubel Testimony at 4.

The Honorable Kimberly D. Bose, Secretary

February 27, 2015

Page 6 of 7

VI. ADDITIONAL SUPPORTING INFORMATION

The ISO tenders the instant filing in compliance with Section III.13.8.2 of its Tariff pursuant to Section 205 of the FPA.²¹ Section 35.13 of the Commission's regulations generally requires public utilities to file certain cost and other information related to an examination of cost-of-service rates.²² However, the results of the FCA are not traditional "rates" and the ISO is not a traditional investor-owned utility. Therefore, to the extent necessary, the ISO requests waiver of Section 35.13 of the Commission's regulations. Notwithstanding its request for waiver, the ISO submits the following additional information in compliance with the identified filing regulations of the Commission applicable to Section 205.

35.13(b)(1) - Materials included herewith are as follows:

- a. This transmittal letter;
- b. Attachment A: List of Capacity Supply Obligations;
- c. Attachment B: Testimony of Stephen J. Rourke;
- d. Attachment C: Testimony of Robert G. Ethier
- e. Attachment D: Testimony of Jeffrey McDonald;
- f. Attachment E: Testimony of Lawrence M. Ausubel; and
- g. Attachment F: List of governors and utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont to which a copy of this filing has been emailed.

35.13(b)(2) - The ISO respectfully requests that the Commission accept this filing to become effective on June 27, 2015, which is 120 days after the submission of this FCA Results Filing.

35.13(b)(3) - Pursuant to Section 17.11 (e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at <http://www.iso-ne.com/participate/participant-asset-listings/directory?id=1&type=committee>. An electronic copy of this transmittal letter and the accompanying materials has also been emailed to the governors and electric utility regulatory agencies for the six New England states which comprise the New England Control Area, and to the New England Conference of Public Utility Commissioners, Inc. The names and addresses of these governors and regulatory agencies are shown in Attachment F.

²¹ As was noted above, the Commission has consistently held that the scope of the proceeding evaluating the annual FCA results filing is limited to the results of the FCA. *See e.g., ISO New England Inc.*, 130 FERC ¶ 61,145 at P 33 (2010) (finding that challenges to the FCM market design are outside the scope of the proceeding evaluating the FCA results filing).

²² 18 C.F.R. § 35.13 (2014).

The Honorable Kimberly D. Bose, Secretary

February 27, 2015

Page 7 of 7

35.13(b)(4) - A description of the materials submitted pursuant to this filing is contained in the transmittal letter;

35.13(b)(5) - The reasons for this filing are discussed in the background section to this transmittal letter; and

35.13 (b)(7) - The ISO has no knowledge of any relevant expenses or cost of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

VII. CONCLUSION

In this FCA Results Filing, the ISO has presented all of the information required by the Tariff. The ISO has demonstrated that the ninth FCA was conducted in accordance with the Tariff, as found just and reasonable by the Commission. The ISO has specified the Capacity Zones that resulted from the auction. The ISO has also provided the Capacity Clearing Price for each of the Capacity Zones and a list of resources that received Capacity Supply Obligations. Finally, the ISO has provided documentation in the form of testimony, regarding the outcome of the ninth FCA. Accordingly, the ISO requests that the Commission accept the results of the ninth FCA within 120 days of this filing.

Respectfully submitted,

By: /s/ Kevin W. Flynn

Kevin Flynn, Esq.
Senior Regulatory Counsel
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841
Tel: (413) 535-4177
Fax: (413) 535-4379
E-mail: kflynn@iso-ne.com

cc: Governance Participants (electronically) and entities listed in Attachment F.

Attachment A

Attachment B

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

ISO New England Inc.

) Docket No. ER15-___-000

TESTIMONY OF STEPHEN J. ROURKE

1 **Q: PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

2 A: My name is Stephen J. Rourke. I am Vice President of System Planning with ISO
3 New England Inc. (the “ISO”). My business address is One Sullivan Road,
4 Holyoke, Massachusetts 01040.

5

6 **Q: PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
7 WORK EXPERIENCE.**

8 A: I have a B.S. in Electrical Engineering from Worcester Polytechnic Institute and a
9 M.B.A. from Western New England University. In my current position as Vice
10 President of System Planning, I am responsible for planning for a reliable New
11 England bulk power system according to prescribed reliability standards and
12 guidelines of the Northeast Power Coordinating Council (“NPCC”) and the North
13 American Electric Reliability Corporation (“NERC”); overseeing development of
14 the annual Regional System Plan; analysis and approval of new transmission and
15 generation interconnection projects, including the approval of qualification of
16 generating capacity resources, demand resources, and import capacity resources

1 to participate in the Forward Capacity Auction¹ (“FCA”); implementing the
2 Federal Energy Regulatory Commission (“Commission” or “FERC”) approved
3 generator interconnection process; developing the ISO’s findings for
4 Transmission Cost Allocation; and supporting the capacity market in New
5 England.

6

7 Previously, I served as the ISO’s Director, Reliability and Operations Services. I
8 was also a former manager of the Rhode Island—Eastern Massachusetts—
9 Vermont Energy Control (“REMVEC”) center in Westborough, Massachusetts
10 and former manager of marketing operations for Northeast Utilities/Select Energy
11 Inc. in Berlin, Connecticut. I have over 30 years of experience in the operations
12 and planning of the New England bulk power system.

13

14 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A: The purpose of my testimony is to certify that resources participating in the ninth
16 FCA, which was held on February 2, 2015, were properly qualified in accordance
17 with Section III.13.1 of the Tariff. Section III.13.8.2 (b) of the Tariff requires that
18 documentation regarding the competitiveness of the FCA be filed with the
19 Commission. Section III.13.8.2 (b) states that such documentation may include a
20 certification from the ISO that all entities offering and bidding in the FCA were
21 properly qualified in accordance with Section III.13.1 of the Tariff. My testimony

¹ Capitalized terms used but not otherwise defined in this testimony have the meanings ascribed thereto in the ISO’s Transmission, Markets and Services Tariff (the “Tariff”). Section III of the Tariff is Market Rule 1.

1 provides such certification.

2

3 **Q: WERE ALL RESOURCES OFFERING AND BIDDING IN THE NINTH**
4 **FCA HELD ON FEBRUARY 2, 2015 PROPERLY QUALIFIED IN**
5 **ACCORDANCE WITH TARIFF SECTION III.13.1?**

6 A: Yes. Section III.13.1 of the Tariff sets forth the process for qualification in the
7 FCA. In my role as Vice President of System Planning, I was responsible for
8 overseeing the qualification of all resources in the ninth FCA held on February 2,
9 2015. I certify that all resources offering and bidding in the ninth FCA were
10 properly qualified in accordance with Section III.13.1 of the Tariff. In a
11 November 4, 2014 informational filing with the Commission, the ISO explained
12 the qualification process for resources to participate in the ninth FCA.² The
13 Commission approved the Informational Filing on January 16, 2015.³

14

15 **Q: WHAT WAS YOUR ROLE IN THE RELIABILITY REVIEW OF THE**
16 **VARIOUS DE-LIST BIDS?**

17 A: As the Vice President of System Planning, I oversaw the reliability review of all
18 submitted de-list bids.

19

20 **Q: PLEASE DESCRIBE THE ISO'S REVIEW OF DE-LIST BIDS.**

² *ISO New England Inc.*, Informational Filing for Qualification in the Forward Capacity Market, Docket No. ER14-329-000 (filed November 4, 2014) (“Informational Filing”).

³ *Order Accepting Informational Filing*, 150 FERC ¶ 61,021 (2015) (“Informational Filing Order”).

1 A: Under the Tariff, all existing resources participate in the FCA, unless the resource
2 submits a de-list bid.⁴ There are two types of review performed by the ISO on the
3 de-list bids.

4

5 **Q: WHAT IS THE FIRST TYPE OF REVIEW?**

6 As described in the Informational Filing, the ISO's Internal Market Monitor
7 ("IMM") reviews Permanent and Static De-List Bids to determine whether the
8 bids are consistent with the resource's net risk-adjusted going forward and
9 opportunity costs. This review is not performed for Dynamic De-List Bids, which
10 are submitted during the auction itself if the price drops below a prescribed
11 threshold. For the ninth FCA, this threshold was \$3.94/kW-month.

12

13 **Q. WHAT IS THE OTHER TYPE OF REVIEW THAT THE ISO PERFORMS
14 WITH REGARD TO DE-LIST BIDS?**

15 A: Prior to each FCA, pursuant to Section III.13.2.5.2.5 of the Tariff, the ISO
16 reviews each Permanent De-List Bid, Static De-List Bid, and Export Bid to
17 determine if the capacity associated with the bid is needed for reliability during
18 the Capacity Commitment Period associated with the FCA. The Tariff provides
19 that capacity will be needed for reliability if the absence of that capacity would
20 result in violation of any NERC, NPCC, or ISO criteria.⁵ If the capacity
21 associated with the de-list bid is determined not to be needed for reliability, and

⁴ Section III.13.2.3.2(c) of the Tariff.

⁵ Section III.13.2.5.2.5 of the Tariff.

1 the auction price falls below the de-list bid price, the capacity associated with the
2 bid is removed from the auction.

3

4 **Q: FOR THE NINTH FCA, HOW MANY DE-LIST BIDS DID THE ISO
5 REVIEW FOR RELIABILITY?**

6 A. A total of 8,301 MW of de-list bids were submitted for the ninth FCA. However,
7 pursuant to Tariff Section III.13.1.2.3.2.1.1.2, prior to the auction, some
8 participants elected to withdraw their Static De-list Bids. In addition, also prior to
9 the auction, 97 MW of the de-list bids were converted into Non-Price Retirement
10 Requests (“NPRRs”). As a result, a total of 5,537 MW of Static De-list Bids were
11 reviewed for reliability. Because the auction price did not go below \$3.94/kW-
12 month (*i.e.*, the threshold for review of Dynamic De-List Bids prescribed for the
13 ninth FCA), no Dynamic De-List Bids were submitted. Finally, no Permanent
14 De-list Bids or Export Bids were submitted for the ninth FCA.

15

16 **Q: DID THE ISO REVIEW SHOW THE NEED TO RETAIN FOR
17 RELIABILITY ANY RESOURCES THAT SUBMITTED DE-LIST BIDS
18 FOR THE NINTH FCA?**

19 A. No. The ISO did not reject any de-list bid that it studied for the ninth FCA.

20

21 **Q. FOR THE NINTH FCA, HOW MANY MW OF NPRRS DID THE ISO
22 REVIEW FOR RELIABILITY?**

1 A. For the ninth FCA, a total of 41 NPPRs representing 464 MW of retirements were
2 submitted⁶ and reviewed for reliability pursuant to Tariff Section III.13.2.5.2.5
3 and ISO Planning Procedure No. 10.⁷

4

5 **Q: DID THE ISO REVIEW SHOW THE NEED TO RETAIN FOR**
6 **RELIABILITY ANY RESOURCES THAT SUBMITTED NPPRS FOR**
7 **THE NINTH FCA?**

8 A. No.

9

10 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

11 A: Yes.

⁶ NPPR submissions are available at: <http://www.iso-ne.com/system-planning/resource-planning/nonprice-retirement>

⁷ “Planning Procedure to Support the Forward Capacity Market”

1 I declare that the foregoing is true and correct.

2

3

4

5

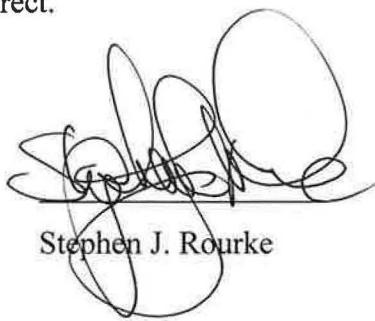
6

7

8

9

DC\80051382.3



A handwritten signature in black ink, appearing to read "Stephen J. Rourke". The signature is fluid and cursive, with a large, stylized 'S' at the beginning.

Stephen J. Rourke

Attachment C

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

ISO New England Inc.

) Docket No. ER15-__-000

**TESTIMONY OF ROBERT G. ETHIER
ON BEHALF OF ISO NEW ENGLAND INC.**

- 1 **Q: PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**
- 2 A: My name is Robert G. Ethier. I am employed by ISO New England Inc. (the
3 “ISO”) as Vice President of Market Operations. My business address is One
4 Sullivan Road, Holyoke, Massachusetts 01040.
5
- 6 **Q: PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
7 WORK EXPERIENCE.**
- 8 A: I have a Bachelor of Arts degree in Economics from Yale University, a Masters in
9 Resource Economics from Cornell University, and a Ph.D. in Resource
10 Economics from Cornell University. Since 2000, I have worked at the ISO in
11 various roles. I was responsible for Market Monitoring for nearly four years and
12 Resource Adequacy for more than two years before becoming Vice President of
13 Market Development in July 2008. In July 2014, I took on my current role as
14 Vice President of Market Operations. Before 2000, I was a Senior Associate at
15 Stratus Consulting with responsibility for energy market modeling.
16
- 17 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**
- 18 A: My testimony explains the auction prices resulting from the recently conducted

1 ninth Forward Capacity Auction (“FCA”).

2

3 **Q: WHAT WAS YOUR ROLE IN THE DEVELOPMENT OF THE LIST OF**

4 **RESOURCES THAT RECEIVED CAPACITY SUPPLY OBLIGATIONS**

5 **IN THE NINTH FCA?**

6 A. Section III.13.8.2 (a) of the ISO’s Transmission, Markets and Services Tariff

7 (“Tariff”), requires the ISO to provide a list of resources that received Capacity

8 Supply Obligations in each Capacity Zone and the size of the Capacity Supply

9 Obligations. The ISO has provided this information in Attachment A to this

10 filing. As the Vice President of Market Operations, Attachment A was developed

11 under my supervision and direction

12

13 **Q: WHAT CAPACITY ZONES WERE MODELLED IN THE NINTH FCA?**

14 A. The ISO modeled four Capacity Zones in the ninth FCA: Southeastern

15 Massachusetts/Rhode Island (“SEMA/RI”), Connecticut, Northeastern

16 Massachusetts/Boston (“NEMA/Boston”) and Rest-of-Pool. The SEMA/RI

17 Capacity Zone includes the Southeastern portion of Massachusetts and the State

18 of Rhode Island. The NEMA/Boston Capacity Zone includes the Greater Boston

19 and North Shore regions of Massachusetts. The Rest-of-Pool Capacity Zone

20 includes Maine, Western/Central Massachusetts, New Hampshire and Vermont.

21 As in previous auctions, the NEMA/Boston and Connecticut zones have been

22 determined to be import-constrained zones. In addition, for the first time, the

1 Southeast Massachusetts and Rhode Island¹ Load Zones have been modeled as a
2 single Capacity Zone in the 2018-2019 Capacity Commitment Period's FCA and
3 determined to be import-constrained. As detailed in the ISO's Informational
4 Filing for the ninth FCA, the Local Sourcing Requirements for the Connecticut,
5 SEMA/RI and NEMA/Boston Load Zones are 7,331 MW, 7,479 MW and 3,572
6 MW, respectively.²

7

8 **Q: PLEASE DESCRIBE THE PRICES RESULTING FROM THE AUCTION**

9 A. The auction commenced with a starting price of \$17.728/kW-month. In the
10 NEMA/Boston, Connecticut and Rest-of-Pool Capacity Zones, the descending
11 clock auction concluded after three rounds. Resources in those Capacity Zones
12 will be paid at the Capacity Clearing Price set pursuant to the system-wide sloped
13 demand curve, which was \$9.551/kW-month.³

14

15 In the SEMA/RI Capacity Zone, there were inadequate resources to meet the
16 zone's Local Sourcing Requirement. As a result, the Inadequate Supply
17 administrative pricing rules were triggered for the SEMA/RI Capacity Zone.
18 Under these rules, the 353 MW of new capacity in the zone will receive the
19 auction starting price of \$17.728/kW-month, while 6,632 MW of existing
20 resources in the zone will receive \$11.08/kW-month and 256 MW of existing

¹ The Commission accepted the SEMA/RI zonal boundary in a letter order dated May 29, 2014 in Docket No. ER14-1939-000.

² Informational Filing for Qualification in the Forward Capacity Market at page 9, filed on November 4, 2014 in Docket No. ER15-328-000.

³ Existing resources with multi-year obligations from previous auctions will be paid based on the Capacity Clearing Price in the auction in which they originally cleared. Self-supplied resources will not be paid through the FCM.

1 self-supply resources will not receive payments through the Forward Capacity
2 Market.

3

4 **Q: THIS WAS THE FIRST AUCTION IN WHICH A SYSTEM-WIDE**
5 **SLOPED DEMAND CURVE WAS USED. PLEASE DESCRIBE THE**
6 **SLOPED DEMAND CURVE**

7 A. The system-wide sloped demand curve's shape is defined by pertinent financial
8 and reliability parameters. At prices below the Forward Capacity Auction
9 Starting Price of \$17.728/kW-month, the system-wide quantity demanded
10 increases linearly as price decreases. The demand curve is designed to procure
11 over time capacity sufficient to meet the resource adequacy requirement for the
12 New England Control Area, the Net Installed Capacity Requirement ("NICR").
13 The demand curve is defined in part by an administrative Net CONE value of
14 \$11.08/kW-month, which is the estimated capacity market revenue a combined
15 cycle unit would need in its first year of operation. The demand curve is designed
16 to ensure that prospective resource developers are able to recover just enough
17 money in the New England markets to make it financially worth their while to
18 build a power plant in New England when the region is short of its resource
19 target. Therefore, the Net CONE value is used as the basis for the demand curve,
20 setting its height (at 1.6 x Net CONE) and influencing its shape for the ninth
21 FCA. The sloped portion of the demand curve begins at quantities less than
22 NICR and reaches a price of zero well to the right of NICR. It intersects the Net
23 CONE value to the right of NICR. The system-wide sloped demand curve

1 replaced NICR as the determinant of system-wide capacity demand for purposes
2 of clearing the Forward Capacity Auction. The Commission approved the
3 system-wide sloped demand curve on May 30, 2014.⁴

4

5 The system-wide sloped demand curve was applied in the ninth FCA to determine
6 the price at which system-wide aggregate supply intersected the system-wide
7 quantity demanded. For the ninth FCA, sloped demand curves were not applied
8 at the zonal level.

9

10 **Q: CAN YOU PROVIDE A GRAPH OF THE SYSTEM-WIDE DEMAND**
11 **CURVE FOR FCA 9?**

⁴ Order Accepting Tariff Provisions, 147 FERC ¶ 61,173 (2014).

- 1 A. Yes. Below is a graph of the system-wide sloped demand curve, Net CONE, and
2 NICR beginning at 32,000 MW:

3

4

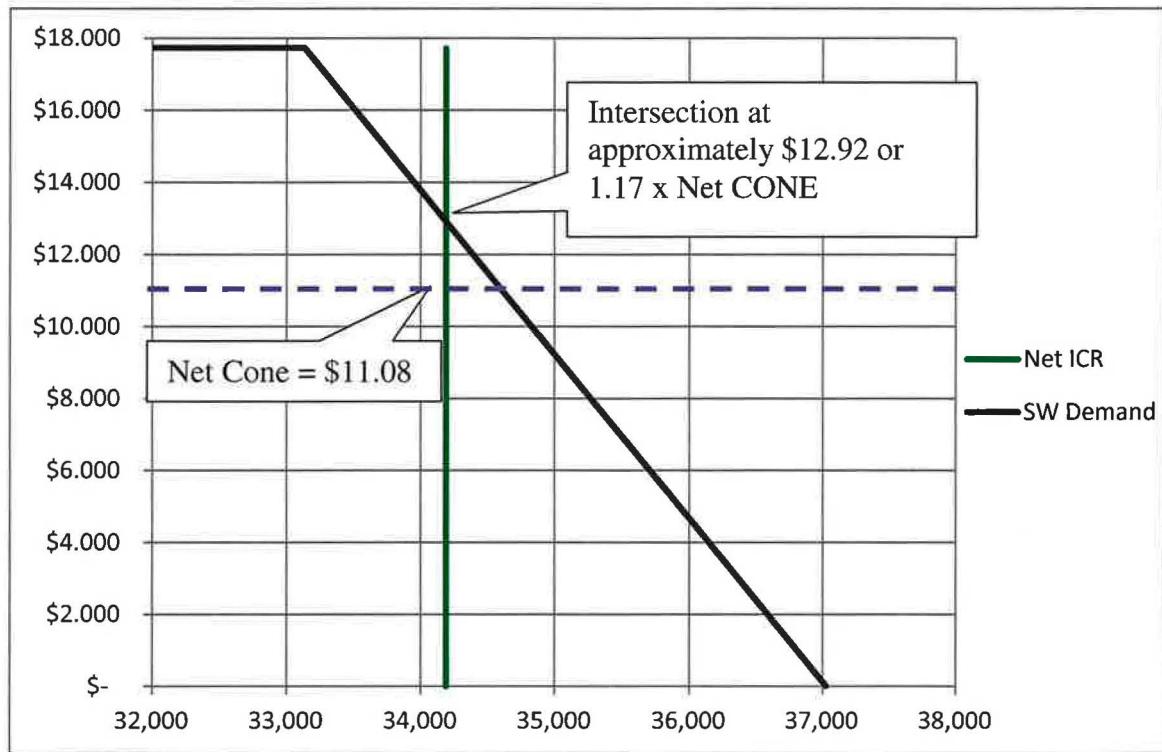
5 **Q: WHAT CAUSED THE DESCENDING CLOCK AUCTION TO CLOSE?**

- 6 A. The auction bound system-wide when a new capacity offer was withdrawn,
7 resulting in aggregate supply falling short of demand in the third round of the
8 auction, after accounting for the 238 MW capacity shortfall in the SEMA/RI
9 Capacity Zone.

10

11 **Q: WHY WAS THE REST-OF-POOL CAPACITY CLEARING PRICE
12 \$9.551/KW-MONTH?**

- 13 A. In the ninth FCA, the Capacity Clearing Price was higher than the binding price.
14 This was because the marginal offer at the binding price was non-rationable.



1 Pursuant to the FCM rules, many offers from new capacity and many de-list bids
2 from existing capacity are non-rationable (sometimes called indivisible). That is,
3 the entire block must clear or not clear; it cannot be partially cleared. As a result
4 of this constraint, it is extremely unlikely that the auction will stop naturally at the
5 precise intersection of supply and demand, and in such a way as to require no
6 further work to determine the set of cleared resources and clearing prices.

7

8 **Q: HOW DOES THE FCA ADDRESS THIS ISSUE?**

9 A: While the descending-clock auction ably performs its role in winnowing the total
10 resources and prices to the right neighborhood, in the specific area where supply
11 and demand intersect, the presence of non-rationable offers may present a number
12 of potential solutions regarding which resources should clear and at what prices.
13 In order to determine which resources should clear, at what quantities and at what
14 price, the ISO utilizes the FCM clearing engine. The objective of the FCM
15 clearing engine is to maximize social surplus. Social surplus (sometimes called
16 social welfare) is in this case the sum of consumer surplus (the difference between
17 the amount that consumers would be willing to pay as defined by the demand
18 curve and the amount they actually pay) and supplier surplus (the difference
19 between the amount that suppliers are actually paid and the amount that they
20 would have been willing to accept). With exclusively rationable (sometimes
21 called divisible) offers and bids, the value is maximized by clearing all supply to
22 the left of the intersection with demand. When it is not possible to clear at the
23 precise intersection of supply and demand, there is a tradeoff between the

1 deadweight loss associated with clearing less supply or more supply than
2 demanded at the marginal offer price.

3

4 Under Section III.13.2.7.4 of the Tariff, where non-rationable offers prohibit the
5 descending clock auction from clearing the precise amount of capacity required,
6 the auctioneer analyzes the aggregate supply curve “to determine cleared capacity
7 offers and Capacity Clearing Prices that result in procuring at least the amount of
8 capacity required while seeking to maximize social surplus for the associated
9 Capacity Commitment Period.” With the sloped demand curve, the amount of
10 capacity required is dependent on price. Therefore, the optimal set of cleared
11 offers and bids that will maximize social surplus is determined in accordance with
12 the demand curve’s price and quantity coordinates. The capacity clearing engine
13 simultaneously analyzes every possible combination of offers in the region of the
14 supply curve that intersects with the demand curve in order to maximize social
15 surplus.

16

17 **Q: PLEASE EXPLAIN THE MECHANICS OF THE CAPACITY CLEARING
18 ENGINE IN THE NINTH FCA**

19 A. In the ninth FCA, the auction was closed by the withdrawal of an offer from new
20 capacity. The offer was non-rationable. I will refer to this offer hereafter as
21 “Offer Z” for ease of reference. At the pricing point just below Offer Z, system-
22 wide total offers were deficient of system-wide demand. Selecting Offer Z would
23 have resulted in excess capacity and, due to deadweight loss, would have reduced

1 social surplus by more than the needed portion of the capacity offer would have
2 added to social surplus. This would have produced a net reduction in social
3 surplus, and as a result, Offer Z was not selected. In this instance, the clearing
4 engine algorithm found smaller offers at prices slightly above the binding price in
5 the auction that increased social surplus. These smaller, new capacity offers were
6 offered at \$9.551/kW-month and also were non-rationable, but the small excess
7 capacity associated with clearing these offers did not produce deadweight loss
8 sufficiently large to cause a net reduction of social surplus. With these offers
9 selected, cleared supply exceeded demand at the Capacity Clearing Price of
10 \$9.551/kW-month by 3.634 MW. This solution maximized social surplus given
11 the submitted offers.

12

13 **Q: CAN YOU PROVIDE A GRAPH DEPICTING THE INTERSECTION OF**
14 **THE SYSTEM-WIDE SLOPED DEMAND CURVE AND A NON-**
15 **RATIONABLE OFFER IN A SAMPLE AGGREGATE SUPPLY CURVE?**

16 A. Yes. This general example illustrates a case when a non-rationable offer causes
17 the auction to bind, but does not maximize social surplus because the area of the
18 green triangle (consumer surplus) is smaller than the area of the red triangle

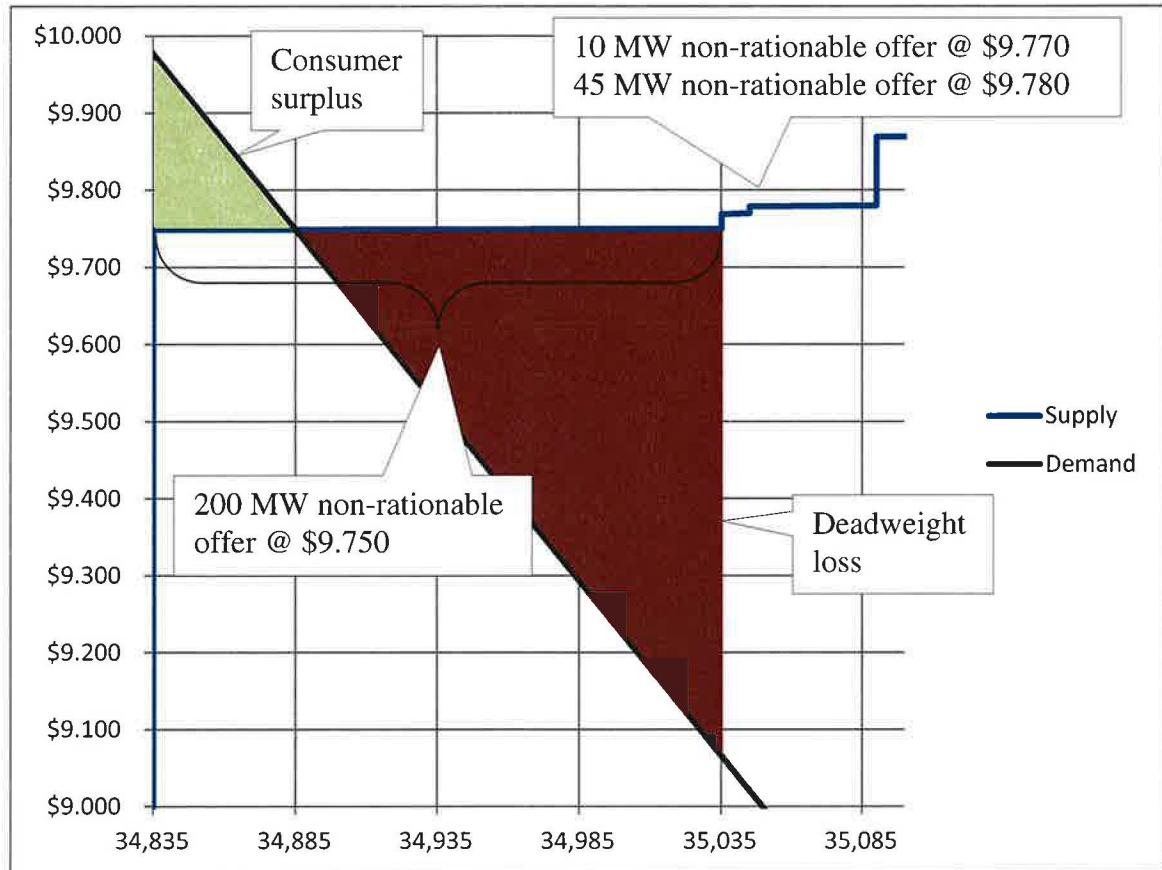
1 (deadweight loss).

2

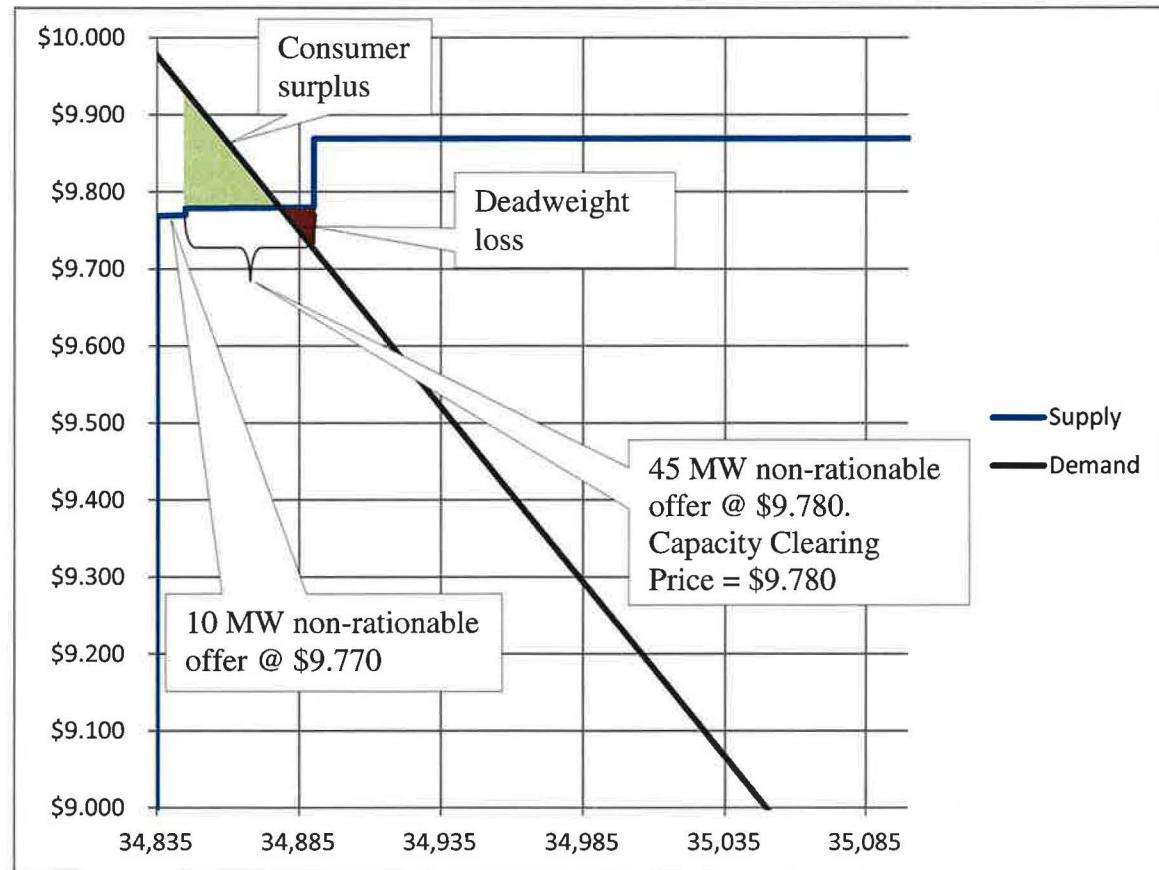
3

4 **Q: CONTINUING WITH THE SAME EXAMPLE, CAN YOU PROVIDE A**
5 **GRAPH DEPICTING THE INTERSECTION OF THE SYSTEM-WIDE**
6 **SLOPED DEMAND CURVE AND THE SAMPLE AGGREGATE SUPPLY**
7 **CURVE AFTER APPLICATION OF THE CLEARING ALGORITHM?**

8 **A:** Yes. This graph demonstrates that the 200 MW offer at \$9.750/kW-month does
9 not clear and has been removed from aggregate supply. In its place, two higher-
10 priced offers clear, which include the non-rationable 10 MW offer at \$9.770/kW-
11 month and the non-rationable 45 MW offer at \$9.780/kW-month. The 45 MW
12 offer at \$9.780/kW-month clears because it maximizes social surplus, which can



1 be seen by comparing the larger area of the green triangle (consumer surplus) to
2 the smaller area of the red triangle (deadweight loss). The Capacity Clearing
3 Price in this example is \$9.780/kW-month, the offer price of the highest-priced
4 cleared offer.



1 SEMA/RI Capacity Zone. Pursuant to Section III.13.2.8.1.1 (a) of the Tariff, the
2 353 MW of new capacity in the zone will receive the auction starting price of
3 \$17.728/kW-month, while the 6,632 MW of existing resources in the zone will
4 receive the Net CONE value of \$11.08/kW-month.

5

6 **Q: WHAT IS INADEQUATE SUPPLY?**

7 A. Pursuant to Section III.13.2.8.1.1 of the Tariff, an import-constrained zone has
8 Inadequate Supply, if at the start of the auction, the amount of new capacity
9 offered in the Capacity Zone is less than the amount of “New Capacity Required”
10 in that Capacity Zone. New Capacity Required is defined as the Capacity Zone’s
11 Local Sourcing Requirement minus the quantity of existing capacity in the zone.
12 When there is Inadequate Supply, auction rounds are not conducted for the
13 import-constrained zone since the amount of capacity offered at the FCA Starting
14 Price is less than the Local Sourcing Requirement.⁵

15

16 **Q: WHAT WAS THE AMOUNT OF NEW CAPACITY REQUIRED IN THE
17 SEMA/RI CAPACITY ZONE?**

18 A. The Local Sourcing Requirement in SEMA/RI was 7,479 MW. There were 6,888
19 MW of existing capacity offers in the SEMA/RI Capacity Zone. Therefore, the
20 amount of New Capacity Required was 591 MW. Since the 353 MW of qualified
21 new capacity in SEMA/RI was less than the New Capacity Required, the
22 administrative pricing provisions of Inadequate Supply were triggered.

⁵ Tariff Section III.13.2.3.3 (a).

1 **Q: THE AUCTION DID NOT PROCURE SUFFICIENT RESOURCES IN**
2 **THE SEMA/RI CAPACITY ZONE FOR THE 2018-2019 CAPACITY**
3 **COMMITMENT PERIOD. WHAT STEPS WILL THE ISO TAKE TO**
4 **ADDRESS THE SHORTFALL?**

5 A: The amount of capacity procured in the SEMA/RI Capacity Zone was 238 MWs
6 less than the Capacity Zone's Local Sourcing Requirement. The ISO will seek to
7 procure additional resources to make up for this shortfall in the upcoming
8 reconfiguration auctions for the 2018-2019 Capacity Commitment Period.

9

10 **Q: WHY WAS THE SEMA/RI CAPACITY ZONE SHORTFALL NOT**
11 **ADDRESSED BY PROCURING CAPACITY FROM OUTSIDE**
12 **SEMA/RI?**

13 A. SEMA/RI is an import-constrained Capacity Zone. The FCA does not procure
14 capacity from resources outside of an import-constrained Capacity Zone to satisfy
15 the zone's Local Sourcing Requirement. The general purpose of Local Sourcing
16 Requirements is to procure capacity resources in specific zones within the New
17 England Control Area. These location-specific purchases are necessary to meet
18 the Northeast Power Coordinating Council and ISO's bulk power system
19 reliability planning criteria after considering the transfer capability of the
20 transmission system. Therefore, the Local Sourcing Requirement is a minimum
21 quantity of capacity that must be met by resources located within that zone. If
22 supply offered at the FCA Starting Price in an import-constrained Capacity Zone
23 falls short of the zone's Local Sourcing Requirement, additional capacity

1 procured from resources located outside the import-constrained Capacity Zone
2 cannot resolve the shortfall because they would not actually meet the reliability
3 need. To prevent the FCA from procuring supply from resources in other zones
4 to meet an import-constrained Capacity Zone's shortfall, the shortfall quantity is
5 subtracted from the system-wide supply sloped demand curve as if the shortfall
6 quantity were no longer demanded. Not doing this would result in the auction
7 incorrectly seeking to procure the import-constrained Capacity Zone's shortfall in
8 other zones, which would raise capacity costs without meeting local reliability
9 criteria.

10

11 **Q: WHAT WERE THE PRICES ON THE EXTERNAL INTERFACES?**

12 A. The auction continued for one additional round for New York AC Ties imports,
13 closing at \$7.967/kW-month and two additional rounds for New Brunswick
14 imports, closing at \$3.94/kW-month. The Capacity Clearing Price for the
15 remaining external interfaces was \$9.551/kW-month.

16

17 **Q: WHY WERE THE CAPACITY CLEARING PRICES FOR THE NEW**
18 **BRUNSWICK AND THE NEW YORK AC TIES EXTERNAL**
19 **INTERFACES LOWER THAN THE CAPACITY CLEARING PRICE FOR**
20 **THE REST-OF-POOL CAPACITY ZONE?**

21 A. The New Brunswick and New York AC Ties external interfaces had greater
22 amounts of capacity offered than the capacity transfer limits for the interfaces at
23 the Rest-of-Pool Capacity Clearing Price of \$9.551/kW-month. Accordingly,

1 pursuant to Section III.13.2.3.3 (d) of the Tariff, the New Brunswick and New
2 York external interfaces were treated in the auction as if they comprised
3 separately modeled export-constrained capacity zones. Therefore, additional
4 bidding was required to determine the Capacity Clearing Price for each of those
5 external interfaces.

6

7 **Q:** **DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A: Yes.

1 I declare that the foregoing is true and correct.

2

3 Executed on February 27, 2015.

4

5

6

7

8



Robert G. Ethier

Attachment D

1 **UNITED STATES OF AMERICA**
2 **BEFORE THE**
3 **FEDERAL ENERGY REGULATORY COMMISSION**

5)
6 **ISO New England Inc.**) **Docket No. ER15-___-000**
7)

8 **TESTIMONY OF JEFFREY McDONALD**

9

10 **Q: PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

11

12 A. My name is Jeffrey McDonald. I am Vice President of Market Monitoring within
13 ISO New England Inc. (the “ISO”), where I perform the role of the Internal
14 Market Monitor (“IMM”). My business address is One Sullivan Road, Holyoke,
15 Massachusetts 01040.

16

17 **Q: PLEASE DESCRIBE YOUR WORK EXPERIENCE AND EDUCATIONAL**
18 **BACKGROUND.**

19

20 A. I have a Bachelor of Science degree in Agriculture and Managerial Economics
21 from the University of California, Davis (“UC Davis”); a Masters of Science
22 degree in Natural Resource Economics from the University of Massachusetts-
23 Amherst; and a Ph.D. degree in Agriculture and Natural Resource Economics
24 from UC Davis. Before joining the ISO in April 2014, I worked at the California
25 ISO as Manager of Market Analysis and Mitigation in the Market Monitoring

1 Department. In the fourteen years I worked at the California ISO, I held positions
2 of increasing responsibility within the Department of Market Monitoring.
3 Before the California ISO, I worked for the State of California as a Staff
4 Economist in the Department of Industrial Relations and the Department of
5 Transportation.

6

7 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8

9 A. The purpose of my testimony is to certify that all offers and bids in the ninth
10 Forward Capacity Auction (“FCA”)¹ that were required by the applicable
11 provisions of the Tariff to be reviewed by the IMM were in fact properly
12 reviewed and whether the outcome of the ninth FCA was the result of a
13 competitive auction. Section III.13.8.2 (b) of the Tariff requires that, after each
14 FCA, documentation regarding the competitiveness of the FCA be filed with the
15 Commission.

16

17 **Q: WERE ALL DE-LIST BIDS FROM EXISTING RESOURCES AND
18 OFFERS FROM NEW RESOURCES PROPERLY REVIEWED BY THE
19 IMM AND QUALIFIED IN ACCORDANCE WITH SECTION III.13.1 OF
20 THE TARIFF PRIOR TO THE NINTH FCA CONDUCTED ON
21 FEBRUARY 2, 2015?**

22

23 A. Yes. Section III.13.1 of the Tariff sets forth the process for qualifying resources
24 to participate in the FCA. Section III.13.1.2.3.2 of the Tariff requires that the

¹ Capitalized terms used but not defined in this testimony have the meanings ascribed to them in the ISO New England Transmission, Markets and Services Tariff (the “Tariff”).

1 IMM review each Static De-List Bid, Export De-List Bid and Permanent De-List
2 Bid above \$3.94/kW-month to determine whether the bid is consistent with the
3 resource's net risk-adjusted going forward costs and opportunity costs.
4 Additionally, pursuant to Section III.A.21.2 of the Tariff, the IMM reviews
5 requests submitted by each New Capacity Resource to offer in the FCA below the
6 Offer Review Trigger Price for the applicable resource type. If the IMM
7 determines that the requested offer price is inconsistent with the IMM's capacity
8 price estimate, then the resource's New Resource Offer Floor Price is set to a
9 level that is consistent with the capacity price estimate, as determined by the
10 IMM.

11

12 As Vice President of Market Monitoring and IMM, I am responsible for
13 overseeing the review of all of these bids and offers, and I certify that such review
14 was performed in accordance with the provisions of Section III.13.1 of the Tariff.
15 The IMM's determinations with respect to these bids and offers were filed with
16 the Commission in Docket No. ER15-328-000, and were accepted by the
17 Commission on January 16, 2015.² The IMM's determinations regarding the
18 New Resource Offer Floor Price for New Import Capacity Resources requesting
19 to submit an offer below the relevant Offer Review Trigger Price were filed with
20 Commission in Docket No. ER15-640-000 and were accepted by the Commission
21 on January 13, 2015.³

22

² *Order Accepting Informational Filing*, 150 FERC ¶ 61,021 (2015) (“Informational Filing Order”).

³ See, Letter Order issued in Docket No. ER15-640-000 issued on January 13, 2015.

1

2 **Q: WAS THE OUTCOME OF THE NINTH FCA CONDUCTED FOR THE
3 2018-2019 CAPACITY COMMITMENT PERIOD THE RESULT OF A
4 COMPETITIVE AUCTION?**

5

6 A. Yes. The outcome of the ninth FCA system-wide was the result of a competitive
7 auction. System-wide there were insufficient existing resources to meet the
8 Installed Capacity Requirement. Therefore, all participants with existing
9 resources were determined by the IMM to be pivotal suppliers. As a result, the
10 IMM reviewed the cost basis of all submitted de-list bids and imposed mitigation,
11 where necessary, on submitted de-list bids. The IMM mitigation determinations
12 were accepted by the Commission in the Informational Filing Order. Under the
13 Tariff, new resources, with the exception of New Import Capacity Resources
14 associated with pivotal suppliers, can leave the auction at any price at or above
15 their New Resource Offer Floor Price. However, sufficient new resources
16 remained in the auction long enough such that, with the IMM mitigation of
17 existing resources and New Import Capacity Resources associated with pivotal
18 suppliers, the outcome of the auction system-wide was competitive. I base this
19 conclusion on the rigorous qualification requirements, the competitive bidding of
20 new resources, and the absence of any anti-competitive behavior affecting the
21 auction outcome.

22

23

1 **Q: WHAT ARE THE “RIGOROUS QUALIFICATION REQUIREMENTS” YOU**
2 **REFERENCE IN THE PREVIOUS ANSWER?**

3
4 A. During qualification, the IMM review of de-list bids and new capacity offers that
5 request to submit an offer below the relevant Offer Review Trigger Price ensures
6 that bids and offers submitted during qualification are consistent with each
7 resource’s costs.

8
9 **Q: PLEASE EXPLAIN WHAT YOU MEAN BY THE COMPETITIVE**
10 **BIDDING OF NEW RESOURCES.**

11
12 A. New resources, except for New Import Capacity Resources associated with
13 pivotal suppliers, can leave the auction at any price at or above their New
14 Resource Offer Floor Price. However, sufficient new resources stayed in the
15 auction long enough, such that, even at the beginning of the last round of the
16 auction, there was about 1,200 MW of system-wide excess capacity.

17
18 **Q: ON WHAT BASIS DID YOU CONCLUDE THAT THERE WAS NO ANTI-**
19 **COMPETITIVE CONDUCT DURING THE AUCTION?**

20
21 A. The IMM reviewed the auction activity in each round of the ninth FCA and the
22 final results of the FCA conducted on February 2, 2015. Each round of the
23 auction was evaluated by the IMM and no evidence of manipulative behavior was
24 noted. Based on my role as Vice President of Market Monitoring and IMM, I
25 certify that no anti-competitive behavior was evident.

1 Q: **WAS THE OUTCOME OF THE AUCTION IN THE SOUTHEAST
2 MASSACHUSETTS/RHODE ISLAND CAPACITY ZONE BASED ON A
3 COMPETITIVE AUCTION?**

4

5 A. No. The outcome in the Southeast Massachusetts/Rhode Island (“SEMA/RI”)

6 Capacity Zone was determined by an administrative pricing provision rather than

7 an auction. Specifically, in the SEMA/RI Capacity Zone, even before the start of

8 the auction, there were inadequate resources to meet the Local Sourcing

9 Requirement for that zone. As a result of the inadequate resources in the

10 SEMA/RI Capacity Zone, an auction was not held in the SEMA/RI Capacity

11 Zone. Instead, the results of the ninth FCA in the SEMA/RI Capacity Zone were

12 determined by the Tariff provision relating to Inadequate Supply. Dr. Ethier’s

13 testimony, which is being filed concurrently with my testimony, describes the

14 Inadequate Supply provision and what caused it to be triggered in the SEMA/RI

15 Capacity Zone.

16

17

18 Q: **DOES THIS CONCLUDE YOUR TESTIMONY?**

19

20 A. Yes.

21

1
2 I declare that the foregoing is true and correct.
3

4

5 Jeffery McDonald.
6

7
8

Attachment E

1 **UNITED STATES OF AMERICA**
2 **BEFORE THE**
3 **FEDERAL ENERGY REGULATORY COMMISSION**

6 **ISO New England Inc.**) **Docket No. ER15-___-000**
7)
8)

9

10 **TESTIMONY OF LAWRENCE M. AUSUBEL**

11

12 **Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.**

13 A. My name is Lawrence M. Ausubel. I am the Chairman and Founder of Power
14 Auctions LLC, the company that has helped to design, implement, and administer
15 the Forward Capacity Auction (“FCA”) for ISO New England Inc. (the “ISO”).
16 I am also the President of Market Design Inc. and a Professor of Economics at the
17 University of Maryland. My business address is 3333 K St. NW Suite 425,
18 Washington, DC 20007.

19

20 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
21 **WORK EXPERIENCE.**

22 A. I have an A.B. in Mathematics from Princeton University, an M.S. in
23 Mathematics from Stanford University, an M.L.S. in Legal Studies from Stanford
24 University, and a Ph.D. in Economics from Stanford University.
25 I am the Chairman of Power Auctions LLC, a provider of auction implementation
26 services and software worldwide. I am also the President of Market Design Inc.,
27 an economics consultancy that offers services in the design of auction markets.
28 In recent years, I have played a lead role in the design and implementation of:

1 electricity auctions in France, Germany, Spain, Belgium and the US; gas auctions
2 in Germany, France, Hungary and Denmark; the world's first auction for
3 greenhouse gas emission reductions in the UK; and a prototype airport slot
4 auction in the US. I have advised the US Federal Communications Commission,
5 Industry Canada and the Australian Communications and Media Authority on
6 spectrum auctions. I have also advised BOEM (the US Bureau of Ocean Energy
7 Management) and ICANN (the Internet Corporation for Assigned Names and
8 Numbers) on auction design. I designed the 2005 Trinidad and Tobago GSM
9 auction and served as its auction manager. I hold 22 U.S. patents related to
10 auction technology and I have published numerous articles on auction design,
11 bargaining, industrial organization and financial markets. My curriculum vitae,
12 which includes a list of publications and other experience, is attached.

13

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. The purpose of this testimony is to certify that the recently concluded FCA was
16 conducted in accordance with the relevant filed market rules. Section
17 III.13.8.2(b) of the ISO New England Transmission, Markets and Services Tariff
18 (the "Tariff") requires that after each FCA, documentation regarding the
19 competitiveness of the FCA be filed with the Federal Energy Regulatory
20 Commission ("Commission"). Section III.13.8.2(b) states that such
21 documentation may include certification from the auctioneer that the FCA was
22 conducted in accordance with the provisions of Section III.13 of the Tariff.
23 Section III.13.2 of the Tariff provides the rules relating to the mechanics of the

1 FCA. My testimony certifies that the FCA was conducted in accordance with
2 Section III.13.2.

3

4 **Q. PLEASE DESCRIBE POWER AUCTIONS LLC**

5 A. Power Auctions LLC designs, implements and conducts high-stakes electronic
6 auctions utilizing proprietary software, processes, and other intellectual property.
7 The PowerAuctions software platform designed by Power Auctions LLC has been
8 used to implement over 200 auctions worldwide in the electricity, gas and
9 resource sectors. In the electricity sector, the software platform was used to
10 operate 42 quarterly EDF Generation Capacity Auctions in France. It was also
11 used for the Endesa-Iberdola Virtual Power Plant Auctions in Spain, the
12 Electrabel Virtual Power Plant Auctions in Belgium and the E.ON Virtual Power
13 Plant Auction in Germany. Recently, our software platform has begun to be used
14 to implement the UK's Capacity Market auctions. Further, Power Auctions LLC
15 is part of the team that the Federal Communications Commission has assembled
16 to design and implement incentive auctions for the United States, and is the prime
17 contractor to the Governments of Australia and Canada for implementation of
18 spectrum auctions.

19 Power Auctions LLC worked with the ISO to design and implement (on the
20 PowerAuctions platform) the previous FCAs held on February 4-6, 2008;
21 December 8-10, 2008; October 5-6, 2009; August 2-3, 2010; June 6-7, 2011;
22 April 2-3, 2012; February 4-5, 2013; and February 3, 2014.

1 Q. **WHAT WAS POWER AUCTIONS LLC'S ROLE IN THE FORWARD**
2 **CAPACITY AUCTION HELD ON FEBRUARY 2, 2015?**

3 A. The ISO retained Power Auctions LLC as the independent auction manager
4 ("Auction Manager") for the ninth FCA. As the Auction Manager, Power
5 Auctions LLC worked with the ISO to design and implement the FCA in
6 conformance with the Tariff. By design, the Auction Manager conducted the
7 auction independently, with limited involvement by the ISO. The auction was
8 implemented using the PowerAuctions software platform.

9

10 Q. **WAS THE FCA, HELD ON FEBRUARY 2, 2015 CONDUCTED IN**
11 **ACCORDANCE WITH SECTION III.13.2 OF THE TARIFF?**

12 A. Yes. In accordance with Section III.13.8.2(b) of the Tariff, I certify that, to the
13 best of my knowledge, the FCA of February 2, 2015 was conducted in
14 conformance with the provisions of Section III.13.2 of the Tariff.

15
16 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.

18

19 I declare that the foregoing is true and correct.

20
21 Executed on 2/17/2015

22
23 Lawrence Ausubel

24 Lawrence M. Ausubel
25

Curriculum Vitae

LAWRENCE M. AUSUBEL

Address

Department of Economics
University of Maryland
Tydings Hall, Room 3105
College Park, MD 20742
301.405.3495 TEL 202.318.0863 FAX
ausubel@econ.umd.edu
www.ausubel.com

2744 32nd Street, NW
Washington, DC 20008

Power Auctions LLC
3333 K St. NW, Suite 425
Washington, DC 20007-3591
ausubel@powerauctions.com
www.powerauctions.com

Personal

Year of Birth: 1959
Place of Birth: New York City

Education

Ph.D. (1984) Stanford University, Economics
M.L.S. (1984) Stanford Law School, Legal Studies
M.S. (1982) Stanford University, Mathematics
A.B. (1980) Princeton University, Mathematics

Honors: Fellow of the Econometric Society
Phi Beta Kappa
Sigma Xi
Magna cum laude in mathematics
Stanford University Economics Department, graduate fellowship, 1982
Stanford Law School, fellowship in law and economics, 1983

Fields of Concentration

Microeconomic Theory and Game Theory
Auctions and Bargaining
Market Design
Credit Cards, Bankruptcy and Banking
Industrial Organization
Law and Economics

Professional Experience

Professor of Economics, University of Maryland (August 1992 – present).

Chairman and Founder, Power Auctions LLC (2003 – present).

A technology provider of auction software, auction design and implementation services. The PowerAuctions™ software platform has been used in more than 200 high-stakes auctions, with transaction value in the tens of billions of dollars.

President, Market Design Inc. (2003 – present).

A consultancy of leading economists and game theorists (Peter Cramton, R. Preston McAfee, Paul Milgrom, Robert Wilson, et al) that works with governments and companies worldwide to design and implement state-of-the-art auctions and markets.

Assistant Professor of Managerial Economics and Decision Sciences, Kellogg School, Northwestern University (September 1984 – August 1992).

Visiting Assistant Professor, New York University (January 1990 – May 1990).

Recent Consulting Experience

Provided expert bidding advise to bidders in more than a dozen large spectrum auctions, including Bharti Airtel in India's 900/1800 MHz auction, Orange in Slovakia's Multi-Band spectrum auction, Three (Hutchison) in the UK 4G auction, Eircom in Ireland's 800/900/1800 MHz auction, Aircel in India's 3G/BWA auctions, Spain's Telefónica in the UK, German, Italian and Austrian UMTS/3G spectrum auctions, Ericsson in the US PCS spectrum auctions, MTN in the Nigerian spectrum auctions, MCI in the US Direct Broadcast Satellite auction, US Airwaves in the US C-Block Auction, Mobile Media in the US Narrowband Auction, and other confidential clients.

Advisor to the US government (Federal Communications Commission) on the design and implementation of incentive auctions for spectrum, 2011 – present.

Advisor to the Canadian government (Industry Canada) on the design and implementation of the 700 MHz and 2.5 GHz spectrum auctions, 2010 – present.

Advisor to the Australian government (ACMA) on the design and implementation of the Australian Digital Dividend auction, 2011 – 2013.

Provided auction design advice to the IDA Singapore on their Auction of Public Cellular Mobile Telecommunication Services Spectrum Rights, 2007 – 2008.

Design and implementation of the Trinidad and Tobago GSM auction, 2005.

Design and implementation of the UK Capacity Market auction (electricity, 2014 – present).

Design and implementation of auctions for offshore wind energy tracts for the Bureau of Ocean Energy Management (BOEM), US Department of Interior (2010 – present).

Design and implementation of the Forward Capacity Auction for ISO New England (electricity, 2007 – present).

Design and implementation of the quarterly Electricité de France generation capacity auctions (2001 – 2011) and Long-Term Contract auctions (2008 – 2009).

Design and implementation of the quarterly Spanish Virtual Power Plant (VPP) auctions (electricity, 2007 – 2009).

Design and implementation of the E.ON VPP auction in Germany (2007).

Design and implementation of the quarterly Electrabel Virtual Power Plant (VPP) auctions in Belgium (2003 – 2005).

Design and implementation of auctions for new gTLDs for ICANN (Internet Corporation for Assigned Names and Numbers (2008 – present).

Design and implementation of rough diamond auctions for Okavango Diamond Company, Botswana (2013 – present).

Design and implementation of rough diamond auctions for BHP Billiton/Dominion Diamonds (2007 – 2014).

Design and implementation of the annual E.ON Földgáz Trading gas release programme auction in Hungary (2006 – 2013).

Design and implementation of the annual Danish Oil and Natural Gas (DONG Energy) gas release programme auction (2006 – 2011).

Design and implementation of the annual E.ON Ruhrgas gas release programme auction in Germany (2003 – 2008, 2010).

Design and implementation of the Gaz de France gas storage auction (2006).

Design and implementation of the Gaz de France gas release programme auction (2004).

Design and implementation of the Total gas release programme auction (2004).

Design and implementation of the UK Emissions Trading Scheme auction to procure greenhouse gas emission reductions for the UK Government (2002).

Design and implementation of a demonstration auction of landing and takeoff slots for LaGuardia Airport, for the US Federal Aviation Administration (2005).

Teaching

Econ 456	Law and Economics (Undergraduate; Maryland)
Econ 603	Microeconomic Analysis (Ph.D.; Maryland)
Econ 661	Industrial Organization (Ph.D.; Maryland)
Econ 704	Game Theory, Bargaining and Auctions (Ph.D.; Maryland)
Mngrl Econ D30	Intermediate Microeconomics (M.B.A.; Northwestern)
Mngrl Econ D45	Regulation and Deregulation (M.B.A.; Northwestern)

Publications

“Demand Reduction and Inefficiency in Multi-Unit Auctions” (with Peter Cramton, Marek Pycia, Marzena J. Rostek and Marek Weretka), *Review of Economic Studies*, forthcoming, 2015.

“Sequential Kidney Exchange” (with Thayer Morrill), *American Economic Journal: Microeconomics*, Vol. 6, No. 3, pp. 265-85, August 2014.

“Market Design and the Evolution of the Combinatorial Clock Auction” (with Oleg V. Baranov), *American Economic Review: Papers & Proceedings*, Vol. 104, No. 5, pp. 456-451, May 2014.

“Common-Value Auctions with Liquidity Needs: An Experimental Test of a Troubled Assets Reverse Auction” (with Peter Cramton, Emel Filiz-Ozbay, Nathaniel Higgins, Erkut Ozbay and Andrew Stocking), Chapter 20 of *Handbook of Market Design* (Nir Vulkan, Alvin E. Roth, and Zvika Neeman, eds.), Oxford University Press, 2013.

“Non-Judicial Debt Collection and the Consumer’s Choice among Repayment, Bankruptcy and Informal Bankruptcy” (with Amanda E. Dawsey and Richard M. Hynes), *American Bankruptcy Law Journal*, Vol. 87, pp. 1-26 [lead article], March 2013.

“Virtual Power Plant Auctions” (with Peter Cramton), *Utilities Policy*, Vol. 18, No. 4, pp. 201-208, December 2010.

“Using Forward Markets to Improve Electricity Market Design” (with Peter Cramton), *Utilities Policy*, Vol. 18, No. 4, pp. 195-200, December 2010.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” *American Economic Review*, Vol. 96, No. 3, pp. 602-629, June 2006.

“An Efficient Ascending-Bid Auction for Multiple Objects,” *American Economic Review*, Vol. 94, No. 5, pp. 1452-1475, December 2004.

“Dynamic Auctions in Procurement” (with Peter Cramton), Chapter 9 of *Handbook of Procurement* (N. Dimitri, G. Piga, and G. Spagnolo, eds.), pp. 220-245, Cambridge: Cambridge University Press, 2006.

- “The Lovely but Lonely Vickrey Auction” (with Paul Milgrom), Chapter 1 of *Combinatorial Auctions* (P. Cramton, Y. Shoham, and R. Steinberg, eds.), pp. 17-40, Cambridge: MIT Press, 2006.
- “Ascending Proxy Auctions” (with Paul Milgrom), Chapter 3 of *Combinatorial Auctions* (P. Cramton, Y. Shoham, and R. Steinberg, eds.), pp. 79-98, Cambridge: MIT Press, 2006.
- “The Clock-Proxy Auction: A Practical Combinatorial Auction Design” (with Peter Cramton and Paul Milgrom), Chapter 5 of *Combinatorial Auctions* (P. Cramton, Y. Shoham, and R. Steinberg, eds.), pp. 115-138, Cambridge: MIT Press, 2006.
- “Auctioning Many Divisible Goods” (with Peter C. Cramton), *Journal of the European Economics Association*, Vol. 2, Nos. 2-3, pp. 480-493, April-May 2004.
- “Vickrey Auctions with Reserve Pricing” (with Peter C. Cramton), *Economic Theory*, 23, pp. 493-505, April 2004. Reprinted in Charalambos Aliprantis, et al. (eds.), *Assets, Beliefs, and Equilibria in Economic Dynamics*, Berlin: Springer-Verlag, 355-368, 2003.
- “Auction Theory for the New Economy,” Chapter 6 of *New Economy Handbook* (D. Jones, ed.), San Diego: Academic Press, 2003.
- “Ascending Auctions with Package Bidding” (with Paul Milgrom), *Frontiers of Theoretical Economics*, Vol. 1, No. 1, Article 1, August 2002.
<http://www.bepress.com/bejte/frontiers/vol1/iss1/art1>
- “Bargaining with Incomplete Information” (with Peter Cramton and Raymond Deneckere), Chapter 50 of *Handbook of Game Theory* (R. Aumann and S. Hart, eds.), Vol. 3, Amsterdam: Elsevier Science B.V., 2002.
- “Package Bidding: Vickrey vs. Ascending Auctions” (with Paul Milgrom), *Revue Economique*, Vol. 53, No. 3, pp. 391-402, May 2002.
- “Implications of Auction Theory for New Issues Markets,” *Brookings-Wharton Papers on Financial Services*, Vol. 5, pp. 313-343, 2002.
- “Synergies in Wireless Telephony: Evidence from the Broadband PCS Auctions” (with Peter Cramton, R. Preston McAfee, and John McMillan), *Journal of Economics and Management Strategy*, Vol. 6, No. 3, Fall 1997, pp. 497-527.
- “Credit Card Defaults, Credit Card Profits, and Bankruptcy,” *American Bankruptcy Law Journal*, Vol. 71, Spring 1997, pp. 249-270; recipient of the Editor’s Prize for the best paper in the American Bankruptcy Law Journal, 1997.
- “Efficient Sequential Bargaining” (with R. Deneckere), *Review of Economic Studies*, Vol. 60, No. 2, April 1993, pp. 435-461.
- “A Generalized Theorem of the Maximum” (with R. Deneckere), *Economic Theory*, Vol. 3, No. 1, January 1993, pp. 99-107.

“Durable Goods Monopoly with Incomplete Information” (with R. Deneckere), supercedes
“Stationary Sequential Equilibria in Bargaining with Two-Sided Incomplete
Information,” *Review of Economic Studies*, Vol. 59, No. 4, October 1992, pp. 795-
812.

“Bargaining and the Right to Remain Silent” (with R. Deneckere), *Econometrica*, Vol. 60,
No. 3, May 1992, pp. 597-625.

“The Failure of Competition in the Credit Card Market,” *American Economic Review*, Vol.
81, No. 1, March 1991, pp. 50-81; reprinted as Chapter 21 in *Advances in Behavioral
Finance* (D. Thaler, ed.), Russell Sage Foundation, 1993.

“Insider Trading in a Rational Expectations Economy,” *American Economic Review*, Vol. 80,
No. 5, December 1990, pp. 1022-1041.

“Partially-Revealing Rational Expectations Equilibrium in a Competitive Economy,”
Journal of Economic Theory, Vol. 50, No. 1, February 1990, pp. 93-126.

“A Direct Mechanism Characterization of Sequential Bargaining with One-Sided Incomplete
Information” (with R. Deneckere), *Journal of Economic Theory*, Vol. 48, No. 1, June
1989, pp. 18-46; reprinted as Chapter 15 in *Bargaining with Incomplete Information*
(P. Linhart, R. Radner, and M. Satterthwaite, eds.), Academic Press, 1992.

“Reputation in Bargaining and Durable Goods Monopoly” (with R. Deneckere),
Econometrica, Vol. 57, No. 3, May 1989, pp. 511-531; reprinted as Chapter 13 in
Bargaining with Incomplete Information (P. Linhart, R. Radner, and M.
Satterthwaite, eds.), Academic Press, 1992.

“One is Almost Enough for Monopoly” (with R. Deneckere), *Rand Journal of Economics*,
Vol. 18, No. 2, Summer 1987, pp. 255-274.

Patents

“System and Method for an Auction of Multiple Types of Items” (with Peter Cramton and
Wynne P. Jones), U.S. Patent Number 8,762,222, issued June 24, 2014.

“System and Method for the Efficient Clearing of Spectrum Encumbrances” (with Peter
Cramton and Paul Milgrom), U.S. Patent Number 8,744,924, issued June 3, 2014.

“System and Method for a Dynamic Auction with Package Bidding” (with Paul Milgrom),
U.S. Patent Number 8,566,211, issued October 22, 2013.

“System and Method for an Efficient Dynamic Multi-Unit Auction,” U.S. Patent Number
8,447,662, issued May 21, 2013.

“System and Method for a Hybrid Clock and Proxy Auction” (with Peter Cramton and Paul
Milgrom), U.S. Patent Number 8,335,738, issued December 18, 2012.

“System and Method for a Hybrid Clock and Proxy Auction” (with Peter Cramton and Paul Milgrom), U.S. Patent Number 8,224,743, issued July 17, 2012.

“System and Method for the Efficient Clearing of Spectrum Encumbrances” (with Peter Cramton and Paul Milgrom), U.S. Patent Number 8,145,555, issued March 27, 2012.

“Computer Implemented Methods and Apparatus for Auctions,” U.S. Patent Number 8,065,224, issued November 22, 2011.

“Ascending Bid Auction for Multiple Objects,” U.S. Patent Number 7,966,247, issued June 21, 2011.

“System and Method for an Auction of Multiple Types of Items” (with Peter Cramton and Wynne P. Jones), U.S. Patent Number 7,899,734, issued March 1, 2011.

“System and Method for an Efficient Dynamic Multi-Unit Auction,” U.S. Patent Number 7,870,050, issued January 11, 2011.

“Computer Implemented Methods and Apparatus for Auctions,” U.S. Patent Number 7,774,264, issued August 10, 2010.

“System and Method for a Hybrid Clock and Proxy Auction” (with Peter Cramton and Paul Milgrom), U.S. Patent Number 7,729,975, issued June 1, 2010.

“System and Method for an Efficient Dynamic Multi-Unit Auction,” U.S. Patent Number 7,467,111, issued December 16, 2008.

“System and Method for an Efficient Dynamic Multi-Unit Auction,” U.S. Patent Number 7,343,342, issued March 11, 2008.

“Ascending Bid Auction for Multiple Objects,” U.S. Patent Number 7,337,139, issued February 26, 2008.

“Computer Implemented Methods and Apparatus for Auctions,” U.S. Patent Number 7,249,027, issued July 24, 2007.

“System and Method for an Efficient Dynamic Multi-Unit Auction,” U.S. Patent Number 7,165,046, issued January 16, 2007.

“System and Method for an Efficient Dynamic Multi-Unit Auction,” U.S. Patent Number 7,062,461, issued June 13, 2006.

“System and Method for an Efficient Dynamic Auction for Multiple Objects,” U.S. Patent Number 6,026,383, issued February 15, 2000.

“Computer Implemented Methods and Apparatus for Auctions,” U.S. Patent Number 6,021,398, issued February 1, 2000.

“Computer Implemented Methods and Apparatus for Auctions,” U.S. Patent Number

5,905,975, issued May 18, 1999.

Book Reviews and Encyclopedia Entries

“Auction Theory,” *New Palgrave Dictionary of Economics*, Second Edition, Steven N. Durlauf and Lawrence E. Blume, eds., London: Macmillan, 2008.

“Credit Cards,” *McGraw-Hill Encyclopedia of Economics*, McGraw-Hill, 1994.

“Book Review: The Credit Card Industry, by Lewis Mandell,” *Journal of Economic Literature*, Vol. 30, No. 3, September 1992, pp. 1517-18.

“Credit Cards,” *New Palgrave Dictionary of Money and Finance*, Stockton Press, 1992.

Working Papers

“A Practical Guide to the Combinatorial Clock Auction” (with Oleg V. Baranov), June 2015.

“The Combinatorial Clock Auction, Revealed Preference and Iterative Pricing” (with Oleg V. Baranov), February 2014.

“Core-Selecting Auctions with Incomplete Information” (with Oleg V. Baranov), working paper, University of Maryland, August 2010.

“Penalty Interest Rates, Universal Default, and the Common Pool Problem of Credit Card Debt” (with Oleg V. Baranov and Amanda E. Dawsey), mimeo, University of Maryland, June 2010.

“A Troubled Asset Reverse Auction” (with Peter Cramton), working paper, University of Maryland, October 2008.

“Time Inconsistency in the Credit Card Market” (with Haiyan Shui), mimeo, University of Maryland, January 2005.

“Informal Bankruptcy” (with Amanda E. Dawsey), mimeo, University of Maryland, April 2004.

“Adverse Selection in the Credit Card Market,” mimeo, University of Maryland, June 1999.

“The Credit Card Market, Revisited,” mimeo, University of Maryland, July 1995.

“Walrasian Tâtonnement for Discrete Goods,” mimeo, University of Maryland, July 2005.

“Bidder Participation and Information in Currency Auctions” (with Rafael Romeu), Working Paper WP/05/157, International Monetary Fund, 2005.

“A Mechanism Generalizing the Vickrey Auction,” mimeo, University of Maryland, September 1999.

“The Ascending Auction Paradox” (with Jesse Schwartz), mimeo, University of Maryland, July 1999.

“The Optimality of Being Efficient” (with Peter Cramton), mimeo, University of Maryland, June 1999.

“Sequential Recontracting Under Incomplete Information” (with Arijit Sen), mimeo, University of Maryland, June 1995.

“Separation and Delay in Bargaining” (with Raymond Deneckere), mimeo, University of Maryland, April 1994.

“A Model of Managerial Discretion and Corporate Takeovers,” mimeo, University of Maryland, March 1993.

“Rigidity and Asymmetric Adjustment of Bank Interest Rates,” mimeo, University of Maryland, August 1992.

“Oligopoly When Market Share Matters,” mimeo, Stanford University, May 1984.

“Partially-Revealing Equilibria,” Stanford University, Department of Economics, August 1984. Dissertation committee: Mordecai Kurz (principal advisor); Peter J. Hammond; Kenneth J. Arrow.

Works in Progress

“The Hungarian Auction” (with T. Morrill)

“Bargaining and Forward Induction” (with R. Deneckere)

Op-Eds

“Making Sense of the Aggregator Bank” (with Peter Cramton), *Economists’ Voice*, Vol. 6, Issue 3, Article 2, February 2009.

“No Substitute for the ‘P’-Word in Financial Rescue” (with Peter Cramton), *Economists’ Voice*, Vol. 6, Issue 2, Article 2, February 2009.

“Auction Design Critical for Rescue Plan” (with Peter Cramton), *Economists’ Voice*, Vol. 5, Issue 5, Article 5, September 2008.

Research Grants

Principal Investigator, “Common-Value Auctions with Liquidity Needs” (with P. Cramton, E. Filiz-Ozbay and E. Ozbay), National Science Foundation Grant SES-09-24773, September 1, 2009 – August 31, 2013.

Principal Investigator, “Dynamic Matching Mechanisms” (with P. Cramton), National Science Foundation Grant SES-05-31254, August 15, 2005 – July 31, 2008.

Co-Principal Investigator, “Slot Auctions for U.S. Airports” (with M. Ball, P. Cramton and D. Lovell), Federal Aviation Administration, September 1, 2004 – August 31, 2005.

Co-Principal Investigator, “Rapid Response Electronic Markets for Time-Sensitive Goods” (with G. Anandalingam, P. Cramton, H. Lucas, M. Ball and V. Subrahmanian), National Science Foundation Grant IIS-02-05489, Aug 1, 2002 – July 31, 2005.

Principal Investigator, “Multiple Item Auctions” (with P. Cramton), National Science Foundation Grant SES-01-12906, July 15, 2001 – June 30, 2004.

Principal Investigator, “Auctions for Multiple Items” (with P. Cramton), National Science Foundation Grant SBR-97-31025, April 1, 1998 – March 31, 2001.

Co-Principal Investigator, “Auctions and Infrastructure Conference” (with P. Cramton), National Science Foundation, April 1, 1998 – March 31, 1999.

Principal Investigator, “Bargaining Power, Sequential Recontracting, and the Principal-Agent Problem” (with A. Sen), National Science Foundation Grant SBR-94-10545, October 15, 1994 – September 30, 1997.

Principal Investigator, “Insider Trading and Economic Efficiency,” The Lynde and Harry Bradley Foundation, May 15, 1989 – May 14, 1992.

Principal Investigator, “Bargaining with One- and Two-Sided Incomplete Information” (with R. Deneckere), National Science Foundation Grant SES-86-19012, June 1, 1987 – May 31, 1989.

Principal Investigator, “Information Transmission in Bargaining and Markets” (with R. Deneckere), National Science Foundation Grant IST-86-09129, July 1, 1986 – June 30, 1987.

Conference Presentations

“On Generalizing the English Auction,” Econometric Society Winter Meetings, Chicago, January 1998.

“The Optimality of Being Efficient,” Maryland Auction Conference, Wye River, May 1998.

“Adverse Selection in the Credit Card Market,” Western Finance Association, Monterey,

June 1998.

“The Optimality of Being Efficient,” Econometric Society Summer Meetings, Montreal, June 1998.

“Bargaining and Forward Induction,” Northwestern Summer Microeconomics Conference, Evanston, IL, July 1998.

“Predicting Personal Bankruptcies,” National Conference of Bankruptcy Judges, Dallas, October 1998.

“Adverse Selection in the Credit Card Market,” NBER Behavioral Macroeconomics Conference, Boston, December 1998.

“The Ascending Auction Paradox,” Econometric Society Summer Meetings, Madison, June 1999.

“Adverse Selection in the Credit Card Market,” Econometric Society Summer Meetings, Madison, June 1999.

“Predicting Personal Bankruptcies,” Meeting of the National Association of Chapter Thirteen Trustees, New York, July 1999.

“The Ascending Auction Paradox,” Southeast Economic Theory Conference, Washington DC, November 1999.

“Adverse Selection in the Credit Card Market,” Utah Winter Finance Conference, Salt Lake City, February 2000.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” Conference on Auctions and Market Structure, Heidelberg, Germany, July 2000.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” Conference on Multiunit Auctions, Stony Brook, NY, July 2000.

“A Mechanism Generalizing the Vickrey Auction,” Econometric Society World Congress, Seattle, August 2000.

“Auctions for Financial E-Commerce,” New York Federal Reserve Bank Conference on Financial E-Commerce, New York, February 2001.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” NSF General Equilibrium Conference, Providence, RI, April 2001.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” NSF/NBER Decentralization Conference, Evanston, IL, April 2001.

“Informal Bankruptcy,” Association of American Law Schools Workshop on Bankruptcy, St. Louis, MO, May 2001.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” Econometric Society Summer Meetings, College Park, MD, June 2001.

“Ascending Auctions with Package Bidding,” FCC, SIEPR and NSF Conference on Combinatorial Auctions, Wye River, MD, October 2001.

“The Electricité de France Generation Capacity Auctions,” CORE-ECARES-LEA Workshop on Auctions, Brussels, Belgium, November 2001.

“Informal Bankruptcy,” Utah Winter Finance Conference, Salt Lake City, February 2002.

“Defictionalizing the Walrasian Auctioneer,” Conference on Market Design in Honor of Robert Wilson, Stanford, CA, May 2002.

“Adverse Selection in the Credit Card Market,” Conference on the Economics of Payment Networks, Toulouse, France, June 2002.

“Ascending Auctions with Package Bidding,” Econometric Society Summer Meetings, Los Angeles, June 2002.

“An Efficient Dynamic Auction for Heterogeneous Commodities,” Conference in Honor of Mordecai Kurz, Stanford, CA, August 2002.

“Adverse Selection in the Credit Card Market,” Conference on Credit, Trust and Calculation, San Diego, November 2002.

“Package Bidding for Spectrum Auctions,” American Economic Association Meetings, Washington, DC, January 2003.

“Auctioning Many Divisible Goods,” invited session, European Economic Association Meetings, Stockholm, August 2003.

“Spectrum Auctions with Package Bidding,” TPRC Research Conference on Communication, Information and Internet Policy, Arlington, VA, September 2003.

“Defictionalizing the Walrasian Auctioneer,” invited lecture, Conference on Auctions and Market Design: Theory, Evidence and Applications, Fondazione Eni Enrico Mattei, Milan, September 2003.

“Clock Auctions, Proxy Auctions, and Possible Hybrids,” Workshop on Auction Theory and Practice, Pittsburgh, PA, November 2003.

“Clock Auctions, Proxy Auctions, and Possible Hybrids,” FCC Combinatorial Bidding Conference, Wye River, MD, November 2003.

“Time Inconsistency in the Credit Card Market,” Utah Winter Finance Conference, Salt Lake City, February 2004.

“The Clock-Proxy Auction: A Practical Combinatorial Auction Design,” Conference on Auctions and Market Design: Theory, Evidence and Applications, Consip, Rome, Italy, September 2004.

“Bidder Participation and Information in Currency Auctions,” Conference on Auctions and Market Design: Theory, Evidence and Applications, Consip, Rome, Italy, September 2004.

“The Clock-Proxy Auction: A Practical Combinatorial Auction Design,” Market Design Conference, Stanford University, December 2004.

“Dynamic Matching Mechanisms,” Econometric Society World Congress, London, August 2005.

“The Clock-Proxy Auction, with Recent Applications,” SISL Workshop, Caltech, October 2005.

“Dynamic Matching Mechanisms,” Conference on Matching and Two-Sided Markets, University of Bonn, May 2006.

“The Hungarian Auction,” DIMACS Workshop on Auctions with Transaction Costs, Rutgers University, March 2007.

“The Hungarian Auction,” PSE Lecture at the Paris School of Economics, June 2007.

“Time Inconsistency in the Credit Card Market,” John M. Olin Conference on Law and Economics of Consumer Credit, University of Virginia, February 2008.

“The Hungarian Auction,” 6th Annual International Industrial Organization Conference, Arlington, VA, May 2008.

“The Hungarian Auction,” Frontiers of Microeconomic Theory and Policy, Symposium in Honour of Ray Rees, University of Munich, July 2008.

“Common-Value Auctions with Liquidity Needs: An Experimental Test of a Troubled Assets Reverse Auction,” 2009 CAPCP Conference on Auctions and Procurement, Penn State University, March 2009.

“Market Design for Troubled Assets,” NBER Workshop on Market Design, Cambridge, MA, May 2009.

“Market Design for Troubled Assets,” Madrid Summer Workshop on Economic Theory, Universidad Carlos III de Madrid, June 2009.

“Virtual Power Plant Auctions,” (with Peter Cramton), Workshop: Designing Electricity Auctions, Research Institute of Industrial Economics, Stockholm, Sweden, September 2009.

- “Using Forward Markets to Improve Electricity Market Design,” (with Peter Cramton),
Workshop: Designing Electricity Auctions, Research Institute of Industrial Economics,
Stockholm, Sweden, September 2009.
- “Virtual Power Plant Auctions,” (with Peter Cramton), Market Design 2009 Conference,
Stockholm, Sweden, September 2009.
- “Using Forward Markets to Improve Electricity Market Design,” (with Peter Cramton),
Market Design 2009 Conference, Stockholm, Sweden, September 2009.
- “Auctions with Multiple Objects,” 2009 Erwin Plein Nemmers Prize in Economics,
Conference in Honor of Paul Milgrom, Northwestern University, November 2009.
- “Penalty Interest Rates, Universal Default, and the Common Pool Problem of Credit Card
Debt” (with Oleg V. Baranov and Amanda E. Dawsey), Credit, Default and
Bankruptcy Conference, University of California - Santa Barbara, June 2010.
- “Core-Selecting Auctions with Incomplete Information” (with Oleg V. Baranov), World
Congress of the Econometric Society, Shanghai, China, August 2010.
- “Core-Selecting Auctions with Incomplete Information” (with Oleg V. Baranov), NBER
Workshop on Market Design, Cambridge, MA, October 2010.
- “Core-Selecting Auctions with Incomplete Information” (with Oleg V. Baranov), NSF/CEME
Decentralization Conference, Ohio State University, April 2011
- “Penalty Interest Rates, Universal Default, and the Common Pool Problem of Credit Card
Debt” (with Oleg V. Baranov and Amanda E. Dawsey), Centre for Financial Analysis
& Policy Conference on Consumer Credit and Bankruptcy, University of Cambridge,
UK, April 2011.
- “Core-Selecting Auctions with Incomplete Information” (with Oleg V. Baranov), Center for
the Study of Auctions, Procurements and Competition Policy Conference, Penn State
University, April 2011.
- “Design Issues for Combinatorial Clock Auctions” (with Oleg V. Baranov), Annual Meeting
of the Institute for Operations Research and the Management Sciences (INFORMS),
Phoenix AZ, October 2012.
- “An Enhanced Combinatorial Clock Auction” (with Oleg V. Baranov), SIEPR Conference on
the FCC Incentive Auctions, Stanford University, February 2013.
- “Enhancing the Combinatorial Clock Auction” (with Oleg V. Baranov), Ofcom Conference,
Combinatorial Auctions for Spectrum, London School of Economics, September 2013.
- “The Combinatorial Clock Auction, Revealed Preference and Iterative Pricing” (with Oleg V.
Baranov), NBER Workshop on Market Design, Stanford University, October 2013.

“Market Design and the Evolution of the Combinatorial Clock Auction” (with Oleg V. Baranov), invited session in honor of the Nobel Prize in Economics awarded to Market Design, American Economic Association meetings, Philadelphia, January 2014.

“Revealed Preference in Bidding: Empirical Evidence from Recent Spectrum Auctions” (with Oleg V. Baranov), NBER Market Design Conference, Palo Alto, CA, June 2014.

“Enhancing the Combinatorial Clock Auction” (with Oleg V. Baranov), Industry Canada Retrospective on the Canadian 700 MHz Spectrum Auction, Ottawa, Canada, November 2014.

Professional Service

Member of working group for the design and implementation of incentive auctions for the US Federal Communications Commission, 2011–present.

Advisor to Industry Canada and the Australian Communications and Media Authority for the design and implementation of 700 MHz and 2.5 GHz spectrum auctions, 2011–present.

Congressional Briefing on “How Fundamental Economic Research Improves People’s Lives,” Rayburn House Office Building, March 2010.

Testified before the Committee on Banking, Housing and Urban Affairs of the US Senate, Hearing on “Modernizing Consumer Protection in the Financial Regulatory System: Strengthening Credit Card Protections,” February 12, 2009.

Testified before the Subcommittee on Financial Institutions and Consumer Credit of the US House of Representatives, Hearing on “The Credit Cardholders’ Bill of Rights: Providing New Protections for Consumers,” March 13, 2008.

Member, National Science Foundation Economics Panel, 2004–2005.

Associate Editor, *Berkeley Electronic Journals of Theoretical Economics*, 2004–present.

Guest Associate Editor, *Management Science*, issue on Electronic Auctions, 2003.

Program Chair of the 2001 North American Summer Meeting of the Econometric Society (with Peter Cramton), University of Maryland, June 21–24, 2001.

Program Committee of the North American Summer Meeting of the Econometric Society, UCLA, June 2002, and University of Pennsylvania, June 1991.

Organized Maryland Auction Conference (with Peter Cramton), Wye River Conference Center, May 1998, sponsored by the National Science Foundation, the World Bank, and the University of Maryland.

Spoke at a Forum on Bankruptcy of the Financial Services Committee of the United States House of Representatives, February 28, 2001.

Testified before the Subcommittee on Commercial and Administrative Law of the United States House of Representatives, Hearing on the Consumer Bankruptcy Issues in the Bankruptcy Reform Act of 1998, March 10, 1998.

Testified before the Subcommittee on Financial Institutions and Regulatory Relief of the United States Senate, Hearing on Bankruptcy Reform, February 11, 1998.

Testified before the National Bankruptcy Review Commission, January 1997.

Referee for: *American Economic Review*, *Econometrica*, *European Economic Review*, *Games and Economic Behavior*, *International Journal of Game Theory*, *International Journal of Industrial Organization*, *Journal of Banking and Finance*, *Journal of Business*, *Journal of Economic Theory*, *Journal of Financial Intermediation*, *Journal of Political Economy*, *Quarterly Journal of Economics*, *Rand Journal of Economics*, *Review of Economic Studies*, and the National Science Foundation.

Professional Organizations

American Economic Association
Econometric Society

Attachment F

New England Governors, State Utility Regulators and Related Agencies

Maine

The Honorable Paul LePage
One State House Station
Office of the Governor
Augusta, ME 04333-0001
Kathleen.Newman@maine.gov

Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018
Maine.puc@maine.gov

New Hampshire

The Honorable Maggie Hassan
Office of the Governor
26 Capital Street
Concord NH 03301
kerry.mchugh@nh.gov
Meredith.Hatfield@nh.gov

New Hampshire Public Utilities Commission
21 South Fruit Street, Ste. 10
Concord, NH 03301-2429
tom.frantz@puc.nh.gov
george.mccluskey@puc.nh.gov
F.Ross@puc.nh.gov
David.goyette@puc.nh.gov
RegionalEnergy@puc.nh.gov

Vermont

The Honorable Peter Shumlin
Office of the Governor
109 State Street, Pavilion
Montpelier, VT 05609
elizabeth.miller@state.vt.us
Justin.johnson@state.vt.us

Vermont Public Service Board
112 State Street
Montpelier, VT 05620-2701
mary-jo.krolewski@state.vt.us

Vermont Department of Public Service
112 State Street, Drawer 20
Montpelier, VT 05620-2601
bill.jordan@state.vt.us
chris.recchia@state.vt.us
Ed.McNamara@state.vt.us

Massachusetts

The Honorable Charles Baker
Office of the Governor
State House
Boston, MA 02133

Massachusetts Attorney General Office
One Ashburton Place
Boston, MA 02108
Jesse.reyes@state.ma.us

Massachusetts Department of Public Utilities
One South Station
Boston, MA 02110
Thomas.Bessette@state.ma.us
Nancy.Stevens@state.ma.us
morgane.treanton@state.ma.us

Rhode Island

The Honorable Gina Raimondo
Office of the Governor
Providence, RI 02903
Marion.Gold@energy.ri.gov
C.Kearns@doa.ri.gov
Danny.Musher@energy.ri.gov
nicholas.ucci@energy.ri.gov

Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888
Margaret.curran@puc.ri.gov
paul.roberti@puc.ri.gov

New England Governors, State Utility Regulators and Related Agencies

Connecticut

The Honorable Dannel P. Malloy
Office of the Governor
State Capitol
210 Capitol Ave.
Hartford, CT 06106
Liz.Donohue@ct.gov
Luke.Bronin@ct.gov
Paul.Mounds@ct.gov

Harvey L. Reiter, Esq.
Counsel for New England Conference of Public
Utilities Commissioners, Inc.
c/o Stinson Morrison Hecker LLP
1150 18th Street, N.W., Ste. 800
Washington, DC 20036-3816
HReiter@stinson.com

Connecticut Public Utilities Regulatory
Authority
10 Franklin Square
New Britain, CT 06051-2605
robert.luysterborghs@ct.gov
michael.coyle@ct.gov
clare.kindall@ct.gov

New England Governors, Utility Regulatory and Related Agencies

Anne Stubbs
Coalition of Northeastern Governors
400 North Capitol Street, NW
Washington, DC 20001
coneg@sso.org

Heather Hunt, Executive Director
New England States Committee on Electricity
655 Longmeadow Street
Longmeadow, MA 01106
HeatherHunt@nescoe.com
JasonMarshall@nescoe.com

Sarah Hofman, Executive Director
New England Conference of Public Utilities
Commissioners
50 State Street – Suite 1
Montpelier, VT 05602
director@necpuc.org
shofmannnecpuc@gmail.com

Margaret “Meg” Curran, President
New England Conference of Public Utilities
Commissioners
89 Jefferson Boulevard
Warwick, RI 02888
margaret.curran@puc.ri.gov