

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England Inc.

)

Docket No. EL18-182-000

COMMENTS OF ISO NEW ENGLAND INC.

ON MOTION FOR EXTENSION OF TIME

OF THE NEW ENGLAND STATES COMMITTEE ON ELECTRICITY

Pursuant to Rule 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the Commission or FERC),¹ ISO New England Inc. (the ISO) hereby submits comments in response to the Motion for Extension of Time of the New England States Committee on Electricity (NESCOE).²

COMMENTS

The ISO understands and shares the concerns underlying the Motion for Extension. Indisputably, the ISO has asked stakeholders to review and comment on an innovative and ambitious set of changes in an accelerated timeframe. These changes are intended to address pressing energy security issues in New England, and were developed following the Commission's Order requiring the ISO to make "Tariff revisions reflecting improvements to its market design to better address regional fuel security concerns."³ The Commission has established a deadline of October 15, 2019 for the ISO to file its proposed improvements.⁴

¹ 18 C.F.R. § 385.213 (2018). To the extent necessary, the ISO also requests that the Commission waive Rule 213(d)(i) of the Rules of Practice and Procedure, 18 C.F.R. § 385.213(d)(i), and accept these comments one day after the period for answers to motions for extension of time specified therein.

² Motion of the New England States Committee on Electricity for Extension of Time, Docket No. EL18-182-000 (filed July 31, 2019) (Motion for Extension).

³ *ISO New England Inc.*, 164 FERC ¶ 61,003 at page 36 (2018) (July 2018 Order).

⁴ *ISO New England Inc.*, March 18, 2019 Notice of Extension of Time, Docket No. EL18-182-000.

In response to the Commission’s Order, the ISO has developed a solution framework that includes new ancillary services in the day-ahead market, a multi-day ahead market (MDAM), and a seasonal forward market.⁵ Each of these components is, in its own right, a major market and software development project. Due to the scope of the full suite of changes, the ISO has narrowed its focus for the October 15 filing to the new ancillary services, which are the core component of the proposed improvements.⁶

Even with the limited scope, the October 15 filing cannot address all of the topics that are relevant to the new ancillary services (*e.g.*, mitigation and settlement rules) without an extension of time. Therefore, the ISO plans to make a second filing, following stakeholder review, regarding critical aspects of the ancillary services. With or without an extension, there will likely be additional follow-on filings regarding the ancillary services; absent an extension, this likelihood increases.

There are, of course, limits to what can be accomplished within a six-month extension period. Below, we describe the progress that can reasonably be expected on the three primary activities on which NESCOE focuses: more thorough testing of the design; additional scenario analysis; and development of a conceptual framework for mitigation.⁷

Design Testing. An extension would allow more time for stakeholder discussion of design elements such as the strike price, penalty factors, and cost allocation. The ISO would also be able to work with stakeholders to address issues such as the “slow leak” and “fast leak” concerns.⁸ Moreover, additional time would allow for testing and empirical analysis to support

⁵ ISO New England Inc., *Energy Security Improvements*, ISO Discussion Paper (Apr. 1, 2019), available at https://www.iso-ne.com/static-assets/documents/2019/04/a00_iso_discussion_paper_energy_security_improvements.pdf.

⁶ The ISO believes that these rules will constitute a market design improvement that will “better address regional fuel security concerns.”

⁷ These estimates presume that no other major project (*e.g.*, a compliance obligation in a pending docket) emerges. Such a project, or any other competing priority that causes the ISO to redeploy key staff, will jeopardize the ISO’s ability to meet stakeholder objectives within the extension period.

⁸ A demand curve solution, as suggested by NESCOE, is a large design effort, and the ISO does not currently intend to include, within the initial implementation, such a solution to address the “leak” issues. After the initial implementation, the ISO will assess the performance of the market and will determine whether the development of a demand curve will further improve performance.

the region's assessment of the utility of an MDAM and/or forward market.⁹ All of this additional work would result in a more robust initial filing with the Commission.

Additional Scenario Analysis. An extension would provide more time for the ISO and its consultant to refine the model they have developed, and perform additional impact analyses. These analyses will hopefully address NESCOE's concerns about the impacts of the ISO's energy security proposal in non-winter months, and will provide additional evidence to support the ISO's initial filing.

Conceptual Framework for Mitigation. Before they are implemented, the new ancillary services require accompanying mitigation rules. The ISO could use the extension period to develop a conceptual approach to mitigation, which should improve stakeholder confidence in the design, but it is unlikely that the additional time would allow for a complete mitigation design that has been fully vetted and is ready for filing. Traditionally, these rules require detailed modeling work.

CONCLUSION

While the region awaits guidance from the Commission, the ISO will continue to work on an October 15 filing. Should the Commission grant the Motion for Extension, the ISO will endeavor to make a more complete initial filing. In either case, the ISO will maintain its June 2024 target implementation date for the full suite of energy security changes.

⁹ While the additional time may extend to the development of a high-level concept for those market(s), it will not be sufficient to fully design such market(s). Full design development for a forward market, for example, requires resolution of difficult and controversial issues including product definition, specification of product demand, length of commitment periods, and mitigation rules.

WHEREFORE, for the reasons set forth above, the ISO respectfully requests that the Commission take these comments into consideration as it reviews the Motion for Extension.

Respectfully submitted,
ISO NEW ENGLAND INC.

By: Maria A. Gulluni
Maria A. Gulluni
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841
Tel. (413) 540-4473
Fax (413) 535-4379

Dated: August 6, 2019

CERTIFICATE OF SERVICE

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

Dated at Holyoke, Massachusetts this 6th day of August, 2019.

Linda M. Morrison
Linda M. Morrison
Docket Administrator
ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040
(413) 540-4218