# **Meeting Minutes of the NEPOOL Transmission Committee**

Doubletree Hotel, Westborough, MA

October 10, 2019

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| **Attendee** | **Member/ Alternate** | **Market Participant** |
| M. Winkler | Chair | ISO New England Inc. |
| J. Rotger | Vice Chair  Alternate | Cross Sound Cable |
| J. Dwyer | Secretary | ISO New England Inc. |
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| E Abend\* | Member | AR RG-Small |
| C. Belew\* | Alternate | Mass AG |
| C. Bowie\* | Alternate | Eversource |
| D. Burnham | Proxy | Eversource |
| D. Cavanaugh\* | Member/ Alternate/ Proxy | Block Island Power, Braintree, ENE Group, N. Attleborough, Reading, MBTA |
| N. Chafetz\* | Member/Proxy | Galt Power, Direct Energy, DTE, Vitol |
| F. Ettori\* | Member | VELCo |
| B. Forshaw\* | Member/ Proxy | CMEEC VPPSA |
| W. Fowler | Member/  Alternate/Proxy | Nautilus, Calpine, Dynegy, Entergy, Exelon, Great River Hydro, Wheelabrator, |
| M. Gardner\* | Member | NextEra |
| J. Gordon | Member | PSEG |
| D. Hurley\* | Member/Alternate/Proxy | AR DG Small, AR LR Small, Gas Recovery Systems, VEIC, Ct. OCC, NH OCA, TEC |
| T. Kaslow | Member | FirstLight |
| P. Krawczyk | Member | Eversource |
| B. Kruse\* | Member | Calpine |
| P. Lopes\* | Alternate | Mass DCAM |
| L. Martin\* | Member | Emera |
| T. Martin | Alternate | National Grid |
| S. Mueller\* | Alternate/Proxy | Gen Group, HQ-US |
| B. McKinnon | Alternate/Proxy | MMWEC Group, NHEC, Norwood, South Hadley |
| H. Ni\* | Alternate | CMEEC |
| J.Penna\* | Proxy | AVANGRID |
| M.Spencer\* | Alternate | Jericho Power |
| B. Thomson\* | Member/ Alternate/Proxy | MMWEC Group, CMEEC |
| P. Turner\* | Member | CLF |
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| **Guests** | **Affiliation** | |
| M. Brewster | ISO-NE | |
| D. Capra | NESCOE | |
| A. DiGrande | ISO-NE | |
| S. Garwood | New Hampshire Transmission | |
| M. Gonzalez | ISO-NE | |
| B. Kay\* | ISO-NE | |
| E. Laine | ISO-NE | |
| J. Lowell | ISO-NE | |
| A.McBride | ISO-NE | |
| J. Wolfson | ISO-NE | |

\*indicates participation by telephone

**Agenda Item No. 1: Chair’s Opening Remarks**

The meeting was called to order and the Chair had those in the room and those participating by phone identify themselves. A quorum was present in all sectors.

**Agenda Item No. 2: Minutes of the September 17, 2019 Transmission Committee (TC) Meeting**

A motion was made, seconded, and approved by a unanimous show of hands with no abstentions noted to approve the minutes of the September 17, 2019 NEPOOL Transmission Committee meeting.

**Agenda Item No. 3: Proposed Modifications to the Interconnection Procedures to Clarify Adjustments to Interconnection Capability following Partial Market Exits**

Mr. Alan McBride (ISO-NE) provided a brief review of the proposal to clarify adjustments to interconnection capability following partial market exits and a brief reminder of how the interconnection process works. Mr. McBride also noted that the ISO’s feedback on the PSEG amendment would be the same as it was for the similar amendment PSEG proposed for Planning Procedure No. 10 (PP10) revisions considered at the February Participants Committee meeting. He called the Committee’s attention to the ISO memo to the Participants Committee on the PP10 revisions posted with the materials for October’s TC meeting. He reminded the Committee that interconnection capability is not a property right, but a service paid for by RNS customers.

In response to comments made at the last meeting, the ISO has looked at the timing for reviews of engineering data submitted for the winter capability exception adopted last month. The ISO has concluded, not to move this engineering review to earlier in the process, given the small number of requests, the size of the undertaking, the number of changes to an already long and complex timeline and other factors.

In response to questions, the ISO:

* Clarified that it would be open to informal discussions of engineering data submissions and their potential impacts on the already-known baseline formula, but that the results of such informal discussions would not override the binding Tariff provisions that would ultimately determine the amount of winter capability.
* Explained that the proposed Tariff language change to clarify the timing of interconnection capability establishment would not adjust any existing interconnection capability.
* Explained that, while a Permanent De-List Bid could be used to remove Capacity Network Resource Capability (CNRC) but retain Network Resource Capability (NRC), the substitution auction rules would require that CSO and, therefore, interconnection capability be removed from all markets at all temperatures.

The following motion was moved and seconded by the Transmission Committee:

*Resolved*, that the Transmission Committee recommends that the Participants Committee support the revisions to Section II of the ISO New England Inc. (the “ISO”) Transmission, Markets, and Services Tariff (the “Tariff”) that clarify adjustments to Interconnection Service, as proposed by the ISO and as circulated in the materials distributed for the October 10, 2019 meeting with those further changes recommended by this Committee and supported by the ISO and such further non-substantive changes as the Chair and Vice-Chair approve.

**(Agenda Item No. 3A) PSEG Amendment Regarding Adjustments to Interconnection Capabilities for Cleared Market Exits**

Mr. Joel Gordon (PSEG) presented the proposed amendment that would provide for an alternate adjustment to CNRC or Capacity Network Import Capability (CNIC) associated with cleared partial Retirement De-List Bids, Permanent De-List Bids, and substitution auction demand bids. The proposal would reduce the CNRC or CNIC only by the amount which was partially removed in the de-list bid or demand bid.

In response to questions, PSEG:

* Agreed that Surplus Interconnection Service could require new facilities to pay for system upgrades because of the retention of unused interconnection rights, but stated that is a product of the existence of retained interconnection rights including those attributable to Surplus Interconnection Service.
* Noted that CNRC is not available without taking on a CSO and that the CASPR auction seller gives up both the CSO and the interconnection capability that is picked up by the policy resource. He also acknowledged that, under the current rule, excess capability (amounts above the amount offered in the substitution auction) is also released to the pool.
* Agreed that it would be possible to include the opportunity costs associated with the capability above what was offered being removed in a CASPR substitution auction demand bid.

The ISO clarified for the Committee that the substitution auction design is solely for the trading of CSOs in the FCM and not for the transfer of interconnection rights and further noted that the Forward Capacity Market under Section III.13 of Market Rule 1 is quite complicated and any changes to FCM ought to be in Section III.13 and not in the interconnection process under Section II of the Tariff.

A Committee member noted that the use of CSOs in the substitution auction prevents price suppression in the FCM and suggested that CASPR was likely intended to be only for full retirements not partial retirements of resources.

Stakeholders provided additional comments on the PSEG proposal, including:

* A stakeholder noted that the proposal appears not to prevent a Resource obtaining a severance payment under CASPR for a partial retirement, then requalifying an upgrade to the existing facility or an additional facility using the retained interconnection rights above the amount cleared in the CASPR auction to avoid reducing the CSO.
* A stakeholder expressed opposition to the amendment based on their belief that excess capability on the system should be available to new resources without negotiating with the current user.
* Two stakeholders noted that much of this capability was not developed by its current users but is a legacy interconnection right that came with existing units. One stakeholder added that he was not in favor of a system that would limit use to existing sites but did acknowledge the potential for pricing impacts on the substitution auction.

Before the main motion could be voted, it was moved and seconded by the Transmission Committee to amend the main motion as follows:

*Resolved*, that the Transmission Committee recommends that the Participants Committee support the PSEG Energy Resources & Trade amendment to modify ISO New England’s proposed revisions to Section II of the Tariff with an alternative proposal for adjustments to Interconnection Service, together with such other changes as discussed and agreed to at the meeting, and such further non-substantive changes as the Chair and Vice-Chair approve.

**(Vote 1 – Failed)** *(PSEG Amendment)*

The motion to amend the main motion was then voted by roll call. The motion to amend failed with a vote of 15.02% in favor. The individual Sector votes were Generation (8.40% in favor, 8.40% opposed, 1 abstention), Transmission (0.0% in favor, 16.79% opposed), Supplier (5.60% in favor, 11.19% opposed, 4 abstentions), Alternative Resources (0.0% in favor, 16.04% opposed, 3 abstentions), Publicly Owned Entity (1.03% in favor, 15.76% opposed), and End User (0.00% in favor, 16.79% opposed).

**(Vote 2 – Passed)** *(Main Motion)*

The main motion was then voted and, based on a show of hands, passed with one opposed in the Supplier Sector and four abstentions (2 in the Generation Sector, 1 in the AR Sector, and 1 in the Transmission Sector).

**Agenda Item No. 4: Proposed New Schedule 17 of Section II of the Tariff for Critical Infrastructure Protection (CIP) Interconnection Reliability Operating Limit (IROL) Compliance Cost Recovery**

Mr. Jonathan Lowell (ISO-NE) reviewed the changes made to Schedule 17 and its Appendix A since the September 17, 2019 meeting consisting of four topics:

1. Clarification that Schedule 17 does not preclude the resource owners’ existing Section 205 filing rights.
2. Clarification of the 10-day period for requesting interested party status for the pre-filing consultation process.
3. Provision for the Section 205 filing to move forward after the 10-day period if there are no interested parties or if all interested parties indicate that they do not require additional review time.
4. Clarification that costs are recoverable only after being paid by the IROL-critical facility owner.

In response to questions, the ISO:

* Explained that it (the ISO) would not be involved in the pre-filing process and would have no role in designating interested parties.
* Clarified that interested party status is not required to attend the initial briefing.
* Noted that, while any entity with IROL/CIP costs can file with the FERC for cost recovery, any payments made by the ISO pursuant to Schedule 17 must be to Market Participants.
* Agreed to consider whether to re-name the cost recovery period or provide additional explanation to distinguish it from the 12-month period over which payments are made as a non-substantive revision to be made with Chair and Vice Chair approval.
* Agreed to consider whether the ISO would report back to this Committee on the total costs charged under Schedule 17 for the first few years.

The following motion was moved and seconded by the Transmission Committee:

*Resolved*, that the Transmission Committee recommends that the Participants Committee support the revisions to Section II of the Tariff to incorporate a new Schedule that provides a mechanism for IROL- critical generators and transmission facilities to recover incremental CIP costs that are approved by the Federal Energy Regulatory Commission (“FERC”), as proposed by the ISO and as circulated in the materials distributed for the October 10, 2019 meeting with those further changes recommended by this Committee and supported by the ISO and such further non-substantive changes as the Chair and Vice-Chair approve.

**(Agenda Item No. 4A) Proposed Alternative Cost Allocation for CIP-IROL Compliance Cost Recovery**

Mr. Paul Krawczyk (Eversource) reviewed a proposed amendment to the ISO proposal to charge the CIP-IROL costs paid to designated Resources based upon shares of Real-Time Load Obligation (RTLO) rather than Regional Network Service (RNS) Load because this is not a transmission cost and ought to be allocated more broadly than to Transmission Customers. The proposal incorporated revisions suggested by the ISO at the September meeting and should also be read as incorporating changes the ISO presented today.

There were no questions on the proposal but there were several comments from stakeholders including:

* A stakeholder noted that the RTLO allocation proposed does not exclude pumped storage or battery storage charging energy as the ISO usually does.
* A stakeholder indicated opposition to the proposal on the basis that these costs are incurred to relieve transfer limits and are therefore appropriately allocated to RNS Load.
* A stakeholder stated that the proposed allocation to all RTLO (not excluding pumped storage or battery charging energy) is inappropriate.
* A stakeholder noted that these costs are not known in advance and ought not to be allocated to Market Participants who will be unable to predict these costs.
* A stakeholder stated that there is precedent for charging costs related to transmission security to RNS Load.

The ISO noted its reasons for choosing RNS Load as the appropriate allocator are in its voting memo and noted that the ISO does not view these as transmission costs and will so state in its filing letter.

In closing, the Eversource representative noted that, however these costs are labeled, they are widely seen as transmission costs, which remains a concern.

Before the ISO’s motion could be voted, the following amendment, described below, was moved and seconded by the Transmission Committee:

*Resolved*, that the Transmission Committee recommends that the Participants Committee support the Eversource Energy Service Company amendment to modify ISO New England’s proposed revisions to Section II of the Tariff with an alternative cost allocation proposal for CIP-IROL compliance cost

recovery, together with such other changes as discussed and agreed to at the meeting, and such further non- substantive changes as the Chair and Vice-Chair approve.

**(Vote 1 – Failed)** *(Eversource Amendment)*

The motion to amend was then voted and, based on a show of hands, failed with unanimous support in the Transmission Sector and opposition noted from the Generation Sector, Supplier Sector, Alternative Resources Sector, Publicly Owned Entity Sector, and End User Sector with one abstention noted in the Supplier Sector.

**Cross Sound Cable and FirstLight Power Resources Amendment to Provide a Cost Category for Recovery of Legal and Regulatory Expenses:**

Mr. Jose Rotger (Cross Sound Cable) presented the proposed amendment to Schedule 17 and Schedule 17, Appendix A (Schedule 17A) to provide for inclusion of regulatory costs in the category currently referred to as Other including administrative expenses.

In response to questions, the proponents and the ISO:

* Noted that all of these costs ─ not just those proposed in the amendment ─ would be subject to the pre-filing process and FERC review.

After the presentation, stakeholders provided the following comments:

* A stakeholder noted the pre-filing process and indicated that the states would be following this and the FERC proceedings closely.
* A stakeholder, after confirming that the proposed costs would be limited to those associated with the filings and preparation for filings, noted that he would oppose the amendment because he was opposed to the original motion as well.

The Chair asked if there was any objection to including this amendment as part of the ISO’s proposal for a vote. An objection was noted by a Committee member to including this amendment directly into the ISO’s proposal instead of considering it as an amendment.

Before the main motion could be voted, the following amendment, described below, was moved and seconded by the Transmission Committee:

*Resolved*, that the Transmission Committee recommends that the Participants Committee support the Cross-Sound Cable Company and FirstLight Power Management amendment to modify ISO New England’s proposed revisions to Section II of the Tariff to include a cost category for recovery of legal and regulatory expenses, together with such other changes as discussed and agreed to at the meeting, and such further non-substantive changes as the Chair and Vice-Chair approve.

**(Vote 2 - Failed)** *(Cross Sound Cable and FirstLight Power Resources Amendment)*

The motion to amend the main motion was then voted by roll call. The motion to amend failed with a vote of 64.63% in favor. The individual Sector votes were Generation (16.79% in favor, 0.0% opposed, 1 abstention), Transmission (0.0% in favor, 16.79% opposed, 1 abstention), Supplier (16.79% in favor, 0.0% opposed, 3 abstentions), Alternative Resources (14.26% in favor, 1.78% opposed, 1 abstention), Publicly Owned Entity (16.79% in favor, 0.0% opposed), and End User (0.0% in favor, 16.79% opposed).

Before the main motion was voted, stakeholders offered the following comments:

* Prior to the vote on the ISO’s main motion, FirstLight Power Management LLC (FirstLight) stated for the record that its vote in favor of the ISO’s proposal should not be interpreted to foreclose its preference for the amended version offered by Cross Sound Cable and FirstLight at this meeting, which did not have enough support to be recommended by the committee. FirstLight sought to ensure that it would not be procedurally prohibited from offering the amendment or otherwise advocating for the inclusion of regulatory costs as a category in the ISO’s proposed Schedule 17 and Schedule 17A at the Participants Committee or in any other forum. Several Committee members echoed this statement in explaining their votes to support the unamended motion.
* One stakeholder indicated it would pursue this at the Participants Committee (PC) and urged the ISO to include the amendment in its proposal to the PC.
* A stakeholder noted that he would abstain due to the uncertainty of the costs.
* A stakeholder noted that these changes are overdue as recovery of these costs has been a known issue for at least three years. He also noted that the additional requirements being imposed on Section 205 filings (the pre-filing process) imposes a further burden if the ISO is not putting forward a Tariff rate like it uses for transmission.
* A stakeholder questioned the continuing requirement to provide this service without compensation.
* A stakeholder said they would support the proposal despite his concerns about the uncertain costs.
* A stakeholder noted opposition to the proposal based on its view that these costs are an ordinary cost of doing business not requiring cost recovery outside the markets. In addition, they see the multiple Section 205 filings and pre-filing process as an unreasonable burden on those questioning or opposing cost recovery.
* A stakeholder noted that these units are providing a service to the transmission system and, although not thrilled with the process proposed, it is something we can live with. The proposal has, to the extent possible, minimized filing burdens and, although there will be start-up issues because of the large number of initial filings, this is a reasonable way forward.

**(Vote 3 – Failed)** *(Main Motion)*

The main motion was then voted by roll call. The motion failed with 61.07% in favor. The individual Sector votes were Generation (16.79% in favor, 0.0% opposed, 1 abstention), Transmission (0.0% in favor, 16.79% opposed, 3 abstentions), Supplier (16.79% in favor, 0.0% opposed, 1 abstention), Alternative Resources (10.69% in favor, 5.35% opposed, 2 abstentions), Publicly Owned Entity (16.79% in favor, 0.0% opposed), and End Users (0.0% in favor, 16.79% opposed).

**Agenda Item No. 5: Transmission Committee Working Group Quarterly Report**

Ms. Emily Laine reviewed the recent activity and discussion from the Variable Resource Working Group (VRWG). She noted that the committee had recently disseminated a memo regarding an enhancement of wind plant undelivered energy reporting. This enhancement will clarify the locational aspects of delivered and undelivered wind energy in New England and went into place earlier this month. Ms. Laine also noted that the update on the FCM Qualified Capacity estimating tool for photovoltaic resources, discussed at the last meeting, would be repeated at a future VRWG meeting to include additional seasons of data.

There were no questions from the committee on this topic.

**Agenda Item No. 6: Other Business**

The Chair announced that the November 26, 2019 TC meeting would be cancelled.

There being no further business before the committee the meeting was adjourned at 12:00 PM.

Respectfully submitted,

Jay Dwyer, Secretary

NEPOOL Transmission Committee