



Gordon van Welie
President and Chief Executive Officer

June 12, 2020

The Honorable Edward Markey
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Elizabeth Warren
309 Hart Senate Office Building
Washington, DC 20510

Dear Senators Markey and Warren:

Thank you for your June 5 letter regarding the development of competitive transmission solutions to address reliability needs in the Boston area. ISO New England, in its role as the Regional Transmission Organization, is required to facilitate a process for ensuring the development of transmission infrastructure solutions that are essential for maintaining power system reliability.

On December 20, 2019, ISO New England issued the region's first Request for Proposal (RFP) for competitively developed transmission solutions to address reliability needs pursuant to the Federal Energy Regulatory Commission's Order 1000. The RFP was issued in accordance with rules outlined in Attachment K of the ISO New England Open Access Transmission Tariff. ISO New England identified these reliability needs in its Boston 2028 Needs Assessment Update and Addendum following the announced retirement of Mystic Generating Station.

The deadline for "Phase One" proposal submissions relative to the RFP was March 4, 2020. In response, the ISO received 36 Phase One proposals from eight Qualified Transmission Project Sponsors. The installed cost estimates provided in the proposals range from approximately \$49M to \$745M, with in-service dates ranging from March 2023 to December 2026 and incorporating a number of different technologies.

Stakeholder Discussion Scheduled for June Planning Advisory Committee Meeting

Throughout this process, the ISO has outlined for stakeholders and project sponsors the requirements for the Boston 2028 RFP solicitation. The project ultimately chosen through the RFP must provide a comprehensive solution to the reliability needs identified in the needs assessment, and it must be a cost-effective solution for the consumers who will ultimately bear the cost of the project. These attributes include meeting the region's reliability needs by completing construction and being operational by June 1, 2024 when the Mystic Generating Station retires. As you note in your letter, the Mystic facility is a natural gas-fired power plant (one of the largest generators in New England and fed by liquefied natural gas imports), and upon successful integration of the project developed through the Boston 2028 RFP, Mystic will retire without compromising regional reliability.

The ISO recently posted the results of the Phase One analysis, with the intent of discussing those results with New England stakeholders at the next Planning Advisory Committee (PAC) on June 17. PAC meetings are open to all interested stakeholders, subject to restrictions on materials designated as Critical Energy Infrastructure Information. Most of the Phase One proposals were excluded following a preliminary review because the proposals did not address the identified needs or failed to meet requirements in our regional tariff and/or the RFP. Ultimately, five proposals addressed the reliability needs identified in the RFP – ranging in cost from \$49 million to \$121 million.

The ISO is recommending that we move forward with the least-expensive project that fulfills the needs identified in the original solicitation. (The next least-expensive proposal is \$94 million, nearly double the cost of the least-expensive project.) We believe it is unlikely that further review of the other four proposals would lead to their selection; therefore, we are recommending that they not advance to the next phase and incur additional costs for New England's consumers. However, we will listen to feedback from stakeholders at the June 17 PAC meeting before making a final decision.

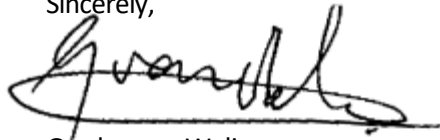
Transmission Investment to Meet Public Policy Goals

I appreciate your thoughts on the importance of investing in transmission to meet public policy goals for both renewable energy and economy-wide carbon reduction. A separate section of Order 1000 establishes a regional process to identify public policy requirements that may drive a need for transmission solutions. In accordance with the timetable articulated in Order 1000, last month the New England States Committee on Electricity (NESCOE) relayed to the ISO that it does not believe that a public policy transmission study is warranted at this time. The NESCOE submittal to the ISO includes responses from all six New England states agreeing that there is no current need to commence the study process.

In my February 27, 2020 letter to Senator Markey, I noted that a separate initiative, a discussion on New England's *Transition to the Future Grid*, would soon commence with regional stakeholders. The initiative is a joint effort by NESCOE, the New England Power Pool, and the ISO to further assess and explore potential market and reliability issues in light of evolving state energy and environmental policies. Stakeholder meetings began in April and the next meeting is planned for July 1. Further meetings are planned throughout 2020.

Thank you again for your recent letter and your continued interest in the reliable operations of New England's bulk power system and considerations for other policy objectives for the New England region.

Sincerely,



Gordon van Welie
President & Chief Executive Officer

United States Senate

June 5, 2020

Gordon van Welie
President and Chief Executive Officer
ISO New England
One Sullivan Road
Holyoke, MA 01040

Dear Mr. van Welie,

We write concerning ISO New England (ISO-NE)'s Boston 2028 Request for Proposals (RFP) for transmission projects to help maintain grid reliability in the greater Boston area following the scheduled retirement of the Mystic Generating Station in Everett, Massachusetts.¹ We are encouraged by this effort to use competitive bidding to provide new transmission solutions and reduce consumer costs. As part of ISO-NE's evaluation of proposals, we urge you to prioritize the effects that projects may have on state climate, energy, and health goals. Currently, "environmental impact" is listed in the lowest priority category for the Boston 2028 RFP evaluation, and public health impacts are not called out at all.² As Massachusetts and other New England states work to reach decarbonization targets and respond to the ongoing COVID-19 pandemic, it is more important than ever that regional transmission organizations consider these impacts as part of electric-grid planning.

The Mystic Generating Station is an oil- and natural gas-fired power plant that is scheduled for full retirement by 2024. Initially, in March 2018, Exelon, the plant's owner, decided to shutter the plant, citing a lack of profitability and economic concerns, but in December 2018, the Federal Energy Regulatory Commission (FERC) approved a petition for short-term cost recovery. That plan allows ISO-NE to direct additional ratepayer payments to flow to the plant over the next several years in order to keep it open. A near-term transmission replacement for this uneconomic plant will benefit ratepayers, improve grid reliability, and protect nearby communities from air pollution.

In particular, the eventual retirement of this power plant, which is the largest fossil fuel plant in New England, presents an opportunity to continue cleaning up the New England power grid and safeguarding public health. The six New England states have all committed to achieving at least a 75-percent reduction in their greenhouse gas emissions by 2050.³ The Carbon Free Boston

¹ Brent Oberlin, *Issuance of the Boston 2028 Request for Proposal*, ISO New England, (Dec. 20, 2019), https://www.iso-ne.com/static-assets/documents/2019/12/boston_2028_rfp_announcement.pdf.

² *Request for Proposal Reliability Transmission Upgrade: Part 1 – Appendix A Evaluation Factors*, ISO New England, (Dec. 20, 2019), https://www.iso-ne.com/static-assets/documents/2019/12/boston_2028_rfp_documents.zip.

³ *The New England states' frameworks for reducing greenhouse gas emissions continue to evolve*, ISO New England, (Oct. 2, 2019), <http://isonewswire.com/updates/2019/10/2/the-new-england-states-frameworks-for-reducing-greenhouse-ga.html>.

Mr. Gordon van Welie

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initiative aims to reach a target of carbon neutrality for the city by 2050.⁴ As part of the Boston 2028 RFP, IOS-NE should consider and prioritize these targets.

Additionally, as Massachusetts and other New England states continue efforts to limit and stop the spread of COVID-19, it is important to consider the public health effects of various kinds of electricity generation. Research continues to show a link between air pollution and higher COVID-19 death rates, placing a premium on regional transmission organizations' factoring air quality into their grid-planning decisions — particularly for communities that are disproportionately affected by COVID-19 and the historic burden of air pollution.^{5,6}

Clean energy and clean air are both important policy objectives for Massachusetts and the broader New England region, and those priorities should be reflected appropriately among the evaluation criteria for the Boston 2028 RFP. Fossil fuel plants are increasingly uneconomic, particularly as the cost for new renewable electricity generation declines, and after factoring in the costs to public health from air pollution. In pursuing transmission solutions to meet electricity demand and address reliability needs, ISO-NE can also strive to better integrate low- or no-carbon generation projects, with the added benefit of saving ratepayers money and avoiding the need to bail out uneconomic plants. As ISO-NE continues to the next phase of this important process to meet demand and enhance reliability, we urge you to consider and prioritize climate and public health goals.

Sincerely,



Edward J. Markey
United States Senator



Elizabeth Warren
United States Senator

⁴ Kat Eshel, *Reducing Emissions*, City of Boston, (Oct. 8, 2019), <https://www.boston.gov/environment-and-energy/reducing-emissions>.

⁵ Xiao Wu, Rachel Nethery et al., *Exposure to air pollution and COVID-19 mortality in the United States: A nationwide cross-sectional study*, Harvard T.H. Chan School of Public Health, (Apr. 24, 2020), <https://projects.iq.harvard.edu/covid-pm>.

⁶ Edoardo Conticini, Bruno Frediani, Dario Caro, *Can atmospheric pollution be considered a co-factor in extremely high level of SARS-CoV-2 lethality in Northern Italy?*, *Environmental Pollution*, (June 2020), <https://www.sciencedirect.com/science/article/pii/S0269749120320601?via%3Dihub>.