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ISO New England Issues Further Statement Regarding FERC Office of Enforcement Investigation

Holyoke, MA—June 29, 2022—Last week, ISO New England issued a press release notifying the region and its stakeholders that FERC’s Office of Enforcement (FERC OE) was investigating the conduct of Salem Harbor Power Development LP and the ISO. As Monday’s settlement between FERC OE and Salem Harbor confirms, Salem Harbor failed to provide ISO New England with accurate and timely information related to the project’s development.

The findings described in the FERC order indicate that Salem Harbor provided false information to the ISO regarding the project’s timeline and, in doing so, violated both the ISO’s tariff and FERC rules. The settlement describes significant issues that led to the delay in the project, which were largely unknown to the ISO prior to disclosure during the investigation.

Under FERC-approved market rules in effect at the time of these events, the ISO relied on the veracity of input received from market participants in determining the progression of projects in the capacity market. Promptly following these events, the ISO worked with stakeholders to change the capacity market rules to include an automatic financial penalty for resources that are not online at the time their capacity supply obligation commences. The penalty serves as an enhanced incentive for project sponsors to meet their commercial operation date and eliminates the need for ISO New England to assess the veracity of the information submitted to it by project sponsors.

The settlement agreement contains characterizations of, and excerpts from, conversations between an ISO employee and a market participant. Market participants regularly reach out to the ISO for advice on complex market rules. In this instance, we believe that the Salem Harbor settlement agreement does not fully describe the context of these conversations. Our ability to respond in detail is constrained by FERC’s rules regarding confidential investigations.

We do want to clarify, however, the “workaround” process that is referenced in the settlement agreement. This process reconciled the ISO’s then-current tariff with the limitations of the relevant software, to allow market participants who informed the ISO that they were going to be late by less than a year to cover their obligation by contracting with other generators in the region. The “workaround” is no longer needed given the above-referenced changes to the tariff.

It should also be noted that the “workaround” was ultimately irrelevant in Salem Harbor’s case. Salem Harbor could not have used that approach because it neither covered its obligation in advance of its delay nor informed the ISO that it would be late.

ABOUT ISO NEW ENGLAND

Created in 1997, ISO New England is the independent, not-for-profit corporation responsible for the reliable operation of New England’s electric power generation and transmission system, overseeing and ensuring the fair administration of the region’s wholesale electricity markets, and managing comprehensive regional electric power planning.

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