

182 FERC ¶ 61,211
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 30, 2023

In Reply Refer To:
ISO New England Inc.
Docket No. ER23-971-000

ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040-2841

Day Pitney LLP
One Federal Street
Boston, MA 02110

Attention: Jim M. Burlew and Eric Runge

Dear Mr. Burlew and Mr. Runge:

1. On January 27, 2023, pursuant to section 205 of the Federal Power Act,¹ ISO New England Inc. (ISO-NE) and the New England Power Pool (NEPOOL) Participants Committee (together, the Filing Parties), submitted proposed Tariff revisions to improve the Economic Study process (Economic Study Revisions) set forth in Attachment K of the Open Access Transmission Tariff (OATT).² As discussed below, we accept the Economic Study Revisions, to become effective March 31, 2023, as requested.
2. The Filing Parties state that the Economic Study Revisions require that ISO-NE conduct defined scenario-based studies designed to: (1) identify market efficiency issues, and as applicable, market efficiency needs on the Pool Transmission Facilities (PTF)³

¹ 16 U.S.C. § 824d.

² ISO New England Inc., Transmission, Markets and Services Tariff, § I.2 (Rules of Construction; Definitions) (149.1.0); *id.* attach. K, (Regional System Planning Process) (28.1.0).

³ Tariff, § I.2.2 (defining PTF as “the transmission facilities owned by Participating Transmission Owners (PTOs) which meet the criteria specified in Section II.49 of the OATT”).

portion of the New England Transmission System as part of the Economic Study process;⁴ (2) provide the New England region more insight into system trends and consistent analysis; and (3) facilitate comparison across Economic Study cycles, all of which can inform future decisions in transmission investment.

3. The Filing Parties state that the Economic Study Revisions build off the current Economic Studies process and is the first phase of a bifurcated effort to improve the process. The Filing Parties contend that the next phase of the effort, which is currently underway with the goal of submitting a filing by the second quarter of 2024, will review and update the factors and metrics used to identify market efficiency issues and needs of the power system, which continue to evolve.⁵

4. The Filing Parties state that while the current Economic Study framework provides useful study results for informational purposes, it does not allow for the consistent evaluation of market efficiency issues on a system wide basis, identification of system trends between Economic Study cycles, or incorporation of lessons learned from previous Economic Studies into subsequent Economic Studies.⁶ As noted above, the Filing Parties explain that to address these issues and improve the Economic Study process, the Filing Parties propose to revise the Economic Study process to incorporate defined scenarios that: (1) identify market efficiency issues, and as applicable, market efficiency needs on the PTF portion of the New England Transmission System in a dedicated scenario as part of the Economic Study process; (2) provide sufficient consistency between Economic Studies to incorporate lessons learned and identify system trends; (3) increase alignment with the other ISO-NE system planning processes and modeling of neighboring regions; and, (4) continue to provide stakeholders with full participation in the Economic Study process and with the flexibility to request a scenario and a broad range of sensitivities for informational purposes.⁷ The Filing Parties explain that the proposed defined reference scenarios are the: (1) Benchmark Scenario; (2) Market Efficiency Needs Scenario; (3) Policy Scenario; and (4) Stakeholder-Requested Scenario.

5. According to the Filing Parties, the four proposed reference scenarios are defined as follows: (1) the Benchmark Scenario will be the initial reference scenario studied in a given Economic Study cycle and will compare the Benchmark Scenario against the historical performance of the system in the previous year and adjusting the assumptions

⁴ Transmittal at 1.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 14 (citing Judd Test. at 7).

and model accordingly; (2) the Market Efficiency Needs Scenario will be a reference scenario used to identify market efficiency issues and, as applicable, market efficiency needs on the New England Transmission System; (3) the Policy Scenario will be used for informational purposes to identify any potential system efficiency issues resulting from New England and other energy policies and goals such as federal and state legislation, or utility renewable portfolio standard targets; and (4) the Stakeholder-Requested Scenario will be a reference scenario used to study a stakeholder-requested scenario with region-wide scope not covered by the other three defined references scenarios.⁸

6. The Filing Parties explain that the proposed revisions accomplish the goals of Order Nos. 890⁹ and 1000¹⁰ and are just and reasonable.¹¹ According to the Filing Parties, in Order No. 890, the Commission stated that its primary objective in adopting the economic planning principle is to ensure that the transmission planning process encompasses both reliability and economic considerations.¹² The Filing Parties seek a variation to the requirement in Order No. 890 that transmission providers conduct economic planning studies annually under the “consistent with or superior to” standard.¹³

⁸ *Id.*

⁹ *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, 118 FERC ¶ 61,119, at P 444, *order on reh’g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh’g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh’g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

¹⁰ *Transmission Plan. & Cost Allocation by Transmission Owning & Operating Pub. Utils.*, Order No. 1000, 136 FERC ¶ 61,051, at PP 6, 11, 146 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh’g & clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff’d sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

¹¹ Transmittal at 16.

¹² *Id.* (citing Order No. 890, 118 FERC ¶ 61,119 at P 544).

¹³ *Id.* at 17 (citing Order No. 890, 118 FERC ¶ 61,119 at P 160 (requiring RTOs and ISO to demonstrate that a variation from the requirements adopted in Order No. 890 satisfies the “consistent with or superior to”); *see* Order No. 890, 118 FERC ¶ 61,119 at P 547 (finding that “. . . stakeholders be given the right to request a defined number of high priority studies annually The intent of this approach is to allow customers, not the transmission provider, to identify those portions of the transmission system where they have encountered transmission problems due to congestion or whether they believe upgrades and other investments may be necessary to reduce congestion and to integrate

The Filing Parties explain that the Economic Study process, which is initiated each year if requested by a stakeholder, may take 18 to 24 months to complete, and in some cases longer, preventing results and lessons learned from previous Economic Studies from influencing or being applied to subsequent Economic Studies.

7. Therefore, similar to the economic planning processes accepted by the Commission for other Regional Transmission Organizations (RTO) and Independent System Operators (ISO),¹⁴ the Filing Parties propose to conduct an Economic Study process that identifies and prioritizes significant market efficiency issues collectively with stakeholders once every two to three years, rather than as requested annually. The Filing Parties state that throughout the process, stakeholders will have opportunities to provide input into the Economic Study process and any Market Participant at any time may submit a request to interconnect Merchant Transmission Facilities or generators that could address an economic constraint. The Filing Parties assert that ISO-NE will initiate and complete the Economic Study process before the subsequent cycle starts, allowing the results of each Economic Study cycle to inform the subsequent Economic Study cycle.¹⁵ The Filing Parties state that this will also allow Market Efficiency Transmission Upgrades to be incorporated into each Regional System Plan, as applicable, and is consistent with or superior to the Commission's requirement in Order Nos. 890 and 1000 that transmission providers effectuate a regional transmission planning process that incorporates both reliability and economic upgrades in the development of a regional transmission plan and responds to a select number of economic planning studies on a request-by-request basis.

8. The Filing Parties state that the Economic Study Revisions were considered through the complete NEPOOL Participant Processes and supported by the Participants Committee with no opposition or abstentions.¹⁶ The Filing Parties request an effective date of March 31, 2023, for the Economic Study Revisions.

9. Notice of the filing was published in the *Federal Register*, 88 Fed. Reg. 7425 (Feb. 2, 2023), with interventions and protests due on or before February 17, 2022.

new resources.”).

¹⁴ *Id.* at 16-18 (citing *N. Y. Indep. Sys. Operator, Inc.*, 175 FERC ¶ 61,010, at PP 1, 3, 7 (2021) (accepting revisions for a biennial system-wide congestion study initiated by New York Independent System Operator, Inc.); *PJM Interconnection, L.L.C.*, 123 FERC ¶ 61,163, at PP 96-99 (2008); *Midwest Indep. Transmission Sys. Operator, Inc.*, 123 FERC ¶ 61,164, at P 74 (2008)).

¹⁵ *Id.* at 18.

¹⁶ *Id.* at 25.

Massachusetts Department of Public Utilities, New England States Committee on Electricity, National Grid, Narragansett Electric Company, and Eversource Energy Service Company filed timely motions to intervene. Connecticut Municipal Electric Energy Cooperative, Massachusetts Municipal Wholesale Electric Company, New Hampshire Electric Cooperative, Inc., and Vermont Public Power Supply Authority (collectively, Public Systems) filed a timely motion to intervene and comments.

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2022), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

11. Public Systems states that they support the proposed modifications,¹⁷ and explains that since ISO-NE's Order No. 1000 transmission planning process took effect, nearly all transmission projects identified in the region have been exempt from competition. Public Systems is, therefore, hopeful that the proposed changes will increase the identification and development of market efficiency transmission projects, and, in turn, opportunities to develop those projects competitively in the most cost-effective and efficient manner.¹⁸

12. We find that the Economic Study Revisions meet the requirements and planning principles of Order Nos. 890 and 1000 and are just and reasonable. We agree with the Filing Parties that the proposed revisions will allow for the consistent evaluation of market efficiency issues on a system wide basis, identification of system trends between Economic Study cycles, and the incorporation of lessons learned from previous Economic Studies into subsequent Economic Studies.¹⁹

13. The Filing Parties propose to conduct an Economic Study process that identifies and prioritizes significant market efficiency issues collectively with stakeholders once every two to three years, which is a variation from the requirement in Order No. 890 that stakeholders be given the right to request studies annually.²⁰ We find that the proposed variation is consistent with or superior to the Commission's requirements in Order No. 890. We agree that allowing ISO-NE to initiate and complete the Economic Study process, rather than waiting for stakeholders to request an Economic Study to initiate the process, before the subsequent cycle starts will allow the results of each Economic Study

¹⁷ Public Systems Comments at 4.

¹⁸ *Id.* at 5-6.

¹⁹ Transmittal at 7, 14.

²⁰ Order No. 890, 118 FERC ¶ 61,119 at P 547.

cycle to inform the subsequent Economic Study cycle.²¹ Further, stakeholders may still request that ISO-NE perform Economic Studies to identify those portions of the transmission system where they believe upgrades and other investments may be necessary to reduce congestion and to integrate new resources.²² In addition, the defined reference scenarios allow ISO-NE to propose, or stakeholders to request, additional reference scenario sensitivities that can be completed during the Economic Study cycle.²³ Accordingly, we accept the Economic Study Revisions, to become effective March 31, 2023, as requested.

By direction of the Commission.

Debbie-Anne A. Reese,
Deputy Secretary.

²¹ Transmittal at 18.

²² *Id.* at 17, 21.

²³ *Id.* at 17.