

150 FERC ¶ 61,021
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
and Norman C. Bay.

ISO New England Inc.

Docket No. ER15-328-000

ORDER ACCEPTING INFORMATIONAL FILING

(Issued January 16, 2015)

1. On November 4, 2014, pursuant to section III.13.8.1 of the ISO New England Inc. (ISO-NE) Transmission, Markets and Services Tariff (Tariff), ISO-NE submitted an informational filing reporting on the qualification of capacity resources to participate in the ninth Forward Capacity Auction (FCA)¹ for the 2018-2019 Capacity Commitment Period (Informational Filing). ISO-NE also seeks to qualify an additional 5 MW in total of new capacity that was inadvertently not qualified by the relevant deadline. As discussed below, the Commission accepts ISO-NE's Informational Filing and grants ISO-NE's request to qualify the additional 5 MW of new capacity for FCA 9.

I. Background of Forward Capacity Market

2. ISO-NE operates a Forward Capacity Market (FCM), in which capacity resources compete in an annual FCA to provide capacity to New England three years in advance of the relevant Capacity Commitment Period; providers whose capacity clears the FCA acquire capacity supply obligations, which they must fulfill three years later. The FCM rules require ISO-NE to submit to the Commission an informational filing no later than 90 days prior to each FCA.² That filing must include, *inter alia*, the details of the resources accepted or rejected in the qualification process for participation in the FCA and the capacity zones to be modeled for the FCA. Under Tariff section III.13.8.1(b), unless the Commission issues an order within 75 days of the filing directing otherwise, the determinations in the Informational Filing will be used in the relevant FCA.

3. As part of the qualification process for a new generation resource and a new import capacity resource, ISO-NE performs an initial interconnection analysis, including

¹ The ninth FCA, or FCA 9, is scheduled to begin on February 2, 2015.

² Tariff section III.13.8.1(a) (12.0.0).

an analysis of overlapping interconnection impacts, to determine the amount of capacity that the resource could provide by the start of the associated Capacity Commitment Period.³ For demand response resources, ISO-NE reviews measurement and verification plans as well as other data required as part of the qualification process.⁴ Each resource must complete the qualification process set out in the Tariff, including submitting certain information to ISO-NE.⁵ ISO-NE then issues a Qualification Determination Notification to each resource, informing it whether it has or has not qualified to participate in the FCA and, if applicable, an explanation as to why the resource was not accepted. If ISO-NE determines that all of the requirements that are necessary to enable the new generating resource, new import capacity resource, or new demand response resource to provide capacity cannot be implemented before the start of the Capacity Commitment Period, that resource is not qualified for participation in the FCA.⁶

4. Existing resources may seek to leave the capacity market and avoid a capacity supply obligation by submitting de-list bids. A de-list bid indicates the minimum price at which the resource is willing to take on a capacity supply obligation. Thus, if the final auction price is at or above the resource's de-list bid, the resource is assigned a capacity supply obligation; if the final auction price is below the de-list bid, the resource is not assigned a capacity supply obligation. A de-list bid below \$3.94/kW-month is called a dynamic de-list bid and is not reviewed in advance by ISO-NE's Internal Market Monitor (IMM).⁷ A de-list bid above \$3.94/kW-month is called a static de-list bid and must be reviewed by the IMM in advance of the auction to determine whether the bid is consistent with the resource's net risk-adjusted going forward costs and opportunity costs. If the IMM determines that the static de-list bid is not consistent with those costs, it rejects the static de-list bid. Resources submitting static de-list bids are notified of the IMM's determinations in their Qualification Determination Notifications.

³ Tariff sections III.13.1.1.2.3 and III.13.1.3.5.5 (29.0.0).

⁴ Tariff section III.13.1.4.2.5.1.

⁵ See Tariff section III.13.1.

⁶ Tariff section III.13.1.1.2.3(c).

⁷ The current dynamic de-list bid threshold is intended to represent the competitive bid of the marginal unit; the IMM chose the value of fossil steam units, which are the type of existing resources most likely to seek to leave the auction and therefore could be the marginal unit when ISO-NE does not need new capacity. See, e.g., *ISO New England Inc. and New England Power Pool*, 147 FERC ¶ 61,172, at PP 91, 96-99 (2014).

II.

III. ISO-NE's Informational Filing

A. FCA 9 Parameters

5. In its Informational Filing, ISO-NE states that it will model four capacity zones in FCA 9: Southeastern Massachusetts/Rhode Island (SEMA/RI), Connecticut, Northeastern Massachusetts/Boston (NEMA/Boston), and Rest of Pool. Rest of Pool is composed of Maine, Western/Central Massachusetts, New Hampshire, and Vermont. ISO-NE determined that Connecticut, NEMA/Boston, and SEMA/RI will be modeled as import-constrained.⁸

6. As further reported in the Informational Filing, the Installed Capacity Requirement (ICR) for the 2018-2019 Capacity Commitment Period is 35,142 MW. After accounting for 953 MW of Hydro Quebec Interconnection Capability Credits (HQICCs), the net amount of capacity that ISO-NE must procure in the FCA to meet the ICR is 34,189 MW.⁹

7. ISO-NE states that the qualification process for FCA 9 resulted in 8,547 MW of new resources and 32,555 MW of existing resources competing to provide 34,189 MWs (after accounting for HQICCs) to the New England control area for the 2018-2019 Capacity Commitment Period. ISO-NE states that a total of 8,301 MW of de-list bids were submitted for FCA 9, of which 97 MW subsequently converted to Non-Price Retirement Requests. In total, 41 existing resources submitted Non-Price Retirement Requests.¹⁰ The Informational Report also details the following: transmission interface limits used to model the capacity zones; the existing and proposed transmission lines that will be in service by the start of the Capacity Commitment Period; the expected amount of installed capacity in each modeled capacity zone; the Local Sourcing Requirement for each modeled import-constrained capacity zone; the maximum capacity limit for each modeled export-constrained capacity zone; and the capacity value of a demand resource.¹¹ The Informational Report further sets forth which new resources were

⁸ Tariff section III.13.8.1(i).

⁹ ISO-NE submitted the 2018-2019 ICR value filing in Docket No. ER15-325-000 and it was accepted in *ISO New England, Inc.*, 150 FERC ¶ 61,003 (2015).

¹⁰ Informational Filing at 5, 12.

¹¹ ISO-NE states that the capacity value for a demand resource is 1.08 for FCA 9. Tariff sections III.13.8.1(a)(v) and III.13.7.1.5.1. The capacity value of a demand resource takes into account the avoided peak transmission and distribution losses, e.g., a

accepted and rejected in the qualification process to participate in FCA 9. To that end, the Informational Report reflects the IMM's determinations regarding requests from new capacity resources to submit offers in the FCA at prices below the relevant Offer Review Trigger Price,¹² including information regarding each of the elements considered in the IMM's determination and whether that element was included or excluded in the determination of whether the offer is consistent with the resource's long-run average costs, net of expected revenues other than capacity revenues.¹³ Additionally, ISO-NE provides the IMM's reasoning for rejecting certain de-list bids and explanation of which resources qualified to participate in the FCA. ISO-NE also provides the aggregate MW from new resources qualified to participate in the auction and aggregate de-list bid amounts.¹⁴

8. Finally, ISO-NE requests that the Commission allow it to qualify an additional 5 MW of new capacity that was inadvertently not qualified due to an update in ISO-NE's "evaluation tool."¹⁵ Due to the timing of the update, ISO-NE explains that it was not able to include the 5 MW of new capacity, from various resources, in the Qualification Determination Notifications issued to these resources on September 26, 2014.

B. Notice of the Filing and Responsive Pleadings

9. Notice of the Informational Filing was published in the *Federal Register*, 79 Fed. Reg. 67,431 (2014) with comments, interventions, and protests due on or before November 19, 2014. Timely filed motions to intervene were submitted by the Brookfield Energy Marketing, LP; Calpine Corporation; Electric Power Supply Association; Emera Energy Services, Inc.; EnerNOC, Inc.; GDF Suez Energy North America, Inc. and GDF Suez Energy Marketing NA, Inc.; Northeast Utilities Service Company; NRG Companies;¹⁶ and The PSEG Companies.¹⁷ Hawkes Meadow Energy, LLC (Hawkes

1 MW demand reduction measured at the delivery point would avoid 1.08 MW of generation.

¹² An Offer Review Trigger Price is a resource-type specific benchmark price, where new resources may offer capacity in the FCA at prices equal to or above the relevant Offer Review Trigger Price with no cost review by the IMM.

¹³ Tariff sections III.13.8.1(a)(vi) and III.13.8.1(a)(vii).

¹⁴ Tariff sections III.13.8.1(a)(viii)-(x).

¹⁵ Informational Filing at 13.

¹⁶ NRG Power Marketing LLC and GenOn Energy Management, LLC.

Meadow) submitted a timely motion to intervene and comments. The New England Power Generators Association, Inc. (NEPGA) submitted a timely motion to intervene and comments. The Connecticut Office of Consumer Counsel; New England Power Pool Participants Committee; New England States Committee on Electricity; and the United Illuminating Company submitted late motions to intervene. The Connecticut Public Utilities Regulatory Authority submitted a notice of intervention out-of time.

10. On December 4, 2014, ISO-NE filed an answer.¹⁸

11. NEPGA requests that the Commission make no determination on the ability of existing and new supply-side demand resources to qualify for FCA 9, stating that the Commission should first resolve this question in a complaint proceeding filed by NEPGA that explains in greater detail the relevance of supply-side demand resources in FCA 9.¹⁹ However, NEPGA states that its comments are not intended as a protest to the Informational Filing.²⁰

12. Hawkes Meadow states that it simultaneously filed a request for waiver to permit its 451 MW Station to participate in FCA 9. Hawkes Meadow's comments address this request for waiver, which it subsequently withdrew.²¹

C. Commission Determination

1. Procedural Matters

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2014), the timely-filed unopposed motions to intervene serve to make the entities filing them parties to the proceeding.

¹⁷ PSEG Power LLC; PSEG Energy Resources & Trade LLC; and PSEG Power Connecticut LLC.

¹⁸ ISO-NE's answer addresses Hawkes Meadow's request for waiver, which was subsequently withdrawn.

¹⁹ NEPGA Comments at 3 (citing *Complaint Requesting Fast Track Processing of New England Power Generators Association, Inc.*, Docket No. EL15-21-000 (filed Nov. 14, 2014) (NEPGA Complaint)).

²⁰ NEPGA Comments at 4.

²¹ See Hawkes Meadows Request for Waiver, Docket No. ER15-447-000 (filed Nov. 20, 2014).

14. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2014), we will grant the late-filed motions to intervene and the notice of intervention, given the parties' interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay.

15. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest or an answer unless otherwise ordered by the decisional authority. We will accept the answer in this case because it has provided information that has assisted us in our decision-making process.

2. Substantive Matters

16. We will accept ISO-NE's Informational Filing, because we find that ISO-NE has complied with its obligations under Tariff section III.13.8.1 to submit information related to its qualification determinations and provide sufficient supporting documentation. In making this finding, we note that no parties have challenged ISO-NE's determinations.²²

17. We will also grant ISO-NE's request to qualify new resources identified in Attachment D of its Informational Filing for an additional 5 MW in total capacity value. We note ISO-NE's statement that these resources will need to pay the FCM deposit for the additional values, along with the remaining financial assurance, no later than January 16, 2015.

The Commission orders:

(A) ISO-NE's Informational Filing is hereby accepted for filing, as discussed in the body of this order.

(B) ISO-NE's request to qualify the additional 5 MW of new capacity is hereby granted, as discussed in the body of this order.

By the Commission. Commissioner Honorable is not participating.

(S E A L)

²² NEPGA's comments in this proceeding raise issues that are more germane to the pending NEPGA Complaint proceeding.

Kimberly D. Bose,
Secretary.