

To: Laura Richardson, New Hampshire Office of Energy & Planning

From: Michael S. Giaimo, External Affairs Representative, ISO New England

Date: October 18, 2010

Subject: Comments of ISO, Draft Report – “*Feasibility Study – Transmission Lines Action Plan.*”

As per the directions provided at the October 4 North Country Transmission Commission meeting, please find the comments of ISO New England relative to the Draft Report – “*Feasibility Study – Transmission Lines Action Plan*” (Draft Report).

INTRODUCTION

ISO New England (ISO) appreciates this opportunity to provide a few comments with respect to the recently released Draft Report – “*Feasibility Study – Transmission Lines Action Plan.*” ISO hopes that the four comments, discussed below, are constructive and will be incorporated into the final report. The ISO also remains committed to provide information and constructive feedback as the North Country Transmission Commission continues to work on issues associated with transmission development.

COMMENT ONE

The Draft Report notes that “[c]urrently, 400 MW of renewable generation projects are in the ISO-NE queue” and “[t]oday there are over 100 projects active in the ISO-NE queue, ... northern New Hampshire renewable energy projects currently active in the queue total approximately 400 MW” (See Draft Report page 7-4 and page 3-10 respectively (and similar reference on page 2-2)). The ISO is concerned that this information may be out of date.

ISO’s generator interconnection queue is dynamic with projects continually entering and exiting for a variety of reasons. Accordingly, the ISO updates and posts the queue monthly to the ISO’s website at http://www.iso-ne.com/genrtion_resrcs/nwgen_inter/status/index.html. As of the ISO’s October 2010 generator interconnection queue there is approximately 230 MW of proposed generation in Coos County, New Hampshire.

Recommendation

ISO suggests that rather than using the terms “currently” and “today” a specific time stamp should be used and the text should clearly state that the number is subject to change; this will provide clarity to individuals who read the final report in the future.

The ISO recommends modifying the language to read

Draft Report page 3-10

“As of the October 2010 ISO-NE generator interconnection queue there are approximately 100 proposed projects including approximately 230 MW of renewable projects in Coos County.”

Draft Report page 7-4

“As of the October 2010 ISO-NE generator interconnection queue there was approximately 230 MW of renewable projects in Coos County – this includes projects proposing to connect to both the local distribution and regional transmission systems.”

COMMENT TWO

The Draft Report references an “ISO-NE REC market.” (See Draft Report page 6-4). ISO is concerned that this reference may unintentionally lead readers to believe that ISO administers a regional renewable energy market.

Recommendation

So as to avoid confusion, the ISO recommends deleting the reference to an “ISO-NE REC market.” Specifically, the ISO recommends:

Replacing the existing sentence on page 6-4 of the Draft Report:

... with regard to transmission development in the North Country, because it enables renewable development within the ISO-NE REC market, it would have an impact on the supply of RECS available in the region.

with the following:

... with regard to transmission development in the North Country, because it enables renewable development within the region it will also have an impact on the supply of renewable energy credits available in the region.

COMMENT THREE

One of the recommended actions steps in the Draft Report is for the state to negotiate PPAs, terms of low-debt financing, and electricity rates” with potential generators and/or utilities. As part of this recommendation, the Draft Report suggests that “ISO-NE should also be involved early on, to ensure approval.” (See Draft Report page 7-8).

Recommendation

The ISO recommends replacing the reference that the “ISO-NE should also be involved early on, to ensure approval” with “the state should, when practical and appropriate consult with the ISO-NE early on relative to procedural and technical questions it may have associated with resource and transmission interconnection.” In this regard, the ISO must look at each proposed project independently, without bias or a desire to “ensure approval.” The ISO, independent of all market participants, makes certain that each and every proposed project does not have adverse impacts or result in violations of reliability standards.

The ISO believes that the reference to the ISO “ensuring approval” of the PPA should be removed. As the independent system operator for the region, the ISO does not get involved in bilateral purchase power contracts; moreover, the ISO believes it would be inappropriate for the ISO to work toward “ensuring approval” of such contracts – because it connotes having a vested interest in the outcome of a proposal – which is contrary to the independent nature of the ISO.

The ISO has a well-defined generator interconnection process. The ISO is concerned that the Draft Report may be read to suggest that the ISO should modify the interconnection process to allow generators who sign a PPA with the state to move to the top of the ISO’s generator interconnection queue. The ISO’s generator interconnection process is deliberate and places a premium on queue position.

ISO administers generator interconnection requests, and the associated studies, consistent with Federal Energy Regulatory Commission (FERC) policy, on a “first-come, first-served” approach. Thus, queue position is important because interconnection requests, including their studies are prioritized and processed by the order in which the request entered the queue. Stated another way, priority is given to the resource that enters the interconnection queue earlier and has a lower queue number. The interconnection process is comprised of various steps, including undergoing certain interconnection studies to determine the upgrades that are necessary to interconnect the generating facility and address any adverse impacts on the system, among other things. The studies under the interconnection procedures include Feasibility Study, System Impact Study and Facilities Study. These studies include a detailed engineering assessment, including a review of the project to ensure it will not have an adverse impact on system reliability and a determination of the transmission work a developer would need to have in place to interconnect its resource to the regional power system.

Given the process in place, ISO is sensitive to any language in the Draft Report that may suggest that ISO should or could provide preferential or fast-tracked treatment to a project.

COMMENT FOUR

The Draft Report states that “[t]o change the ISO-NE tariff would require consensus among the member states, which could be a lengthy process.” (See Draft Report page 4-7).

Recommendation

The ISO believes that the following language better represents the stakeholder process associated with a change to the ISO tariff:

“In general, changes to the ISO-NE tariff are the result of a comprehensive stakeholder process, which includes the active participation of the six state utility commissions, in which consensus is sought.”

CONCLUSION

The ISO hopes that these comments are helpful as the draft is finalized and subsequently considered by the North Country Transmission Commission. Should there be any questions or a need for clarification please does not hesitate to contact me (work: 413.540.4576; email: mgiaimo@iso-ne.com).