

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.

)
) **Docket No. EL18-182-000**
) **Docket No. ER20-1567-000**

**PROTEST OF THE
MAINE PUBLIC UTILITIES COMMISSION**

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission¹ (“Commission”) and the Commission’s April 15, 2020 Combined Notice of Filings # 2, the Maine Public Utilities Commission (“MPUC”) hereby files this Protest to the April 15, 2020 filing by ISO New England Inc. (“ISO-NE”) in this proceeding. ISO-NE has made this filing (“ISO-NE Filing”) to comply with the Commission’s directive to ISO-NE to file long-term revisions to its market rules “to address specific regional fuel security concerns.”² The ISO-NE Filing proposes an Energy Security Improvements (“ESI”) program, a suite of new day-ahead reserve products designed to procure options on real-time energy (“ESI Proposal”). For the reasons set forth fully in the protest filed in this docket by the New England States

¹ 18 C.F.R. §§ 385.211 (2020).

² *ISO New England Inc.*, 164 FERC ¶ 61,003 at P 2 (2018) (“July 2018 Order”). The July 2018 Order also required ISO-NE to file Tariff changes implementing a short-term, cost-of-service mechanism to address fuel security concerns. July 2018 Order at P 2. The Commission accepted ISO-NE’s proposed short-term mechanism in its December 3, 2018 order. *ISO New England Inc.*, 165 FERC ¶ 61,202 (2018) (“December 2018 Order”). Alternatively, the July 2018 Order provided ISO-NE with the option of demonstrating “cause as to why the Tariff remains just and reasonable in the short- and long-term such that one or both filings is not necessary.” July 2018 Order at PP 2, 55. ISO-NE did not make such a filing to demonstrate that Tariff revisions were unnecessary.

Committee on Electricity (“NESCOE”),³ which the MPUC incorporates by reference, the MPUC protests the ESI Proposal and urges the Commission to reject it as non-compliant with the Commission’s directive. The MPUC further protests the ESI Proposal for the reasons discussed below.

I. BACKGROUND

On May 1, 2018, ISO-NE filed a petition for waiver (“Waiver Petition”) in which it sought a waiver of multiple provisions of the ISO-NE Open Access Transmission Tariff (“OATT”) to allow ISO-NE to enter into a cost of service (also known as a Reliability-Must-Run (“RMR”)) contract with the owners of Mystic Units 8 and 9 for the purpose of addressing fuel security concerns. While the Commission denied the petition for waiver, it instituted a proceeding under section 206 of the Federal Power Act (“FPA”) concerning the justness and reasonableness of the ISO-NE Tariff and directed ISO-NE to file long-term revisions to its market rules “to address specific regional fuel security concerns.”⁴ ISO-NE filed its ESI Proposal in response to the Commission’s directive regarding fuel security.

ISO-NE’s May 2018 Waiver Petition followed a series of filings and Commission orders relating to fuel security. These include the series of winter reliability programs beginning in 2013; the capacity market Pay for Performance (PfP) incentives which took effect in 2018, developed as a permanent response to temporary winter reliability programs; re-ordering the electric market nomination time frames to better align with the gas day; and initiating a 21-Day Energy Assessment Forecast and Report to provide increased information of potential energy shortages to market participants.

³ Protest of the New England States Committee on Electricity, filed in this docket on May 15, 2020 (“NESCOE Protest”).

⁴ July 18 Order at P 2.

II. PROTEST

A. The Commission Should Reject the ESI Proposal for the Reasons Stated in the NESCOE Protest.

The MPUC supports the NESCOE Protest and incorporates that protest herein, by reference. Specifically, the MPUC emphasizes its support of the following points made in the NESCOE Protest:

- ESI is an unproven, experimental and overly costly product;⁵
- Reliability standards do not require the proposed Replacement Energy Reserves (RER) product;⁶ and
- The absence of any proposed market monitoring proposal renders the ISO-NE Filing unjust and unreasonable.⁷

B. The Commission Should Adopt the EMM Recommendation to Establish Reliability Metrics Based on a Probabilistic Analysis.

In response to the ISO-NE Waiver Petition in Docket No. ER18-1509-000, Potomac Economics, the External Market Monitor (“EMM”) for ISO-NE, while supporting the need to retain the Mystic units, stressed that before designing a market mechanism to replace the retention of the Mystic units, “it is necessary to define a clear reliability requirement that the ISO seeks to satisfy by procuring resources.”⁸ The EMM recommended that “the Commission require

⁵ NESCOE Protest at 33-47.

⁶ *Id.* at 32-35, 49-50.

⁷ *Id.* at 27-32.

⁸ Motion to Intervene Out of Time and Comments of the ISO New England External Market Monitor, filed in Docket No. ER18-1509, on May 25, 2018.

the ISO to determine the precise planning standard.”⁹ The EMM further specified the appropriate approach for developing the necessary reliability requirement upon which market rules would be based:

Ultimately, however, the requirements should be based on a probabilistic analysis of potential fuel supply contingencies and adopt the one-day-in-10-year standard employed in all other planning studies. Although this will require the development of new study methodologies and assumptions, it is necessary for the ISO to develop the necessary market design changes described in the following subsection.¹⁰

In finding that the deterministic approach used by ISO-NE was acceptable for concluding that the retirement of Mystic 8 and 9 *may* cause the ISO-NE to violate NERC reliability standards, and directing ISO-NE in the long-term to adopt market rules to address fuel security concerns, the Commission did not address the issue of the appropriate reliability standard to be met.

ISO-NE now provides in support of its ESI Proposal an entirely different analysis, also deterministic, from the Operational Fuel Security Analysis (“OFSA”) it provided to support the retention of the Mystic Units. Under the Impact Analysis provided by ISO-NE to support its ESI Proposal, the reliability problem that was the basis of the Mystic units retention, appears to have disappeared *under current market rules*, as pointed out by Mr. Griffiths in his testimony provided in support of the New England Power Pool (“NEPOOL”) Comments:¹¹

Across all scenarios, the [Impact Analysis] model results indicate *three hours* of operating reserve shortages in the winter months under current market rules (“CMR”) and *no scarcity* in the non-winter months (0.0026% hours in winter; 0% non-winter). The model does not indicate that load shedding ever occurs.¹²

⁹ *Id.*

¹⁰ *Id.* at 10.

¹¹ Comments in Support of the NEPOOL-Approved ESI Proposal, filed on April 24, 2020 in Docket ER20-1567 (“NEPOOL Filing”).

¹² *Id.*, Attachment 3, Affidavit of Benjamin W. Griffiths (“Griffiths Testimony”) at 14 (emphasis in original).

The wildly different conclusions reached by the OFSA/Mystic analyses and the Impact Analysis underscore the need for a common method for analysis and a reliability metric upon which identification of needs and the success of market rules to address these needs should be based. In the absence of such a metric, how will the Commission judge the success of any fuel security or energy-security-promoting market rule, whether it is ESI, a seasonal forward procurement or something else? Will it measure success under an Impact Analysis approach, an OFSA/Mystic approach or some other metric? The Commission should establish a reliability metric *now*, one based on probabilistic analysis as recommended by the EMM, to avoid stacking reliability measure upon reliability measure without any way to measure the incremental improvement offered by multiple changes or to determine what is necessary and whether the adopted measure is ultimately successful.¹³

III. CONCLUSION

For the reasons discussed above and in the NESCOE Protest, the MPUC protests the ISO-NE Filing and respectfully requests that the Commission reject the ESI experiment. The MPUC further requests that before adopting any further market rule addressing fuel security, the Commission direct ISO-NE to establish a reliability metric that the proposed rule is required to address.

¹³ The MPUC notes that the absence of a reliability metric is a long-standing flaw. The lack of a reliability metric marked the first winter reliability program and each subsequent fuel-security-related reliability program. Each of these reliability programs has been initiated in an effort to improve reliability based on the supposition that more reliability is needed than was provided by the current market rules, but there was never a determination of what level of reliability was appropriate, nor the incremental level of reliability provided by the new requirements. Thus, there was no ability to judge the effectiveness of program reforms. The increased level of reliability of each of these market reforms must have made the region more reliable, but ISO-NE has not acknowledged this. Without a reliability metric, the region is left to a “more is better” approach to resource adequacy, operation and market development.

Dated: May 15, 2020

Respectfully submitted,

/s/ Lisa Fink_____

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document either by first class mail or electronic service upon each party on the official service list compiled by the Secretary in this proceeding.

Dated at Hallowell, Maine, this 15th day of May 2020.

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