

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

ISO New England, Inc.,)	
New England Power Pool)	
Participants Committee)	Docket No. ER24-275-000
)	

COMMENTS OF THE ELECTRIC POWER SUPPLY ASSOCIATION

Pursuant to Rule 212 of the Federal Energy Regulatory Commission’s (“FERC” or “the Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.212 (2023), the Electric Power Supply Association (“EPSA”)¹ hereby submits these comments in response to ISO New England Inc.’s (“ISO-NE” or the “ISO”) October 31 filing, *Revisions to ISO New England Transmission, Markets and Services Tariff to Establish a Jointly Optimized Day-Ahead Market for Energy and Ancillary Services*, joined by the New England Power Pool Participants Committee (“NEPOOL”) (“the Filing Parties”) to propose revisions to the ISO’s Tariff to establish a Day-Ahead market for energy and ancillary services (“Joint Filing”).²

As discussed in the joint filing and in greater detail below, the Day-Ahead Ancillary Services Initiative (“DASI”) proposal represents a just and reasonable market-

¹ EPSA is the national trade association representing competitive power suppliers in the U.S. EPSA members provide reliable and competitively priced electricity from environmentally responsible facilities using a diverse mix of fuels and technologies. EPSA seeks to bring the benefits of competition to all power customers. This pleading represents the position of EPSA as an organization, but not necessarily the views of any particular member with respect to any issue. EPSA filed a document-less motion to intervene in this proceeding on November 8, 2023.

² Federal Energy Regulatory Commission, *Combined Notice of Filings #1*, (November 1, 2023).

based approach to provide targeted compensation to and incentives for the flexible resources on which the region currently relies, and will increasingly need as the New England market evolves over the near and longer term. The Commission should approve the proposal as filed as it is a necessary and critical market improvement. In addition, while the instant filing is just and reasonable, EPSA encourages ISO-NE to continue to improve its markets to address evolving factors and system needs by finishing its work on Resource Capacity Accreditation (“RCA”) and developing a proposal to implement 90-minute and 240-minute day-ahead reserve products, like those that were included in the ISO’s 2020 Energy Security Improvements proposal as Replacement Energy Reserves (“RER”).³

I. COMMENTS

A. The DASI Proposal is a Just and Reasonable Approach to Providing Price Signals and Incentives for Needed Reserve Products

As the Filing Parties explain, ISO-NE’s current Day-Ahead Energy Market is not currently designed to ensure that sufficient energy capability is available to satisfy either the ISO’s load forecast or to provide the ten and thirty minute operating reserves that will be needed in Real-Time.⁴ The existing Day-Ahead Energy Market only procures commitments to provide energy to meet bid-in demand, not the entirety of the load that is expected. To the degree the load forecast exceeds the amount of cleared energy from physical suppliers, there remains what the ISO refers to as a Day-Ahead “energy gap.”⁵ To address the lack of compensation, obligations, and notice regarding the region’s

³ ISO New England Inc., *Compliance Filing of Energy Security Improvements Addressing New England’s Energy Security Problems*; Docket Nos. EL18-182-000 and ER20-1567-000, (April 15, 2020).

⁴ Joint Filing Transmittal Letter, p. 9, (“DASI Filing”).

⁵ *Id.*

reliance on reserve capabilities, the Filing Parties propose a Day-Ahead Ancillary Services Market that will solicit priced offers for new ancillary services products defined specifically to satisfy the load forecast and the next-day operating reserve requirements. This market will be run and cleared jointly with the Day-Ahead Energy Market,⁶ and is critical to the reliable operation of the ISO New England system in the coming years.

The Filing Parties explain that the Day-Ahead Ancillary Services Market includes four new Day-Ahead Ancillary Services products.⁷ The four products will each have a clearing price, and the ISO is designing each of these new Day-Ahead reserve products in a way that represents their true value to the overall system by way of a call option. As ISO-NE Chief Economist and Vice President Matthew White illustrates in his testimony, the Day-Ahead Markets implemented via the DASI proposal does the following:

[It] will produce transparent clearing prices for energy and each ancillary service product, for each hour of the next Operating Day. Consistent with the principle of marginal-cost pricing in a competitive market, each clearing price is calculated based on the system's marginal cost to procure an incremental amount of each service.⁸

Dr. White further notes that these transparent clearing prices “comprise an open, non-discriminatory rate paid to all suppliers with a cleared (accepted) offer, and signal the incremental revenue that would be available to any potential new supplier.”⁹

As these elements make clear, ISO-NE has developed a just and reasonable market-based approach that offers generators the incentives needed to provide products and services to improve New England's energy security situation through an

⁶ *Id.* p. 12.

⁷ *Id.* The four products in this proposal include a Day-Ahead Ten-Minute Spinning Reserves; Day-Ahead Ten Minute Non-Spinning Reserves; Day-Ahead Thirty-Minute Operating Reserves; and Day-Ahead Energy Imbalance Reserves.

⁸ DASI Filing, Testimony of Dr. Matthew White on Behalf of ISO New England, Inc., p. 36.

⁹ *Id.* pp. 36-37.

efficient pricing mechanism. EPSA has and continues to advocate for market-based mechanisms like the DASI proposal to address New England's energy adequacy concerns.¹⁰ The Commission has also historically expressed a preference for "market solutions as the most efficient means for providing reliable electric service to New England consumers at just and reasonable rates."¹¹

While more can and should be done to strengthen ISO-NE's wholesale markets, the instant filing represents an approach that can cost effectively and efficiently meet the region's energy security needs through targeted price signals for the resources and fuel supplies that support an energy secure grid in New England. Accordingly, EPSA requests that the Commission approve the Filing Parties' proposal without modification.

B. Continued Reforms Are Needed to Further Improve ISO-NE's Markets

While the instant proposal is just and reasonable on its own and should be approved, the ISO should continue to work to improve the region's energy security and reliable power delivery. One way that this can be accomplished is the development and implementation of an RER proposal that provides for 90- and 240-minute reserve products. As the ISO has explained in the past, these reserve products would provide ISO-NE with the option to "call on the energy of [a] replacement energy reserve resource, above and beyond its day-ahead energy market award (whether or not it has one), over specific timeframes of more than an hour (e.g., energy to be provided within

¹⁰ Protest of the Electric Power Supply Association, *ISO New England, Inc.*, Docket No. ER18-1509, (ISO New England tariff waiver request for Mystic RMR), (Filed May 23, 2018).

Protest of the Electric Power Supply Association, *Constellation Mystic Power, LLC.*, Docket No. ER18-1639, (Cost-of-Service Agreement between Mystic and ISO-NE), (Filed June 6, 2018).

¹¹ Order Denying Waiver Request, Instituting Section 206 Proceeding, and Extending Deadlines, 164 FERC ¶ 61,003, Docket Nos. ER18-1509-000, EL18-182-000 (Issued July 2, 2018).

90 minutes, or within four hours).”¹² A properly designed RER proposal would better align incentives so that generators will choose to invest in additional energy supply arrangements when those arrangements are cost-effective, and thus is necessary to better ensure energy supply adequacy and reliability for the region.

In addition to the RER, ISO-NE should expeditiously complete its work on its RCA proposal in order to ensure it is implemented ahead of FCA 19.¹³ Together, RCA and DASI represent two market improvements developed by and with ISO-NE stakeholders to ensure that ISO-NE can adequately address its energy and capacity needs in anticipation of the first forward capacity auction that will run without the Minimum Offer Price Rule (“MOPR”) in place. In order to address the concerns created by the elimination of the MOPR, RCA and DASI must be in place to offset any market or reliability impacts created by the lack of buyer-side market power mitigation.

II. CONCLUSION

WHEREFORE, for the foregoing reasons, EPSA requests that the Commission approve the Filing Parties’ proposal as a just and reasonable approach to strengthen New England’s energy security. EPSA also encourages ISO-NE to finish its work on Resource Capacity Accreditation and develop a proposal to implement 90- and 240-minute day-ahead reserve products, which will further enhance energy security and reliability in the region.

¹² *ISO New England, Inc.*, Energy Security Improvements: Creating Energy Options for New England, (April 30, 2020), p 56. Available at: <https://www.iso-ne.com/static-assets/documents/2020/04/esi-white-paper-final-with-cover-page-04152020.pdf>.

¹³ *See generally, ISO New England, Inc.*, Market Rule Changes to Delay Nineteenth Forward Capacity Auction and Related Capacity Market Activities, Docket No. ER24-339-000, (November 3, 2023). The ISO outlines that the purpose of its proposed one-year delay of the Forward Capacity Auction is to allow the region time to complete and review the new capacity accreditation design and notes that is imperative that the region accurately value the reliability contributions of all resources.

Respectfully submitted,

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Dated: November 21, 2023

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington DC, this 21st day of November, 2023.

/s/ Bill Zuretti
Bill Zuretti