

NEPOOL Discussion Topics

Week of October 11-15, 2021

NEPOOL Budget & Finance Subcommittee – Tuesday October 12

- NBFS-1. ISONE reviewed its [Q3 2021 Capital Funding Tariff Filing](#), which describes newly-chartered capital projects (2 projects, \$1.26 M), projects completed during the quarter (5 projects, \$3.69 M - on budget), and projects with significant budget changes from the Q2 report (2 projects, \$200 K budget decrease).
- NBFS-2. ISONE reviewed proposed changes to its Financial Assurance and Billing Policies that will enable it to implement [daily settlement and bi-weekly invoicing of most Forward Capacity Market \(FCM\) charges and credits](#). Currently, all FCM billing items are settled on a monthly basis; only the Failure to Cover, Retained for Reliability, Capacity Performance Payments and Export Credit would remain on the current monthly settlement cycle. ISONE plans to request Participants Committee approval of these changes in January 2022; implementation of the Accelerated FCM Settlement and Billing changes is targeted for June 1, 2022.
- NBFS-3. Competitive Power Ventures (CPV) continued discussion of its proposed [improvements to the calculation of the Non-Commercial Capacity Financial Assurance](#) (NCCFA) requirements. CPV explained that it identified the need to reform the current NCCFA construct based on experience with delayed and failed projects that participated in the last 6 FCAs. Although ISONE recently implemented the NCC Trading FA provisions to address concerns that delayed projects could continue to benefit financially from failing to timely deliver their committed capacity, CPV argued that the existing FA requirements are insufficient to deter projects that are unlikely to deliver their non-commercial capacity from participating in subsequent FCAs and thus financially impacting other capacity sellers via lower clearing prices and higher performance risk. To address this gap in the current rules, CPV is proposing to establish two new categories of FA (“Milestone FA” and “Delay FA”) that would reflect a project’s failure to perform consistent with its obligations.

NEPOOL Markets Committee – Wednesday October 13

- NMC-1. ISONE provided a status report on the Future Grid Reliability Study (Phase 1), noting that it has adopted several stakeholder-proposed changes to the study methodology and scenarios, and will present these to the joint Committees on October 19. ISONE will also evaluate an additional reference case after it has completed the initial prod cost modeling for the Study. Inputs based on updated CELT forecasts.

- NMC-2. Potomac Economics (PE) presented [updated results from its modeling of the impacts of Minimum Offer Price Rule \(MOPR\) elimination](#) on FCM investment risk. PE estimates that the FCA16 Net CONE would increase by 15% (i.e., from \$7.47 / kW-month to \$8.58 / kW-month) due to the changes in the cost of equity, cost of debt, and capital structure of the Demand Curve Reference Unit.
- NMC-3. ISONE discussed further refinements to its [draft proposal for market rule changes to support MOPR elimination](#). Effective for FCA17, ISONE is proposing to (i) remove the Offer Review Trigger Price (ORTP) / Offer Floor Price (OFF) and Substitution Auction design elements, (ii) adjust the CONE/Net CONE financial inputs consistent with PE's recommendations, and (iii) implement provisions for limited buyer-side market power (BSM) reviews; ISONE presented a more detailed explanation of this last design component. ISONE also presented final results from its assessment of the potential FCA price impacts of removing the MOPR and adjusting the Net CONE.
- NMC-4. The IMM offered [preliminary comments regarding ISONE's proposed post-MOPR BSM design](#), which would exempt from IMM review new capacity resources that (i) self-certify that they do not primarily intend to suppress FCM prices, (ii) fall into certain resource categories, or (iii) are below a certain size threshold. The IMM expressed concern that this design will not adequately protect the FCM from the exercise of market power and the potential to suppress the FCA clearing price.
- NMC-5. [NEPGA continued discussion of the impact of MOPR elimination](#) on competitive market outcomes. NEPGA argued that ISONE's proposed changes to the BSM review procedures (i) fail to ensure competitive rates, (ii) create a significant imbalance in consumer and investor interests, and (iii) eliminate the distinction between competitive and uncompetitive offers and clearing prices. NEPGA suggested that the MOPR should not be eliminated before the adoption of the capacity accreditation reforms (targeted for two-stage implementation in FCAs 18 and 19) and improved pricing of day-ahead ancillary services (which is tentatively targeted for FERC approval by mid to late 2023)
- NMC-6. ISONE presented its proposal and associated Tariff and Manual revisions to [accelerate FCM billing and settlement](#) into weekly billing, effective for the 2022-23 Capacity Commitment Period. Most charges and credits in the FCM settlement would be converted from a monthly to a daily settlement; a small number of these credits and charges will continue to be billed monthly. ISONE explained that this change will reduce the Financial Assurance (FA) requirements for LSEs and accelerate the remittance of most FCM payments to Resources; as a result the overall financial position of the control area will be improved.

NEPOOL Markets Committee – Wednesday October 13 (continued)

- NMC-7. Competitive Power Ventures (CPV) provided a brief status update regarding its proposed enhancements to the Financial Assurance (FA) forfeiture component of the Non-Commercial Capacity FA provisions. CPV noted that it recently incorporated further revisions that simplify the proposal and focus its intent on current deficiencies of the existing design.
- NMC-8. [Calpine presented minor updates to its proposal to reduce the maximum cycle time](#) (i.e., Notification Time + Start Time + Min Run Time + Min Down Time) of CSO resources from 72 to 24 hours.

NEPOOL Markets Committee – Thursday October 14

- NMC-1. The MC referred a request to the NEPOOL Generation Information System (GIS) Operating Rules Working Group to consider [revisions to the metering requirements for certain residential solar generating systems](#). Connecticut Green Bank (CGB) requested these changes, which will allow it to use a predictive model to calculate the generation used to create GIS Certificates for systems participating in the Connecticut Residential Solar Investment Program (RSIP). CGB explained that the OP-18 compliant telemetry of these systems will be impacted when major cellular carriers phase-out their 3G capabilities (expected by the end of 2022); CGB's ongoing efforts planning to replace the affected communications are expected to take several years complete.
- NMC-2. The MC referred a request to the NEPOOL GIS Working Group to consider changes to the Operating Rules which [clarify that the GIS will treat energy storage resources in the same manner as pumped storage resources](#). Currently, the Rules pertaining to energy storage facilities only address (i) the eligibility of qualified Massachusetts Clean Peak Resources to receive Clean Peak Energy Certificates in the GIS and (ii) the eligibility of flywheel storage systems for Massachusetts Alternative Portfolio Standard Certificates.
- NMC-3. The MC referred a request to the NEPOOL GIS Working Group to consider developing an alternative means of [addressing information errors on GIS Certificates](#); this change was requested by Stored Solar J&WE. Currently, any changes to generation data in the GIS must be made at least 5 days prior to the date when the Certificates related to that generation data are created; historically, such errors have often been addressed by requesting that the applicable state regulators agree to accept the Certificates despite the error, but some state regulators have indicated they will no longer consider those requests.

- NMC-1. Sigma Consultants discussed recent changes to its [proposed reforms to the unit retirement rules](#). Sigma reported that it intends to pursue stakeholder action at this time on only two of the four reforms which it originally proposed; stakeholder discussion of the other two proposals (i.e., elimination of the retirement track obligation and application of less stringent IMM review to certain retirement bids) will be deferred. Sigma has included further details in its proposal to allow resources that submit Permanent or Retirement De-list Bids to update their offers; these updates would be permitted as late as mid-October prior to the FCA within a +/- 25% bandwidth of the original offer price. Sigma also reported that it has simplified its “mothball” retirement proposal; the updated approach would remove certain financial and procedural barriers to re-entry, while still requiring returning resources to acquire interconnection service (which is forfeited upon retirement).
- NMC-2. ISONE presented recent [refinements to its Order 2222 compliance proposal](#) and continued review of the associated draft Tariff revisions. This discussion addressed (i) updates to certain Tariff-defined terms, (ii) FCM rule changes to support the participation of Distributed Energy Resource (DER) Aggregations, and (iii) clarifications to the Energy and Ancillary Services market Tariff language.
- NMC-3. Advanced Energy Economy (AEE) presented several [proposed amendments to the ISONE Order 2222 compliance design](#); AEE argued that these changes would remove or reduce barriers that remain in the ISONE proposal, thus allow participation by a greater variety of DER use cases. The proposed amendments would: 1) expand baseline calculation optionality for DRRs and DRDERAs; 2) allow sub-metered loads to participate as demand response; 3) allow third parties to perform submetering; and 4) remove the requirement for DERs providing spinning reserves to clear in the Energy market.
- NMC-4. A group of New England electric distribution utilities including National Grid, Avangrid, and Eversource (“the Companies”) provided [comments and questions regarding ISONE’s proposed Order 2222 compliance design](#) as well as suggested changes to the draft Tariff revisions. The Companies expressed concern that the ISONE proposal is not sufficiently clear in outlining the roles, requirements, and capabilities of the distribution utilities in supporting practicable participation models for Distributed Energy Resource Aggregations (DERA) in the ISONE wholesale markets. These comments addressed: 1) sub-metering of individual DER behind a retail delivery point; 2) the definition of a DER; 3) the information requirements for the components of a DERA; 4) the DERA registration process; 5) appropriate consumer protections; and 6) recovery of costs incurred as part of the DERA registration process.