

**FERC Order 890:  
ISO-NE Answer to Comments on the Attachment K Filing  
Briefing Memo to the CEAB  
January 28, 2008**

**Overview**

This memorandum provides a brief summary of ISO-NE's "Answer" to the FERC in reply to comments filed by the CEAB on January 7, 2008, addressing ISO New England's December 7, 2007 Attachment K Compliance Filing.<sup>1</sup> FERC did not invite this Answer from ISO-NE but ISO-NE has requested that FERC accept it. At this time, it is not clear whether the FERC will accept the Answer as a supplemental filing or when the FERC will make that decision. The following is a brief summary of the three issues discussed in the CEAB's comments submitted to FERC -- Planning Coordination with the State, Environmental Planning and Consideration of Non-Transmission Alternatives – and the ISO's responses. We also include a short discussion of potential options.<sup>2</sup>

**Summary of CEAB Comments and ISO-NE's Answer**

**1. The Need To Achieve Effective Coordination At The Sub-regional Level**

In its comments to the FERC, the CEAB emphasized that an effective, fully-collaborative sub-regional planning process involving state planners is critical to meeting the FERC's principle of having a regional planning process be fully transparent to and coordinated. The ISO's Answer supports their current way of operating that treats state government as it does any and all market participants, rather than as a partner in planning processes affecting the State of Connecticut and its ratepayers. This issue is of particular importance to Connecticut given the new Integrated Resource Planning responsibilities.

- ISO-NE states that Attachment K "in fact identifies and provides opportunities for<sup>3</sup> the reasonable and meaningful participation of the CEAB in each step of the planning process." (Answer at 7.)
- ISO-NE states the Planning Advisory Committee ("PAC"), "which has provided, and continues to provide, advisory input to ISO-NE... [and] allows for the participation of all New England constituents to participate...". (Answer 7.)
- ISO-NE notes that FERC Order 890-A states that "it would not be appropriate to allow customers and others that **do not bear the responsibility** for tariff

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<sup>1</sup> The ISO-NE's Answer also responded to comments submitted to FERC by the Maine PUC and CMEEC. The Massachusetts Municipal Wholesale Electric Company also filed comments (jointly with CMEEC) on ISO-NE's Attachment K.

<sup>2</sup> In addition to responding to substantive issues raised by the CEAB, the ISO objected to the CEAB's suggestion that FERC convene a hearing on outstanding issues. The ISO asserted that the CEAB raised only policy issues that do not warrant a hearing.

<sup>3</sup> ISO-NE states that a total of 3 Economic Studies will be chosen each year.

compliance to have co-equal control over the planning process.” (Answer n.28, at 7). (Emphasis added.)

- ISO-NE states that “participation by the CEAB at PAC is essential in order for the CEAB to continue the coordination of the planning responsibilities and to have issues of concern to Connecticut fully aired and considered by ISO-NE as well as other interested New England stakeholders.” (Answer at 8.)
- ISO-NE states that its proposed process “allows stakeholders, including CEAB, to request Economic Studies to be performed by ISO-NE, which may consider the development of investments that can produce economic benefits to the region and encourage market responses.” (Answer at 9.)
- ISO-NE states that “Attachment K clearly allows for the coordination between the planning responsibilities of ISO-NE and the CEAB by providing the CEAB the opportunity to participate and provide meaningful input in the regional system planning process in a manner that...does not infringe upon state authority over integrated resource planning.” (Answer at 9-10.)

## **2. Ensuring That the Regional Planning Process Adequately Addresses Environmental Planning**

In its comments to the FERC, the CEAB called for Attachment K to specify how environmental considerations will be factored into the regional planning process. The CEAB observed that it would be unfortunate if a PTF solution that proves to be overly-costly were to be implemented only because the regional planning process did not consider the full range of foreseeable environmental impacts and associated risks. The ISO’s Answer provides no assurance that the planning process will fully evaluate all planning options from the standpoint of environmental impacts.

- ISO-NE states that it “seeks to work collaboratively with all New England stakeholders...to identify environmental factors to be considered in the regional system planning process....” (Answer at 11.)
- ISO-NE states that the PAC provides “the appropriate platform...for considering how to achieve environmental goals and whether such goals may be furthered through regionally-supported efforts.” (Answer at 11.)
- ISO-NE states that “the stakeholder process to be established by ISO-NE on Economic Studies under Attachment K also provides another forum for CEAB to raise concerns regarding environmental considerations....” (Answer at 12.)

## **3. Ensuring Full and Timely Consideration of Non-Transmission Alternatives**

In its comments to the FERC, the CEAB emphasized that, in order to ensure that the regional planning process is fully transparent to providers of non-transmission solutions (including distributed and demand-side providers), the approach to evaluating non-transmission alternatives must be fully described in Attachment K. The ISO’s

Answer leaves uncertainty regarding whether cost-effective non-transmission solutions will be identified and evaluated through the regional planning process.

- ISO-NE states that its “planning authority is limited to the development of regulated transmission solutions.” (Answer at 13.)
- ISO-NE states that “the regional planning process provides for the ISO-NE to account for market responses in Needs Assessments to determine whether needs persist in light of market responses, and thus obviate the need for a regulated transmission solution.” (Answer at 13.)
- ISO-NE states that “Transmission Upgrades are *implemented* only after market solutions have been given first consideration.” (Answer at 13.) (Emphasis in original.)

### **Options**

The CEAB may want to consider how to proceed with respect to its recommended improvements to the regional planning process. The CEAB could explore whether to (a) file further comments to the FERC in response to ISO-NE’s Answer, (b) provide the ISO with comments addressing its Answer (perhaps in anticipation of future discussions regarding improvements to the regional planning process), or (c) take no further action at this time.