

## MEMORANDUM

May 30, 2008

**TO:** John A Mengacci, Chairman  
Connecticut Energy Advisory Board

**FROM:** Dan Peaco, Beth Quinlan

**SUBJECT:** *FERC Order No. 890 – Order on Compliance*

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This memorandum provides a brief summary of the Federal Energy Regulatory Commission Order, issued on May 15, 2008, regarding ISO-New England's ("ISO-NE's") Compliance Filing as required by FERC Order No. 890. In the Order, FERC reviews ISO-NE's December 7, 2007 Attachment K Compliance filing based on the nine principles FERC outlined in Order No. 890. The report also lists the issues raised in comments filed by CEAB on January 7, 2008, as well as comments by others, summarizes ISO-NE's responses and makes a determination as whether ISO-NE's filing is compliant.

### *Findings*

In Order No. 890, FERC reformed the *pro forma* OATT "to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis." In its Attachment K Compliance Filing, ISO-NE was required to demonstrate how its process complied with nine principles outlined in Order No. 890: coordination, openness, transparency, information exchange, comparability, dispute resolution, regional participation, economic planning studies, and cost allocation. FERC emphasized that compliance needed to be "specific and clear."

FERC found "that ISO-NE's Attachment K transmission planning process, with certain modifications, complies with each of the nine planning principles and other planning requirements adopted in Order No. 890."

### *Specific Concerns*

1. CEAB argued that the proposed regional and local planning processes were not sufficient to accomplish the regional-state coordination that is needed. CEAB recommended that ISO-NE improve coordination by convening sub-regional planning committees.

2. CEAB argued that the regional planning process did not explicitly address how environmental considerations would be factored into the regional planning process and suggested that as a first step that the informal environmental subcommittee be made a formal part of the planning process.
3. CEAB argued that the process as proposed did not allow for full and timely consideration of Non-Transmission Alternatives and requested that ISO-NE offer more specifics on how the process would work.

In response to each of the CEAB's concerns, FERC stated that the process proposed by ISO-NE was sufficient to address the issues raised by CEAB and rejected CEAB's requests. FERC stated that because Planning Advisory Committee ("PAC") participation is open to all, state, environmental and NTA issues have an "adequate platform" to be raised and considered. FERC also states that the New England States Committee on Electricity ("NESCOE") provides Connecticut an additional opportunity to be involved in the planning process. By inference, FERC does not view states as having issues that merit treatment separate from all other stakeholders. FERC did note that ISO-NE will "incorporate or update information regarding resources in needs assessments that have been selected in a state-sponsored Request for Proposals or have a financially binding contract."

FERC similarly rejected the recommendations made by the Maine Public Utilities Commission and CMEEC/MMWEC.

### *Next Steps*

1. While FERC accepted ISO-NE's filing, they stated that "we nonetheless encourage further refinements and improvements to ISO-NE's planning process" as ISO-NE and its stakeholders gain more experience with the actual implementation. FERC committed to holding a regional technical conference in early 2009 to give all interested parties the opportunity to review and the process and discuss opportunities for improvement.
2. FERC identified two matters that ISO-NE is to address in a compliance filing within 90 days of the Order.
  - a. FERC noted that on December 27, 2007, it issued Order No. 890-A to provide additional guidance regarding comparability, among other things. Because ISO-NE's filing was made prior to this Order, ISO-NE is given 90 days from May 15, 2008 to demonstrate its compliance with "how it will treat resources on a comparable basis and, therefore, how it will determine comparability for purposes of transmission planning."
  - b. FERC directed ISO-NE to file a modified Attachment K – Local to make a change to the needs assessment provision for local planning to be consistent with language in the regional planning process in Attachment K.