

New England States Committee on Electricity

September 27, 2013

Don Gates, Planning Advisory Committee Chair
ISO-New England
67 Sullivan Road
Holyoke, MA 01040

RE: Distributed Generation Forecast Working Group

Dear Mr. Gates:

In advance of the first meeting of the *Distributed Generation Forecast Working Group* (DGFWG) to be held September 30, 2013, the New England States Committee on Electricity (NESCOE) is writing to express the New England states' strong commitment to support ISO-NE in this effort in order to accomplish an accounting for distributed generation resources in the load forecast, and subsequently the Regional System Plan (RSP) in 2014.

In a previous letter to you dated July 7, 2013, NESCOE outlined several state policies that have resulted in substantial investment in distributed generation resources. Such investments and installations to date are well documented at the state level. Many New England states have detailed information on the location, capacity and historic performance of these distributed generation resources, which can be made available to ISO-NE.

Historically, ISO-NE has generally not captured data on the capacity and energy contributions of distributed resources less than or equal to 5 MW which connect directly to distribution lines. Instead, for the majority of these smaller units, ISO-NE has observed a drop in net load associated with distributed resources. As a result, ISO-NE has not taken into account the capacity of these distributed resources when studying resource adequacy in zones, developing its annual Capacity, Energy, Load and Transmission report and RSP, determining the amount of capacity to purchase in the Forward Capacity Market or studying transmission needs. When the amount of megawatts of distributed resources was small, ISO-NE's lack of specific consideration of distributed generation was potentially justifiable. However, now that state programs fostering development of these resources have been implemented and significant amounts of distributed generation have been added, NESCOE believes that it is important that ISO-NE capture the megawatts of capacity being developed. NESCOE's aim while participating in the DGFWG will be to fully account for the megawatts of distributed generation as resources (net of appropriate reductions for intermittency) in order to

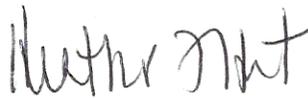
achieve for consumers the full range of benefits from distributed generation--benefits which include potentially reducing megawatts purchased in future forward capacity auctions and eliminating or deferring some future investments in transmission and other infrastructure.

As you know, the New England states have expended considerable effort and funds effectuating state policy on expanding renewable, clean resources through distributed generation. Accordingly, while the states understand that the issues the DGFWG must address are complex, it is important to capture for consumers the maximum benefit from investment in such DG resources and urge that the DGFWG make every effort to include a reasonable, even if interim pending further work, value for distributed generation in the 2014 RSP. Given the amount of data the states currently possess about DG resources, some reasonable and appropriately discounted number is entirely achievable in the near term. In addition, the states strongly recommend that ISO-NE work with states, through NESCOE, in organizing working group meetings. Given the importance that states have placed on implementing DG policies, the direction of the working group needs to reflect the priorities of the states in addition to the information needs of ISO-NE.

To that end, the New England states offer our assistance to ISO-NE to provide data or other information that may be needed to account for distributed generation resources. We will work on our end to provide that information as soon as possible.

NESCOE looks forward to participating in the working group with ISO-NE and other stakeholders to determine the optimal way to account for existing distributed generation and future installations.

Sincerely,



Heather Hunt
Executive Director
NESCOE