

**10th Annual
Platts Northeast Power & Gas
Markets Conference**

May 29, 2015

New England States Committee on Electricity



NESCOE is New England's Regional State Committee, governed by a Board of Managers appointed by each of the New England Governors to represent the collective views of the six New England states on regional electricity matters

- ✧ **Focus:** Resource Adequacy, System Planning & Expansion
- ✧ **Resources:** 6 full-time staff with diverse disciplines & experience. Consultants, primarily for transmission engineering & independent studies
- ✧ **More information:** including filings & comments at
 - www.nescocoe.com
 - Twitter @NESCOEStates

Overview

- ✧ Brief Background: Cross-Border Power Exchange
- ✧ Governors' Infrastructure Initiative
- ✧ Transmission
 - Order 1000
 - Multi-state clean energy RFP
 - Green Tracking

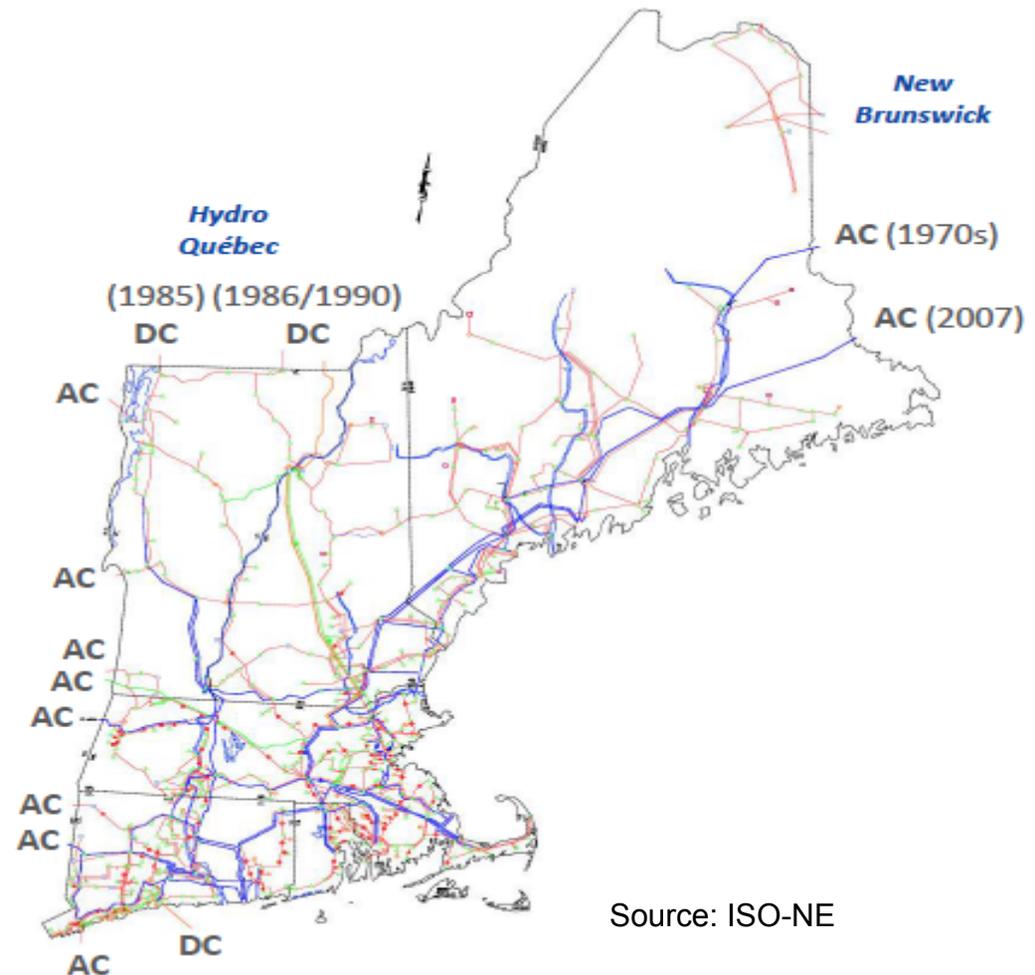
Background: Cross-Border Power Exchange

- Decades-long dialogue between N.E. Governors and Eastern Canadian Premiers on “regional approaches to energy development and trade, renewable power, energy efficiency and new technologies.” Resolution 36-1, 36th Annual Conference (2012).
 - Expressions of continued support for “opportunities for the expansion of clean energy consistent with providing customers with reliable electric service at the lowest societal cost over the long term consistent with environmental objectives.” Resolutions 37-1 (2013), 38-1 (2014).

Background: Cross-Border Power Exchange

Four major Tx connections (“Ties”) between N.E. and eastern Canada

- Mutual power system reliability benefits
- Of the 16% of electric power from imports in 2014 from neighboring systems, 10% of that came from Hydro Québec.



Source: ISO-NE

Energy Efficiency/ Distributed Generation

Energy Efficiency:

- Aggressive investments underway, reflected in regional planning.
- From 2019-2024, ISO-NE estimates that N.E. states will collectively invest over \$6 billion in EE for total savings of ~9.7 TWh, reducing peak energy use by 1,274 MW over that period.
- Load growth “essentially flat” over long-range forecast.

Distributed Generation:

- ISO-NE developed, at states’ request, solar PV forecast based on state policies with funding sources.
- At nameplate capacity, forecast expects installed solar to increase from roughly 1,233 MW in 2013 to almost 2,500 MW by 2024.
 - 2015 Forecast: PV developing more rapidly than projected.

Resources that reduce the need for, or affect the timing of, new infrastructure to meet reliability needs.



New England Governors April 2015

“New England continues to face significant energy system challenges with serious economic consequences for the region’s consumers. . . . The economic, system reliability, and environmental consequences of inadequate energy infrastructure require action. Cost-effective investment in new natural gas infrastructure and the continued integration of clean energy resources are important to resolving these challenges. With these infrastructure investments, and continuing aggressive investment in other clean energy solutions such as energy efficiency and distributed generation, our region can reduce energy costs and thereby attract new businesses and jobs for our hard-working citizens.”

Some Current Activities

- ☑ State officials continue to discuss ways forward on regional solutions.
 - **April 23, 2015** Energy Forum
- ☑ Some parallel state activities:
 - **Multi-state** clean energy solicitation (discussed below)
 - **CT DEEP** issued IRP identifying resource needs
 - associated legislation pending; June 3 adjournment
 - **NH PUC** investigation, with electric utility involvement, into “potential approaches . . . to address cost and price volatility issues currently affecting wholesale markets”
 - Cites to gas supply constraints
 - **MA DPU** docket to consider electric company authority under current law to support incremental gas pipeline.
 - Separately, broad legislative proposals under discussion
 - **VT** in process of siting evaluation of TDI Clean Power Link
 - **ME** and **RI** have enabling laws
 - Maine PUC proceeding underway to evaluate gas pipeline

Order 1000: NESCOE Perspective



- NESCOE/states actively participated in rulemaking and in regional stakeholder process on compliance.
- ***On competition:*** Supported all qualified project proponents having comparable project development & cost recovery opportunity.
- ***On public policy:*** Advocated for a process states would use, with a central role for states. Ultimately, state officials, not ISO-NE, decide whether and the means by which to satisfy state laws.

Order 1000

Will N.E. states seek to use Order 1000 (or use other means to satisfy policy objectives)?

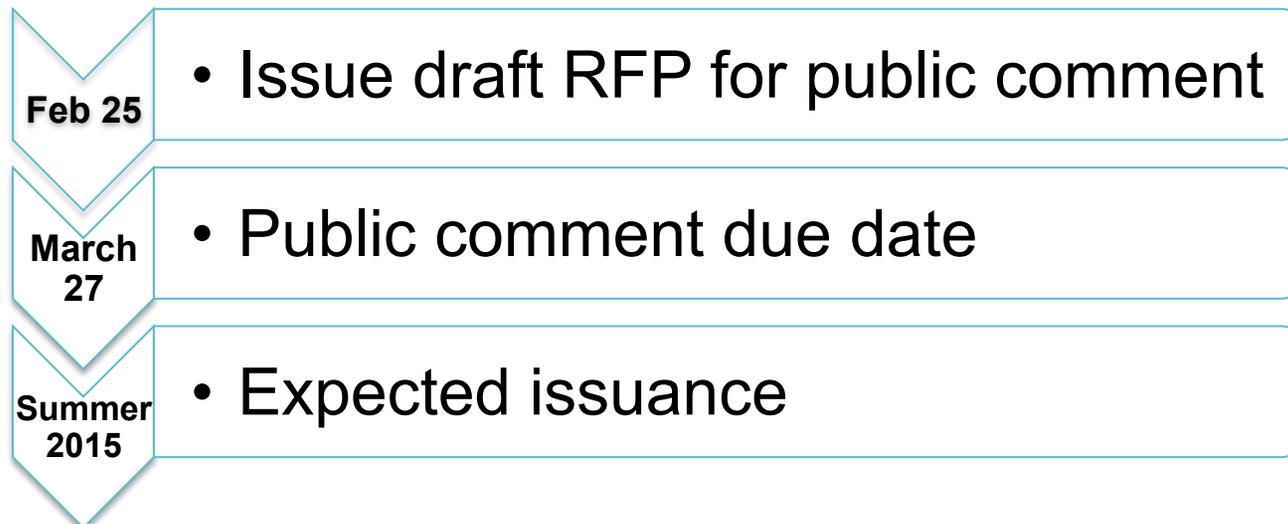
- Pending litigation in the D.C. Circuit
- Imperative that states have confidence that the process truly furthers their state requirements in a way that respects state officials' judgment
 - Project selection
 - Cost containment

Public policy consideration can't just be about poles and wires: wholesale markets need to accommodate resources required by state laws

Multi-State RFP

Certain state agencies and utilities in CT, MA and RI developed, with NESCOE assistance, a draft joint RFP for clean energy projects based on each state's current authority. www.CleanEnergyRFP.com

Objective: To explore whether a multi-state procurement might attract larger-scale projects and transmission than single state procurements and achieve individual states' clean energy goals more cost effectively than if each state proceeded on its own.



Resource Types: Class I renewable power (wind, solar) or large-scale hydro meeting requirements of states' laws. 20 MW minimum threshold. Over 2,000 GWh in total.

Project types



- **Clean energy delivery commitment proposals tie transmission-only support payments to the project's performance in fulfilling the commitments for the delivery of clean energy**
- **Support payments under a FERC filed and accepted transmission tariff/rate schedule paid for by the participating states**
 - Tx Developer and clean energy supplier ability to negotiate commercial terms.



RFP issuers will jointly and individually evaluate bids

- ✧ No obligation to procure anything at all
- ✧ Each state, EDC use own authority, criteria, judgment to determine whether a proposed project is cost-effective and beneficial for its consumers

Green Tracking

- Verification of clean energy attributes for imported power is critical if Canadian resources wish to be credited with helping states satisfy carbon reduction requirements or environmental objectives
 - Increased imports of Canadian power has the potential to help N.E. states achieve carbon reduction requirements or goals.
 - No uniform structure currently in place in Eastern Canada to measure, verify, and track emissions characteristics of imports into New England.
- In 2013, N.E. Governors and Eastern Canadian Premiers adopted a resolution (Resolution 37-1) encouraging Canadian provinces to evaluate existing options and opportunities to adopt verification mechanisms of generation sources and environmental attributes that correspond with the existing New England Power Pool (NEPOOL) GIS verification system
 - Efforts underway in N.E. to facilitate tracking but some corresponding changes likely needed on other side of the border.

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