



February 16, 2010

**VIA HAND DELIVERY**

The Honorable Kimberly D. Bose, Secretary  
The Honorable Nathaniel J. Davis, Sr., Deputy Secretary  
Federal Energy Regulatory Commission  
Room 1A-East, First Floor  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: ISO New England Inc. and New England Power Pool, Docket No. ER10-\_\_\_\_\_-000, Tariff Provisions Related to De-List Bids for Stations with Common Costs**

Dear Secretary Bose and Deputy Secretary Davis:

Pursuant to Section 205 of the Federal Power Act (“FPA”),<sup>1</sup> and as required by order of the Federal Energy Regulatory Commission (“FERC” or “Commission”) issued on August 19, 2009,<sup>2</sup> ISO New England Inc. (the “ISO”) and the New England Power Pool Participants Committee (“NEPOOL”) (together, the “Filing Parties”), hereby submit to the Commission revisions to the rules governing the Forward Capacity Market (“FCM”)<sup>3</sup> that address the submission of de-list bids by resources at stations with common costs. The Filing Parties request an effective date of April 18, 2010 for the Tariff provisions described herein.

As more fully described in Section IV of this filing letter and in the Direct Testimony of Marc D. Montalvo (the “Montalvo Testimony,” which is solely sponsored by the ISO), the Tariff provisions tendered in the instant filing specify the methodology that the Internal Market Monitor will use to evaluate de-list bids submitted by resources at stations with common costs, as well as the methodology that the Internal Market Monitor will use to establish appropriate compensation for

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<sup>1</sup> 16 U.S.C. § 824d (2006).

<sup>2</sup> *ISO New England Inc.*, 128 FERC ¶ 61,167 at P 27 (2009) (“August 19 Order”). The Commission anticipated that the Tariff Provisions submitted in the instant filing would be filed either through a Section 205 filing by the ISO and its stakeholders or a Section 206 filing by the ISO. *See id.* at P 31.

<sup>3</sup> Capitalized terms used but not otherwise defined in this filing have the meanings ascribed thereto in the ISO’s Transmission, Markets and Services Tariff (FERC Electric Tariff No. 3) (the “Tariff”). Section III of the Tariff is Market Rule 1.

resources at a station with common costs that submit de-list bids that are rejected for reliability reasons in the Forward Capacity Auction.

## **I. DESCRIPTION OF THE FILING PARTIES AND COMMUNICATIONS**

The ISO is the private, non-profit entity that serves as the regional transmission organization (“RTO”) for New England. The ISO operates the New England bulk power system and administers New England’s organized wholesale electricity market pursuant to the ISO New England Transmission, Markets and Services Tariff and the Transmission Operating Agreement with the New England Participating Transmission Owners. In its capacity as an RTO, the ISO has the responsibility to protect the short-term reliability of the New England Control Area and to operate the system according to reliability standards established by the Northeast Power Coordinating Council (“NPCC”) and the North American Electric Reliability Council (“NERC”).

NEPOOL is a voluntary association organized in 1971 pursuant to the New England Power Pool Agreement, and it has grown to include more than 420 members. The participants include all of the electric utilities rendering or receiving service under the Tariff, as well as independent power generators, marketers, load aggregators, brokers, consumer-owned utility systems, end users, developers, demand resource providers, and a merchant transmission provider. Pursuant to revised governance provisions accepted by the Commission,<sup>4</sup> the participants act through the NEPOOL Participants Committee. The Participants Committee is authorized by Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement to represent NEPOOL in proceedings before the Commission. Pursuant to Section 2.2 of the Participants Agreement, “NEPOOL provide[s] the sole Participant Processes for advisory voting on ISO matters and the selection of ISO Board members, except for input from state regulatory authorities and as otherwise may be provided in the Tariff, TOA and the Market Participant Services Agreement included in the Tariff.”

Correspondence and communications in this proceeding should be addressed to:

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<sup>4</sup> *ISO New England Inc. et al.*, 109 FERC ¶ 61,147 (2004), *petition for review den.*, *Maine Public Utilities Com’n v. F.E.R.C.*, 453 F. 3d 278 (D.C. Cir. 2006).

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## II. STANDARD OF REVIEW

The ISO submits these Tariff provisions pursuant to Section 205 of the FPA, which “gives a utility the right to file rates and terms for services rendered with its assets.”<sup>6</sup> Under Section 205, the Commission “plays ‘an essentially passive and reactive’ role”<sup>7</sup> whereby it “can reject [a filing] only

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<sup>5</sup> Due to the joint nature of this filing, the Filing Parties respectfully request a waiver of Section 385.203(b)(3) of the Commission’s regulations to allow the inclusion of more than two persons on the service list in this proceeding.

<sup>6</sup> *Atlantic City Elec. Co. v. FERC*, 295 F.3d 1, 9 (D.C. Cir. 2002).

<sup>7</sup> *Id.* at 10 (quoting *City of Winnfield v. FERC*, 744 F.2d 871, 876 (D.C. Cir. 1984)).

if it finds that the changes proposed by the public utility are not ‘just and reasonable.’”<sup>8</sup> The Commission limits this inquiry “into whether the rates proposed by a utility are reasonable – and [this inquiry does not] extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs.”<sup>9</sup> The Tariff provisions filed herein “need not be the only reasonable methodology, or even the most accurate.”<sup>10</sup> As a result, even if an intervenor or the Commission develops an alternate proposal, the Commission must accept this Section 205 filing if it is just and reasonable.<sup>11</sup>

### III. BACKGROUND

On July 7, 2009, as amended on July 30, 2009, the ISO submitted to the Commission its Informational Filing for Qualification in the FCM for the 2012-2013 Capacity Commitment Period.<sup>12</sup> In that filing, the ISO set forth, *inter alia*, the list of de-list bids that the Internal Market Monitor had determined were not consistent with the net-risk adjusted going forward and opportunity costs (“NRAGFC”) of the associated resources. That list included Static De-List Bids submitted by the four resources at Dominion’s<sup>13</sup> Salem Harbor Station.

One of the Internal Market Monitor’s reasons for the rejection of the de-list bid of each resource at the Salem Harbor Station was that, in addition to its resource-specific costs, each Salem Harbor resource included in its NRAGFC all of the common costs of the Salem Harbor Station. As the ISO explained in the Informational Filing, inclusion of the full amount of the station’s common costs in each of the de-list bids from the separate resources at the station would result in over-recovery of those costs if more than one of the resources at the Salem Harbor Station received Capacity Supply Obligations through the Forward Capacity Auction. To address this issue, the Internal Market Monitor developed alternate bids to prevent the overpayment of common costs for

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<sup>8</sup> *Id.* at 9.

<sup>9</sup> *Cities of Bethany, Bushnell et al. v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir.), *cert. denied*, 469 U.S. 917 (1984) (“*Cities of Bethany*”); *see also ISO New England Inc.*, 114 FERC ¶ 61,315 at P 33 and n.35 (2005), citing *Pub. Serv. Co. of New Mexico v. FERC*, 832 F.2d 1201, 1211 (10th Cir. 1987) and *Cities of Bethany* at 1136.

<sup>10</sup> *Oxy USA, Inc. v. FERC*, 64 F.3d 679, 692 (D.C. Cir. 1995) (citing *Cities of Bethany* at 1136).

<sup>11</sup> *Cf. Southern California Edison Co., et al.*, 73 FERC ¶ 61,219 at 61,608 n.73 (1995) (“Having found the Plan to be just and reasonable, there is no need to consider in any detail the alternative plans proposed by the Joint Protesters.”) (citing *Cities of Bethany* at 1136).

<sup>12</sup> The ISO’s Informational Filing for Qualification in the Forward Capacity Market (“Informational Filing”) was submitted in Docket No. ER09-1424-000.

<sup>13</sup> The Dominion Companies include Dominion Resources Services, Inc., on behalf of Dominion Energy Marketing, Inc., Dominion Energy New England, Inc., and Dominion Energy Salem Harbor, LLC (collectively, “Dominion”).

most two, three and four resource combinations for the Salem Harbor Station.<sup>14</sup> Dominion protested the ISO's filing and argued that the FCM rules did not permit the Salem Harbor Station to submit a Static De-List Bid covering multiple resources to reflect potential economies of scale and the allocation of common station costs over multiple resources, nor did the FCM rules address how such allocation would occur.<sup>15</sup>

On August 19, 2009, the Commission issued an Order Establishing Paper Hearing in which it required the ISO to submit a statement explaining and providing the cost support and calculations for, among other things, its allocation of the common costs across the four Salem Harbor resources.<sup>16</sup> The Commission also required Dominion to submit a statement in support of its calculations. Furthermore, in order to ensure that this scenario is not repeated, the Commission directed the ISO to work with its stakeholders to develop tariff provisions that explicitly address the ISO's treatment of similar common cost situations prior to the next Forward Capacity Auction.<sup>17</sup>

On September 18, 2009, after considering the statements submitted by the ISO and Dominion, the Commission issued an Order on Informational Filing.<sup>18</sup> In that order, the Commission concluded that the ISO had arrived at a reasonable *ad hoc* solution to the question of the appropriate allocation of the Salem Harbor Station common costs for the October 2009 Forward Capacity Auction.<sup>19</sup> In accepting the ISO's *ad hoc* solution, the Commission noted that the solution would not affect any party other than Dominion in the October 2009 Forward Capacity Auction and acknowledged the ISO's commitment to work with its stakeholders to develop changes to the FCM rules that would address similar situations in the future as required in the August 19 Order.<sup>20</sup> That work with stakeholders is now complete, and the Tariff provisions that will apply to these common costs situations are contained in the instant filing.

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<sup>14</sup> See Transmittal Letter to Informational Filing at pp. 12-16.

<sup>15</sup> See Motion to Intervene and Protest of Dominion Resources Services, Inc., Docket No. ER09-1424-000 at p. 2 (filed July 22, 2009).

<sup>16</sup> August 19 Order at P 27.

<sup>17</sup> *Id.* at PP 27, 31.

<sup>18</sup> *ISO New England Inc.*, 128 FERC ¶ 61,266 (2009) ("September 18 Order").

<sup>19</sup> *Id.* at P 60.

<sup>20</sup> *Id.* at PP 53, 59.

#### **IV. DESCRIPTION OF TARIFF PROVISIONS**

##### **A. Evaluation of De-List Bids Submitted by Resources at Stations with Common Costs**

The Tariff provisions submitted in this filing specify the methodology that the Internal Market Monitor will use to evaluate the de-list bids submitted by resources at stations with common costs.<sup>21</sup> The Internal Market Monitor will evaluate de-list bids submitted by resources at a station with common costs based on a maximum de-list bid curve. The de-list bid curve would allow any resources at the station that retain a CSO (*i.e.*, the de-list bid does not clear) through the Forward Capacity Auction the opportunity to recover their NRAGFC as well as the station common costs. Under the new methodology, each resource at a station with common costs that seeks to de-list will be required to submit, along with its de-list bid, supporting cost data that will allow the Internal Market Monitor to determine the Asset-Specific Going Forward Costs of each asset<sup>22</sup> associated with the station, as well as the station's net-risk adjusted going forward common costs ("Station Going Forward Common Costs").<sup>23</sup>

The Internal Market Monitor will allocate the Station Going Forward Common Costs to each of the station's assets using the historical megawatt hour production for each asset as the default allocation basis. If a Market Participant prefers to use a different allocation basis, then it must demonstrate to the Internal Market Monitor that the alternative allocation basis is more appropriate. The amount of common costs allocable to each resource at the station will be the sum of the Station Going Forward Common Costs allocated to each asset comprising the resource.

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<sup>21</sup> The Tariff provisions contained in this filing add the following definitions in Section I of the Tariff: "Station" is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary; "Common Costs" are the costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

<sup>22</sup> The term "asset" refers to a generating unit. A "resource" is comprised of one or more assets.

<sup>23</sup> The Tariff provisions also add the following definitions in Section I of the Tariff: "Asset-Specific Going Forward Costs" are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the Net-Risk Adjusted Going Forward Costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2; "Station Going Forward Common Costs" are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the Net-Risk Adjusted Going Forward Costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

Next, the Internal Market Monitor will review each de-list bid from resources at a station having common costs to determine whether the bid meets the following conditions: (i) the bid must be monotonically decreasing (as already required by the Forward Capacity Auction); (ii) the bid of a resource that is uneconomic (on the basis of the Asset-Specific Going Forward Costs for the assets comprising the resource)<sup>24</sup> must not exceed the sum of the Asset-Specific Going Forward Costs for the assets comprising the resource; and (iii) the bid must be sufficient to recover the sum of the Asset-Specific Going Forward Costs for the resources of the station remaining in the market (that is, whose de-list bids have not cleared in the auction) and the full amount of Station Going Forward Common Costs.

If the Internal Market Monitor determines that the de-list bids submitted by the resource are consistent with the three conditions described above, then those de-list bids will be entered into the Forward Capacity Auction. However, if the de-list bids submitted by the resource do not comply with all three conditions, then the Internal Market Monitor will reject the bids as described in Section III.13.1.2.3.2.1.1 of the FCM rules.<sup>25</sup>

#### **B. Compensation of Resources Retained for Reliability**

The Tariff provisions contained in this filing also specify the methodology that the Internal Market Monitor will use to establish appropriate compensation in the case of a resource at a station with common costs that is not permitted to de-list for reliability reasons. There are two situations in which such resources will be compensated.

First, if one or more resources at the station assume a Capacity Supply Obligation as a result of clearing in the Forward Capacity Auction and one or more resources are not permitted to de-list for reliability reasons, then each resource retained for reliability will be paid the sum of the Asset-Specific Going Forward Costs for the assets comprising the resource. Second, if no asset at the station assumes a Capacity Supply Obligation as a result of clearing in the Forward Capacity Auction and one or more resources are not permitted to de-list for reliability reasons, then each resource retained for reliability will be paid the sum of the Asset-Specific Going Forward Costs for

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<sup>24</sup> As more fully explained in the Montalvo Testimony, a bid is uneconomic (on the basis of the Asset-Specific Going Forward Costs for the assets comprising the resource) if the associated resource does not benefit from station economies of scale.

<sup>25</sup> Under Section III.13.1.2.3.2.1.1, if the Internal Market Monitor determines that a bid is not consistent with the resource's NRAGFC, then the bid will be rejected. In its informational filing, the ISO must include an explanation of the reasons why the de-list bid was rejected based on the Internal Market Monitor's review and the resource's NRAGFC, as well as an alternate de-list bid calculated by the ISO. The Lead Market Participant for the resource may elect to have the ISO-determined bid entered into the Forward Capacity Auction by so indicating in a filing with the Commission in response to the ISO's informational filing in which the rejection of its bid is included. A Lead Market Participant making such an election is prohibited from challenging the Internal Market Monitor's determinations regarding the resource's NRAGFC.

the assets comprising the resource plus a portion of the Station Going Forward Common Costs (such that the full amount of Station Going Forward Common Costs are allocated to the Existing Generating Capacity Resources retained for reliability).

The proposed methodologies described above are just and reasonable because they are consistent with the principle that each resource should recover its NRAGFC, and no more. In addition, under the proposed methodologies, a station will not over-recover its common costs if more than one resource is not permitted to de-list for reliability reasons.

## **V. STAKEHOLDER PROCESS**

At its January 26, 2010 meeting, the Markets Committee voted to recommend its support for the Tariff provisions with 74.36% in favor and 21 abstentions.<sup>26</sup> The Participants Committee approved the Tariff provisions (with minor revisions from the version that was supported by the Markets Committee) at its February 5, 2010 meeting with three oppositions from the Generation Sector and 21 abstentions.

## **VI. REQUESTED EFFECTIVE DATE**

The Filing Parties request that the Commission permit the Tariff provisions that are being submitted in this filing to become effective without suspension or hearing on April 18, 2010.

## **VII. ADDITIONAL SUPPORTING INFORMATION**

Section 35.13 of the Commission's regulations generally requires public utilities to file certain cost and other information related to an examination of traditional cost-of-service rates.<sup>27</sup> However, the Tariff provisions contained in the instant filing are associated with the FCM and are not traditional "rates." Further, the Filing Parties are not traditional investor-owned utilities. Therefore, to the extent necessary, the Filing Parties request waiver of Section 35.13 of the Commission's regulations. Notwithstanding their request for waiver, the Filing Parties submit the additional information enumerated below in substantial compliance with relevant provisions of Section 35.13.

35.13(b)(1) – Materials included herewith are as follows:

- ◆ This transmittal letter;

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<sup>26</sup> At the Markets Committee, the individual Sector votes were Generation (0% in favor, 17.3% opposed, 7 abstentions), Transmission (17.3% in favor, 0% opposed), Supplier (11.53% in favor, 5.77% opposed, 9 abstentions), Alternative Resources (10.92% in favor, 2.58% opposed, 2 abstentions), Publicly Owned Entity (17.3% in favor, 0% opposed), and End User (17.3% in favor, 0% opposed, 3 abstentions).

<sup>27</sup> 18 C.F.R. § 35.13 (2009).

- ◆ Attachment 1: Tariff sheets reflecting in blackline the Tariff provisions added by this filing;
- ◆ Attachment 2: Clean Tariff sheets incorporating the new Tariff provisions;
- ◆ Attachment 3: Testimony of Marc D. Montalvo, solely sponsored by the ISO; and
- ◆ Attachment 4: List of governors and utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont to which a copy of this filing has been sent.

35.13(b)(2) – As noted above, the Filing Parties request that the Tariff provisions submitted with this filing become effective on April 18, 2010.

35.13(b)(3) - Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at [http://www.iso-ne.com/regulatory/ferc/nepool/gov\\_ptcpts\\_eserved.pdf](http://www.iso-ne.com/regulatory/ferc/nepool/gov_ptcpts_eserved.pdf). A paper copy of this transmittal letter and the accompanying materials have also been sent to the governors and electric utility regulatory agencies for the six New England states that comprise the New England Control Area, and to the New England Conference of Public Utility Commissioners ("NECPUC"). The names and addresses of these governors and regulatory agencies are shown in Attachment 4. In accordance with Commission rules and practice, there is no need for the Governance Participants or the entities identified on Attachment 4 to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) - A description of the materials submitted pursuant to this filing is contained in this transmittal letter.

35.13(b)(5) - The reasons for this filing are discussed in this transmittal letter.

35.13(b)(6) - The ISO's approval of these Tariff provisions is evidenced by this filing. These Tariff provisions reflect the results of the Participant Processes required by the Participants Agreement and reflect the approval and support of the Participants Committee.

35.13(b)(7) - The Filing Parties have no knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

### VIII. CONCLUSION

For the foregoing reasons, the Filing Parties respectfully request that the Commission approve the Tariff provisions described herein, to become effective on April 18, 2010, without condition or change.

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Dated: February 16, 2010

**ATTACHMENT 1**

Blacklined tariff sheets containing the ISO's proposed revisions to Market Rule 1

**Asset Related Demand Bid Block-Hours** are Block-Hours assigned to the Lead Market Participant for each Asset Related Demand bid. The daily bid Blocks in the price-based Real-Time bid will be multiplied by the number of hours in the day to determine the daily quantity of Asset Related Demand Bid Block-Hours. In the case that a Resource has a Real-Time unit status of “unavailable” for an entire day, that day will not contribute to the quantity of Asset Related Demand Bid Block-Hours. However, if the Resource has at least one hour of the day with a unit status of “available,” the entire day will contribute to the quantity of Asset Related Demand Bid Block-Hours.

**Asset-Specific Going Forward Costs** are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the Net-Risk Adjusted Going Forward Costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

**Assigned Meter Reader** reports to the ISO the hourly and monthly MWh associated with the Asset. These MWh are used for settlement. The Assigned Meter Reader may designate an agent to help fulfill its Assigned Meter Reader responsibilities; however, the Assigned Meter Reader remains functionally responsible to the ISO.

**Auction Revenue Right (ARR)** is a right to receive FTR Auction Revenues in accordance with Appendix C of Market Rule 1.

**Auction Revenue Right Allocation (ARR Allocation)** is defined in Section 1 of Appendix C of Market Rule 1.

**Auction Revenue Right Holder (ARR Holder)** is an entity which is the record holder of an Auction Revenue Right in the register maintained by the ISO.

**Automatic Response Rate** is the response rate, in MW/Minute, at which a Market Participant is willing to have a generating unit change its output while providing Regulation between the Regulation High Limit and Regulation Low Limit.

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**CLAIM30** is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 30 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 30 minutes after receiving a Dispatch Instruction. A CLAIM30 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM30 values are established pursuant to the provisions of Section III.9.5.2.

**Commission** is the Federal Energy Regulatory Commission.

**Commitment Offer Test** is defined in Section III.A.5.8.3 of *Appendix A* of Market Rule 1.

**Common Costs** are those costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

**Completed Application** is an Application that satisfies all of the information and other requirements of the OATT, including any required deposit.

**Compliance Effective Date** is the date upon which the changes in the predecessor NEPOOL Open Access Transmission Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 became effective.

**Congestion** is a condition of the New England Transmission System in which transmission limitations prevent unconstrained regional economic dispatch of the power system. Congestion is the condition that results in the Congestion Component of the Locational Marginal Price at one Location being different from the Congestion Component of the Locational Marginal Price at another Location during any given hour of the Dispatch Day in the Day-Ahead Market or Real-Time Market.

**Static De-List Bid** is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to remove itself from the capacity market for a one year period, as described in Section III.13.1.2.3.1.1 of Market Rule 1.

**Station** is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary.

**Station Going Forward Common Costs** are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the Net-Risk Adjusted Going Forward Costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

**Stipulated ICAP Revenue** is defined in Section 3.3.2 of Exhibit 2 to Appendix A of Market Rule 1.

**Submitted Offer** is defined in Section III.A.5.6.1 of Appendix A of Market Rule 1.

**Successful FCA** is a Forward Capacity Auction in which a Capacity Zone has neither Inadequate Supply nor Insufficient Competition.

**Summer Capability Period** means one of two time periods defined by the ISO for the purposes of rating and auditing ICAP Resources. The time period associated with the Summer Capability Period is defined in the ISO New England Manuals.

**Summer Intermittent Reliability Hours** are defined in Section III.13.1.2.2.2.1(c) of Market Rule 1. ~~**Summer Season Demand Resource** is a Demand Resource for which there is no or lower demand during winter peak associated with the end use on which the Demand Resource~~

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~~measure is installed, and therefore the Winter Demand Reduction Value is zero or lower than the Summer Demand Reduction Value.~~

**Supply Margin** is defined in Section III.A.5.2.2 of Appendix A of Market Rule 1.

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**Summer Season Demand Resource** is a Demand Resource for which there is no or lower demand during winter peak associated with the end-use on which the Demand Resource measure is installed, and therefore the Winter Demand Reduction Value is zero or lower than the Summer Demand Reduction Value.

**Supply Margin** is defined in Section III.A.5.2.2 of Appendix A of Market Rule 1.

**Supply Offer** is a proposal to furnish energy at a Node or Regulation from a Resource that meets the applicable requirements set forth in the ISO New England Manuals submitted to the ISO by a Market Participant with authority to submit a Supply Offer for the Resource. The Supply Offer will be submitted pursuant to Market Rule 1 and applicable ISO New England Manuals, and include a price and information with respect to the quantity proposed to be furnished, technical parameters for the Resource, timing and other matters. A Supply Offer is a subset of the information required in a Market Participant's Offer Data.

**Supply Offer Block-Hours** are Block-Hours assigned to the Lead Market Participant for each Supply Offer. The daily bid Blocks in the price-based Real-Time offer/bid will be multiplied by the number of hours in the day to determine the quantity of Supply Offer Block-Hours for a given day. In the case that a Resource has a Real-Time unit status of "unavailable" for the entire day, that day will not contribute to the quantity of Supply Offer Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Supply Offer Block-Hours.

**System Condition** is a specified condition on the New England Transmission System or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm MTF or OTF Service on the MTF or the OTF using the curtailment priority pursuant to Section II.44 of the Tariff or Curtailment of Local Long-Term Firm Point-to-Point Transmission Service on the non-PTF using the curtailment priority pursuant to Schedule 21 of the Tariff. Such conditions must be identified in the Transmission Customer's Service Agreement.

unless, in the case of a Generating Capacity Resource that had its Non-Price Retirement Request rejected for reliability reasons, the Commission directs that the obligation to retire be removed or the retirement date extended as part of an Incremental Cost of Reliability Service filing made pursuant to Section III.13.2.5.2.5.2.

**III.13.1.2.3.1.6. Static De-List Bids and Permanent De-List Bids for Existing Generating Capacity Resources at Stations having Common Costs.** Where Existing Generating Capacity Resources at a Station having Common Costs elect to submit Static De-List Bids or Permanent De-List Bids, the provisions of this Section III.13.1.2.3.1.6 shall apply.

**III.13.1.2.3.1.6.1. Submission of Cost Data.** In addition to the information required elsewhere in this Section III.13.1.2.3, Static De-List Bids or Permanent De-List Bids submitted by an Existing Generating Capacity Resource that is associated with a Station having Common Costs and seeking to delist must include detailed cost data to allow the ISO to determine the Asset-Specific Going Forward Costs for each asset associated with the Station and the Station Going Forward Common Costs.

**III.13.1.2.3.1.6.2. Allocation of Common Costs.** The Internal Market Monitor will allocate the Station Going Forward Common Costs to each of the Station's assets using the historical megawatt hour production for each asset as the default allocation basis. Should a Market Participant prefer to use a different allocation basis for some or all of the Station Going Forward Common Costs, it must demonstrate to the Internal Market Monitor that the alternative allocation basis is more appropriate than the default allocation basis. The Internal Market Monitor will calculate the amount of Common Costs allocable to each Existing Generating Capacity Resource associated with a Station by adding the Station Going Forward Common Costs allocated to each asset comprising the Existing Generating Capacity Resource.

**III.13.1.2.3.1.6.3. Internal Market Monitor Review.** The Internal Market Monitor will review each Static De-List Bid and Permanent De-List Bid from an Existing Generating Capacity Resource that is associated with a Station having Common Costs to verify that the bid meets the following conditions: (i) the bid must be monotonically decreasing; (ii) assets that are uneconomic on the basis of their Asset-Specific Going Forward Costs (i.e., do not benefit from station

economies of scale) must be allowed to bid their Asset-Specific Going Forward Costs; and (iii) the bid must be sufficient to recover the Asset-Specific Going Forward Costs of all assets remaining in the market and the full amount of Station Going Forward Common Costs. If the Internal Market Monitor determines that the bid is consistent with the conditions listed above, then the bid shall be entered into the Forward Capacity Auction as described in Section III.13.2.3.2(b). If the Internal Market Monitor determines that the bid does not satisfy the conditions listed above or is not consistent with the submitted supporting cost data, then the Internal Market Monitor will reject the bid as described in Section III.13.1.2.3.2.1.1.

(e) **Compensation for Existing Generating Capacity Resources at Stations with Common Costs that are Retained for Reliability.** If a Static De-List Bid or Permanent De-List Bid from an Existing Generating Capacity Resource that is associated with a Station having Common Costs is rejected for reliability reasons, the Existing Generating Capacity Resource will be paid as follows: (i) if one or more Existing Generating Capacity Resources at the Station assume a Capacity Supply Obligation through the normal clearing of the Forward Capacity Auction and one or more Existing Generating Capacity Resources are retained for reliability, then the Existing Generating Capacity Resources retained for reliability will be paid the sum of the Asset-Specific Going Forward Costs for the assets comprising that Existing Generating Capacity Resource; or (ii) if no Existing Generating Capacity Resources at the Station assumes a Capacity Supply Obligation through the normal clearing of the Forward Capacity Auction and one or more Existing Generating Capacity Resources are retained for reliability, then each Existing Generating Capacity Resource retained for reliability will be paid the sum of the Asset-Specific Going Forward Costs for the assets associated with that Existing Generating Capacity Resource plus a portion of the Station Going Forward Common Costs (such that the full amount of Station Going Forward Common Costs are allocated to the Existing Generating Capacity Resources retained for reliability).

**ATTACHMENT 2**

Clean tariff sheets containing the ISO's proposed revisions to Market Rule 1

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**Asset Related Demand Bid Block-Hours** are Block-Hours assigned to the Lead Market Participant for each Asset Related Demand bid. The daily bid Blocks in the price-based Real-Time bid will be multiplied by the number of hours in the day to determine the daily quantity of Asset Related Demand Bid Block-Hours. In the case that a Resource has a Real-Time unit status of “unavailable” for an entire day, that day will not contribute to the quantity of Asset Related Demand Bid Block-Hours. However, if the Resource has at least one hour of the day with a unit status of “available,” the entire day will contribute to the quantity of Asset Related Demand Bid Block-Hours.

**Asset-Specific Going Forward Costs** are the net risk-adjusted going forward costs of an asset that is part of an Existing Generating Capacity Resource, calculated for the asset in the same manner as the Net-Risk Adjusted Going Forward Costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

**Assigned Meter Reader** reports to the ISO the hourly and monthly MWh associated with the Asset. These MWh are used for settlement. The Assigned Meter Reader may designate an agent to help fulfill its Assigned Meter Reader responsibilities; however, the Assigned Meter Reader remains functionally responsible to the ISO.

**Auction Revenue Right (ARR)** is a right to receive FTR Auction Revenues in accordance with Appendix C of Market Rule 1.

**Auction Revenue Right Allocation (ARR Allocation)** is defined in Section 1 of Appendix C of Market Rule 1.

**Auction Revenue Right Holder (ARR Holder)** is an entity which is the record holder of an Auction Revenue Right in the register maintained by the ISO.

**Automatic Response Rate** is the response rate, in MW/Minute, at which a Market Participant is willing to have a generating unit change its output while providing Regulation between the Regulation High Limit and Regulation Low Limit.

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**CLAIM30** is the generation output level, expressed in MW, which can be reached by a Resource (from an off-line state) within 30 minutes after receiving a Dispatch Instruction or the amount of reduced consumption, expressed in MW, which can be reached by a Dispatchable Asset Related Demand within 30 minutes after receiving a Dispatch Instruction. A CLAIM30 value is required as part of a Resource's or Dispatchable Asset Related Demand's Offer Data. CLAIM30 values are established pursuant to the provisions of Section III.9.5.2.

**Commission** is the Federal Energy Regulatory Commission.

**Commitment Offer Test** is defined in Section III.A.5.8.3 of *Appendix A* of Market Rule 1.

**Common Costs** are those costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station.

**Completed Application** is an Application that satisfies all of the information and other requirements of the OATT, including any required deposit.

**Compliance Effective Date** is the date upon which the changes in the predecessor NEPOOL Open Access Transmission Tariff which have been reflected herein to comply with the Commission's Order of April 20, 1998 became effective.

**Congestion** is a condition of the New England Transmission System in which transmission limitations prevent unconstrained regional economic dispatch of the power system. Congestion is the condition that results in the Congestion Component of the Locational Marginal Price at one Location being different from the Congestion Component of the Locational Marginal Price at another Location during any given hour of the Dispatch Day in the Day-Ahead Market or Real-Time Market.

**Static De-List Bid** is a bid that may be submitted by an Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource in the Forward Capacity Auction to remove itself from the capacity market for a one year period, as described in Section III.13.1.2.3.1.1 of Market Rule 1.

**Station** is one or more Existing Generating Capacity Resources consisting of one or more assets located within a common property boundary.

**Station Going Forward Common Costs** are the net risk-adjusted going forward costs associated with a Station that are avoided only by (1) the clearing of the Static De-List Bids or the Permanent De-List Bids of all the Existing Generating Capacity Resources comprising the Station; or (2) the acceptance of a Non-Price Retirement Request of the Station, calculated in the same manner as the Net-Risk Adjusted Going Forward Costs of Existing Generating Capacity Resources as described in Section III.13.1.2.3.2.1.2.

**Stipulated ICAP Revenue** is defined in Section 3.3.2 of Exhibit 2 to Appendix A of Market Rule 1.

**Submitted Offer** is defined in Section III.A.5.6.1 of Appendix A of Market Rule 1.

**Successful FCA** is a Forward Capacity Auction in which a Capacity Zone has neither Inadequate Supply nor Insufficient Competition.

**Summer Capability Period** means one of two time periods defined by the ISO for the purposes of rating and auditing ICAP Resources. The time period associated with the Summer Capability Period is defined in the ISO New England Manuals.

**Summer Intermittent Reliability Hours** are defined in Section III.13.1.2.2.2.1(c) of Market Rule 1.

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**Summer Season Demand Resource** is a Demand Resource for which there is no or lower demand during winter peak associated with the end-use on which the Demand Resource measure is installed, and therefore the Winter Demand Reduction Value is zero or lower than the Summer Demand Reduction Value.

**Supply Margin** is defined in Section III.A.5.2.2 of Appendix A of Market Rule 1.

**Supply Offer** is a proposal to furnish energy at a Node or Regulation from a Resource that meets the applicable requirements set forth in the ISO New England Manuals submitted to the ISO by a Market Participant with authority to submit a Supply Offer for the Resource. The Supply Offer will be submitted pursuant to Market Rule 1 and applicable ISO New England Manuals, and include a price and information with respect to the quantity proposed to be furnished, technical parameters for the Resource, timing and other matters. A Supply Offer is a subset of the information required in a Market Participant's Offer Data.

**Supply Offer Block-Hours** are Block-Hours assigned to the Lead Market Participant for each Supply Offer. The daily bid Blocks in the price-based Real-Time offer/bid will be multiplied by the number of hours in the day to determine the quantity of Supply Offer Block-Hours for a given day. In the case that a Resource has a Real-Time unit status of "unavailable" for the entire day, that day will not contribute to the quantity of Supply Offer Block-Hours. However, if the Resource has at least one hour of the day with a unit status of "available," the entire day will contribute to the quantity of Supply Offer Block-Hours.

**System Condition** is a specified condition on the New England Transmission System or on a neighboring system, such as a constrained transmission element or flowgate, that may trigger Curtailment of Long-Term Firm MTF or OTF Service on the MTF or the OTF using the curtailment priority pursuant to Section II.44 of the Tariff or Curtailment of Local Long-Term Firm Point-to-Point Transmission Service on the non-PTF using the curtailment priority pursuant to Schedule 21 of the Tariff. Such conditions must be identified in the Transmission Customer's Service Agreement.

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unless, in the case of a Generating Capacity Resource that had its Non-Price Retirement Request rejected for reliability reasons, the Commission directs that the obligation to retire be removed or the retirement date extended as part of an Incremental Cost of Reliability Service filing made pursuant to Section III.13.2.5.2.5.2.

**III.13.1.2.3.1.6. Static De-List Bids and Permanent De-List Bids for Existing Generating Capacity Resources at Stations having Common Costs.** Where Existing Generating Capacity Resources at a Station having Common Costs elect to submit Static De-List Bids or Permanent De-List Bids, the provisions of this Section III.13.1.2.3.1.6 shall apply.

**III.13.1.2.3.1.6.1. Submission of Cost Data.** In addition to the information required elsewhere in this Section III.13.1.2.3, Static De-List Bids or Permanent De-List Bids submitted by an Existing Generating Capacity Resource that is associated with a Station having Common Costs and seeking to delist must include detailed cost data to allow the ISO to determine the Asset-Specific Going Forward Costs for each asset associated with the Station and the Station Going Forward Common Costs.

**III.13.1.2.3.1.6.2. Allocation of Common Costs.** The Internal Market Monitor will allocate the Station Going Forward Common Costs to each of the Station's assets using the historical megawatt hour production for each asset as the default allocation basis. Should a Market Participant prefer to use a different allocation basis for some or all of the Station Going Forward Common Costs, it must demonstrate to the Internal Market Monitor that the alternative allocation basis is more appropriate than the default allocation basis. The Internal Market Monitor will calculate the amount of Common Costs allocable to each Existing Generating Capacity Resource associated with a Station by adding the Station Going Forward Common Costs allocated to each asset comprising the Existing Generating Capacity Resource.

**III.13.1.2.3.1.6.3. Internal Market Monitor Review.** The Internal Market Monitor will review each Static De-List Bid and Permanent De-List Bid from an Existing Generating Capacity Resource that is associated with a Station having Common Costs to verify that the bid meets the following conditions: (i) the bid must be monotonically decreasing; (ii) assets that are uneconomic on the basis of their Asset-Specific Going Forward Costs (i.e., do not benefit from station

economies of scale) must be allowed to bid their Asset-Specific Going Forward Costs; and (iii) the bid must be sufficient to recover the Asset-Specific Going Forward Costs of all assets remaining in the market and the full amount of Station Going Forward Common Costs. If the Internal Market Monitor determines that the bid is consistent with the conditions listed above, then the bid shall be entered into the Forward Capacity Auction as described in Section III.13.2.3.2(b). If the Internal Market Monitor determines that the bid does not satisfy the conditions listed above or is not consistent with the submitted supporting cost data, then the Internal Market Monitor will reject the bid as described in Section III.13.1.2.3.2.1.1.

- (e) **Compensation for Existing Generating Capacity Resources at Stations with Common Costs that are Retained for Reliability.** If a Static De-List Bid or Permanent De-List Bid from an Existing Generating Capacity Resource that is associated with a Station having Common Costs is rejected for reliability reasons, the Existing Generating Capacity Resource will be paid as follows: (i) if one or more Existing Generating Capacity Resources at the Station assume a Capacity Supply Obligation through the normal clearing of the Forward Capacity Auction and one or more Existing Generating Capacity Resources are retained for reliability, then the Existing Generating Capacity Resources retained for reliability will be paid the sum of the Asset-Specific Going Forward Costs for the assets comprising that Existing Generating Capacity Resource; or (ii) if no Existing Generating Capacity Resources at the Station assumes a Capacity Supply Obligation through the normal clearing of the Forward Capacity Auction and one or more Existing Generating Capacity Resources are retained for reliability, then each Existing Generating Capacity Resource retained for reliability will be paid the sum of the Asset-Specific Going Forward Costs for the assets associated with that Existing Generating Capacity Resource plus a portion of the Station Going Forward Common Costs (such that the full amount of Station Going Forward Common Costs are allocated to the Existing Generating Capacity Resources retained for reliability).

**ATTACHMENT 3**

Testimony of Marc D. Montalvo

On behalf of the ISO



1 Company (“NEES”). I hold a M.S. in Finance from Clark University and a B.S.  
2 in Mathematics from Allegheny College.

3

4 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
5 **PROCEEDING?**

6 A: The purpose of this testimony is to explain: (1) the methodology that the Internal  
7 Market Monitor will use to evaluate the de-list bids submitted by resources at a  
8 station with common costs; and (2) the methodology that the Internal Market  
9 Monitor will use to establish appropriate compensation for resources at a station  
10 with common costs that submit de-list bids that are rejected for reliability reasons  
11 in the Forward Capacity Auction (“FCA”). These methodologies were developed  
12 in compliance with the Commission’s orders<sup>1</sup> requiring that the ISO work with its  
13 stakeholders to address the allocation of common station costs under the Forward  
14 Capacity Market (“FCM”) rules before the fourth FCA.

15

16 **Q: HOW ARE “STATION” AND “COMMON COSTS” DEFINED?**

17 A: A “station” is one or more resources consisting of one or more assets (*i.e.*  
18 generating units) located within a common property boundary. “Common costs”  
19 are the costs associated with a station that are avoided only by the clearing of the  
20 de-list bids of all the resources comprising the station or the retirement of the  
21 station. Common costs may include items such as the costs of certain fuel

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<sup>1</sup> *ISO New England Inc.*, 128 FERC ¶ 61,167 at P 27 (2009); *ISO New England Inc.*, 128 FERC ¶ 61,266 (2009).

1 handling and electrical equipment, building and property maintenance, property  
2 taxes, and security services.

3

4 **Q: WHEN IS THE INTERNAL MARKET MONITOR REQUIRED TO**  
5 **EVALUATE DE-LIST BIDS SUBMITTED BY RESOURCES AT A**  
6 **STATION WITH COMMON COSTS?**

7 A: Under Section III.13.1.2.3.2.1 of the FCM rules, the Internal Market Monitor is  
8 required to evaluate all Static De-List Bids when they are above 0.8 times the cost  
9 of new entry or “CONE”, and Permanent De-List Bids when they are above 1.25  
10 times CONE, whether or not the resource submitting the de-list bid is at a station  
11 with common costs. The Internal Market Monitor must determine whether the  
12 de-list bid of each resource is consistent with the resource’s net-risk adjusted  
13 going forward and opportunity costs (“NRAGFC”).

14

15 **Q: PLEASE EXPLAIN THE BID STRUCTURING PROBLEM THAT THE**  
16 **INTERNAL MARKET MONITOR HAS TO ADDRESS TO EVALUATE**  
17 **THE DE-LIST BIDS SUBMITTED BY RESOURCES AT A STATION**  
18 **WITH COMMON COSTS.**

19 A: The FCA design requires that the de-list bids submitted by a participant for each  
20 of its resources be independent (*i.e.*, not package bids). The design does not  
21 include provisions that would allow a participant to submit de-list bids that reflect  
22 economic dependencies among separate resources at a single generating station.  
23 For a station with common costs, the decision to retain a Capacity Supply

1 Obligation (“CSO”) or de-list part or all of the station depends on whether the  
2 clearing price is sufficient to cover all the resource-specific going forward costs  
3 and all the station going forward common costs. As resources at the station are  
4 successively de-listed, the number of megawatts over which the station’s common  
5 costs are spread is reduced. Thus, the set of prices at which the station owner  
6 would be indifferent between retaining the CSOs of the resources at the station  
7 and de-listing part or all of the station depends on how many of the station’s  
8 resources remain in the market. The current FCA bidding provisions are not  
9 adequate to address these issues, and are being revised here, consistent with the  
10 Commission’s directive.

11

12 **Q: PLEASE DESCRIBE THE METHODOLOGY THAT THE INTERNAL**  
13 **MARKET MONITOR WILL USE TO EVALUATE DE-LIST BIDS**  
14 **SUBMITTED BY RESOURCES AT A STATION WITH COMMON**  
15 **COSTS.**

16 A: First, the Internal Market Monitor will allocate the station going forward common  
17 costs to each of the station’s assets using the historical megawatt hour production  
18 for each asset as the default allocation basis. If a Market Participant prefers to use  
19 a different allocation basis, then it must demonstrate to the Internal Market  
20 Monitor that the alternative allocation basis is more appropriate. The amount of  
21 common costs allocable to each resource at the station will be the sum of the  
22 station going forward common costs allocated to each asset comprising the  
23 resource. Second, the Internal Market Monitor will evaluate the de-list bids

1 submitted by resources at a station with common costs, applying three constraints.  
2 The first constraint requires that the de-list bid be monotonically decreasing, as  
3 currently required by the FCA. The second constraint requires that bids from  
4 resources that are uneconomic (on the basis of the asset-specific going forward  
5 costs for the assets comprising the resource) must not exceed the sum of the asset-  
6 specific going forward costs for the assets comprising the resource. Finally, the  
7 third constraint requires that the de-list bid must be sufficient to recover the sum  
8 of the asset-specific going forward costs for the resources of the station remaining  
9 in the market (that is, whose de-list bids have not cleared in the auction) and the  
10 full amount of station going forward common costs. Assuming successive de-  
11 listing of resources that are part of the station in order from most to least  
12 expensive, application of these three conditions to the cost data of the station and  
13 its resources will produce a set of independent and monotonically-decreasing de-  
14 list bids for the station.

15  
16 **Q: HOW DOES THE METHODOLOGY ADDRESS THE BID**  
17 **STRUCTURING PROBLEM DESCRIBED ABOVE?**

18 A: Generally, absent market power, a participant who owns a station would seek to  
19 de-list a resource that is part of the station only if de-listing that resource results in  
20 avoiding costs that are higher than the earnings that the resource would produce  
21 as part of the station. With respect to the treatment of common costs, as the  
22 number of resources at a station being de-listed increases and the number of  
23 resources retaining a CSO decreases, the number of megawatts over which the

1 common costs are spread declines. When the average going forward costs of the  
2 resources remaining in the market reaches an inflection point and starts to  
3 increase, the owner of the resources at the station may no longer find it economic  
4 to retain a CSO on the remaining resources at the station. Rather, the station  
5 owner may seek to de-list the entire station when the clearing price drops below  
6 bid price at the inflection point. The design described above allows the  
7 participant to submit bids that reflect these economic preferences while providing  
8 the Internal Market Monitor with a cost-based upper bound against which the  
9 reasonableness of the de-list bids will be evaluated, as required under the Market  
10 Rule.

11

12 **Q: HOW WILL RESOURCES AT STATIONS WITH COMMON COSTS**  
13 **THAT SUBMIT DE-LISTS BE COMPENSATED IF THEY ARE NOT**  
14 **ALLOWED TO DE-LIST FOR RELIABILITY REASONS?**

15 A: Resources at stations with common costs that submit de-list bids that are rejected  
16 for reliability reasons will be compensated in two situations. First, if one or more  
17 resources at the station assume a CSO as a result of clearing in the FCA and one  
18 or more resources are not permitted to de-list for reliability reasons, then each  
19 resource retained for reliability will be paid the resource-specific going forward  
20 costs, which are the sum of the going-forward costs of all the assets that comprise  
21 the resource. Because one or more resources at a station are already recovering  
22 common costs through a CSO, there is no need to add the station going forward  
23 common costs to the compensation of the resource or resources retained for

1 reliability.

2 Second, if no resource at the station assumes a CSO as a result of clearing in the

3 FCA and one or more resources are not permitted to de-list for reliability reasons,

4 then each resource retained for reliability will be paid its resource-specific going

5 forward costs (*i.e.* for each resource, the sum of the going forward costs of all the

6 assets comprising the resource) plus a portion of the station going forward

7 common costs (such that the full amount of station going forward common costs

8 are allocated to the resources being retained for reliability). In this scenario, since

9 no resource at the station retains a CSO through the FCA, the compensation of the

10 resources retained for reliability must include the station's going forward common

11 costs.

12

13 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

14 A: Yes.

15 DC\80085309.1

1 I declare, under penalty of perjury, that the foregoing is true and correct.

2

3 Executed on February 11<sup>th</sup>, 2010.

4

5

6   
Marc D. Montalvo

7 Director of Assessment and Investigation for Internal Market Monitoring

8

9

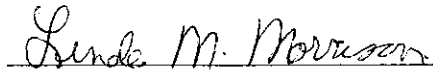
10 Commonwealth of Massachusetts

11 Hampden ss.

12

13 On this 11<sup>th</sup> day of February, 2010, before me, the undersigned notary public, personally  
14 appeared Marc D. Montalvo, proved to me through satisfactory evidence of personal  
15 knowledge of identity, to be the person who signed the preceding or attached document  
16 in my presence, and who swore or affirmed to me that the contents of the document are  
17 truthful and accurate to the best of his knowledge or belief.

18

19   
\_\_\_\_\_

20 Linda M. Morrison, Notary Public

21 My Commission Expires: 1/28/2011

**ATTACHMENT 4**

List of New England Governors and Utility Regulatory Agencies

The Honorable M. Jodi Rell  
State Capitol  
210 Capitol Ave.  
Hartford, CT 06106

Connecticut Dept. of Public Utility Control  
10 Franklin Square  
New Britain, CT 06051-2605

Maine Public Utilities Commission  
State House, Station 18  
242 State Street  
Augusta, ME 04333-0018

The Honorable John E. Baldacci  
One State House Station  
Rm. 236  
Augusta, ME 04333-0001

The Honorable Deval Patrick  
Office of the Governor  
Rm. 360 State House  
Boston, MA 02133

Massachusetts Dept. of Public Utilities  
One South Station  
Boston, MA 02110

The Honorable John H. Lynch  
State House  
25 Capitol Street  
Concord, NH 03301

New Hampshire Public Utilities Commission  
21 South Fruit Street  
Ste. 10  
Concord, NH 03301-2429

The Honorable Donald L. Carcieri  
State House Room 115  
Providence, RI 02903

Rhode Island Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

The Honorable James H. Douglas  
109 State Street, Pavilion  
Montpelier, VT 05609

Vermont Public Service Board  
112 State Street, Drawer 20  
Montpelier, VT 05620-2701

Harvey L. Reiter, Esq.  
Counsel for New England Conference  
Of Public Utilities Commissioners, Inc.  
c/o Stinson Morrison Hecker LLP  
1150 18<sup>th</sup> Street, N.W., Ste. 800  
Washington, DC 20036-3816

William M. Nugent, Executive Director  
New England Conference of Public  
Utilities Commissioners  
50 Forest Falls Drive, Suite 6  
Yarmouth, ME 04096-6937

John Shea  
Power Planning Committee  
New England Governors' Conference Inc.  
76 Summer Street, 2<sup>nd</sup> floor  
Boston, MA 02110-1226