

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England Inc.

Docket No. ER08-538-000

(Issued April 9, 2008)

Attached is the statement by Commissioner Kelly concurring to an order issued on April 4, 2008, in the above-referenced proceeding. *ISO New England Inc.*, 123 FERC ¶ 61,021 (2008).

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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Docket No. ER08-538-000

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KELLY, Commissioner, *concurring*:

This order addresses proposed changes to the market rules governing ISO New England Inc. (ISO-NE's) Day Ahead Load Response Program (DARLP). This order accepts ISO-NE's proposal to increase the minimum offer price for the program from a fixed \$50/MWh to an indexed amount that reflects current fuel prices. I support ISO-NE's proposed change as it addresses the immediate problem by updating the minimum offer price applicable to the DARLP.

While ISO-NE commits to providing the Commission with an informational report by April 15th regarding potential measures to address strategic behavior in the DALRP on a longer-term basis, I do not believe that such a report should be the final word on customer baselines. Some intervenors argue that the Commission should direct ISO-NE, in cooperation with stakeholders, to develop and propose alternative changes that more precisely address the issues surrounding the calculation of customer baselines in New England. Ultimately, the methodology for calculating customer baselines should be as accurate and flexible as possible and the amount of new demand response resources that will be and are seeking to participate in ISO-NE's Forward Capacity Market underscores the importance of baseline accuracy. However, I believe that developing such a methodology may be a complex undertaking that requires significant time and resources. Therefore, in addition to the supporting the changes accepted in the instant proceeding, I encourage ISO-NE and its stakeholders to examine and study the requirements necessary for developing a methodology to accurately calculate customer baselines, including an estimate of the reasonable costs thereof, and to provide the Commission with a report on the results within the next 6 months.

For these reasons, I respectfully concur with this order.

Suede G. Kelly