

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

ISO New England, Inc.

Docket No. ER02-2330-013

ORDER ACCEPTING INFORMATION REPORT

(Issued August 14, 2003)

1. In this order, the Commission accepts for filing the compliance report on performance-based standards submitted by ISO New England, Inc. (ISO-NE) on June 18, 2003. Since, however, the report is only partially in compliance with the Commission's directive, the Commission directs ISO-NE to file a revised compliance report within 120 days of the date of this order.

BACKGROUND

2. In an order issued on December 20, 2002, the Commission directed ISO-NE to develop performance-based standards for determining energy usage, as follows:

The Commission shares [NXEGEN, Inc.]'s concerns for the development of new metering technologies. Therefore, we grant NXEGEN's request for rehearing and direct NEPOOL and ISO-NE to work with interested parties and experts at the Department of Energy, the Electric Power Research Institute and elsewhere to develop performance-based, rather than technology-based, standards for determining energy usage. We require ISO-NE to engage in such consultations, develop performance-based standards, place those standards into the appropriate manual or manuals, and make an informational filing at this Commission within 180 days of the date of this order. As we underscored in the SMD NOPR, measures that facilitate a robust demand response are essential to the success of competitive wholesale markets. As markets mature in other regions, the Commission will insist on similar measures in all regional markets.¹

¹New England Power Pool and ISO New England, Inc., 101 FERC ¶ 61,344 at P 46 (2002).

In response to this directive, ISO-NE convened the Demand Response Measurement Working Group (DRMWG) and worked with representatives from the Electric Power Research Institute, the Department of Energy, PJM, and the New York ISO to develop a performance-based standard. On June 18, 2003, NEPOOL and ISO-NE filed an information report based on the Commission's direction. The report will be included as Appendix E to its Load Response Program Manual (Developing a Measurement and Verification (M&V) Plan for Participation in the Real Time Profiled Response Program). As ISO-NE indicates, "Appendix E itself is not an M&V plan, but rather a description of (a) acceptable M&V approaches and (b) what needs to be included in an M&V Plan submitted by an Enrolling Participant or Demand Response Provider for projects under the Real-Time Profile Response Program."²

3. The filing was noticed in the Federal Register,³ with interventions and protests due on or before July 18, 2003. NXEGEN filed a timely motion to intervene and limited protest.

DISCUSSION

Procedural Matters

Pursuant to Rule 214(c) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(c) (2003), NXEGEN's timely motion to intervene serves to make it a party to this proceeding.

Analysis

A. Measurements based solely on current and voltage

4. NXEGEN takes exception to language in Appendix E that states that alternative measurement approaches that calculate demand based solely on measurements of current and voltage are unacceptable, since those methods do take into account the effects of power factor and harmonics.⁴ NXEGEN argues that public utilities in Connecticut do not bill for KVA (power factor) changes, and that this provision may end up requiring service providers to bear the burden of installing the requisite measuring equipment and conducting the requisite metering to address power factor issues. NXEGEN states that it is unreasonable to

² June 18 report at 6.

³ 68 Fed. Reg. 40261 (2003).

⁴ Appendix E at 3.

impose this metering requirement on demand response providers when public utilities in Connecticut do not bill or account for KVA or power factor changes, and requests the Commission to direct that Appendix E be modified to state that ISO-NE will accept M&V strategies that consist of calculating demand based only on the measured current and the nominal voltage, at least where the host utility companies in a region do not bill for KVA or power factor changes.

5. Commission conclusion. The Commission agrees with NXEGEN that refusing to permit the use of measurements of current and voltage alone to estimate energy usage appears to be inconsistent with the measurement and metering standards of public utilities in Connecticut. We direct ISO-NE to address this inconsistency in a refile of the compliance report to be filed with the Commission within 120 days. In this refiled report, the Commission directs ISO-NE to consider the interaction between measurement or lack of measurement of KVAs or power factors and acceptable alternative performance-based measurement techniques, and to either develop alternative measurement strategies which would permit the use of current and voltage measurements alone, or to explain more fully why use of current and voltage measurements alone would be inadequate.

B. Limiting measuring protocols to Real Time Profiled Response Program

6. NXEGEN also comments that the title of Appendix E limits the M&V protocols to participation in the Real Time Profiled Response Program. NXEGEN asserts that the Commission's direction in the December 20, 2002 order is not so limited, and seeks clarification by the Commission that the protocols set forth will be applicable to all relevant New England demand response programs, whether currently in place or developed and implemented in the future.

7. Commission conclusion. The Commission also agrees with NXEGEN that ISO-NE has not fully complied with our direction on the scope of the compliance report in the December 20, 2002 order. The intent of NXEGEN's original protest in this proceeding and the Commission directive was to develop alternatives to interval metering for all of the Load Response programs.⁵ ISO-NE is directed to make a filing within 120 days either stating that it will apply the filed Appendix E to all ISO-NE Demand Response programs, or develop and file a new standard for acceptable energy usage and interval demand measurement that can utilize input from advanced meters and/or from alternate technologies, such as internet-based

⁵ NXEGEN's protest asked "the Commission to eliminate the requirement that curtailments be verified only through interval meters, and provide for verification by comparable alternative procedures." 101 FERC ¶ 61,344 at P 41. NXEGEN's reference to the use of interval meters was addressed to all ISO-NE demand response programs. See NXEGEN's October 21, 2002 protest at p. 9 n.5.

demand response data acquisition and energy management systems that do not rely on traditional metering technology, for demand response programs other than the Profiled Demand Response program.

The Commission orders:

(A) The Commission hereby accepts the compliance report.

(B) The Commission hereby directs ISO-NE to make a further compliance filing within 120 days of the date of this order, containing the matters discussed above.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.