

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Nora Mead Brownell, and Suedeen G. Kelly.

ISO New England Inc.

Docket No. ER02-2330-041

ORDER REQUIRING FURTHER COMPLIANCE FILING

(Issued May 30, 2006)

1. In this order the Commission requires a further compliance filing by ISO New England, Inc. (ISO-NE) with regard to ISO-NE's market design.

**I. ISO-NE Report**

2. On March 13, 2006, ISO-NE filed a status report describing efforts to develop enhancements to its Standard Market Design for New England (NE-SMD). In that status report, ISO-NE reported on the status of efforts to develop specific NE-SMD enhancements, among which are: (1) a replacement calculation for qualified upgrade awards; (2) the regional resource adequacy requirement; (3) partial de-listing of capacity resources; (4) partially self-scheduled resources; and (5) ancillary services markets project.

3. This report was filed in response to the Commission's orders of September 20, 2002<sup>1</sup> and December 20, 2002<sup>2</sup> approving NE-SMD. In those orders, the Commission required ISO-NE to file quarterly status reports on the implementation of NE-SMD and the development of related market enhancements, which ISO-NE has been filing since implementation of NE-SMD on March 1, 2003.

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<sup>1</sup> *New England Power Pool and ISO New England, Inc.*, 100 FERC ¶ 61,287 (2002) (September 20 Order).

<sup>2</sup> *New England Power Pool and ISO New England, Inc.*, 101 FERC ¶ 61,344 (2002) (December 20 Order).

4. One of these market enhancements is related to developing procedures for the partial delisting of capacity resources, *i.e.*, to allow the owners of Installed Capacity (ICAP) resources to delist a part but not all of such resources from providing ICAP. In an order issued on March 31, 2005,<sup>3</sup> the Commission accepted, with a few exceptions not relevant here, tariff provisions that allow generation owners to partially delist their capacity. Prior to that, an owner wishing to delist was limited to delisting its entire capacity.

5. Additionally, however, in its March 31 Order (and in a subsequent order issued on November 17, 2005),<sup>4</sup> the Commission recognized that generators should be able to split their delisted capacity into multiple segments, noting that this would allow generation owners to sell capacity and non-recallable energy to different buyers located over different transmission interfaces.<sup>5</sup> The Commission further stated:

In the present filing, ISO-NE . . . proposes to lift [its] restriction [on multiple segment delisting] when LICAP is implemented. ISO-NE does not provide any economic or engineering rationale for why this restriction should be tied to LICAP, and does not explain why this change cannot be implemented earlier, other than to state that its current software does not permit it. The Commission will require that ISO-NE continue working with stakeholders to explore methods to remove the single listed and delisted segment restriction without regard to a LICAP implementation date. We direct ISO-NE to select a target date for implementing this change and report on its progress in its quarterly standard market design (SMD) reports. Once this process is complete, ISO-NE shall file with the Commission tariff language that enables sales to different buyers over different transmission interfaces.<sup>6</sup>

6. In its March 13 report, with regard to the delisting of capacity resources, ISO-NE states that it has begun the necessary analysis to implement the development of multiple segment delisting, and states that "[b]ecause the issue of listing and delisting of resources, in whole or in part, is an integral component of the capacity market, this issue will likely

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<sup>3</sup> *ISO New England Inc.*, 110 FERC ¶ 61,396 (March 31 Order), *order on reh'g*, 112 FERC ¶ 61,278 (2005).

<sup>4</sup> *ISO New England, Inc.*, 113 FERC ¶ 61,157 at P 14 (2005) (November 17 Order).

<sup>5</sup> November 17 Order at P 14.

<sup>6</sup> *Id.* at P 16 (footnote omitted).

be addressed in the development of market rules for the Forward Capacity Market, if approved, as discussed above."<sup>7</sup>

## **II. Notice of Filings, Interventions, Comments, and Protests**

7. Notice of ISO-NE's March 13 filing was published in the *Federal Register*, with protests and interventions due on or before April 3, 2006.<sup>8</sup> The Long Island Power Authority and its operating subsidiary, LIPA (collectively, LIPA) filed a timely motion to intervene and protest. On April 18, 2006, ISO-NE filed a motion for leave to answer and answer to the protest.

8. LIPA objects to ISO-NE's proposal not to address multiple segment delisting immediately, but to wait until ISO-NE develops market rules for New England's new capacity market. LIPA argues that ISO-NE's report fails to comply with the Commission's directive in its November 17 Order in which, according to LIPA, the Commission directed ISO-NE immediately to implement multiple segment delisting. LIPA urges the Commission to reject ISO-NE's Compliance Report and direct ISO-NE to initiate work on implementing multiple segment delisting immediately.

## **III. Discussion**

### **A. Procedural Matters**

9. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We are not persuaded to accept ISO-NE's answer and will, therefore, reject it.

### **B. Commission Response**

10. In our November 17 Order, we stated, as LIPA points out, that "ISO-NE does not provide any economic or engineering rationale for why this restriction should be tied to LICAP, and does not explain why this change cannot be implemented earlier, other than to state that its current software does not permit it."<sup>9</sup> We did not, however, impose a

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<sup>7</sup> March 13 report at 4.

<sup>8</sup> 71 Fed. Reg. 14,879 (2006).

<sup>9</sup> November 17 Order at P 16.

specific compliance obligation on ISO-NE to implement multiple segment delisting immediately, or to do so without regard to other changes in market rules (nor do we do so in this order). Rather, we simply stated:

We direct ISO-NE to select a target date for implementing this change and report on its progress in its quarterly standard market design (SMD) reports. Once this process is complete, ISO-NE shall file with the Commission tariff language that enables sales to different buyers over different transmission interfaces.<sup>10</sup>

11. In the March 13 status report, ISO-NE does not specify an actual target date for implementation of multiple segment delisting. Rather, it provides a targeted period for implementation of this enhancement – namely, that multiple segment delisting is likely to be implemented simultaneously with the implementation of ISO-NE's redesigned capacity market rules. The Commission finds that this submission is not in compliance with our November 17 Order.

12. We therefore require ISO-NE, within 90 days of the date of this order, to make a filing with the Commission providing a specific date on which ISO-NE will file to implement multiple segment delisting.

The Commission orders:

ISO-NE is required to make a filing with the Commission, within 90 days of the date of this order, providing a specific date on which it will file to implement multiple segment delisting.

By the Commission.

( S E A L )

Magalie R. Salas,  
Secretary.

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<sup>10</sup> *Id.*