

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc. and New England) **Docket No. ER20-2869**
Power Pool Participants Committee)

**COMMENTS IN SUPPORT OF THE ENVIRONMENTAL DEFENSE FUND, NATURAL
RESOURCES DEFENSE COUNCIL, SUSTAINABLE FERC PROJECT, UNION OF
CONCERNED SCIENTISTS, CONSERVATION LAW FOUNDATION, AND ACADIA
CENTER**

Pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) September 11, 2020 Combined Notice of Filings #1, the Environmental Defense Fund, Natural Resources Defense Council, Sustainable FERC Project, Union of Concerned Scientists, Conservation Law Foundation, and Acadia Center submit the following comments in support of ISO New England Inc. (“ISO”) and the New England Power Pool (“NEPOOL”) Participants Committee’s filing to improve the methodology the ISO uses to reconstitute On-Peak Demand Resources and Seasonal Peak Demand Resources in the long-term gross load forecast. As detailed below, the ISO’s proposed methodology will result in a more accurate long-term gross load forecast and, consequently, a more accurate determination of the region’s resource adequacy needs. For these reasons, the Commission should accept the ISO’s filing.

I. BACKGROUND

The ISO’s gross load forecast is a probabilistic 10-year projection of gross load for states and the New England region.¹ Gross load reflects load before reductions from market-facing Passive Demand Resources/behind-the-meter photovoltaic systems, and includes the anticipated

¹ ISO New England Inc. and New England Power Pool Participants Committee, Docket No. ER20-2869, Prepared Testimony of Jonathan Black on behalf of ISO New England Inc. at page 1, lines 9-10 (September 11, 2020) (“Black Testimony”).

impacts of heating and transportation electrification.² In the development of historical loads, the ISO performs a reconstitution of load by adding historical load reductions from Demand Response Resources, Energy Efficiency (“EE”), and passive Distributed Generation (“DG”).³ EE resources constitute the majority of Passive Demand Resources that are reconstituted in the gross load forecast.⁴

Starting with the 2010 gross load forecast, to reconstitute EE resources, the ISO has used the performance data that each EE program administrator submits to the ISO.⁵ However, in recent years, the ISO has observed that EE program administrators install and report EE measures in quantities that exceed the Capacity Supply Obligations (“CSOs”) that EE resources have acquired in the Forward Capacity Market (“FCM”). The ISO states that there is no way for it to determine which measures are installed to meet CSOs, and which measures are installed in excess of CSOs. For this reason, ISO explains that the amount of Passive Demand Resources reconstituted in developing the gross load forecast has exceeded the amount of CSOs that Passive Demand Resources have acquired in the FCM.⁶ The ISO has also determined that measure expiration⁷ over the FCM horizon should also be factored into the gross load forecast.⁸

To better reflect the amount of demand resources that participate in the FCM as supply-side resources, the ISO proposes to include a procedure to account for CSOs that Passive

² *Id.* at page 9, lines 13-16.

³ *Id.* at page 5, lines 4-6.

⁴ *Id.* at page 7, lines 7-8.

⁵ *Id.* at page 8, lines 12-13.

⁶ *Id.* at page 9, lines 8-13.

⁷ As explained by ISO Witness Black, “[w]hile relatively few EE measures have expired up to the 2019-2020 Commitment Period, a significant number of EE measures are set to expire over the FCM horizon....” *Id.* at page 9, line 17 to page 10, line 1.

⁸ *Id.* at page 10, lines 8-9.

Demand Resources acquire in the FCA, as well as adjustments to account for the differences between the CSOs that Passive Demand Resources acquire in the FCA and the CSOs that those resources acquire in the annual reconfiguration auctions (“ARAs”).⁹

On July 21, 2020, the NEPOOL Reliability Committee voted to recommend that the Participants Committee support the Tariff Changes by a vote of 60.62% in favor, with support of the End User Sector.¹⁰ On September 3, 2020, the Participants Committee supported the Tariff Changes with a vote of 68.22% in favor, with support of the End User Sector.¹¹ The ISO submitted its filing to FERC on September 11, 2020.

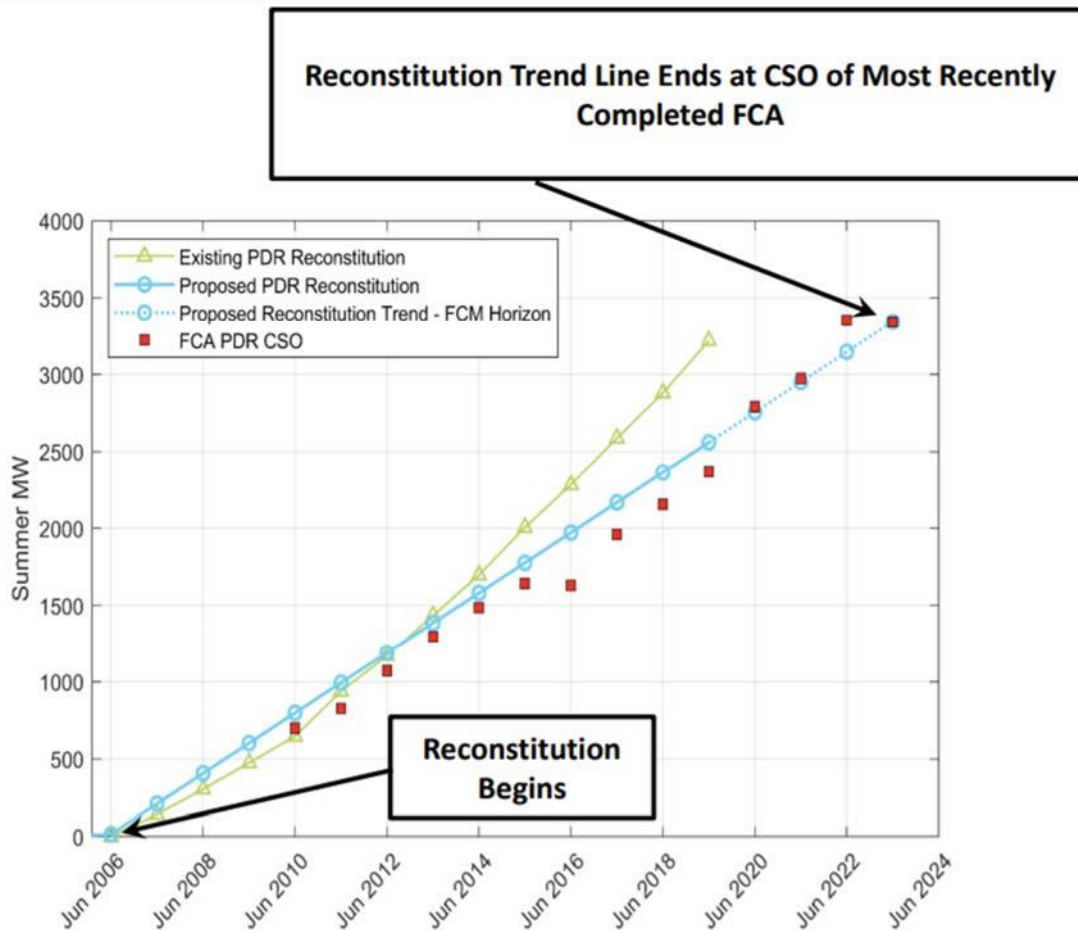
II. COMMENTS

ISO’s Tariff compels it to use the most accurate load forecast that it can develop each year. Tariff Section III.12.8 provides that ISO use “load forecasts [that are] based on appropriate models and data inputs.” As shown in the graph below, the amount of Passive Demand Resources reconstituted in developing the gross load forecast has exceeded the amount of CSOs that Passive Demand Resources have acquired in the FCM:

⁹ *Id.* at page 11, lines 9-13. Instead of using the data that each EE program administrator enters into EE measures database to reconstitute Passive Demand Resources in the gross load forecast, the ISO proposes to use the total CSOs acquired by Passive Demand Resources in each FCA to estimate Passive Demand Resources’ FCA participation in the upcoming auction. ISO New England Inc. and New England Power Pool Participants Committee, Docket No. ER20-2869, Transmittal Letter at page 7 (September 11, 2020) (“Transmittal Letter”). The ISO also proposes to develop unique forecast adjustments tailored for each of the upcoming ARAs and their associated Capacity Commitment periods. *Id.* at page 8.

¹⁰ *Id.* at page 11.

¹¹ *Id.* at page 10.



Source: Black Testimony at page 13.

Historical loads must properly account for the load reductions from Passive Demand Resources that participate as supply-side resources in the FCM because, otherwise, those resources would be double-counted (both as load reductions and as capacity supply resources).¹² Retaining the ISO’s current methodology would result in an overstatement of the gross load forecast—657 MW for summer 2020 escalating to 1,355 MW for summer 2029.¹³ Such an approach would contravene the provisions in ISO’s tariff requiring appropriate models and data inputs.

¹² *Id.* at page 6, lines 14-17.

¹³ Transmittal Letter at 5; Black Testimony at page 16.

The Commission has previously underscored the importance of accurate load forecasts for proper system planning, finding that the “need for accuracy in load forecasting is too important.”¹⁴ The accuracy of the gross load forecast has broad implications for the ISO market. As explained by ISO witness Mr. Black, “the gross load forecast is used in (1) determining New England’s resource adequacy requirements for future years; (2) evaluating reliability and economic performance of the electric power system under various conditions; (3) planning-needed transmission improvements; and (4) coordinating maintenance and outages of generation and transmission infrastructure assets.”¹⁵ Given the relationship between the gross load forecast and these critical issues, employing an inaccurate methodology to calculate the gross load forecast could lead to an overstatement of the region’s needs and expose customers to potentially significant and unwarranted costs.¹⁶

Analysis presented in response to ISO’s Operational Fuel Security Analysis (“OFSA”) illustrates that these are not merely abstract concerns. During the OFSA stakeholder process, stakeholders demonstrated that relying on more current or recently forecasted numbers—including a more accurate representation of EE impacts—reduces the number of hours of emergency operating procedures that would be required to maintain system reliability and eliminates any incidence of rolling blackouts when compared to the OFSA’s results.¹⁷

¹⁴ *Kentucky Utilities Co.*, 23 FERC ¶ 61,317, 61,670 (1983).

¹⁵ Black Testimony at page 4, lines 10-14.

¹⁶ *ISO New England Inc.*, 154 FERC ¶ 61,008 at P 35 (2016) (in ruling on the incorporation of Non-Embedded Solar Resources in ISO’s load forecast, stating that “incorporation of those resources into the load forecast more accurately defines the state of the system and prevents ISO-NE from over-procuring capacity resources”).

¹⁷ See Comments of the Massachusetts Attorney General, Docket No. ER18-1509, Appendix A, page 8 (May 23, 2018). Although the Commission ultimately accepted the OFSA’s assumptions, it did recognize that it is “possible to achieve different results in a study by changing assumptions in the model used for that study.” *ISO New England Inc.*, 164 FERC ¶ 61,003 at P 51 (2018).

In addition, accepting ISO's proposed changes will ensure that the gross load forecast is representative of the world today and presents an accurate picture of what we can reasonably expect in the future as state policies continue to accelerate the growth of demand side resources.

As detailed in ISO's 2020 Regional Electricity Outlook:

State policies and wholesale market revenues are stimulating the rapid growth of energy efficiency and demand response. New England states invest billions of dollars on EE programs that promote the use of energy-efficient appliances and lighting and advanced cooling and heating technologies (nearly \$5.4 billion on EE programs from 2013–2018 and another \$10.7 billion between 2021 and 2029). Nearly 3,000 MW of EE measures and 500 MW of demand response can reduce electricity demand from New England's power grid—that's 10% of system capacity acquired in the Forward Capacity Auction.¹⁸

For all of the above stated reasons, and given the gross load forecast's impact on important market, reliability, and resource adequacy decisions, the Commission should accept the ISO's proposed changes to ensure confidence in, and accuracy of, the gross load forecast.

III. CONCLUSION

Accordingly, the Commission should consider the arguments raised in these comments when ruling in this docket and accept the ISO's filing.

Dated: October 2, 2020

Respectfully submitted,

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¹⁸ ISO New England, 2020 Regional Electricity Outlook at pages 12-13, https://www.iso-ne.com/static-assets/documents/2020/02/2020_reo.pdf.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding either by U.S. Mail or electronic service, as appropriate. Dated at Washington, D.C., this 2nd day of October, 2020.

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