UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England Inc. and	)	
New England Power Pool	)	Docket No. ER12-757-000

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PROTEST OF THE NRG COMPANIES

Pursuant to Rules 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission"),[1] the NRG Companies (collectively, "NRG" or the "NRG Companies)[2] protest the January 3, 2012 filing by ISO New England Inc. (the "ISO-NE") of the "Informational Filing for Qualification in the Forward Capacity Market" ("Informational Filing") for the forthcoming Sixth Forward Capacity Auction ("FCA #6").

I. INTRODUCTION

In this filing, ISO-NE reports on its pre-qualification decisions regarding FCA #6, as required by Market Rule 1. Of particular concern to the NRG Companies is the finding of ISO-NE that NRG's proposed development of a 510 MW combined cycle in Meriden, Connecticut ("the Meriden Facility") did not qualify to participate in FCA #6, due to the ISO's finding that certain transmission upgrades identified by the

[1] 18 C.F.R. §§ 385.214 (2011).

[2] The NRG Companies are NRG Power Marketing LLC, Connecticut Jet Power LLC, Devon Power LLC, Middletown Power LLC, Montville Power LLC, and Norwalk Power LLC. The NRG Companies filed a separate motion to intervene in the instant docket.

Overlapping Impacts test conducted as part of the annual FCA certification process cannot be completed prior to the June 1, 2015, start of the FCA #6 Delivery Period. As a result, ISO-NE notified Meriden that none of its 510 MW qualifies for participation in FCA #6. The ISO's decision to disqualify the Meriden Facility from participation in FCA #6 comes despite the fact that:

1. The Meriden Facility was found to be fully deliverable (with no transmission upgrades) in FCAs #2, #3, #4, and #5 – i.e., no deliverability problems were identified by the ISO in its prior four Overlapping Impacts analyses;

2. There are no identifiable changes in the portfolio of resources seeking qualification for FCA #6, nor are there any identifiable changes in the transmission system, that would be expected to cause a change in the deliverability of the Meriden Facility; and

3. The ISO has not provided sufficient justification for its finding that the reliability concerns identified by the Overlapping Impacts test cannot be completed within the three-year window between the FCA and the relevant Delivery Year.

Despite several weeks of diligent investigation, NRG has been unable to find a compelling explanation for why the Meriden Facility went from fully deliverable to entirely undeliverable between FCA #5 and FCA #6. Further, prior to receiving the determination from ISO, NRG was not consulted or provided any detailed analysis supporting ISO's conclusion that the necessary deliverability upgrades cannot be completed before June 1, 2015. Unfortunately, there is little transparency built into the qualification process, and NRG is not privy to the factors contributed to this 180-degree turn in Meriden's deliverability status.

II. BACKGROUND

A. The Instant Filing

The ISO-NE tariff requires ISO-NE to determine whether proposed new generation projects qualify to participate in each upcoming FCA by performing an 'Overlapping Impact' test.[3] This analysis tests whether a proposed new capacity resource can deliver its full output to the system in the presence of the full output of all other capacity resources. In testing these conditions, ISO-NE first identifies if any network upgrades are necessary for a project to be deliverable. If there are none the project is deemed deliverable. If Upgrades are needed, the ISO then makes a determination about whether such upgrades "can reasonably be expected to be completed" prior to the relevant delivery year. As the ISO describes its process, "[t] he ISO undertook a detailed analysis of each project to ascertain whether it met all the criteria for qualification for the sixth FCA. Much of this work involved a careful review of the interconnection of the resource and associated transmission upgrades that would be necessary to qualify a Generating Capacity Resource[.]" Further, the ISO states that "[i]n accordance with Tariff Section III.13.1.1.2.3, the ISO worked in consultation with the applicable Transmission Owner in reaching each determination that involved that Transmission Owner's assets." *Informational Filing* at p. 15.

[3] *See* ISO-NE Tariff, III.13.1.1.2.3.

In its filing, ISO-NE reported that "The Meriden Power – Meriden Combined Cycle project requested to be qualified with a summer capacity rating of 510.000 MW in the Connecticut Load Zone. The overlapping impact analysis determined that two transmission lines would be overloaded after the addition of a single MW of the Meriden Power – Meriden Combined Cycle project. The ISO then determined that the upgrades associated with the transmission project are unlikely to be completed by the start of the 2015-2016 Capacity Commitment Period, resulting in disqualification of the unit. *Informational Filing* at p. 18.

Under Section 5.9 of Planning Procedure 10 ("PP-10"),[4] the ISO will qualify a project to participate as a "New Generating Capacity Resource" in the FCA if upgrades are needed and those upgrades meet the "Supplemental Guidelines for determining if a Transmission Upgrade could or could not be implemented in time for the Capacity Commitment Period." According to Section 5.9:

> When analyzing New Generation Capacity within New England under Section 5 of this Planning Procedure 10, in determining whether a Transmission Upgrade could or could not be implemented in time for the relevant Capacity Commitment Period, the ISO will consider as appropriate and after consultation with the involved Project Sponsor and Transmission Owner, the following non-exclusive list of factors:
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> - Complexity of the transmission planning analysis (review of different transmission alternatives and I.3.9 review process)
> - Ease of siting and permitting
> - Ease of land and easement acquisition
> - Equipment procurement time

[4] Planning Procedure 10 can be found at http://www.iso-ne.com/rules_proceds/isone_plan/pp10_r9.pdf

- Ease of construction and characteristics of the required new facilities (for example, length of new overhead line or underground cable)
- Construction sequencing and time requirement
- Need for significant outage scheduling
- The extent to which issues such as those described in this list have already been addressed, implemented or completed and/or the extent to which there are plans in place to address issues such as those described in this list

Section 5.9 then identifies standard transmission upgrades and groups them into three categories of projects, with "[t]the probability of completing upgrades in time for the Capacity Commitment Period is, in general, highest for the projects in Group "A", relatively lower for projects in Group "B", and lower still for projects in Group "C". Further, Section 5.9 states that "[t]he level of scrutiny applied by ISO-NE in determining whether a project can be completed in time will be, in general, higher for the projects in Group "C", relatively lower for projects in Group "B", and lower still for projects in Group "A". "

B. Background on the Development Interests of the NRG Companies.

Since June, 2008, NRG solely, or through its joint venture partnership with GCE Holding LLC,[5] has developed, constructed, and commissioned 10 new generating units in Connecticut, including several units in Southwest Connecticut. These new units total a nominal installed capacity of 460 MW at three of NRG's existing sites it acquired from the Connecticut Light & Power Company in 1999. NRG is currently pursuing several,

[5] GCE Holding LLC is a 50/50 joint venture between NRG Connecticut Peaking Development LLC and the United Illuminating Company.

additional renewable and conventional fossil-fueled development projects in Connecticut and throughout the Nation.

III. COMMUNICATIONS

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IV. PROTEST

The Forward Capacity Market ("FCM") in New England will not function properly unless projects, such as the Meriden Facility, are allowed to participate in each FCA and to clear when prices warrant new entry. A project, such as Meriden, that is found to be deliverable for four consecutive years should not suddenly find itself unable to compete in the FCM process – particularly where system conditions have not materially changed. If Meriden's disqualification is upheld, then it raises serious questions about the ISO's qualification process, and suggests that companies may take scarce development resources into other markets that provide greater upfront certainty.

In regards to the Meriden Facility, however, there is sufficient doubt as to whether the facility was properly disqualified from participating in FCA #6 to the extent that the Commission should direct ISO-NE to allow it to participate in the upcoming

auction. At a minimum, the Commission should direct ISO-NE to explain why the Meriden Facility went from 100 percent deliverable in FCAs #2 – 5, to zero percent deliverable in FCA #6.[6]

A. There is Insufficient Explanation as to how the Meriden Facility went from Fully Deliverable to Entirely Undeliverable Over a Single FCA.

The Meriden Facility has participated in the last four FCAs as a potential source of new, efficient and environmentally superior capacity in Southwest Connecticut. While the project has not yet cleared in the FCM, impending environmental regulations and a rapidly aging Connecticut generating fleet suggest that projects like Meriden, or facilities with its profile, will be needed in the reasonably foreseeable future.[7]

ISO-NE has previously found the Meriden Facility to be fully deliverable in the four prior FCAs. In qualifying the project for FCA #5, ISO-NE's Qualification Determination Notification letter, issued January 28, 2011, stated, "[t]he overlapping impact analysis determined that no additional transmission upgrades are required for the project to meet the overlapping interconnection impact standard as described in PP-10, Section 5.7." Despite this history of deliverability in prior auctions, ISO-NE has now

[6] NRG understands that this explanation may entail discussion of Confidential Energy Infrastructure Information and could be filed under the appropriate Commission provisions.

[7] In addition, in September 2011, Meriden and ISO-NE entered into a new Large Generator Interconnection Agreement, which identified only minor network upgrades in order for the facility to provide Network Resource Interconnection Service.

classified the Meriden Facility as entirely non-deliverable, with virtually no explanation.

NRG is left in a quandary: why did the Meriden Facility go from 100% deliverable to entirely undeliverable in the space of one year, with no identifiable material changes in the resource mix or transmission topology? Without an ability to predict qualification in future FCAs on the basis of past qualification and observable system topology changes, the qualification process appears random and arbitrary. Moreover, because NRG has only very limited information, it cannot determine a clear path with respect to improving the viability of its project; the sole new generation project in Connecticut that was seeking FCA #6 qualification.[8] At a minimum, we request that the Commission direct ISO-NE to explain what caused Meriden's deliverability to drop from 510 MW to 0 MW in the space of only a single year.

B. ISO New England has not Provided Sufficient Justification for Disqualifying Meriden from FCA #6.

ISO-NE has not provided sufficient justification for its decision that it would be impossible for the upgrades necessary to make the Meriden Facility deliverable to be completed in time for the 2015/2016 Delivery Year. While the ISO-NE tariff gives the ISO substantial discretion to conduct its affairs in a reasonable manner, it is not clear that the ISO followed the dictates of its own tariff and manuals in its evaluation of the Meriden Facility.

[8] *See Informational Filing*, at Attachment D.

In particular, it appears that in conducting the Overlapping Impacts test, ISO-NE determined that certain transmission facilities owned by Northeast Utilities needed to be re-conducted in order to allow the Meriden Facility to be deliverable. Section 5.9 of Planning Procedure 10 guides ISO-NE in determining whether the necessary upgrades could be completed in time. According to Planning Procedure 10, " Overhead line re-conductoring on existing structures" is a "Group A" upgrade; or the type of upgrade most likely to be completed within the three-year window between the FCA and the start of the relevant delivery year.

While not dispositive, "[t]he probability of completing upgrades in time for the Capacity Commitment Period is, in general, highest for the projects in Group 'A', relatively lower for projects in Group 'B', and lower still for projects in Group 'C'." Even assuming that an "[o]verhead line re-build (assuming no need for new right-of-way)" was necessary, the type of upgrade necessary to qualify for the FCA would fall into "Group B". Despite these guidelines, ISO-NE categorizes the upgrades necessary to make Meriden deliverable as "Group C" upgrades, but did not provide NRG (or this Commission) with sufficient information to justify that categorization. This categorization appears at odds with the guidance of PP-10, which reserves "Group C" for projects such as "Addition of a new autotransformer" or "Construction of a new overhead line or underground cable," including acquisition of new right-of-way.

In supporting the Group C designation, NRG would expect to see correspondence between the ISO and the relevant utility, as well as supporting engineering analysis. However, the ISO has provided no such documentation or support that fixing the two overloaded facilities that it uncovered in its overlapping impacts test are properly categorized as Group C upgrades. This stands in marked contrast to the consultation requirements of PP-10, which require that, "[w]hen analyzing New Generation Capacity . . . the ISO will consider as appropriate and after consultation with the involved Project Sponsor and Transmission Owner," the factors specified in PP-10, which guides the ISO in assigning projects to Group A, B, and C.

Furthermore, while the ISO states that it consulted with Northeast Utilities to determine the likelihood that the upgrades could be completed in time, the ISO did not provide any of the details surrounding that consultation in its filing, including engineering analysis, work papers, or a specific description of the analysis undertaken. Without these basic facts, the Commission cannot approve the ISO's informational report.

C. The Commission should direct ISO to Consider Recent Changes to the FCA #6 Pool of Resources before Rendering a Final Decision on Meriden.

ISO-NE reported at the January 10, 2012 meeting of the NEPOOL Markets Committee that 428 MW of capacity resources that cleared as 'new' capacity in FCA #1 have not yet achieved commercial operation, and are candidates for termination by ISO-

NE after May 31, 2012. It is not clear what effect these 'resources', which are assumed to continue as 'existing' resources in all auctions after they have cleared, had in the analyses that resulted in rejection of the Meriden Facility's qualification for FCA #6. NRG is concerned that continuing to account for these resources may have skewed the ISO's analysis of the Meriden Facility. NRG requests that the Commission direct ISO-NE to conduct a revised Overlapping Impacts analysis, with these questionable resources removed from consideration. Clearly, it is unreasonable for resources which have failed to meet their commercial operation milestones to qualify for FCA #6, while projects like Meriden are prohibited from participation because of questions of deliverability.

V. CONCLUSION

Wherefore, NRG requests that the Commission reject the ISO-NE's proposal to disqualify the Meriden Facility from participating in FCA #6.

Respectfully submitted,

January 18, 2012

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Certificate Of Service

I hereby certify that I have served a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Princeton, New Jersey this 18th day of January 2012.

_/s/ *Gretchen Hunt*_____
Gretchen Hunt