

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

Revisions to ISO New England)	
Markets and Services Tariff Related to)	Docket No. ER18-619
Competitive Auctions with)	
Sponsored Policy Resources)	

PROTEST OF THE NATURAL GAS SUPPLY ASSOCIATION

The Natural Gas Supply Association (“NGSA”) opposes one aspect of ISO New England Inc.’s (“ISO-NE”) proposed Competitive Auctions with Sponsored Policy Resources (CASPR). NGSA recognizes that the CASPR proposal has merit in that it supports state objectives without impacting the competitive pricing in the primary capacity auction. However, as a firm believer in fuel-neutral policies, NGSA cannot support ISO-NE’s proposal to restrict eligibility to participate in the substitution auction as a sponsored policy resource to only those resources that are currently specified in current laws. As a governing body, ISO-NE should not play any role in influencing future state procurement decisions by introducing cost recovery uncertainty based on types of resources.

Founded in 1965, NGSA represents integrated and independent energy companies that produce and market domestic natural gas and is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA encourages the use of natural gas within a balanced national energy policy and supports the benefits of competitive markets. NGSA members trade, transact and invest in the U.S. natural gas market in a range of different manners. NGSA has consistently advocated for well-functioning natural gas markets, policies that support market transparency, efficient nomination and scheduling

protocols, just and reasonable transportation rates, non-preferential terms and conditions of transportation services and the removal of barriers to developing needed natural gas infrastructure. NGSAs has a long-established commitment to ensuring a public policy environment that fosters a growing, competitive market for natural gas. NGSAs also supports a balanced energy future, one which ensures a level playing field for all market participants.

In its application, ISO-NE proposes that to qualify as a sponsored policy resource in the substitute auction, the new capacity resource must qualify “as a renewable, clean or alternative energy resource under a renewable energy portfolio standard, clean energy standard, alternative energy portfolio standard, renewable energy goal, or clean energy goal enacted (either by statute or regulation) in the New England state from which the resource receives the out-of-market revenue source and that is in effect on January 1, 2018.”¹ There is no basis to limit the types of resources that are eligible to participate as a sponsored policy resource in the substitute auction to those currently specified in law as of January 1, 2018. Rather, the types of energy required to meet a state’s obligations should be determined by that state alone, without undue influence by ISO-NE, which should remain a fuel neutral organization.

Any resource restrictions in the ISO-NE CASPR proposal can greatly influence future state policies and put other resources at an unfair disadvantage.² As states make future procurement decisions, the current CASPR rules will be a key factor considered and given great weight. In any procurement decision, states will strive for certainty that they will be able to mitigate their out-of-market costs in the existing ISO-NE capacity markets. While ISO-NE states that it will consider modifications to CASPR if new laws are enacted, states will likely be hesitant to procure resources

¹ Footnote 42 of ISO-NE application.

² For instance, natural gas is often the most cost-efficient way to meet environmental objectives.

that do not already qualify to participate in the substitute auction for fear that they will not have to ability to mitigate out-of-market costs.

The market remains the best method for conserving resources and providing a clean and reliable energy future. However, if states feel compelled to make out-of-market procurements to meet their clean energy objectives, such decisions should not be influenced by RTO pricing structures that may impact future state decision-making and tilt the balance in favor of the limited types of resources that qualify in this CASPR proposal. For this reason, the Commission should reject ISO-NE's provisions that unnecessarily limit the participation of state-sponsored policy resources in the second auction.

Respectfully submitted,



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