



NEWS

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FERC Urged to Approve Pay for Performance Proposal in New England *Market-based Approach to Electric Reliability in ISO-NE Welcomed by NGSA*

Background: *Immediate actions are required to correct power market imperfections in New England so that the region can reliably meet its long-term energy needs through a competitive market.*

(Washington, D.C.) -- The Federal Energy Regulatory Commission (FERC) should move expeditiously to approve ISO-New England's (ISO-NE) proposal for a "Pay For Performance" system for compensating New England power generators, the Natural Gas Supply Association (NGSA) said in comments filed at the Commission on Wednesday.

ISO-NE's proposal calls upon generators that fail to meet their capacity performance obligations to make payments to generators that have exceeded their obligations during scarcity conditions. The proposal holds all power plants to the same performance standard, regardless of the fuel used.

"Pay For Performance takes a efficient, market-based and fuel-neutral approach to incenting more reliable performance by New England generators. The proposal is based on solid market principles and we believe it will lead to more generator investments, improving performance and reliability," said Patricia Jagtiani, senior vice president, NGSA.

Jagtiani said, "By improving the effectiveness of market signals, Pay For Performance could provide a foundation for longer-term solutions to market structure issues."

In addition to moving quickly to approve this proposal, NGSA called on FERC to build on Pay For Performance's market-based approach by pursuing additional avenues to solving the lack of adequate gas infrastructure, as well as under-utilization of existing infrastructure in New England. "We urge the Commission to stay highly-involved in New England's efforts to develop market-based solutions to incenting adequate infrastructure and gas supply options," said Jagtiani.

Click [here to read the full text of NGSA's comments](#).

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NGSA represents integrated and independent companies that supply natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers. For more information, please visit www.ngsa.org.