UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England, Inc.  )  Docket No. RT02-3-000
New York Independent System Operator, Inc.  )

MOTION TO INTERVENE OF THE
NORTHEAST POWER COORDINATING COUNCIL


In support hereof, NPCC states as follows:

I. Introduction

The exact legal name of movant is Northeast Power Coordinating Council ("NPCC"). NPCC is one of ten Regional Reliability Councils, which together make up the North American Electric Reliability Council ("NERC"). NPCC’s region encompasses Northeastern North America, including all of New York and New England and the area in Eastern Canada of the Ontario, Quebec and Maritime Provinces.¹ NPCC plays a vital role in assuring the reliability of the international interconnected bulk power systems in its Region through the establishment of reliability criteria, coordination of system design and operation, and the assessment of compliance with reliability criteria. The NPCC Membership Agreement provides for open and inclusive membership, and fair and non-discriminatory governance with the Council’s activities directed by a balanced stakeholder Executive Committee. NPCC’s principal office is located at 1515 Broadway, 43rd floor, New York, New York 10036.

¹ Approximately 70 percent of Canada’s interconnected load is located within NPCC’s region. (continued...)
II. Correspondence

All correspondence and communications regarding this motion and the above-captioned proceeding should be sent to:

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III. Petition for Declaratory Order


IV. Description of NPCC

As the Regional Reliability Council for the Northeastern portion of North America, NPCC has a direct and substantial interest in this proceeding because combining the New York and New England systems under a single RTO may affect regional reliability, both in the United States and Eastern Canada. In addition, as the organization whose mission is to promote the reliable and efficient operation of the international, interconnected bulk power systems in Northeastern North America, NPCC will provide a unique perspective and expertise that may be useful in this proceeding.

With the opening of the Ontario electricity market on May 1, 2002 over 80,000 MW of demand within the NPCC is now served by competitive markets. This is more than any other Region in North America. Moreover, as the entity responsible for reliability in the Northeastern
United States and Eastern Canada, NPCC’s interest in the outcome of the instant proceeding cannot be adequately represented by anyone else.

V. Executive Summary

The NERTO proposal provides for: 1) improved security and efficiencies in operations; 2) a reliable means of standardizing the existing New York and New England electricity markets; and 3) the elimination of inter-ISO seams. In addition, NERTO will enhance overall regional reliability by harmonizing with the markets developing within Ontario and New Brunswick, while working toward developing a larger NPCC Common Market involving Quebec and Nova Scotia. Furthermore, the open architecture proposed for NERTO holds open the possibility of further expansion beyond NPCC and provides, in the short-term, for the ability to identify and address any seams issues with PJM and the Midwest ISO. NPCC, from its perspective as a regional reliability council, believes the NERTO proposal will benefit reliability in the Northeast and respectfully requests that the Commission carefully consider the following comments in its deliberations.

VI. Comments

The NERTO proposal is the first step towards three goals: 1) creating a single NERTO market with a single security constrained dispatch, 2) establishing a “common market” across the NPCC (with compatible market designs), and 3) harmonizing with the markets being developed and refined in the Midwest ISO and PJM regions. NPCC believes the NERTO proposal complies with FERC Order No. 2000 requirements and its market design will be consistent with FERC’s proposed SMD rule.²

An important feature of the proposed NERTO is its commitment to join NPCC as a member and to comply with NPCC reliability criteria on an ongoing basis. A common foundation of reliability criteria over a wide area is essential to achieving the objectivity and checks and balances necessary to support open and competitive markets, irrespective of the number or size of operating entities that evolve or are created in the future. In the Northeast, the development, compliance assessment and enforcement of reliability criteria is best accomplished through an international, regional reliability organization, which is complimentary to, but independent of the RTO. NERTO’s membership in NPCC will thus facilitate reliable area-wide coordination of operations for the international, interconnected bulk power systems in the Northeast and will permit NERTO to interact seamlessly with Canadian entities. NERTO’s membership in NPCC, moreover, supports fulfillment of the requirements of several RTO characteristics and functions.

The Commission recognized in its SMD NOPR that NPCC has been active in planning studies of the transmission needs of the Northeast Region. NPCC’s Regional Planning activities identify opportunities to reliability enhance the capabilities of the transmission grid from a wide Area, trans-Regional perspective. The NPCC processes characterize where and how transmission bottlenecks may adversely affect the Northeast electricity markets in New York, New England, Ontario, and PJM. This information supports investment in transmission, generation, and demand response programs.

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Docket No. RT02-3-000 ("NERTO Petition") at 41 ("The NERTO Market Design will be consistent with the Commission’s standardized market design principals that are being developed in Docket No. RM01-12-000.").
3 NERTO Petition, at 80 ("as a member of NPCC, the NERTO will participate in NPCC’s Reliability and Compliance and Enforcement Program ....").
4 NERTO Petition, at 62.

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A major lesson learned from the 1965 Northeast blackout was that Region-wide coordination is required for reliability. The 1977 New York City blackout also demonstrated that reliability requires the system to be operated consistent with its design. This design-basis approach to NPCC reliability criteria development provides the rules for an effective reliability backstop so that the benefits promised by the competitive electricity marketplace can materialize.

The NERTO proposal demonstrates how market mechanisms can be developed to achieve the reliability objectives defined by NPCC’s criteria. NPCC supports NERTO’s proposal to achieve these reliability objectives through coordinating the NERTO Market Design with the developing market structures in the Canadian provinces of NPCC, starting with Ontario and New Brunswick, as the first step towards the development of a seamless NPCC-wide common market that would eventually harmonize with the Midwest ISO and PJM markets. Coordinated congestion management and common or compatible resource adequacy markets are examples of the reliability benefits achievable through the NERTO proposal.

The NERTO proposal outlines a process for achieving a single NERTO security constrained dispatch and a “common” NPCC-wide market for the longer term. The proposed NERTO provides the necessary organization and structure to allow for more efficient utilization of available resources. NPCC believes these actions will improve regional operations and reliability. Improved transmission planning and interconnection practices throughout the NPCC region, by means of a larger and more efficient system operator, would also act to improve reliability.


\[\text{NERTO Petition, Attachments II and III.}\]


A. The NPCC Common Market

The NERTO petition proposes to create a seamless NPCC trading area by harmonizing NERTO and Canadian markets -- consistent with sovereignty concerns. The ISOs have indicated a willingness to modify NERTO market design to facilitate this international coordination (subject to FERC approval). Market development agreements have been signed with Ontario and New Brunswick, with Quebec and Nova Scotia agreements to follow.

The NERTO filing indicates that the initial phase of the NPCC Common Market (which includes Ontario and New Brunswick) will have a total of 86,000 MW of load and 98,000 MW of generation, serving 45 million people. Expansion of the NPCC Common Market to include the other Canadian Provinces in the NPCC would further increase these figures.\(^8\) NPCC believes these actions will enhance overall regional reliability.

B. NPCC Facilitates Achievement of NERTO Goals

NPCC provides the common foundation of reliability criteria over a wide area, which is essential to support a common market design. Examples of NPCC’s efforts to help eliminate inter-ISO seams include:

“Seams” Resolutions Initiatives\(^9,10\)

- Project 24: NPCC has developed a website where regional market participants can view in one location the TTC/ATC values for all regional interfaces\(^11\);
- Project 27a\(^12\): NPCC enhancement to, and expansion of, the Lake Erie Emergency Redispatch procedure\(^13\) filed and recently approved by the

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\(^8\) NERTO Petition, at 40.
\(^10\) NERTO Petition, at 106
Commission (effective as of October 10, 2002)\textsuperscript{14} adds the Midwest ISO as signatory and incorporates new settlement provisions;

- Project 28: NPCC’s Regional Planning Forum is identifying opportunities for increasing the Hydro-Quebec to New York import capability, and to better utilize the Hydro-Quebec to New York and Hydro-Quebec to New England HVDC facilities;

- Project 35: Lake Erie System Redispach project implementation will allow the redispach of suppliers across regions to alleviate the potential curtailment of transactions due to TRL requests whenever a Control Area is in an energy short situation;

- Project 38: Open Scheduling System (“OSS”)\textsuperscript{15} – a “one-stop shopping” tool enabling interregional transactions being developed under a joint NPCC initiative;

- Project 39: Establishment of requirements for external 30-minute reserves\textsuperscript{16}, being addressed by the NPCC Task Force on Coordination of Operations CO-1 Working Group; and,

- Project 39a: Expansion of regional reserve sharing – 100 MW reserve sharing pilot program among NPCC members and PJM to improve regional reliability and reserve market efficiency, coordinated by NPCC.

\textsuperscript{11} NERTO Petition, at 95.
\textsuperscript{12} NERTO Petition, at 90.
\textsuperscript{13} The Commission has stated “that the LEER proposal is an additional measure that goes beyond the [Commission’s] requirements” since LEER “obligates members to assist each other not only by selling emergency power (the traditional focus of emergency assistance agreements), but also by cooperating in regional redispach arrangements.” North American Electric Reliability Council, 87 FERC \textsuperscript{\textcircled{0}} 61,160, at 61,644 (1999).
\textsuperscript{14} Letter Order issued on September 30, 2002 in Docket No. ER02-2459-000.
\textsuperscript{15} NERTO Petition, at 45 and 106.
Regional Planning Initiatives

- NERTO System Plan (“NSP”) will be developed in coordination with the similar plans of the surrounding RTOs and Control Areas. Interregional planning studies will be conducted over as broad a region as feasible, including adjacent Canadian systems who are members of NPCC, MAAC and ECAR. Coordinated planning has already begun under the auspices of NPCC’s Collaborative Planning Initiative (CP-10 Working Group), which is being expanded to include participation by MAAC representatives. The NSP will account for and fully reflect the work product of the NPCC CP-10 Working Group.

C. NERTO Governance

An independent Board of Directors has been proposed to govern the initial NERTO, with the initial Board consisting of five directors from each of the existing ISO Boards and two new non-stakeholder directors. Irrespective of the election process ultimately adopted, NPCC believes that a background in bulk power system reliability should be an additional requirement for new directors, in order to further strengthen the NERTO’s wide-Area reliability commitment.

D. Advisory Committee of State Regulatory Officials

The NERTO filing proposes to establish a region-wide stakeholder process and an advisory committee of state regulatory officials. NPCC believes its active participation with

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17 NERTO Petition, at 39.
18 NERTO Petition, at 39.
19 NERTO Petition, at 4.
20 NERTO Petition, at 4.
this proposed advisory committee of state regulatory officials is essential to maintaining regional reliability for the following reasons:

- NPCC provides a means for independent regional reliability review. NPCC’s Collaborative Planning Initiative\textsuperscript{21} is one example cited in the NERTO proposal\textsuperscript{22} illustrating the need to involve NPCC in transmission expansion studies across participating regions.

- NPCC provides the necessary international coordination between States and Provinces. For example, interregional planning studies will be conducted over as broad a region as feasible, including adjacent Canadian systems that are members of NPCC.\textsuperscript{23}

While NERC sets the minimum requirements for reliability assurance through its development of reliability standards, the Regional Councils, as the foundation of the continental reliability structure, provide States and Provinces the vehicle to identify Regional differences. This structure provides the States and Provinces with an effective means for responding to their political mandate regarding electric system reliability.

**VII. Conclusion**

NPCC’s paramount function continues to be safeguarding the security, reliability and integrity of the integrated, international bulk power system at all times. NPCC’s reliability criteria form the foundation necessary for competitive markets. NERTO’s membership and

\textsuperscript{22} NERTO Petition, at 39.
\textsuperscript{23} \textit{Id.}
participation in NPCC will provide the regional focus necessary to continue to achieve the level of bulk power system reliability expected within Northeastern North America.

WHEREFORE, in consideration of the foregoing, NPCC respectfully requests that it be permitted to intervene with full rights of participation as a party to this proceeding. NPCC, from its perspective as a regional reliability council, believes the NERTO proposal will benefit reliability in the Northeast and respectfully requests that the Commission carefully consider these comments in its deliberations.

Respectfully submitted,

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Attorney for Northeast Power Coordinating Council

Dated: November 8, 2002
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list in these proceedings in accordance with the requirements of Rule 2010 of the Commission’s Rules of Practice and Procedure.

Dated at Washington, D.C. this 8th day of November 2002.

/s/ Bruce W. Neely
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