

News : Industry, observers offer FERC recommendations to help New England reliability

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- **NGSA** calls for market design changes
- Some call for further studies, analysis

Industry representatives and observers have offered varying recommendations for the **Federal Energy Regulatory Commission** to consider as it seeks to address winter reliability concerns in the Northeast.

In September, **FERC held a forum** in **Vermont** to discuss **electric** reliability and natural **gas** supply challenges facing **New England**, particularly in times of especially harsh winter conditions. The commission then **sought comment** following the forum (AD22-9).

ISO-New England's power market has at times struggled to meet demand, partially due to a reliance on **gas**-fired generation and pipeline system constraints that led to high prices and supply shortages. While the grid operator has said it expects to operate reliably through a mild or moderate winter, it would need additional fuel to handle more severe weather.

Several power and **gas** industry groups in addition to other parties offered recommendations to **FERC** Nov. 7.

In its comments, **ISO-NE** outlined its plan to address energy adequacy in the region, noting that its initiatives include short-, medium- and longer-term plans to better prepare for harsh winter conditions.

"The ISO has also committed to investigate other potential market changes that may improve energy adequacy, including, consistent with the suggestion of Commissioner [Allison] Clements, the transition to a seasonal capacity market and the evaluation of shortage pricing in the energy and ancillary services markets," the grid operator said.

Industry response

The Natural **Gas** Supply Association noted that there is a "central disconnect between the **gas** and power markets: generators are going to look to the natural **gas** industry for more flexibility as steeper, increased ramping is demanded to balance greater levels of intermittent resources."

Organized power markets do not incentivize advance natural **gas** contracting and purchasing, "which runs counter to what is required to ensure reliability," the group said. **FERC** could address some of these market challenges rather than turning to mandated fuel procurement practices, it added.

"**FERC** and **ISO-NE** should continue to collaborate with regional stakeholders to develop market design changes that eliminate or mitigate the financial risk associated with advance fuel procurement and contracting by **gas** generators by placing more value on reliability," the association said. "Also, other ways to encourage improved contracting and fuel procurement practices should be explored, such as adopting measures that provide greater awareness of generator contractual commitments, enhancing power market capacity accreditation, and adopting new flexible pipeline services."

Meanwhile, the **Electric Power Supply Association** said that the wholesale market design was not a "culprit in this reliability shortfall." Reliability risks will need to be clearly identified, so that "needed market design reforms can be developed to install effective, longer-term market-based solutions to winter reliability anxieties."

The association called for a new study on fuel security in the region, given that **ISO-NE** is still relying on a 2018 analysis.

"Specifically identifying the reliability target will assist in the ability to define and develop specific products and services that would help to solve the region's winter issues," **EPSA** said. "Given the urgency around this issue, there is no reason that any study cannot be completed expeditiously – this undertaking cannot delay action but instead is necessary to inform the appropriate action needed at this time."

Both the **Advanced Energy Economy** and the Advanced Energy Management Alliance pointed to **ISO-NE**'s proposal to implement **FERC** Order 2222, which required grid operators to better integrate distributed energy resource aggregations into their markets.

Among other recommendations, **AEE** asked **FERC** to reject **ISO-NE**'s filing to comply with that order, saying such action will "increase load flexibility, help to reduce energy demand during times of highest grid need, and make additional supply resources available."

"DERs alone will not solve the region's winter reliability challenges, but they can help to shrink the problem," **AEE** said.

Public interest organizations – including the Natural Resources Defense Council and **Sierra Club** – called for a "comprehensive, detailed study of the energy adequacy problem."

"In our view, a major stumbling block to achieving any degree of consensus around the extent of the winter energy adequacy problem, and the optimal solutions and acceptable costs for mitigating it, has been the absence of such a study that reflects careful stakeholder engagement and provides adequate transparency," the groups said in their joint comments.

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