

DRAFT
Summary of ISO New England Environmental Advisory Group Teleconference #18
June 11, 2010

Attendees

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|-----------------|--------------------------|
| Mark Babula | ISO New England |
| Wayne Coste | ISO New England |
| Stacy Dimou | Oxbow Sherman Energy |
| Matt Garber | ISO-New England |
| Paula Hamel | Dominion |
| Mike Henderson | ISO New England |
| Chris James | Synapse Energy Economics |
| Shawn Konary | Mirant |
| Paul Lopes | MA DOER |
| Yunie Mao | ISO New England |
| Jason Marshall | MA DPU |
| John Peress | CLF |
| Jim Platts | ISO New England |
| Rick Rodrigue | CT DEP |
| Jason Rudokas | NESCAUM |
| Tyler Ruthven | NGRID |
| Helve Saarela | ISO New England |
| Bill Short | 511 Plaza Energy, LLC |
| Patricio Silva | MA DEP |
| Isaac Wainstein | ISO New England |
| Sharon Weber | MA DEP |

Introductions and Administrative

Mr. Platts welcomed all attendees to the meeting. After introductions, he reviewed the dates for the remaining scheduled EAG teleconferences in 2010.

The next Regional System Plan (RSP) Planning Advisory Committee (PAC) meetings and their topics include: June 16 –Economic and transmission studies, and transmission project listing, July 15 – Interregional Economic Studies, VT/NH Needs Assessment Scope of Work, VT Substation Rebuilds and Reactive Power Additions, Long-term Lower SEMA Costs and August 12 – Review of RSP10 report.

Mr. Platts noted the completion and posting of the 2009 Northeast Coordinated System Plan and that its environmental section serves as a reference for the RSP10 environmental section.

No comments were received on the summary of the April 16 EAG meeting.

RSP10 Report Review Process

Mr. Henderson summarized the process for reviewing the RSP10 Report: the schedule for posting and review of the draft report by the PAC. He requested that the EAG review the report with the same process and on the same schedule as the PAC.

Economic Studies and RSP10

Mr. Henderson summarized the requests for economic studies received by the ISO from NESCOE, NEITC and Seabreeze Atlantic. The ISO's study in response to these will build on the Governor's study and provide a baseline for the interconnection-wide studies. ISO will develop a draft scope of work and assumptions to be reviewed by the PAC.

Eastern Interconnection Planning Collaborative (EIPC)

The ISO is involved in the EIPC which will simulate scenarios for the entire Eastern Interconnection using production cost simulations and transmission analyses. The ISO seeks EAG guidance on the modeling of emission rates for its economic studies and EIPC representations. Specifically what will be the impact of the developments in NAAQS, CAIR and OTC model rules? Assumptions of emission allowance prices are also needed.

Comments

- Since the economic study will be considering retirements of older generators what criteria will be used to determine which units would be assumed retired. The criteria are still under discussion.
- Ozone and PM developments will affect emission rates. Anna Garcia at the OTC and Mike Kerber at LADCO can likely provide more guidance on emission rates.
- Changes to secondary standards could also affect emission rates.
- The OTC's June meeting approved a model rule for emission rates for gas and gas/oil plants. No rates for coal were proposed.
- PM affects SO₂ and NO_x. ISO does not model PM emissions.
- Allowance prices may come down in the near term.
- Lack of (emissions) data is more of the problem than the simulation methodology

MA Mandate on Biofuels

Mr. Babula presented the agenda item of MA biofuels mandate and for an EAG open discussion. ISO currently does not consider this a "reliability" issue. The Massachusetts (MA) Mandate requires growing percentage of utilization of liquid biofuels in both the heating and diesel fuel oil sectors. While generators are currently excluded from the MA Mandate, it indirectly could cause potential reliability

problems if the regional fuel suppliers store only biofuel products. Even if the delivered fuel is not a biofuel but stored in a biofuel tank this could deviate slightly from a power plant's fuel specification, and harm its operating performance, potentially creating reliability problems.

Comments

- NESCAUM is conducting a low carbon (LC) fuels study with a 10% reduction in carbon using biofuels, CNG and EVs.
- In Connecticut, there have been concerns with new power plants' emission controls using biofuels, especially with the catalyst within the SCRs.
- Since the low carbon effort is a regional one, this may be a regional issue not just a Massachusetts issue.
- The low carbon strategy helps with reducing particulate matter.
- Biofuels will cost more, have lower heat (BTU) content and their overall shelf life is questionable.
- Some proposed biofuel projects have stalled for reasons of feedstock accessibility or procurement of long-term fuel supply contracts.
- There are also Nuclear Regulatory Commission (NRC) documents that identify concerns with biofuel use at nuclear stations. These NRC documents will be forwarded to the EAG.

RSP10 RPS Projections Spreadsheet

Mr. Garber demonstrated a draft ISO spreadsheet that forecasts the RPS demand in New England for the ten year planning period. The spreadsheet uses the ISO 2010 state energy forecasts and adjusts for municipal loads not subject to RPS requirements. The spreadsheet is intended to be user friendly by easily changing assumptions of loads or RPS requirements. The spreadsheet summarizes the forecast by state and groups of RPS classes, e.g. new and existing and produces a number of graphs of these forecasts.

Comments

- The regulations for the new MA solar carve-out that is part of MA RPS Class I are now final and will be sent to the ISO.
- REC prices are low.
- Does the spreadsheet project load growth plus EE? Yes for MA and CT Class III.
- In the tab "State Targets", Row 30 reflects the MA state goal for EE of 25% by 2020.

Analysis of Historical Peak Day NOx Emissions

For the Peak-Day NOx results Mr. Coste reminded the EAG of the disclaimer that all the results are still considered preliminary. The ISO will post a report on the Peak Day NOx Analysis for the EAG review. The spreadsheets that can show the various NOx graphs for each of the 20 peak days will also be posted in a user friendly manner after EAG review.

Mr. Coste then presented the results for the 500 MW decrement excluding hydro for the all-time peak-load day (August 2, 2006). The new results were the generation and NOx emissions contributed by state generation for that day. Mr. Coste also presented by state, the generation and NOx emissions for the 500 MW decrement excluding hydro and generation flagged for transmission constraints. In these graphs CT generation contributed most of the generation and NOx emissions during peak hours and over half during off peak hours. He presented graphs that showed how state generation and NOx emissions changed when the generation flagged for transmission constraints is excluded from the 500 MW decrement. In this case CT generation still provided most of the generation and NOx emissions during peak hours but MA generation provided more than half of the same during off peak hours. The 2009 five highest peak loads were presented and would be added to the overall analysis in the third quarter. A review of the analysis process and its documentation would also be completed in the third quarter.

Comments

Does incremental NOx result from transmission constrained units? No, the results show they just shift where the generation and corresponding NOx emissions occur.