

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Devon Power LLC, *et al.*

Docket No. ER03-563-030

ORDER GRANTING ORAL ARGUMENT AND DELAYING IMPLEMENTATION
OF LOCATIONAL INSTALLED CAPACITY MECHANISM

(Issued August 10, 2005)

1. In these proceedings, the Commission is considering a proposal by ISO New England, Inc. (ISO-NE) to implement a locational installed capacity (LICAP) mechanism in New England. In a June 2, 2004 Order, the Commission accepted two broad concepts in ISO-NE's proposal (establishing installed capacity (ICAP) regions and the use of a demand curve for pricing capacity), but set for hearing certain details of the proposal, including the parameters of the demand curve and issues related to capacity transfer limits and capacity transfer rights.¹
2. On June 15, 2005, the Presiding Administrative Law Judge issued an Initial Decision. In separate motions, Connecticut Parties² and the New England Conference of Public Utilities Commissioners, Maine Public Utilities Commission, Maine Public

¹ *Devon Power LLC, et al.*, 107 FERC ¶ 61,240, *order on reh'g*, 109 FERC ¶ 61,154 (2004), *order on reh'g*, 110 FERC ¶ 61,315 (2005).

² Connecticut Parties are: the Connecticut Department of Public Utility Control; Connecticut Office of Consumer Counsel; Richard Blumenthal, Attorney General for the State of Connecticut; the Southwestern Area Commerce and Industry Association of Connecticut, Inc.; and the Connecticut Light and Power Company, by its agent Northeast Utilities Service Company. Joining in the Connecticut Parties' request for oral argument are: The Attorney General for the State of Massachusetts; the New Hampshire Office of Consumer Advocate; the New Hampshire Public Utilities Commission; NSTAR Electric and Gas Corporation; the Central Maine Power Company; and the Rhode Island Department of Utilities and Carriers.

Advocate, Vermont Department of Public Service and Vermont Public Service Board have requested oral argument before the Commission on the exceptions to the Initial Decision, pursuant to Rule 711(c) of the Commission's Rules of Practice and Procedure.³ The parties listed in the Appendix to this order have responded to these motions.

3. Because oral argument will assist the Commission in its decision-making in the particular circumstances of this case, oral argument will be held on September 20, 2005 at the Commission's Headquarters, 888 First Street, NE, Washington, DC 20426. The Commission will issue a subsequent notice with the times, agenda and other information for the oral argument.

4. ISO-NE states that a Commission order on the Initial Decision is necessary by September 15, 2005 for LICAP market operations to begin on the previously established January 1, 2006 implementation date.⁴ Further, ISO-NE requests that the Commission issue a notice of the timing of its order on the Initial Decision, particularly if it will not be issued by September 15, 2005.⁵

5. Given our decision in this order to schedule oral argument for September 20, 2005, the Commission will not be issuing an order on the Initial Decision by September 15, 2005. At this time, the Commission cannot commit to a date by which it will issue an order. ISO-NE states that it does not implement major projects during the summer months (July through September), because the possibility of service disruptions due to the introduction of new projects during these months is high.⁶ Recognizing the importance of the LICAP proposal to the New England region and the likelihood that, if the Commission were to retain the LICAP mechanism, there would be a short time frame between our issuance of an order on the Initial Decision and the currently established January 1, 2006 implementation date, we have determined that the implementation of the LICAP mechanism, if it proceeds, will not be earlier than October 1, 2006.

³ 18 C.F.R. § 385.711(c) (2005).

⁴ See Motion for Expedited Consideration and Issuance of Notice of Time of Commission Action, and Informational Filing of ISO-NE, submitted July 15, 2005 in Docket Nos. ER03-563-030 and ER05-795-001.

⁵ *Id.* at 4.

⁶ *Id.* at 11.

The Commission orders:

(A) Oral argument in these proceedings is scheduled for September 20, 2005, as discussed in the body of this order.

(B) The implementation date for the LICAP mechanism, if adopted, will be no earlier than October 1, 2006, as discussed in the body of this order.

By the Commission. Commissioner Brownell concurring with a separate statement attached.

(S E A L)

Linda Mitry,
Deputy Secretary.

APPENDIX

Capacity Suppliers
National Grid USA

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BROWNELL, Commissioner Nora Mead, *concurring*:

I agree with this order, however, ISO-NE has raised the issue whether a delay of LICAP will have timing consequences for other market enhancements approved by the Commission. I would clarify that our action today does not delay any other market enhancements, including the creation of a Southwest Connecticut load zone in the energy markets effective January 1, 2006.

Nora Mead Brownell