

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New Brunswick Power Transmission Corp.)	
New Brunswick System Operator)	Docket No. EL08-56-000
Northern Maine Independent)	
System Administrator, Inc.,)	
Complainants,)	
)	
v.)	
)	
ISO New England, Inc.)	
Respondent.)	
)	

**NOTICE OF INTERVENTION AND SUPPORTING COMMENTS
OF THE
MAINE PUBLIC UTILITIES COMMISSION**

The Maine Public Utilities Commission (“MPUC”), by and through counsel, Lisa Fink and Benjamin J. Smith, State of Maine Public Utilities Commission, 242 State Street, 18 State House Station, Augusta, Maine 04333-0018, and Lisa S. Gast and Joshua E. Adrian, Duncan, Weinberg, Genzer & Pembroke, P.C., 1615 M Street, NW, Suite 800, Washington, DC 20036, respectfully files this Notice of Intervention and Supporting Comments (“Intervention”) in the above-captioned proceeding regarding the April 18, 2008 Complaint filed by the New Brunswick Power Transmission Corporation (“NB Power”), New Brunswick System Operator (“NBSO”) and Northern Maine Independent System Administrator, Inc (“NMISA”) (collectively the “Complainants”). In support of the MPUC’s Intervention, the MPUC states as follows:

I. PRELIMINARY STATEMENT

The MPUC’s Notice of Intervention and Supporting Comments is filed pursuant to Rule 214(a)(2) of the Rules of Practice and Procedure of the Federal Energy

Regulatory Commission (“Commission”), 18 C.F.R. §§ 385.214(a)(2) (2007), and the Commission’s April 21, 2008 Notice of Complaint, in which the Commission established May 8, 2008, as the date by which interventions and protests are to be filed.

The persons to whom correspondence, pleadings, and other papers in relation to this proceeding should be addressed and the persons whose names are to be placed on the Commission’s official service list are designated as follows pursuant to Rule 203, 18 C.F.R. § 385.203 (2007):

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II. NOTICE OF INTERVENTION

Under Maine law, the MPUC is the state commission designated by statute with jurisdiction over rates and service of electric utilities in the state. *See* 35-A M.R.S.A. § 101 *et seq.* It is, therefore, a “state commission” under the Commission’s regulations, 18 C.F.R. § 1.101(k) (2007). Accordingly, the MPUC hereby gives notice of its intervention pursuant to Rule 214(a)(2) of the Rules of Practice and Procedure of the Federal Energy

Regulatory Commission (“Commission”), 18 C.F.R. § 385.214(a)(2) (2007) and respectfully requests that the Commission recognize the MPUC as an intervener in this proceeding, with all rights attendant thereto.

III. BACKGROUND

The Maine Electric Power Company (“MEPCO”) owns and operates a 345 kV transmission line (the “MEPCO Line”) connected to Central Maine Power Company (“CMP”) at the Maine Yankee substation in Wiscasset, Maine and the Maxcy substation in Windsor, Maine; to Bangor Hydro-Electric Company (“BHE”) at Orrington, Maine; and to NB Power at the Canadian border at Orient, Maine.¹ Until December 2007, the MEPCO line was the only electrical tie between the New England control area and the Canadian Maritime Provinces (New Brunswick, Nova Scotia and Prince Edward Island). It provides for 700 MW of transfer capacity from Maritime Canada to New England and 280 MW from New England to Maritime Canada.² The MEPCO line is classified as Other Transmission Facilities (“OTF”) under the ISO-NE Open Access Transmission Tariff (“OATT”).³

On December 5, 2007, a second tie between New England and the Maritime Provinces became operational, consisting of two separate, interconnected lines.⁴ The U.S. portion of this second tie is the Northeast Reliability Interconnect (“NRI”), an 85-mile, 345 kV line, constructed and owned by BHE that runs from Orrington, Maine to the Canadian border north of Baileyville, Maine.⁵ At the Canadian border, the NRI

¹ See Complaint at 2.

² See *id.*

³ See *id.*

⁴ See *id.*

⁵ See *id.*

interconnects with the International Power Line (“IPL”), a 60 mile 345 kV line running from the U.S. border to the Point Le Preau generating station in New Brunswick, Canada.⁶ The NRI/IPL has the capacity to increase the transfer capability across the New England/New Brunswick external interface by 300 MW (to a total of 1000 MW), north to south, and 270 MW (to a total of 550 MW), south to north. The NRI has been designated by ISO-NE as Pool Transmission Facilities (“PTF”).⁷

In making its determination that the costs of the NRI could be recovered from the regional transmission tariff, ISO New England Inc. (“ISO-NE”) found that the NRI “greatly enhances the operability of the system and will provide the system with more options for maintaining reliable service in response to system contingencies.”⁸ ISO-NE also found that the NRI “will improve opportunities for capacity diversity exchange with New Brunswick, improve access to capacity and energy, and result in other economic savings to the New England wholesale market.”⁹

As reported in ISO-NE's presentation to the New England Power Pool (“NEPOOL”) Reliability Committee on July 12, 2004, such economic benefits are substantial, with an estimated total savings of load-serving entity expense of \$98.9 million, and an estimated production cost reduction of \$30.9 million over a six-year period.¹⁰

⁶ See *id.* at 2-3.

⁷ See *id.* at 3.

⁸ *Id.* at Exhibit D, page 2.

⁹ *Id.*

¹⁰ See *id.* at Exhibit E, page 4.

On August 22, 2005, the MPUC approved a stipulation and issued a Certificate of Public Convenience and Necessity (“CPCN”) authorizing BHE to build the NRI.¹¹ The MPUC found that the NRI would provide net benefits to Maine ratepayers. In making this finding, the Commission relied in part on BHE and ISO-NE analyses showing that “the net benefits of the NRI over its first six years of operation in nominal dollars will total \$54.49 million for the New England region, \$16.04 million for Maine [ratepayers], and \$8.65 million for BHE [ratepayers].”¹²

On August 16, 2007, in Docket No. ER07-1289-000, ISO-NE and MEPCO filed several changes with the Commission referred to as the “MEPCO Roll-in Proposal,” in which MEPCO and ISO-NE asserted that MEPCO’s line should be converted from OTF to PTF status in order to integrate MEPCO facilities with the rest of the high voltage system in New England and to facilitate the operation of the NRI within the New England Transmission System. ISO-NE and MEPCO explained:

When one line is administered under a Point-To-Point concept that requires advance reservations (as is currently the case for the MEPCO transmission facilities under Schedule 20B) and the other is administered under a Regional Transmission Service/no advance reservation concept (as would be the case once NRI commences operation), the administration of transmission service over and operation of these two parallel external ties associated with a single external interface (*i.e., the NE/NB external interface*) becomes complex. The two types of transmission service place certain competing and conflicting requirements upon the scheduling and curtailment of any External Transaction that is associated with the NE/NB external *interface and, as such*, may cause the interface to be under-utilized.¹³

¹¹ See MPUC Docket No. 2004-771, *Order Approving Stipulation*, dated August 22, 2005. This Order is available at the following link:
http://mpuc.informe.org/easyfile/cache/easyfile_doc168139.DOC.

¹² See *id.* at 4.

¹³ Docket No. ER07-1289-000, *Transmittal Letter of Participating Transmission Owners*, dated August 16, 2007, at 1.

ISO-NE and NEPOOL further stated:

MEPCO and ISO-NE concluded that they could resolve how to administer External Transactions and transmission service over the NE/NB external interface by either (i) defining new rules that resolve the paradox of administering and operating the single external interface while recognizing the two competing and conflicting transmission service requirements or (ii) rolling the MEPCO transmission facilities into the RNS rate such that the entire external interface would be defined as PTF, thus allowing ISO-NE to administer External Transactions and transmission service over both the NRI and the MEPCO transmission facilities under the Regional Transmission Service/no advance reservation concept.¹⁴

The MEPCO Roll-in Proposal was designed to eliminate the conflict by administering both ties as PTF. The Commission conditionally accepted the MEPCO Roll-in Proposal on October 29, 2007, but concluded that MEPCO and ISO-NE were contractually obligated to grant Casco Bay Energy Company, LLC (“Casco Bay”) with a hedge against congestion and marginal losses and was required to preserve these rights through a “grandfathering option.”¹⁵ On rehearing, ISO-NE and MEPCO dispute the existence of a contractual obligation to provide a congestion and marginal loss hedge to Casco Bay and have sought extensions of the date to implement the MEPCO Roll in Proposal and provided a notice cancelling the MEPCO Roll-in Proposal should the Commission not extend the effective date of the proposal.¹⁶

While the Commission set the contractual dispute for settlement, the parties were unable to reach a settlement and the Settlement Judge recently requested that settlement

¹⁴ *Id.* at 9.

¹⁵ See Docket No. ER07-1289-000, Order *Conditionally Accepting Tariff Revisions re ISO New England Inc.*, dated October 29, 2007.

¹⁶ See Docket No. ER07-1289-000, *Expedited Motion to Delay Effective Date of ISO New England Inc. and Maine Electric Power Company*, dated January 22, 2008.

proceedings be terminated.¹⁷ On April 22, ISO-NE, MEPCO, the New England Power Pool (“NEPOOL”) Participants Committee and several NEPOOL participants filed a Joint Emergency Motion to Establish Hearing Procedures (“Joint Motion”).¹⁸ The Joint Motion requests that the Commission set for hearing issues of material fact related to the nature and scope of rights Casco Bay has claimed under the MEPCO Transmission Services Agreement.¹⁹ The Joint Filers state that “until the Filing Parties are able to implement the MEPCO Roll-In Proposal, market participants and consumers on both sides of the international boundary are being precluded from realizing potential economic benefits from the increased transfer capability between New Brunswick and Maine.”²⁰

IV. COMMENTS

ISO-NE has determined that the increased transfer capability would decrease New England production costs by approximately \$30.9 million and savings to consumers of approximately \$99 million during the first six years of operation (from 2008 through 2013).²¹ The consumer benefit estimate results from the availability of new Canadian lower-cost suppliers, and the resulting downward pressure on market clearing prices in New England.²² The MPUC also has determined that the increased transfer capability resulting from the NRI, among other factors, will provide net benefits to Maine ratepayers.²³

¹⁷ See Docket No. ER07-1289-000, *Report of Settlement Judge Recommending the Termination of Settlement Proceedings Regarding ISO New England Inc.*, dated April 22, 2007.

¹⁸ See Docket No. ER07-1289-000, *Joint Emergency Motion to Establish Hearing Procedures*, dated April 22, 2008.

¹⁹ See *id.* at 4.

²⁰ *Id.*

²¹ See Complaint at Exhibit E, page 4.

²² See *id.* at 5, 22 and 23.

²³ See MPUC Docket No. 2004-771, *Order Approving Stipulation*, dated August 22, 2005.

The MPUC agrees with Complainants that the stalemate in Docket No. ER07-1289-000 should not prevent New England and New Brunswick ratepayers and market participants from recognizing the benefits that are expected to result from the increased transfer capability of the NRI-IPL. Accordingly, the MPUC supports the Complainants' request that the Commission order ISO-NE to take such actions as are necessary so that the additional south to north and north to south capability of the NRI-IPL line can be recognized as soon as possible.

V. CONCLUSION

WHEREFORE, the Maine Public Utilities Commission respectfully requests that the Commission take such actions as are necessary so that the additional south to north and north to south capability of the NRI-IPL line can be recognized as soon as possible.

Dated: May 6, 2008

Respectfully submitted,

/s/ Lisa S. Gast

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document either by first class mail or electronic service upon each party on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 6th day of May, 2008.

/s/ Harry A. Dupre
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