

February 10, 2014

The Honorable Cheryl A. LaFleur, Acting Chairman  
The Honorable Philip D. Moeller, Commissioner  
The Honorable John R. Norris, Commissioner  
The Honorable Tony Clark, Commissioner

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: *Centralized Capacity Markets in Regional Transmission Organizations and Independent System Operators*, Docket No. AD13-7-000

Dear Acting Chairman and Commissioners:

The undersigned entities comprise a broad and diverse *ad hoc* group of publicly and cooperatively owned electric utilities, national consumer and low-income organizations, state public utility commissions, state consumer advocates, investor-owned utilities, industrial customers, and independent power producers. While we represent a range of diverse and often diverging interests, we are writing to emphasize our consensus on certain of the core points made in many of the comments filed in the above-noted docket on January 8, 2014:

- Capacity Is Not Fungible. Not all MWs of capacity are created equal. Load serving entities (LSEs), states, and local regulatory bodies may have excellent policy reasons for preferring to assemble a diverse portfolio of generation and demand-side resources to serve retail electric needs.
- Many Policy Considerations Affect Resource Portfolio Choices. The policy concerns that might lead LSEs, state and local regulatory bodies to favor local generation over distant generation, newer, more efficient resources over older, less efficient ones, lower-emitting resources over higher-emitting resources, *etc.*, are completely legitimate. Federal policy makers should respect and honor them. Market rules that Regional Transmission Organizations (RTOs) impose to protect prices under administrative capacity procurement constructs should not erect barriers to meeting such policy goals.
- Long-term Contracts Support New Resources and Should Be Encouraged. Capacity surpluses can no longer be taken for granted; new resources will have to be developed to comply with new environmental regulations. At such a time, long-term contracting and self-supply generation should be encouraged and supported, rather than being considered an “out-of-market” subsidy. RTO market rules that effectively penalize long-term contracting and self-supply should be reformed.

- The Commission Must Consider Rate Impacts on Retail Electric Consumers. Market participants wishing to protect their economic interests dominate Commission adjudicative dockets and RTO stakeholder processes. In these fora, the interests of retail consumers and those charged with protecting them are often lost. It is up to the Commission to ensure that capacity procurement constructs and the associated market rules work for the retail electric consumers that ultimately pay the bills, and not just for those market participants with the most resources to devote to the administrative process.

The undersigned entities respectfully request the Commission to take further actions in relevant adjudicative and rulemaking dockets to ensure that these principles are honored in RTO capacity procurement mechanisms. We stand ready to work with the Commission to help make this happen.

Respectfully submitted,

**AARP**

David Certner  
Legislative Counsel and Legislative Policy Director  
601 E Street, NW  
Washington, DC 20049  
(202) 434-3750  
dcertner@aarp.org

**American Municipal Power, Inc.**

Marc S. Gerken, P.E.  
President & CEO  
1111 Schrock Road, Suite 100  
Columbus, Ohio 43229  
mgerken@amppartners.org

**American Public Power Association**

Susan N. Kelly  
Senior Vice President of Policy Analysis and General Counsel  
1875 Connecticut Avenue, N.W., Suite 1200  
Washington, D.C. 20009  
(202) 467-2933  
skelly@publicpower.org

**George Jepsen**  
**Attorney General, State Of Connecticut**

John S. Wright  
Assistant Attorney General, Attorney General's Office  
10 Franklin Square  
New Britain, CT 06051  
(860) 827-2620  
John.Wright@ct.gov

**California Municipal Utilities Association<sup>1</sup>**

David L. Modisette  
Executive Director  
915 L Street, Suite 1460  
Sacramento CA 95814  
(916) 326-5800  
dmodisette@cmua.org

**California Public Utilities Commission**

Candace J. Morey  
Staff Counsel  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415) 703-3211  
cjm@cpuc.ca.gov

**Office of Ratepayer Advocates**  
**California Public Utilities Commission**

Joseph P. Como  
Acting Director  
505 Van Ness Avenue  
San Francisco, CA 94102  
(415)703-2381  
joc@cpuc.ca.gov

---

<sup>1</sup> CMUA electric utility members include the Cities of Alameda, Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Corona, Glendale, Gridley, Healdsburg, Hercules, Lodi, Lompoc, Los Angeles, Moreno Valley, Needles, Palo Alto, Pasadena, Pittsburg, Rancho Cucamonga, Redding, Riverside, Roseville, Santa Clara, Shasta Lake, Ukiah, Vernon, and Victorville, as well as the Imperial, Merced, Modesto, Turlock Irrigation Districts, the Northern California Power Agency, Southern California Public Power Authority, Transmission Agency of Northern California, Lassen Municipal Utility District, Power and Water Resources Pooling Authority, Sacramento Municipal Utility District, the Trinity and Truckee Donner Public Utility Districts, the Metropolitan Water District of Southern California, and the City and County of San Francisco, Hetch-Hetchy.

## **Competitive Power Ventures, Inc.**

Braith Kelly  
Senior Vice-President  
50 Braintree Hill Office Park, Suite 300  
Braintree, MA 02184  
(861) 546-2008  
bkelly@cpv.com

## **Connecticut Department of Energy & Environmental Protection**

Katie Dykes  
Deputy Commissioner  
10 Franklin Square  
New Britain, CT 06051  
(860) 827-2805  
katie.dykes@ct.gov

## **Connecticut Public Utility Regulatory Authority**

Arthur H. House  
Chairman  
10 Franklin Square  
New Britain, CT 06051  
(860) 827-2658  
Arthur.house@ct.gov

## **Consumer Federation of America**

Stephen Brobeck  
Executive Director  
1620 I Street, NW, Suite 200  
Washington, DC 20006  
(202) 387-6121  
sbrobeck@consumerfed.org

## **Consumer Power Advocates<sup>2</sup>**

Catherine M. Luthin  
Executive Director  
535 Main Street  
Allenhurst, NJ 07755  
(732) 774-0005

---

<sup>2</sup> Consumer Power Advocates members include New York Presbyterian Hospital, Continuum Health Partners, Fordham University, Memorial Sloan-Kettering Cancer Center, Montefiore Medical Center, Mount Sinai Medical Center, New York University and New York University Hospitals Center,

cluthin@luthin.com

**Delaware Municipal Electric Corporation**

Patrick E. McCullar  
President & CEO  
22 Artisan Drive  
Smyrna, DE 19977  
pmccullar@demecinc.net

**Electricity Consumers Resource Council (ELCON)**

John A. Anderson  
President and CEO  
1101 K Street, NW, Suite 700  
Washington, DC 20005  
(202) 682-1390  
janderson@elcon.org

**Green Mountain Power**

Doug Smith  
Director of Power Supply  
163 Acorn Lane  
Colchester, VT 05446  
(802) 655-8462  
Doug.smith@greenmountainpower.com

**Heartland Consumers Power District**

Russell Olson  
Chief Executive Officer  
P.O. Box 248  
Madison, SD 57042  
(605) 256-6536  
rolson@hcpd.com

**Multiple Intervenors<sup>3</sup>**

Michael B. Mager, Esq.  
Couch White, LLP, Attorneys for Multiple Intervenors  
540 Broadway, P.O. Box 22222  
Albany, NY 12201

---

<sup>3</sup> Multiple Intervenors is an unincorporated association of over 55 large industrial, commercial and institutional energy consumers with manufacturing and other facilities located throughout New York State.

(518) 320-3409  
mmager@couchwhite.com

**National Association of State Utility Consumer Advocates**

Charles Acquard  
Executive Director  
8380 Colesville Road, Suite 101  
Silver Spring, MD 20910  
(301) 589-6313  
charlie@nasuca.org

**National Consumer Law Center,<sup>®</sup> on behalf of its low-income clients**

Olivia Wein  
Staff Attorney  
1001 Connecticut Avenue, NW, Suite 510  
Washington, DC 20036-5528  
(202) 452-6252  
owein@nclc.org

**National Rural Electric Cooperative Association**

Jay Morrison  
Vice President, Regulatory Issues  
Pam Silberstein  
Associate Director, Power Supply Issues  
Government Relations  
4301 Wilson Boulevard  
Arlington, VA 22203  
(703) 907-5825 (Jay Morrison)  
Jay.Morrison@nreca.coop  
(703) 907-5739 (Pam Silberstein)  
Pam.Silberstein@nreca.coop

**New York Association of Public Power<sup>4</sup>**

Paul J. Pallas  
President  
P.O. Box 950  
Rockville Centre, NY 11571

---

<sup>4</sup> NYAPP member utilities are Delaware County Electric Cooperative, Inc., Village of Freeport, Green Island Power Authority, Village of Greenport, Jamestown Board of Public Utilities, Town of Massena Electric Department, Oneida-Madison Electric Cooperative, Inc., Otsego Electric Cooperative, Inc., Village of Rockville Centre, Salamanca Board of Public Utilities, City of Sherrill Power & Light, Village of Sherburne, and Steuben Rural Electric Cooperative, Inc.

(516) 678-9305  
pjpallas@rcvny.us

### **New York Department of State Utility Intervention Unit**

Saul A. Rigberg, Esq.  
Intervenor Attorney  
One Commerce Plaza, Suite 1120  
Albany, NY 12231  
(518) 408-3746  
saul.rigberg@dos.ny.gov

### **New York Power Authority**

Paul Tartaglia  
Senior Vice President, Energy Resource Management  
123 Main Street  
White Plains, NY 10601

### **New York State Department of Public Service**

Kimberly A. Harriman  
Acting General Counsel  
Three Empire State Plaza  
Albany, NY 12223  
(518) 474-2510  
kimberly.harriman@dps.ny.gov

### **Northeast Public Power Association<sup>5</sup>**

---

<sup>5</sup> NEPPA members are Ashburnham Municipal Light Plant, Barton Village Electric Department, Belmont Municipal Light Department, Boylston Municipal Light Department, Braintree Electric Light Department, Burlington Electric Department, Chester Municipal Electric Light Department, Chicopee Municipal Lighting Plant, Concord Municipal Light Plant, Connecticut Municipal Electric Energy Cooperative, Danvers Electric Division, East Norwalk Electric Department (Third Taxing District), Eastern Maine Electric Cooperative, Inc., Energy New England, Fox Islands Electric Cooperative, Inc., Georgetown Municipal Light Department, Groton Electric Light Department, Groton Utilities (City Of Groton Dept. Of Utilities), Groveland Municipal Light Department, Hardwick Electric Department, Hingham Municipal Lighting Plant, Holden Municipal Light Department, Holyoke Gas & Electric Department, Houlton Water Company, Hudson Light and Power Department, Hull Municipal Light Plant, Ipswich Municipal Light Department, Jewett City Department of Public Utilities, Kennebunk Light and Power District, Littleton Electric Light & Water Departments, Littleton Water & Light Department, Madison Electric Works, Mansfield Municipal Electric Department, Marblehead Municipal Light Department, Mass Development/Devens Utility, Massachusetts Municipal Wholesale Electric Company, Merrimac Municipal Light Department, Middleborough Gas and Electric Department, Middleton Municipal Electric Department, Mohegan Tribal Utility Authority, New Hampshire Electric Cooperative, Inc., Norwich Public Utilities, Pascoag Utility District, Paxton Municipal Light Department, Peabody Municipal Light Plant, Princeton Municipal Light Department, Reading Municipal Light Department, Rowley Municipal Lighting Plant, Russell Municipal Lighting Company, Shrewsbury Electric and Cable Operations, South Hadley Electric Light Department, South Norwalk Electric & Water, Sterling Municipal Light Department, Swan's Island Electric Cooperative, Inc., Taunton Municipal Lighting Plant, Templeton Municipal Light and Water Plant, Town of Stowe Electric Department, Town of Wallingford Electric

Larry Brownell  
Executive Director  
200 New Estate Road  
Littleton, MA 01460  
(978) 540-2200  
lbrownell@neppa.org

**Public Citizen**

Tyson Slocum  
Director, Public Citizen's Energy Program  
215 Pennsylvania Ave SE  
Washington, DC 20003  
(202) 454-5191  
[tslocum@citizen.org](mailto:tslocum@citizen.org)

**Public Power Association of New Jersey<sup>6</sup>**

James A. Jablonski  
Executive Director  
PO Box 206  
Seaside Heights, NJ 08751  
(732) 236-7241  
[ppanj@tellurian.com](mailto:ppanj@tellurian.com)

**Public Utility Law Project of New York, Inc.**

Gerald A. Norlander, Esq.  
Executive Director  
P.O. Box 10787, Albany, NY 12201  
(518) 281-5991  
[gnorland44@gmail.com](mailto:gnorland44@gmail.com)

---

Division, Vermont Public Power Supply Authority, Village of Enosburg Falls Water & Light Department, Village of Hyde Park, Village Of Jacksonville Electric Company, Village of Johnson Water and Light Department, Village of Ludlow Electric Light Department, Village Of Lyndonville Electric Department, Village Of Morrisville Water & Light Dept, Village Of Orleans Electric Department, Village of Swanton Electric Department, Wakefield Municipal Gas & Light Department, Washington Electric Cooperative, Inc., Wellesley Municipal Light Plant, West Boylston Municipal Lighting Plant, Westfield Gas & Electric Light Department, Wolfeboro Municipal Electric Department, and Woodsville Water & Light Department.

<sup>6</sup> Members of the PPA NJ include: the Boroughs of Butler, Lavallette, Madison, Milltown, Park Ridge, Pemberton, Seaside Heights, South River, the City of Vineland, and Sussex Rural Electric Cooperative.



**The Utility Reform Network (TURN)**

Tom Long  
Legal Director  
785 Market Street, Suite 1400  
San Francisco, CA 94103  
(415) 929-8876 x303  
tlong@turn.org

**Transmission Access Policy Study Group (TAPS)**

John Twitty  
Executive Director  
4203 E. Woodland St.  
Springfield, MO 65809  
(417) 838-8576  
835consulting@gmail.com

cc: Ms. Jamie Simler, Director, Office of Energy Policy and Innovation (OEPI)  
Mr. James A. Pederson, Associate Director, OEPI  
Mr. Mason Emmett, Deputy Director, OEPI  
Mr. Jeffrey Dennis, Director, Division of Policy Development, OEPI  
Ms. Julie Simon, Deputy Director, Division of Policy Development, OEPI