

represented by the Settlement Agreement, “serve as a reasonable transitory mechanism that enables New England to shift to the FCM.”⁷

II. Description of ISO-NE/NEPOOL Filing

6. ISO-NE and NEPOOL jointly submit changes to section III of Market Rule 1 necessary to implement the portions of the Settlement Agreement related to the transition period that commences on December 1, 2006. ISO-NE and NEPOOL present the proposed market rule changes pursuant to the terms of the Settlement Agreement approved by the Commission in the June 16 Order and pursuant to section 205 of the FPA. The changes were approved by the NEPOOL stakeholders with a 100 percent vote of the NEPOOL Participants Committee.

7. The proposed market rules changes terminate the existing Installed Capacity (ICAP) market and replace it with the transition mechanism set forth in the Settlement Agreement. During the transition period all installed capacity resources will receive fixed monthly ICAP payments.

Transition Payments	
Period	Payment (\$/kW-month)
December 1, 2006 - May 31, 2007	\$3.05
June 1, 2007 – May 31, 2008	\$3.05
June 1, 2008 – May 31, 2009	\$3.75
June 1, 2009 – May 31, 2010	\$4.10

These payments will be adjusted downward to account for forced outages. According to provisions of the Settlement Agreement, ISO-NE will adjust those payments using a modified EFORD measurement.

8. Section III.8, which contains the existing ICAP market provisions, will be replaced in its entirety with the proposed market rules changes. The new section III.8 sets forth the rules and procedures associated with transition payments, ICAP resources, commitment periods, operating procedures and requirements, cost allocation of ICAP payments, sanctions, and other provisions.

9. The proposed market rules change presented in the instant filing revise the period during which ICAP resources commit to provide capacity to New England. During the

⁷ *Id.* at P 89.