

ISO New England Overview and Regional Update



*Vermont System Planning Committee
October 2017 Quarterly Meeting*

Molly Connors

EXTERNAL AFFAIRS REPRESENTATIVE



ISO REPORTS AND UPCOMING ACTIVITIES

ISO-NE Reports and Activities

Available Now:

- [*Statement on Delay of ISO-NE Study of Fuel Security Challenges*](#)
 - Study on Regional Fuel Security to be delayed pending resolution of US Department of Energy proposal on grid resiliency pricing
- [*Summer 2017 Recap*](#)
 - Cool temperatures brought **lower demand and prices**
 - Electricity demand **peaked on June 13**; Regional demand hit **23,513 MW**
 - June 13 marked the **first time since 2008** that the region's summer peak demand occurred in June
- [*New Clustering Methodology Proposed for Interconnection Procedures*](#)
 - Will provide a process to address the **queue backlog** in Maine and elsewhere on the New England transmission system, should similar conditions arise
- [*ISO New England Elects Slate of Board Members*](#)
 - **Brook Colangelo** replaced Paul Levy, who retired from the Board
 - **Roberto Denis** and **Christopher Wilson** were elected to second terms

ISO-NE Reports and Activities



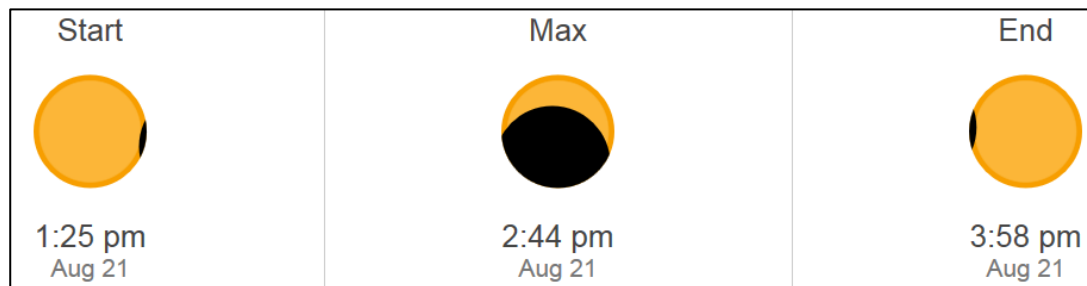
Coming Soon:

- **Consumer Liaison Group**
 - December 7, in Boston
 - Meeting agendas, presentations, and summaries are posted on the [CLG webpage](#)
- **[Environmental Advisory Group](#)**
 - December 12, Teleconference
- **[Distributed Generation Forecast Working Group](#)**
 - December 15, Location TBD

ISO-NE Reports and Activities

Of Interest:

- Report on ISO-NE grid operations through **partial solar [eclipse](#)** in August
- **Three factors** tempered the effect of the eclipse on electricity demand and PV output
 - Human-demand effect
 - Cloud coverage
 - Lower temperatures, less AC



FORWARD CAPACITY AUCTION #12

June 1, 2021 – May 31, 2022 Capacity Commitment Period



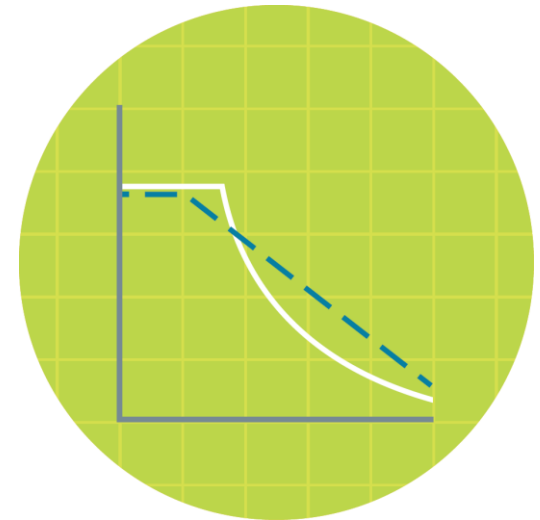
Forward Capacity Market Overview



- Procures resources to meet New England's forecasted capacity needs three years in the future
- Selects a portfolio of **supply** and **demand** resources through a competitive Forward Capacity Auction (FCA) process
 - Resources must be pre-qualified to participate in the auction
 - Resources must participate and clear in the auction to be paid for capacity during the capacity commitment period
- Allows **new capacity resources** to compete in the market and set the price for capacity in the region
- Provides a long-term commitment to new capacity resources to encourage **investment**

Planning Is Well Underway for FCA #12

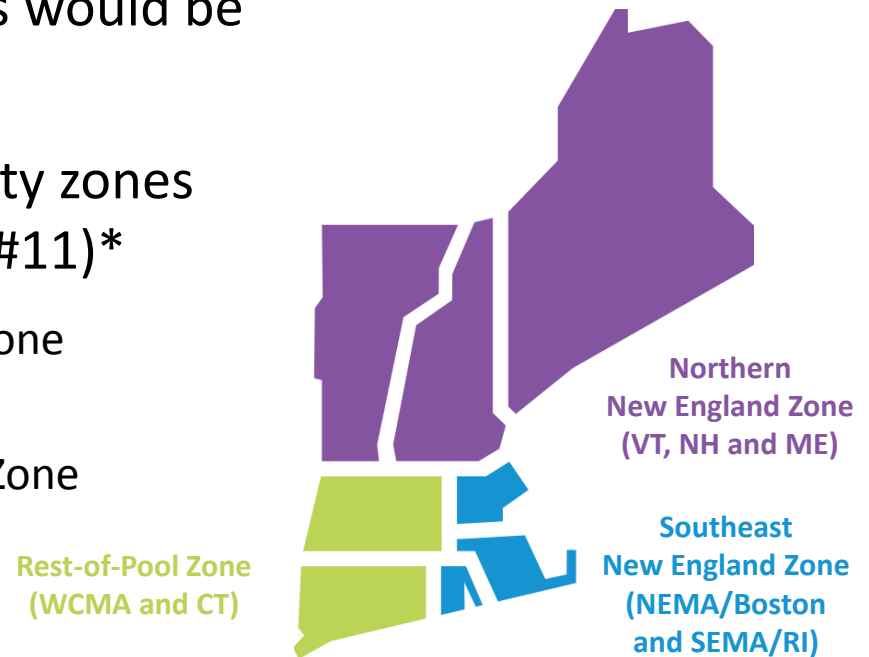
- Planning for FCA #12 began soon after FCA #11 concluded
- Retirement de-list bids for FCA #12 were due to the ISO by **March 24, 2017**
 - Retirement de-list bids for roughly **500 MW** of capacity were submitted (mostly in the Connecticut load zone)
- Show of Interest window for new resources: **April 14 – April 28, 2017**
- Qualification review window for new resources: **April 28 – September 29, 2017**



Note: Resource owners that submit retirement de-list bids seek to permanently remove their capacity resources from the region's wholesale electricity markets.

Three Capacity Zones Will Be Modeled in FCA #12

- The Federal Energy Regulatory Commission requires that the ISO have a process for determining the appropriate **number** and **boundaries** of capacity zones over time as conditions change
- The ISO studied **constraints** on the transmission system to determine which capacity zones would be modeled in FCA #12
- The ISO will model **three** capacity zones in FCA #12 (same zones as FCA #11)*
 - Northern New England Capacity Zone
 - Export-Constrained
 - Southeast New England Capacity Zone
 - Import-Constrained
 - Rest-of-Pool Capacity Zone



* Subject to stakeholder vote and FERC filing in November

ISO New England's Auction-Related Determinations and Calculations Must Be Filed with FERC for Review

- In **October**, the NEPOOL Participants Committee will vote on the ISO's determinations and calculations
- In **November**, the ISO will submit a pre-FCA information filing with FERC for review
- FCA #12 is scheduled to take place in **February 2018** to procure the resources needed during the June 1, 2021 to May 31, 2022 capacity commitment period



COMPETITIVE AUCTIONS WITH SPONSORED POLICY RESOURCES (CASPR)



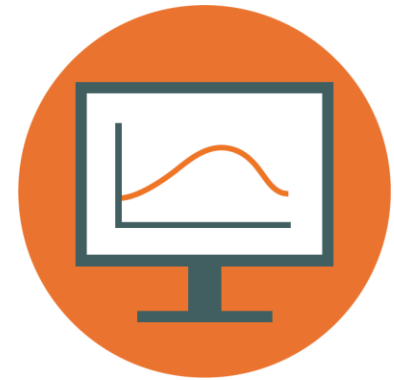


Challenge: Balancing Markets with Public Policy Goals

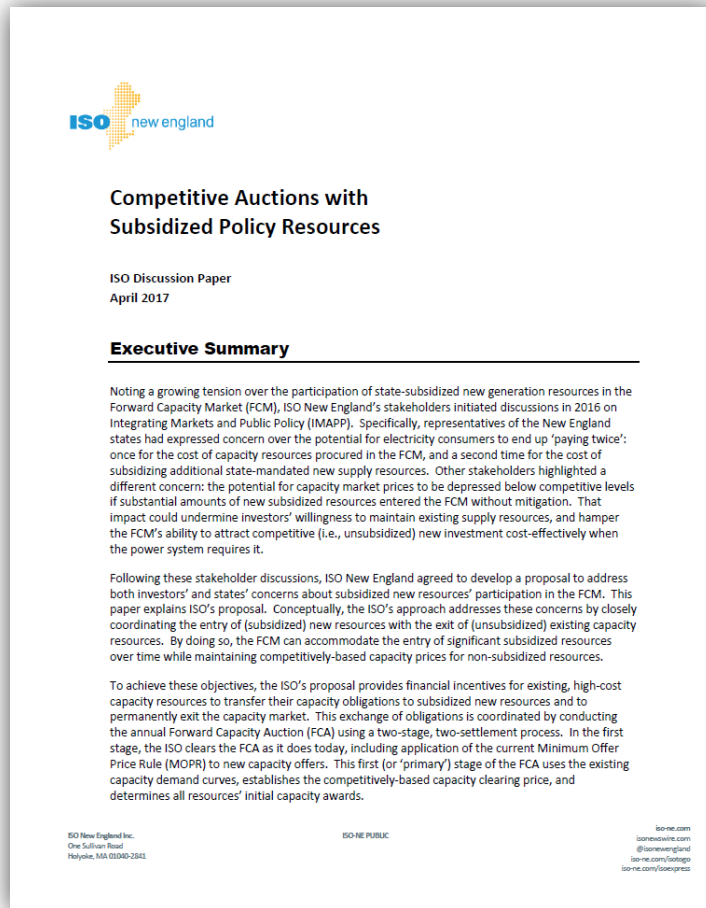
- **States sponsor** clean energy development to meet their legislative mandates
- Resulting subsidies **undermine the competitive market**
 - Likely results are **inefficient**
 - Region may end up **overbuilt** for resource adequacy
 - States are concerned that **consumers** would bear **unnecessarily high costs** if state policy resources do not participate in the FCM

The ISO's Proposed, Near-Term Solution: Competitive Auctions with Sponsored Policy Resources (CASPR)

- **CASPR** would enhance the capacity market to:
 - Accommodate sponsored resources into the **Forward Capacity Market (FCM)** over time, and
 - Preserve competitive capacity **price signals** for unsponsored resources
- **Key concept:** Coordinate, through a new *substitution* auction, the **entry of** sponsored capacity resources **with the exit** of non-sponsored ones
- The substitution auction enables the transfer of capacity obligations from existing resources seeking to retire to the states' preferred new resources



Detailed Discussion Paper Available on ISO Website

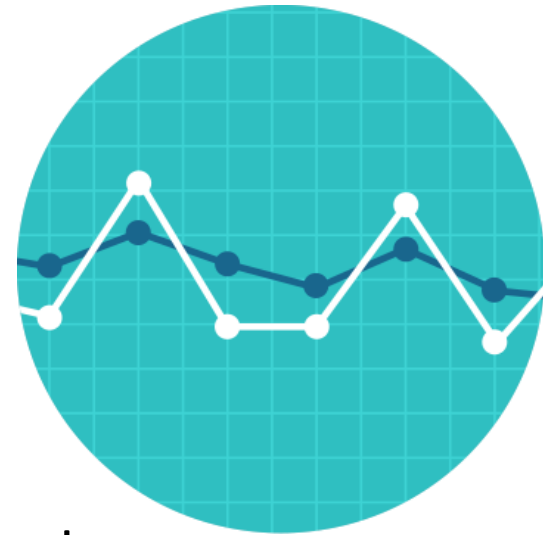


- Summarizes the challenges of integrating state policy resources into the FCM
- Presents the ISO's conceptual proposal and design principles in greater detail

Note: Additional materials can be found on the ISO's [Wholesale Markets and State Public Policy Initiative](#) website and NEPOOL's [Integrating Markets and Public Policy](#) website.

CASPR Next Steps

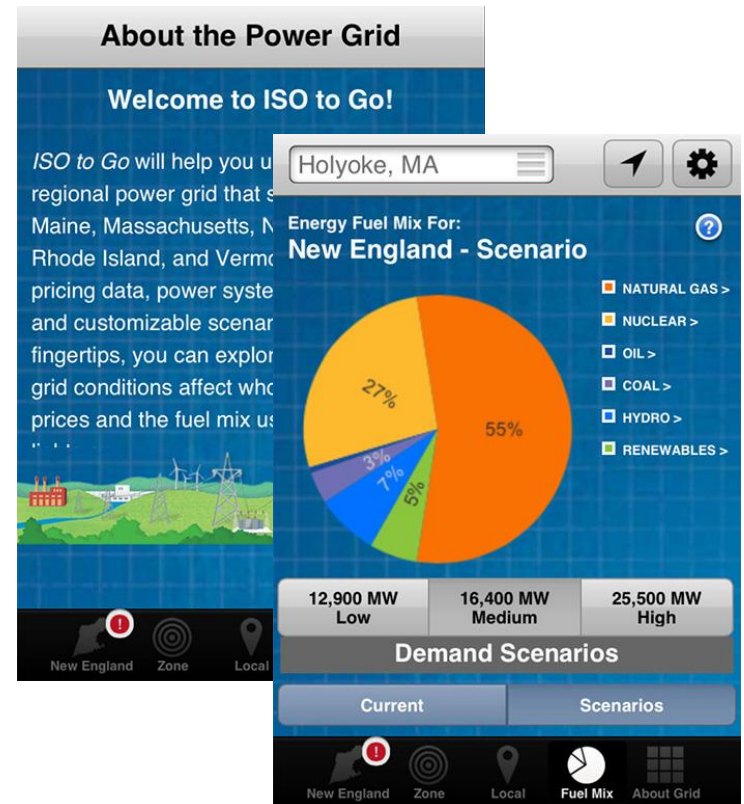
- **June through October:** Markets Committee Discussions
- **November:** Markets Committee Vote
- **December:** Participants Committee Vote
- The ISO anticipates that this timeline will allow the proposal to be filed with FERC at the end of 2017
 - If approved, will take effect for **Forward Capacity Auction #13** taking place in February 2019 for the Capacity Commitment Period that runs from **June 1, 2022 through May 31, 2023**.



For More Information...



- Subscribe to the **ISO Newswire**
 - [ISO Newswire](#) is your source for regular news about ISO New England and the wholesale electricity industry within the six-state region
- Log on to **ISO Express**
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Questions

