



FOR IMMEDIATE RELEASE

Contact:

Ellen Foley, ISO New England Inc. (413) 535-4139
Marcia Blomberg, ISO New England Inc. (413) 540-4555
Lacey Ryan, ISO New England Inc. (413) 540-4483

New England's Seventh Capacity Auction Procured Resources Needed for 2016/2017

Holyoke, MA—February 27, 2013—Finalized results of New England's seventh Forward Capacity Market auction confirm that the auction functioned as designed: it procured the level of resources needed to meet demand in 2016/2017, in each of the region's four zones. The results were filed with the Federal Energy Regulatory Commission (FERC) yesterday by ISO New England Inc., the operator of the region's bulk power system and wholesale electricity markets.

Finalized results

The Forward Capacity Market (FCM) auction, held on February 4 and 5, closed at the auction floor price in three of the region's four zones, with surplus capacity in all four zones. New England was divided into four zones for the first time in order to reflect the resource needs in areas of the power system that may have limited resources and inadequate transmission capability to move more power in, or areas that may have more resources than needed but inadequate transmission to move power out.

For the New England power system as a whole, more than 38,570 megawatts (MW) of power plants and demand-side resources competed in the auction to provide the 32,968 MW of capacity that the ISO forecasts will be needed to meet regional demand in 2016/2017. Systemwide, more than 36,220 MW was procured, representing a surplus of 3,252 MW. The auction cleared 31,641 MW of generation, 2,748 MW of demand resources (DR) including load management and energy efficiency, and 1,830 MW of imports.

In the three zones representing most of New England—Connecticut (CT), Maine (ME), and Rest of Pool (ROP): Rhode Island; Vermont; New Hampshire; and western, central and southeastern Massachusetts—the descending-clock auction concluded at the floor price of \$3.15 per kilowatt-month (kW-month) with excess supply in each zone. As a result, the clearing price in each zone will be prorated to a lower amount.

In the Northeast Massachusetts/Boston (NEMA/Boston) zone representing the North Shore and Greater Boston, the auction closed in the first round, at \$14.999/kW-month, when a new resource sought to withdraw from the auction. If the new resource—a 674-megawatt power plant proposed by Footprint Power—had withdrawn from the auction, the NEMA/Boston zone would have been short of the resources needed to meet demand in 2016/2017. In a zone with insufficient competition such as NEMA/Boston, all new resources are paid the clearing price. This includes Footprint Power's resource and 47 MW representing two new demand resources, for a total of 721 MW.

The existing resources in NEMA/Boston will be paid \$6.661/kW-month because these resources will be needed in the zone. The formula for compensating resources in zones with insufficient competition grew out of the [FCM rules agreed on by the region's stakeholders](#) and approved by FERC in 2006. The compensation mechanism is designed to provide price protection for consumers while encouraging competition. The mechanism provides incentives for new resources to be developed in resource-short zones, while capping compensation to existing resources at a level below that paid to new resources.

Bids to withdraw from the capacity market for 2016/2017

In advance of and during an FCM auction, existing power plants and demand resources may submit “delist” bids to withdraw from the capacity market for that one-year period, or permanently. Those bids are evaluated to determine whether the resource is needed to ensure reliability on the power system for the capacity year. Resources that submit delist bids and are allowed to leave the capacity market may still participate in the region's other wholesale markets.

In all, 268 delist bids were submitted to withdraw a total of 1,560 MW of capacity in 2016/2017. The ISO accepted all delist bids. Delist bids were submitted for 916 MW of demand resources and 644 MW of generation resources. Most of the DR and generation submitting delist bids sought to withdraw from the capacity market for one year, and may re-enter the market in the future.

FCM basics

Under the FCM, ISO New England projects the capacity needs of the region's power system three years in advance and then holds an annual auction to purchase the power resources that will satisfy those future regional requirements. Resources that clear in the auction are obligated to provide power or curtail demand when called on by the ISO.

The Forward Capacity Market was developed by ISO New England, the six New England states, and industry stakeholders to promote investment in generation and demand resources to meet future demand. The table on the next page shows that each of the auctions held to date procured the resources needed, plus surplus capacity.

Finalized results from FCA #7 can be found in the FERC [filing](#).

Results of the Seven Annual Forward Capacity Auctions (Systemwide)¹

FCA #7	Cleared Generation (MW)	Cleared Imports (MW)	Cleared DR (MW) ²	Total Capacity Acquired (MW)	Capacity Required (MW)	Clearing Price (\$/kW-month) ³	Excess Supply (MW)	Prorated Price (\$/kW-month)
FCA #1 (2010/11)	30,865	933	2,279	34,077	32,305	\$4.50	1,772	\$4.25
FCA #2 (2011/12)	32,207	2,298	2,778	37,283	32,528	\$3.60	4,755	\$3.12
FCA #3 (2012/13)	32,228	1,900	2,867	36,996	31,965	\$2.95	5,031	\$2.54 ⁴
FCA #4 (2013/14)	32,247	1,993	3,261	37,501	32,127	\$2.95	5,374	\$2.53 ⁵
FCA #5 (2014/15)	31,439	2,011	3,468	36,918	33,200	\$3.21	3,718	\$2.86 ⁶
FCA #6 (2015/16)	30,757	1,924	3,628	36,309	33,456	\$3.43	2,853	\$3.13 ⁷
FCA #7 (2016/17) ⁸	31,641	1,830	2,748	36,220	32,968	\$3.15 ⁹	3,252	\$2.74 ¹⁰

¹ Initial results from each annual auction; amounts will change with monthly and annual reconfiguration auctions.

² Demand resources include energy efficiency, demand-response resources, and real-time emergency generation (RTEG). RTEG resources are capped at 600 MW.

³ For FCAs #1-6 and for FCA #7 in the CT, ME, and ROP zones, the clearing price is also the auction floor price.

⁴ Prorated price in Maine for 2012/2013 is \$2.47/kW-month.

⁵ Prorated price in Maine for 2013/2014 is \$2.34/kW-month.

⁶ No price separation occurred in FCA #5 so the prorated price will be the same across all six states.

⁷ No price separation occurred in FCA #6 so the prorated price will be the same across all six states.

⁸ FCA #7 was conducted using four zones for the New England region: CT, ME, ROP, and NEMA/Boston.

⁹ FCA #7 concluded at the floor price of \$3.15/kW-month in three zones—CT, ME, and ROP—with excess supply. In the NEMA/Boston zone, the auction concluded at \$14.999/kW-month. All new resources in NEMA/Boston will receive the \$14.999/kW-month clearing price; existing resources in the zone will receive \$6.661/kW-month.

¹⁰ Because the auction concluded in each zone with excess supply, the clearing price will be prorated to \$2.744/kW-month in ME and ROP, and \$2.883/kW-month in CT. The clearing prices in NEMA/Boston will not be prorated.