



# Forward Capacity Auction 19 (FCA 19) One Year Delay

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*Proposed design and additional Tariff  
redlines*

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Proposed Effective Date: January 2024

- At the June PC and July and August MC meetings, the ISO reviewed the objectives and considerations for whether the Resource Capacity Accreditation (RCA) project should be included in Capacity Commitment Period 19 (CCP 19) and sought stakeholder feedback
- At the September MC meeting, the ISO introduced its proposed approach to moving forward with RCA for CCP 19
  - Option 2A: Plan to implement RCA for FCA 19 for CCP 19, **with the auction held in 2026**; by Q1 2024 decide whether to implement prompt auctions starting with CCP 19 in early 2028; with continued discussions beginning in late 2024 on implementing as prompt/seasonal auctions starting in early 2028
- At the October 12 MC meeting, the ISO reviewed the proposed design for delaying FCA 19 by one-year (2026) as well as the proposed Tariff redlines
- The focus of this presentation is to describe two additions to the proposal in response to stakeholder feedback

# Two Additional Inclusions in the Proposal

In response to stakeholder feedback, the ISO is including two additional components in the design to address qualification concerns associated with a one-year delay of FCA 19:

- In order to continue qualifying new resources with early commercial operations dates for reconfiguration auction activities for earlier Capacity Commitment Periods (e.g. ARA 3 for CCP 2025-26 and the associated monthly auctions), resources that do not yet have a Capacity Supply Obligation may submit qualification materials
  - Using the same calendar of activities that would have been used to conduct FCA 19 qualification under the current schedule
- The current rules tie the definition of new On-Peak and Seasonal-Peak Demand Resources to measures installed after the Existing Capacity Qualification Deadline
  - This deadline would shift by a year with the delay of FCA 19
    - Creating concern that a year's worth of measures will lose the ability to qualify in FCA 19
  - Therefore, the ISO is proposing that for FCA 19, a New Demand Capacity Resource will include an On-Peak Demand Resource consisting of measures that have not been in service prior to June 1, 2024, or a Seasonal Peak Demand Resource consisting of measures that have not been in service prior to June 1, 2024

# Summary of Proposed Tariff Changes

Tariff Section	Tariff Change	Reason for Change
III.13	Deleting language applicable to FCA 17 schedule changes	No longer needed
III.13	New language explaining FCA 19 (CCP 2028-2029) will be delayed by one year	Delay FCA 19 by 1 year
III.13	New language explaining that FCAs 20-25 (CCPs 2029-2034) will run on a 10-month schedule	Incorporate transition back to 3.5 year forward auction
III.13	New language explaining that for FCAs 19-24, the ISO will not run ARA 1 (there will only be two ARAs prior to each CCP)	Eliminate ARA 1, as needed, during transition back to 3.5 year forward auction
III.13.A.2	New language allowing for submittal of qualification materials in 2024 for resources with early in-service dates	Enable qualification for earlier reconfiguration auctions
III.13.A.3	New language adjusting the timing of measures associated with New Demand Resources	Enable continued qualification of installed measures
III.13	New language explaining that the ISO may adjust FCA activity dates by 10 business days with at least 30 days notice	Incorporate flexibility to revise FCA activity dates

# Conclusion

- The ISO is preparing to implement RCA for CCP 19 with the auction delayed to 2026, while continuing to evaluate plans for developing proposals moving to prompt and then seasonal auctions for CCP 19 and beyond
- The ISO proposes to delay FCA 19 implementation by one year and compress the typical year-long FCA qualification cycle by two months for FCAs 20-24 resulting in a 10 month timeline
  - FCA 25 would be conducted according to the typical 12 month timeline
- The ISO has made two additions to the proposal to address qualification concerns associated with a one-year delay of FCA 19
- The proposed effective date for these revisions is January 2024

# Stakeholder Schedule

Stakeholder Committee and Date	Scheduled Project Milestone
<b>Markets Committee</b> <a href="#"><u>September 12-13, 2023</u></a>	Introduction
<b>Markets Committee</b> <a href="#"><u>October 11-12, 2023</u></a>	Review proposed Market Rule 1 revisions
<b>Markets Committee</b> <b>October 26, 2023</b>	Review additional Market Rule 1 revisions and vote
<b>Participants Committee</b> <b>November 2, 2023</b>	Vote

# Parallel Stakeholder Processes

- While the ISO continues to evaluate plans of moving to prompt and/or seasonal auctions for CCP 19 and beyond, it is preparing to implement RCA for CCP 19 with the auction delayed to 2026
- Below are the parallel stakeholder processes associated with these FCA 19-related efforts

		2023			2024											
		Q4			Q1			Q2			Q3			Q4		
		O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
RCA Forward, Annual (for FCA 19 if delayed)	Refresher	Conceptual and Detail Design					Final Design, Review Tariff, and Amendments			MC/RC Vote	PC Vote File				Eff. Date	
FCA 19 One-Year Delay	Review Tariff	MC Vote	PC Vote	File	Eff. Date											
Alternative FCM Commitment Horizons	Analysis - Scope, Methodology, and Findings	ISO recommendation on whether to develop prompt proposal														

# Questions

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# APPENDIX



# ISO's Approach to Proceeding with Option 2A

- Prepare to implement RCA for CCP 19 with the auction delayed to 2026, while continuing to evaluate plans for moving to prompt and then seasonal auctions for CCP 19 and beyond
  1. Prepare proposed schedule to delay FCA 19 implementation by one year (the focus of this presentation)
  2. Continue design discussions for RCA implementation
  3. Continue assessing whether to develop a proposal for a prompt auction for CCP 19
    - Target Q1 2024 to decide whether to develop proposal for prompt auctions starting with CCP 19 in early 2028
      - Continue discussions later in 2024 on developing proposal for implementing prompt/seasonal auctions starting in early 2028
- The ISO would operationalize this by making an **initial filing** to FERC by the end of the year suspending the current timing for FCA 19, while including a backstop schedule for FCA 19 that is delayed by one year
  - The filing would indicate that the ISO would make a **second filing** in Q2/Q3 2024, after additional stakeholder discussion, either with:
    - Additional tariff changes needed to effectuate a one-year delay (this option would currently be expected to include the RCA design); or
    - A new schedule to effectuate a prompt capacity auction for CCP 19 in 2028 (detailed design would follow)

# Timeline for FCA 19 Cycle with One Year Delay

## Draft - Forward Capacity Auction 19 Schedule Capacity Commitment Period: 2028-2029

