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## New England's Forward Capacity Auction Closes with Adequate Power System Resources for 2027/2028

**Holyoke, MA—February 9, 2024**—New England's annual capacity auction closed with sufficient power system resources to meet forecast peak demand in 2027/2028. Nearly all of the new resources securing capacity supply obligations were energy storage, solar, wind, or demand-reducing resources.

ISO New England Inc. runs the auction each year to procure the resources needed to meet consumer demand for electricity three years later. Held this year on February 5, the 18th Forward Capacity Auction (FCA 18) closed after four rounds of competitive bidding.

The auction secured capacity commitments of 31,556 megawatts (MW) to be available in the 2027/2028 commitment period, at a preliminary price of \$3.58 per kilowatt-month (kW-month) in all zones and import interfaces.

Last year's clearing prices ranged from \$2.55 per kW-month to \$2.59 per kW-month across different pricing locations.

Almost 1,085 MW of new renewable energy, energy storage, and demand-reducing resources secured obligations in FCA 18.

"The results of this year's auction reflect a competitive process and help ensure a reliable power system for all of New England's residents and businesses," said Peter Brandien, vice president of System Operations and Market Administration at ISO New England. "A diverse mix of resources cleared the auction, including traditional generators as well as energy storage, solar, wind, and demand response, reflecting the region's continuing clean energy transition."

**Clean energy results**

New and existing solar and wind generation, energy storage, and demand resources secured obligations totaling about 5,540 MW, accounting for about 18% of all capacity clearing the auction.

New solar generation and energy storage resources, or facilities combining the two, secured obligations totaling about 795 MW. This accounted for the majority of new generating resources, which also included about 185 MW of new wind resources.

**FCA 18 by the numbers**

- The total value of the capacity market in 2027/2028 will be approximately \$1.3 billion (preliminary estimate)

**Forward Capacity Auction basics**

The annual auction of the Forward Capacity Market is held three years before each capacity commitment period. Capacity resources can include traditional power plants, renewable generation, imports, and demand resources such as load management and energy efficiency measures.

Resources that clear in the auction receive a monthly capacity payment in that future year in exchange for their commitment to provide power or curtail demand when called upon by the ISO. Resources that fail to meet their capacity commitment during a capacity scarcity condition must refund part of their capacity payment. This refunded money goes to resources that over-perform during the scarcity event.

The capacity market is separate from the energy markets, where resources with and without capacity commitments compete each day to provide power and are paid for the electricity they produce.

- Approximately 36,800 MW of resources, including about 32,700 MW of existing capacity and 4,100 MW of new capacity, qualified to participate in the auction
- Capacity clearing the auction totaled 31,556 MW, including:
  - 28,478 MW of generation, including 998 MW of new resources
  - 2,614 MW (including 105 MW new) of demand resources, including energy efficiency, load management, and distributed generation resources
  - 465 MW of imports from New York, Québec, and New Brunswick

**Clearing prices in context**

Auction number (capacity commitment period)	Rest of Pool & Zonal Clearing prices (\$/kilowatt-month)
FCA 18 (2027/2028)	\$3.58
FCA 17 (2026/2027)	\$2.59
FCA 16 (2025/2026)	Rest of Pool: \$2.59 Northern New England: \$2.53 Maine: \$2.53 Southeast New England: \$2.64
FCA 15 (2024/2025)	Rest of Pool: \$2.61 Northern New England: \$2.48 Maine: \$2.48 Southeast New England: \$3.98
FCA 14 (2023/2024)	\$2.00
FCA 13 (2022/2023)	\$3.80

Prior to the auction, the ISO proposed—and the Federal Energy Regulatory Commission (FERC) accepted—a net installed capacity requirement of 30,550 MW to meet reliability requirements for New England’s power system. The auction rules allow the region to acquire more or less capacity based on demand curves set by the capacity requirement. This provides flexibility to acquire additional capacity and enhanced reliability at a cost-effective price.

**Next steps**

Finalized auction results, including details on obligations for specific resources, will be filed with FERC and announced publicly via ISO New England’s digital channels.

**ABOUT ISO NEW ENGLAND**

Created in 1997, ISO New England is the independent, not-for-profit corporation responsible for the reliable operation of New England's electric power generation and transmission system, overseeing and ensuring the fair administration of the region's wholesale electricity markets, and managing comprehensive regional electric power planning.

