

187 FERC ¶ 61,019
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

April 12, 2024

In Reply Refer To:
ISO New England Inc.
New England Power Pool Participants
Committee
Docket No. ER24-1245-000

ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040

Day Pitney LLP
Goodwin Square
225 Asylum Street
Hartford, CT 06103

Attention: Brian D. Buckley and Rosendo Garza, Jr.

Dear Mr. Buckley and Mr. Garza:

1. On February 14, 2024, pursuant to section 205 of the Federal Power Act¹ and Part 35 of the Commission's regulations,² ISO New England Inc. (ISO-NE) and the New England Power Pool Participants Committee (together, Filing Parties) submitted revisions to sections I.2.2 and III.9.3 of the ISO-NE Transmission, Markets and Services Tariff (Tariff) to update the Forward Reserve Market (FRM) Offer Cap and revise the FRM offer data publication timeline.³ As discussed below, we accept the revisions effective April 15, 2024, as requested.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2023).

³ ISO New England Inc., ISO New England Inc. Transmission, Markets and Services Tariff, § I.2 (Rules of Construction; Definitions) (152.0.0); *id.* § III.9 (Forward Reserve Market) (24.0.0).

2. Filing Parties propose to lower the FRM Offer Cap from \$9,000/MW-month to \$7,100/MW-month.⁴ Filing Parties explain that this revised value reflects an updated upper bound of the estimated costs for a representative, installed unit to assume an obligation to provide Forward Reserves.⁵ Filing Parties also propose to revise the FRM offer data publication timeline from the first day of the fourth calendar month following the month during which the applicable demand bids and supply offers were in effect to the first day of the twelfth calendar month following the month during which the applicable demand bids and supply offers were in effect.⁶ Filing Parties explain that the revised publication timeline would allow at least one full annual auction cycle to pass before a preceding year's FRM offer data is published, thereby preventing the previous year's offer data from influencing the current year's offer formulation in an anti-competitive manner. Filing Parties propose this revision in response to a recommendation from the Internal Market Monitor of ISO-NE (IMM), which expressed concerns that the current publication timeline may enable uncompetitive offers.⁷ Filing Parties note that the provisions of its Information Policy, which they state govern the publication timeline, are generally responsive to the Commission's directives in Order No. 719.⁸ Filing Parties request an effective date of April 15, 2024 to allow for the updated FRM Offer Cap to be in place for the summer 2024 Forward Reserve Auction, which will open on April 17, 2024.⁹

3. Notice of the February 14, 2024 filing was published in the *Federal Register*, 89 Fed. Reg. 13,071 (Feb. 21, 2024), with interventions and protests due on or before March 6, 2024. Calpine Corporation; Constellation Energy Generation, LLC; LS Power

⁴ Filing Parties Transmittal Letter at 13.

⁵ Capitalized terms not defined herein are used as they are defined in the Tariff. See ISO-NE, Tariff, § I.2 (Rules of Construction; Definitions) (149.1.0).

⁶ Filing Parties Transmittal Letter at 14.

⁷ *Id.* at 12 (citing ISO-NE, IMM Spring 2023 Quarterly Markets Report, Docket No. ZZ23-4-000, at 52 (filed August 1, 2023) (“We recommend that the ISO cease the publication of auction offer data or delay publication until several auction cycles have passed.”)).

⁸ *Id.* at n.59 (citing *Wholesale Competition in Regions with Organized Elec. Mkts.*, Order No. 719, 125 FERC ¶ 61,071, at P 424 (2008) (“[I]f the RTO or ISO demonstrates a potential collusion concern, it may propose a four-month lag period or, alternatively, some other mechanism to delay release of the data if it were otherwise to occur in the same season as reflected in the data.”)).

⁹ *Id.* at 15.

Development, LLC; National Grid; and New England Power Generators Association, Inc. filed timely motions to intervene. The IMM and Potomac Economics, Ltd., in its capacity as the External Market Monitor for ISO-NE (EMM), filed timely motions to intervene and comments. The Massachusetts Department of Public Utilities filed a notice of intervention.

4. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2023), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

5. The IMM states that it supports the proposed reduction of the FRM Offer Cap from \$9,000/MW-month to \$7,100/MW-month. The IMM explains that the proposed recalculation of the FRM Offer Cap at \$7,100/MW-month strikes a measured balance between allowing participants flexibility to offer within the upper-end of a competitive offer while also acting as a backstop against the potential exercise of market power and its impact on prices.¹⁰

6. The IMM states that it also supports Filing Parties' proposed revision to the FRM offer data publication timeline. The IMM explains that, while it typically advocates for transparency within ISO-NE's markets, the disclosure of past participant offer data alongside Ten-Minute Non-Spinning Reserve and Thirty-Minute Operating Reserve requirements could potentially facilitate the exercise of market power in the FRM.¹¹ The EMM also supports Filing Parties' filing, arguing that the lower resulting offer cap value is an unambiguous improvement that will improve the competitive performance of the FRM.¹²

7. We find that Filing Parties' revisions to sections I.2.2 and III.9.3 of the Tariff to update the FRM Offer Cap and revise the FRM offer data publication timeline are just, reasonable, and not unduly discriminatory or preferential, and accept the revisions effective April 15, 2024, as requested. With respect to the proposed reduction of the FRM offer cap, we agree with the IMM that the proposed revisions provide sufficient flexibility for resources to participate at their expected costs within the upper end of a competitive offer, while also providing protection from the potential exercise of market power. Further, we find that Filing Parties' revisions to the FRM offer data publication timeline balances the need for market transparency with the need to limit the possibility that market information may lead to noncompetitive outcomes.

¹⁰ IMM Comments at 8.

¹¹ *Id.* at 7.

¹² EMM Comments at 3.

8. In Order No. 719, the Commission implemented reforms to enhance the market monitoring function and thereby improve the performance and transparency of organized RTO and ISO markets.¹³ With respect to information sharing, the Commission proposed a three month lag time for the release of offer and bid data but noted that “if the RTO or ISO demonstrates a potential collusion concern, it may propose a four-month lag period or, alternatively, some other mechanism to delay release of the data if it were otherwise to occur in the same season as reflected in the data.”¹⁴ In light of the flexibility accorded by this language to address potential collusion, we find that the Filing Parties’ revisions are consistent with the Commission’s directives in Order No. 719.

By direction of the Commission.

Debbie-Anne A. Reese,
Acting Secretary.

¹³ See Order No. 719, 125 FERC ¶ 61,071 at P 310.

¹⁴ *Id.* P 424.