Capacity Auction Reforms – Seasonal/Accreditation (CAR-SA)

Maximum and Dependable Capabilities

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CAR-SA Project Overview

WMPP ID: 185

Proposed Effective Date: Q2 2027

- CAR-SA includes changes to introduce seasonality and accreditation reforms to the capacity auction
- The introduction of accreditation reforms will help ensure that the capacity procured is helping to meet the region's resource adequacy needs cost-effectively
- Moving to seasonal auctions will better allow the capacity market to consider seasonal factors when determining how to most effectively meet the unique resource adequacy challenges in summer and winter
- This presentation clarifies and summarizes the new resource auditing parameters, MCap and DCap, that will support the CAR-SA design framework and all needs for audited resource performance values
  - The accompanying memo includes additional detail on MCap and DCap, including links to prior MC/RC presentations on the values

Summary of CAR-SA uses of MCap and DCap

- MCap will represent a resource's size within the Marginal Reliability Impact Capacity (MRIC) calculation
  - A resource's MCap represents a resource's physical supply capability and reflects changes in a resource's capability due to changes in its physical attributes
- DCap will represent expected availability during seasonal peak load hours when resource adequacy risks are expected to occur
  - A resource's DCap represents a resource's expected availability during peak load conditions in each season
- This presentation introduces "Global MCap," which is used for Intermittent Power Resource (IPR) accreditation
- Accompanying this presentation is a memo that summarizes the calculation of MCap and DCap for all asset types
  - MCap and DCap were also further discussed at the October 2025, January 2026, and February 2026 MC/RC meetings

General Concepts

- A resource's Global MCap, Seasonal MCap, or DCap is the sum of its underlying assets' Global MCap, Seasonal MCap, or DCap
- Global MCap, Seasonal MCap, and DCap will be determined through an ongoing auditing process
  - Source data, data updates, and/or participant consultation steps will generally be managed through that process
- MCap or DCap for newly or soon to be commercial resources
  - Resources that have not previously demonstrated capacity are required to have a non-zero MCap value by the Capacity Demonstration Deadline
  - Where an initial DCap value is needed (for example to scale profiles for deliverability)
    - For a "recently" commercial resource, an initial DCap value will be used, which will be based on its non-zero MCap to date multiplied by a class average percentage
    - For a "soon-to-be" commercial resource, an estimated DCap value will be used, which will be based on its nameplate value multiplied by a class average percentage

Introduction of Global MCap

- The modeling of IPRs requires a maximum capability measured irrespective of seasonality
  - That capability should be agnostic to temperatures or seasonal variations since temperature and seasonal variations are already captured in the hourly normalized profile
- For IPRs, the Global MCap will be used to multiply hourly normalized profiles
  - Prior IPR materials referred to this maximum capability as being the larger of (summer MCap, winter MCap)
    - However, this approach would not be agnostic to temperature
- Thus, the ISO is proposing a Global MCap value

Introduction of Global MCap, cont.

- The Global MCap will be the maximum hourly demonstrated performance during the preceding 3 years
  - Represents an asset's max physical supply capability irrespective of temperature conditions
  - It is not the maximum of its Seasonal MCaps
- The Global MCap values will only be used for the creation of the IPRs profiles in the RAA model
  - The auditing process will nonetheless report both Seasonal and Global MCaps for all assets that an MCap is reported for

Winter MCap for Oil & Gas Dual-fuel Units

- For assets with registered dual-fuel capability consisting of natural gas and fuel oil, the MCap calculation logic will assume that the observed hourly max net output occurred while the asset was operating on its registered primary fuel type
- This assumption was confirmed through empirical analysis of historical output and emissions data
- The MCap value and associated timestamp will be reported to the Lead Market Participant, so that discrepancies may be reconciled if necessary
- For the purpose of accreditation, the maximum capability of a dual-fuel asset on its alternate registered fuel will be calculated using the maximum output derate for the alternate fuel reported via the asset's NX-12

MCap for Energy Efficiency (EE) Resources

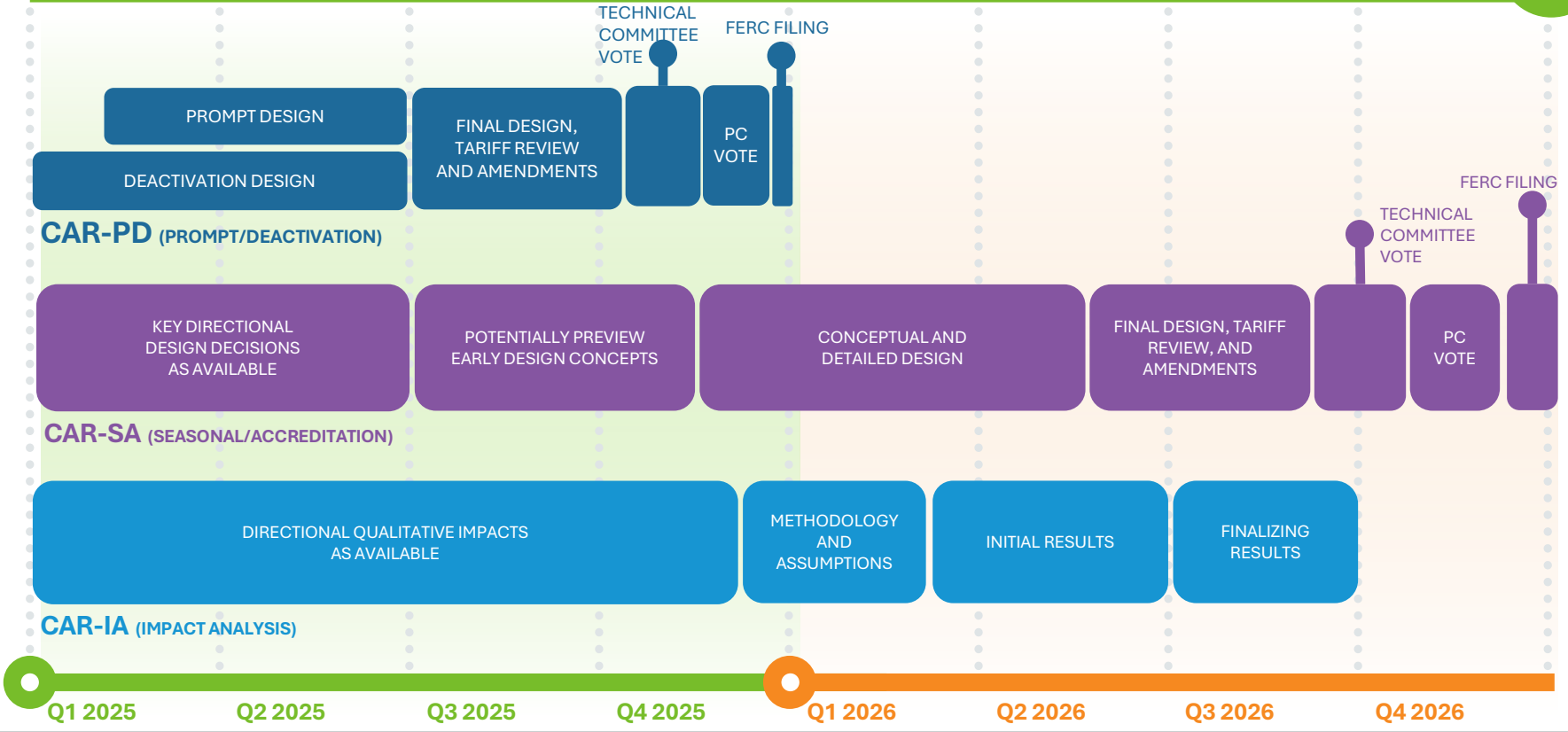
- Since there are no hourly performance values reported for EE resources, no MCap will be recorded through the auditing process
- The accreditation method for EE is developing its own MCap-equivalent suitable for the EE accreditation need
- The derivation of this MCap-equivalent was explained in the 5th step of the process used for the MRI capacity calculation for PDRs containing EE measures
  - More details available in the November 2025 RC materials

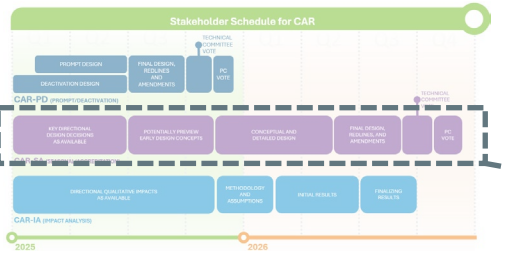
Conclusions and Next Steps

- MCap will account for a resource's size within the Marginal Reliability Impact Capacity (MRIC) calculation
- DCap will account for expected availability during seasonal peak load hours
- Accompanying this presentation is a memo that summarizes the calculation of MCap and DCap for all asset types
- The ISO is also proposing the introduction of a Global MCap
  - Global MCap is the maximum hourly demonstrated performance during the preceding 3 years
  - Global MCap will be used for the creation of the IPRs profiles in the RAA model
- Any additional questions on MCap and DCap will be addressed as part of a future follow-up medley deck
  - Please submit follow-up questions by April 30, 2026 to the RC Secretary: Dan Patnaude (dpatnaude@iso-ne.com)

STAKEHOLDER SCHEDULE

Stakeholder Schedule for CAR





Stakeholder Schedule for CAR-SA

CORE MODELING AND ACCREDITATION CONCEPTS

SEASONAL/ACCREDITATION MODELING AND MARKET DESIGN

CONFORMING DESIGN DETAILS

FINAL DESIGN, TARIFF REVIEW AND AMENDMENTS

TECHNICAL COMMITTEE VOTE

PC VOTE

FERC FILING

CAR-SA (SEASONAL/ACCREDITATION)

PROVIDE QUESTIONS AND FEEDBACK ON DESIGN

Stakeholder Activity

CONCEPTUAL AMENDMENTS

PRESENT AMENDMENTS

PRESENT DESIGN & RESPOND TO FEEDBACK

ISO Activity

PROVIDE QUESTIONS AND FEEDBACK ON AMENDMENTS

Q4 2025 | Q1 2026 | Q2 2026 | Q3 2026 | Q4 2026

CAR-SA Schedule Projection (Continued)

- **April**
  - Resource Accreditation Modeling: Impact Analysis, Continued Discussion (MC timeframe)
  - Market Clearing Impact Analysis, Continued Discussion on Assumptions and Methodology (MC timeframe)
  - Gas-Only Resource Contract Requirements (MC timeframe)
  - Gas Demand Curve, follow-ups and continued detailed design discussion (MC timeframe)
  - Import Resource Modeling and Accreditation, continued discussion (MC timeframe)
  - Capacity Market Cost Allocation, Continued Discussion (MC timeframe)
  - Competitive Offer Construction and Mitigation (MC timeframe)
  - Qualification Process (MC timeframe)
  - Installed Capacity Requirement and Zonal Demand Curves (RC timeframe)
  - MCap and DCap Summary (RC timeframe)
  - Deactivation under CAR-SA (TC timeframe)
  - Quarterly Follow-up Medley (MC timeframe)

CAR-SA Schedule Projection (Continued)

- **May**
  - Resource Accreditation Modeling: Impact Analysis, Continued Discussion (MC timeframe)
  - Market Clearing Impact Analysis, Initial Results Presentation (MC timeframe)
  - Gas-Only Resource Contract Requirements, Continued Discussion (MC timeframe)
  - Gas Demand Curve, follow-ups and continued detailed design discussion, if needed (MC timeframe)
  - Import Resource Modeling and Accreditation, continued discussion (MC timeframe)
  - Competitive Offer Construction and Mitigation, continued discussion (MC timeframe)
  - Qualification Process, continued discussion (MC timeframe)
  - Bilaterals (MC timeframe)
  - Preliminary Activity Schedule (MC timeframe)
  - DECR Accreditation and Modeling (RC timeframe)
  - Installed Capacity Requirement and Tie Benefits Follow Ups (RC timeframe)
  - Capacity Zone Formation (RC timeframe)

CAR-SA Preliminary Topic Schedule (Continued)

- The list below provides a draft projection of committee discussions:

Topics	Projected Committee Discussions
Technical Details	June – August
Redline Review	June (Tentative) – September

Questions

About the Presenter

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