

Capacity Auction Reforms Seasonal/Accreditation (CAR-SA) Proposal Information

This document summarizes content related to the CAR-SA proposal workstream from presentation material across the NEPOOL Technical Committees and the NEPOOL Budget & Finance Subcommittee. It also summarizes areas of additional interest raised by committee stakeholders and not yet fully discussed on a given subject. A content summary related to CAR Prompt/Deactivation (CAR-PD) is captured separately on the [ISO website](#).

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Content	Summary	More Detailed Information	Additional Stakeholder Topics of Interest
Design Objectives and Summary	Accreditation reforms will improve procured capacity to cost-effectively meet regional resource adequacy needs. Improved resource and load modeling better reflects system conditions and resource operational characteristics. Seasonal auctions allow the capacity market consideration of seasonal factors to meet resource adequacy needs despite summer and winter challenges. The gas constraint reflects a region-wide infrastructure constraint that allows the auction to cost effectively trade off between firm and non-firm winter capacity. The proposal has been discussed across a number of NEPOOL meetings and has benefited greatly from thoughtful stakeholder feedback.	September 2025 MC Introductory Presentation July 2026 MC (MC/RC) Rationale for CAR Key design changes and benefits Resource adequacy summary and modeling improvements Accreditation reforms Seasonality Winter gas constraint Resource Accreditation Modeling Impact Analysis Market Clearing Impact Analysis Deactivations Capacity market mitigation Energy market must offer Cost allocation Pay for Performance conforming changes Capacity Internal Bilateral Transaction Resource Qualification Activity Schedule Transition Mechanism	
Sequential Auction Framework	For CCP 19, the capacity auction for each season will be conducted independently (i.e., sequentially). Participants will submit auction parameters for a single season that is then run ahead of that season.	October 2024 MC Rationale November 2024 MC Further rationale	
Seasonal Structure	The proposed seasonal auction structure for CAR-SA: - Summer season: May 1 – October 31 - Winter season: November 1 – April 30	March 2025 MC Seasonal structure for CAR-SA Decision factors	
Activity Schedule	Key auction activities such as qualification, compliance, and deactivation decisions will occur more frequently and on a shorter schedule under CAR-SA. Deadlines for buyer-side market power review and deactivation notifications will be one year prior to the start of the auction season.	May 2026 MC (MC/RC) Buyer-side market power, deactivations, resource adequacy assessment & ICR Seller-side market power, resource qualification, seasonal auction, monthly events Winter ’28-’29 steady state Summer ’29 steady state	

		• Summer '28 truncated season July 2026 MC (MC/RC) • Buyer-side market power, deactivations, resource adequacy assessment & ICR • Seller-side market power, resource qualification, seasonal auction, monthly events • Winter '28-'29 steady state • Summer '29 steady state • Summer '28 truncated season	
Transition Mechanism	The ISO proposes a transition mechanism over a series of auctions to create a glide path into the CAR-SA final design. Resources will gradually shift to final accreditation values using weighted averages of Qualified Capacity (QC) and Marginal Reliability Impact Capacity (MRIC) over two years, with the new accreditation design fully implemented in the third year. Capacity supply and demand parameters will be adjusted in parallel, also using weighted averages of QC-based and MRIC-based values, to maintain alignment between market demand and accredited supply. The transition is intended to provide greater market stability, moderate year-over-year changes, and operational experience with the new design before full implementation.	June 2026 MC (MC/RC) • Transition background • Proposed accreditation transition methodology • Proposed demand curve transition • Proposed gas constraint transition July 2026 MC (MC/RC) • Transition objectives • Accreditation transition mechanism • Demand-side transition mechanism	
Resource Adequacy Assessment (RAA) Modeling Enhancements	GE Vernova's (GE MARS) Resource Adequacy software is the primary tool used to perform resource adequacy assessments and to support the calculation of various Forward Capacity Market parameters, including the Installed Capacity Requirement (ICR) and related values, and system and capacity zone demand curves.	September 2025 RC • RAA Modeling Enhancements Memo • RAA Modeling Improvements ○ Objectives ○ RAA tool overview ○ Load modeling ○ Capacity resources modeling by CELT fuel type ○ Other system resources ○ Deliverability impacts October 2025 GE MARS Technical Session • System overview • MARS simulation • MARS enhancements December 2025 GE MARS Technical Session • Thermal resource modeling • Energy limited resource and energy storage modeling • Discharging and charging logic • Load and profile resources modeling January 2026 GE MARS Technical Session • System-wide ICR and capacity demand MRI curve • Zonal capacity demand MRI curve • rMRI calculation • MRI hours estimation	

Core Accreditation Concept: Marginal Reliability Impact (MRI) Hours	With the MRI framework, resources will be accredited based on their expected performance during simulated hours where resource adequacy is at risk.	September 2025 MC • Overview • MRI Framework for Accrediting Capacity Resources Memo ○ Concerns w/ existing accreditation framework ○ 3 features of framework ○ 3 types of MRI hours and examples	
Seasonal Tie Benefits	Tie benefits will move to a seasonal framework to better align with neighboring models. The proposed seasonal tie benefits calculation will use a similar simulation approach to the current annual methodology. The ISO is developing additional areas of alignment with neighboring regions to result in more accurate outcomes, including modeling the interconnected system with LOLE targets and alignment with emergency operating procedures (EOP).	November 2025 RC • Tie benefits overview • Proposed seasonal calculation • Simulation approach • Modeling alignments and enhancements December 2025 RC • Adjusting capacity and LOLE targets • EOP alignment • Values for Impact Analysis January 2026 RC • Seasonal LOLE split follow-up • Modeling enhancement impacts follow-up • Proposed allocation methodology • Proposed triennial study May 2026 RC (RC/MC) • Triennial study process • Sensitivity study process • Initial study timeline	
Seasonal Loss of Load Equivalent (LOLE) Split and Related Parameters	The ISO proposes to split the 1 day in 10 years LOLE planning requirement across the summer and winter equally as .05 LOLE for each season. Seasonal capacity demand curves and supply offers, rather than LOLE risk split, will drive how much capacity is procured in each season. Determining capacity demand curves with a single scaling factor will procure capacity cost-effectively.	December 2025 MC (MC/RC) • Overview • Current annual process • Proposed seasonal approach January 2026 MC (MC/RC) • Interpreting seasonal LOLE values • 50/50 seasonal LOLE risk split implications • Cost-effectiveness of single scaling factor	
Installed Capacity Requirement (ICR)	Net ICR is the minimum MW quantity of capacity resources required to meet Resource Adequacy criteria. Net ICR will be determined for each season and used as anchor points for seasonal demand curves. Net ICR will be expressed in both physical (using MCap or DCap) and market terms (using MRIC).	February 2026 RC • Net ICR vs. ICR • Net ICR overview • Net ICR calculations and expressions	
Modeling Detail: Equivalent Forced Outage Rates on Demand (EFORd)	EFORd will be calculated seasonally by using submitted GADS values for the months relevant to that season. Differences between seasonal EFORd values calculated over different horizons are small. The ISO proposes to expand the current EFORd look back period from the past five years to the past ten like seasons.	October 2025 MC (MC/RC) • Process for seasonal EFORd calculations • Conforming Changes to EFORd Calculations Memo January 2026 MC (MC/RC) • EFORd calculation windows March 2026 MC (MC/RC)	

		• EFORd in accreditation • Proposed 10 season look back period • Benefits 10 season look back	
Modeling Detail: Maximum Capability (MCap)	MCap will account for a resource’s size within the MRIC calculation.	October 2025 MC (MC/RC) • MCap overview • Reasoning for audit changes • MCap calculation based on resource type • 3-year lookback period January 2026 MC (MC/RC) • Relationship between MCap and DCap • MCap temperature requirements February 2026 RC • Temperature normalization April 2026 RC (RC/MC) • MCap and DCap summary • Proposed Global MCap for IPRs • Oil and gas dual-fuel winter MCap • Energy efficiency resource MCap • Summary of Maximum Capability and Dependable Capability Values Memo	
Modeling Detail: Dependable Capability (DCap)	DCap will account for expected availability during seasonal peak load within MRIC to reflect how a resource physically performs under tight system conditions. When a resource’s DCap exceeds its CNRC or CNRC equivalent, a scaling DCap value will be applied to its MCap.	October 2025 RC • DCap overview • DCap calculation January 2026 MC (MC/RC) • Clarified use of DCap February 2026 RC • Performance factor follow up • DCap and EFORd follow up • 500-hour DCap threshold analysis • RAA resource adequacy-risk • DCap sampling hours alignment April 2026 RC (RC/MC) • MCap and DCap summary • Summary of Maximum Capability and Dependable Capability Values Memo July 2026 RC (RC/MC) • DCap review • Accreditation process flow diagrams	
Modeling Detail: Deliverability	Deliverability will be considered as part of the MRIC to account for a resource’s ability to deliver capacity to the system. For GCRs, ADCRs, and DECRs, the deliverability value will be CNRC or equivalent CNRC, which will be scaled during the summer season using a scaling DCap value.	October 2025 RC • Deliverability overview • Deliverability within MRI • Proposed approach • Benefits and alternatives to proposed approach March 2026 RC (RC/MC) • Overview of deliverability in accreditation • Scaling vs. capping approach	

		• Summer scaling • Resource application • Hybrid resource scaling • Scaling DCap values	
Modeling Detail: Ambient Temperature Derates	Thermal generators will continue to be able to ensure they will not be required to take on CSO for MWs that exceed their expected MCap at an ambient air temperature of 100°F. Further adjustments for ambient temperature are outside the CAR scope as analysis shows a minimal impact on thermal units. Additional assessment planned as part of post-CAR roadmap.	November 2024 MC • Not in CAR scope rationale April 2025 MC • Analyses on impact of ambient temperatures on thermal units • Implications for CAR July 2026 MC (MC/RC) • Ambient air offers	
Resource-Specific Design: Non-Energy Limited Thermal Resource	Non-energy limited thermal resources MRI values will be primarily determined by its size (MCap) and EFORd (outage rate). Large resources may find some correlation with outage risks.	October 2025 MC (MC/RC) • Definition of non-energy limited thermal resources • Non-energy limited thermal resource accreditation November 2025 MC (MC/RC) • EFORd with and without out of management control (OMC) • Exclusions to energy limited modeling	
Resource-Specific Design: Energy Limited Thermal Resource	Energy limited thermal resources' MRI values will be primarily determined by their size (MCap), EFORd (outage rate), and daily energy limit. Most oil, jet fuel, kerosene, or dual fuel resources will be modeled and accredited as non-energy limited thermal resources, as they are expected to have more than 24 hours of inventoried fuel. Resources with less than 24 hours of inventory will instead be modeled as energy-limited resources with a daily energy limit. The one exception is for the summer season, during which all dual-fuel resources are modeled as non-energy-limited thermal resources regardless of their on-site fuel inventory. For dual-fuel resources that are modeled as energy-limited in the winter, their overall winter accreditation will be determined using the gas-only methodology. The portion of their accredited capacity associated with oil, calculated from the energy-limited model, will be treated as firm, while the remaining portion (the difference between total accredited capacity and accredited oil capacity) will be subject to the gas market constraint. Energy limited resources will be dispatched from longest to shortest duration.	November 2025 MC (MC/RC) • Determining energy limited status • Modeling framework* • Dispatch order • MRI hours calculation • Energy Limited Resource Modeling and Accreditation Memo January 2026 MC (MC/RC) • Accrediting energy limited dual fuel resources • Energy Limited Resource Modeling and Accreditation Addendum Memo June 2026 MC (MC/RC) • Modeling limitation • Proposed accreditation adjustment • Adjustment impact July 2026 MC (MC/RC) • Adjustment overview • Summer adjustment example for 12-hour energy limited resource • Estimated impacts on rMRI and MRIC values	
Resource-Specific Design: Energy Storage Resources	Energy storage resources' MRI values will be primarily determined by their size (MCap), EFORd (outage rate), maximum stored energy limit, maximum charging capability, and round-trip efficiency. Energy storage resources will be dispatched from longest to shortest duration and charged from shortest to longest duration.	December 2025 RC • Energy storage EFORd values • Modeling framework • Dispatch order • MRI hours during charging • Energy Storage Resource Modeling and Accreditation Memo	

	Some, but not all, simulated hours where energy storage resources are charging constrained can be MRI Hours. The ISO adjusted the storage accreditation design to accommodate the limitation that the RAA model cannot incorporate storage being able to charge other storage resources.	January 2026 MC (MC/RC) • Proportional energy storage charging and dispatch logic • Potential modifications to modeling capabilities • Additional examples of proportional dispatch logic in GE MARS April 2026 MC (MC/RC) • MA Clean Peak Standard modeling impact June 2026 MC (MC/RC) • Modeling limitation • Proposed accreditation adjustment • Adjustment impact July 2026 MC (MC/RC) • Adjustment overview • Winter adjustment example for 10-hour storage resource • Estimated impacts on rMRI and MRIC values	
Resource-Specific Design: Demand Response	Active Demand Capacity Resources (ADCRs) and Passive Demand Capacity Resources (PDRs) will be accredited based on their expected performance in the simulated “MRI Hours” where additional available capacity could mitigate or reduce expected unserved energy. ADCRs’ accredited capacity values will be determined using hourly profiles that reflect their historical offered availability, historical performance during audit and dispatch, and size (MCap). PDRs’ accredited capacity values for distributed generation (DG) assets will be determined using profiles from the fleet-wide production data of the same technology type from the latest historic year and DCap value (calculated using actual metered output). PDRs’ accredited capacity values for energy efficiency (EE) measures will be determined using the representative industrial profiles of underlying end use, and their respective demand reduction value.	November 2025 RC • ADCR overview • ADCR accreditation • MRI calculation • ADCR Seasonal Accreditation under CAR Memo • PDR overview • PDR accreditation • MRI calculation for DG • MRI calculation for EE • PDR Seasonal Accreditation under CAR Memo January 2026 MC (MC/RC) • Seasonal peak vs. on-peak PDR • Impact of changing sample period for ADCR accreditation July 2026 MC (MC/RC) • rMRI adjustment for aggregated PDRs	
Resource-Specific Design: Intermittent Power Resources (IPR)	IPR accreditation is primarily driven by resource size (MCap) and consistency of energy output. Non-settlement-only IPRs will be modeled individually while settlement-only IPRs will be modeled as aggregates grouped by load zone and IPR type. Wind and solar will use simulated profiles, while run of River Hydro and other IPRs (landfill gas, certain biogas-fueled resources) will use historical hourly production data for RAA modeling.	January 2026 MC (MC/RC) • Background • Proposed modeling framework • Individual wind and solar • Aggregated wind and solar • Hydro and other IPRs February 2026 MC (MC/RC) • Response to stakeholder interests • Outage rates overview • Wind and solar outage rates • Hydro and misc. outage rates • Examples of profile generation	

		March 2026 MC (MC/RC) • Profile attributes summary • Accreditation drivers • Responses to February questions • 15-year look back for hydro and other IPR historical profiles April 2026 MC (MC/RC) • Hourly derate vs. random full outages • Final IPR Proposal Summary May 2026 ETWG • ISO usage of ORCA tool • Wind modeling methodology and validation • Solar modeling methodology and validation July 2026 MC (MC/RC) • rMRI adjustment for aggregated IPRs	
Resource-Specific Design: Hybrid Resources	Hybrid resources' MRI values will be primarily determined by their size (MCap), facility limit, storage duration, and outage rate (EFORd). Storage and generator components of hybrid resources will be modeled separately. Hybrid resources behind a common interface limit to account for any shared facility limit, such as an inverter rating or limited grid interconnection, will be accredited respecting the shared constraint.	February 2026 MC (MC/RC) • Current accreditation rules • Proposed accreditation framework • Examples of proposed framework • Accreditation drivers • Hybrid Resource Modeling and Accreditation Memo March 2026 MC (MC/RC) • Accreditation proposal review • Export constrained zone follow-up • Treatment of different charge/discharge ratings follow-up • Availability of existing configurations follow-up • MRIC split follow-up • Surplus Interconnection Service applicability follow-up • Modeling charging MRI hours follow-up April 2026 MC (MC/RC) • Continuation of existing configurations • Proposed MRIC split rules • Multi-resource hybrids considerations	
Resource-Specific Design: Imports	Imports are expected to be broken into two categories: resource-backed and control area-backed. Modeling will enable relevant interface parameters (i.e., capacity transfer limit and tie benefits) to be represented. Control-area backed imports will be accredited primarily by MCap-equivalent value and historical performance. Resource-backed imports will be accredited comparably to internal resources, primarily by MCap-equivalent capability and the class-average rMRI value. Qualification rules will exclude certain external resource types from providing resource-backed imports.	March 2026 MC (MC/RC) • Current modeling practices • Proposed modeling alignment • Current accreditation practices • Preliminary accreditation considerations and approach April 2026 MC (MC/RC) • Accreditation proposal • Control area-backed imports May 2026 MC (MC/RC) • Resource-backed imports	

		• External resource technologies • Additional qualification demonstrations • MRIC accredited quantity July 2026 MC (MC/RC) • Participant declaration of MRIC quantity • External resource-backed EFORd • Requiring a control area operating agreement • Control area-backed import calculations • Eligibility criteria for resource-backed imports	
Resource-Specific Design: Distributed Energy Capacity Resources (DECRs)	Distributed Energy Resources (DERs) can aggregate into DER Aggregations (DERAs) to participate in Energy and Ancillary Services markets. An aggregation of one or more DERAs can participate in the Capacity Market as a Distributed Energy Capacity Resource (DECR). Dispatchable DERAs will be created using the same methodology as ADCRs, driven primarily by their historical offered availability, historical performance during audit and dispatch, and size (MCap). Non-dispatchable DERAs will be accredited using net meter data. Resources with limited historical data will use class averages.	May 2026 RC (RC/MC) • Background • Proposed modeling framework • Dispatchable DERA profiles • Non-dispatchable DERA profiles • Resources with limited data availability • Distributed Energy Capacity Resource Modeling and Accreditation Memo	
Post-RAA Resource Accreditation	Resources not included in RAA model development, including newly-commercial resources, PDRs, and import capacity resources, will be assigned representative rMRI values based on the performance of comparable resource types. The ISO plans to publicly publish ‘representative rMRI’ information ~5 months prior to each seasonal auction.	July 2026 RC (RC/MC) • Post-RAA accreditation overview • Non-energy limited post-RAA accreditation • Energy limited post-RAA accreditation • Energy storage post-RAA accreditation • IPR post-RAA accreditation • PDR post-RAA accreditation • ADCR post-RAA accreditation • DECR post-RAA accreditation • Hybrid post-RAA accreditation • Deliverability scaling not applied directly	
Market-based Winter Gas Constraint	The winter gas constraint allows the capacity market to reflect the region’s gas infrastructure limitations in the winter through a gas capacity demand curve that will apply to gas-only resources. Reflects the fact that capacity from gas resources without a firm contract may provide less marginal reliability value than other resources. Gas-only resources will continue to receive capacity accreditation primarily driven by their MCap and EFORd. The gas capacity demand curve when binding will pay a lower price to gas resources without firm fuel contracts that sell capacity in a winter auction. The design is intended to create incentives for firm fuel and procure the most cost-effective mix of gas and non-gas resources while maintaining reliability.	September 2025 MC • Overview November 2025 MC (MC/RC) • Example gas capacity demand curve • Accredited capacity calculation • Proposed treatment of firm contracts • Gas availability model overview • Modeling pipeline gas supply • Modeling gas supply from LNG terminals • Modeling non-generator demand • Simulating available daily gas • Translating to hourly available energy • Development of gas profiles December 2025 MC (MC/RC) • Reasoning for gas demand curve	

		• Responses to stakeholder questions • Gas availability model results • Proposed hourly available gas for electric generation January 2026 MC (MC/RC) • Background • Reliability and cost concerns • Similarity to Export-constrained Capacity Zone demand curve • Proposed gas capacity market constraint • Gas demand curve calculation • Clearing with gas capacity demand curve • Introducing a Gas Capacity Demand Curve in the Winter Capacity Market Memo • Gas Demand Curve Examples (explains why the gas constraint does not apply to accreditation values) April 2026 MC (MC/RC) • Gas demand curve design review • Preliminary gas constraint timeline • Firm and non-firm MRI capacity offer structure • Mutually exclusive firm and non-firm offers • Historical gas availability model • Firm capacity requirements • Specifications and Requirements for Gas-Only Resources Designating as Firm Capacity Memo May 2026 MC (MC/RC) • Gas contract requirements follow-up • Firm contract submission process • Monthly reconfiguration auctions and the gas constraint • Mutually exclusive firm and non-firm offers follow-up • Firm capacity assignment • Gas capacity demand curve adjustment proposal June 2026 MC (MC/RC) • No gas demand curve adjustment for firm contracts • Updated firm gas hourly requirement • CSO bilateral transactions and the gas constraint • Firm capacity assignment • Updated firm capacity criteria • Updated Specifications and Requirements for Gas-Only Resources Designating as Firm Capacity Memo July 2026 MC (MC/RC) • Removal of marketer attestation requirement, ratable take conditions, partial LNG contracting • CSO Bilaterals and the gas constraint • Gas-only resource-backed import participation requirements	
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		Pricing for non-firm gas CSO	
Resource Accreditation Modeling Impact Analysis (IA)	The ISO is undertaking an analysis of the CAR-SA design to provide information on the potential impacts of the proposed market rule changes. The IA will compare modeled outcomes of current rules and CAR reforms. Results of the Resource Modeling Accreditation IA Capacity show demand decreases under CAR-SA, reflecting the fact that peak load can be met with less MRIC capacity than QC capacity. The impact on accreditation values varies considerably by season and resource type. Some thermal resources, hydro resources, and PDRs generally see an increase in accreditation values while ADCRs, energy limited resources, and storage resources generally see a decrease in accreditation values.	September 2025 MC Overview December 2025 MC (MC/RC) Overview Proposed approach Resource Accreditation Modeling analysis January 2026 MC (MC/RC) Proposed resource accreditation and modeling IA structure Near-term base case Future base case Response to stakeholder interests February 2026 MC (MC/RC) Stakeholder input themes Plan for resource accreditation and modeling IA cases, sensitivities, and analysis Response to stakeholder interests March 2026 MC (MC/RC) Modeling key concepts Resource modeling overviews ICR Purpose and limitations Near-term base case demand outputs Near-term base case reliability outputs Near-term base case accreditation values Future case one Appendix: major assumptions and model inputs Appendix: additional near-term base case results April 2026 MC (MC/RC) Near-Term Base Case results Near-Term Base Case gas constraint demand curve Energy limited and storage charging/discharging logic sensitivity 80/20 risk split sensitivity Future Cases 1, 2 & 3 results Additional design considerations Appendices including Near-Term Base Case follow-ups May 2026 MC (MC/RC) Additional 80/20 risk split sensitivity Representative MRI events during winter Additional details on CAR-SA RAA load modeling 90/10 LOLE split sensitivity Higher/lower levels of available winter gas sensitivity Energy limited and storage exclusion sensitivity	- Evaluate reflecting off-peak import contributions in IA, load weighting, and long duration events - Clarify difference between REST and CAR-SA

		• Adjustment for energy storage charging limitation June 2026 MC (MC/RC) • Load modeling • Alternate load modeling assessment • "As is" vs. "at criterion" accreditation July 2026 MC (MC/RC) • ISO's assessment of alternate load modeling approaches • Assessment of storage accreditation under conditions with little system risks • Final Resource Accreditation Modeling IA results for Near-Term Base Case • Spreadsheet of additional assumption data	
Market Clearing Impact Analysis (IA)	The ISO is undertaking an analysis of the CAR-SA design to provide information on the potential impacts of the proposed market rule changes. The IA will compare modeled outcomes of current rules and CAR reforms. Results of the Market Clearing IA show that total cleared capacity under CAR-SA tends to be lower than under current rules, especially in the winter where we observe a lower peak demand, while clearing prices under CAR-SA tend to be higher than under current rules. Generally, these two effects largely offset in the cases studied, meaning total market capacity costs are similar between current rules and CAR-SA.	December 2025 MC (MC/RC) • Market Clearing analysis February 2026 MC (MC/RC) • Market Clearing IA background • Demand estimation • Supply estimation • Market clearing values to be delivered March 2026 MC (MC/RC) • Objectives • Demand and offer inputs • Economics of competitive supply offers • Offer component assumptions • Analysis drivers and details • Key outputs • Sensitivities April 2026 MC (MC/RC) • Supply offer methodology • Sensitivity scenarios • Offer diversity and construction example • Appendix: input form results May 2026 MC (MC/RC) • Demand parameters • Gas constraint demand curve June 2026 MC (MC/RC) • Preliminary results overview • Demand curves results • Input assumptions • Lower base case results • Medium base case results • Higher base case results • 75/25 scarcity hours sensitivity results • 25/75 scarcity hours sensitivity results July 2026 MC (MC/RC)	

		• Seasonal payment rates assumptions and inputs • Updated IA assumptions • Updated IA results • 80/20 LOLE risk split sensitivity results • Alternative firm gas quantity sensitivity results • Alternative modeled gas availability sensitivity results • Spreadsheet of additional assumption data	
Competitive Offer Construction and Mitigation	The underlying fundamentals of forming competitive offers will remain unchanged in the seasonal capacity market, including the four components of a resource’s competitive offer: • Going Forward Costs • Expected Pay-for-Performance (PFP) financial obligation costs • Opportunity costs of holding a CSO • Risk Premium The application of this methodology on these components may change in some cases with the move to seasonality. Seller-side market power (SSMP) mitigation rules, including a Capacity Offer Price Threshold (COPT) and Pivotal Supplier Test, will prevent offers that are deemed too high. Resources offering above the COPT must go through an IMM review with a proposed offer and cost workbook. A supplier is considered pivotal if its capacity is needed to meet system or local reliability requirements. Buyer-side market power (BSMP) mitigation rules will prevent offers that are deemed too low. Floor prices are calculated in the same way as under CAR-PD, with additional "mechanical updating" to account for revenues received from MRIC that previously sold CSO and changes to accredited MRIC value.	March 2026 MC (MC/RC) • Economic logic • Offer components • Offer calculation example • Seasonal economic logic • PFP considerations • Avoidable costs considerations • Risk considerations • Self-supply April 2026 MC (MC/RC) • Offer formulation with Balancing Ratio cap • Sunk cost exclusion • Transition to seasonal costs • Seasonal capital costs • Seasonal opportunity costs • Proposed mitigation procedures • Proposed offer floor procedures • Proposed capacity and energy market must-offer requirements May 2026 MC (MC/RC) • Seller-side mitigation • IMM offer review process • Information release timing • Energy must-offer rules June 2026 MC (MC/RC) • Energy must-offer rules for IPRs • Hybrid resource MRIC allocation follow-up • SSMP mitigation • Offer formulation overview • Gas resources offer formulation • Buyer-side market power mitigation July 2026 MC (MC/RC) • Monthly vs. seasonal entry mitigation impacts • Temporary exist from energy market • Impact of accredited capacity quantity changes on capacity offers • Pricing in risk for capacity offers	• Walk through the COPT calculations for the initial cut-over year

		A Primer on Offer Formulation in the Capacity Market Under the Proposed CAR-SA Design to date, with Theoretical and Numerical Examples Memo	
Capacity Market Cost Allocation	The ISO proposes that capacity market costs be allocated seasonally to regions based on seasonal peak loads instead of the current annual calculations. Of the ten current capacity market cost charges, the proposal conforms the existing method to apply in two seasons for seven of the existing charges while removing three that are not applicable in a seasonal market.	March 2026 MC (MC/RC) Proposed capacity market cost allocation Calculation of charge rate Seasonal qualitative changes April 2026 MC (MC/RC) Capacity market costs impact Historical seasonal peak contributions Seasonal peak contribution process Conforming capacity market cost allocation Conforming Capacity Market Cost Allocation Under CAR Memo (including multi-year rate lock resource treatment) May 2026 MC (MC/RC) Cost Allocation for Cleared Non-firm Gas Capacity under CAR Memo	
Seasonal Demand Curves	The ISO proposes to use seasonal payment rates when deriving the demand curve under CAR-SA. These rates will be calculated based on two assumptions: Annual Cost Equivalence and Constant Capacity Demand Curve Scaling Factor.	May 2026 MC (MC/RC) Seasonal payment rate methodology Proposed Methodology for Deriving Seasonal Payment Rates Memo June 2026 MC (MC/RC) Directional IA results of seasonal demand curves July 2026 MC (MC/RC) Seasonal payment rates IA assumptions and inputs	Examine changes to zonal demand curves under seasonal construct
Resource Qualification Process	CAR-SA resource qualification activities will occur through resource creation, resource maintenance, seasonal auction preparation, and monthly CSO trading activity preparation. Resource creation will be a continuous process, rather than a batch process, to facilitate timely market participation. Resources must have 100 kW of MRIC to participate in a seasonal auction. Resources that experience a full-capacity forced outage for the entire upcoming season after submitting the IMM cost workbook may request that their seasonal auction MRIC be reduced to zero. LMPs may continue to offer Ambient Air MWs above the COPT without cost justification by submitting documentation in their Qualification Data Submission Package. The material change framework remains largely unchanged under CAR-SA, with some conforming revisions to align qualification processes with seasonality.	April 2026 MC (MC/RC) Background Resource creation process Proposed resource maintenance process Proposed seasonal auction preparation process Proposed monthly CSO trading activity preparation May 2026 MC (MC/RC) Resource minimum size requirement Removal of CAR-PD Estimated Qualified Capacity Unexpected full forced outages Elimination of composite offers Treatment of characteristics for asset reconfiguration June 2026 MC (MC/RC) Ambient air process Resource minimum size requirement Unexpected full forced outages July 2026 MC (MC/RC) CAR-PD material change process CAR-SA material change revisions	

		• Ambient air offers and quantity • rMRI input table	
Capacity Zone Development Process	The two-step zone development process will largely stay the same with some small changes under CAR-SA. Capacity Zones will be developed seasonally and DCap will be used to represent expected resource performance. Transmission Security Analysis (TSA) will be updated for seasonal modeling.	May 2026 RC (RC/MC) • Background • Proposed changes • TSA Requirement for import-constrained zone	
Zonal MRI Demand Curves	In addition to import and export-constrained zones, a gas capacity zone will be introduced to reflect winter gas-supply limitations. Demand curves will be adjusted to allow PDRs to participate in the auction as a supply resource to balance supply and demand.	April 2026 RC (RC/MC) • Background • Proposed changes to zonal MRI methodology • PDR impacts to demand curve	
Deactivations	The ISO is proposing two Deactivation Notification Deadlines each year that align with the proposed market seasons. The ISO proposes to retain accelerated deactivation with seasonal auctions. Under CAR-SA, deactivation mitigation will follow a review of Conduct and Portfolio Benefits Tests that looks across two seasons.	April 2026 TC • Deactivations process flow • Notification deadlines • Increased notification frequency benefits • Accelerated deactivations May 2026 MC (MC/RC) • CAR-PD market power assessment review • CAR-SA market power assessment • Cost workbooks and the Conduct Test • Portfolio Benefits Test July 2026 MC (MC/RC) • Transition process for first two deactivation notification deadlines	
Interactions with Pay-for-Performance (PFP)	The ISO is considering several approaches to address Balancing Ratio (BR) capping under CAR-SA. The ISO is proposing to conform the current PFP annual stop-loss limit to a seasonal stop-loss limit.	June 2026 MC (MC/RC) • BR background • BR design options • Stop loss July 2026 MC (MC/RC) • Proposed BR cap at 1	
Capacity Bilaterals and Capacity Exports	In addition to existing CLO Bilaterals, the ISO is proposing a Capacity Internal Bilateral Transaction (IBT) as a price-hedging mechanism allowing participants to transfer financial obligations associated with electricity or capacity between one another.	June 2026 MC (MC/RC) • Bilaterals background • Bilaterals in price hedging • CLO Bilaterals • Proposed Capacity IBT • Simplified capacity export rules July 2026 MC (MC/RC) • Attestation requirement • Example of different transaction and obligation sizes • 24-month maximum duration • Updating monthly MW after submission	
Tariff Redlines		June 2026 MC (MC/RC) • Deactivation Tariff revisions: Sections III.A.24.1, III.A.24.2, III.A.24.4.1, III.A.24.5, III.A.24.6, III.A.24.7, III.A.24.8, and III.A.24.9	

		July 2026 MC (MC/RC) • Resource qualification Tariff revisions: Sections III.15.2.1.1, III.15.2.1.3, III.15.2.1.5, III.15.2.1.6, III.15.2.2, III.15.2.4.1, III.15.2.5, III.15.2.6, III.15.2.7, III.15.2.8, III.15.2.9-10, III.A.21.1.5 • Resource auditing and capability Tariff revisions: Sections III.1.5.1, III.1.5.4, III.1.5.5, III.1.5.5.1, III.1.5.5.2, III.1.5.5.3, III.1.5.5.4, III.1.5.6, III.1.5.6.1, III.1.5.6.2, III.1.5.6.3, III.1.7.11, III.1.7.12, III.1.7.13, III.15.7.1.5.3, III.15.7.1.5.4, III.15.7.1.5.5, III.F	
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Note: * indicates this aspect is no longer incorporated or has been modified in the current design.