UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

NextEra Energy, Inc.	)	**Docket No. EC26-131-000**
	)	
Dominion Energy, Inc.	)	
	)	

MOTION TO ANSWER AND ANSWER OF THE INTERNAL MARKET MONITOR FOR ISO-NEW ENGLAND

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("Commission" or "FERC"), 18 C.F.R. §§ 385.212 and 385.213, the Internal Market Monitor ("IMM") of ISO New England Inc. ("ISO" or "ISO-NE") respectfully submits this Motion for Leave to Answer and Answer ("Reply")[1] to the Answer of NextEra Energy, Inc. ("NextEra") and Dominion Energy, Inc. ("Dominion" and, together with NextEra, the "Applicants") to the Comments and Protests filed in the above-referenced docket, including those of the IMM. The IMM respectfully submits this Reply to assist the Commission with its evaluation of the Proposed Merger between NextEra and Dominion ("Proposed Merger").

[1] The IMM respectfully requests leave to submit this answering reply to aid the Commission's decision-making process. The Commission has found good cause to permit replies in various circumstances, including where the answer would assure a complete record in the proceeding, provide information helpful to the disposition of an issue, permit the issues to be narrowed or clarified, or otherwise assist the Commission in its decision-making process. *See*, *e.g.*, *TransColorado Gas Transmission Co.*, 111 FERC ¶ 61,208, at P 4 (2005); *PJM Interconnection, L.L.C.*, 84 FERC ¶ 61,224, at p. 62,078 (1998).

The IMM previously recommended that any approval of the Proposed Merger be conditioned upon safeguards, more stringent than the existing capacity framework, governing the deactivation of capacity resources. At a minimum, Applicants should commit to not deactivating any resources in the merged portfolio for a term of five years (from the 2028-29 Capacity Commitment Period beginning in June 2028 through the 2032-2033 commitment period(s)), which determination would be subject to Commission review.[2] This condition is intended to address the increased ability and incentive created by the Proposed Merger to withdraw otherwise economic capacity in a manner that could affect competitive market outcomes in the ISO-NE upcoming capacity auctions. In their Answer, Applicants indicated they would not oppose the Commission's adoption of that condition, even if it were not necessary to satisfy the applicable statutory standards.[3]

To assist the Commission, the IMM now provides additional detail regarding a potential framework for implementing this condition, in the event that the Commission were to otherwise approve the Proposed Merger. As described below, the proposed approach would operate in conjunction with the deactivation framework in the ISO's capacity market design.[4]

[2] IMM Comments at 4.

[3] Applicants' Answer at 21 ("Applicants would agree, if the Commission concluded it was necessary for the Transaction to meet the statutory test for approval, to behavioral mitigation consistent with that recommended by the ISO-NE IMM regarding resource deactivations. Specifically, Applicants would agree to a cost-based review 'administered by the IMM, subject to existing oversight by the External Market Monitor, and ultimate review by the Commission if required,' to ensure any resource deactivation proposed by Applicants for the June 2028 through June 2033 Capacity Commitment Periods is economic on a standalone basis.").

[4] The same approach outlined herein would apply under the current annual CAR-PD design in the Tariff and the CAR-SA prompt/seasonal design that is currently being presented through the stakeholder process and will be subject to upcoming Commission review.

The approach primarily would consist of a preliminary cost review process conducted by the IMM with the oversight of the EMM prior to the deactivation submission deadlines in the ISO-NE Tariff and with the same cost-review materials, so that the IMM can determine in advance whether a proposed deactivation is economic, subject to Commission review. The IMM's review would be timed to operate in sync with existing annual and (potentially future) seasonal capacity market deactivation timelines. NextEra would be required to submit to the IMM the same cost workbooks and supporting information required under the Tariff-prescribed cost review process, no later than six months before an applicable deactivation notification deadline (*i.e.*, approximately eighteen months before the start of the relevant Capacity Commitment Period).

The IMM's advance review would apply the same standards currently used in the deactivation process under Market Rule III.A.24.1 through III.A.24.5. For example, if NextEra sought to deactivate a resource exceeding 20 MW, or multiple resources totaling more than 20 MW, for any Capacity Commitment Period from 2028-29 through 2032-33, it would submit a Deactivation Notification Package containing the required cost workbooks and supporting documentation.

The IMM would assess whether the asserted economic basis for deactivation is consistent with a resource's reasonable expected cash flows, Capacity Performance Payments, and opportunity costs, as compared to the IMM's expected capacity auction clearing price. Consistent with the existing deactivation process, the IMM could be afforded three months in this advance review process to complete its assessment and issue a determination to NextEra.

Specifically, if an expected capacity clearing price is insufficient to offset a negative Net Present Value ("NPV") of future cashflows, this would indicate that the resource is no longer economic on a standalone basis and can deactivate (a "Conduct Test Pass"). The resource would be *required to proceed* through the existing deactivation process. Requiring submission of the Deactivation Notification would help avoid speculative submissions and would align with the binding nature of deactivation requests under the current capacity market rules. Because a negative-NPV determination that is not offset by the expected capacity auction clearing price would necessarily establish that the resource satisfies the conduct test standard, the Portfolio Benefit Test and Proxy Capacity Offer market rules would not be implicated.

In contrast, a positive NPV would indicate that a resource has economic value on a standalone basis and cannot deactivate (a "Conduct Test Failure"). NextEra would be prohibited from submitting a Deactivation Notification for such a resource that remains economic.

Any implementation framework could preserve the existing External Market Monitor review of the IMM's determinations, as well as the ability of NextEra to seek Commission review. To accommodate the applicable market timelines, any challenge could be filed within 30 days of the IMM's determination, with Commission action requested within 30 days thereafter. Such a schedule would provide an opportunity for review while also allowing the advance review process to conclude before the applicable deactivation-notification deadline.

For the assistance of the Commission, the IMM suggests the following language as a template for possible inclusion in a Commission Order:

> ¶ Subject to and as a condition to the foregoing, NextEra shall comply with the following conditions: NextEra shall not seek to deactivate or retire any resource(s) within its ownership or control for a period of [five] years in ISO-NE, beginning with the Capacity Commitment Period from June 2028 and [through the 2032-33 commitment

period(s)], unless the following approval process is met and the resource(s) are determined to be uneconomic by the IMM for ISO-NE, whose determination shall be subject to review by the Commission.

i) No later than six months before the applicable deactivation-notification deadline, the same cost workbooks and supporting information required under the ISO-NE Tariff-prescribed deactivation cost review process shall be submitted to the ISO-NE IMM for an advance review of a deactivation request for a resource(s).

ii) The IMM shall apply the same standards currently used in the deactivation process under ISO-NE Tariff Sections III.A.24.1 through III.A.24.5, or any subsequent Commission-approved revisions.

iii) Based on reasonable expected cash flows, Capacity Performance Payments, opportunity costs, and expected clearing prices, the IMM shall determine the future cashflows of the resource(s) at issue. Specifically, a negative Net Present Value ("NPV") of future cashflows (not offset by the expected capacity clearing price) would indicate that the resource is no longer economic on a standalone basis and can deactivate (a "Conduct Test Pass"), while a positive NPV indicates that a resource has economic value on a standalone basis and cannot deactivate (a "Conduct Test Failure"). The Portfolio Benefit Test and Proxy Capacity Offer provisions in the ISO-NE Tariff would not be part of the IMM advance review.

iv) If the IMM determines that a resource has a positive NPV (a Conduct Test Failure), NextEra is prohibited from submitting a Deactivation Notification for the resource while the resource remains economic. Where the IMM determines that the resource has a negative NPV not offset by the expected capacity clearing price (a Conduct Test Pass), the resource would be required to proceed promptly through the existing deactivation process under the ISO-NE Tariff.

v) The IMM shall have 90 days from the complete submission of the required submission to make its advance determination, subject to existing oversight by the External Market Monitor. Any challenge could be filed within 30 days of the IMM's determination, with Commission action requested within 30 days thereafter.

These measures would be targeted to the specific risks created by the Proposed Merger as currently identified by the IMM, and could help in promoting competitive market behavior, without being unduly onerous or discriminatory. In making this limited recommendation, the IMM is not indicating its support for the Proposed Merger or opinion that the Commission should not impose other behavioral or structural market solutions, as advocated by other intervenors in this docket.

November 4, 2026

Respectfully submitted,

/s/ David Naughton

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010, upon each person designated on the official service list in this proceeding as compiled by the Secretary of the Federal Energy Regulatory Commission.

Dated at Holyoke, Massachusetts this 4th day of November 2026.

/s/ *Julie Horgan*
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