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Finalized Capacity Auction Results Confirm 10th FCA Procured Sufficient Resources, at a Lower Price, for 2019–2020

Holyoke, MA—February 29, 2016—Finalized results confirm that ISO New England’s annual capacity auction concluded at a lower price than the previous auction and with sufficient resources, including three new power plants, to meet demand in 2019–2020. ISO New England Inc. filed the [finalized results](#) today with the Federal Energy Regulatory Commission (FERC).

Capacity acquired

The 10th Forward Capacity Market (FCM) auction (FCA #10), which was conducted on February 8, procured 35,567 megawatts (MW) of capacity to meet the 34,151 MW Installed Capacity Requirement (ICR) for 2019–2020. The region can meet system-wide demand by acquiring more or less than the ICR, depending on the reliability requirements and price. In all, 40,131 MW of resources, including 6,700 MW of new resources, qualified in advance to compete in the auction.

The auction acquired 31,371 MW of generation, including 1,459 MW of new generation. This includes three large, dual-fuel power plants totaling 1,300 MW proposed for Southeast Massachusetts, Rhode Island, and Connecticut. These new power plants will help close the gap created by recent or pending retirements of more than 4,200 MW of coal, oil, and nuclear generation. The auction also cleared 2,746 MW of demand-side resources, including energy-efficiency measures and demand-response assets, and 1,450 MW of imports from New York and Canada.

The auction included several firsts: the level of capacity required was reduced by about 390 MW based on the ISO’s forecast that the region’s fast-growing, behind-the-meter solar facilities will reduce future demand; 6.8 MW from the first offshore wind farm under construction in the US cleared; and for the first time, fuel-cell facilities—two, 2.5 MW facilities in Connecticut—also cleared the auction. The region procured 27 MW of new wind resources, including the offshore facility, as well as 44 MW of new solar resources.

The names of resources, locations by zone and state, and quantities cleared are included in Attachment A of the FERC filing.

Prices

The auction clearing price was \$7.03 per kilowatt-month (kW-month) for all resources within New England and imports from Québec. There was no price separation between capacity pricing zones during this auction. The clearing price for New York imports was \$6.26/kW-month, and \$4.00/kW-month for New Brunswick imports. The estimated total annual cost of capacity payments in 2019–2020 will be about \$2.99 billion.

The \$7.03/kW-month clearing price is more than 25% lower than last year’s \$9.55/kW-month price for most resources clearing in FCA #9, and about 35% lower than the pre-auction estimate that a new natural-gas-fired power plant in New England would need \$10.81/kW-month in capacity revenue during its first year of operation.

Forward Capacity Market

The FCM is designed to procure the resources that will be needed to meet projected demand. The annual FCM auction is held three years before each capacity commitment period to provide time for new resources to be developed. Capacity resources can include traditional power generation, renewable generation, or demand-side resources, such as load management and energy-efficiency measures. Resources clearing in the auction will receive a monthly payment

during the delivery year in exchange for their commitment to provide power or curtail demand when called on by the ISO. The capacity market is separate from the energy market, where resources compete on a daily basis to provide power and are paid for the electricity they produce.

Results of FCA #10 (2019/2020)

Total Capacity Acquired (MW)	Total Demand-Side Resources ¹ Acquired (MW)	New Demand-Side Resources ¹ (MW)	Total Generation Acquired (MW)	New Generation (MW)	Total Imports (MW)	Auction Zones ²	Clearing Price (\$/kW-month)
35,567	2,746	371	31,371	1,459	1,450	ROP	\$7.03
						SENE	
						Quebec imports	\$6.26
						New York imports	
						New Brunswick imports	\$4.00

¹ Demand resources include energy efficiency measures, demand-response resources, and real-time emergency generation.

² Capacity pricing zones: In **FCA #10**, Rest-of-Pool (ROP) included western and central Massachusetts (WCMA), Connecticut (CT), Maine (ME), New Hampshire (NH) and Vermont (VT); the new Southeast New England (SENE) zone combined Northeast Massachusetts/Boston (NEMA/Boston) and Southeast Massachusetts/Rhode Island (SEMA/RI).

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.

