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Finalized Results Confirm 12th Capacity Auction Procured Sufficient Resources for 2021–2022

Two Boston-area generators retained to ensure reliability

Holyoke, MA—February 28, 2018—Finalized results filed today confirm that New England’s annual capacity auction concluded with sufficient resources to meet electricity demand in 2021–2022, and at the lowest price in five years. ISO New England Inc. filed the [finalized results](#) with the Federal Energy Regulatory Commission (FERC).

Capacity acquired and retained

The 12th Forward Capacity Market (FCM) auction (FCA #12), which was conducted on February 5 and 6, procured 34,828 megawatts (MW) of capacity for 2021–2022. The auction acquired 30,011 MW of generation, including 174 MW of new generation, primarily in increased output at existing power plants. The auction also procured 514 MW of new energy-efficiency (EE) and demand-reduction (DR) measures. In all, about 3,600 MW of EE and DR cleared. The FERC filing includes a list of resources that have an obligation to be available in 2021–2022.

While the auction closed with enough resources to meet demand, the ISO rejected two bids to ‘dynamically delist’, or withdraw, from the capacity market for the one-year capacity commitment period. Exelon Generation Co. sought to delist its Mystic 7, 8, and 9 generating facilities in Everett, Massachusetts. When a resource seeks to delist, the ISO evaluates whether the transmission system could be operated securely without the resource; the ISO’s tariff does not allow consideration of other factors. The ISO’s mandatory transmission reliability review showed that transmission lines in Greater Boston could be overloaded if Mystic 7 and Mystic 8 were not available during 2021–2022, so those delist bids were rejected and the units retained. Mystic 7 is a 575-MW unit that can use either oil or natural gas and Mystic 8 is a 703-MW natural-gas-fired generator. The reliability review found that Mystic 9 was not needed and it was allowed to leave the capacity market for one year.

Prices

The auction clearing price was \$4.63 per kilowatt-month (kW-month) for all resources within New England and imports from New York. Most imports from Québec will be paid \$3.70/kW-month and imports from New Brunswick will be paid \$3.16/kW-month. The estimated cost of the capacity market in 2021–2022 will be approximately \$2.07 billion. A table illustrating results from auctions #7 through #12 is below.

Forward Capacity Market

The FCM is designed to procure the resources that will be needed to meet projected demand in three years’ time. Capacity resources can include traditional power plants, renewable generation, imports, and 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.

Auction Results for FCAs #7 through #12 (2013-2018)

Auction, Auction Date, Commitment Period	Total Capacity Acquired (MW)	New Demand Resources (MW)	New Generation (MW)	Clearing Price (\$/kW-month)
FCA #7 in 2013 2016–2017	36,220	245	800	\$3.15 (floor price) NEMA/Boston: \$14.99/new & \$6.66/existing
FCA #8 in 2014 2017–2018	33,712	394	30	\$15.00/new & \$7.03/existing
FCA #9 in 2015 2018–2019	34,695	367	1,060	System-wide: \$9.55 SEMA/RI: \$17.73/new & \$11.08/existing
FCA #10 in 2016 2019–2020	35,567	371	1,459	\$7.03
FCA #11 in 2017 2020–2021	35,835	640	264	\$5.30
FCA #12 in 2018 2021–2022	34,828	514	174	\$4.63

Zones

- NEMA/Boston refers to the former Northeast Massachusetts/Boston zone
- SEMA/RI refers to the former Southeast Massachusetts/Rhode Island zone

Pricing

- In FCAs #1 through #7, the auction had a floor price. The floor price was eliminated starting with FCA #8.
- In FCA #7, the NEMA/Boston zone cleared at \$14.99/kW-month for new capacity; the existing capacity price was set at \$6.66/kW-month.
- In FCA #8, due to a resource shortfall, the auction cleared at \$15.00/kW-month, which will be paid to new capacity in all zones and existing capacity in NEMA/Boston; existing capacity in all other zones will receive an administratively set price of \$7.03/kW-month.
- In FCA #9, inadequate capacity in the SEMA/RI zone triggered administrative pricing rules. New capacity in SEMA/RI will receive the auction starting price of \$17.73/kW-month and existing capacity will receive an administratively set price of \$11.08/kW-month.
- In FCA #10, New York imports cleared at \$6.26/kW-month; and New Brunswick imports cleared at \$4/kW-month.
- In FCA #11, New Brunswick imports cleared at \$3.38/kW-month.
- In FCA #12, all resources within New England, all imports from New York, and 57 MW over a Québec interconnection will be paid \$4.63/kW-month. Imports from Quebec totaling 442 MW and from New Brunswick totaling 194 MW will be paid \$3.70/kW-month and \$3.16/kW-month, respectively.

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.

