

FOR IMMEDIATE RELEASE**Contact:****Ellen Foley** (413) 535-4139**Matt Kakley** (413) 535-3821

New England's Forward Capacity Auction Closes with Adequate Power System Resources for 2023-2024

Clearing price was lowest in New England's capacity market history

Holyoke, MA—February 5, 2020—New England's annual capacity auction for power system resources concluded Monday with sufficient resources to meet peak demand in 2023-2024, and preliminary results indicate the clearing price was the lowest in the auction's history. ISO New England Inc. runs the auction to procure the resources needed to meet consumer demand for electricity in three years.

The 14th Forward Capacity Market (FCM) primary auction (FCA #14) closed at a preliminary clearing price of \$2.00 per kilowatt-month (kW-month) across New England, compared to \$3.80/kW-month in last year's auction.

"New England's competitive wholesale electricity markets are producing record low prices, delivering unmistakable economic benefits for consumers in the six-state region," said Robert Ethier, vice president for system planning at ISO New England.

Resources totaling 42,219 megawatts (MW), including 34,905 MW of existing capacity and 516 new resources totaling 7,314 MW, qualified to participate in the FCM, while the regional capacity target for 2023-2024 is 32,490 MW.

The primary auction concluded with commitments from 33,956 MW to be available in 2023-2024, with 1,466 MW of surplus supply over the net installed capacity requirement. The auction rules allow the region to acquire more or less than the capacity target, providing flexibility to acquire additional capacity and enhanced reliability at a cost-effective price.

More than 600 MW of new resources within New England secured obligations during the primary auction. Of this total, approximately 317 MW received their obligations under the renewable technology resource (RTR) designation. The RTR designation allows a limited amount of renewable resources to participate in the auction without being subject to the minimum offer-price rule. Resources receiving an obligation under the exemption included land-based and offshore wind, solar photovoltaic (PV) systems, and solar PV systems paired with batteries. Approximately 19 MW remain under the exemption for next year's capacity auction, which will be the last to include the RTR exemption.

No capacity supply obligations were traded this year under auction rules that allow existing resources interested in retiring to trade their obligations with new state-sponsored resources that did not clear in the primary auction.

Prior to the auction, ISO New England retained two units, Mystic 8 and 9, needed for fuel security in the 2023-2024 capacity year.

Preliminary results of FCA #14:

- The primary auction cleared for all resources at \$2.00/kW-month after five rounds of competitive bidding. Resources within New England's four capacity zones, as well as imports over all of the external ties closed at that price.
- Previous clearing prices (all per kilowatt-month): **FCA #7** (2013), \$3.15 floor price, except \$14.99 for new resources in the former Northeast Massachusetts/Boston zone; **FCA #8** (2014), \$15 for new and \$7.025 for

existing resources; **FCA #9** (2015), \$9.55 system-wide except SEMA/RI: \$17.73 new and \$11.08 existing; **FCA #10** (2016), \$7.03; **FCA #11** (2017), \$5.30; **FCA #12** (2018), \$4.63; **FCA #13**, \$3.80.

- At the primary auction clearing price of \$2.00/kW-month, the total value of the capacity market in 2023-2024 will be approximately \$980 million (preliminary estimate).
- Capacity clearing the auction totaled 33,956 MW to meet the 32,490 MW net installed capacity target for 2023-2024:
 - 28,978 MW of generation, including 335 MW of new in the primary auction
 - 3,919 MW (including 323 MW new) of demand resources, including energy efficiency, load management, and distributed generation resources
 - 1,059 MW of total imports from New York, Québec, Canada and New Brunswick, Canada
- Prior to FCA #14, 258 MW of resources submitted retirement bids, while an additional 21 MW of resources submitted permanent de-list bids to leave the capacity market; all of these bids were cleared before the auction.

Forward Capacity Market auction basics

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 plants, renewable generation, imports, and demand resources such as load management and energy-efficiency measures. Resources that clear in the auction will receive a monthly capacity payment in that future year in exchange for their commitment to provide power or curtail demand when called upon by the ISO. Resources that fail to meet their capacity commitment during a shortage event must refund part of their capacity payment; this refunded money goes to resources that over-performed during the shortage event. The capacity market is separate from the energy market, where resources with and without a capacity commitment compete on a daily basis to provide power and are paid for the electricity they produce.

Next Steps

Finalized auction results, with resource-specific information, will be filed with the Federal Energy Regulatory Commission by the end of this month.

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.

