

FOR IMMEDIATE RELEASE**Contact:****Ellen Foley**

(413) 535-4139

Matt Kakley

(413) 535-3821

New England's Regional Electricity Outlook: The Road to a Clean Energy Future

ISO-NE's annual report describes how the region's power system will be ready for the transition

Holyoke, MA—February 28, 2020—New England's clean-energy goals can be achieved by harnessing the same competitive market forces that have kept the region's power system reliable for the past two decades, says ISO New England in its [2020 Regional Electricity Outlook \(REO\)](#), released today. As the report explains, the power grid will be ready as New England moves away from fossil fuel resources to clean and renewable energy resources. ISO New England Inc. is the non-profit operator of the region's bulk power system and wholesale electricity markets.

"New England is unquestionably on the path to a clean-energy future," says Gordon van Welie, president and CEO of ISO New England. "As the region moves forward and the resource mix changes because of state climate goals and industry innovation, the ISO will continue to adapt and refine the region's wholesale electricity markets to ensure the power grid stays reliable."

Highlights from the REO include:

Focusing on State Goals—When New England moved to restructure its electricity industry, the goal for the newly created competitive wholesale electricity markets was to lower costs, encourage innovation, and shield consumers from unwise investments. Over the past 20 years, the markets have delivered on these efficiencies, including significantly lowering costs and emissions. Today, the states' policy focus has expanded beyond least-cost and now includes clean-energy goals; meanwhile, wind projects currently dominate the new resource proposals. The ISO is working with both the states and the industry on adjusting the region's wholesale markets to keep the system reliable when these, and other clean-energy resources, are ready to enter the marketplace and connect to the grid later in the decade.

Focusing on the ISO role—As ISO New England continues to fulfill its three primary roles and responsibilities, the following examples highlight how the ISO is already making the transition to the grid of the future; in recent years, the ISO has:

- Developed the first multi-state **energy-efficiency** forecasts
- Launched a new way to measure **solar** output that is integrated in the region's markets
- Introduced negative market pricing so **wind** and **solar** resources can stay online during low-load conditions
- Fully integrated **demand response resources** into the electric energy and reserve markets, the first in the nation to do so
- Introduced enhanced rules for **energy storage** to participate in the markets whether these resources are charging (using electricity) or discharging (dispensing electricity)
- Established a route for state-sponsored **renewable resources** to enter the capacity auction while maintaining market competitiveness

Focusing on the future—Although the power grid's transition is well underway, ISO New England has to keep one-step ahead so consumers will have the electricity they need 24/7/365. The ISO's work in the intermediate term is to update the market products and services through its Energy Security Improvements initiative to keep the power system reliable during energy-limited conditions.

For the longer term, regional policymakers are currently considering which policy instruments will best incentivize New Englanders to decarbonize and change important aspects of their lives—to adopt electric vehicles and convert their homes and businesses to electric heat. ISO New England expects the power system will look very different in the future, and the “electrification of everything” raises important questions about where the region is heading in the coming decades in terms of the overall architecture of the regional power system and wholesale marketplace.

As the region moves toward these goals, discussions on possible long-term changes to the wholesale markets have started among industry stakeholders, the states, and the ISO. Up for discussion is which competitive market structure would be the most suitable for New England to pursue in order to harmonize and achieve the objectives of power system reliability, product affordability, and carbon reduction.

The 2020 Regional Electricity Outlook is available at www.iso-ne.com/about/regional-electricity-outlook.

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.



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