

For Immediate Release**Contact:**

Ellen Foley (413) 535-4139

Janine Saunders (413) 540-4408

New England's Forward Capacity Auction Closes with Adequate Power System Resources for 2024-2025

Holyoke, MA—February 11, 2021—New England's annual capacity auction for power system resources concluded Monday with sufficient resources to meet peak demand in 2024-2025, with preliminary clearing prices ranging from \$2.48 per kilowatt-month (kW-month) to \$3.98 kW-month across different pricing zones. ISO New England Inc. runs the auction to procure the resources needed to meet consumer demand for electricity in three years.

The 15th auction of the Forward Capacity Market (FCA 15) cleared three separate prices because of local capacity requirements within New England. For this auction, the region was divided into four zones: Northern New England (NNE), made up of Vermont, portions of Maine and New Hampshire; "Nested" Maine, referring to the remainder of Maine; Southeast New England (SENE), comprising Northeastern Massachusetts, Greater Boston, Southeastern Massachusetts, and Rhode Island; and Rest of Pool (ROP), which includes Connecticut and western and central Massachusetts.

Capacity zones are developed to align with power system transmission constraints. They signal areas of the system with a potential shortfall or surplus of capacity. Multiple zones help to ensure that capacity is located and priced appropriately. The preliminary clearing prices for FCA 15 are: \$3.98 kW-month in the SENE zone, \$2.61 kW-month in the Rest-of-Pool zone, and \$2.48 kW-month in the NNE and Maine zones.

"The clearing prices in FCA 15 reveal the different values across the region based on the individual capacity needs for each zone," said Robert Ethier, vice president for system planning at ISO New England. "In addition, new this year is a large amount of energy storage—almost 600 megawatts (MW)—that has cleared the market."

Resources totaling 40,692 MW, including 33,662 MW of existing capacity and 219 new resources totaling 7,030 MW, qualified to participate in FCA 15, while the regional capacity target for 2024-2025 is 33,270 MW.

The auction concluded with capacity commitments of 34,621 MW to be available in 2024-2025, with 1,351 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 2,525 MW of new resources within New England secured obligations during the auction. Of this total, approximately 19 MW received their obligations under the renewable technology resource (RTR) designation, which remained from prior auctions. The RTR designation allowed a limited amount of renewable resources to participate in the auction without being subject to the minimum offer-price rule. FCA 15 marked the final year of the RTR exemption. Almost 600 MW have come into the market under the RTR designation since FCA 9, the first auction for which the RTR designation applied.

Preliminary results of FCA 15:

- The primary auction cleared for all resources after five rounds of competitive bidding.
- Previous clearing prices (all per kilowatt-month): **FCA 10** (2016), \$7.03; **FCA 11** (2017), \$5.30; **FCA 12** (2018), \$4.63; **FCA 13** (2019), \$3.80; **FCA 14** (2020), \$2.00. For earlier auction clearing prices, please go to the ISO website: [Markets \(iso-ne.com\)](https://markets.iso-ne.com).
- The total value of the capacity market in 2024-2025 will be approximately **\$1.36 billion** (preliminary estimate).
- Capacity clearing the auction totaled 34,621 MW to meet the 33,270 MW net installed capacity target for 2024-2025:
 - 29,243 MW of generation, including 950 MW of new resources
 - 3,891 MW (including 170 MW new) of demand resources, including energy efficiency, load management, and distributed generation resources
 - More than 630 MW of new plus existing battery storage
 - 1,487 MW of total imports from New York, Québec, Canada, and New Brunswick, Canada
- Prior to FCA 15, 199 MW of resources submitted retirement bids, while an additional 43 MW of resources submitted permanent de-list bids to leave the capacity market; 101 MW of these de-list bids were cleared before the auction, and 141 MW were cleared during 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.

