

To: NEPOOL Markets Committee
From: Internal Market Monitor
Date: February 22, 2021
Subject: Impact of Offer Review Trigger Price Jump Ball Filing on FCA 16 Retirement Bids

This memo provides guidance to participants on submitting Retirement De-List Bids, Permanent De-List Bids and test prices to the Internal Market Monitor (IMM) for the sixteenth Forward Capacity Auction (FCA 16) in light of the expected timing of a ruling by the Federal Energy Regulatory Commission (FERC) on Offer Review Trigger Price (ORTP) values.

In March 2021, ISO New England (ISO) will file under Section 205 of the Federal Power Act a proposal for ORTP values, which will include a “jump ball” alternate proposal of ORTP values from NEPOOL. The ISO will request a decision from FERC on the jump ball ORTP filing in May 2021.

By March 12, 2021, participants must submit Retirement De-List Bids, Permanent De-List Bids and test prices to the IMM for FCA 16. After reviewing these submissions, the IMM will issue its determinations on June 3, 2021.¹

Given the close timing of the IMM determinations and the expected FERC Order, there is insufficient time for participants to update their bids and for the IMM to perform additional review after issuance of the FERC Order. Therefore, participants will have two options for submitting Retirement De-List Bids, Permanent De-List Bids, and test prices.

As a threshold matter, the IMM assumes the following three potential outcomes to the jump ball ORTP filing:

1. Baseline case assumption: FERC approves the ISO proposed ORTP values;
2. Alternative case assumption: FERC approves the NEPOOL proposed ORTP values;
3. Rejection assumption: FERC rejects the jump ball filing

These three different scenarios pose disparate risks for participants submitting Retirement De-List Bids, Permanent De-List Bids and test prices. Depending on the ORTP values approved by FERC, participants’

¹ [FCA16 Timeline](#)

expectations of the supply mix may change and, in turn, the change in supply mix may affect future capacity market prices and even future energy market prices. Participants therefore may elect either of the two following options for reflecting these risks in their Retirement De-List Bids, Permanent De-List Bids and test price submissions:

Option 1:

The participant will submit one bid and supporting documentation that reflects the ISO's proposed ORTP values (IMM base case assumption). The participant may also submit a price that reflects the NEPOOL proposed ORTP values (Alternative case assumption) and/or a price that reflects a scenario where FERC rejects the entire ORTP filing (Rejection assumption). Each individual bid will be required to have supporting documentation submitted at the submission deadline. The IMM will review each bid as submitted and each submitted scenario will receive an IMM-determined price on June 3, 2021.

Or

Option 2:

The participant will submit one bid and all supporting documentation at the submission deadline. This bid will reflect the risks of the multiple possible outcomes.² The IMM will provide one determination that reflects the risks of the multiple possible outcomes.

For pre-submission consultation with the IMM, please contact intmmufcm@iso-ne.com.

² Each year there is some uncertainty and regulatory risk associated with submitting bids well in advance of the auction. Pricing (and clearly documenting methodology and calculations) this risk into one bid price is the preferred approach of the IMM.