



memo

To: NEPOOL Markets Committee

From: Deborah Cooke, Principal Analyst

Date: February 18, 2021

Subject: Updates to the Offer Review Trigger Prices (WMPP ID: 139)

The ISO is requesting a vote on Tariff revisions to update its Offer Review Trigger Prices (ORTPs) proposed for use in the sixteenth Forward Capacity Auction (FCA 16) for the 2025-26 Capacity Commitment Period.

On December 27, 2020, the Consolidated Appropriations Act (the Act) was signed into law, which included material changes to Investment Tax Credit (ITC) provisions for certain renewable technologies. In reviewing the recent federal legislation and its impacts on relevant ISO-proposed FCA 16 ORTPs, the analysis showed the ITC provisions affected two Generating Capacity Resource technology types: **photovoltaic solar**, and **combined photovoltaic solar and energy storage device – lithium ion battery (“combined solar-battery”)**. Therefore, the ISO-proposed Tariff revisions incorporate two new ORTP technologies for those Generating Capacity Resources and clarify how the ITC values resulting from the Act will be used in the ORTP interim updates (for FCA 17 and FCA 18) for the new ORTP technology types. In developing these ORTPs, the ISO has been responsive to stakeholder feedback and has revised its proposed ORTP for the combined solar-battery technology type to reflect the decoupled operation of the facility after five years when the ITC benefit expires.

With the addition of the new ORTP for the combined solar-battery, the proposed Tariff revisions also update the applicable conditions when the Internal Market Monitor will use a specified ORTP or the weighted-average approach to calculate an ORTP for multiple technology types. The ISO has indicated that it will use specified technology ORTPs when it is available (under the starting price) as it appropriately reflects the costs associated with the resource configuration based on a “bottoms up” calculation and therefore provides a more accurate application of the minimum offer price rule (MOPR) than the megawatt-weighted average price methodology for co-located resources without a specified ORTP.

The proposed changes that the committee are being asked to consider were presented at the February 9-10, 2021 MC meeting (agenda item 5: <https://www.iso-ne.com/event-details?eventId=143983>).