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New England's Forward Capacity Auction Closes with Adequate Power System Resources for 2025-2026

Holyoke, MA—March 9, 2022—New England's annual capacity auction closed with sufficient power system resources to meet peak demand in 2025-2026, with preliminary clearing prices ranging from \$2.639 per kilowatt-month (kW-month) to \$2.531 kW-month across different pricing zones.

ISO New England Inc. runs the auction each year to procure the resources needed to meet consumer demand for electricity three years later. Held this year on February 7, the sixteenth Forward Capacity Auction (FCA 16) closed after four rounds of competitive bidding.

The auction secured capacity commitments of 32,810 megawatts (MW) to be available in 2025-2026. Prior to the auction, the ISO proposed—and the Federal Energy Regulatory Commission (FERC) accepted—a net installed capacity requirement of 31,645 MW to meet reliability requirements for New England's power system. The auction rules allow the region to acquire more or less capacity, based on demand curves set by the capacity requirement; this provides flexibility to acquire additional capacity and enhanced reliability at a cost-effective price.

Resources totaling 38,602 MW, including 33,356 MW of existing capacity and 5,246 MW of new capacity from 302 new resources, qualified to participate in FCA 16.

"New England's clean energy transition is well underway, and the region's wholesale markets are playing a vital role by sustaining a reliable power system, maintaining competitive prices, and creating opportunities for the resources that will be the backbone of our clean energy future," said Robert Ethier, vice president for system planning at ISO New England.

Clean energy in the mix

Taken together, solar and wind generation, energy storage, and demand resources accounted for 15%—or nearly 5,000 MW—of all capacity clearing the auction.

This year's auction again drew a large amount of energy storage, with more than 700 MW of new and existing resources securing obligations. More than 500 MW of solar generation, including new and existing resources, also cleared the auction. Together—including new and existing resources—solar generation, battery storage, and resources connecting solar power to a battery secured capacity obligations totaling 1,275 MW.

Meanwhile, solar generation and battery storage, or resources combining the two, accounted for all 311 MW of new generating resources that secured obligations.

A total of 275 MW of existing wind generation resources cleared the auction.

Capacity zones and prices

For this year's auction, the region was divided into four zones that reflect local capacity requirements and power system transmission constraints. Multiple zones signal areas of the system with a potential shortfall or surplus of

capacity due to import or export constraints, helping to ensure that capacity is located and priced appropriately. The zones for FCA 16 were:

- **Southeast New England (SENE)**, including northeastern Massachusetts, Greater Boston, southeastern Massachusetts, and Rhode Island;
- **Northern New England (NNE)**, including New Hampshire, Vermont and Maine;
- **“Nested” Maine**, a separate capacity zone within Northern New England; and,
- **Rest-of-Pool**, including Connecticut and western and central Massachusetts.

The three preliminary clearing prices for FCA 16 are: \$2.639 kW-month in the SENE zone, \$2.591 kW-month in the Rest-of-Pool zone, and \$2.531 kW-month in the NNE and Maine zones.

Preliminary results of FCA 16:

- The primary auction cleared for all resources after four rounds of competitive bidding.
- The total value of the capacity market in 2025-2026 will be approximately \$1.04 billion (preliminary estimate).
- Capacity clearing the auction totaled 32,810 MW, including:
 - 27,984 MW of generation, including 311 MW of new resources
 - 3,323 MW (including 230 MW new) of demand resources, including energy efficiency, load management, and distributed generation resources
 - 1,504 MW of imports from New York, Québec, Canada, and New Brunswick, Canada
- Prior to the auction, 256 MW of resources submitted retirement bids, while an additional 2 MW of resources submitted permanent de-list bids to leave the capacity market; 224 MW of these bids cleared before the auction, and 33 MW cleared during the auction.
- There were no pairings of demand bids and supply offers that could clear in the substitution auction.
- Previous clearing prices (all per kilowatt-month): **FCA 11** (2017), \$5.30; **FCA 12** (2018), \$4.63; **FCA 13** (2019), \$3.80; **FCA 14** (2020), \$2.00; **FCA 15** (2021) cleared three zonal prices: \$2.48 in the NNE and Maine zones, \$2.61 in the Rest-of-Pool zone, and \$3.98 in the SENE zone. For earlier auction clearing prices, please go to the ISO website: [Markets \(iso-ne.com\)](https://www.iso-ne.com/markets).

Forward Capacity Market auction basics

The annual auction of the Forward Capacity Market 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.

About this year’s auction

In a typical year, the ISO releases preliminary results a few days after the auction. This year, litigation-related uncertainty surrounding the status of the Killingly Energy Center led the ISO to keep FCA 16 results confidential, pending greater clarity. This approach allowed the ISO to conduct the auction in a timely fashion, consistent with the

requirements of its tariff, while protecting the commercially-sensitive information that might otherwise be revealed through publication of FCA results. Recent orders by FERC and the D.C. Circuit Court of Appeals affirmed the termination of Killingly's capacity supply obligations, and the auction results do not include Killingly.

Next Steps

Finalized auction results will be filed with the Federal Energy Regulatory Commission and announced publicly via ISO New England's digital channels.

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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