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New England's Forward Capacity Auction Closes with Adequate Power System Resources for 2026/2027

Holyoke, MA—March 10, 2023—New England's annual capacity auction closed with sufficient power system resources to meet peak demand in 2026/2027, and preliminary results indicate the clearing price was among the lowest in the auction's history. Nearly all of the new resources securing capacity supply obligations were wind, solar, energy storage, or demand-reducing resources.

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 March 6, the 17th Forward Capacity Auction (FCA 17) closed after four rounds of competitive bidding. The auction secured capacity commitments of 31,370 megawatts (MW) to be available in the 2026/2027 commitment period, at a preliminary price of \$2.590 per kilowatt-month (kW-month) in all zones and import interfaces except the New Brunswick interface, which cleared at \$2.551 per kW-month.

Last year's clearing prices ranged from \$2.531 per kW-month to \$2.639 per kW-month across different pricing zones; the auction's lowest clearing price, \$2.001 per kW-month, was recorded in 2020.

Almost 750 MW of new renewable energy, energy storage, and demand-reducing resources secured obligations in FCA 17.

"This year's auction secured the lineup of resources—including clean electricity generation, energy storage, and resources that reduce demand—needed to meet the region's power system reliability requirements, at a low price," said Peter Brandien, vice president of System Operations and Market Administration at ISO New England. "The results represent clear benefits to New England's residents and businesses in the form of cost-effective resource adequacy and support for the clean energy transition."

Clean energy results

New and existing solar and wind generation, energy storage, and demand resources secured obligations totaling more than 5,000 MW, accounting for about 16% of all capacity clearing the auction.

New solar generation and energy storage resources, or facilities combining the two, secured obligations totaling 519 MW. This accounted for the majority of new generating resources, which also included wind and a small amount of hydroelectric resources.

More than 350 MW of new and existing wind resources cleared the auction.

FCA 17 by the numbers

- The total value of the capacity market in 2026/2027 will be approximately \$946 million (preliminary estimate).
- Approximately 37,500 MW of resources, including about 32,500 MW of existing capacity and 5,000 MW of new capacity, qualified to participate in the auction.

- Capacity clearing the auction totaled 31,370 MW, including:
 - 27,864 MW of generation, including 619 MW of new resources
 - 2,940 MW (including 130 MW new) of demand resources, including energy efficiency, load management, and distributed generation resources
 - 567 MW of imports from New York, Québec, and New Brunswick
- Previous clearing prices (all per kw-month): **FCA 12** (2018), \$4.631; **FCA 13** (2019), \$3.800; **FCA 14** (2020), \$2.001; **FCA 15** (2021) cleared three zonal prices, ranging from \$2.477 to \$3.980; **FCA 16** (2022) also cleared three zonal prices, ranging from \$2.531 to \$2.639. For earlier auction clearing prices, please visit the ISO New England website: [Markets \(iso-ne.com\)](https://www.iso-ne.com/markets).

Prior to the auction, the ISO proposed—and the Federal Energy Regulatory Commission (FERC) accepted—a net installed capacity requirement of 30,305 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.

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 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 capacity scarcity condition must refund part of their capacity payment. This refunded money goes to resources that over-perform during the event. The capacity market is separate from the energy market, where resources with and without capacity commitments compete each day to provide power and are paid for the electricity they produce.

Next Steps

Finalized auction results, including details on obligations for specific resources, will be filed with FERC 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.

