ISO New England Update

Consumer Liaison Group Meeting

Anne George

VICE PRESIDENT, CHIEF EXTERNAL AFFAIRS & COMMUNICATIONS OFFICER

TODAY'S UPDATES

- *2023 CELT Report*
- Operational Impact of Extreme Weather Update
- Battery Energy Storage in New England
- Consumer Liaison Group Resources and ISO-NE Updates

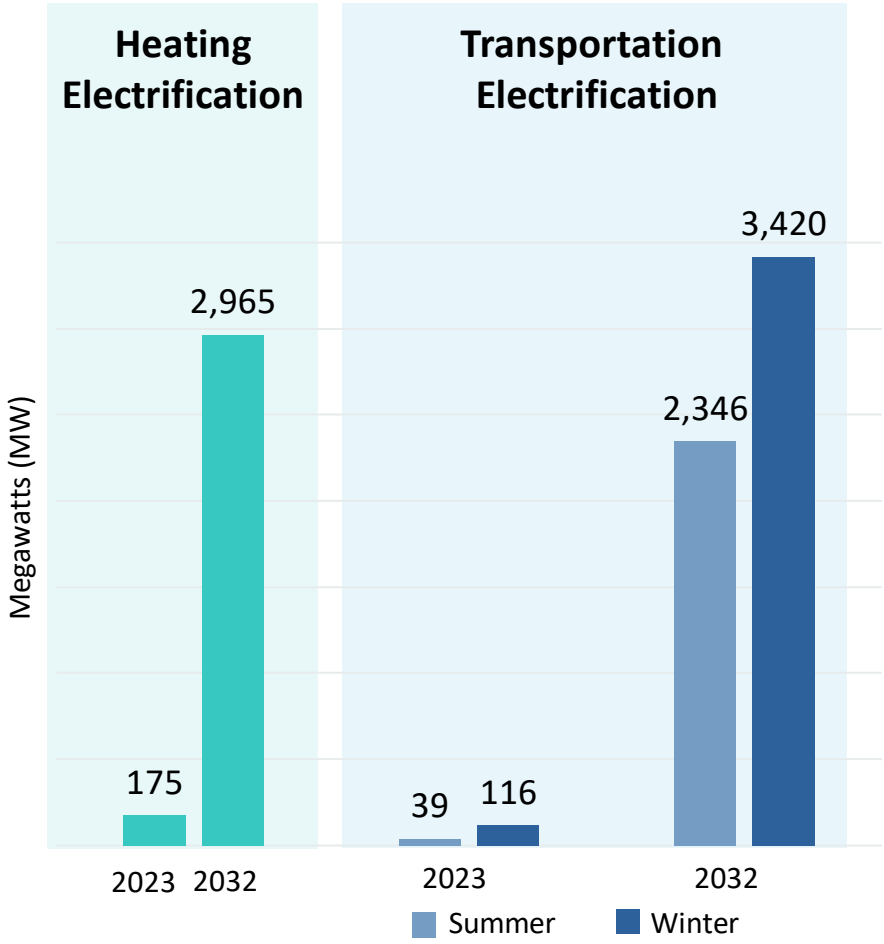
2023 CAPACITY, ENERGY, LOADS, AND TRANSMISSION (CELT) REPORT

ISO Releases Annual 10-Year Forecast Report

- Issued on May 1, the annual Capacity, Energy, Loads, and Transmission (CELT) Report is the **primary source** for assumptions used in ISO system planning studies
- **Overall** electricity use is expected to **increase** 2.3% annually over the ten year period (2023–2032)
- **Summer peak demand** is expected to **increase** 1.1% annually
- **Winter peak demand** is expected to **increase** 2.9% annually

2023 CELT Includes 10-Year Forecasts for Heating and Transportation Electrification

- The ISO began including **forecasted impacts** of heating and transportation electrification on state and regional electric energy and demand in the 2020 CELT report
- In New England by **2032**, the ISO forecasts that there will be:
  - **>1 M households with heat pumps**
  - **> 600 M square feet of commercial space heated with heat pumps**
  - **~ 3M light-duty EVs**
  - **> 10,000 medium and heavy-duty EVs** (includes delivery vehicles, school buses, and transit buses)



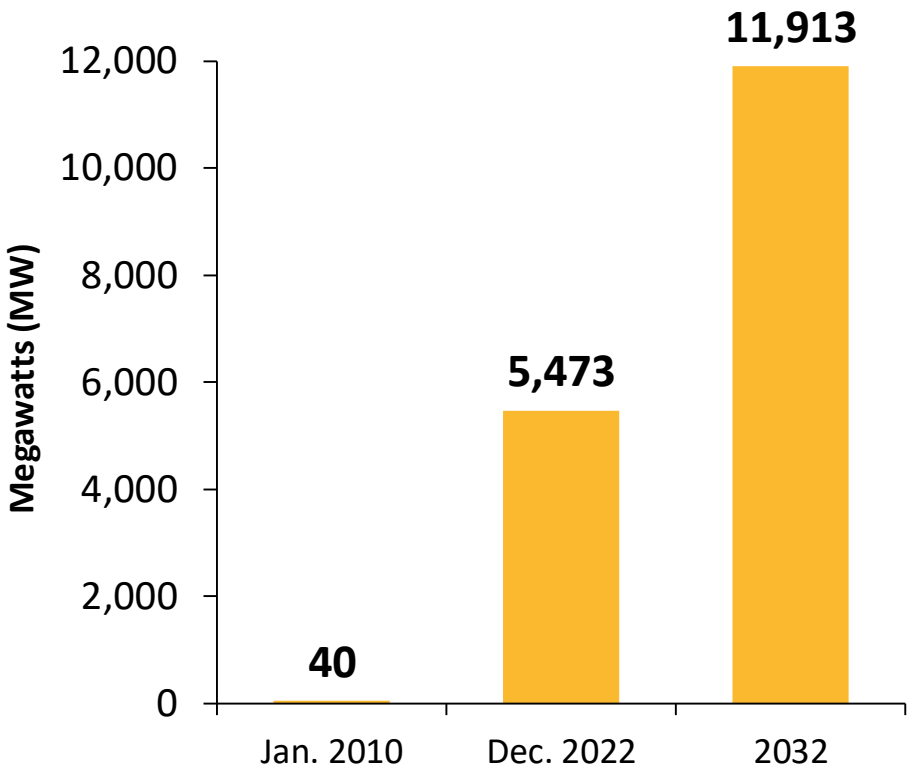
Sources: : ISO New England 2023-2032 Forecast Report of Capacity, Energy, Loads, and Transmission (2023 CELT Report) (May 2023), Final 2022 Transportation Electrification Forecast, and Final 2022 Heating Electrification Forecast

ISO New England Forecasts Strong Growth in Solar Photovoltaic (PV) Resources

December 2022 Solar PV Installed Capacity (MW_{ac})

State	Installed Capacity (MW_{ac})	No. of Installations
Connecticut	912	73,553
Massachusetts	3,289	150,020
Maine	295	8,583
New Hampshire	183	14,427
Rhode Island	326	17,034
Vermont	468	19,348
New England	**5,473**	**282,965**

Cumulative Growth in Solar PV through 2032 (MW_{ac})



Note: The bar chart reflects the ISO's projections for nameplate capacity from PV resources participating in the region's wholesale electricity markets, as well as those connected "behind the meter." The forecast does not include forward-looking PV projects > 5 MW in nameplate capacity. Source: ISO New England 2023-2032 Forecast Report of Capacity, Energy, Loads, and Transmission (2023 CELT Report) (May 2023), and 2023 Photovoltaic (PV) Forecast; MW values are AC nameplate.

OPERATIONAL IMPACT OF EXTREME WEATHER UPDATE

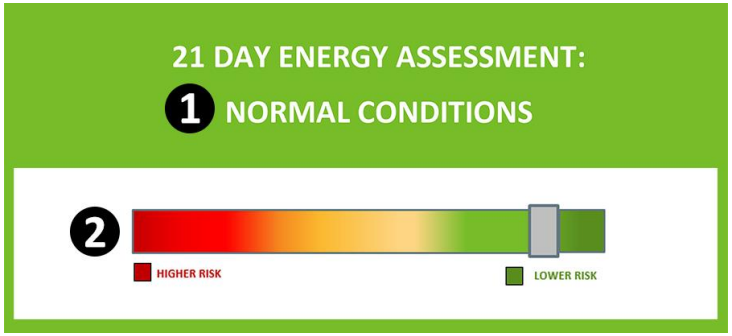
Operational Impact of Extreme Weather Events – Energy Adequacy Study

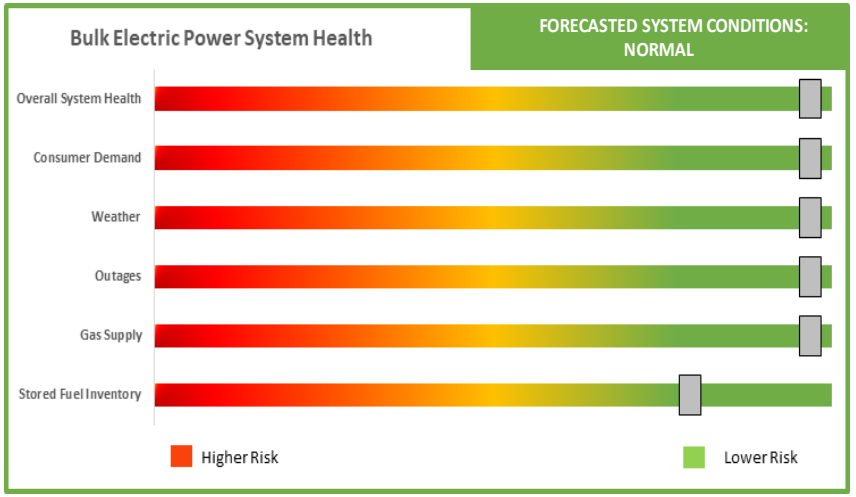
- ISO is working with the Electric Power Research Institute (EPRI) to conduct a probabilistic energy adequacy study for New England under extreme weather events
- Study results are intended to inform the region on energy adequacy risks
  - These results may help in 'quantifying' a problem statement on energy adequacy, against which possible solutions can be assessed
- Study establishes a framework for risk analysis that can be updated as climate projections are refined and the resource mix evolves
- This section briefly reviews preliminary results of the energy assessments completed for 2027 winter events
- ISO will continue reviewing outputs of the 2027 winter events while completing studies of summer 2027 and both winter and summer events for 2032

ISO's Energy Security Assessment Practices

21-Day Energy Assessment

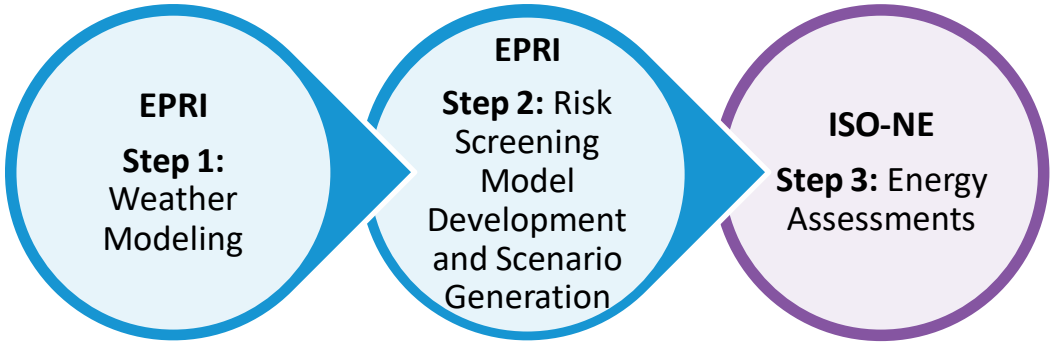
- Since 2018, ISO has published a 21-Day Energy Assessment Forecast to provide early warning of potential energy shortfalls
- The rolling three-week forecast:
  - Considers anticipated power system conditions, forecasted weather and consumer demand, and expected fuel inventories, and
  - Compares hourly energy forecasts against thresholds established in OP-21
- Results of the assessment give ISO New England, public officials, and stakeholders time to take action to prevent shortfalls from materializing





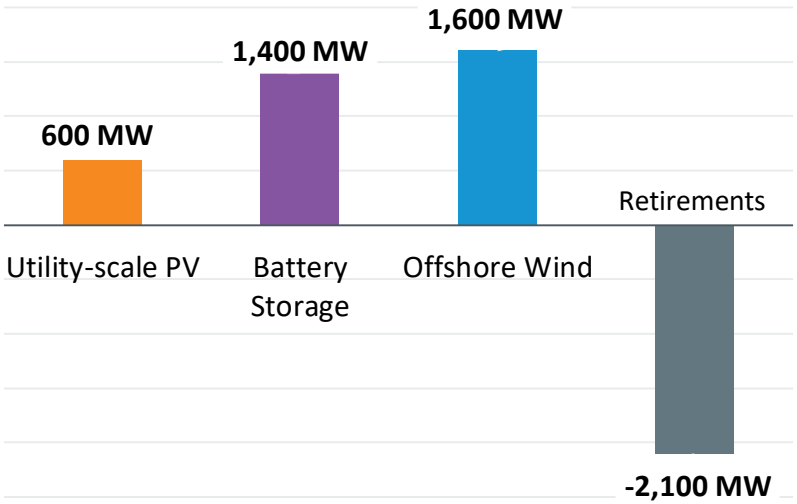
Key Steps and Assumptions for Study Year 2027

- Framework contains three major steps:

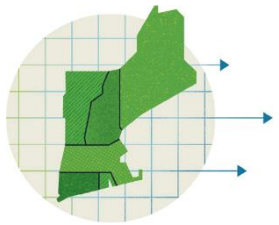


- Generation assumptions include resources that cleared the latest Forward Capacity Auction (FCA 16) and state-sponsored resources under contract or that have been selected under recent RFPs
- Demand forecasts incorporate ISO's 2022 forecasts (i.e., load and electrification of heating and transportation)
  - Includes the effects of ~9,500 MW behind-the-meter (BTM) PV

Key Changes From Today's Generation Fleet



Key Takeaways



- Results reveal a range of energy shortfall risks and associated probabilities
  - Near-term energy shortfall risk appears manageable over a 21-day period
  - Results are consistent with the significant quantities of PV (BTM and utility scale), offshore wind, and storage expected while experiencing minimal load growth
  - Risks are mitigated by incremental imports from New England Clean Energy Connect
- Results of preliminary studies reveal similar energy adequacy risk with and without EMT in-service
  - Increases in fuel oil and coal burn are notable in cases without EMT in-service
  - The ISO has previously stated the qualitative factors that may warrant the region retaining EMT facility in the mid-term
- The energy adequacy risk profile is dynamic and will be a function of the evolution of both supply and demand profiles
- This energy adequacy study framework provides a much needed foundation for the ISO to monitor these risks and to study the system as it continues to evolve

BATTERY ENERGY STORAGE IN NEW ENGLAND

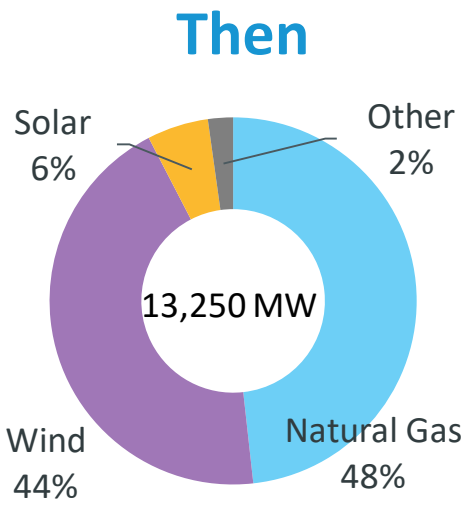
Energy Storage Is a Key Part of the New England Power Grid's *Past, Present, and Future*

- Two pumped-storage hydro facilities have run in New England since the 1970s
  - These resources can supply up to **1,800 MW** of power within **10 minutes for up to 7 hours**
- **In 2016**, the ISO and stakeholders began efforts to enable other energy-storage technologies to participate in the wholesale markets
  - The ISO filed the **Energy Storage Device Project** in Oct. 2018 and FERC approved it, effective April 2019
  - The project largely addressed the major requirements of FERC Order 841, issued in Feb. 2018

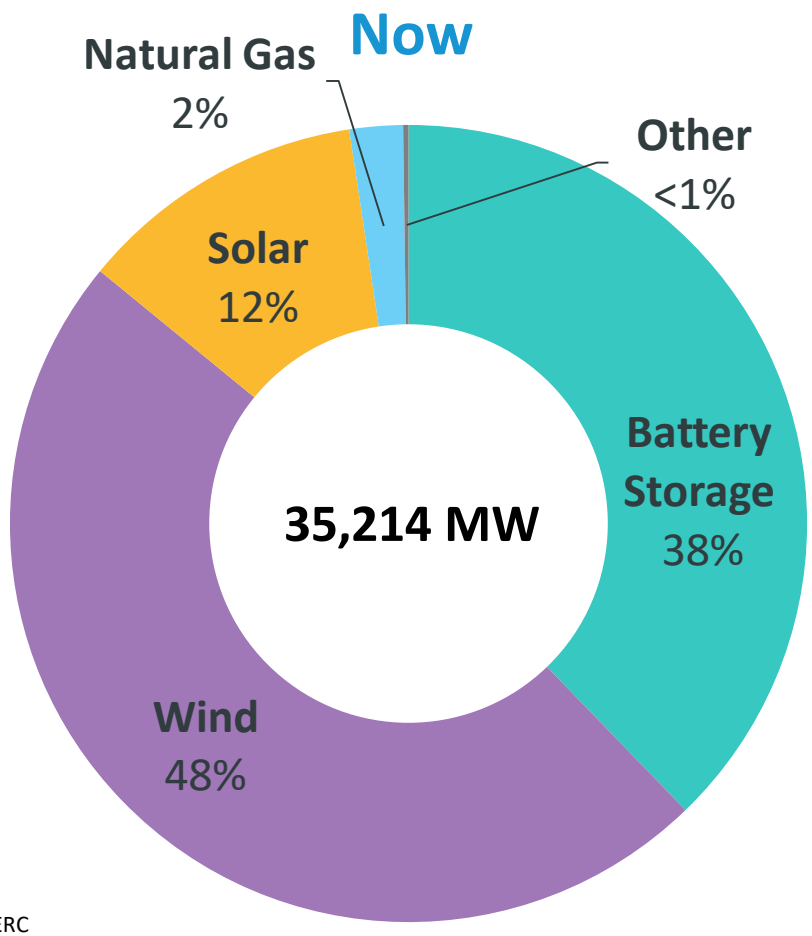
- Currently, about **50 MW** of batteries are dispatchable by the ISO, with many more proposed
- Battery storage accounted for **3.5% of total obligations secured in FCA 17**, and **65% of new generating resources**
- *Batteries as Energy Storage in New England* webpage provides a primer on the role batteries play in an evolving power system

The ISO Generator Interconnection Queue Provides a Snapshot of Resource Proposals

Dramatic shift in proposed resources from natural gas to battery storage and renewables



June 2017



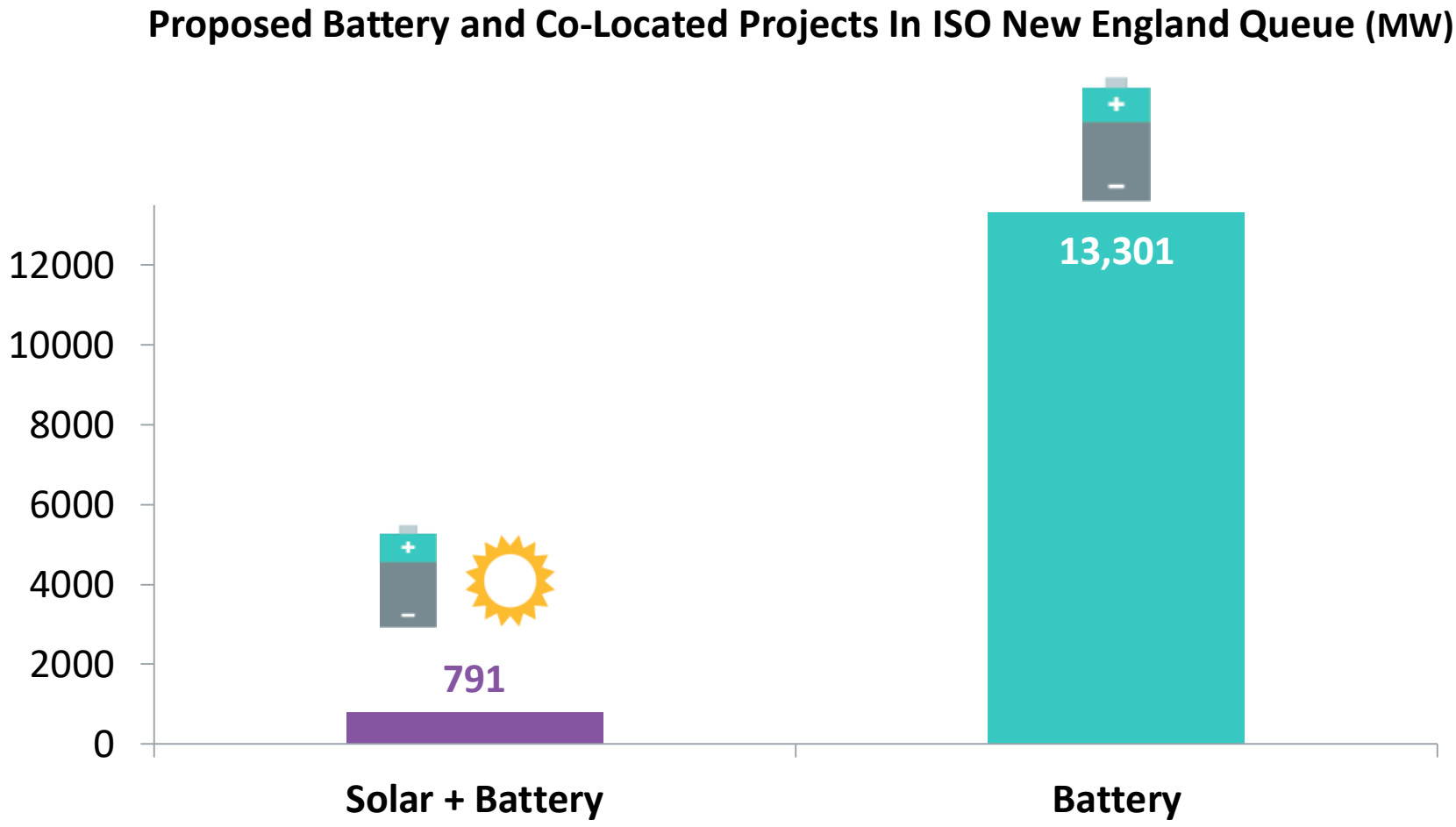
May 2023

Battery Storage

CT	3,173 MW
MA	8,050 MW
ME	470 MW
NH	628 MW
RI	695 MW
VT	285 MW

Source: ISO Generator Interconnection Queue, FERC Jurisdictional Proposals; Nameplate Capacity Ratings.

Developers Are Proposing Stand-Alone Battery Projects and Batteries Paired with Renewables



Source: ISO Generator Interconnection Queue, FERC Jurisdictional Proposals; Nameplate Capacity Ratings.

There Are Four Pillars Necessary to Support a Successful Clean Energy Transition

Significant amounts of **clean energy** to power the economy with a greener grid

Balancing resources that keep electricity supply and demand in equilibrium

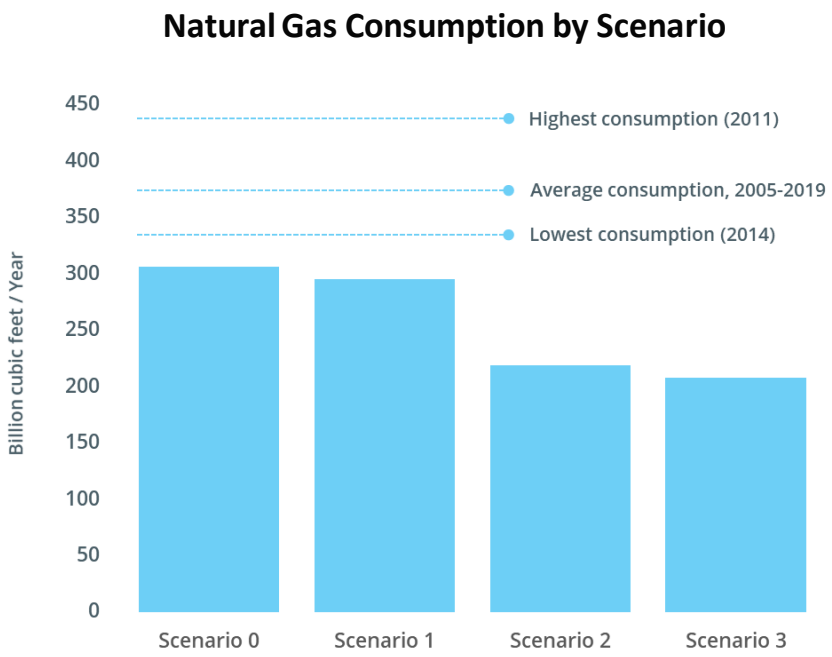
Energy adequacy– a dependable energy supply chain and/or a robust energy reserve

Robust transmission to integrate renewable resources and move clean electricity to consumers across New England

ISO New England Continually Evaluates Opportunities to Enable New Storage Technologies

- Storage has a long history of providing services to the regional electric grid
- Batteries can participate in all of ISO New England's markets **today**
- The ISO has implemented **rule changes** to better integrate storage and other technologies into the markets
- The ISO is looking **at further enhancements** to better incorporate technologies into the markets and value reliability services
- ISO system planning studies are modeling the role of storage

An Outsized Demand for Future Stored Energy



- The ISO's Future Grid Reliability Study modeled four scenarios for the future grid
  - It was generally expected that as the amount of variable resources in these scenarios increased, the region's reliance on fossil fuel resources would decrease
- Though emissions, energy prices, and utilization of fossil fuel resources did decrease, this decrease **did not eliminate** the need for dispatchable resources dependent upon stored fuel
  - **Sufficient stored energy for system reliability remains a concern**

- The results demonstrated that future dispatchable resources do not necessarily need to be carbon-emitting, but they should have similar attributes to today's dispatchable resources

Storage as a Transmission-Only Asset (SATOA)

- In December 2022, the ISO filed revisions to the Tariff and Transmission Operating Agreement to incorporate rules that will enable electric storage facilities to be planned and operated as transmission-only assets to address system needs identified in the regional system planning process
- The change would create a new, separate class of storage resources that would not participate in the markets – meaning they would have minimal effect on wholesale electricity prices – but would be purpose-built as transmission equipment
- While SATOAs would be owned and maintained by transmission companies, ISO system operators would control their use
- The revisions will allow storage to be considered as a solution to needs in both the Solutions Study process and the competitive solution process
  - Construction of SATOAs by transmission companies would depend upon selection in the open regional system planning process administered by the ISO, similar to the way reliability-based system upgrades are handled today

CONSUMER LIAISON GROUP RESOURCES AND ISO-NE UPDATES

2022 Report of the Consumer Liaison Group

2022 Annual Markets Report

2023 Summer Outlook

Other Publications

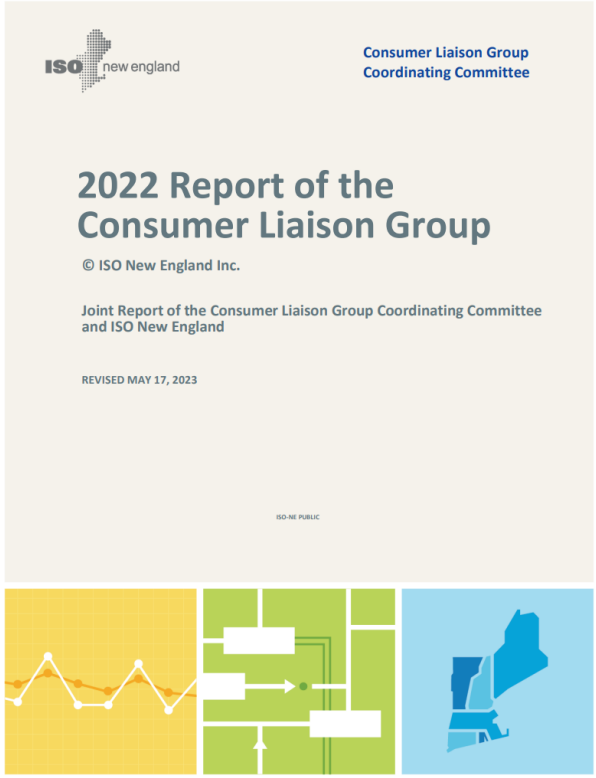
Education and Engagement Opportunities

2022 REPORT OF THE CONSUMER LIAISON GROUP

Consumer Liaison Group

2022 Report

- On May 30, the ISO and the CLG Coordinating Committee posted the final **2022 annual report**
  - The CLG Report is a joint publication of the ISO and the CLG Coordinating Committee (CLGCC)
  - The report provides summaries of the 2022 meetings; updates on ISO initiatives previously discussed at 2022 meetings; analysis of regional wholesale costs and retail rates; and states priorities and planned initiatives of the CLGCC
  - Initially posted in March, the report was updated in May with input from the new CLGCC



2022 CLG Annual Report

More information on the CLG is available at: https://www.iso-ne.com/committees/industry-collaborations/consumer-liaison/

2022 ANNUAL MARKETS REPORT

2022 Annual Markets Report Overview

- In June, ISO New England's **Internal Market Monitor** (IMM) issued the *2022 Annual Markets Report* (AMR)
  - The IMM functions **independently** of ISO management and reports directly to the ISO Board of Directors
- The AMR assesses the **state of competition** in the wholesale electricity markets administered by the ISO during the most recent operating year
- The AMR also presents the **most important findings, market outcomes, and market design changes** of New England's wholesale electricity markets for 2022

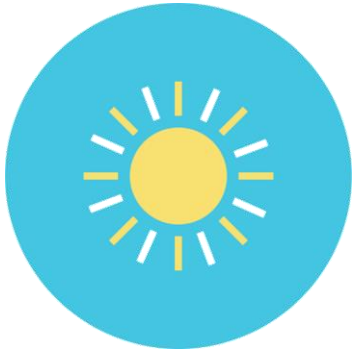
Note: The *2022 Annual Markets Report* is available on the Internal Market Monitor webpage
Also of interest: Winter 2023 Quarterly Markets Report

Energy Costs Drove an Overall Increase in Total Wholesale Costs in 2022

- High natural gas prices drove higher prices in the energy markets, leading to a **49% year-over-year increase in the total wholesale market cost of electricity**, which rose from $11.2 billion in 2021 to $16.7 billion last year
- Energy market costs totaled $11.7 billion, **up 92% from 2021**
  - Natural gas prices drove the increase, rising 101% year over year
  - Energy costs accounted for 70% of the year's total wholesale electricity costs, compared to 55% in 2021
- Capacity costs totaled $2 billion, **down 10% from 2021**
- Cost per megawatt-hour (MWh) of load served last year was $140, compared to $94 in 2021
  - The average price in the Real-Time Energy Market was up 89% year over year, at $84.92/MWh. The average price in the Day-Ahead Energy Market was up 86%, at $85.56/MWh
- Regional network load costs, which pay for the use of transmission facilities, reliability, and certain administrative services, were $2.8 billion, **up just 2%** from 2021

2023 SUMMER OUTLOOK

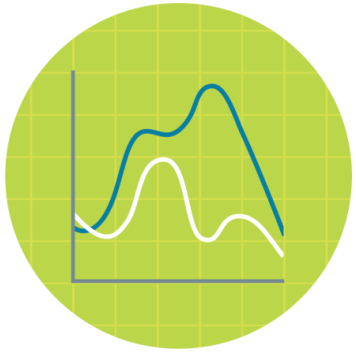
2023 Summer Outlook Highlights



- New England is expected to have adequate resources to meet peak summer demand
  - Peak demand for typical summer weather: **24,605 MW**
  - Peak demand for above-average summer weather: **26,421 MW**
- Both forecasts take into account the demand-reducing effects of energy-efficiency measures (more than **1,900 MW**) acquired through the Forward Capacity Market and behind-the-meter solar (more than **980 MW**)
- New England has more than **30,000 MW** of total capacity available this summer
- The ISO released the 2023 Summer Outlook on June 1

Summer Outlook Press Release: https://www.iso-ne.com/about/news-media/press-releases/

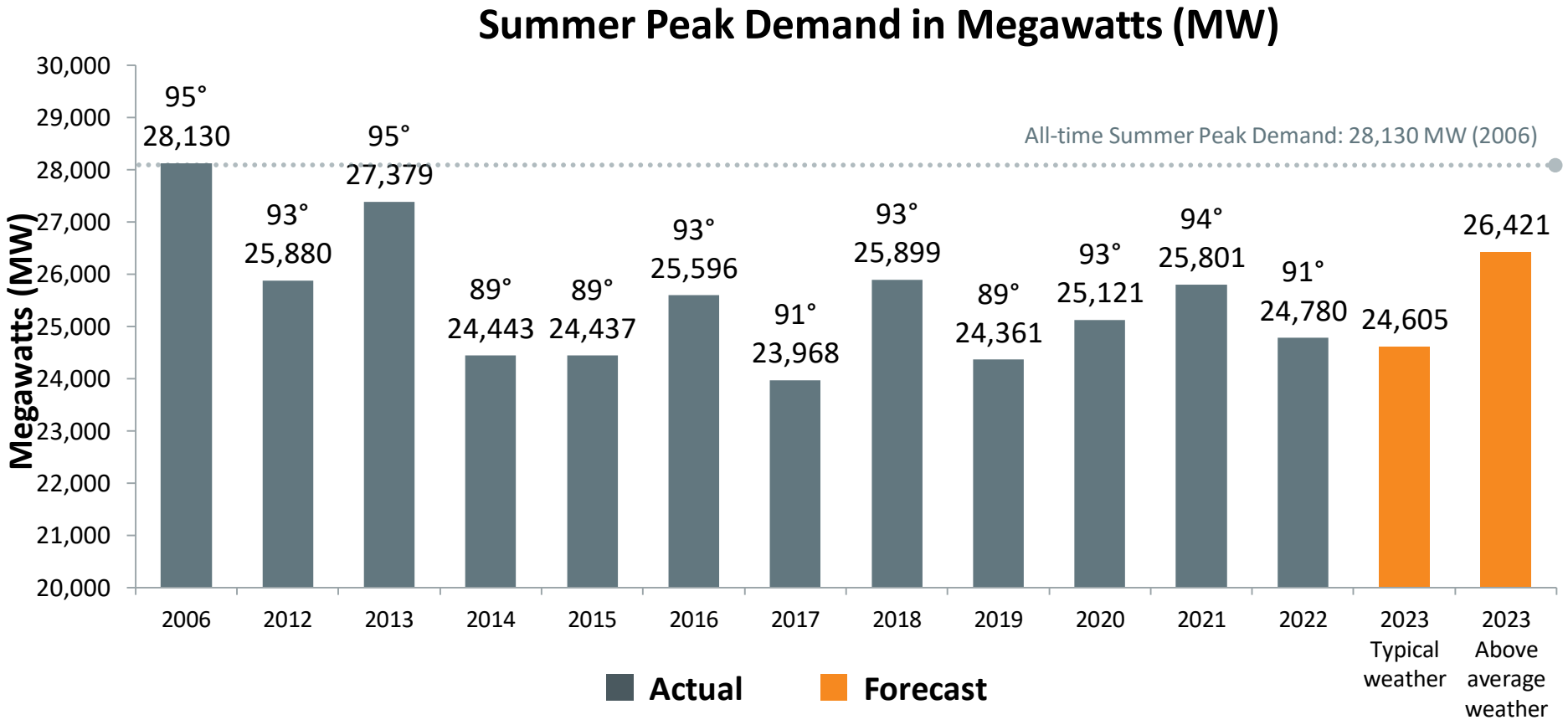
Preparations for Summer Peak Demand



- New England's peak summer demand period runs from **June 1** through **September 30**
- In preparation for the summer, ISO New England will:
  - Forecast New England's demand for electricity and reserves
  - Evaluate the region's summer capacity outlook
  - Exercise the communications plan
- The ISO prepares **short-term forecasts** for the summer and winter seasons, taking into account estimated supplies for all resources; unplanned resource outages; imports from neighboring regions; resource retirements; and delays in commissioning new resources
- The purpose of the communications plan is to provide **timely**, **complete**, and **consistent** updates to key stakeholders on power system conditions

Weather Drives Summer Peak Demand

Historical and Projected Peak Demand in New England

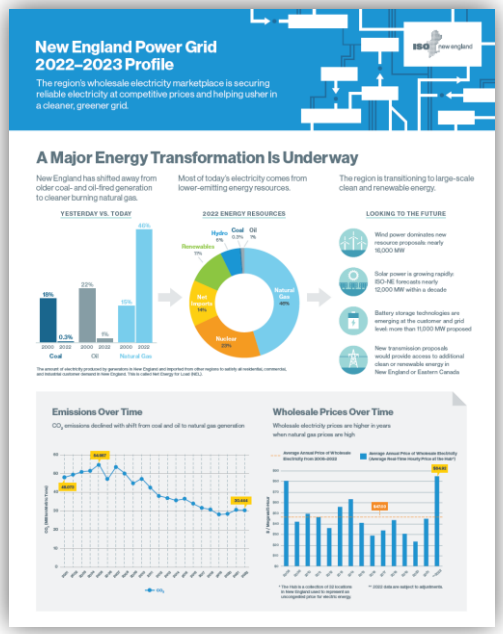


Sources: ISO-NE Seasonal Peaks Since 1980, 2023 CELT Forecast

*Temperature is dry-bulb temperature in degrees Fahrenheit based on weighted average of eight New England weather stations.

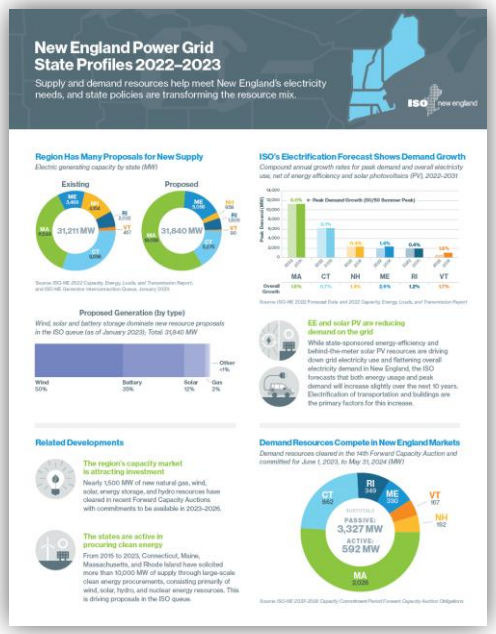
OTHER PUBLICATIONS

ISO New England Releases Several Publications



[New England Power Grid Profile]

Provides key grid and market stats on how New England's wholesale electricity markets are securing reliable electricity at competitive prices and helping usher in a cleaner, greener grid



[New England State Profiles]

Provides state-specific facts and figures relating to supply and demand resources tied into the New England electric grid and state policies transforming the resource mix in the region

Other ISO New England Publications and Resources

- ISO Newswire
  - a source for regular news about ISO New England and the wholesale electricity industry within the six-state region
- ISO Press Releases
  - Access current and archived press releases detailing significant developments at the ISO and in New England's power system and wholesale electricity markets
- Government and Industry Affairs Presentations, Speeches, Papers, and Other Materials
  - Presentations and speeches delivered by our technical experts, senior management, and External Affairs team at industry events in New England and across the nation
  - Includes the monthly issues memo—a rundown of federal, regional, and state issues that the ISO provides to the New England Conference of Public Utilities Commissioners (NECPUC) and state consumer advocates

EDUCATION AND ENGAGEMENT OPPORTUNITIES

ISO-NE 2023 Training Schedule Announced

- ISO New England has announced its training schedule for 2023, including classes and webinars
- 2023 Training Classes Include:
  - Forward Capacity Market (FCM 101)
    - October 24-26
  - Intermediate Whole Electricity Markets (WEM 201)
    - November 14-16
- Interested Parties can sign up for the ISO training mailing list
- Other, self-paced, training courses are available through ISO-TEN, and training materials and e-learning materials posted on the ISO website

Upcoming Opportunities for Engagement in the Region

- **June 20 –** FERC to convene its second New England Winter Gas-Electric Forum in Portland, Maine
- **September 21 –** Third Quarterly CLG Meeting (Vermont)
- **November 1 –** 2023 Regional System Plan Public Meeting/Open Meeting of the ISO New England Board of Directors
- **December 6 –** Fourth Quarterly CLG Meeting

FOR MORE INFORMATION…

Subscribe to the *ISO Newswire*

ISO Newswire is your source for regular news about ISO New England and the wholesale electricity industry within the six-state region

Log on to ISO Express

ISO Express provides real-time data on New England's wholesale electricity markets and power system operations

Follow the ISO on Twitter

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Follow the ISO on LinkedIn

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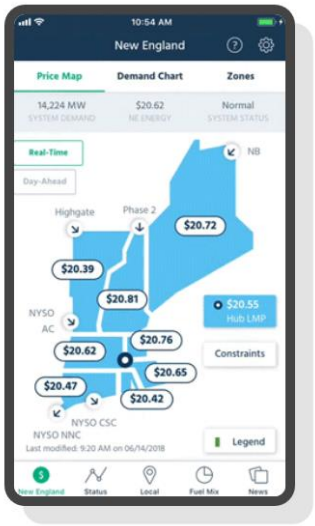
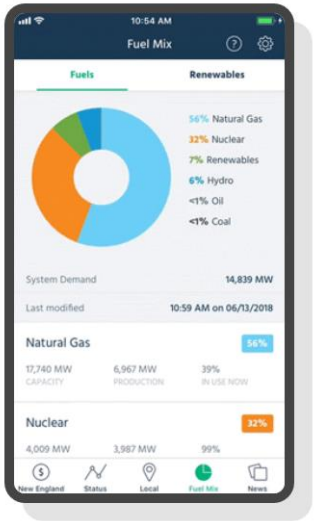
Download the ISO to Go App

ISO to Go is a free mobile application that puts real-time wholesale electricity pricing and power grid information in the palm of your hand





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An Ongoing Dialogue: ISO's External Affairs Team

Eric Johnson
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Melissa Winne
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Contact information: https://www.iso-ne.com/about/contact/government-industry-affairs

Questions