



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

ANDREA JOY CAMPBELL
ATTORNEY GENERAL

(617) 727-2200
www.mass.gov/ago

August 1, 2023

James Woods
ISO New England
1 Sullivan Rd.
Holyoke, MA 01040
jwoods@iso-ne.com

Re: *Resource Capacity Accreditation (RCA) in the Forward Capacity Market:
Considerations for RCA in Capacity Commitment Period 2028-29 (CCP 19)*

Dear James:

The Massachusetts Attorney General's Office ("AGO") appreciates the invitation to provide feedback to ISO New England ("ISO") regarding potential paths forward for RCA in CCP 19 prior to the August Markets Committee ("MC") meeting. Below, the AGO provides three recommendations for the ISO to consider in advance of the August MC meeting.

The AGO's objective for the RCA initiative is to develop a uniform capacity accreditation methodology that does not discriminate for or against any class of resources and results in the ISO's purchase of an adequate amount of capacity at a fair (competitive) price to load. The ISO recently acknowledged that software errors have created the need for a comprehensive modeling review, delaying the RCA project schedule and its planned implementation for Forward Capacity Auction 19 ("FCA 19"). At the July MC meeting, the ISO laid out and sought stakeholder feedback regarding several options for the timing and scope for CCP 19:¹

- (1) proceed with FCA 19/CCP 19, as scheduled, under currently approved market rules, without RCA ("Option 1");
- (2) implement RCA for FCA 19/CCP 19, with the auction held in 2026 instead of February 2025 ("Option 2"); or
- (3) implement RCA for CCP 19 with a prompt/seasonal auction in early 2028 instead of February 2025 ("Option 3").²

¹ Resource Capacity Accreditation in the Forward Capacity Market Considerations for RCA in Capacity Commitment Period 2028-29, Slide 4 (July 11, 2023).

² *Id.*, at 4.

During the July MC meeting, a stakeholder proposed an additional scenario:

- (4) delay FCA 19 for one year to allow time for the MC to work through the myriad of issues that should be considered before determining whether to proceed under Options 1, 2, or 3 (“Option 4”).

Recommendation 1: *ISO and Stakeholder Consideration of Additional Scenario*

The AGO believes Option 4, to delay FCA 19 for one year to determine the appropriate path forward for FCA 19/CCP 19, is worth serious ISO and stakeholder consideration and discussion given the importance of the decision and the current lack of information essential to making an informed decision. Specifically, the AGO would expect that over the course of a one year delay under Option 4, the ISO and the MC would, at a minimum, work diligently to: (1) further develop/complete the RCA design (including a revised RCA Impact Analysis that addresses existing modeling issues and incorporates additional modeling changes); (2) conclude and discuss with stakeholders the ISO’s ongoing Alternative FCM Commitment Horizons Assessment;³ (3) consider additional information regarding the implementation risks and challenges that the ISO identified as associated with moving to a seasonal market; and (4) determine whether there are any efficiencies to be gained from moving to a prompt and/or seasonal market at the same time. Unlike Options 1-3, Option 4 would allow stakeholders to consider and discuss all of this information prior to deciding CCP 19.⁴

To facilitate adequate consideration and discussion, the ISO could specifically identify Option 4 as a potential path forward at the August MC meeting, share its view of the pros and cons of such an approach, and provide suggestions about how this option might be implemented.

Recommendation 2: *ISO to Develop Scope of Modeling/Software Changes Needed for Seasonal Market Implementation*

The AGO also recommends that the ISO, in parallel with discussions regarding CCP 19 and as part of its Alternative FCM Commitment Horizons Assessment, further develop the scope of modeling/software changes needed to move to a seasonal capacity market. This evaluation would include (but not be limited to) identification of potential market reforms that could not be completed without a move to a seasonal market (e.g., an export constraint approach to non-firm gas accreditation) and the corresponding technological changes, timing of modeling/software changes, and cost. In fact, an understanding of the scope of system changes necessary to achieve a seasonal capacity market, as noted above, will be an important element in determining the next steps for CCP 19 and beyond. Moreover, the AGO is concerned that if this information is not

³ Tradeoffs with Alternative FCM Commitment Horizons, Slide 3 (July 11, 2023); *see also* Updated 2023 Annual Work Plan, Slides 4, 11 (April 6, 2023).

⁴ The AGO recognizes that Option 4 would require FCA 19 to proceed under a compressed timeline even if the region decided not to move to a prompt auction framework.

developed by the ISO in parallel with other RCA/FCM reform discussions, implementation of any decision to move to a seasonal capacity market could be pushed out far into the future.

Recommendation 3: *Incorporate Consumer Impacts into Decision-Making*

Finally, the AGO recommends that potential costs to consumers be an explicit consideration and evaluation metric in deciding the optimal path forward for CCP 19 and beyond. While the AGO recognizes that potential costs to consumers may be difficult to analyze at this stage, consumer impacts are critical and should inform the decision-making process.

The AGO appreciates the ISO's solicitation of stakeholder feedback. We do request that the ISO make the comments that it receives available to stakeholders where possible. Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Ashley Gagnon

Ashley Gagnon

Assistant Attorney General