



Resource Capacity Accreditation (RCA) in the Forward Capacity Market (FCM)

*Considerations for RCA for Capacity
Commitment Period 2028-29 (CCP 19)*

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Introduction

- At the June PC and July MC meetings, the ISO reviewed the objectives and considerations for whether RCA should be included in CCP 19 and sought stakeholder feedback
- The focus of this presentation is to continue gathering stakeholder feedback on the path forward for RCA and CCP 19

Objectives

- The ISO is balancing four broad objectives in its considerations for including RCA in CCP 19:
 - 1) Seek additional time to make the necessary improvements to the winter risk model, rerun the impact analysis, and seek feedback from stakeholders
 - 2) Recognize the importance of simultaneously implementing a revised capacity accreditation framework that coincides with the elimination of the minimum offer price rule (MOPR) for FCA 19 as previously noted by the ISO
 - 3) Recognize the increasing importance of seasonality in the region, both from a supply resource portfolio perspective and the expected transition to a winter peaking system, and a stated interest in exploring a change from a forward to a prompt capacity market construct
 - 4) Minimize regulatory and implementation risks
- Unlike market design objectives, the purpose of these objectives is to provide context on the types and timing of proposals the ISO may consider related to its RCA implementation strategy
 - These objectives are not being ranked or prioritized, but rather are being balanced as the ISO is coming to a decision

Stakeholder Feedback on Objectives

- Some stakeholders requested additional objectives be incorporated such as revenue adequacy, consumer impacts, and developer risk for new merchant entry
- While the ISO appreciates these observations, the requested additional objectives may be more suitable as requests for additional design objectives to be considered in the context of specific design proposals (e.g., RCA or prompt/seasonal market proposals) rather than for evaluating the RCA timing and implementation strategy



Considerations for RCA for CCP 19

Based on stakeholder feedback, the ISO has expanded its implementation options:

- Option 1: Proceed with FCA 19 for CCP 19 as scheduled under currently-approved* market rules, without RCA
- Option 2: Implement RCA for FCA 19 for CCP 19, with the auction held in 2026 instead of February 2025
- Option 2A: Plan to implement RCA for FCA 19 for CCP 19, with the auction held in 2026; by no later than early Q3 2024 decide whether to implement prompt auctions starting with CCP 19 in early 2028; with continued discussions beginning in late 2024 on implementing as prompt/seasonal auctions starting in early 2028
- Option 3: Implement RCA for CCP 19 with a prompt/seasonal auction running in early 2028 instead of February 2025

New
Option

*The ISO has other CCP 19-related projects underway that would be incorporated as part of this option (e.g., FCM retirement reforms; Net CONE updates related to MOPR)

Considerations for RCA for CCP 19

	2023		2024				2025				2026				2027				2028			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Option 1: Proceed w/FCA 19 as scheduled (without RCA)			Pre-Auction Processes				FCA															CCP
Option 2: Implement RCA for FCA 19 for CCP 19 (conduct auction in 2026)		Stakeholder Process on FCA 19 Timing					Pre-Auction Processes				FCA											CCP
Option 2A: Plan to implement RCA for FCA 19 for CCP 19, with the auction held in 2026; by no later than early Q3 2024 decide whether to implement prompt auctions starting with CCP 19 in early 2028; with continued discussions beginning in late 2024 on implementing as prompt/seasonal auctions starting in early 2028		Stakeholder Process on FCA 19 Timing			Decide whether to proceed with prompt auctions		Pre-Auction Processes				FCA											CCP
Option 3: Implement RCA for CCP19 with prompt/seasonal auction		Stakeholder Process on FCA 19 Timing															Pre-Auction Processes		CA		CCP	

- In each of the options, the start of CCP 19 remains the same. The timing of the pre-auction processes and auction varies
- For each option, there will be ongoing discussions with stakeholders on the development of RCA and in some instances the development of a prompt/seasonal auction proposal too
- For options that change the timing of FCA 19, discussions on a proposal to move the auction processes would take place in 2023 Q4, following the ISO's decision on the timing and scope for CCP 19
- *Stakeholder Feedback – Are there additional timing or scope considerations for CCP 19? Do you have preferred option(s) for addressing CCP 19?*

Considerations for RCA for CCP 19

	2023		2024				2025				2026				2027				2028				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
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Schedule shifts if we decide to proceed with prompt auctions

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- *Stakeholder Feedback – Are there additional timing or scope considerations for CCP 19? Do you have preferred option(s) for addressing CCP 19?*

Next Steps

- The ISO will be considering all the feedback from July and August in making a decision for its proposed path forward by late September; we anticipate bringing our proposal forward in October
- Regardless of the decision, it's important to begin discussions for a potential change to the timing of the FCA 19 auction processes by September, therefore we will discuss the concept and scope involved to jump start considerations in this area
- To the extent stakeholders would like to share feedback with the ISO before the September MC meeting, please contact the MC Secretary (jwoods@iso-ne.com)

Questions

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