

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.

New England Power Pool Participants Committee

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Docket No. ER22-1528-000

**COMMENTS OF
THE NEW ENGLAND POWER GENERATORS ASSOCIATION, INC.**

Pursuant to Rule 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”)¹, the New England Power Generators Association, Inc. (“NEPGA”)² files these Comments on ISO New England Inc.’s (“ISO-NE”) and the New England Power Pool Participants Committee’s (“NEPOOL”) joint filing of Tariff³ changes eliminating the Forward Capacity Market’s (“FCM”) Minimum Offer Price Rule (“MOPR”).⁴ Though MOPR remains just and reasonable, it is well settled that one just and reasonable rate is not necessarily exclusive to another. NEPOOL stakeholders and ISO-NE have agreed to FCM changes that at first exempt 700 MW of state-sponsored resources from the MOPR and then effectively eliminate the MOPR in three steps over three Forward Capacity Auction cycles, changes unopposed by the

¹ 18 C.F.R. § 385.213(a)(2)-(3) (2022). The New England Power Generators Association, Inc. filed a timely Doc-Less Motion to Intervene in this proceeding on April 8, 2022.

² The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular NEPGA member. NEPGA filed a doc-less Motion to Intervene Out-of-Time in this proceeding on April 8, 2022.

³ References herein to the Tariff are to the ISO New England Inc. Transmission, Markets, and Services Tariff.

⁴ ISO New England Inc. and the New England Power Pool Participants Committee Filing Re: Revisions to ISO New England Transmission, Markets, and Services Tariff if Buyer-Side Market Power Review and Mitigation Reform, Docket No. ER22-1528-000 (filed March 31, 2022) (the “Filing”).

broad majority of New England States.⁵ The design removes the existing MOPR from the FCM and explicitly exempts resources chosen by the New England states from the substitute new capacity resource mitigation rules in graduated steps over a relatively short period of three auction cycles rather than creating significant risks to resource inadequacy, system and local reliability, and market efficiency by eliminating the MOPR immediately. The proposal is just and reasonable on these grounds.

This graduated elimination of the MOPR will allow ISO-NE and NEPOOL stakeholders the time to make the wholesale market design changes necessary to avoid the increased risks MOPR elimination creates, including implementation of a new capacity accreditation methodology and day-ahead reserve or call-option products in the day-ahead energy market. The Filing proposal exempts 700 MW (capacity value) of resources from the MOPR in FCAs 17 and 18, a measured but significant quantity of state-sponsored resource entry that strikes a balance between buyer and seller interests, before eliminating the existing MOPR effective in FCA 19. In addition to the 700 MW of MOPR exempt resources, large quantities of resources identified by the New England States as contributors to the states' environmental, carbon, and cost reduction policies and laws, have and are expected to continue to clear in the FCA in significant quantities irrespective of the transition to MOPR elimination. These resources include energy efficiency, battery storage, solar, and onshore wind. Thus, progress towards a market that procures resources that help satisfy New England state laws and policies would continue through a three-year graduated elimination of the MOPR.

The Filing strikes a just and reasonable balance among a wide range of stakeholder and ISO-NE interests, is supported by a large majority of NEPOOL, including supporting votes from

⁵ NEPGA refers here to the majority of New England States, including Massachusetts, Connecticut, Maine, Rhode Island and Vermont.

each of the six NEPOOL sectors, and is the product of input from, and is unopposed by, the New England States Committee on Electricity (“NESCOE”). This alignment is remarkable on a market design issue that has compelled countless pleadings and disagreements among stakeholders and policymakers in New England. It is a testament to the cooperative discussions that occurred for nearly a year at NEPOOL, as well as with ISO-NE and the New England states. NEPGA therefore respectfully requests that the Commission give deference to the chosen proposal of ISO-NE, the super-majority of NEPOOL, and non-opposition from NESCOE, and accept the Filing.

I. COMMENTS

A. THE FILING IS THE TYPE OF COMPROMISE SOLUTION AMONG REGIONAL STAKEHOLDERS AND ISO-NE LONG-ENCOURAGED AND FAVORED BY THE COMMISSION

The Filing is the product of lengthy discussions between NEPOOL stakeholders, ISO-NE, and the New England states over the course of nearly a year of deliberation in the NEPOOL process. The Commission has long-encouraged stakeholders and ISOs/RTOs to develop their own solutions and changes to market designs, tailored to the specific characteristics, needs, and politics of that region, and to file those proposals for Commission acceptance under Section 205 of the Federal Power Act. That is precisely the process through which the Filing is now before the Commission, and NEPGA asks the Commission to consider the justness and reasonableness of the Filing proposal accordingly. Though a party may take issue with certain aspects of the Filing, it is before the Commission under Section 205 of the Federal Power Act, and thus must be accepted or not materially in its entirety.⁶

⁶ *NRG Power Mktg., LLC, v. FERC*, 862 F.3d 108, 110 (holding that “Section 205 [of the Federal Power Act] does not allow FERC to make modifications to a proposal that transform the proposal into an entirely new rate of FERC’s own making.”).

At the beginning of the NEPOOL process, in May 2021, ISO-NE proposed to eliminate the existing MOPR effective in FCA 17.⁷ Over the course of several months of discussions and reconsideration of the potential risks of eliminating the existing MOPR immediately, ISO-NE and NEPOOL agreed on the graduated approach to completing MOPR elimination. On January 26, 2022, ISO-NE issued a memorandum to the NEPOOL Participants Committee recognizing the contributions of NEPOOL stakeholders “over the last several months as it worked to effectively remove the MOPR,” and that based on those contributions that ISO-NE “wholly supports” what is now in the Filing.⁸ The Participants Committee voted nearly 70% in favor of the Filing now before the Commission, with favorable votes coming from every one of the six NEPOOL sectors.⁹ During the meeting, NESCOE announced that it does not oppose the graduated elimination of the MOPR,¹⁰ noting that whether on a graduated basis or immediately the Filing proposal eliminates the MOPR.

NEPOOL stakeholders, ISO-NE, and the New England States used the NEPOOL process to arrive at a compromise market design change proposal, exactly as the NEPOOL process is meant to work. ISO-NE “carefully listened to stakeholder feedback and modified its proposal based on

⁷ See, e.g., ISO-NE Presentation Re: Competitive Capacity Markets Without MOPR – Discussion of Objective Including Review of Preliminary Stakeholder Schedule, June 8, 2021, NEPOOL Markets Committee Meeting, available at: https://www.iso-ne.com/static-assets/documents/2021/06/a05a_mc_2021_06_08_09_iso_presentation.pptx.

⁸ Composite Materials for the February 3, 2022, NEPOOL Participants Committee Meeting, Memorandum From Vamsi Chadalavada, EVP and COO, ISO New England Inc., to the NEPOOL Participants Committee Members and Alternatives (Jan. 26, 2022), at p. 196, available at: https://nepool.com/wp-content/uploads/2022/01/NPC_2022.02.03_Composite4.pdf.

⁹ The total vote in favor, 69.56%, is the sum of the following NEPOOL sector votes (each sector holds 16.67% of the 100% total vote): Generation Sector 10.19%; Transmission Sector – 16.67%; Supplier Sector – 16%; Alternative Resources Sector – 8.11%; Publicly Owned Sector – 8.87%; End-User Sector – 9.72%. See February 3, 2022, NEPOOL Participants Committee Meeting Minutes, Attachment 2, available at: https://nepool.com/wp-content/uploads/2021/11/Minutes_NPC_2022_0203.pdf.

¹⁰ Representing the position of five of the six New England states that support elimination of the MOPR. The only state not supporting the elimination of MOPR is New Hampshire. See *id.*, at p. 4582 (page 10 of the pdf document).

that feedback.”¹¹ Then, “[w]ith all that information, the ISO concluded in its independent judgment that the [graduated approach] was preferable to an immediate elimination of the current MOPR.”¹² ISO-NE further explained this course of deliberation in its January 26 Memorandum, noting in part that “representatives of the states contracting for these renewable resources, and many of the generating companies that rely on wholesale markets ... have generally agreed” with the MW quantities exempt from MOPR during the graduated approach, namely the 700 MW (capacity value) to which MOPR will not apply in FCAs 17 and 18.¹³ Finally, ISO-NE did not unilaterally impose the graduated approach on NEPOOL stakeholders or on the New England states, instead leaving that decision ultimately to the region by announcing that “it will adopt and file the transition proposal *if there is regional consensus among the participants for such an approach.*”¹⁴ The region spoke loudly in support of ISO-NE adopting the graduated approach.

The Commission has long encouraged ISOs/RTOs, regional stakeholders, and the states to work together to develop the solutions best for their regions, as highly preferable to changes dictated by the Commission.¹⁵ Though NEPGA has long defended the MOPR as a just, reasonable, and not unduly discriminatory rule to discipline competitive new resource offers in the FCA,¹⁶ it supports the Filing as a just and reasonable agreement among a broad array of NEPOOL stakeholders and the New England states. The Commission has long held that under Section 205,

¹¹ *Id.*

¹² *Id.* at p. 4583 (page 11 of the pdf document).

¹³ Note 8, *supra*.

¹⁴ *Id.* at 1 (emphasis added).

¹⁵ *See, e.g., Wholesale Competition in Regions with Organized Elec. Markets*, Order No. 719, 125 FERC P 61,071, at P 515 (2008) (“Our objective in requiring RTOs and ISOs to demonstrate their responsiveness to customers and other stakeholders is to ensure that the RTOs and ISOs, in collaboration with their customers and other stakeholders, work toward developing regional solutions suited to the region’s needs.”).

¹⁶ *See, e.g., Motion to Intervene and Protest of the New England Power Generators Association, Inc. to the Complaint and Motion to Consolidate Proceedings of the New England States Committee on Electricity*, Docket No. EL13-34-000 (filed Jan. 17, 2013); *Motion to Intervene and Protest of the New England Power Generators Association, Inc. and Electric Power Supply Association*, Docket No. ER14-1639-000 (filed Apr. 22, 2014).

a rate need not be the “most” just and reasonable rate nor must the existing rate be unjust and unreasonable. Instead, the new rate must simply be shown to be just and reasonable, and not unduly discriminatory.¹⁷

That is the case here and the deference afforded a utility under Section 205 of the Federal Power Act is amplified by this being an extraordinary combination of ISO-NE, NEPOOL, generators, and non-opposition from the states. On an issue this consequential, this complicated, and following statements from FERC leadership urging MOPR elimination,¹⁸ this is a powerful coalition. This alignment across policymakers, the market operator, stakeholders, and generators with capital at risk in the market is extraordinary and unusual. It should carry great weight with the Commission as a signal of a region able to work collaboratively to deliver major market changes in a timely manner that meets the needs of a competitive wholesale electricity market, state policy requirements, and reliability.

B. ELIMINATING MOPR IMMEDIATELY SIGNIFICANTLY RISKS RESOURCE ADEQUACY, SYSTEM RELIABILITY AND MARKET EFFICIENCY

Though there is no proposal before the Commission to eliminate the MOPR for effect in FCA 17, ISO-NE and NEPOOL thoroughly explain the resource adequacy and reliability risks of eliminating the MOPR immediately as a measure of the justness and reasonableness of the Filing proposal. The risks include the risk of inefficient retirements and the development delays related to the unique challenges associated with off-shore wind projects, the predominant technology type expected to gain market entry during through the 700 MW Renewable Technology Resource

¹⁷ *City of Winnifield v. Federal Energy Regulatory Com.*, 744 F.2d 871, 874-875 (D.C. Cir. 1984) (the Commission “need only find the proposed rates to be just and reasonable.”).

¹⁸ See, e.g., *Joint Statement of Chairman Glick and Commissioner Clements Regarding the Fair Rates Act on PJM MOPR*, Docket No. ER21-2582-000 (Oct. 19, 2021), available at: <https://www.ferc.gov/news-events/news/joint-statement-chairman-glick-and-commissioner-clements-regarding-fair-rates-act>.

exemption and upon MOPR elimination.¹⁹ These risks are of no small concern, with the immediate scale of new entry of public-policy resources “replacing” existing resources in the order of 7 GW (nameplate) based on resources under development through contracts and further state-directed Requests for Proposals.²⁰ The magnitude and nature of this potential large turnover in the system fleet, including a large-scale substitution of controllable resources with intermittent resources, compels a careful consideration of the potential reliability and resource adequacy risks and the market design elements necessary to mitigate or eliminate those risks. ISO-NE and NEPOOL have provided the Commission with a thorough explanation of the risks created by eliminating MOPR immediately, and how a graduated transition to MOPR elimination will address those risks. NEPGA concurs with the ISO-NE testimony explaining these risks, and respectfully asks that the Commission give ISO-NE’s testimony considerable weight in its decision-making.

Immediate MOPR elimination would also risk interfering with Forward Capacity Market efficiency and price signals, by risking significant quantities of immediate retirements, with those resources on the margin that provide ISO-NE with critical system reliability value (particularly in the winter months) the greatest source of that risk.²¹ If Market Participants anticipate that in FCA 17 several GWs of new zero-priced capacity will enter the market, with the likelihood of more such GWs to come, it could compel GWs of existing resources to retire. With significant quantities of resources entering the market due not to intrinsic FCM price signals, but at the choice of the New England states, a rational Market Participant may conclude that the market would not produce near or long term revenues opportunities to justify continued operation. If this view was shared

¹⁹ Note 4, *supra*, Transmittal Letter at 35-41 (“Transmittal Letter”); Testimony of Vamsi Chadalavada on Behalf of ISO New England Inc. Regarding the Need for a Transition to MOPR’s Elimination, at pp. 4-29.

²⁰ See ISO-NE and NEPOOL Transmittal Letter at p. 29 (explaining an increase from 3.3 GW to 6.93 GW of state long-term contracts for resources since 2018).

²¹ See Filing, Testimony of Vamsi Chadalavada on Behalf of ISO New England Inc. Regarding the Need for a Transition to The MOPR’s Elimination, at 19 – 27 (explaining the potential adverse consequences of “inefficient” retirements) (“Chadalavada Testimony”).

by many – especially those existing resources at the margin – elimination of the MOPR in FCA 17 could compel a significant quantity of Retirement De-List Bids in FCA 17 which, as ISO-NE explains has potential reliability consequences, but as well creates the risk that ISO-NE must reject significant quantities of those bids and offer them cost-of-service, out of market rates, *i.e.*, Reliability Must Run (“RMR”) agreements, to avoid transmission-related reliability concerns (*e.g.*, thermal overloads on transmission). The RMR is intended as a tool of last resort in the absence of a market response to FCM price signals, not a reliability measure to be relied on in due course.²² The Filing proposal mitigates the risk that large quantities of retirement requests compel ISO-NE to offer one or more RMRs for one or more Capacity Commitment Periods.

C. THE GRADUATED ELIMINATION OF THE MOPR ALLOWS FOR THE TIME, SPACE, AND URGENCY NECESSARY TO MAKE THE NECESSARY CHANGES TO RESOURCE ADEQUACY ACCREDITATION AND DAY-AHEAD PRICE SIGNALS TO AVOID RISKS TO RELIABILITY AND RESOURCE ADEQUACY

The Filing proposal provides for a significant exemption to the MOPR in two auctions, FCAs 17 and 18, and eliminates it in FCA 19.²³ ISO-NE and NEPOOL agreed to this approach to afford the time necessary to complete two critical changes to the wholesale market designs prior to eliminating the existing MOPR. ISO-NE offers, and NEPGA agrees, that that two specific reforms – capacity accreditation and reserves enhancements – will help mitigate the impact of MOPR’s elimination. The first, a new capacity accreditation methodology for all resource types, will properly value a resource’s contribution to resource adequacy so that the FCA will produce the quantity of capacity ISO-NE needs to operate the system reliably.²⁴ The second, a day-ahead

²² See, *e.g.*, *N.Y. Indep. Sys. Operator, Inc.*, 150 FERC P 61,116, at P16 (2015), *order on compliance and reh'g*, 155 FERC P 61,076 (2016), *order on compliance and reh'g*, 161 FERC P 61,189 (2017), *order on clarification and reh'g*, 163 FERC P 61,047 (2018).

²³ Chadalavada Testimony at 4.

²⁴ *Id.* at 42-45.

reserve or call option in the energy market, will compensate resources for day-ahead commitments to a call option on energy in real-time in order to, among other reasons, give ISO-NE a reliable day-ahead operating plan including planning for the real-time reserves critical to responding to contingencies, load forecast errors, and other events causing stressful supply, demand and reserve capability conditions in real-time.²⁵

ISO-NE and NEPOOL propose to eliminate MOPR in FCA 19 because ISO-NE needs approximately 1 ½ years to develop, deliberate with NEPOOL stakeholders, file and receive Commission acceptance of a change to the capacity accreditation methodology. If ISO-NE and NEPOOL complete that process within that time, ISO-NE can apply the new accreditation methodology to *all* resources seeking to qualify for FCA 19. The Commission has approved similar capacity accreditation changes in other RTOs/ISOs to those contemplated to date by ISO-NE, and there appears to be broad agreement between ISO-NE, NEPOOL stakeholders, and other RTOs/ISOs that past approaches (including ISO-NE’s current methodology) to capacity value risks resource inadequacy.²⁶ The elimination of the MOPR creates further urgency for a change to capacity accreditation, in that ISO-NE expects that thousands of MWs of contracted, intermittent resources will newly enter the capacity market (and likely displace a significant quantity of existing generation), an unprecedented quantity of new entry and displacement of existing generation. This is not just about new versus existing either. The scale of entry of new generation on the horizon makes it even more important to properly account for the reliability contributions of all resources; new and existing. If the capacity value methodology for newly entering, existing

²⁵ See Mark Karl, ISO-NE VP of Market Development and Settlements, and Matthew White, ISO-NE Chief Economist, Memorandum to the NEPOOL Markets Committee, April 6, 2022 (explaining broadly that the day-ahead ancillary services project “seeks to procure and transparently price the ancillary service capabilities needed for a reliability, next-day operating plan with an evolving generation fleet.”), *available at*: https://www.iso-ne.com/static-assets/documents/2022/04/a05_mc_2022-04-12_day Ahead Ancillary Services Memo.pdf.

²⁶ Chadalavada Testimony at 42-45.

and retiring resources fails to accurately reflect ISO-NE’s resource adequacy and reliability needs, the capacity market will fail to deliver ISO-NE with the resource mix it needs to reliably operate the system. Thus, the elimination of the MOPR should coincide with the coming changes to capacity accreditation, and this proposal provides the necessary time and to do just that.

Likewise, the long-awaited addition of some form of day-ahead reserve or call-option product in ISO-NE should also be in effect with the elimination of the MOPR. The wholesale markets must price the reliability benefit of a day-ahead reserve product and operating plan, one that load and ISO-NE currently enjoy “for free.”²⁷ As with capacity accreditation, the need to price day-ahead reserve capability is made more critical by the major shift in the system resource mix the elimination of MOPR will facilitate. A greater concentration of intermittent resources on the system gives ISO-NE less dispatch control of generation resources on the system, making price signals for a day-ahead commitment to provide real-time operating reserves all the more important. Several studies have demonstrated the need to maintain (or build new) dispatchable resources in a system with higher concentrations of intermittent resources.²⁸ Without a day-ahead operating plan for real-time reserves as more intermittent resources come onto the system, ISO-NE will be challenged to meet demand in real-time under contingency and load forecast error conditions (among other events effecting supply and demand) – ISO-NE relies heavily on real-time operating

²⁷ See, e.g., *ISO New England Inc.*, 173 FERC ¶ 61,106, at P 6 (2020) (recounting ISO-NE’s explanation that “due to the evolving nature of its resource fleet, it can no longer rely on resources to provide these reliability services in real-time absent day-ahead compensation and the markets must procure and provide compensation for the operational capabilities that these resources provide and upon which ISO-NE depends to ensure a reliable power system.”).

²⁸ See, e.g., Connecticut DEEP 2020 Integrated Resource Plan, Appendix A3: Results, Fig. 1-6 (showing resource mixes in 2040 under “base case” and with electrification), available at: <https://portal.ct.gov/-/media/DEEP/energy/IRP/2020-IRP/Appendix-A3--Modeling-Results.pdf>; E3 Net-Zero New England: Ensuring Electric Reliability in a Low-Carbon Future, Fig. 4-6 (showing the need for 20+ GW of thermal, dispatchable generation out to 2050), available at: https://www.ethree.com/wp-content/uploads/2020/11/E3-EFI_Report-New-England-Reliability-Under-Deep-Decarbonization_Full-Report_November_2020.pdf.

resources under these conditions, as it did most recently on March 29, 2022.²⁹ ISO-NE recently initiated the NEPOOL stakeholder process for the development of a day-ahead reserve or call-option product, and estimates that it can be in effect by late 2024 or early 2025.³⁰ Thus, some form of day-ahead reserve or call-option product should be in effect before the elimination of the MOPR.

The Filing proposal provides a balance between allowing (primarily, if not entirely) contracted offshore wind resources to acquire Capacity Supply Obligations in ever increasing quantities (and as of FCA 19 in any quantity they wish) and resource investor interests in predictability and measured major design changes. The Filing proposal would put Market Participants on notice of the quantity of MOPR exemption in FCAs 17 and 18 and that the existing MOPR will be eliminated in FCA 19. The Commission has accepted gradual transitions to major market design changes in the past, in part in the interests of “attenuating any abrupt change in market signals ... unrelated to actual market dynamics” and “promot[ing] long-term cost-effectiveness of the market, while promoting investor confidence.”³¹ Likewise the Commission accepted a gradual increase in the Pay for Performance rate to “allow suppliers to gain experience with the new market design at reduced risk exposure before the full Capacity Performance Payment Rate goes into effect.”³² As in those cases, transitioning to MOPR elimination will avoid an abrupt and highly material change in the market design, allow Market Participants to gain experience with the impact MOPR elimination has on market outcomes and future expectations, and provide investors with a measure of confidence in the stability and predictability of the Forward Capacity

²⁹ ISO-NE NEPOOL Participants Committee Report at 12 (Apr. 7, 2022) (detailing March 29, 2022, operations including the commitment of approximately 1,000 MW of offline fast-start resources in response to system contingencies), available at: <https://www.iso-ne.com/static-assets/documents/2022/04/april-2022-coo-report.pdf>.

³⁰ Note 25, *supra*.

³¹ *ISO New England Inc. and New England Power Pool Participants Committee*, 155 FERC ¶ 61,319, at P 62 (2016) (accepting a multi-year transition to a new capacity market demand curve methodology).

³² *ISO New England Inc. and New England Power Pool Participants Committee*, 147 FERC ¶ 61,172, at P 73 (2014).

Market. As ISO-NE explains, this is to the benefit of all, in that “the erosion of investor confidence in the market [] could, in turn, undermine the efficiency of the market, lead to higher costs for consumers, and could create reliability-related challenges.”³³

D. THE FILING PROPOSAL WILL REASONABLY ACCOMMODATE THE ENTRY OF STATE POLICY RESOURCES IN FCA 17 AND FCA 18

As ISO-NE and NEPOOL develop capacity accreditation and day-ahead reserve/call option designs, the FCA will continue to provide an opportunity for resources favored by the New England states to acquire Capacity Supply Obligations in FCAs 17 and 18. The Filing proposal offers three methods for the new entry of state policy resources. Some resources will be able to participate via their competitive offers, others will be able to enter via the renewed Renewable Technology Resource exemption, and others via the CASPR substitution auction.

First, large quantities of these resource types have and are expected to continue to clear the FCA and acquire Capacity Supply Obligations regardless of the MOPR. The Offer Review Trigger Prices (“ORTP”), *i.e.*, the offer price below which a Market Participant offering new capacity is subject to mitigation review, in effect for FCAs 17 and 18 will provide little to no barrier to entry. As shown here, the ORTPs for several resource types in FCA 17 are as follows (compare to the \$2.591/kW-month Rest of Pool clearing price in FCA 16, and the lowest historical Rest of Pool clearing price of \$2,00/kW-month in FCA 14)³⁴:

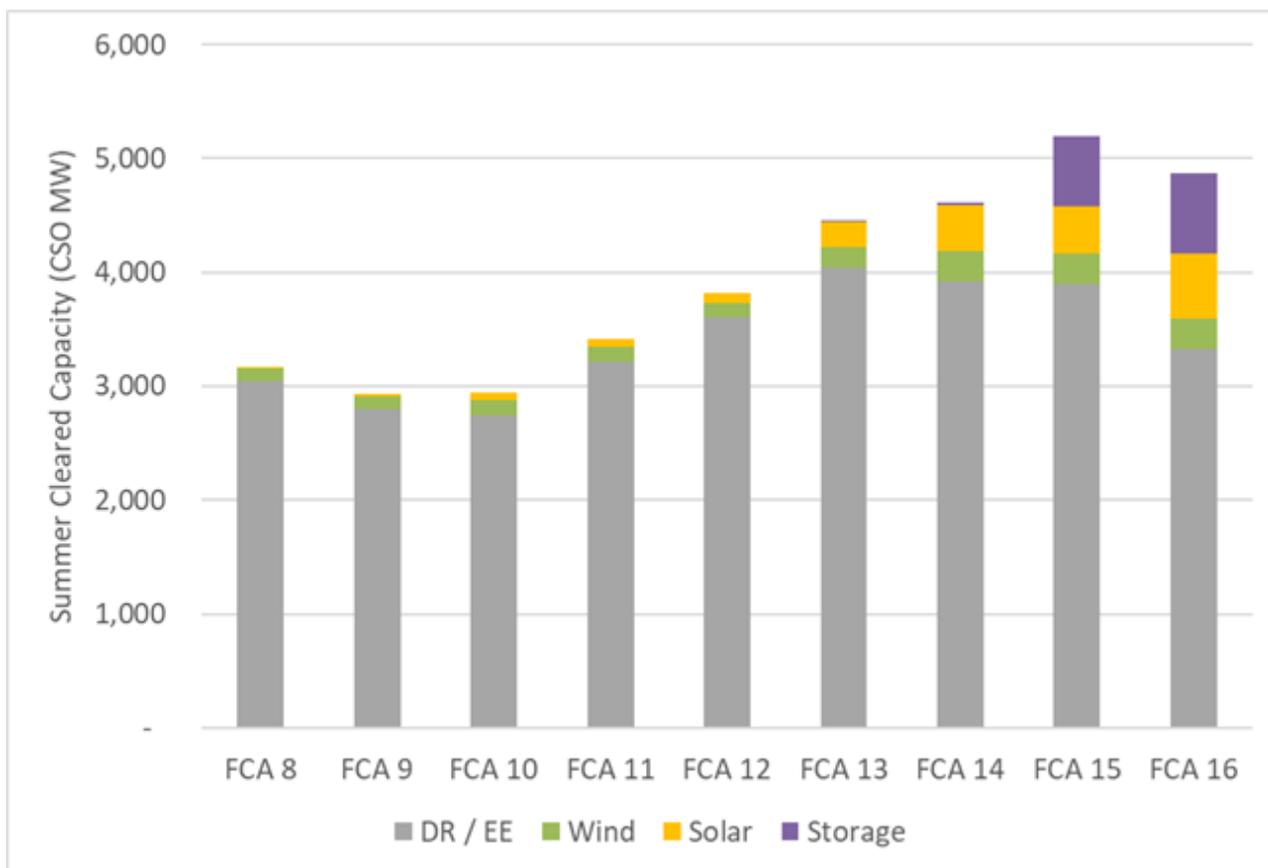
³³ Filing Transmittal Letter at 35.

³⁴ ISO New England Inc. Forward Capacity Market Parameters, available at: https://www.iso-ne.com/static-assets/documents/2015/09/FCA_Parameters_Final_Table.xlsx.

- Onshore Wind: **\$0.00/kW-month**
- Energy Efficiency: **\$0.00/kW-month**
- Photovoltaic Solar: **\$0.00/kW-month**
- Energy Storage Device – **Lithium Ion Battery: \$0.789/kW-month**
- Demand Resources (Commercial and Industrial Load Management): **\$0.75/kW-month**
- Demand Resources (Previously Installed Distributed Generation): **\$0.75/kW-month**

These ORTP values show that many of the resource types that contribute to the New England State energy laws, policies and goals, are entirely competitively in the FCA under the existing Tariff rules. The low ORTPs for onshore wind, solar, battery and demand resources should allow any resource of these types to enter FCA 17 if they so wish. It should come as no surprise then that these resource types have acquired large quantities of Capacity Supply Obligations in recent FCAs, as shown below:³⁵

³⁵ Source data from: https://www.iso-ne.com/static-assets/documents/2018/02/fca_obligations.xlsx.



Second, in addition to the competitive opportunities offered by the FCA, the Filing proposal exempts up to 300 MW (capacity value) of state-contracted resources from the MOPR in FCA 17, and another 400 MW in FCA 18 (with any unused MWs in FCA 17 added to the FCA 18 400 MW value).³⁶ As ISO-NE notes, approximately 4,700 MW (nameplate) of off-shore wind resources are under state-directed contracts (though none yet commercial), equal to approximately 1,269 MW of qualified capacity value (summer rating).³⁷ The 700 MW MOPR exemption compares favorably to that value, even assuming that all 1,269 MW of those resources are far along enough in development to offer into the FCA for commitments beginning June 1, 2026 (the start of the FCA 17 Capacity Commitment Period) and June 1, 2027 (FCA 18). The siting of

³⁶ Chadalavada Testimony at 31-32.

³⁷ Chadalavada Testimony at 35. Using the nameplate to qualified capacity value conversion factor of 27% for off-shore wind that ISO-NE applied in the most recent Offer Review Trigger Price re-calculation.

energy infrastructure in New England has proven to be exceedingly difficult, and thus a prudent developer may not take on an obligation in either of those auctions. ISO-NE documents siting challenges, including an apparent lack of wind turbine installation vessels necessary to satisfy the thousands of MW of offshore wind resources the New England states have authorized for procurement,³⁸ and past and current contracted off-shore wind resources have either not yet become commercial or face current delays.³⁹ The MOPR exemption nevertheless will allow a significant percentage of contracted off-shore resources to acquire CSOs in FCAs 17 and 18, before elimination of the MOPR in FCA 19. Third, the CASPR and its Substitution Auction will remain in effect in FCAs 17 and 18, giving resources further opportunities to acquire CSOs prior to the elimination of the existing MOPR in FCA 19.

The Filing proposal thus provides ISO-NE and NEPOOL stakeholders the time to develop necessary wholesale market changes to maintain resource adequacy and reliability, while providing incremental opportunities (in addition to existing opportunities) for resources consistent with New England state environmental laws and policies to enter the Forward Capacity Market.

³⁸ Chadalavada Testimony at pp 28-29.

³⁹ See, e.g., *After Many Delays, Massachusetts's Vineyard Wind is Finally Approved*, ARS Technica, May 11, 2021, available at: <https://arstechnica.com/science/2021/05/after-many-delays-massachusetts-vineyard-wind-is-finally-approved/>. (explaining the “many delays” faced by Vineyard Wind).

II. CONCLUSION

For the above reasons, NEPGA respectfully requests that the Commission accept the Filing.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the comments via email upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Cambridge, Massachusetts, April 21, 2022.

/s/ Bruce Anderson

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