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**For Immediate Release**  
January 8, 2014

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## **NEPGA CALLS ON FERC TO PRESERVE A COMPETITIVE CAPACITY MARKET OUTCOME IN NEW ENGLAND**

**Boston, MA:** Today, the New England Power Generators Association (NEPGA) filed a Complaint urging the Federal Energy Regulatory Commission (FERC) to prevent an out-of-market contract from undermining the Forward Capacity Market (FCM) in New England. ISO New England (ISO-NE) has recently determined that Brayton Point, a plant that announced a non-price retirement, should be kept on the system through an out-of-market cost of service contract. Under existing ISO-NE rules, the plant's more than 1,500 megawatts would be treated as a price-taker in the capacity auction, which is scheduled to run in February, and could artificially harm new and existing resources by nearly half a billion dollars.

NEPGA's Complaint notes that allowing this action "directly contradicts FERC's extensive efforts across the organized markets, including recently in ISO-NE, to protect against the uneconomic capacity that would artificially suppress the true market price for all other new and existing resources in the marketplace." NEPGA goes on to say, "the core purpose of the FCM, like that of other capacity markets, is to maintain system reliability by sending economic price signals needed to encourage entry of new resources, when needed, and to discourage the premature exit of otherwise economic existing resources. A capacity market's ability to fulfill that core purpose is threatened when prices are artificially suppressed by either the entry of uneconomic new resources or the non-exit of uneconomic existing resources."

In an affidavit submitted in support of NEPGA's Complaint, Dr. David Hunger of Charles River Associates estimates that if not addressed by FERC, the competitive price paid to new and existing resources in New England could be artificially slashed by nearly half a billion dollars. Dr. Hunger notes that this issue is similar to the minimum offer price rule (MOPR) that has been common at the Commission with respect to subsidized new entry, "These proposals share with the current controversy the same fundamental root: interfering with price signals that a properly-functioning capacity market should send to encourage new entry, when needed, and to discourage premature exit of existing resources."

Because of the extraordinary impact this arrangement would have, NEPGA has requested an expedited proceeding at FERC. If the Commission cannot rule on these issues by January 27, NEPGA asks that the FCM auction be delayed. In the alternative to a decision on the merits by January 27, NEPGA requests a final order be issued by March 17.

*The New England Power Generators Association (NEPGA) is the trade association representing competitive electric generating companies in New England. NEPGA's members' represent 80%, or nearly 27,000 megawatts, of all the available generating capacity in New England. NEPGA's mission is to promote sound energy policies which will further economic development, jobs, and balanced environmental policy. NEPGA believes that sustainable competitive markets are the best means to provide long-term reliable and affordable supplies of electricity for consumers.*

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