

## Generators, states question ISO-NE's proposed capacity requirement

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**ISO New England** is facing opposition to its plan to change the way it calculates the capacity it needs going forward, with generators saying the plan could underestimate the capacity needed for fuel security and states saying the plan overestimates capacity needs and is expensive for consumers.

The concerns come as **ISO-NE** is working on short- and long-term rule changes to ensure fuel security and allow a proposed cost-of-service contract with key **gas** -fired units in **Massachusetts** .

On November 6, **ISO-NE** filed its proposed installed capacity requirement and related values for the 13th forward auction for the 2022-2023 capacity commitment period (ER19-291). The ICR is the amount of resources needed to meet reliability requirements. **ISO-NE** proposed an ICR of 34,719 MW for FCA 13.

The **ISO-NE** used similar methodology as in the past, but the grid operator concluded that the assumed reserves should be increased to 700 MW, up from 200 MW, to account for load changes, credible contingencies, limited tie capability to the eastern interconnection, and changes in the resource mix.

In a separate proceeding, **ISO-NE** in August filed a short-term fuel-security fix that would accommodate a cost-of-service agreement with **Exelon** to keep the **gas** -fired Mystic units 8 and 9 operating to ensure reliability in 2022 and beyond. The units provide about 1,400 MW of capacity and use **LNG** from the **Distrigas** import terminal, rather than pipeline **gas** , for fuel supply.

### Inconsistent assumptions

The **New England** Power Generators Association Tuesday raised concerns that the ICR was calculated using assumptions that differ significantly from those that underpin the fuel security proposal. **ISO-NE** 's fuel security reliability standard assumes more fossil-fueled plant outages and less access to imported energy than assumed in the region-wide capacity requirement, NEPGA said.

"A consistent application of the imported energy and outage rate assumptions would cause the region-wide capacity requirement to be higher than that proposed by **ISO-NE** for FCA 13," NEPGA said.

**ISO-NE** could fix the issue by calculating the region-wide capacity requirement using the same imported energy and outage rate assumptions as it proposes for its region-wide fuel security reliability standard, NEPGA said. Or the grid operator could keep the assumptions as they are but offer a fuel-security resource into the FCA at its competitive retirement de-list bid price or not offer it into the FCA at all, the group said.

NEPGA has long said **ISO-NE** 's current plan to offer fuel-security resources, like Mystic, into the forward capacity auction at a price of zero would unfairly suppress capacity prices.

### States' cost concerns

Meanwhile, the **New England** States Committee on **Electricity** said **ISO-NE** has not justified its plan to change its reserve assumptions. The grid operator has not shown it needs to buy an extra 550 MW in the primary auction because other factors in the calculation have led to over-procurement year after year, increasing costs for consumers, said NESCOE, which represents the interests of **New England** Governors.

Marcia Blomberg, an **ISO-NE** spokeswoman, said "we stand by the installed capacity requirement values we've calculated for the 2022-2023 capacity commitment period as outlined in our filing, and we intend to file an answer to the ICR protests."

NESCOE aptly points out a considerable increase in the minimum operating reserve, to 700 MW from 200 MW, and an increase in the estimate for the largest contingency, to 2,000 MW from 1,400 MW, noted Kieran Kemmerer, **North American** power market analyst with S&P Global Platts Analytics. But the net effect appears to be minimal because the net ICR for FCA 13 is proposed at 33,750 and the net ICR in FCA 12 was 33,725 MW, he said.

NEPGA cites a clear difference — mainly in outage rates and availability of ties — between **ISO-NE** 's standard methodology in determining ICR and that invoked by the fuel-security standard, Kemmerer said. But the idea that the fuel-security standards should be applied to every unit is outside the scope of the auction, because a fuel-security study is very specific to a resource and its location, he added.

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