

## ISO New England to retain Mystic-8, -9 gas-fired units in next capacity auction

By Jared Anderson

Published on - Tue, 11 Jun 2019 12:46:23 EST | Modified on - Tue, 11 Jun 2019 17:27:15 EST

**ISO New England** reliability reviews have determined the Mystic-8 and Mystic-9 natural **gas** -fired power plant units in **Massachusetts** will be retained for fuel security reasons in the 14th capacity auction, which would be a bearish clearing price indicator, an analyst said Tuesday.

"Allowing Mystic 8- and -9 to behave as price takers in Stage 1 of the [forward capacity auction (FCA)] would push the supply curve out roughly 1,400 MW – all else equal a bearish indicator for FCA clearing prices," Manan Ahuja, senior director of **North America Electric Power** at S&P Global Platts Analytics, said in an email Tuesday.

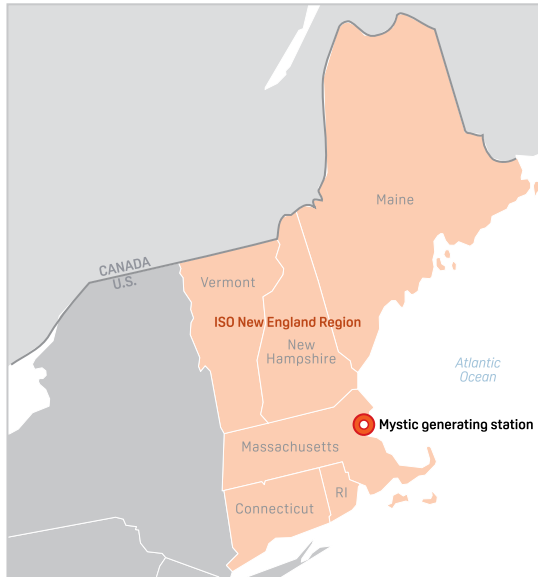
In accordance with the relevant tariff, the ISO told the **New England Power Pool** Reliability Committee in a Monday memo the units – with a cumulative capacity of 1,417 MW and owned by an **Exelon** subsidiary – would be retained for the capacity commitment period 2023 to 2024 covered by FCA 14. Mystic-8 has a capacity of 703 MW while Mystic-9 has a capacity of 714 MW.

**ISO-NE** said it anticipates reviewing and discussing the analysis of these resources with the Reliability Committee at its August meeting.

### Previous efforts to retire the units

**Exelon** sought to de-list its Mystic units in FCA 12, but the ISO rejected the bids because the units were needed to meet local transmission security requirements. **Exelon** then sought to retire the Mystic units in FCA 13 and the ISO retained them in accordance with tariff language that permits retentions for fuel security reasons, according to an April 30 memo from **ISO-NE** to the **NEPOOL** Participants Committee.

## MYSTIC POWER PLANT



Source: S&P Global Platts

The resulting cost-of-service agreement covers the capacity commitment periods beginning June 1, 2022 and ending May 31, 2024, for FCA 13 to 14, according to the April memo.

However, prior to FCA 14, "either the ISO can terminate the agreement if the units are no longer needed for fuel security or **Exelon** can opt out," **ISO-NE** explained in the memo. The capacity auctions are typically held annually in February.

Certain details associated with the cost-of-service agreement are still being hashed out at the **Federal Energy Regulatory Commission** (ER18-1639), including how return on equity should be calculated. **FERC** launched a paper hearing on how the proposed ROE policy would apply to the Mystic deal.

The ISO said in the April memo that it does not intend to modify its tariff to allow units that seek to retire to re-enter the markets as existing resources, and as a result "the region must prepare to meet the transmission and fuel security needs associated with Mystic's retirement no later than June 1, 2024."

**Exelon** did not respond to a request for comment Tuesday.

For internal use only. Not for reproduction or further distribution. Platts' standard terms and conditions apply to all use of this article/excerpt. Read Platts' Terms & Conditions at <https://pmc.platts.com/Public/TermsConditions.aspx>.

Copyright © 2019 S&P Global Platts, a division of S&P Global. All rights reserved.

Please contact us to learn more about Platts products and services at +1-800-PLATTS-8 / 1-800-752-8878 (Toll-free in U.S. and Canada) or by email at [support@platts.com](mailto:support@platts.com)