

NEPPA Resolution

Reform the Forward Capacity Market

WHEREAS, Public power accepted the settlement creating ISO-New England's Forward Capacity Market in large part because it included a "self-supply" provision allowing publicly-owned systems to rely on their own resources to meet their customers' demands, and;

Whereas, the ever-changing market rules eliminated the ability to self-supply by instituting a Minimum Offer Price Rule (MOPR) in 2012, and;

Whereas, the MOPR creates the risk of consumer-owned resources not clearing the market and forcing consumers to then pay twice for capacity, and;

Whereas, capacity markets are not designed to consider other significant objectives, besides price, that policymakers take into consideration when choosing what resources are desirable in the energy mix – such as carbon emissions, fuel diversity, fuel security, and local jobs, and;

Whereas, the disconnect between what type of resources states want (largely emissions-free resources) and what the capacity market procures (largely natural gas), causes the markets to become increasingly complex and contorted to remain viable, and;

Whereas, the problems with capacity markets go to their fundamental design, which focuses solely on price;

Be it now

RESOLVED, that NEPPA:

1. Supports reinstatement of self-supply in ISO-NE's capacity market.
2. Supports a return to a long-term, planning-based process for determining resource needs in which ISO's capacity market would be treated as a "market of last resort."
3. Supports efforts to evaluate and reform these structures holistically, rather than continuing to layer regulatory uncertainty by devising too frequent modifications without addressing the fundamental problem.

Adopted by the NEPPA Board of Directors 7/20/2020