

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

Modernizing Electricity Market Design)	
)	Docket No. AD21-10-000
)	

**COMMENTS OF THE
NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

The New England States Committee on Electricity (“NESCOE”)¹ appreciates the opportunity to submit these comments pursuant to the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) April 5, 2021 Notice Inviting Post-Technical Conference Comments in the above-referenced proceeding (“Notice”). The Commission convened a technical conference on March 23, 2021 (“March 23 Conference”) to explore “the role of the capacity market constructs” in three RTOs/ISOs—PJM Interconnection, L.L.C. (“PJM”), New York Independent System Operator, and ISO-NE—“in an environment where state policies increasingly affect resource entry and exit.”² While the March 23 Conference included representatives and state officials from all three RTOs/ISOs as part of the opening panel discussion, the balance of the conference focused on PJM’s market rules and possible alternative market approaches in that region. The Commission recently announced that it will convene an additional technical conference in this proceeding on May 25, 2021 concentrating on ISO-NE’s wholesale markets (“May 25 Conference”).³

¹ NESCOE is the Regional State Committee for New England, representing the collection positions of the six states in regional electricity matters. See <http://nescoe.com>. ISO New England Inc. (“ISO-NE”) is the Regional Transmission Organization (“RTO”) and Independent System Operator (“ISO”) for New England.

² Notice at 1.

³ *Notice of Technical Conference on Resource Adequacy in the Evolving Electricity Sector: ISO New England Inc.*, Docket No. AD21-10-000 (April 22, 2021).

NESCOE fully supports the Commission’s approach to carefully consider market rules and circumstances unique to each region, and thus appreciates the initial focus on PJM and announcement of a future technical conference on ISO-NE’s markets. NESCOE looks forward to the opportunity to engage in discussions at the May 25 Conference and to provide more detailed comments focused on New England markets and challenges.

Two New England state officials who also serve as NESCOE Managers presented key market design concerns for their respective states during the opening panel at the March 23 Conference.⁴ Many of their comments reflected themes in *New England States’ Vision for a Clean, Affordable, and Reliable 21st Century Regional Electric Grid* issued by the six New England States in the fall of 2020 (“NESCOE Vision Statement”).⁵ The NESCOE Vision Statement identified the need to modernize ISO-NE’s wholesale electricity markets “if they are to support achievement of clean energy laws, while maintaining system reliability and fostering more affordable electricity for regional consumers.”⁶ The New England states committed “to pursuing a new, regionally-based market framework that delivers reliable electricity service to homes and businesses,” and the need for that framework to “account for and support States’ clean energy laws in an efficient and affordable manner.”⁷ State officials have continued the

⁴ Katie S. Dykes, Commissioner, Connecticut Department of Energy & Environmental Protection; Kathryn M. Bailey, Commissioner, New Hampshire Public Utilities Commission.

⁵ NESCOE, *New England States’ Vision for a Clean, Affordable, and Reliable 21st Century Regional Electric Grid* (Oct. 2020), available at <http://nescoe.com/resource-center/vision-stmt-oct2020/>. New Hampshire noted in the statement that it “does not have the same or similar clean energy mandates as do the other New England states” but that it has “a common interest in preserving efficient wholesale markets and in ensuring that transmission system planning achieves least-cost solutions; as well as a legislative mandate to prevent or minimize any rate impact of other states’ policies on New Hampshire retail electric rates.” *Id.* at n. 2.

⁶ *Id.* at 1.

⁷ *Id.* at 2.

dialogue around the NESCOE Vision Statement with the public in the form of technical forums on markets, transmission, ISO-NE governance, and environmental justice.

Additionally, work in New England is now underway in response to NESCOE's 2019 request that ISO-NE dedicate time and resources to support states and stakeholders in analyzing and discussing potential future market frameworks that contemplate and are compatible with the implementation of state energy and environmental laws. Specifically, working with NESCOE and the New England Power Pool ("NEPOOL"), ISO-NE has initiated a high-priority project, the Future of the Grid initiative.⁸ That initiative includes two components that are currently in process: (i) a Future Grid Reliability Study, which will assess grid reliability challenges that could occur in 2040 in consideration of the requirements of New England state laws, and (ii) a Pathways to the Future Grid, which is an evaluation of the effectiveness of several potential market frameworks intended to better align the regional markets with New England states' clean-energy mandates. NESCOE is appreciative of the priority that both NEPOOL and ISO-NE have placed on this critically important, time-sensitive, and collaborative work.

Additionally, in this docket, ISO-NE identified the need for the region to begin to identify fundamental changes to capacity market rules, including examining New England's minimum offer price rule.⁹ NESCOE looks forward to continued discussion with the Commission, ISO-NE, and others to examine New England's specific market challenges and chart a new path, as articulated in the NESCOE Vision Statement, for reforming our region's wholesale electricity markets in order to make them sustainable.

⁸ See ISO-NE 2021 Regional Energy Outlook at 9, available at https://www.iso-ne.com/static-assets/documents/2021/03/2021_reo.pdf; see also <https://www.iso-ne.com/committees/key-projects/new-englands-future-grid-initiative-key-project/>.

⁹ Pre-Conference Statement of ISO New England Inc., Docket No. AD21-10-000 (Mar. 19, 2021), at 3, available at https://www.iso-ne.com/static-assets/documents/2021/03/ferc_resource_adequacy_technical_conf_comment.pdf.

Respectfully Submitted,

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Date: April 26, 2021