



New England States Committee on Electricity

To: Vamsi Chadalavada, ISO-NE
From: NESCOE
Date: May 4, 2021
Subject: 2021 Draft Updated Work Plan: Questions on Minimum Offer Price Rule (MOPR) Reforms and Timing

We understand you'll discuss the 2021 Annual Work Plan (Updated 2021 Work Plan) at the May 6, 2021 NEPOOL Participants Committee meeting.¹

We appreciate that the Updated 2021 Work Plan prioritizes resources to assessing continued power system reliability, integrating clean energy and distributed energy resources, and potential wholesale market design changes. This is consistent with our 2019 Work Plan Request in July 2019 on wholesale markets and the requirements of state law, and the directional needs expressed in the 2020 Vision Statement. We're appreciative of the chance to focus, with you and NEPOOL, on these key issues in 2021.

We also thank you for responsiveness to our April 13, 2021 request by revising the draft Updated 2021 Work Plan to include commencement of work this year on potential tariff changes to implement a new scenario-based transmission planning tool referenced in the 2020 Vision Statement.²

The Updated 2021 Work Plan prioritizes a new matter: "to develop a proposal to address the removal of" the MOPR from the capacity market rules.³ It states that ISO-NE "intends to develop a proposal with input from stakeholders to address the dual objectives of allowing sponsored resources to clear and maintaining competitive capacity pricing."⁴ This is "a top initiative" for ISO-NE that "is expected to ramp up in the second half of 2021[,]" with an expected FERC filing by April 2022.⁵

¹ ISO-NE, Updated 2021 Annual Work Plan, NEPOOL Participants Committee, May 6, 2021, available at https://www.iso-ne.com/static-assets/documents/2021/04/2021_awp_update_05_06_21_pc.pdf.

² *See id.* at Slide 5. *See also* 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/>.

³ Updated 2021 Work Plan at Slide 4.

⁴ *Id.*

⁵ *Id.*

Last week, PJM and NYISO announced the timing of their anticipated filings with FERC to reform their MOPR provisions.

On April 6, 2021, the PJM Board of Managers requested use of an “accelerated stakeholder process mechanism to try and achieve stakeholder consensus that would inform a PJM Board decision on a potential filing with FERC by late July.”⁶ PJM presented an initial proposal to stakeholders last week regarding changes to the MOPR.⁷ It set out a work plan that provides for a stakeholder vote on proposed tariff changes on June 30, 2021 and a FERC filing on July 15, 2021.⁸

Similarly, on April 20, 2021, NYISO discussed with stakeholders its plan for reforming buyer-side market mitigation rules and other market rule changes.⁹ That plan outlines an expected FERC filing on MOPR-related rules in October 2021, with other capacity market changes on separate tracks.¹⁰

ISO-NE, along with other RTOs/ISOs, of course prioritize reliable system operations. Consistent with your primary functions, it’s fair to say that no RTO/ISO would recommend to FERC changes to your respective market rules if their implementation would put system reliability at risk.

As part of the discussion of the 2021 Updated Work Plan at the May 6th Participants Committee meeting, we’d like to hear your reactions to the accelerated efforts that PJM and NYISO announced on MOPR-related changes. For example, it would be helpful to understand any work ISO-NE has done to date on this issue and any particular impediments that lead to a six-to-ten month lag here relative to the other eastern RTOs/ISOs, especially if it could result in an additional capacity auction under the current rules. Given the expiration of the Renewable Technology Resource Exemption, and CASPR’s functionality, the next auction is of heightened concern. We encourage ISO-NE to communicate and work with states and stakeholders early in the development of the range of potential near-term approaches.

We look forward to the discussion and working with you and NEPOOL toward a timely resolution on this important issue for the New England states.

⁶ See <https://www.pjm.com/-/media/about-pjm/who-we-are/public-disclosures/20210406-board-letter-regarding-capacity-market-minimum-offer-price-rule-and-initiation-of-the-critical-issue-fast-path-process.ashx>.

⁷ PJM’s Initial Proposal: Minimum Offer Price Rule, MOPR CIPF Meeting, April 28, 2021.

⁸ *Id.* at Slide 2.

⁹ See NYISO, Preparing the Capacity Market for the Grid in Transition, ICAPWG Meeting, April 20, 2021, available at <https://www.nyiso.com/documents/20142/20839079/20210420%20NYISO%20-%20Preparing%20the%20Capacity%20Market%20for%20the%20Grid%20in%20Transition.pdf/92f68a4b-8c2a-0c5a-10e0-5ca75229aaf9>.

¹⁰ See *id.* at Slides 8 and 12.