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MMWEC Responds to ISO New England's Plan that will Cost Ratepayers

Ludlow, MA -- May 25, 2021 -- The Massachusetts Municipal Wholesale Electric Company (MMWEC), the state's joint action agency for non-profit municipal utilities is expressing its continued opposition to an ISO New England (ISO-NE) proposal it says will be costly to consumers and hinder the New England states' efforts to build offshore wind projects.

Current market rules prevent offshore wind projects from being fairly priced to compete in the ISO-NE administered Forward Capacity Market (FCM). This artificial barrier to entry into the FCM places consumers in the position of having to pay twice for capacity. Several New England states are procuring offshore wind through solicitation programs which obligate consumers to pay for those resources. However, these same resources cannot provide capacity, forcing consumers to purchase capacity a second time. To correct this burden on consumers and facilitate the continued development of offshore wind resources, MMWEC provided leadership in the development of New England Power Pool's (NEPOOL) alternate position that has been filed before the Federal Energy Regulatory Commission (FERC). Today MMWEC announces its continued leadership in protecting consumers by filing responses to ISO-NE's comments to FERC which regrettably support the continued practice of imposing high costs on consumers.

At issue is ISO-NE's recently filed answer in ongoing litigation at the FERC related to the Offer Review Trigger Price (ORTP). ORTP values have long been used by ISO-NE to prevent state sponsored resources, like offshore wind, from offering competitive capacity prices that would clear the FCM. NEPOOL market participants, through its recent filing to FERC, believe that ISO-NE is setting the ORTP well above offshore wind's competitive price. By setting the ORTP for offshore wind at the highest possible price in the auction, the ISO is all but ensuring that offshore wind resources will not be competitive in the FCM. This means that the offshore wind resources that the states have already purchased through their clean energy programs will not provide capacity. MMWEC in its response at FERC maintains this is a poor policy decision that would unfairly burden consumers with duplicative charges. MMWEC supports an alternative proposal put forth by NEPOOL, of which it is a member, which would set the ORTP at zero.

MMWEC cites FERC Chairman Richard Glick in its response, in which Glick stated, "Electric markets are, and always have been, the product of public policy. Pretending otherwise or trying to mitigate our way to a market free from the effects of certain public policies will only harm consumers, create needless federal-state tensions, and undermine faith in the regional markets whose development has been this Commission's crowning achievement."

Chairman Glick contends that regional markets can utilize resources of all types – both the clean resources being promoted by the states, and the resources that help balance the system. This dynamic, with a diverse resource mix, will enable our clean energy future.

While ISO-NE has recently supported elimination of the Minimum Offer Price Rule (MOPR), the lowest price by which a resource can bid into a market, which aims to eliminate artificially low prices, this ORTP proposal does not fully support that position. Instead, it would likely cause over-procurement of capacity and unnecessary, duplicative costs on ratepayers.

MMWEC was joined in the filing by New Hampshire Electric Co-Op (NHEC), a consumer-owned non-profit electric cooperative serving over 80,000 members across New Hampshire.

FERC is expected to rule on the competing ISO-NE and NEPOOL filings by early June.