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Finalized Results Confirm 11th Capacity Auction Procured Sufficient Resources, at the Lowest Price in Four Years, for 2020–2021

Forward Capacity Auction #11 price was the lowest since auction #7 in 2013

Holyoke, MA—February 28, 2017—Finalized results filed today confirm that New England’s annual capacity auction concluded at a lower price than the previous three auctions and with sufficient resources to meet electricity demand in 2020–2021. ISO New England Inc. filed the [finalized results](#) with the Federal Energy Regulatory Commission (FERC).

Capacity acquired

The 11th Forward Capacity Market (FCM) auction (FCA #11), which was conducted on February 6, procured 35,835 megawatts (MW) of capacity to meet the 34,075 MW capacity target for 2020–2021. The region can meet system-wide demand by acquiring more or less than the target, depending on reliability requirements and price.

The auction acquired 31,389 MW of generation, including 264 MW of new generation, primarily in increased output at existing power plants. No large generators retired and no large, new generators cleared in FCA #11, but the auction procured 640 MW of new energy-efficiency (EE) and demand-reduction (DR) measures. In all, more than 3,200 MW of EE and DR cleared. The FERC filing includes a list of resources that have an obligation to be available in 2020–2021.

Prices

The auction clearing price was \$5.30 per kilowatt-month (kW-month) for all resources within New England and imports from New York and Québec. The clearing price for New Brunswick imports was \$3.38/kW-month. The estimated total annual cost of capacity payments in 2020–2021 will be about \$2.4 billion. A table illustrating results from auctions #7 through #11 is below.

Forward Capacity Market

The FCM is designed to procure the resources that will be needed to meet projected demand in three years’ time. Capacity resources can include traditional power plants, renewable generation, imports, and demand-side resources such as load management and energy-efficiency measures. Resources clearing in the auction will receive a monthly payment during the delivery year in exchange for their commitment to provide power or curtail demand when called on by the ISO. The capacity market is separate from the energy market, where resources compete on a daily basis to provide power, and are paid for the electricity they produce.

Auction Results for FCAs #7 through #11 (2013-2017)
(Results for all auctions held to date can be found on the ISO New England website)

Auction, Auction Date, Commitment Period	Total Capacity Acquired (MW)	New Demand Resources (MW)	New Generation (MW)	Clearing Price (\$/kW-month)
FCA #7 in 2013 2016/2017	36,220	245	800	\$3.15 (floor price) NEMA/Boston: \$14.99
FCA #8 in 2014 2017/2018	33,712	394	30	\$15.00/new & \$7.025/existing
FCA #9 in 2015 2018/2019	34,695	367	1,060	System-wide: \$9.55 SEMA/RI: \$17.73/new & \$11.08/existing
FCA #10 in 2016 2019/2020	35,567	371	1,459	\$7.03
FCA #11 in 2017 2020/2021	35,835	640	264	\$5.30

Zones

- NEMA/Boston refers to the Northeast Massachusetts/Boston zone
- SEMA/RI refers to the Southeast Massachusetts/Rhode Island zone

Pricing

- In FCAs #1 through #7, the auction had a floor price. The floor price was eliminated starting with FCA #8.
- In FCA 7, the NEMA/Boston zone cleared at \$14.99/kW-month for new capacity; the price for existing capacity was set at \$6.66/kW-month in NEMA/Boston.
- In FCA 8, due to a resource shortfall, the auction cleared at \$15.00/kW-month, which will be paid to new capacity in all zones and existing capacity in NEMA/Boston; existing capacity in all other zones will receive an administratively set price of \$7.03/kW-month.
- In FCA 9, administrative pricing rules were triggered in the SEMA/RI zone due to inadequate supply. New capacity in the zone will receive the auction starting price of \$17.73/kW-month and existing capacity in the zone will receive an administratively set price of \$11.08/kW-month.
- In FCA 10, all resources within New England and Québec imports cleared at \$7.03/kW-month; New York imports cleared at \$6.26/kW-month; and New Brunswick imports cleared at \$4/kW-month.
- In FCA 11, all resources within New England and Québec and New York imports cleared at \$5.30/kW-month; and New Brunswick imports cleared at \$3.38/kW-month.

ABOUT ISO NEW ENGLAND

Created in 1997, ISO New England is the independent, not-for-profit corporation responsible for the reliable operation of New England's electric power generation and transmission system, overseeing and ensuring the fair administration of the region's wholesale electricity markets, and managing comprehensive regional electric power planning.

