Comments to New England States on the *New England Energy Vision* Wholesale Market Design Technical Sessions

Advanced Energy Economy, Enel X North America, Northeast Clean Energy Council, and Sunrun

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I. Introduction

Advanced Energy Economy. (AEE), Enel X North America, the Northeast Clean Energy Council (NECEC), and Sunrun (collectively, "Advanced Energy Stakeholders") applaud the New England states' efforts to organize a series of Technical Sessions to explore topics related to the Vision Statement released by the states in October 2020, and we appreciate the opportunity to provide feedback in response to the first two technical sessions focused on wholesale market design. Our organizations agree with the premise of these two sessions that the current wholesale markets overseen by ISO New England (ISO-NE) are not compatible with the future trajectory of the region's electricity mix as mandated by the collective commitments set forth in state law. We strongly support states' efforts to work together toward lasting solutions for the region.

Our comments first offer a set of guiding principles that we think will lead the region to economically and environmentally sustainable outcomes, and which we will be using to evaluate all potential market reform proposals. Our comments then explain why we view reform of the Forward Capacity Market as centrally important to the goal of achieving the states' energy and environmental goals. In relation to specific market design reforms discussed during the second technical session, we believe the proposed Integrated Clean Capacity Market (ICCM) could align with the guiding principles we have laid out, if designed and implemented appropriately. We therefore encourage further exploration of the ICCM framework. We then offer reflections on the issues discussed throughout the technical sessions, including our views on some of the alternate proposals introduced during the sessions. We conclude with recommendations for next steps.

I. Six Guiding Principles for Future of Regional Wholesale Markets

As companies and organizations that support the development and operation of the types of clean, advanced energy resources that the region will increasingly rely upon as states approach and reach their decarbonization targets, Advanced Energy Stakeholders have compiled a set of six guiding principles that we believe will put the region on a path to cost-effective and reliable achievement of these targets.

1. **Ensure states' priorities are respected in competitive wholesale markets.** At minimum, respecting states' priorities means ensuring that resources needed to achieve state goals have their contributions to meeting the region's energy and reliability needs

reflected in wholesale markets, and, relatedly, resolving the capacity double-payment issue that results from misguided over-application of the Minimum Offer Price Rule (MOPR). If this foundational principle cannot be met through reform of the regional competitive wholesale markets, states will be forced to consider solutions that may not fully satisfy the remaining guiding principles.

2. **Maintain reliability at a reasonable cost to customers.** Also foundational is the need to maintain reliability, and to do so at a reasonable price. The principles outlined below will serve this goal by ensuring efficient market outcomes in service of current and future grid needs.

3. **Leverage regional, competitive solutions and promote durable, predictable markets.** While individual state procurements are likely to continue to play an important and beneficial role in New England's energy transition, regional markets that rely on open and transparent competitive processes enable developers to take risks, innovate, and invest to meet regional needs, resulting in more efficient outcomes for the region as a whole while reducing risk borne by ratepayers. The New England states will benefit from the economies of scale that a regional market provides, as well as the increased transparency, neutrality, and predictability that market-based constructs offer over even the most competitive state-by-state procurement approaches.

4. **Make full use of flexible demand and empower customers to contribute to the energy transition through investments in distributed energy resources (DERs).** The region's electricity mix is already evolving rapidly toward a system that relies more heavily on variable renewable energy resources and DERs, and the penetration of these resources will only continue to grow. To reliably and cost-effectively operate such an electricity system, the region will need to take full advantage of the wholesale services that flexible demand and DERs can provide. In the wholesale markets, efforts underway to comply with Order No. 2222 issued in September 2020 by the Federal Energy Regulatory Commission (FERC) are an important step toward ensuring that flexible demand and DERs are participating in the wholesale markets to their full potential. Order No. 2222 is also an important opportunity to get more out of the DERs that states are investing in through their own retail programs. Successful implementation of a thoughtful Order No. 2222 compliance plan, coupled with supportive action at the state level, would go a long way toward achieving this guiding principle, but this work is still in its early days and success is far from guaranteed.

5. **Define and procure needed grid services through technology-neutral markets.** Ensuring that all grid services needed to meet future needs are defined in the market will not only avoid the need for out-of-market actions to maintain reliability, but also ensure that all technologies are able to provide all the services they are technically capable of providing. For example, conventional fossil-powered generators provide some grid services automatically that inverter-based resources (IBRs, e.g., wind, solar, and battery storage) can also provide, but only if called upon to do so. As the share of IBRs on the grid increases, it will be important to ensure that these resources are empowered to provide all the essential grid services they are capable of providing to maintain reliability and avoid costly retention of otherwise unneeded conventional generators.

6. **Remove existing barriers to market entry for new technologies and facilitate market exit of resources no longer needed to meet regional needs.** Current markets were designed around a set of resources with specific financial and operational needs, capabilities, and constraints. These characteristics often do not match those of advanced energy technologies now trying to enter the markets. To meet future needs, barriers to efficient entry and exit that stem from legacy market rules must be identified and rooted out.

With these principles in mind, along with those outlined in the Vision Statement, states will be well positioned to evaluate the various proposals before them.

II. Reform of the Forward Capacity Market is Central to Achieving States' Desired Outcomes

Advanced energy stakeholders recognize that there are many opportunities for reform and improvement across the markets administered by ISO-NE, but none require more urgent attention than the Forward Capacity Market (FCM). The FCM was designed nearly 20 years ago to procure a single generic capacity product to ensure reliability at the least cost, but the market has not kept up with the changing reliability needs of the grid nor with the preferences of the New England states and customers (ranging from residential to commercial and industrial to municipal and institutional) for a cleaner resource mix.

It is in the FCM that current market rules come into sharpest conflict with binding state policy requirements. In particular, the expansive MOPR creates a clear barrier to the participation of advanced energy resources supported by states policies, enhancing the risk of market bifurcation between resources developed in compliance with state policies and a separate set of resources procured by the FCM. Reforming the MOPR will help in the short term by eliminating a barrier to clean energy resources clearing in the existing capacity market, but will not be sufficient in the long-term to address the more fundamental challenges with the current FCM that require attention.

First, even in the absence of MOPR, the FCM does not allow consumers to express a preference for the type of capacity resources they wish to procure. Second, the existing capacity product (i.e., "plain" megawatts procured three years in advance) is not well suited to meet resource adequacy needs in a system that relies on variable renewable energy as a primary source of electricity generation. In that future, clean flexible megawatts and more flexible demand facilitated by demand response, energy efficiency, distributed energy resources, and other advanced technologies will be needed to maintain reliability. These resources are not energy intensive and depend on stable revenue streams, like those provided by the capacity market, to be developed and available. Existing resource adequacy planning based on peak load assumptions also does not reflect the future needs of the system. Third, the existing capacity market design and the resource adequacy planning assumptions underlying it fail to adequately value and account for advanced energy technologies with different technical and operational characteristics, resulting in barriers to entry. For example, many of the existing capacity market parameters are designed around natural gas-fired generation because that was the dominant new market entrant when the

FCM was developed. Use of natural gas-fired generation (either explicitly or implicitly) as the reference technology to set the Cost of New Entry (CONE), and using natural gas-fired generation as the basis for assumptions that go into establishing offer parameters and other features, results in discriminatory treatment of new technologies that have different financial and operational characteristics. Finally, over-procurement under the current design is suppressing prices, preserving inefficient aging resources, and inhibiting efficient entry and exit.

Without fundamental reform to the capacity market, procurement of resources to meet resource adequacy needs will be increasingly divorced from energy procurement as declining costs, federal and state policies, and customer preferences drive the development of new clean energy resources that are unable to compete fairly to provide capacity. The FCM will not be a sustainable market if it continues to prevent clean resources from clearing and makes state policy goals and customer preferences more expensive or difficult to meet. Nor will it be reliable if it fails to adjust to changes in the resource mix and electricity use patterns. The result will be an energy system that does not reflect the future energy vision collectively articulated by the New England states. Addressing the shortcomings in the current FCM and resolving the disconnect between resource adequacy procurement and state and consumer demand for clean energy should be the most pressing priority to prepare the region's wholesale markets to meet future needs. For these reasons, and as explained in more detail below, our organizations support further exploration of the Integrated Clean Capacity Market.

III. Our Organizations Support Further Exploration of the Proposed Integrated Clean Capacity Market (ICCM) Framework

The Integrated Clean Capacity Market (ICCM) warrants further analysis and consideration as a future market design for New England because it aims to directly address the dual challenges with the FCM described above: the need to resolve the growing disconnect between resource adequacy and clean energy procurement, and the need to align resource adequacy procurement with shifting resource adequacy needs. The ICCM is currently just a framework, and the details of how the proposal is designed and implemented will matter, but it is our view based on discussions to date that a thoughtfully-designed ICCM could align well with the guiding principles outlined above and with the principles set forth in the states' Vision Statement. That is not to say ICCM alone will necessarily be sufficient to address all of these principles, but we think it merits further analysis and consideration.

We view ICCM as a promising solution and encourage states to consider it because it addresses both resource adequacy and clean energy needs through an integrated, co-optimized approach. This reflects a recognition that the most efficient outcomes will result when clean energy deployment takes resource adequacy needs into account, and vice-versa, relying on a market-based approach rather than a centralized resource planning approach to arrive at the optimal solution. By adopting a co-optimized approach, the ICCM would make clean resources more competitive, giving them a fair opportunity to provide both clean attributes and resource adequacy. At the same time, the ICCM would ensure that reliability is maintained while avoiding the unnecessary retention of redundant polluting resources. In other words, the ICCM would directly

address the growing disconnect between resource adequacy needs and clean energy demand. The ICCM also leaves in place the concept and structure of the FCM, avoiding the uncertainty and potentially disjointed responsibilities and roles between the states and ISO-NE that would go along with a transition to an energy-only market or to an alternate resource adequacy construct, all of which could introduce new reliability and cost risks.

Importantly, the ICCM framework as presented by Dr. Kathleen Spees also contemplates the need to reform the existing FCM to better reflect the changing resource mix and system needs. Rather than simply incorporate a constraint for clean energy (or tack on a separate market, as the related Forward Clean Energy Market would do), the ICCM identifies the importance of re-defining what it means to ensure resource adequacy under a shifting resource mix. The ICCM suggests potential solutions, including adopting an Effective Load Carrying Capability (ELCC) methodology to calculate the capacity contributions of various resources, incorporating seasonal capacity products, facilitating market participation of flexible load resources as well as energy storage, and incorporating a flexible capacity requirement or constraint rather than relying on "plain megawatts." Future resource adequacy needs should be studied in more detail prior to prescribing a specific set of reforms, but the ICCM invites such an exploration and would allow for adoption of these reforms alongside the incorporation of clean energy demand into a single, integrated market. The FCM reforms would address the concerns raised by several speakers that the current FCM will not result in an optimal resource mix to meet future needs, and would do so without the need to depart from a market-based resource adequacy construct.

ICCM also addresses the timing issue that exists under the Forward Clean Energy Market (FCEM) approach, in which the FCM and the clean energy procurement are run separately; there are pros and cons to deciding which procurement should go first, with inefficiency and risk either way. These concerns are avoided by running the procurements simultaneously.

An important benefit of both ICCM and the related FCEM is the fact that these constructs allow states to set their own demand for clean energy. States have made clear that this flexibility is an important consideration. Whereas some other approaches, such as carbon pricing, require states to agree on the correct price, allocation of costs and revenues, and other difficult issues, under both FCEM and ICCM the states bid in their own demand, meaning that they pay for whatever amount of clean energy demand they wish to procure at whatever price they are willing to pay. While FCEM and ICCM would—like any other proposed market reforms—require states to agree on certain changes to the current markets, and would be most efficient if states agree on the clean energy attributes they want to procure, these proposals would otherwise afford significant flexibility for each individual state with respect to the starting point and glide path of the transition to a cleaner grid. Furthermore, by incorporating "dynamic Clean Energy Attribute Credits" (CEACs) into the design, states can further pursue their decarbonization objectives by giving preference to clean energy during peak periods that would otherwise be met with fossil-fuel based resources.

With respect to the states' request for "a high-level overview of the steps (including sequencing) necessary for implementing" commenters' preferred proposal(s), we note that ISO-NE and the New England Power Pool (NEPOOL) are slated to begin a study process that will consider various

market pathways that have been discussed by stakeholders over the past several months. As a first step, the states should reiterate their request that ISO-NE and NEPOOL include the ICCM in that analysis.[1] Through this analysis, states and stakeholders will need to work through important questions and challenges to ensure a successful implementation of the ICCM. These questions may include:

1. How to best integrate the regional ICCM market with the requirements of existing state Renewable Portfolio Standards (RPS) such that the benefits of technology-neutral regional competition are maximized and MOPR is avoided without undermining states' other policy motivations;
2. How to account for existing and future state contracts for clean resources;
3. How to provide states with sufficient control and flexibility to meet their goals, including resolving potential jurisdictional tension between state and federal regulators;
4. How to ensure legal durability of the construct such that states and market participants will have confidence that it will not be subject to politically motivated policy reversals;
5. Whether and how to include dynamic CEACs as part of the design to better align clean energy procurement with GHG reduction; and
6. Identifying beneficial FCM reforms as part of the ICCM design.

Answering these questions will not be easy, but we are confident that they are not intractable, and that states and stakeholders can align on answers and solutions if they enter into discussions with a commitment to do so.

With respect to legal and jurisdictional questions, our organizations point to the framework established in FERC's draft policy statement on carbon pricing as being equally applicable to ICCM. This draft policy statement encourages efforts to "incorporate a state-determined carbon price in RTO/ISO markets."[2] In particular, the Commission explains:

> "RTO/ISO market rules that incorporate a state-determined carbon price could… improve the efficiency and transparency of the organized wholesale markets by providing a market-based method to incorporate state efforts to reduce GHG emissions. Because the decision about the carbon price would be determined by the state—which could select a price of zero, should it choose—state authority would be unaffected, further removing any doubt that rules that incorporate such a state-determined carbon price would comply FPA section 201(b)."

The same reasoning can easily be extended to the ICCM, which similarly offers a market-based approach to incorporate states' GHG emission reduction requirements, and likewise allows states

[1] See Nov. 4, 2020 letter from NESCOE to ISO-NE regarding the Future Pathways analysis, "we ask you to prioritize time and resources at the outset to an assessment of an FCEM and an ICCM" https://nepool.com/uploads/FGP_S_NESCOE.pdf.

[2] FERC Docket No. AD20-14-000, Noticed of Proposed Policy Statement (Oct. 15, 2020), P7.

to determine their level of participation. Some of our organizations have urged FERC to finalize a final policy statement that solidifies the application of this reasoning to market designs like the ICCM.[3] We also note that FERC, under Chairman Glick, is expected to prioritize the alignment of wholesale markets with state clean energy objectives, and has announced a series of technical conferences on future wholesale market designs that is expected to consider this issue. In those conferences, the states should encourage FERC to finalize a policy statement in line with the reasoning we note above.

In addition to working with ISO-NE and NEPOOL to consider these key questions and analyze the costs and benefits of ICCM, states should continue to have their own internal and regional discussions to build consensus and work through potential concerns. For example, states should determine whether legislative or regulatory action is needed to facilitate a successful and durable transition to the ICCM. Should states and stakeholders choose to move forward with implementing an ICCM, states will need to remain deeply engaged in the NEPOOL process as the market is designed, as well as before FERC when the market is discussed informally with Commissioners and staff pre-filing, and eventually when it is filed for consideration by the Commission.

IV. Reflections on Technical Sessions

In addition to providing our perspective on ICCM, we also wish to share our reflections on other topics discussed during the technical sessions; namely, feedback on other market design frameworks that were discussed and responses to some of the questions that were raised at the second technical session.

A. Views on Alternative Market Design Proposals

As a general matter, our organizations have a strong preference for regional, market-based approaches over more balkanized and less competitive approaches. To the extent that some alternative resource adequacy constructs would move away from regional market-based approaches toward bifurcated state-by-state resource adequacy plans, we believe such constructs will make it harder to attract a diverse suite of cost-competitive new advanced energy resources and maintain existing advanced energy resources. Such designs could also increase reliability and cost risks for individual states that may arise from portfolios they construct; regional competitive markets help to mitigate and share those risks. The risks that arise from "going it alone" are counterproductive to the goal of achieving states' decarbonization goals reliably and cost-effectively.

[3] See Advanced Energy Economy, Comments in Docket No. AD20-14-000 (Nov. 16, 2020), at 8, urging the Commission "to broaden the scope of a final Policy Statement to include a recognition that RTO/ISO market rules that accommodate or implement a broader range of state policies (along with local policies and voluntary utility and customer commitments) are within the Commission's jurisdiction, can be shown to be just and reasonable, and should be encouraged."

Proposals to transition to a residual capacity market could give rise to these kinds of risks. Such an approach envisions creating state-based clean energy markets that may not be capable of easy optimization for state and regional reliability needs, leaving the residual market to close the reliability gap by maintaining polluting resources needed for "balancing." Some clean resources capable of addressing flexibility/balancing needs risk being left out of state procurements and forced to compete with existing fossil generation in the residual market. This approach therefore risks leaving in place or even exacerbating the growing divide between clean energy procurement and resource adequacy procurement described above. In our view, it would be better to address reliability needs and decarbonization needs holistically to ensure optimal outcomes for the region. Furthermore, we note that a residual capacity market approach would also put significant administrative burden on states to develop resource plans and procure resources to meet those plans.

We are similarly unconvinced that an energy-only market, like that deployed in ERCOT, is a promising solution in New England. Should states and stakeholders decide to pursue an energy-only market, we urge strong consideration of the potential impact on clean flexible resources that are needed to maintain reliability *and* meet states' decarbonization goals that are not energy intensive, and thus rely heavily on capacity market revenue to be deployed, including energy storage and flexible demand resources.

Carbon pricing is another proposal that has received significant attention. Our organizations are not opposed to carbon pricing as a tool to facilitate the transition to a cleaner energy system, but we understand and respect that the New England states have clearly and repeatedly expressed that they do not intend to pursue carbon pricing outside of the Regional Greenhouse Gas Initiative (RGGI). Should the region ultimately pursue carbon pricing, we emphasize that it need not do so in isolation; carbon pricing is compatible with many if not all of the other pathways discussed at the technical session. In particular, carbon pricing could complement the ICCM by establishing a greenhouse gas emission price signal in resource dispatch, especially if the final ICCM design does not include a dynamic clean energy attribute credit.

Carbon pricing could be effective in addressing the decarbonization goals of the states, but the price would need to be set much higher than current RGGI prices to achieve the level of decarbonization required by state policies. If pursued in tandem with ICCM, the carbon price could be set lower without undermining the achievement of state goals. Under this combined "carbon price plus ICCM" approach, the ICCM would serve to attract investment and ensure adequacy of clean energy resources to meet state objectives while the carbon price would give dispatch preference to non-emitting resources. The current energy market rules give no higher value to non-emitting resources that provide energy, reserves, and other reliability products. With the need for these products more important in the future, distinguishing and recognizing the reliability contribution that non-emitting resources provide will contribute toward retaining fewer unnecessary emitting resources. In the absence of carbon pricing, we encourage serious consideration of dynamic clean energy credits under the ICCM framework.

B. Responses to Questions and Topics Raised During the Technical Sessions

1. Prioritizing Big-Picture Reforms Versus Incremental Improvements

Connecticut Department of Energy and Environmental Resources (DEEP) Commissioner Katie Dykes asked during the second technical session whether states and stakeholders should be more focused on prioritizing big-picture, long-term reforms or more incremental improvements. In our view, both are vitally important and also interrelated. Removing incremental barriers that would open near-term opportunities is key to enabling advanced energy resources to enter and compete fairly the market now and in the future; however, if we focus solely on incremental improvements and fail to take initial steps toward a market framework that will work for the electricity system of 2050, we will not be equipped to make the transition in a cost-effective manner or operate the system efficiently and reliably when it is mostly or fully decarbonized. Comprehensive reforms will take time to design and implement, and that work cannot wait while we direct focus to near-term barriers and opportunities.

As the states initiate work on long-term market reforms, there are a number of incremental reforms worth focusing on, including:

1. **Offer Review Trigger Prices (ORTPs):** ORTPs set resource-specific thresholds for Internal Market Monitor (IMM) review of forward capacity auction bids. The ORTP values for FCA 16-18 have undergone lengthy stakeholder discussion, and both an ISO-NE proposal and a NEPOOL-amended proposal will be filed at FERC shortly. States can engage before FERC in support of just and reasonable ORTPs; in particular, we encourage states to support the NEPOOL alternative and oppose ISO-NE's proposed ORTPs and its proposal to introduce an ill-vetted and inappropriately high ORTP for solar+storage resources behind a common point of interconnection.[4]
2. **Implementation of FERC Order No. 2222:** Successful implementation will open new opportunities for DERs to participate in the wholesale markets operated by ISO-NE, making better use of these resources while improving competition in the wholesale markets. This effort is ongoing at NEPOOL, and will also require action from state regulators to be successfully operationalized. We encourage state regulators to engage with ISO-NE, NEPOOL, and distribution utilities to ensure that DERs being developed under retail programs can also participate in the wholesale markets, to maximize their value and reduce costs to ratepayers.
3. **MOPR reform:** The new FERC leadership opposed broad application of the MOPR to state-supported resources, and has also announced a series of technical conferences to look at wholesale market reforms, including the capacity market in ISO-NE. There may be opportunities for near-term MOPR reforms to reduce their impact on state-supported resources, while the region pursues more fundamental reforms to ensure that the capacity

[4] See NEPOOL Joint Stakeholder presentation https://www.iso-ne.com/static-assets/documents/2021/02/a02_mc_2021_02_24_joint_stakeholder_amendment.pptx.

market or another resource adequacy mechanisms will meet the region's needs in a clean energy future.

4. **Forthcoming Effective Load Carrying Capability (ELCC) effort:** ISO-NE has announced that it plans to bring forward an ELCC proposal in 2021. This will adjust how the capacity contribution of certain resources is calculated. Ensuring fair and complete assessment of the capacity contribution of all types of resources—not just variable renewable energy and energy storage—will be crucial to allow fair capacity market outcomes and capture risks such as fuel constraints, environmental run time limits, and other factors.
5. **New or reformed ancillary services and enhanced scarcity pricing:** In addition to focusing long-term efforts on the need for capacity reform, states should also focus near- and medium-term efforts on the energy and ancillary services markets, identifying potential reforms that would better align market outcomes with future system needs. One near-term opportunity for engagement on these issues is the ongoing Future Grid Reliability Study moving through the NEPOOL Markets Committee and Reliability Committee.
6. **State jurisdictional actions that can improve wholesale outcomes:** States can also focus their own bandwidth and resources on efforts that will improve wholesale market outcomes, including distribution system planning for DERs, electrification of transportation, improving and streamlining state interconnection processes, and designing state programs that allow for dual participation of DERs in both retail and wholesale markets.

Our organizations recognize that this is a long list, and that many of these issues require deeply technical and time-consuming engagement. However, states can be effective advocates for good market outcomes simply by articulating clear positions and preferences. With the support of NESCOE, and with input from advanced energy advocates such as our organizations, states can be well-informed, thoughtful participants without detracting from the important work of engaging on the development of long-term solutions.

2. State Control and Individual Policy Priorities

Several speakers expressed concern that a regional, market-based solution would undermine state-specific policy preferences. It is our view that states need not give up individual policy priorities if they pursue a regional solution. Any decision to make changes or simplifications to state policies (e.g., if greater alignment proves beneficial in a regional construct) will be at the discretion of the states. As noted above, this question should be a subject of discussion as any of the various pathway options are explored in more detail, and as we note in our very first principle, ensuring that any reformed regional and market-based solution supports state policy objectives rather than conflicting with or undermining them must be a prerequisite to any comprehensive reform.

3. Meeting Changing and Uncertain Future Resource Needs

Consistent with the arguments we raised above with respect to the need for capacity market reform, several speakers highlighted that resource adequacy needs are changing as the region moves toward an electricity system dominated by a different set of supply resources and a growing and shifting demand profile. Some speakers argued that these shifting needs counsel against continued reliance on market-based constructs to meet resource adequacy requirements and toward centralized planning approaches. However, this would shift risk from market participants to ratepayers and shift responsibility from the market operator to state regulators. If future resource adequacy needs are properly defined and reflected in market parameters, reliance on a regional market will deliver better outcomes at lower risk and cost to ratepayers than can be achieved through planning-based approaches. The FCM must be reformed in order to serve as a tool to deliver a reliable resource mix in the future, but it need not be abandoned altogether.

V. Recommendations for Next Steps

The New England states have already had an important impact on regional discussions about market reform by taking on a leadership role in the NEPOOL Pathways discussions, releasing a clear and detailed Vision Statement, and convening this series of technical sessions. To ensure that the good discussions to date result in implementation of much-needed market reforms, it will be vital for the New England states to continue their proactive and vocal engagement on wholesale market reforms.

First, we recommend that the states remain engaged in NEPOOL process and in active discussions with ISO-NE and the ISO-NE Board to ensure that states' perspectives are reflected and that states' questions are answered with respect to both market design and the role that states want or need to have under any future market framework. Second, we ask that states provide periodic updates sharing their perspective on the progress being made through the NEPOOL process so that stakeholders and ISO-NE can adjust course as needed. Finally, we also ask that states work in parallel to answer questions related to the future market frameworks that sit within their exclusive jurisdiction, such as whether changes would be needed in state law to move forward with any of the pathways. To the extent that additional state-level decisionmakers must be brought into the process, we also recommend doing so sooner rather than later.

VI. Conclusion

Our organizations look forward to working with states, ISO-NE, and other stakeholders to develop and implement market reforms that will facilitate achievement of state policy requirements. We believe that the ICCM framework, if carefully designed, offers one solution that would achieve this goal while still leveraging the benefits of organized, competitive regional markets, and therefore encourage further exploration of this pathway. More broadly, we ask that states keep in mind the guiding principles offered above by Advanced Energy Stakeholders when evaluating potential market reforms.

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