



February 17, 2022

Partners:

350 Mass
350 New Hampshire
Acadia Center
The Alliance for Business Leadership
Association to Preserve Cape Cod
BlueGreen Alliance
Bristol Community College
Ceres
Clean Energy NH
Clean Water Action
Climate XChange
CT League of Conservation Voters
Elders Climate Action –
Massachusetts Chapter
Environment America
Environment Connecticut
Environment Maine
Environment Massachusetts
Environmental League of MA
Green Energy Consumers Alliance
Health Care Without Harm
League of Conservation Voters
Maine Conservation Voters
Mass Audubon
National Wildlife Federation
Natural Resources Council of Maine
New England Aquarium
NASRCC (Carpenters)
PowerOptions
Revision Energy
Salem Alliance for the Environment
Save the Sound
Second Nature
Sierra Club
UMass Boston
UMass Lowell / Windstar
VT Natural Resources Council

Endorsers:

Amalgamated Bank
Atrevida Science
Ben Hillman & Company
Berkshire Bank
Black Economic Council of MA
Boston Energy Wind Power Services
Cape Cod Climate Change Collab.
Cape Cod 5
Climate Action Now, Western MA
Climate Reality Project – MA
Southcoast
Coalition for Social Justice
CT Sustainable Business Council

Chairman Philip L. Bartlett II
ME Public Utilities Commission
26 Katherine Drive
Hallowell, Maine 04347

Commissioner Katie Dykes
CT DEEP
79 Elm Street
Hartford, CT 06106

Commissioner June E. Tierney
VT Department of Public Service
112 State Street
Montpelier, VT 05602

Commissioner Patrick Woodcock
MA Dept of Energy Resources
1 Ashburton Place
Boston, MA 02108

Commissioner Jared Chicoine
NH Department of Energy
21 S Fruit St. #10
Concord, NH 03301

Chair Matthew Nelson
MA Department of Public Utilities
700 Atlantic Ave
Boston, MA 02111

Commissioner Nicholas Ucci
RI Office of Energy Resources
1 Capitol Hill
Providence, RI 02908

RE: State Leadership on Market Rules in ISO-New England to Allow Participation of Renewables

Dear NESCOE Managers Chairman Bartlett, Commissioner Chicoine, Commissioner Dykes, Chair Nelson, Commissioner Tierney, Commissioner Ucci, and Commissioner Woodcock:

On behalf of the nearly 100 organizations in our coalition and our thousands of members and supporters across New England, we write this letter to express our disappointment with the recent failure of the New England States Committee on Electricity (NESCOE) to oppose a two-year delay to full elimination of the Minimum Offer Price Rule (MOPR).

New England for Offshore Wind is a broad-based coalition of associations, businesses, environmental and justice organizations, academic and research institutions, and labor unions that aims to drive regional collaboration and commitments to responsibly developed offshore wind in New England.

In recent years, we have been thrilled to see the New England states demonstrate coordinated leadership on regional issues and express a strong desire to see rapid market reforms at the regional level in support of cost-effective decarbonization. During the New England States Vision Statement process, the states criticized ISO-New England’s lack of progress on

Endorsers (cont'd):

E.Hampton Clean Energy Task Force
Eastern Bank
Eastern CT Green Action
Energy Efficiency Associates, LLC
Environmental Council of RI
eWind Consultants
Faith Communities Enviro. Network
Flashover LLC
Greater Boston Physicians for Social Responsibility
Green Newton
Greenwater Marine Sciences Offshore
Hollis Line Machine
Iron Workers Local 7
IUPAT DC 11
Keuka Energy
Lautec US Inc.
League of Women Voters, MA
MA AFL-CIO
MassMEP
MCAN
Mills Public Relations
MOCA Westport
Mothers Out Front
Muggventures
Nashoba Conservation Trust
New Hampshire Audubon
NH Businesses for Social Responsibility
NH Citizens for Progress
NH EEC Network
People's Action for Clean Energy
Philip Conkling & Associates
POWER-US | MA
Rangel Renewables
Rhode Island Building Trades
Robert E Derecktor Inc.
Seacoast Anti-Pollution League
Self-Reliance
Skunk Works Fund
Turnstone
University of Maine
Vineyard Power Cooperative Inc.

decarbonization and decried outdated market designs like the MOPR that do not allow for fair participation by clean energy including state-supported resources. We submitted comments in the Vision Statement process in support of the states' positions and leadership on driving market reforms.¹ The Vision Statement, issued October 16, 2020, identified several important principles for moving forward as a region on energy. Notably, the first two principles were:

- 1) "Meet States' decarbonization mandates and maintain resource adequacy at the lowest cost by using market-based mechanisms;" and
- 2) "Establish effective mechanisms that accommodate existing and future long-term contracts for clean energy resources executed pursuant to state law."²

The Vision Statement stated that reforms of New England's electricity markets are critical to the states' ability to meet their climate goals – mandated by law in five of the six states – while ensuring reliability and affordability. In the Vision Statement, the states called for wholesale electricity market reforms that would "account for and support States' clean energy laws in an efficient and affordable manner." Accordingly, in its June 2021 Report to the Governors, NESCOE indicated that reform of the MOPR rule was a "regional priority."³

We are dismayed that the New England states did not continue to show leadership on this issue by opposing a two-year delay to the elimination of the MOPR at the NEPOOL Participants Committee meeting that convened on February 3, 2022. As NESCOE is well aware, by setting a minimum price for participation, the MOPR benefits incumbent fossil fuel resources and excludes state-supported clean energy resources such as offshore wind from participating in the region's capacity market.

The continued application of this exclusionary market rule for an additional two years is a detriment to our region's climate goals, to public health, and to ratepayer bills. This winter, we have seen our region's over-reliance on natural gas coupled with volatility in the gas markets caused by high global demand lead to the increased use of even more heavily polluting fossil fuels like coal and oil. The result is more harmful pollution in our communities, more asthma for our kids and negative health impacts on vulnerable groups already facing the challenges of a pandemic, along with serious negative economic impacts on ratepayers in the region. We have seen rates for some electricity customers rise by more than 80%, with hourly real-time locational marginal prices for electricity consistently high and exceeding

¹ Comments RE: New England States Technical Conferences – Wholesale Market Design, New England for Offshore Wind, February 24, 2021.

² "New England States Vision Statement," NESCOE, October 16, 2020, nescoe.com/resource-center/vision-stmt-oct2020/

³ Report to the Governors: Advancing the Vision, page 6.



\$300/MWh on multiple days in January. The extreme bill and market price increases we have seen this winter could have been avoided by greater energy diversity. These conditions, coupled with the potential for prolonged cold weather, have also raised questions about winter performance and system reliability that could be alleviated by resource diversification including the integration of additional clean resources such as offshore wind which has demonstrated strong performance in the winter months. For all of these reasons, there is a pressing need not to delay further the market reforms that will bring clean energy to the region and make New England a renewable energy powerhouse.

Despite our overreliance on natural gas and its negative impacts this winter, NESCOE decided to accept an additional two-year delay in eliminating the anti-competitive MOPR rule that favors incumbent gas generators and keeps clean energy from participating fairly in New England. This surprising decision, which came along with ISO-New England's 11th hour push to support the prolonged transition proposed by gas generators, failed to live up to the leadership demonstrated by the states in the Vision Statement process. Instead of demanding that ISO-New England stay on track to eliminate the discriminatory MOPR rule as soon as possible, NESCOE took the position that it "did not oppose" an additional two-year delay in the elimination of the MOPR. In fact, our understanding is that some parties believed the states' position to be supportive of the terms of a two-year delay.

NESCOE's decision not to oppose the delay substantially influenced the outcome in favor of a two-year delay, just one month after the same stakeholders voted against such a delay. This is very disappointing and reflects a reversal from the states' prior calls for the prompt adoption of long-overdue market reforms. It is also detrimental to our region's efforts to combat climate change and foster a thriving clean energy economy, and will negatively impact ratepayers who will have to pay for redundant and more costly capacity than they would have with prompt elimination of this harmful rule. This decision also comes just weeks after NESCOE failed to press for reforms to include flexible load in the region's markets, another disappointing decision that will set back clean resources in the region if approved.

New England should be leading the nation but instead is falling behind other regions that have already moved to eliminate discriminatory market rules like the outdated MOPR and to rapidly advance clean resources such as offshore wind. We call on NESCOE to improve its transparency and accountability to the public moving forward. In order to improve transparency, states must conduct a review of NESCOE processes to understand discrepancies between state policies and NESCOE actions. This review should also assess how to avoid situations where the states take no position on important issues. The review should culminate with a report on how to improve processes to more effectively and more transparently engage with stakeholders and the public on these issues going forward. We urge NESCOE to unambiguously and transparently advance the New England Governors' stated goal of prompt and comprehensive regional market reforms to support and better integrate clean energy resources such as offshore wind without further delay.

Sincerely,

Susannah Hatch, Regional Lead
New England for Offshore Wind



Cc:

Governor Charlie Baker

Governor Ned Lamont

Governor Daniel McKee

Governor Janet Mills

Governor Phil Scott

Governor Chris Sununu

Dan Burgess, Director of the Governor's Energy Office

Secretary Katie Theoharides

Undersecretary Judy Chang

