

NESCOE Perspective Communicated to NEPOOL and ISO New England on the Minimum Offer Price Reform

February 8, 2022 – The following is NESCOE’s perspective offered in the New England Power Pool (NEPOOL) process on the minimum offer price rule (MOPR).

Throughout discussions on MOPR reform, NESCOE made clear what it has long expressed and indeed, brought litigation to address: it is inappropriate to apply the MOPR to state investments to meet clean energy mandates and that such markets are not sustainable over the long-term.

After listening to deliberations in the months-long stakeholder process, NESCOE expressed the view (with NH opposing) that the MOPR reforms should be enacted as soon as possible in a manner that supports system reliability. NESCOE recognized ISO New England’s support of a transition proposal as ISO New England’s preferred way to reform the MOPR to mitigate the potential for short-term reliability impacts. Accordingly, NESCOE (with NH opposing) expressed it would not oppose the transition approach if it was adopted by ISO New England and supported by NEPOOL.

NESCOE also made clear that any attempts to extend the deadline for final MOPR reform—which is hardwired in the tariff for FCA 19 under the transition proposal—would be fiercely opposed by the states and, we expect, ISO New England as well.

Background: The New England states have for many years expressed that for ISO New England’s system planning and wholesale competitive markets to be sustainable, they must reasonably account for and harmonize with the requirements of state energy and environmental laws.

As one component of the changes required for a sustainable market design, in December 2012, NESCOE filed a complaint with FERC challenging ISO New England’s minimum offer price rule as unjust and unreasonable. That litigation—the first of its kind seeking to dismantle the rule—identified the unfair exclusion of renewable resources from the ISO New England capacity market and how that would lead to an over-development of electric generation and excessive consumer costs.

Over the last decade in various forums, including in the 2020 *Vision Statement* that asked for specific action, NESCOE has emphasized that New England’s existing wholesale electricity markets, and not just the MOPR, must modernize if they are to support achievement of clean energy laws, while maintaining system reliability and fostering more affordable electricity for regional consumers.¹

States, ISO New England and stakeholders are now focusing on balancing a broad range of complex changes needed to move to a future grid. These include: acting on the minimum price offer rule; assessing future grid reliability challenges reflective of state energy and environmental laws; evaluating potential market frameworks to facilitate the evolution of the power grid to reflect state energy policies; identifying the amount and type of transmission infrastructure that could be needed to cost-effectively incorporate clean-energy and distributed-energy resources into the grid; and, examining the operational impacts of low-probability/high-impact extreme weather events to help the region assess and protect reliability.

We look forward to constructive regional collaboration on these matters - and more - on the path to achieve the future grid.

¹ As the [Vision Statement](#) noted, it was not intended to modify the New England Governors’ agreement dated March 15, 2019 that States will ensure consumers in any one State do not fund the public policy requirements mandated by another State’s laws.