

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.)
New England Power Pool Participants) Docket No. ER26-925-000
Committee)

**COMMENTS OF THE NEW ENGLAND STATES
COMMITTEE ON ELECTRICITY**

Pursuant to the Federal Energy Regulatory Commission’s (the “Commission”) December 31, 2025, Combined Notice of Filings #1, the New England States Committee on Electricity (“NESCOE”) hereby submits these comments in the above-captioned proceeding.¹ On December 30, 2025, ISO-NE, joined by the NEPOOL Participants Committee, jointly filed with the Commission proposed revisions to the Tariff.² The proposed revisions, referred to as the Capacity Auction Reforms – Prompt and Deactivation (“CAR-PD”), would move New England from the current three-year Forward Capacity Market to a prompt capacity market and establish a new deactivation framework. NESCOE supports the filing and respectfully requests that the Commission adopt the petitioners’ proposed revisions to the Tariff.

¹ On January 8, 2026, NESCOE filed a doc-less motion to intervene in this proceeding. NESCOE is the Regional State Committee for New England, representing the collective positions of the six New England states in regional electricity matters.

Capitalized terms not defined in this filing are intended to have the meaning given to such in the ISO New England Inc. (“ISO-NE”) Transmission, Markets and Services Tariff (“Tariff”), the Second Restated New England Power Pool (“NEPOOL”) Agreement, the Participants Agreement, and, as applicable, the Glossary of Terms Used in NERC Reliability Standards.

² ISO New England, Inc., Revisions to ISO New England Inc. Transmission, Markets and Services Tariff to Establish a Prompt Capacity Market and Deactivation Framework, Docket No. ER26-925-000 (filed Dec. 30, 2025) (the “Filing” or “CAR-PD Filing”).

While NESCOE supports the filing, it also recognizes, as ISO-NE has in its filing, that some stakeholders have raised concerns regarding the transition to a prompt market.³ ISO-NE should address these concerns by making every effort during the transition to a prompt market (as well as other forthcoming capacity market reforms in the region) to facilitate price discovery in advance of the first capacity auction under the new paradigm (i.e., the 19th capacity auction) to mitigate the price volatility that could result due to new uncertainties that suppliers will face.⁴

I. NESCOE Supports the Filing’s Proposed Tariff Changes and Believes That They Will Provide Long-Term Benefits to Consumers and Market Participants, Although ISO-NE Should Also Seek to Mitigate Potential Near-Term Impacts That Could Undermine These Reforms.

By its CAR-PD Filing, ISO-NE seeks to make several reforms to its capacity market, including, principally, replacing the current Forward Capacity Market with a prompt capacity market.⁵ Under the new prompt capacity market construct, ISO-NE will hold capacity auctions approximately one month before the capacity deliverability period—as opposed to the more-than-three-year period between the forward auction and deliverability periods under New England’s current capacity market construct.⁶ In addition, among many other changes, the new prompt capacity market will require that all resources be commercial and demonstrate their deliverability in the auction, whereas the current construct allows resources to participate before construction and commercialization.⁷ NESCOE agrees with ISO-NE that the proposed Tariff

³ See Filing, at 9.

⁴ See Capacity Market Alternatives for a Decarbonized Grid: Prompt and Seasonal Markets, Analysis Group (Jan. 2024), at 62 (“Analysis Group Report”) available at <https://www.analysisgroup.com/globalassets/insights/publishing/2024-capacity-market-alternatives-for-a-decarbonized.pdf>.

⁵ Filing, at 2.

⁶ *Id.*

⁷ *Id.*

changes will achieve important objectives and will provide benefits to consumers and market participants alike as described in more detail below.

NESCOE greatly appreciates ISO-NE’s willingness to receive feedback from NESCOE and other stakeholders and to incorporate that feedback into its design. In particular, NESCOE supported setting the length of the deactivation horizon at one year rather than two and using a Proxy Capacity Offer for deactivations that fail the conduct and portfolio benefit tests.⁸ The deactivation process reflected in the proposed Tariff changes is both good for consumers and benefits existing capacity resources in making permanent retirement decisions. These reforms to the deactivation process will allow capacity resources to access more accurate and current information before deciding whether to deactivate.⁹ Similarly, these reforms will also provide more up-to-date information to deactivated resources and, if that information is favorable, improve the ability of and encourage some resources to reactivate that may not have done so under the current market construct.¹⁰

Moreover, NESCOE agrees with ISO-NE that a switch from a forward to a prompt capacity market will have other benefits to consumers and market participants. For example, NESCOE shares ISO-NE’s concern that “phantom entry” of resources—resources that bid into the current Forward Capacity Market but ultimately do not get built due to changing economic conditions or other reasons—could adversely affect reliability in the future if New England no longer enjoys the capacity surpluses that currently mitigate the failure of these “phantom” resources to manifest.¹¹ Further, moving to a prompt market will also help the region avoid over

⁸ See Filing, at 19.

⁹ See Filing, at 3.

¹⁰ See *id.*

¹¹ See Filing, at 5.

or under procuring capacity due to the inherent imprecision of load forecasting. Under the current forward capacity market construct, forecasts have consistently over estimated load growth in the primary auction, resulting in the region over procuring supply. Addressing this issue as part of this filing will become even more important if large loads begin interconnecting in New England because ISO-NE will not need to forecast how much demand will grow from these large load interconnection three-plus years into the future. NESCOE also agrees that the transition from a forward to a prompt market will simplify administration and compliance with ISO-NE's market rules, which in turn will benefit both market participants and consumers.¹² NESCOE does not expect that the change in the timing of the capacity auction under the proposed CAR-PD will have a long-term systematic impact, either up or down, on capacity clearing prices in the auction, consistent with the supporting testimony offered by ISO-NE.¹³

However, given the significant change that this proposal would make to the long-standing structure of the capacity market (which may be compounded by other capacity reforms under consideration), NESCOE notes that there is the potential for near-term price volatility, which, if unaddressed, could adversely impact ratepayers as suppliers face new uncertainties in their offers to serve load. Any such volatility will hopefully be temporary as suppliers become more comfortable with the new market structure and are able to develop appropriate pricing/hedging strategies. To help mitigate the potential for near-term adverse impacts, NESCOE supports the recommendation included in the Analysis Group Report that:

ISO-NE should consider options to supplement information available to the market to facilitate price discovery during the transition to a prompt market, if pursued. Continued information reporting about new resource capacity entering the market

¹² See Filing, at 2–3.

¹³ See *id.* at 30, quoting Testimony of Dr. Christopher Geissler, at 43–44.

and retirement of existing resources will inform market participants about the supply resources in the market, which would inform assessments of future capacity prices. ISO-NE could also continue to produce demand curve parameters and indicative demand curves to allow market participants to assess how changes in demand could affect pricing. Information about qualified capacity, given enhanced RCA, for CCP 19 would also provide valuable information about supply. With sufficient information available market participants can form expectations and seek hedging options.¹⁴

While ISO-NE has already committed to supplementing information available to the market in its Filing (see Filing, at 9) NESCOE reiterates and reinforces the point here because it would be extremely unfortunate if any near-term impacts to customer bills undermined the long-term success of these market reforms. NESCOE recommends that ISO-NE, stakeholders, and the states all remain vigilant to identify and mitigate any of these near-term impacts that become foreseeable.

With this effort included, NESCOE believes that the proposed Tariff changes will provide long-term benefits to consumers and market participants and thus respectfully requests that the Commission approve those Tariff changes.

II. NESCOE Takes No Position on the Future Tariff Changes Previewed in the Filing.

In addition to discussing the Tariff changes that ISO-NE seeks to make here, the Filing also discusses changes to the Tariff that ISO-NE plans to propose in the future. Specifically, ISO-NE states that it plans to make a filing later this year that will seek approval of certain seasonal and accreditation reforms:

While the instant filing contains only the transition from the forward to the prompt market design, as was explained above (and addressed in more detail below), it is the ISO's intent to complete the seasonal auction and accreditation reforms for filing in 2026 and implementation with the first prompt capacity auction, to be run in 2028 for the 2028/29 Capacity Commitment Period.¹⁵

¹⁴ Analysis Group Report, at 62.

¹⁵ Filing at 7.

NESCOE supports ISO-NE’s ongoing efforts to explore market reforms that could potentially provide net benefits to consumers and other stakeholders. However, at this time, NESCOE takes no position on the future accreditation and seasonal reforms that ISO-NE previews in the Filing here. Before developing a position on these reforms, NESCOE needs to better understand their potential impact on capacity costs and compensation and whether the benefits from those changes would suffice to offset any possible increases in costs. ISO-NE itself notes that its “Phase Two” changes in particular “have the potential to change capacity costs and compensation, including the distribution of that compensation across the region’s resource fleet.”¹⁶ NESCOE looks forward to continuing to work with ISO-NE and stakeholders in the region to better understand the potential impacts, both positive and negative, of the future accreditation and seasonal reforms that ISO-NE previewed in the Filing.

III. Conclusion

Therefore, for the reasons stated herein, NESCOE respectfully requests that the Commission approve the proposed Tariff revisions.

Respectfully Submitted,

/s/ Nathan Forster
Nathan Forster, General Counsel
Shannon Beale, Assistant General Counsel
New England States Committee on Electricity
P.O. Box 322
Osterville, MA 02655
Tel: (617) 431-0462
Email: nathanforster@nescoe.com
Email: shannonbeale@nescoe.com

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¹⁶ Filing, at 7.

CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Osterville, Massachusetts this 20th day of January, 2026.

/s/ Nathan Forster
Nathan Forster, General Counsel
Shannon Beale, Assistant General Counsel
New England States Committee on Electricity
P.O. Box 322
Osterville, MA 02655
Tel: (617) 431-0462
Email: nathanforster@nescue.com
Email: shannonbeale@nescue.com