

February 7, 2019

Via Hand Delivery and Electronic Mail

Melanie A. Bachman, Esq.
Executive Director/Staff Attorney
Connecticut Siting Council
10 Franklin Square
New Britain, CT 06051

Re: **Docket No. 470 – Application of NTE Connecticut, LLC for a Certificate of Environmental Compatibility and Public Need for the Construction, Maintenance and Operation of an Electric Power Generating Facility at 180 and 189 Lake Road, Killingly, Connecticut**

Dear Ms. Bachman:

Enclosed is the original and fifteen (15) copies of an Affidavit from Timothy Eves confirming that NTE Connecticut, LLC and the Killingly Energy Center received a capacity supply obligation from the ISO-NE in the most recent Forward Capacity Auction No. 13 (“FCA 13”). Also attached is the ISO-NE Press Release announcing the FCA 13 results.

If you need any additional information regarding the information contained in this Affidavit please do not hesitate to contact me.

Sincerely,



Kenneth C. Baldwin

KCB/kmd
Enclosure
Copy to:

Parties and Intervenors of Record
Timothy Eves
John W. Gulliver
Paul Hibbard
Lynn Gresock

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FOR IMMEDIATE RELEASE**Contact:****Ellen Foley** (413) 535-4139**Marcia Blomberg** (413) 540-4555**Matt Kakley** (413) 535-3821

New England's Forward Capacity Auction Closes with Adequate Power System Resources for 2022-2023

Holyoke, MA—February 6, 2019—New England's annual capacity auction for power system resources concluded Monday with sufficient resources to meet peak demand in 2022-2023, and preliminary results indicate the clearing price was the lowest in six years. The auction is run by ISO New England Inc. to procure the resources that will be needed to meet consumer demand for electricity in three years.

The auction was the first run under the Competitive Auctions with Sponsored Policy Resources (CASPR) rules, which include a secondary substitution auction where resources interested in retiring can trade their capacity supply obligation to new state-sponsored resources that didn't clear in the primary auction.

The 13th Forward Capacity Market (FCM) primary auction (FCA #13) closed at a preliminary clearing price of \$3.80 per kilowatt-month (kW-month) across New England, compared to \$4.63/kW-month in last year's auction. The substitution auction closed with Vineyard Wind, an offshore wind project in development off the coast of Massachusetts, assuming an obligation of 54 megawatts from an existing resource that will retire in 2022-2023.

Resources totaling 43,641 megawatts (MW), including 34,925 MW of existing capacity and 238 new resources totaling 8,716 MW, qualified to participate in the FCM, while the regional capacity target for 2022-2023 is 33,750 MW.

The primary auction concluded with commitments from 34,839 MW to be available in 2022-2023, with 1,089 MW of surplus supply over the capacity requirement. The auction rules allow the region to acquire more or less than the capacity target, providing flexibility to acquire additional capacity and enhanced reliability at a cost-effective price. More than 2,600 MW of new resources secured obligations during the primary and substitution auctions, including the Killingly Energy Center, a 650 MW natural gas plant under development in Connecticut, new energy efficiency and demand response resources, and imports.

Approximately 145 MW of resources received obligations under the renewable technology resource (RTR) designation. The RTR designation allows a limited amount of renewable resources to participate in the auction without being subject to the minimum offer-price rule. Resources receiving an obligation under the exemption included solar photovoltaic (PV) systems and solar PV systems paired with batteries.

Under the rules of ISO New England's tariff, only renewable resources built within New England were eligible for the RTR exemption in FCA #13. Offshore wind projects proposed for federal waters will be eligible for the exemption in FCA #14, scheduled for February 2020. More than 300 MW remain in the RTR exemption cap and will be carried over to next year's auction.

Following procedures approved by the Federal Energy Regulatory Commission (FERC), ISO New England retained two units, Mystic 8 and 9, needed for fuel security in the 2022-2023 capacity year.

"This year's auctions procured the resources needed for a reliable power system at a competitive price, while implementing new procedures to accommodate state-sponsored renewable resources," said Robert Ethier, vice president of market operations at ISO New England. "It's our responsibility to run these auctions and our wholesale markets under the rules approved by FERC, and we fulfilled that responsibility again this year."

Preliminary results of FCA #13:

- The primary auction closed for most resources at \$3.80/kW-month after four rounds of competitive bidding. Resources within New England's three capacity zones, as well as imports over three of the external ties closed at that price. Imports over one other interconnection from New Brunswick continued into a fifth round, which closed at \$2.68/kW-month.
- Previous clearing prices (all per kilowatt-month): FCA #7 (2013), \$3.15 floor price, except \$14.99 for new resources in the former Northeast Massachusetts/Boston zone; FCA #8 (2014), \$15 for new and \$7.025 for existing resources; FCA #9 (2015), \$9.55 system-wide except SEMA/RI: \$17.73 new and \$11.08 existing; FCA #10 (2016), \$7.03; FCA #11 (2017), \$5.30; FCA #12 (2018), \$4.63.
- In all, 54 MW of demand bids and supply offers cleared in the substitution auction.
- At the primary auction clearing price of \$3.80/kW-month, the total value of the capacity market in 2022-2023 will be approximately \$1.6 billion (preliminary estimate).
- Capacity clearing the auction totaled 34,839 MW to meet the 33,750 MW net installed capacity target for 2022-2023
 - 29,611 MW of generation, including 783 MW of new in the primary auction and 54 MW of new in the substitution auction
 - 4,040 MW of energy-efficiency and demand-reduction measures, including 654 MW of new – the equivalent of a large power plant – in the primary auction
 - 1,188 MW of total imports in the primary auction from New York, Québec, Canada and New Brunswick, Canada
- In all, 2,009 MW of resources submitted retirement bids, while an additional 40 MW of resources submitted permanent de-list bids to leave the capacity market. Aside from the Mystic units retained for fuel security reasons, all of these bids were accepted before FCA #13.

Forward Capacity Market auction basics

The annual FCM auction is held three years before each capacity commitment period to provide time for new resources to be developed. Capacity resources can include traditional power plants, renewable generation, imports, and demand resources such as load management and energy-efficiency measures. Resources that clear in the auction will receive a monthly capacity payment in that future year in exchange for their commitment to provide power or curtail demand when called upon by the ISO. Resources that fail to meet their capacity commitment during a shortage event must refund part of their capacity payment; this refunded money goes to resources that over-performed during the shortage event. The capacity market is separate from the energy market, where resources with and without a capacity commitment compete on a daily basis to provide power and are paid for the electricity they produce.

Next Steps

Finalized auction results, with resource-specific information, will be filed with the Federal Energy Regulatory Commission by the end of this month.