



NEW ENGLAND POWER POOL

## NEPOOL Business Priorities: 2016/17

### Market Design-Related Business Priorities:

- **Price formation in the energy (and reserves) markets.** Asking ISO-NE to continue its recent focus on ongoing improvements to price formation is a high priority item across a broad swath of NEPOOL's membership. While there are a number of specific items that came out of the discussions with Sectors, generally included within this high priority item are efforts to identify the types of unpriced operator actions (e.g., DR activation, emergency energy transactions, OP4 actions, etc.) and to consider opportunities to improve energy prices by limiting or reducing those actions and/or incorporating these actions into locational marginal pricing (LMP) as appropriate. Other price formation related topics include the consideration of day-ahead co-optimization of energy and reserves, ramping constraint pricing, and consideration of a day-ahead reserve market, in connection with obtaining a clear understanding of ISO-NE's future plans for the Locational Forward Reserve Market.
- **Capacity Zones.** Many of the Sectors focused on concerns with the identification of new potential Capacity Zones, the process used to get there, and how often the evaluation of zones needs to be done. NEPOOL's priority is to review and evaluate the current process utilized for the creation and configuration of Capacity Zones and to engage in meaningful dialogue with stakeholders on ways to not only better understand the various inputs and planning assumptions that are employed by ISO-NE in its determination of Capacity Zones, but to discuss how the process could be improved to better serve the market related needs of the Forward Capacity Market.
- **Capacity Market Enhancements.** NEPOOL has identified as a high priority the finalization to implement sloped zonal demand curves and to explore other key market enhancements previously identified, including consideration of moving from a descending clock auction to a sealed bid auction design. Some have also identified the importance of preserving the efficient function of the system-wide sloped demand curve in the process of developing zonal demand curves.

### Stakeholder/Participant Process Concerns:

- **Facilitating New Entrants.** The current interconnection process for new resources has a number of widely acknowledged problems, and a NEPOOL priority is to evaluate and explore enhancements to facilitate new entrants by:
  - (1) addressing the time it takes for ISO-NE to evaluate, study and approve new interconnections;
  - (2) providing more transparency and useful information for the market in understanding the application of the Overlapping Impact Test;



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- (3) providing the opportunity to obtain more meaningful information concerning the energy deliverability of new resources given the system topology; and
  - (4) coordinating the above with FCM qualification.
- **Analyses of Markets and Planning.** As the only regional entity with detailed, confidential market information, ISO-NE is counted on to provide and disseminate meaningful markets and planning information.<sup>1</sup> NEPOOL places a priority on ISO-NE (or its consultant) performing analysis in 2016 that reviews more completely the potential impacts of policy implications and risks on the future functioning of the existing and planned markets, following an opportunity for meaningful input from Market Participants on such a study. And, as we think about how study resources are utilized, revisiting with NEPOOL the planning criteria/assumptions that are being used both for system planning and for determining ICR would be a welcomed discussion.

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<sup>1</sup> See e.g., ISO-NE discussion paper on New England's capacity markets and a renewable energy future (dated June 3, 2015), available at: [http://www.iso-ne.com/static-assets/documents/2015/06/iso\\_ne\\_capacity\\_mkt\\_discussion\\_paper\\_06\\_03\\_2015.pdf](http://www.iso-ne.com/static-assets/documents/2015/06/iso_ne_capacity_mkt_discussion_paper_06_03_2015.pdf); Final 2015 Solar PV Forecast Details (dated Apr. 27, 2015), available at: [http://www.iso-ne.com/static-assets/documents/2015/04/2015\\_solar\\_forecast\\_details\\_final.pdf](http://www.iso-ne.com/static-assets/documents/2015/04/2015_solar_forecast_details_final.pdf).