



NEW ENGLAND'S REGIONAL WHOLESALE ELECTRICITY MARKETS AND ORGANIZATIONAL STRUCTURES MUST EVOLVE FOR 21ST CENTURY CLEAN ENERGY FUTURE

A clean, affordable, and reliable regional electric grid – together with transparent decision-making processes and competitive market outcomes that fully support clean energy laws – is foundational to achieving our shared clean energy future. Connecticut, Maine, Massachusetts, Rhode Island and Vermont are deeply committed to addressing climate change and cost-effectively reducing economy-wide greenhouse gas emissions by at least 80 percent below 1990 levels by 2050, recognizing some states have higher goals. To achieve these goals, we need a decarbonized grid capable of supporting the accelerated adoption of more sustainable electric, heating, and transportation solutions for families and businesses. Moreover, the region's electric markets must account for the full value of on-going state investments in clean energy resources made pursuant to our laws.

Going forward, we require a regional electricity system operator and planner that is a committed partner in our decarbonization efforts, and will:

- 1. Proactively develop market-based mechanisms, in concert with state policymakers, that facilitate growth in clean energy resources and enabling services, while fully accounting for on-going renewable energy investments made pursuant to enacted state laws;*
- 2. Conduct best-in-class system planning activities that proactively address our clean energy needs;*
- 3. Ensure grid resiliency and reliability at least cost in a manner that is responsive to state and consumer needs; and*
- 4. Adopt an organizational mission and structure to reflect our energy transition and establish a higher degree of accountability and transparency to the participating States and other stakeholders.*

Our States have long supported open, competitive market-based mechanisms as a primary means to meet the resource adequacy and reliability needs of our shared electricity grid. Our States restructured the markets for electric generation and retail supply in the 1990s (with the exception of Vermont), and rely on FERC jurisdictional markets and an Independent System Operator (ISO-New England) to operate the regional power system, implement competitive wholesale markets, and ensure open access to the transmission system. As our States accelerate efforts to expand clean energy resources and combat the global challenge of climate change, we now seek to better align our regional competitive markets with the achievement of our decarbonization goals.

Long-range modeling efforts conducted in our States are providing an increasingly clear picture of the electricity system that will be needed to support deep economy-wide decarbonization. The gap between our current system and the system we need to achieve deep decarbonization is marked. Today's wholesale electricity market and organizational structures: (1) are based on a market design that is misaligned with our States' clean energy mandates and thereby fails to recognize the full value of our States' ratepayer-funded investments in clean energy resources; (2) lack a proactive transmission planning approach and tools that facilitate the development of a future system with more clean, dynamic and distributed resources; and (3) are based on a governance structure that is not transparent to the states and customers it serves, with a mission that is not responsive to States' legal mandates and policy priorities. Recognizing these shortfalls, it is time to make the necessary changes to meet the challenges of our 21st century energy transition.

Working together, in consultation with the New England States Committee on Electricity (NESCOE), we have developed a Vision document outlining areas where reform is vital if New England is to achieve its carbon-reduction goals. In the coming months, our States will convene open and accessible forums to ensure that all interested stakeholders have an opportunity to participate in further refinement of our shared Vision for market reform, system planning, reliability, and governance. Through ongoing collaboration with all interested parties, our States are committed to realizing long-lasting, functional, and transparent market-based solutions that will truly facilitate New England's clean energy future.



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