

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ENERGY FACILITY SITING BOARD

IN RE: Application of
Invenergy Thermal Development LLC's
Proposal for Clear River Energy Center

Docket No. SB 2015-06

**Motion of Conservation Law Foundation for the EFSB To Take Administrative Notice
of The ISO's February 6, 2019 Press Release Containing FCA-13 Results**

Conservation Law Foundation (CLF) respectfully requests that the Energy Facility Siting Board (EFSB) take administrative notice of the ISO's February 6, 2019 press release describing the results of Forward Capacity Auction 13 (FCA-13), conducted on February 4, 2019. The ISO's corresponding press releases for FCA-10 (2016), FCA-11 (2017), and FCA-12 (2018) are already full exhibits in this case. CLF attaches a copy of the ISO's 2019 press release with FCA-13 results at Tab A.

CLF was unable to file this motion before the commencement of the Final Hearing because the ISO did not conduct the auction until February 4, 2019, and did not issue the press release until February 6, 2019.

The ISO's press release addresses a key question before the EFSB: whether or not the Invenergy plant is needed. The ISO's press release is highly probative on this question, and makes all of the following clear:

- FCA-13 concluded with a surplus of 1,089 MW of capacity, more than Invenergy's entire project.
- This surplus was obtained without any participation from Invenergy, because the ISO had completely disqualified Invenergy from even participating in the auction.

- The Installed Capacity Requirement (ICR), “the regional capacity target”¹ set by the ISO, was 33,750 MW. However, resources totaling 43,641 MW were qualified to participate in the auction, vastly more than the ICR.
- In fact, just the already existing resources in the auction (34,925 MW) were more than the ICR (33,750 MW) – without any new resources, and without Invenenergy!
- The FCA clearing price was \$3.80, continuing the downward trajectory of auction clearing prices since FCA-10.

This last datum is important for the following reason. As Invenenergy’s witness Ryan Hardy testified at the Preliminary Hearing, FCA clearing prices reflect the relationship between supply and demand. Jan. 12, 2016 Transcript, at 163. A relatively high clearing price can suggest a shortage of supply relative to demand. Conversely, a low clearing price – as was the case in FCA-13 – shows a glut of supply relative to demand.

Year-over-year changes in clearing price are also important, because these show trends over time as to the relationship of supply and demand. That’s why CLF has used the “Ryan Hardy Metric” attached at Tab B.² In this case, the FCA-13 clearing price is 18% lower than the FCA-12 clearing price (following prior drops of 12.6%, 24%, and 61% as shown on the Ryan Hardy Metric). The on-going downward trend in clearing prices is additional evidence that there is no short-, medium-, or long term need for Invenenergy.

¹ ISO Press Release, page 1, ¶ 4.

² This document is not an exhibit, but every data point on the document is in evidence both through documents (such as ISO press releases) and through Mr. Hardy’s own testimony.

CONSERVATION LAW FOUNDATION,
by its Attorney,



Jerry Elmer (# 4394)

CONSERVATION LAW FOUNDATION

235 Promenade Street, Suite 560

Mailbox 28

Providence, RI 02909

Telephone: (401) 228-1904

Facsimile: (401) 351-1130

E-Mail: JElmer@CLF.org

CERTIFICATE OF SERVICE

I certify that the original and seven hard copies of this document were hand delivered to the Energy Facility Siting Board and served electronically on the service list of this docket on February 11, 2019.



Tab A

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.

Tab B

RYAN HARDY'S METRIC

The Forward Capacity Auction (FCA) Clearing Price

	2014 FCA-8 Invenery Conceived	2015 FCA-9 Invenery Application Filed	2016 FCA-10 Invenery in Auction	2017 FCA-11 Invenery Fails to Clear	2018 FCA-12 Invenery Disqualified
FCA Clearing Price (\$/kW-month)	\$15.00	\$17.73 Highest Ever	\$7.03	\$5.30	\$4.63
Year-Over-Year Change			61% ↓ No Price Separation	24% ↓ No Price Separation	12.6% ↓ No Price Separation