

United States Senate

April 14, 2022

The Honorable Richard Glick
Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Glick:

We write to express our opposition to a proposal recently filed with the Federal Energy Regulatory Commission by New England's grid operator, the Independent System Operator of New England (ISO-NE), to delay the elimination of the Minimum Offer Price Rule (MOPR).¹ The MOPR—which can prevent renewable energy and energy storage from qualifying for wholesale electricity auctions—unjustifiably disadvantages clean energy in favor of dirty fossil fuels and unnecessarily drives up energy bills for New England households. We urge FERC to reject ISO-NE's proposal to delay the MOPR elimination, and instead support its full and prompt repeal.

The MOPR creates an artificial barrier for state-sponsored renewable energy sources to enter the grid capacity market. The MOPR does this by setting an arbitrary bidding price floor in ISO-NE's "forward capacity" auctions, which aim to secure electricity production sufficient to meet future needs. This floor prevents providers of renewable energy sources from out-competing the more expensive fossil fuel-powered generators. Consequently, the MOPR effectively excludes some renewable energy and energy storage projects from the capacity market.

FERC has signaled that ISO-NE should eliminate the MOPR and do so expeditiously.² Instead, ISO-NE's proposal would maintain it until the 2025 forward capacity auction, while exempting only 700 megawatts of state-sponsored renewable capacity.³ It would thereby keep in place barriers to clean energy participation that will affect resources deploying through 2028 under supply agreements that typically lock in prices three years in advance.

¹ ISO-NEWSWIRE, *Region's clean energy transition continues as ISO-NE files proposal to eliminate the MOPR*, <https://isonewswire.com/2022/03/31/regions-clean-energy-transition-continues-as-iso-ne-files-proposal-to-eliminate-the-mopr> (last accessed Apr. 4, 2022).

² Richard Glick and Allison Clements, *Joint Concurrence of Chairman Glick and Commissioner Clements Regarding ISO New England Inc.*, Federal Energy Regulatory Commission (Jan. 21, 2022), <https://www.ferc.gov/news-events/news/joint-concurrence-chairman-glick-and-commissioner-clements-regarding-iso-new>.

³ ISO-NEWSWIRE, *ISO-NE to File Stakeholder-supported Plan for MOPR Removal, Renewable Technology Exemption*, <https://isonewswire.com/2022/02/04/iso-ne-to-file-stakeholder-supported-plan-for-mopr-removal-renewable-technology-exemption> (last accessed Feb. 13, 2022).

It should come as no surprise that three New England natural gas plant operators developed what became the ISO-NE proposal.⁴ At the very moment when New England should be fully embracing the transition to renewables and the related socioeconomic opportunities, this decision to undermine state actions and renewable energy deployment is a terrible and ill-timed mistake. The ISO-NE proposal would have several devastating consequences for New England ratepayers and for states' climate and clean energy goals.

First, the MOPR will continue to disadvantage new clean energy sources while propping up fossil fuel generators. This undermines New England states' responses to the climate crisis. Second, the MOPR effectively raises costs in the capacity market by excluding lower-priced renewables. This ultimately results in higher electricity bills for households. Third, the MOPR prevents renewable energy projects from scaling up as quickly as possible. This hampers decarbonization efforts and prevents the full use of clean energy manufacturing and technologies, such as large-scale storage, which could bolster grid reliability.

Furthermore, the ISO-NE proposal is confusing for states and stakeholders, and it maintains a structural delay that makes it harder for renewables to enter the market and receive advance financing for projects.⁵ It also lacks the necessary analysis to support ISO-NE's contention that the delay is needed for reliability or to facilitate a smooth transition to a renewable-friendly grid.

ISO-NE has argued that its proposal will provide the grid with more time to transition to a larger share of renewable-generated capacity, in order to prevent disruptions and preserve reliability.⁶ But the point of a forward capacity auction is to procure enough capacity to prevent disruptions. ISO-NE does not offer a sufficient explanation of why a system operator cannot achieve those goals while at the same time allowing full competition from renewable energy.

Additionally, if there are fears about specific reliability issues not addressed by the capacity rules, such as adequate supplies of energy during tight winter conditions, ISO-NE has already shown a willingness to bolster payments to fossil fuel generators beyond the capacity revenues. For example, in 2019, ISO-NE sought a waiver from FERC to specifically keep the gas-powered Mystic Power Station in its forward capacity auctions. It then followed up that request with an interim proposal for an "Inventoried Energy Program" (IEP) and a proposal for an "Energy Security Improvement" (ESI) program. These proposals entailed additional payments to generators that use on-site fuel sources—such as natural gas, oil, and coal-powered plants.⁷ While FERC rejected the ESI program and the initial Mystic proposal on the grounds that they would raise costs for consumers without actually improving reliability, it approved the IEP and a

⁴ Ethan Howland, *ISO-NE Plan to Extend MOPR Through 2024 Faces Uncertain Fate at FERC, Experts Say*, Utility Dive (Feb. 9, 2022), <https://www.utilitydive.com/news/iso-ne-extend-mopr-uncertain-fate-ferc-new-england-renewable/618556> (last accessed Feb. 13, 2022).

⁵ *Ibid.*

⁶ ISO-NEWSWIRE, *ISO-NE to File Stakeholder-supported Plan for MOPR Removal, Renewable Technology Exemption*, <https://isonewswire.com/2022/02/04/iso-ne-to-file-stakeholder-supported-plan-for-mopr-removal-renewable-technology-exemption> (last accessed Feb. 13, 2022).

⁷ Deborah Cooke, *Overview of ISO-NE's Inventoried Energy Program V1*, ISO-NE (Oct. 1, 2019), <https://www.iso-ne.com/static-assets/documents/2019/09/2019-10-01-egoc-a4.1-overview-of-iso-ne-inventoried-energy-program-v1.pdf> (last accessed Feb. 14, 2022).

follow-up proposal from ISO-NE to retain the Mystic plant.^{8,9} ISO-NE clearly has other existing financial instruments that it has used or sought to use in order to preserve system reliability and protect fossil fuel capacity—it is unclear why it also would need to preserve the barriers to entry for clean power established by the MOPR for the forward capacity auction.

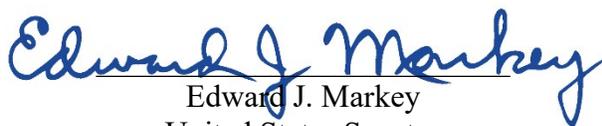
Finally, ISO-NE has not described the steps it will take in the intervening three years that will resolve its amorphous reliability concerns. This leads us to fear further delay in the elimination of the full MOPR based on unsubstantiated concerns that the grid is simply not ready.

We must all work together to make the transition to a clean energy future. We applaud your recent statement with Commissioner Clements that the MOPR “is doubly bad for consumers, as they will be forced to pay for more capacity than is actually needed, and to do so at a higher price than they should.”¹⁰ We must not abide delay through anti-competitive proposals that artificially keep expensive fossil fuel generators online at the expense of more affordable renewable sources.

We therefore urge FERC to use its existing regulatory authority under Sections 205 and 206 of the Federal Power Act to ensure that New England customers pay just and reasonable rates for capacity, and to fulfill its mandate to ensure that the sale of electricity is not unduly discriminatory. By requiring immediate reform of the MOPR, FERC can ensure that all of New England is able to realize the climate and cost benefits of a renewable energy transition as soon as possible. In doing so, FERC will signal that renewable energy should be allowed to fully and freely compete in wholesale markets. This will ultimately lead to lower prices for household customers and facilitate our overdue and necessary transition to a decarbonized electricity grid.

Thank you in advance for your consideration of this request.

Sincerely,


Edward J. Markey
United States Senator


Elizabeth Warren
United States Senator

⁸ Sarah Shemkus, *Critics say lifeline for Massachusetts LNG power plant sets bad precedent*, Energy News Network (Jan. 28, 2019), <https://energynews.us/2019/01/28/critics-say-lifeline-for-massachusetts-lng-power-plant-sets-bad-precedent/>.

⁹ Robert Walton, *ISO-NE commits to address regional energy security challenges as FERC rejects proposal*, Utility Dive (Nov. 9, 2020), <https://www.utilitydive.com/news/iso-ne-commits-to-address-regional-energy-security-challenges-as-ferc-rejec/588616/> (last accessed Feb. 18, 2020).

¹⁰ Richard Glick and Allison Clements, *Joint Concurrence of Chairman Glick and Commissioner Clements Regarding ISO New England Inc.*, Federal Energy Regulatory Commission (Jan. 21, 2022), <https://www.ferc.gov/news-events/news/joint-concurrence-chairman-glick-and-commissioner-clements-regarding-iso-new>.

Chairman Richard Glick

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A handwritten signature in blue ink that reads "Bern Sanders". The signature is written in a cursive style with a large, prominent "B" and "S".

Bernard Sanders
United States Senator