

First Substitution Auction (SA) to be held in February

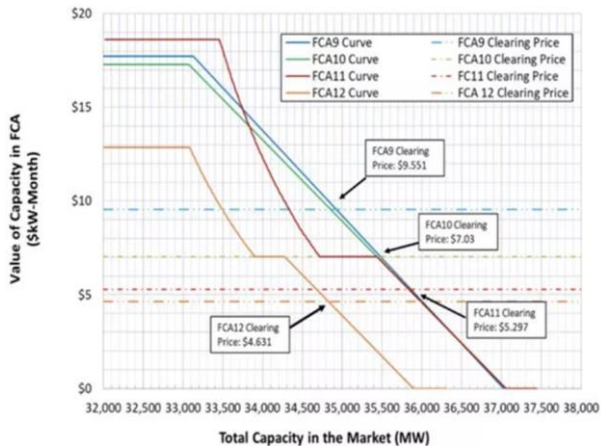
Substitution Auction Timeline



- Bid and offer submissions submitted in October required understanding of likely future FCA pricing and risks given rules such as performance penalties.
- This will be the first test of the SA design. It will be a key learning point for those interested in participating in future auctions.
- Already, revisions to the SA have been proposed to track and understand.

SA was introduced as part of the approved Competitive Auctions with Sponsored Policy Resources (CASPR) proposal resulting from the multi-year NEPOOL stakeholder process Integrating Markets and State Public Policies

ISO-NE Forward Capacity Market Consulting Services

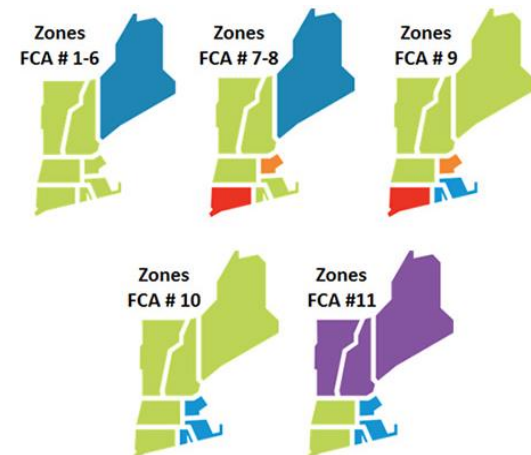


Ready to participate in the Forward Capacity Market?

- **As a new clean energy resource with a state sponsored long term contract**
- **Existing resource without an Capacity Supply Obligation**

Need to understand the Forward Capacity Market?

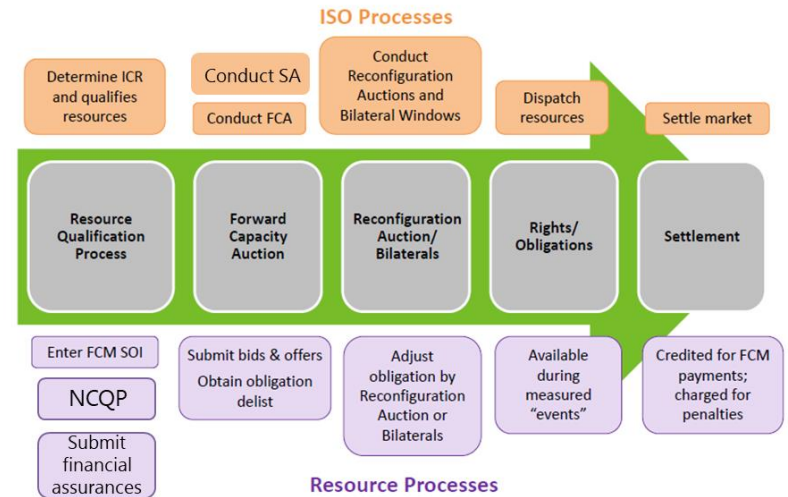
- **Pursuing renewables development in the region;**
- **Preparing to submit a solicitation response; or**
- **Considering an acquisition or other transaction**



Power Advisory can help you assess, evaluate, and succeed in participating in the ISO-NE Forward Capacity Market. Changes such as the introduction of the SA from CASPR and full implementation of Pay-for-Performance (PFP) present new opportunities and challenges. Realize the full potential of your generation resources with our expertise in the FCM and resulting strategic insights.

Now is the time to understand the FCM

- Forward nature requires action ~4 years out from capacity commitment period for new participation
- Substitution Auction offers an additional opportunity to secure an obligation and overcomes the barrier of the MOPR for renewables
- Typical power purchase agreements for renewable energy resources are only for energy and RECs
- If not participating in the FCM you are foregoing potential revenue
- Substantial changes and continuous tweaks to the capacity market rules requires an understanding of reforms
- Project specific benefits of participation depend on resource type and attributes



Timing:	Apr - Jan (CCP Year-4)	February (CCP Year-3)	Jun (CCP Year-2); Aug / Dec (CCP Year-1);	CCP (6/1-5/31)	Monthly during CCP
Example (FCA#13):	4/13/2018 - 1/18/2019	2/4/2019	Monthly during CCP	6/1/2022 - 5/31/2023	6/1/2022 - 5/31/2023

Substitution Auction Elections for FCA #13 (CCP 2022-2023)

Substitution Auction Demand Bids*	
Capacity Zone	Aggregate MWs
Southeast New England	2062.382
Northern New England	0.041
Rest-of-Pool	112.276
Grand Total	2174.699

Select Qualifications and Experience

- **Review of Forward Capacity Market: Confidential Client** - As part of a proposed sale of power from a generating unit, Power Advisory provided a client with a detailed assessment of the FCM. The review determined how Seasonal Claimed Capability is established and the various market requirements, and associated penalties (i.e., the Availability Penalty and Availability Credit).
- **Capacity Market Participation Assessment : Confidential Client** - Review of FCM with a particular focus on the introduction of the Substitution Auction and its impact on capacity pricing. Identified key considerations for renewables participation such as likelihood of securing an obligation, timing of participation, revenue certainty, and performance penalty risk. Estimated the qualifying capacity and potential revenues for a portfolio of projects to be bid into regional solicitations.
- **FCA Price Forecasts: Various Clients** - For numerous project developers, Power Advisory has developed wholesale electricity market price forecasts and forecasts of the value of Class I RECs. Major uncertainties associated with the forecasts were outlined. In addition, Power Advisory has developed estimates of other direct and indirect benefits attributed to these generation projects. Given its exclusion from typical PPAs in New England, and thus the retention of capacity rights for contracted projects, capacity price forecasts have been an important part of this work.
- **ISO-NE Market Analysis and Price Forecasts: Canadian Wind Energy Association** - Power Advisory evaluated the value offered by the ISO-NE markets to wind power exports from Canada including its value in the FCM.

Contact us to learn more about Power Advisory's services related to participating in the ISO-NE FCM

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