NROC and MARCO: Role of Offshore Wind in Meeting State Decarbonization Goals and Why Transmission Matters

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Overview

• New England States
  – Governors Statement and
  – NESCOE Vision Statement

NESCOE is New England’s Regional State Committee, governed by a Board of Managers appointed by each of the New England Governors to represent the collective views of the six New England states on regional electricity matters.

Focus: Resource Adequacy, System Planning & Expansion

Resources: 5 full-time staff with diverse disciplines & experience. Consultants, primarily for transmission engineering & independent studies

More information: including filings & comments at
  • www.nescoe.com
  • Twitter @NESCOESates

documents at www.nescoe.com

"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....

....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.”
NESCOE October 2020: New England States’ Vision for a Clean, Affordable, and Reliable 21st Century Regional Electric Grid
documents at nescoe.com

NEW ENGLAND STATES’ VISION FOR A CLEAN, AFFORDABLE, AND RELIABLE 21ST CENTURY REGIONAL ELECTRIC GRID

October 2020 - The New England States’ vision, expressed through the New England States Committee on Electricity (NESCOE), for a clean, affordable, and reliable 21st century regional electric grid necessitates significant changes in these core segments of our shared energy system: Wholesale Electricity Market Design, Transmission System Planning, and ISO New England (ISO-NE) Governance. The New England States will initiate a public process, supported by NESCOE, to inform the development of any proposals related to the Vision set forth below.

1. Wholesale Electricity Market Design

New England’s existing wholesale electricity markets must modernize if they are to support achievement of clean energy laws, while maintaining system reliability and fostering more affordable electricity for regional consumers. The existing market structure is not fully compatible with certain state laws and mandates regarding resource adequacy and actions taken (e.g., long-term contracts) in pursuit of energy- and climate-related legal requirements. As a result, New England’s wholesale market fail to sufficiently value the legally required clean energy investments made by the companies they serve. Absent fundamental changes, as described below, the result of the existing market structure will be that some states’ ratepayers will continue to overpay for electricity, constrained by a wholesale market not aligned with a rapidly transitioning electricity sector.

1 NESCOE is used for brevity only to represent the collective perspective of the six New England Governors on regional electricity matters and advances the New England states’ common interest in the provision of electricity to consumers at the lowest price over the long term, consistent with maintaining reliable service and environmental quality. It is governed by a board of Managers appointed by each of the New England Governors.

New Hampshire does not have the same or similar clean energy mandate as the other New England states. New Hampshire also, however, has a common interest in preserving efficient wholesale markets and in ensuring that transmission system planning advances least-cost solutions as well as a legislative mandate to prevent or minimize any rate impact of other states’ policies on New Hampshire retail electric rates.
“Absent fundamental changes...the result of the existing market structure will be that some states’ ratepayers will continue to overpay for electricity, constrained by a wholesale market not aligned with a rapidly transitioning resource mix and consumer investments in clean energy and decarbonization.

That is not a sustainable outcome.”
Vision Statement

WHOLESALE ELECTRICITY MARKET DESIGN PRINCIPLES

- Meet States’ decarbonization mandates and maintain resource adequacy at the lowest cost by using market-based mechanisms

- Establish effective mechanisms that accommodate existing and future long-term contracts for clean energy resources executed pursuant to state law

- Integrate distribution-level resources effectively and efficiently

- Allow interested buyers and sellers to participate, and

- Provide for an appropriate level of state involvement in market design and implementation
Vision Statement

TRANSMISSION SYSTEM PLANNING

“ISO-NE currently does not conduct a routine transmission planning process that helps to inform all stakeholders of the amount and type of transmission infrastructure needed to cost-effectively integrate clean energy resources and DERs across the region. The need for such planning has become paramount.”
Transmission Planning Framework

Initiate a regional transmission planning effort that provides a high-level transmission system plan to meet the needs of States’ energy transition, with participation and input by State officials

Use the scenarios ... developed ... in various States’ analyses of pathways to decarbonization as a starting point for developing multiple future resource scenarios (e.g., 3-4) as the basis for assessing future regional transmission needs, and conduct a conceptual regional transmission system plan for the select future scenarios for identified timeframes (e.g., 2030, 2040 and 2050)

Provide needed transmission system planning information ... including high-level cost estimates

...conduct detailed analyses for specific scenarios, ...to understand future conditions and needs, including:

• Onshore system upgrades, including specific areas that need strengthening
• Offshore systems that may be needed to support offshore wind resources
• Potential options that should be explored, including non-transmission alternatives, and
• The impact of DERs (both distributed generation and flexible load sources) on transmission needs

With the insights gained ...conduct stakeholder meetings to discuss the potential use of transmission to integrate all of the necessary energy resources in the region at the lowest cost possible, and

Informed by States’ direction, conduct detailed planning processes to maximize the use of existing transmission, build new transmission only where absolutely necessary, and use competitive processes to minimize costs to consumers.
Vision Statement

ISO New England Governance

“ISO-NE’s mission statement has no explicit relationship to or recognition of the need for consumer cost-consciousness.

Nor does it acknowledge increasingly significant State laws and mandates that will materially influence the region’s resource mix going forward.

It has been over a decade since New England States, stakeholders, ISO-NE, and the Federal Energy Regulatory Commission last meaningfully considered ISO-NE’s mission statement and governing structure. Now is the time to reconsider these critical issues.”
Vision Statement

Governance Recommendations I

Beginning in 2021, ISO-NE and its Board should convene a collaborative process with States and stakeholders to identify potential changes to its mission statement and governance structure that improve transparency and foster improved alignment with a rapidly-evolving 21st century clean energy grid...

NESCOE seeks to explore reform of ISO-NE governance to achieve greater transparency around decision-making, a needed focus on consumer cost concerns, and support for States’ energy and environmental laws.
Vision Statement

Governance Recommendations II

“...governance changes pursued through this collaborative process should be informed by consideration of the issues...including, but not limited to:

(1) whether the process for identifying and recommending ISO-NE Board members provides State officials with an appropriately meaningful role that is commensurate with the public interest,

(2) the interplay described in this Vision Statement between the requirements of State laws and regional planning and markets, and

(3) the lack of transparency in ISO-NE management and Board of Director decision-making
Vision Statement

Next Steps

“The States look forward to engaging electricity market participants, affected stakeholders, and interested members of the public on this Vision and the path to achieve it.

NESCOE also looks forward to engaging in a discussion of this Vision with participants in the Future Grid process.”
Next Steps II - Technical Conferences

..the States...will convene a series of online technical conferences ...open and accessible to...the public.

Those technical conferences will...introduce the principles...of this Vision Statement, seek presentations and proposals from interested stakeholders, and solicit comments and dialogue with all interested stakeholders on this Vision and a path to achieving it.

...welcome broad public participation and engagement ...

...the States intend to report to their respective Governors in the first quarter of 2021 on findings and recommendations for action steps to advance this Vision.
Technical Forums

Go to NewEnglandEnergyVision.com
Each topic has a page and email address

### Wholesale Markets
- Recordings & Presentations for 1/13/21 and 1/25/21 sessions posted
- Written comments due by 2/24/21

### Transmission Planning
- Forum on 2/2/21, registration link and agenda posted
- Written comments will be accepted

### ISO Governance
- Forum on 2/25/21, registration link and agenda posted
- Written comments will be accepted

State agencies will hold an evening Environmental Justice session, details TBD