

CAPACITY WATCH

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EXECUTIVE SUMMARY

Fourth Quarter 2020

In ISO New England (ISO-NE), parameters are set for the Fifteenth Forward Capacity Auction (FCA15) which begins in early February 2020 for the procurement of capacity for the 2024/25 Capacity Commitment Period (CCP). Clearing prices are expected to rebound from the low of FCA14 due to an increase in the net Installed Capacity Requirement (net ICR) and the retirement of Mystic units 8 and 9 in advance of the 2024/25 CCP. However, a large capacity surplus from qualified existing resources and new qualified capacity remains for ISO-NE and will result in substantial de-listing. In the longer-term, expected changes in net ICR and net CONE are expected to lead to lower prices starting in FCA16.

In PJM, the schedule for the 2022/23 BRA has been established following FERC approval of PJM's compliance filing outlining the forward-looking EAS offset methodology that will be implemented for the next BRA. ESAI's updated outlook for RPM prices reflecting PJM's initial estimates of Net CONE with the new EAS methodology and the draft 2021 peak load forecast includes a slight downward revision for 2022/23 and lower price escalation in subsequent auctions.

In New York, the Load Forecasting Task Force has released its final ICAP forecast for the 2021/22 Capability Year. The final peak demand forecast is higher than the 2020 Gold Book forecast for NYCA overall, but lower for the three downstate localities. NYSRC has also set final IRM values for 2021/22 and LCR values will be finalized in January. The IRM value is set to increase, while the LCR values are expected to decline for Zone J and the overall G-J Locality.



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