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April 21, 2022

The Honorable Chair and Commissioners  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, D.C. 20426

Dear Chairman Glick and Commissioners Christie, Clements, Danly, and Phillips,

I am writing to express my concerns regarding the recent proposal filed by the Independent System Operator of New England (ISO-NE), to delay the elimination of the Minimum Offer Price Rule (MOPR) by adding a “Transition Mechanism” and thereby maintains the existing MOPR for the next two auction cycles, FCAs 17 and 18, to provide a transition to the full implementation of the new buyer-side market power review rules, or the elimination of existing MOPR rules in FCA 19.<sup>1</sup> The Commonwealth supports elimination of the MOPR, but opposes an approach to elimination that prolongs the effects of the MOPR any longer than necessary.

The MOPR unreasonably disadvantages some new renewable energy, specifically offshore wind generation, in the regional wholesale electricity market and instead favors fossil fuel generation, increasing electricity bills for consumers throughout New England. The MOPR is overly broad and the rule will continue to unreasonably disadvantage renewable resources while supporting fossil fuel-based generation. The ISO-NE’s MOPR sets a price floor in the region’s forward capacity market which prevents renewable energy providers from bidding lower than other, dirtier resources. As long as the MOPR is still in place, it will continue to disadvantage renewable resources while supporting fossil fuel-based generation; therefore, the Commission should prioritize elimination of the MOPR on the shortest possible timeline.

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<sup>1</sup> *Revisions to ISO New England Transmission, Markets and Services Tariff of Buyer-Side Market Power Review and Mitigation Reforms*, ER22-1528-000 (March 31, 2022).

Massachusetts requests that FERC consider the potential risk of procedural delays and choose a path that would eliminate the current MOPR by taking the fewest risks and least time necessary.

Massachusetts represents about half of New England's electricity load. Along with a majority of the other New England states, Massachusetts has set ambitious greenhouse gas emissions reduction goals and established emissions reduction programs to combat the growing climate crisis. Specifically, Massachusetts has passed statutory mandates authorizing the procurement of over 5,600 MW of clean energy (installed) capacity and 9,450,000 MWh of clean energy generation as part of its plan to achieve Net Zero greenhouse gas emissions in 2050. The existing MOPR rules undermine these efforts and create barriers to Massachusetts, and the other New England states, to achieve its decarbonization goals and delays the development of clean energy infrastructure.<sup>2</sup>

FERC has signaled to ISO-NE that it should eliminate the MOPR expeditiously. The ISO-NE's proposal delays elimination of the MOPR until the 2025 forward capacity auction, or FCA 19, which raises concerns that existing barriers to competition may be left in place longer than necessary. ISO-NE's basis for the Transition Mechanism includes concerns around system operations and consumer cost. The New England markets need certainty on this issue. I am particularly concerned since fluctuating market dynamics are not uncommon, regardless of the type of new resources. Private investors are familiar and savvy enough to anticipate changes in market entry dates of new resources. Any uncertainties around the dates of when new resources will actually be built is not unique to renewable and clean energy resources. Thus, the delays of MOPR removal should not be hinged on whether or not renewable or other clean energy projects, such as offshore wind, may experience delays in their market entries. I urge the Commission to use its regulatory authority under the Federal Power Act to direct changes to the ISO-NE's Tariff by taking the fewest risks and least time necessary to eliminate the MOPR.

Sincerely,



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Secretary Kathleen Theoharides  
Commonwealth of Massachusetts

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<sup>2</sup> The ISO-NE proposal includes an exemption to the Transition Mechanism for 700 MW of state-sponsored resources. Under current rules governing participation in the forward capacity market, the 700 MW of qualified capacity translates into approximately 2,000 MW of offshore wind installed generating capacity, as compared to the nearly 3,0000 MW of offshore wind already scheduled for development for Massachusetts without a capacity supply obligation and potentially subject to the limitation of exempted resources.

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