NEPGA
NEW ENGLAND POWER
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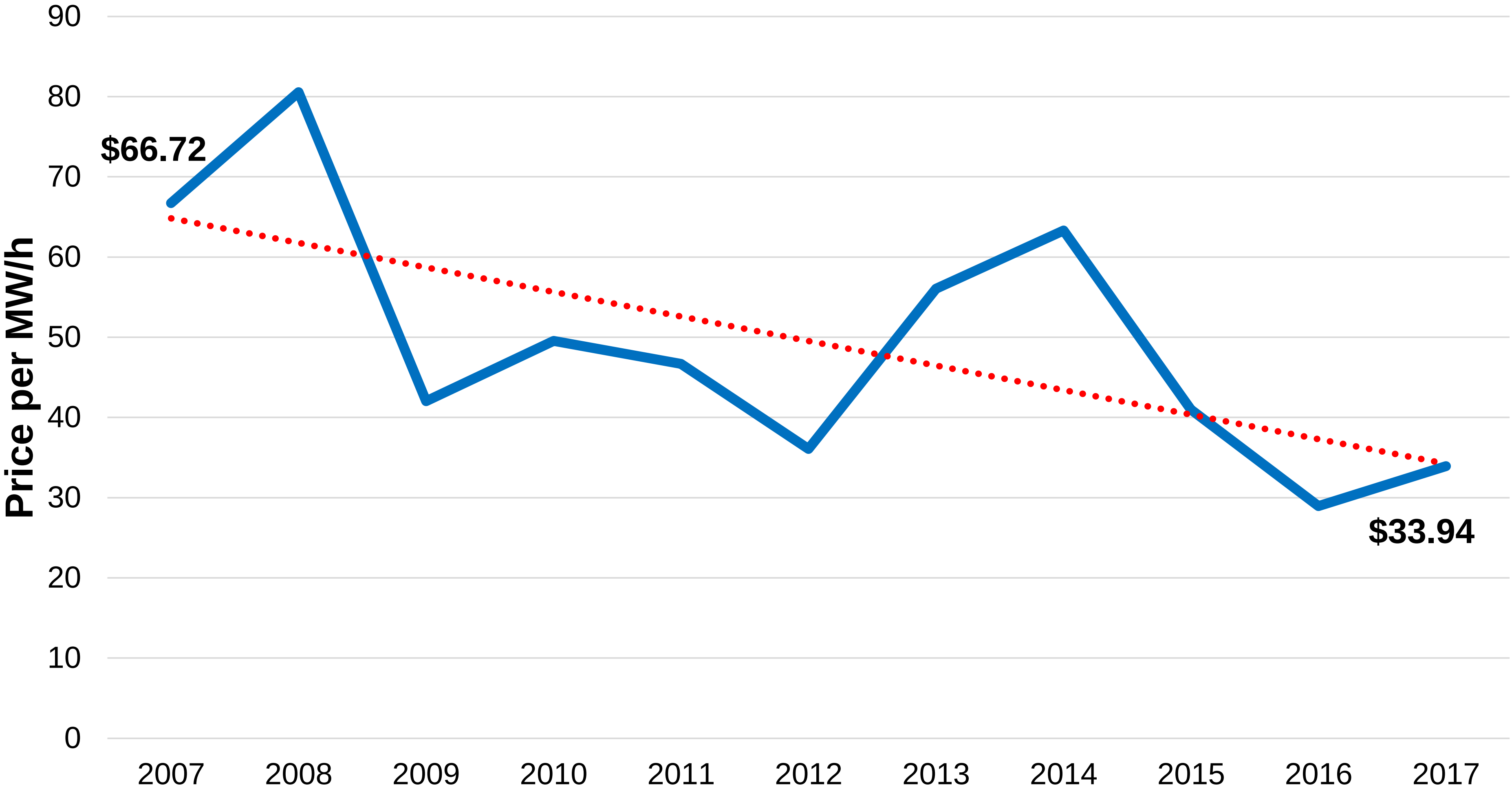
New England
Electricity Market Overview

IPPNY Spring Conference

New England Power Generators Association

May 8, 2018

New England wholesale electricity prices have declined by *49%* between 2007 and 2017



Source: https://www.iso-ne.com/static-assets/documents/2018/03/20180306_pr_2017prices.pdf

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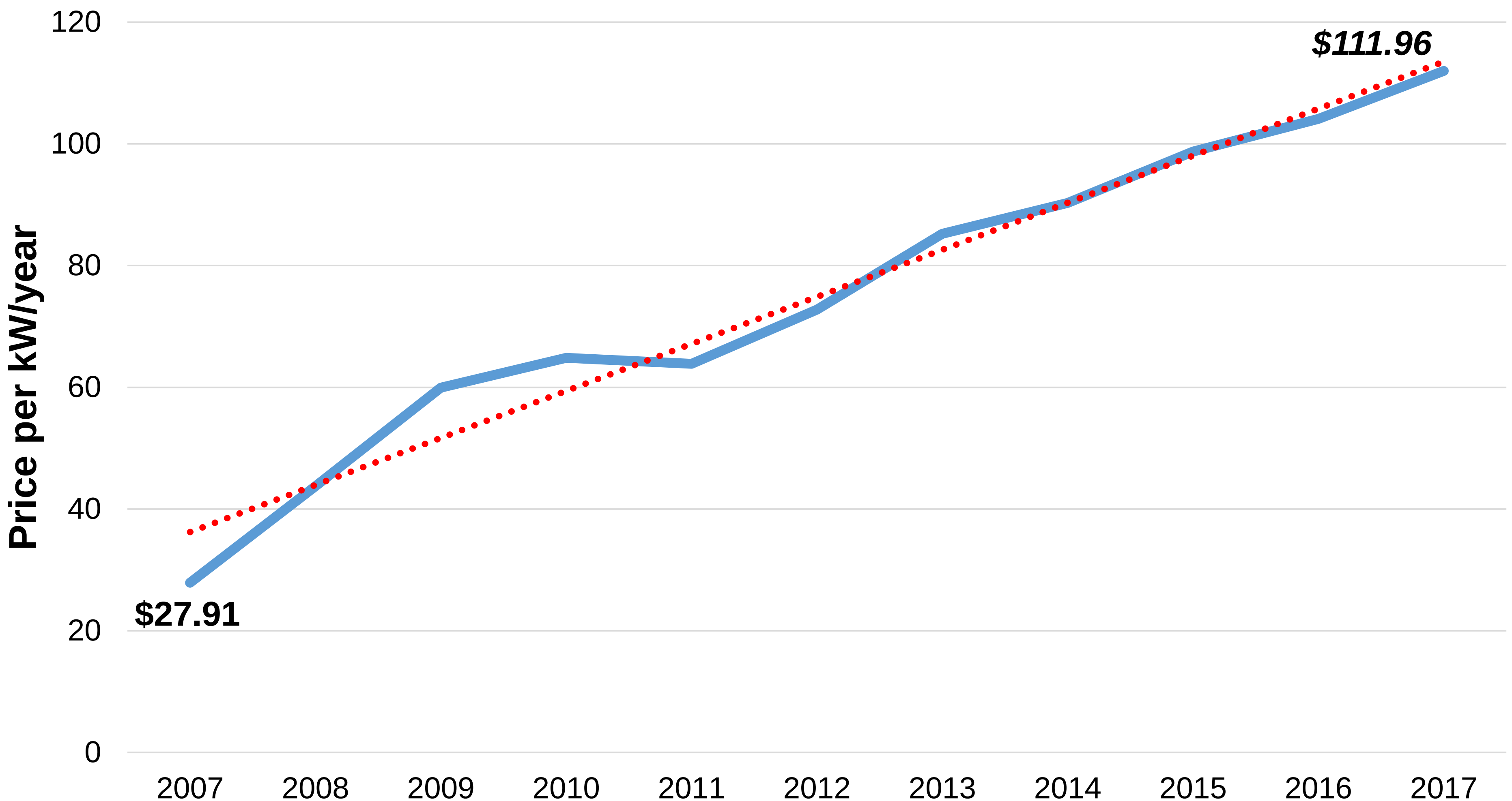
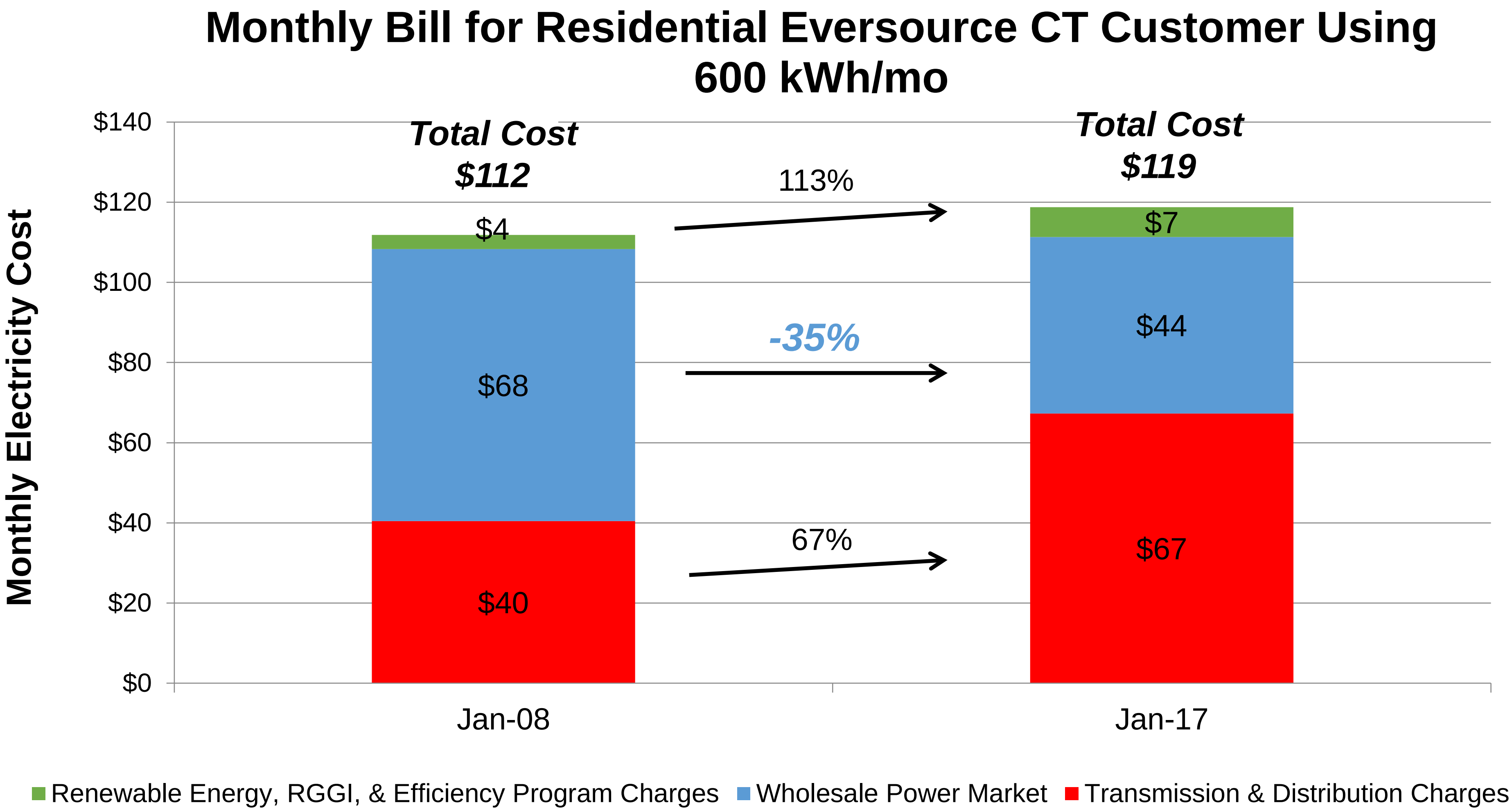
New England transmission rates have increased more than *400%* since 2007



Source: https://www.iso-ne.com/static-assets/documents/2015/12/section2-rate-summary.xls

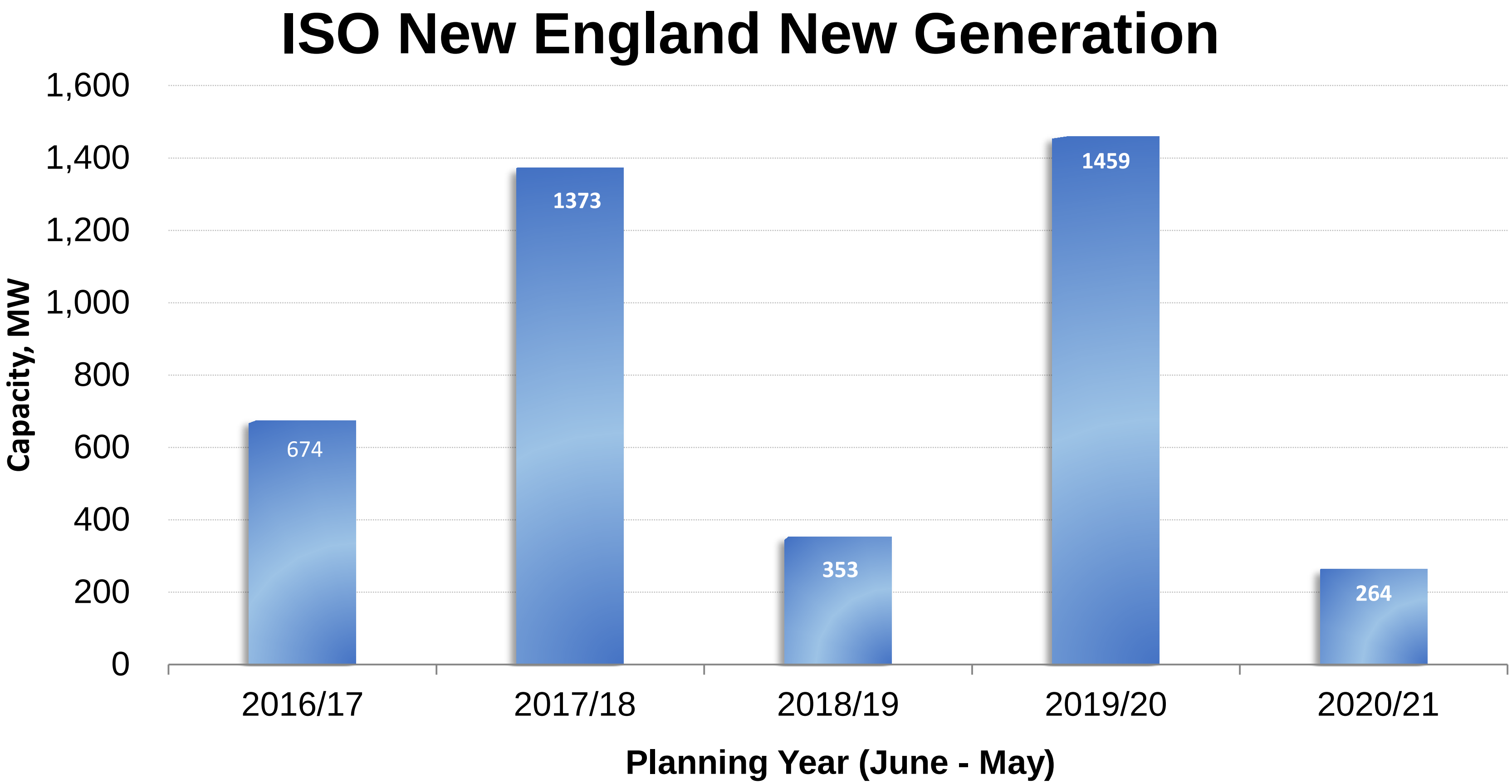
Breakdown of a Connecticut Electricity Bill



Customer Bills Up 6% in 9 Years with Energy Costs Down 35%

Wholesale Power Market costs went from making up 61% of an average residential customer's bill down to 37%.

New generation representing nearly 15% of peak demand is scheduled to come online by mid-2020



Over 4,000 MW of new generation is being developed without consumer subsidies or state-backed contracts

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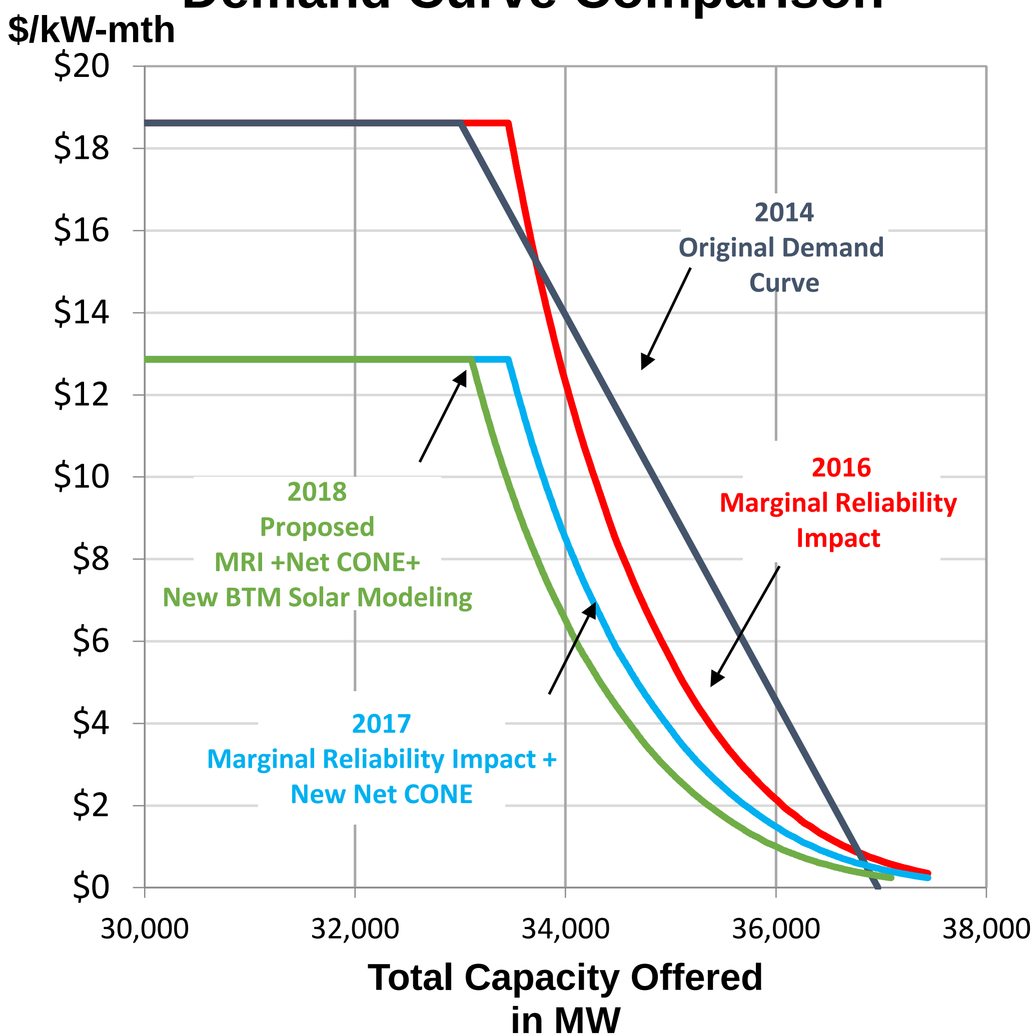
Administrative changes to demand curve introduces market uncertainty

Demand Curve Comparison



Illustrative Capacity Market Revenue Impact

		Capacity Price $/kW-mth	Capacity Revenue Mil.$
2014	Original Demand Curve	$14.00	$101
2016	Marginal Reliability Impact	$12.50	$90
2017	Marginal Reliability Impact + Net CONE	$8.55	$62
2018	MRI + Net CONE + New BTM Solar Modeling	$6.40	$46
2018 vs. 2014			**($55)**
% Chg.			**-54%**

Note: Assumes 600 MW electric generation unit and the market clears at 34,000 MW

Fuel security concerns from ISO-NE are driving major market actions

- ISO-NE released fuel security analysis stated that load shedding would occur in 19 of 23 fuel mix scenarios in Winter 2023/2024
- Mystic Generating Station – 2,000 MW outside of Boston – Exelon announced retirement by May 31, 2022 as well as purchase of adjacent LNG terminal (Distrigas)
- ISO-NE counters by stating intent to hold Mystic 8 & 9 (1,400 MW) due to "fuel security risk"
  - ➢Fueled by LNG and largest Distrigas customer
- ISO-NE has filed a Tariff waiver with FERC seeking ability to hold for reliability
  - ➢Exelon will now file two-year cost of service contract bringing Mystic 8 & 9 to mid-2024

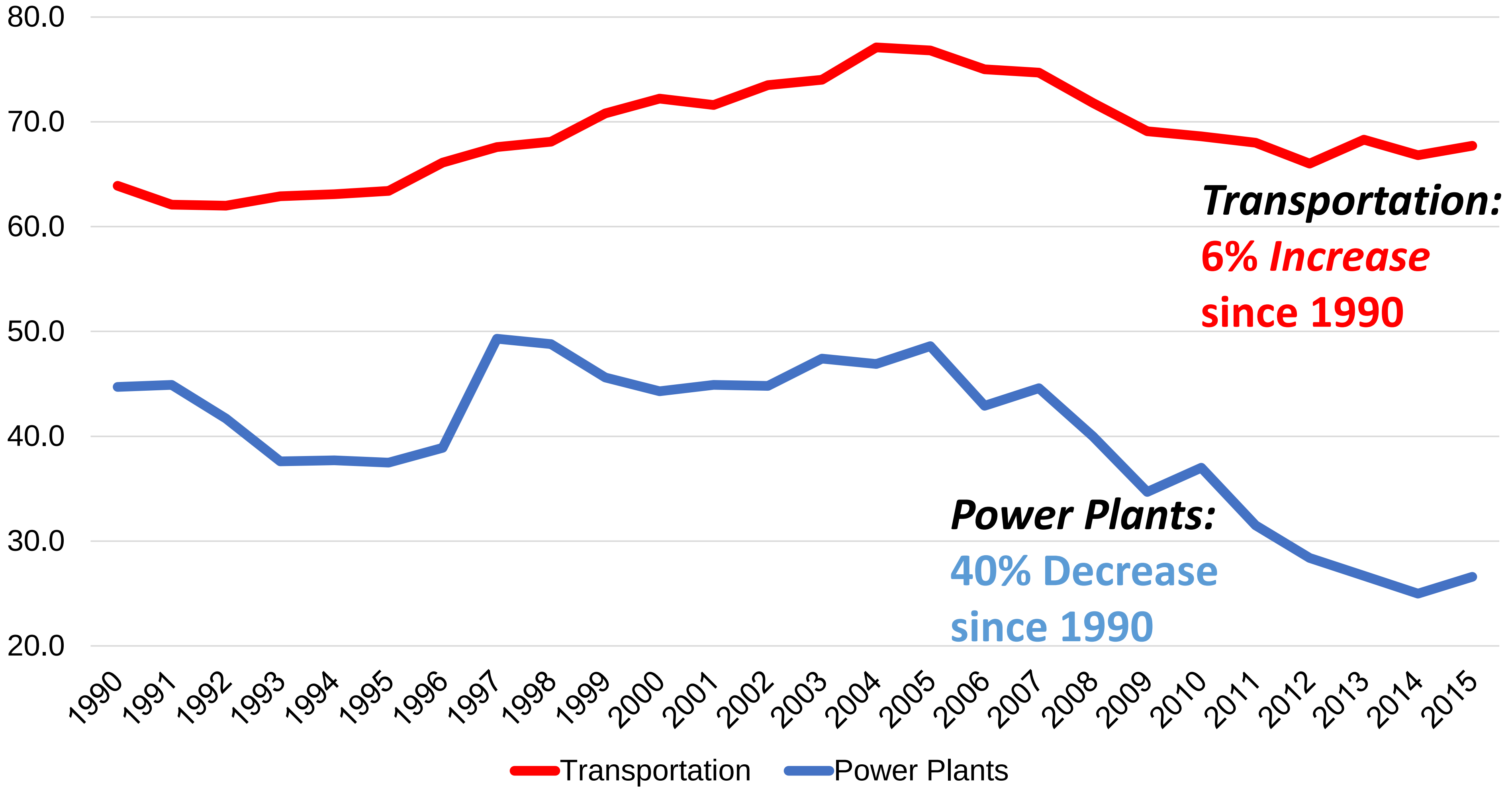
New England state electricity procurements cut to the core of the competitive market

- Massachusetts is reviewing a 20-year contract with Hydro Quebec for *9.45 TWh* over the New England Clean Energy Connect transmission line in Maine
  - ➢RFP also out for offshore wind with requirement to get to *1,600 MW* in the next several years

- Connecticut issued an RFP for *12.45 TWh* from Class I RPS, large-scale hydro and nuclear

- These RFPs, coupled with existing RPS requirements, mean:
  - ➢Nearly **60% of electricity demand in New England** could be carved out of competitive wholesale markets

New England transportation & power plant CO2 emissions from 1990 to 2015



Source: http://www.eia.gov/environment/emissions/state/, released October 24, 2017

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Questions?

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