

# Initiation of the 2024 Economic Study

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## *Overview*



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# Purpose

- To initiate the process for the 2024 Economic Study cycle in accordance with Attachment K, Section 17 of the Tariff
  - This presentation constitutes the notice that the ISO is initiating the process

# Objective of the Economic Study Process

- Provide information to stakeholders to facilitate the evaluation of economic and environmental impacts of New England regional policies, federal policies, and various resource technologies on satisfying future resource needs in the region
  - Identify market efficiency issues on the PTF portion of the New England Transmission System and, as applicable, evaluate competitive solutions to alleviate identified market efficiency needs
- The 2024 Economic Study is anticipated to conclude by December 2025, but may vary depending on outcomes of the MENS scenario



# Economic Study Reference Scenarios

**Benchmark Scenario** – Model previous calendar year and compare it to historical system performance. This scenario's purpose is to test the fidelity of models against historical performance and improve the models for future scenarios

**Policy Scenario** – Model future years (>10-year planning horizon) based on satisfying New England region and other energy policies and goals

**Market Efficiency Needs Scenario (MENS)** – Model future year (10-year planning horizon) based on the ISO's existing planning criteria to identify market efficiency issues that could meet the threshold of a market efficiency Needs Assessment and move on to the competitive solution process for Market Efficiency Transmission upgrades needs

**Stakeholder Requested Scenario** – Scenario with a region-wide scope that is requested by stakeholders and not covered by the other 3 scenarios or potential sensitivities on these 3 scenarios

# Sensitivities on the Reference Scenarios

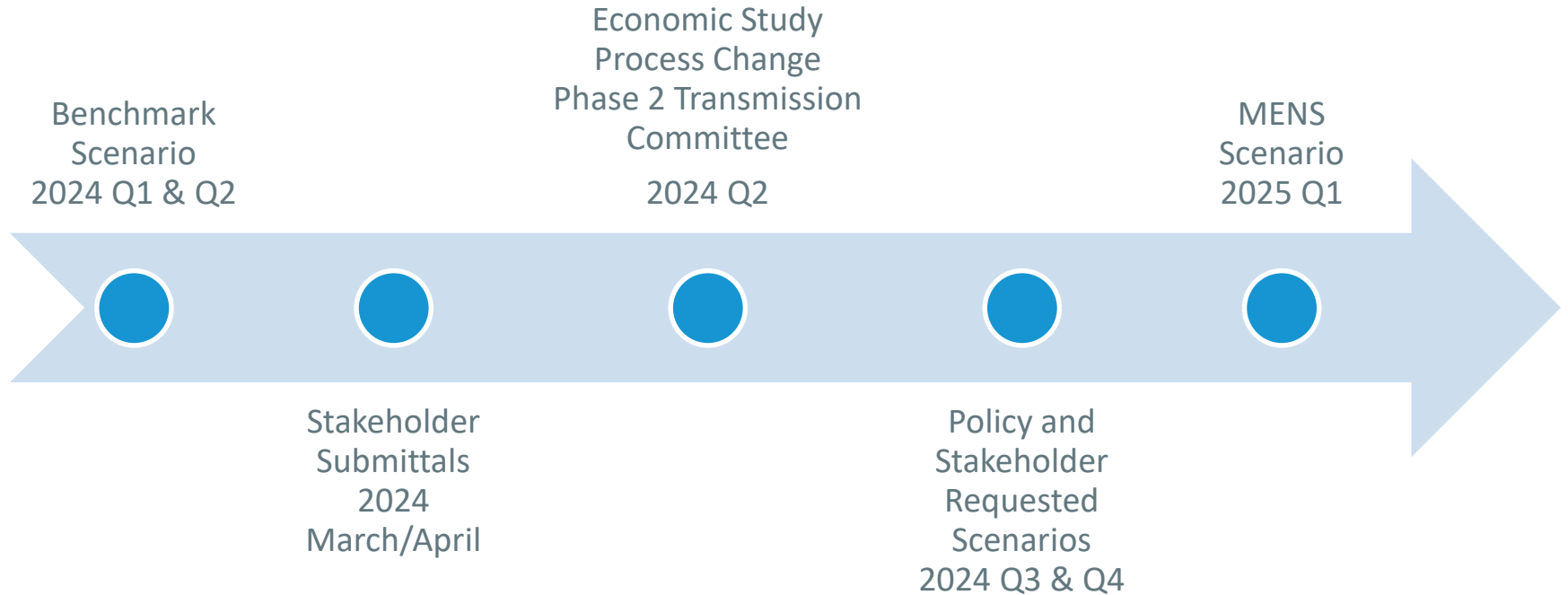
- Following the analyses, runs, and presentation of the results of the Economic Study reference scenarios, stakeholders may request, and the ISO may propose, additional sensitivities to test the effect of a specific change to input assumptions
- The sensitivities shall be limited to a single theme or category of changes to allow for better understanding of the causal effect of the change to the results

# General Timeline

- Benchmark Scenario analysis – Q1 & Q2 2024
  - The ISO will also be issuing a draft Economic Studies Technical Guide in Jan 2024.
- Stakeholder Requested Scenario submittals – March/April 2024
  - Will be detailed in further slides and in the March presentation
- Economic Study Process Tariff Change Phase 2 – Q2 2024\*
  - Phase 2 of the effort will focus on appropriate factors/metrics and thresholds
  - The Economic Studies Technical Guide will be further developed alongside the Tariff change process
- Policy & Stakeholder Request Scenarios and sensitivities – Q3 & Q4 2024
- MENS Scenario and sensitivities – Starting Q1 2025

\* These Tariff changes will be mostly discussed at the NEPOOL Transmission Committee

# General Timeline



# Proposals for Stakeholder Requested Scenario

- Proposals must be submitted by April 20, 2024
  - Proposals for a Stakeholder Requested Scenario should be considered for large deviations in scope from the scope of the other 3 reference scenarios
  - Proposals that only modify few input assumptions in a reference scenario should be submitted as a sensitivity request instead after the reference scenario has been run
- The ISO shall develop a rough scope of work for all proposals
  - If a scope of work is submitted as part of a stakeholder submitted proposal, the ISO will review it and may make suggested edits as appropriate
- The ISO may present to the PAC alongside the Stakeholder Requested Scenario proponents to provide an explanation of the proposal
- The ISO shall develop a preliminary prioritization based on perceived benefits



# Submittal and Consideration Stakeholder Requested Scenarios

- At its June 2024 meeting, the PAC shall meet, discuss and prioritize the Stakeholder Requested Scenario to be performed in accordance with the Tariff

# Problematic Proposals

- Violations of the Information Policy
  - Studies of individual resource assets
- Not consistent with economic study requirements
  - ISO market analysis of RECs, etc.
- Poorly defined scope
  - Insufficient specificity of scenarios to be analyzed by ISO
- Too broad a scope
  - Address all aspects of variable resource integration

# Next Steps

- March
  - Detailed timeline of Stakeholder-Requested Scenario proposal submission
  - Benchmark case assumptions
- May
  - Benchmark case results
- June
  - TBD Stakeholder-Requested Scenario Presentation

