# Capacity Auction Reforms (CAR) Proposal Information

This document summarizes content related to CAR proposal workstreams from presentation material across the NEPOOL Technical Committees and the NEPOOL Budget & Finance Subcommittee. It also summarizes areas of additional interest raised by committee stakeholders and not yet fully discussed on a given subject. The workstreams captured in the charts below include:

- CAR – Seasonal/ Accreditation Design Material
- CAR – Deactivation Design Material
- CAR – Prompt Design Material

Last Update: March 13, 2026

**CAR-Seasonal, Accreditation (CAR-SA) Design Material**

| Content | Summary | More Detailed Information | Additional Stakeholder Topics of Interest |
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| Design Objectives | Accreditation reforms will improve procured capacity to cost-effectively meet regional resource adequacy needs.<br><br>Seasonal auctions allow the capacity market consideration of seasonal factors to meet resource adequacy needs despite summer and winter challenges. | September 2025 MC<br>• Introductory Presentation | |
| Sequential Auction Framework | For CCP 19, the capacity auction for each season will be conducted independently (i.e., sequentially). Participants will submit auction parameters for a single season that is then run ahead of that season. | October 2024 MC<br>• Slides 15-16 (rationale)<br>November 2024 MC<br>• Slides 5-14 (further rationale) | |
| Seasonal Structure | The proposed seasonal auction structure for CAR-SA:<br>• Summer season: May 1 – October 31<br>• Winter season: November 1 – April 30 | March 2025 MC<br>• Slide 3 (seasonal structure for CAR-SA)<br>• Slides 4-8 (decision factors) | • Further detail on CAR-SA design (e.g. deactivation reliability review) |

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| Resource Adequacy Assessment (RAA) Modeling Enhancements | GE Vernova's (GE MARS) Resource Adequacy software is the primary tool used to perform resource adequacy assessments and to support the calculation of various Forward Capacity Market parameters, including the Installed Capacity Requirement (ICR) and related values, and system and capacity zone demand curves. | September 2025 RC<br>• RAA Modeling Enhancements Memo<br>• RAA Modeling Improvements<br>  ○ Slide 5 (objectives)<br>  ○ Slides 7-11 (RAA tool overview)<br>  ○ Slides 12-16 (load modeling)<br>  ○ Slides 17-32 (capacity resources modeling by CELT fuel type)<br>  ○ Slide 34 (other system resources)<br>  ○ Slide 35 (deliverability impacts)<br>October 2025 GE MARS Technical Session<br>• Slides 14-27 (system overview)<br>• Slides 31-42 (MARS simulation)<br>• Slide 44 (MARS enhancements)<br>December 2025 GE MARS Technical Session<br>• Slides 22-34 (thermal resource modeling)<br>• Slides 37-42 (energy limited resource and energy storage modeling)<br>• Slides 43-52 (discharging and charging logic)<br>• Slides 55-63 (load and profile resources modeling)<br>January 2026 GE MARS Technical Session<br>• Slides 3-26 (system-wide ICR and capacity demand MRI curve)<br>• Slides 28-37 (zonal capacity demand MRI curve)<br>• Slides 39-48 (rMRI calculation)<br>• Slides 50-57 (MRI hours estimation) | |
| Core Accreditation Concept: Marginal Reliability Impact (MRI) Hours | With the MRI framework, resources will be accredited based on their expected performance during simulated hours where resource adequacy is at risk. | September 2025 MC<br>• Slides 11-12 (overview)<br>• MRI Framework for Accrediting Capacity Resources Memo<br>  ○ Slide 8 (concerns w/ existing accreditation framework)<br>  ○ Slide 26-36 (3 features of framework)<br>  ○ Slides 42-53 (3 types of MRI hours and examples) | • Discussion on how CAR-SA capacity product will relate to real-time |

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| Seasonal Tie Benefits | Tie benefits will move to a seasonal framework to better align with neighboring models.<br><br>The proposed seasonal tie benefits calculation will use a similar simulation approach to the current annual methodology.<br><br>The ISO is developing additional areas of alignment with neighboring regions to result in more accurate outcomes, including modeling the interconnected system with LOLE targets and alignment with emergency operating procedures (EOP). | November 2025 RC<br>• Slide 3 (tie benefits overview)<br>• Slides 9-11 (proposed seasonal calculation)<br>• Slides 13-15 (simulation approach)<br>• Slides 17-24 (modeling alignments and enhancements)<br>December 2025 RC<br>• Slides 4-8 (adjusting capacity and LOLE targets)<br>• Slides 9-12 (EOP alignment)<br>• Slides 14-15 (values for Impact Analysis)<br>January 2026 RC<br>• Slide 4 (seasonal LOLE split follow-up)<br>• Slides 5-9 (modeling enhancement impacts follow-up)<br>• Slides 11-17 (proposed allocation methodology)<br>• Slides 19-20 (proposed triennial study) | • Consider mechanism to allow for recalculation outside of triennial timeline for sufficient change within region or neighboring regions |
| Seasonal Loss of Load Equivalent (LOLE) Split and Related Parameters | The ISO proposes to split the 1 day in 10 years LOLE planning requirement across the summer and winter equally as .05 LOLE for each season.<br><br>Seasonal capacity demand curves and supply offers, rather than LOLE risk split, will drive how much capacity is procured in each season. Determining capacity demand curves with a single scaling factor will procure capacity cost-effectively. | December 2025 MC (MC/RC)<br>• Slides 2-4 (overview)<br>• Slides 6-15 (current annual process)<br>• Slides 17- 35 (proposed seasonal approach)<br>January 2026 MC (MC/RC)<br>• Slides 8-9 (interpreting seasonal LOLE values)<br>• Slides 11-17 (50/50 seasonal LOLE risk split implications)<br>• Slides 19-28 (cost-effectiveness of single scaling factor) | |
| Installed Capacity Requirement (ICR) | Net ICR is the minimum MW quantity of capacity resources required to meet Resource Adequacy criteria. Net ICR will be determined for each season and used as anchor points for seasonal demand curves. Net ICR will be expressed in both physical (using | February 2026 RC<br>• Slides 3-4 (Net ICR vs. ICR)<br>• Slides 5-9 (Net ICR overview)<br>• Slides 10-16 (Net ICR calculations and expressions) | • Consider treatment of Passive Demand Response in ICR formula given new load forecast<br>• Explore impact to Net ICR caused by the shift to MCap, DCap, and MRIC |

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| | MCap or DCap) and market terms (using MRIC). | | • Examine changes to zonal demand curves under seasonal construct |
| Modeling Detail: Equivalent Forced Outage Rates on Demand (EFORd) | EFORd will be calculated seasonally by using submitted GADS values for the months relevant to that season. Differences between seasonal EFORd values calculated over different horizons are small. The ISO proposes to expand the current EFORd look back period from the past five years to the past ten like seasons. | October 2025 MC (MC/RC)<br>• Slides 13-16 (process for seasonal EFORd calculations)<br>• Conforming Changes to EFORd Calculations Memo<br>January 2026 MC (MC/RC)<br>• Slide 8-10 (EFORd calculation windows)<br>March 2026 MC (MC/RC)<br>• Slide 3 (EFORd in accreditation)<br>• Slides 4-5 (proposed 10 season look back period)<br>• Slides 6-8 (benefits 10 season look back) | • Address how facility improvements such as repairs are reflected in EFORd |
| Modeling Detail: Maximum Capability (MCap) | MCap will account for a resource's size within the Marginal Reliability Impact Capacity (MRIC) calculation. | October 2025 MC (MC/RC)<br>• Slides 3-5 (MCap overview)<br>• Slides 7-10 (reasoning for audit changes)<br>• Slides 12-18 (MCap calculation based on resource type)<br>• Slides 20-28 (3-year lookback period)<br>January 2026 MC (MC/RC)<br>• Slide 5 (relationship between MCap and DCap)<br>• Slide 6 (MCap temperature requirements)<br>February 2026 RC<br>• Slide 3-5 (temperature normalization) | |
| Modeling Detail: Dependable Capability (DCap) | DCap will account for expected availability during seasonal peak load within the MRIC. | October 2025 RC<br>• Slide 6 (DCap overview)<br>• Slides 7-10 (DCap calculation)<br>January 2026 MC (MC/RC)<br>• Slide 4 (clarified use of DCap)<br>February 2026 RC<br>• Slide 6 (performance factor follow up)<br>• Slide 7 (DCap and EFORd follow up)<br>• Slides 3-7 (500-hour DCap threshold analysis)<br>• Slides 8-14 (RAA resource adequacy-risk)<br>• Slides 15-23 (DCap sampling hours alignment) | • Clarify use of DCap in modeling for various resources and how it relates to other input parameters<br>• Explore potential challenge process for DCap values in the qualification process |

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| Modeling Detail: Deliverability | Deliverability will be considered as part of the MRIC to account for a resource's ability to deliver capacity to the system. For Generating Capacity Resources (GCRs), ADCRs, and Distributed Energy Capacity Resources (DECRs), the deliverability value will be Capacity Network Resource Capability (CNRC) or equivalent CNRC, which will be scaled during the summer season using a scaling dependable capability value. | October 2025 RC<br>• Slides 4-8 (deliverability overview)<br>• Slides 13-15 (deliverability within MRI)<br>• Slide 17 (proposed approach)<br>• Slide 25-28 (benefits and alternatives to proposed approach)<br>March 2026 RC (RC/MC)<br>• Slides 3-8 (overview of deliverability in accreditation)<br>• Slides 9-14 (scaling vs. capping approach)<br>• Slides 15-17 (summer scaling)<br>• Slides 18-23 (resource application)<br>• Slides 24-35 (hybrid resource scaling)<br>• Slides 36-40 (scaling DCap values) | |
| Modeling Detail: Ambient Temperature Derates | Further adjustments for ambient temperature are outside the CAR scope as analysis shows a minimal impact on thermal units. Additional assessment planned as part of post-CAR roadmap. | November 2024 MC<br>• Slides 15-20 (not in CAR scope rationale)<br>April 2025 MC<br>• Slides 4-14 (analyses on impact of ambient temperatures on thermal units)<br>• Slide 15 (implications for CAR) | |
| Resource-Specific Design: Non-Energy Limited Thermal Resource | Non-energy limited thermal resources MRI values will be primarily determined by its size (MCap) and EFORd (outage rate).<br><br>Large resources may find some correlation with outage risks. | October 2025 MC (MC/RC)<br>• Slides 4-5 (definition of non-energy limited thermal resources)<br>• Slides 9-10 (non-energy limited thermal resource accreditation)<br>November 2025 MC (MC/RC)<br>• Slides 6-8 (EFORd with and without out of management control (OMC))<br>• Slides 9 (exclusions to energy limited modeling) | |
| Resource-Specific Design: Energy Limited Thermal Resource | Energy limited thermal resources' MRI values will be primarily determined by their size (MCap), EFORd (outage rate), and daily energy limit.<br><br>Most oil, jet fuel, kerosene, or dual fuel resources will be modeled and accredited as non-energy limited thermal resources, as they are | November 2025 MC (MC/RC)<br>• Slides 13-15 (determining energy limited status)<br>• Slides 22-24 (modeling framework)*<br>• Slides 28-32 (dispatch order)<br>• Slides 34-40 (MRI hours calculation)<br>• Energy Limited Resource Modeling and Accreditation Memo<br>January 2026 MC (MC/RC) | |

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| | expected to have more than 24 hours of inventoried fuel.<br><br>Resources with less than 24 hours of inventory will instead be modeled as energy-limited resources with a daily energy limit. The one exception is for the summer season, during which all dual-fuel resources are modeled as non-energy-limited thermal resources regardless of their on-site fuel inventory.<br><br>For dual-fuel resources that are modeled as energy-limited in the winter, their overall winter accreditation will be determined using the gas-only methodology. The portion of their accredited capacity associated with oil, calculated from the energy-limited model, will be treated as firm, while the remaining portion (the difference between total accredited capacity and accredited oil capacity) will be subject to the gas market constraint.<br><br>Energy limited resources will be dispatched from longest to shortest duration. | • Slide 27 (accrediting energy limited dual fuel resources)<br>• Energy Limited Resource Modeling and Accreditation Addendum Memo | |
| Resource-Specific Design: Energy Storage Resources | Energy storage resources' MRI values will be primarily determined by their size (MCap), EFORd (outage rate), maximum stored energy limit, maximum charging capability, and round-trip efficiency.<br><br>Energy storage resources will be dispatched from longest to shortest | December 2025 RC<br>• Slide 7 (energy storage EFORd values)<br>• Slides 9-12 (modeling framework)<br>• Slides 14-19 (dispatch order)<br>• Slides 21-29 (MRI hours during charging)<br>• Energy Storage Resource Modeling and Accreditation Memo<br>January 2026 MC (MC/RC) | • Clarify what types of imports are included in accreditation modeling (e.g. economy energy imports)<br>• Investigate how the model's logic regarding the charging logic during constrained hours impacts accreditation values |

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| | duration and charged from shortest to longest duration.<br><br>Some, but not all, simulated hours where energy storage resources are charging constrained can be MRI Hours. | • Slide 18-21 (proportional energy storage charging and dispatch logic)<br>• Slide 23-25 (potential modifications to modeling capabilities)<br>• Slides 35-44 (additional examples of proportional dispatch logic in GE MARS) | • Clarify the requirements to be treated as non-energy limited vs. energy limited<br>• Clarify if/how the MA Clean Peak Standard would be reflected in accreditation modeling for energy storage |
| Resource-Specific Design: Demand Response | Active Demand Capacity Resources (ADCRs) and Passive Demand Capacity Resources (PDRs) will be accredited based on their expected performance in the simulated "MRI Hours" where additional available capacity could mitigate or reduce expected unserved energy.<br><br>ADCRs' accredited capacity values will be determined using hourly profiles that reflect their historical offered availability, historical performance during audit and dispatch, and size (MCap).<br><br>PDRs' accredited capacity values for distributed generation (DG) assets will be determined using profiles from the fleet-wide production data of the same technology type from the latest historic year and their DCap values. PDRs' accredited capacity values for energy efficiency (EE) measures will be determined using the representative industrial profiles of underlying end use, and their respective demand reduction value. | November 2025 RC<br>• Slides 5-6 (ADCR overview)<br>• Slides 8-10 (ADCR accreditation)<br>• Slides 12-20 (MRI calculation)<br>• ADCR Seasonal Accreditation under CAR Memo<br>• Slides 5-7 (PDR overview)<br>• Slides 9-11 (PDR accreditation)<br>• Slides 13-21 (MRI calculation for DG)<br>• Slides 23-32 (MRI calculation for EE)<br>• PDR Seasonal Accreditation under CAR Memo<br>January 2026 MC (MC/RC)<br>• Slide 12 (seasonal peak vs. on-peak PDR)<br>• Slides 14-16 (impact of changing sample period for ADCR accreditation) | |
| Resource-Specific Design: Intermittent | IPR accreditation is primarily driven by resource size (MCap) and consistency of energy output. Non-settlement-only | January 2026 MC (MC/RC)<br>• Slides 7-8 (background)<br>• Slides 10-18 (proposed modeling framework) | • Consider providing technical comparison of ORCA and |

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| Power Resources (IPR) | IPRs will be modeled individually while settlement-only IPRs will be modeled as aggregates grouped by load zone and IPR type.<br><br>Wind and solar will use simulated profiles, while run of River Hydro and other IPRs (landfill gas, certain biogas-fueled resources) will use historical hourly production data for RAA modeling. | • Slides 20-22 (individual wind and solar)<br>• Slides 24-25 (aggregated wind and solar)<br>• Slides 27-28 (hydro and other IPRs)<br>February 2026 MC (MC/RC)<br>• Slides 10-15 (response to stakeholder interests)<br>• Slides 16-17 (outage rates overview)<br>• Slides 18-19 (wind and solar outage rates)<br>• Slides 20-25 (hydro and misc. outage rates)<br>• Slides 26-41 (examples of profile generation)<br>March 2026 MC (MC/RC)<br>• Slide 4 (profile attributes summary)<br>• Slide 5 (accreditation drivers)<br>• Slides 6-9 (responses to February questions)<br>• Slides 10-12 (15-year look back for hydro and other IPR historical profiles) | DNV datasets used for wind and solar |
| Resource-Specific Design: Hybrid Resources | Hybrid resources' MRI values will be primarily determined by their size (MCap), facility limit, storage duration, and outage rate (EFORd).<br><br>Storage and generator components of hybrid resources will be modeled separately. Hybrid resources behind a common interface limit to account for any shared facility limit, such as an inverter rating or limited grid interconnection, will be accredited respecting the shared constraint. | February 2026 MC (MC/RC)<br>• Slides 4-7 (current accreditation rules)<br>• Slides 8-14 (proposed accreditation framework)<br>• Slides 15-30 (examples of proposed framework)<br>• Slides 31-33 (accreditation drivers)<br>• Hybrid Resource Modeling and Accreditation Memo<br>March 2026 MC (MC/RC)<br>• Slides 3-5 (accreditation proposal review)<br>• Slide 7 (export constrained zone follow-up)<br>• Slide 8 (treatment of different charge/discharge ratings follow-up)<br>• Slide 9 (availability of existing configurations follow-up)<br>• Slide 10 (MRIC split follow-up)<br>• Slide 11 (Surplus Interconnection Service applicability follow-up)<br>• Slide 12 (modeling charging MRI hours follow-up) | |

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| Resource-Specific Design: Imports | Imports are expected to be broken into two categories: resource-backed and control area-backed. | March 2026 MC (MC/RC)<br>• Slide 4 (current modeling practices)<br>• Slides 5-10 (proposed modeling alignment)<br>• Slide 12 (current accreditation practices)<br>• Slides 13-15 (preliminary accreditation considerations and approach) | |
| Market-based Winter Gas Constraint | Allows the capacity market to reflect the region's gas infrastructure limitations in the winter through a **gas capacity demand curve** that will apply to gas-only resources.<br><br>Reflects the fact that capacity from gas resources without a firm contract may provide less marginal reliability value than other resources.<br><br>The gas constraint will reflect the diminishing reliability impact of non-firm gas capacity and when binding will pay a lower price to gas resources without firm fuel contracts that sell capacity in a winter auction. The constraint will not impact gas resources' accredited capacity values, which will be driven by its MCap and EFORd.<br><br>The gas constraint will determine how to procure gas and non-gas capacity in a cost-effective manner. | September 2025 MC<br>• Slides 13-15 (overview)<br>November 2025 MC (MC/RC)<br>• Slides 5-6 (example gas capacity demand curve)<br>• Slide 7 (accredited capacity calculation)<br>• Slides 8-10 (proposed treatment of firm contracts)<br>• Slides 3-6 (gas availability model overview)<br>• Slides 8-14 (modeling pipeline gas supply)<br>• Slides 16-24 (modeling gas supply from LNG terminals)<br>• Slides 26-29 (modeling non-generator demand)<br>• Slides 33-36 (simulating available daily gas)<br>• Slides 38-39 (translating to hourly available energy)<br>• Slides 41-43 (development of gas profiles)<br>December 2025 MC (MC/RC)<br>• Slides 7-9 (reasoning for gas demand curve)<br>• Slides 3-6 (responses to stakeholder questions)<br>• Slide 8 (gas availability model results)<br>• Slides 47 (proposed hourly available gas for electric generation)<br>January 2026 MC (MC/RC)<br>• Slides 5-8 (background)<br>• Slides 10-14 (reliability and cost concerns)<br>• Slides 16-21 (similarity to Export-constrained Capacity Zone demand curve)<br>• Slides 23-29 (proposed gas capacity market constraint) | • Examine if further changes to the residual gas supply are needed when accounting for the removal of firm gas<br>• Explore interactions between gas constraint and other capacity market constraints |

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| | | • Slides 31-40 (gas demand curve calculation)<br>• Slides 42-49 (clearing with gas capacity demand curve)<br>• Introducing a Gas Capacity Demand Curve in the Winter Capacity Market Memo<br>• Gas Demand Curve Examples (explains why the gas constraint does not apply to accreditation values) | |
| Impact Analysis (IA) | The ISO is undertaking an analysis of the CAR-SA design to provide information on the potential impacts of the proposed market rule changes. The IA will compare modeled outcomes of current rules and CAR reforms. | September 2025 MC<br>• Slides 25-26 (overview)<br>December 2025 MC (MC/RC)<br>• Slides 2-5 (overview)<br>• Slides 7-8 (proposed approach)<br>• Slides 9-11 (Resource Accreditation and Modeling analysis)<br>• Slides 12-16 (Market Clearing analysis)<br>January 2026 MC (MC/RC)<br>• Slides 5-8 (proposed resource accreditation and modeling IA structure)<br>• Slides 10-17 (near-term base case)<br>• Slides 19-23 (future base case)<br>• Slides 25-33 (response to stakeholder interests)<br>February 2026 MC (MC/RC)<br>• Slides 6 (stakeholder input themes)<br>• Slide 7-20 (plan for resource accreditation and modeling IA cases, sensitivities, and analysis)<br>• Slides 21-24 (response to stakeholder interests)<br>• Slides 3-4 (Market Clearing IA background)<br>• Slides 5-10 (demand estimation)<br>• Slides 11-19 (supply estimation)<br>• Slides 20-22 (market clearing values to be delivered)<br>March 2026 MC (MC/RC)<br>*Resource Accreditation and Modeling IA*<br>• Slides 4-8 (modeling key concepts)<br>• Slides 9-15 (resource modeling overviews) | • Consider adjusting assumed quantity of capacity imports informed by FCM data<br>• Further analysis of the impact of the gas constraint<br>• Expand upon connection of Net Cost of New Entry to seasonal demand curves<br>• Evaluate reflecting off-peak import contributions in IA |

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| | | • Slides 16-17 (ICR)<br>• Slides 18-20 (purpose and limitations)<br>• Slides 20-42 (near-term base case demand outputs)<br>• Slides 43-57 (near-term base case reliability outputs)<br>• Slides 58-67 (near-term base case accreditation values)<br>• Slides 68- 75 (future case one)<br>• Slides 84-91 (appendix: major assumptions and model inputs)<br>• Slides 92-109 (appendix: additional near-term base case results)<br>*Market Clearing IA*<br>• Slides 4-5 (objectives)<br>• Slides 6-7 (demand and offer inputs)<br>• Slides 8-9 (economics of competitive supply offers)<br>• Slides 10-15 (offer component assumptions)<br>• Slides 16-20 (analysis drivers and details)<br>• Slides 21-22 (key outputs)<br>• Slide 23 (sensitivities) | |
| Competitive Offer Construction | The underlying fundamentals of forming competitive offers will remain unchanged in the seasonal capacity market, including the four components of a resource's competitive offer:<br>• Going Forward Costs<br>• Expected Pay-for-Performance (PFP) financial obligation costs<br>• Opportunity costs of holding a CSO<br>• Risk Premium<br>The application of this methodology on these components may change in | March 2026 MC (MC/RC)<br>• Slides 5-8 (economic logic)<br>• Slides 9-13 (offer components)<br>• Slides 14-20 (offer calculation example)<br>• Slide 22 (seasonal economic logic)<br>• Slides 23 (PFP considerations)<br>• Slides 24-25 (avoidable costs considerations)<br>• Slides 26-27 (risk considerations) | |

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| | some cases with the move to seasonality. | | |
| Capacity Market Cost Allocation | The ISO proposes that capacity market costs be allocated seasonally to regions based on seasonal peak loads instead of the current annual calculations. | March 2026 MC (MC/RC)<br>• Slides 2-4 (proposed capacity market cost allocation)<br>• Slides 5-6 (calculation of charge rate)<br>• Slide 7 (seasonal qualitative changes) | |
| General Requests for CAR-SA | | | • Further details on treatment of non-intermittent daily-cycle hydro units |

**Note:** * indicates this aspect is no longer incorporated or has been modified in the current design.

**CAR – Deactivation Design Material**

| Content | Summary | More Detailed Information | Additional Stakeholder Topics of Interest |
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| Design Objectives | Objective 1 - Efficient deactivation decisions<br>Objective 2 - Cost-effective deactivation response<br>Objective 3 - Simplicity | January 2025 MC<br>• Slides 9-14 (objectives guiding design) | |
| Notification Timeline | The proposed deactivation notification deadline is 12 months ahead of the start of a Capacity Commitment Period (CCP). | January 2025 MC<br>• Slides 15-20 (rationale for 2 years ahead of CCP)*<br>February 2025 MC<br>• Slides 4-5 (further rationale for 2 years ahead of CCP)*<br>• Slides 6-7 (how the notification timeline allows for a market response)*<br>July 2025 MC<br>• Slides 7-13 (shortened notification timeline)<br>  ○ Slides 11-13 (revocation considerations)<br>August 2025 MC<br>• Slide 3 (visual timeline of the deactivation notification process)<br>• Slides 5-6 (1-yr notification timeline x objective 2 alignment) | |
| Notification Submissions | All resources will utilize the same deactivation process, and notification submissions will be binding. Resources that pass both the deactivation reliability review and market power review are eligible to request acceleration of their deactivation. | February 2025 MC<br>• Slides 10-14 (design introduction)<br>March 2025 MC<br>• Page 9, *Repowering in the ISO Interconnection Procedures and the FCM, and Considerations related to Capacity Auction Reforms* memo (repowering vs. deactivation)<br>May 2025 MC<br>• Slides 7-12 (deactivation acceleration) | |
| Information Release | The ISO will release all submitted deactivations within 10 business days following a notification deadline. | February 2025 MC<br>• Slides 18-19 (design introduction) | |

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| Resource MW Reductions (CNRC, NRC, QC) | Deactivations will reduce the MW capability for the submitting resource on its deactivation date. | February 2025 MC<br>• Slides 20-21 (design introduction)<br>March 2025 MC<br>• Slide 6 (clarify CNR/NR adjustments for partial deactivations) | |
| Reliability Reviews | The ISO will analyze deactivations for local transmission security within 90 days from the deactivation submission deadline. | March 2025 MC<br>• Slides 4-7 (design detail) | |
| Market Power Assessment (MPA) and Mitigation | Elements of the proposed MPA and mitigation process include:<br><br>Cost workbook – Collect a deactivating resource's future costs, expected revenues, and market assumptions to evaluate the resource's economic situation.<br><br>Conduct test - Analyze the cost workbook to determine whether the deactivation is consistent with the resource's economics.<br><br>Net portfolio benefit (NPB) test - If the resource is determined in the conduct test to be profitable beyond the deactivation date, assess the NPB for the participant from deactivating it.<br><br>Mitigation - If there are positive NPB, employ a proxy supply offer that addresses the price impact of physical withholding. | March 2025 MC<br>• Slides 9-11 (overview and comparison with FCA framework)*<br>• Slides 13-17 (need for MPA and mitigation)<br>• Slides 19-23 (process overview)*<br>• Slides 25-28 (cost workbook introduction)<br>• Slides 30-34 (conduct test introduction)<br>• Slides 36-40 (NPB test introduction)<br>• Slides 42-46 (mitigation introduction)*<br>• Slides 55-56 (conduct test examples)<br>• Slides 57-64 (NPB test example)<br>April 2025 MC<br>• Slides 9, 14-15 (cost workbook assumptions)<br>• Slides 13 and 17 (MPC timing rationale)**<br>• Slides 19-29, 38-40 (detail on baseline and counterfactual NPB case)<br>May 2025 MC<br>• Slides 5-6 (MPC removal from design)<br>• Slide 14 (NPB test: additional information on deactivating resources in export-contained zones)<br>• Slides 15-18 (NPB Test: Case Construction)<br>July 2025 MC<br>• Slides 14-21 (proxy capacity offer design detail)<br>  ○ Slides 31-34 (example)<br>• Slides 22-24 (Deactivation notification in cost workbooks)<br>August 2025 | |

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| | | • Slide 4 (>20MW cost workbook rationale)<br>• Slides 7-10 (additional detail on two-run auction mitigation) | |

**Note:** * indicates this aspect is no longer incorporated or has been modified in the current design.

**CAR – Prompt Design Material**

| Content | Summary | More Detailed Information | Additional Stakeholder Topics of Interest |
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| Auction Design & Structure | The capacity auction will take place shortly before the capacity commitment period, reflecting more accurate information about projected electricity supply and demand. The auction structure will use a sealed bid format.<br><br>Elimination of Annual Reconfiguration Auctions (ARA).<br><br>No anticipated changes to clearing and pricing rules. Overall CSO trading process remains largely consistent.<br><br>Capacity Exports Though an Import-Constrained Zone (CETICZ) provision will continue under CAR-PD. | March 2025 MC<br>• Slides 10-15 (prompt capacity market overview)<br>• Slides 17-20 (sealed bid format)<br>• Pages 1-12, *Repowering in the ISO Interconnection Procedures and the FCM, and Considerations related to Capacity Auction Reforms* memo<br>June 2025 MC<br>• Slide 3 (prompt capacity market overview continued)<br>• Slide 7 (no cost threshold for repowering)<br>July 2025 MC<br>• Slides 9-18 (rationale for the exclusion of monthly demand curves)<br>August 2025 MC*<br>• Overview of CAR-PD Proposal<br>September 2025 MC<br>• Follow Ups Presentation<br>October 2025 MC<br>• Slides 11 (continuing CETICZ)<br>November 2025 MC (MC/TC)<br>• Final Overview of CAR-PD Proposal<br>December 2025 PC<br>• ISO New England's CAR-PD Proposal Update Memo | |
| Treatment of Capacity that is not yet In Service | To effectively and directly address market and reliability concerns related to phantom capacity, resources will have to demonstrate that they are in service ahead of the auction before they can sell capacity. | March 2025 MC<br>• Slides 22-25 (design introduction)<br>June 2025 MC<br>• Slide 6 (pre-primary auction qualification process)<br>July 2025 MC<br>• Slides 4-10 (treatment for non-commercial capacity) | |

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| Primary Auction | The Primary Auction simplifies capacity procurement by treating all resources equally, eliminating "new" vs. "existing" categories. It features a single, organized offer window for participants to submit detailed pricing. Results are published, but some FERC filings are discontinued, streamlining the process. | June 2025 MC<br>• Slide 5 (terminology changes)<br>• Slides 7-12 (process detail)<br>• Slides 13-15 (trading activities)<br>• Slide 5 (Capacity Offer Requirement)<br>August 2025 MC<br>• Slide 38 (detail on priced capacity offers) | |
| Competitive Offer and Price Formation | A resource's competitive capacity offer price should consider the incremental costs associated with taking on a CSO.<br><br>The capacity clearing price is set at the intersection of the capacity supply and demand curves. The demand curve is derived using capacity's MRI-based reliability value. The supply curve is determined by competitively priced supply offers. Suppliers can offer capacity priced above the capacity clearing price to ensure resources reflect relevant costs.<br><br>Prompt auctions (shorter horizon) are expected to improve accuracy and reduce certain risks in CSO price development. | March 2025 MC<br>• Slides 27-39 (offer formation, includes derivation of competitive offer price examples)<br>• Slides 41-53 (price formation, includes discussion on the role of price expectations in investment decisions)<br>April 2025 MC<br>• Slides 10-12 (detail on social surplus)<br>• Slides 13-23 (example of offer- and price-formation for an existing resource)<br>May 2025 MC<br>• Slides 22-31 (additional detail on avoidable costs)<br>June 2025 MC<br>• Slides 10-25 (Avoidable and Opportunity Cost Accounting)<br>  ○ Slides 16-17 (Firm Fuel Costs Calculations)<br>  ○ Slides 18-20 (additional detail on deactivation implications)<br>  ○ Slides 22-23 (export considerations)<br>July 2025 MC<br>• Slide 5 (import treatment considerations)<br>• Slide 8 (self-supply background)<br>• Slides 4-8 (forward bilateral markets considerations)<br>October 2025 MC<br>• Slides 4-5 (offers above the price cap)<br>• Slides 7 (design of cost recovery mechanism)<br>• Slides 9 (inflation indexing in prompt market) | |

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| | | • Slides 13 (Capacity Offer Price Threshold) | |
| Installed Capacity Requirement (ICR) | The ICR process shifts its timeline under the CAR Prompt auction. Starting approximately one year before the Capacity Commitment Period instead of four, will use inputs that are expected to be more accurate. | April 2025 MC<br>• Slides 7-8 (process changes under Prompt)<br>August 2025 MC<br>• Slides 6-8 (Deactivations + ICR process timeline) | |
| Activity Schedule | Key dates and deadlines associated with the prompt auction.<br>• Primary capacity auction is one month prior to CCP | March 2025 MC<br>• Slides 8-9 (overview)<br>May 2025 MC<br>• Slides 13-18 (primary and monthly auction steps and timeline)<br>August 2025 MC<br>• Slides 9-15 (near final timeline; leading up to the CCP) | |
| Market Power and Mitigation for the Prompt Auction | Prompt capacity auction mitigation framework to mirror forward capacity auction structure for seller-side mitigation. | April 2025 MC<br>• Slide 7 (seller-side mitigation overview)<br>• Slides 12-14 (Capacity Cost Review Threshold)<br>• Slides 15-19 (IMM Review of Priced Offers)<br>• Slides 20-21 (Pivotal Supplier Test)<br>• Slides 24-28 (offer requirements and mitigation method)<br>May 2025 MC<br>• Slide 4 (import treatment)<br>• Slide 5 (self-supply treatment)<br>• Slide 6 (binding mitigation recourse (supply side))<br>• Slides 7-18 (buyer-side mitigation overview)<br>• Slide 19 (buyer-side market power (BSMP) reviews for new resources)<br>June 2025 MC<br>• Slides 8-9 (tentative BSMP timeline)<br>July 2025 MC<br>• Slides 9-10 (updates to buyer side mitigation review timing)<br>• Slides 13-25 (detail on cost workbooks)<br>August 2025 MC | |

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| | | • Slide 4 (information on prospective CSCs)<br>• Slides 5-6 (sponsored policy resources examples<br>• Slides 8-12 (BSMP process updates + timelines)<br>• Slides 13-17 (seller-side market power (SSMP) mitigation reviews process updates + timelines)<br>  ○ Slides 18-21 (SSMP deadlines)<br>• Slides 28-37 (additional process details)<br>• Slides 38-44 (BSMP application to import capacity resources)<br>September 2025 MC<br>• Slide 18 (priced supply in the Annual Capacity Auction)<br>• Slide 19 (Pivotal Supplier Test timing)<br>• Slides 20-21 (proposed mitigation relief)<br>• Slide 22 (“Control” and “Affiliated” Tariff definition clarification – supplier portfolio)<br>• Slide 23 (ARA results for COPT challenges)<br>• Slides 24-25 (multi-year repowering projects)<br>• Slide 26 (conforming treatment of threshold prices) | |
| Resource Qualification | Capacity must be commercial to participate in auctions.<br><br>Existing mechanisms (e.g. deliverability, significant decrease process) are maintained. | May 2025 MC<br>• Slide 6 (timeline)<br>• Slide 7 (primary auction qualification process)<br>• Slides 8-14 (QC calculation)<br>June 2025 MC<br>• Slides 4-5 (Capacity Offer Requirement)<br>• Slides 10-14 (DCR QC calculation)<br>• Slides 15-22 (qualification for monthly CSO)<br>July 2025 MC<br>• Slides 6-10 (current resource reactivation design, aka return-to-service proposal)<br>• Slides 11-13 (current view on capacity demonstration)<br>August 2025 MC<br>• Slide 5 (reactivation design summary) | |

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| | | • Slide 6 (COSA's claw-back provision)<br>• Slide 8 (RMR resource re-entry detail)<br>• Slides 5-10 (revised transitional treatment of projects that first cleared in FCA 18)<br>• Slides 11-12 (monthly qualification eligibility)<br>• Slides 13-20 (additional detail on resources with material modifications)<br>• Slide 21 (additional information on repowering under the CAR-PD Tariff)<br>• Slides 22-30 (recently commercial resources and Qualified Capacity (QC) estimation)<br>September 2025 MC<br>• Slide 6 (allocator for refunds of a COSA claw-back)<br>• Slide 8 (significant decrease implications)<br>• Slide 9 (purpose of restoration plans)<br>• Slide 10 (5-year lookback rationale)<br>• Slide 11 (revising annual QC approach for DCRs)<br>• Slide 12 (clarifying installation deadline for passive DCRs)<br>• Slides 13-16 (key concepts for repowering) | |
| Reliability reviews via outage coordination | Outage coordination processes will capture reliability reviews under prompt timing to preserve the flexibility to plan for asset outages and availability, facilitate necessary maintenance work, and manage system reliability.<br><br>Reliability reviews for primary auctions and monthly transactions would not continue under the CAR design. | May 2025 MC<br>• Slides 6-11 (use of outage coordination process for reliability reviews)<br>June 2025 MC<br>• Slides 4-8 (outage coordination proposed adjustments)<br>• Slides 9-10 (monthly CSO changes)<br>August 2025 MC<br>• Slides 5-9 (use of assumed CSO)<br>• Slides 11-13 (capacity and security assessments<br>September 2025 MC<br>• Slide 28 (Time out provision) | |
| Tariff Information | | July 2025 MC<br>• Slides 2-3 (Tariff revision approach for CAR-PD) | |

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| | | • Slides 4-8 and 10 (proposed CAR-PD Tariff reorganization)<br>August 2025 MC<br>• Slides 3-4 (settlements – revisions to implement CAR-PD)<br>• Slides 5-6 (FCM Settlement Tariff Section Removal) for CAR-PD)<br>• Slide 3 (overview of Capacity Market Mitigation revisions)<br>• Slide 3 (approach to Qualification and Qualified Capacity Tariff revisions)<br>• Slide 3 (overview of revisions for annual auction process, monthly reconfiguration auctions, and bilaterals)<br>August 2025 MC (MC/RC/TC)<br>• Slides 11-12 (updates to Tariff and terminology revisions)<br>September 2025 MC (MC/RC/TC)<br>• Tariff Revisions (Sections I, II including attachments, III Table of Contents, III.1, III.12, III.13.A, III.15, III.A)<br>October 2025 MC<br>• Incremental Tariff Revisions (Sections I.2.2, II.51-54, III Table of Contents, III.1, III.13.A, III.15, III.A)<br>October 2025 RC<br>• Incremental Tariff Revisions (Sections I.2.2 and III.12)<br>October 2025 TC<br>• Incremental Tariff Revisions (Sections II including attachments, II.51, and II.51.2)<br>November 2025 MC (MC/TC)<br>• Incremental Tariff Revisions (Sections II.52.1, III.15, and III.A)III.15, and III.A)<br>• NEPOOL Counsel Review of ISO-NE's Proposed CAR-PD Tariff Revisions Memo | |

**Note:** * indicates this aspect is no longer incorporated or has been modified in the current design.