

**To: Market Participants**

**From: Market Operations**

**Date: March 18, 2024**

**Subject: Assumptions and Other Information for the Summer 2024 Forward Reserve Auction**

In accordance with the ISO New England Manual for Forward Reserve (M-36), the following information is provided to eligible Market Participants in preparation for the Summer 2024 Forward Reserve Auction for the Forward Reserve Procurement Period, June 1, 2024, through September 30, 2024.

### **Auction Timeline**

The Forward Reserve Auction bidding period opens at 00:00 (midnight) on Wednesday, April 17, 2024, and closes at 12:00 (noon) on Tuesday, April 23, 2024. The Forward Reserve Auction results, including the proxy system clearing prices, will be posted and MIS reports distributed to auction participants by Tuesday, April 30, 2024.

### **Auction Details**

The Forward Reserve Auction simultaneously clears offers for Ten-Minute Non-Spinning Reserve (TMNSR) and Thirty-Minute Operating Reserve (TMOR) to meet the Forward Reserve Requirements for the Control Area and each Reserve Zone.

Forward Reserve Auction Offers are submitted on a portfolio basis. Offers are submitted to Reserve Zones. A Market Participant whose offers have cleared in the Forward Reserve Auction receives a Forward Reserve Obligation for each Reserve Zone equal to the amount of that Market Participant's Forward Reserve Auction Offers that cleared in the auction. To meet their Forward Reserve Obligations, Market Participants must assign Forward Reserve to their Forward Reserve Resources on a daily basis at any time prior to the end of the re-offer period for the Operating Day such that the aggregate assignments are greater than or equal to their Forward Reserve Obligations. For further information, please review the Forward Reserve Market Asset Assignment User Interface training in ISO-TEN:

<https://isone.csod.com/client/isone/default.aspx>

## Forward Reserve Requirements

The local Forward Reserve requirements for each applicable Reserve Zone are based on the 95<sup>th</sup> percentile value from historical requirements data for the previous two like Forward Reserve Procurement Periods for each applicable Reserve Zone.

The Forward Reserve requirements for the New England Control Area are based on expected system operating conditions. The TMNSR purchase amount represents the expected single contingency of the HQ Phase II Interconnection, including a TMNSR bias of 75%. The TMNSR purchase amount is increased by 20% to account for the average fleet-wide historical non-performance of resources called upon after a contingency. The TMOR purchase amount represents the expected single contingency of Seabrook. The Replacement Reserve will be equal to 160 MW.

Reserve Zone	Reserve Category	Local 2 <sup>nd</sup> Contingency MW	External Reserve Support MW	Reserve Requirement MW
New England Control Area	TMNSR	N/A	N/A	1374
New England Control Area	TMOR	N/A	N/A	790
SWCT	TMOR	1197	2343	0
CT	TMOR	983	3222	0
NEMA/Boston	TMOR	851	1123	0

The New England Control Area Forward Reserve Requirements are based on a 1<sup>st</sup> contingency of 1,526 MW and a 2<sup>nd</sup> contingency of 1,259 MW.

## Forward Reserve Threshold Price Components

Between June 1, 2024, and September 30, 2024, Market Participants that clear in the Forward Reserve Auction for the Summer 2024 Forward Reserve Procurement Period must offer corresponding blocks of energy at or above the daily Forward Reserve Threshold Price, which is calculated as the product of the Summer 2024 Forward Reserve Heat Rate and the daily Forward Reserve Fuel Index. More information about the Forward Reserve Heat Rate and the Forward Reserve Fuel Index is provided below.

## Forward Reserve Heat Rate

The Summer 2024 Forward Reserve Heat Rate is 20,461 Btu/kWh. For more information about how this value is calculated, please see Market Rule 1, section III.9.6.2.

### **Forward Reserve Fuel Index**

The daily Forward Reserve Fuel Index is the lesser of the applicable natural gas or heating oil price indices, as available. These price indices are defined as:

- **Natural gas price index** - This price index will be the lowest of day-ahead natural gas prices at the following locations: AGT-CG, AGT-CG (Non-G), Iroquois-Z2, TGP-Z6 200L, PNGTUS, Dracut, and M&N US. All gas prices will be the volume-weighted average price.
- **Heating oil price index** - This price index will be the simple average of the Buy and Sell prices of the Diesel 15ppm NYH Barge Prompt index. The price is then increased by an additional seven percent to account for transportation costs.

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