

THE PROBLEM

The Independent System Operator (ISO) of New England's electric grid is responsible for distributing affordable and reliable energy throughout the six New England states. Thirty years ago, a centralized grid operating system based on regional planning and a competitive wholesale market started delivering affordable and reliable energy and boosted the region's economy.

However, most New England states have ambitiously ramped up their clean energy goals in recent years. Connecticut in particular has aggressive carbon emissions reduction goals, and last year, Governor Lamont issued an Executive Order for Connecticut to reach a 100% zero-carbon goal for its electricity by 2040. As the states' clean energy goals have advanced, the ISO has not kept up with the changing times.

Currently, ISO-NE's market design prioritizes competition in a way that favors fossil fueled generators, creates barriers for clean energy and slows the deployment of renewable generation and other clean energy resources. ISO-NE's approach to competitively procuring "reliable" and "affordable" energy makes it difficult for renewable energy developers to compete with fossil fuels and does not take into account Connecticut's ratepayer-funded commitments to clean energy resources. With the rapid electrification of our heating and transportation sector necessary to decarbonize our economy, the region needs an expanded resource mix that aligns with the state's legally mandated clean energy goals.

ISO-NE's markets provide revenue to gas plants, such as the one sited in Killingly, to supply more energy to the region. The issue is that a plant like the one in Killingly that will supply 650 megawatts of energy not only makes it impossible for us to reach our climate change mitigation goals since it will be in service for so long, but also further centralizes the grid. After Storm Isaias in August 2020, it became clear that we need more options for energy distribution rather than bigger options to ensure grid resiliency. A decentralized grid allows for energy security in the event of a natural disaster or an attack on our energy system.



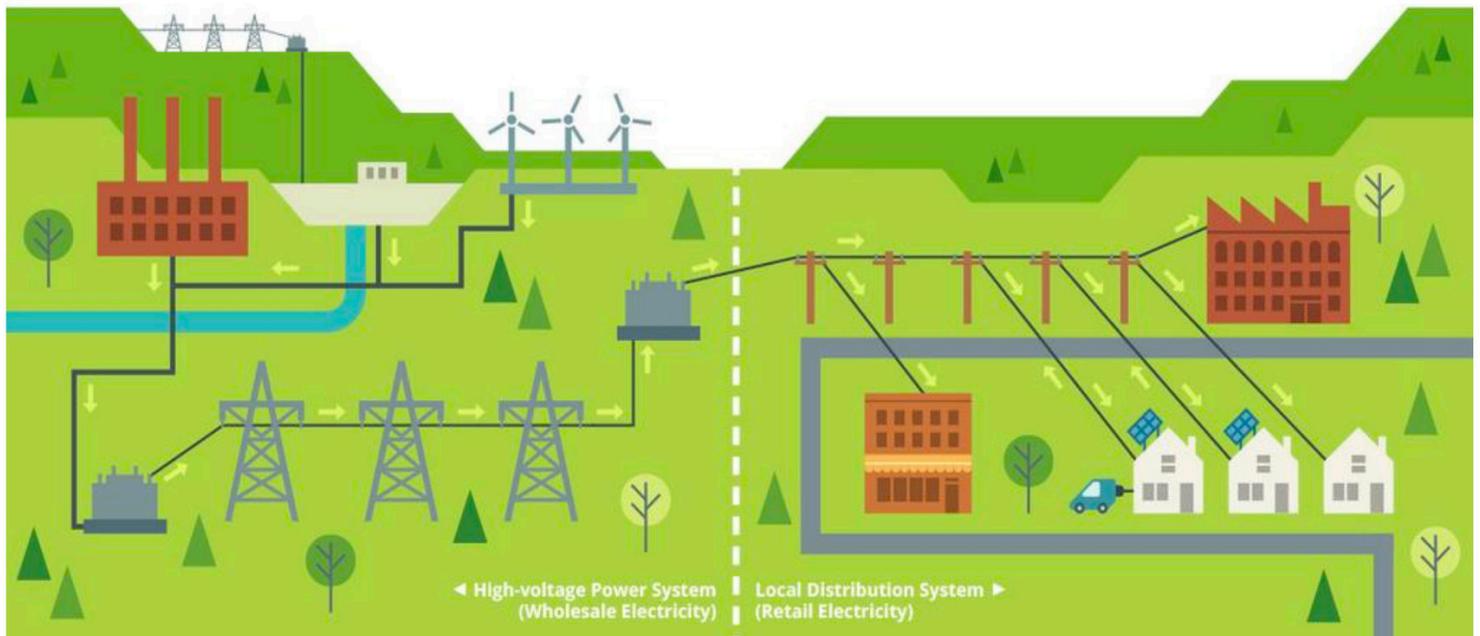
States are forced to contract clean energy procurements directly because fossil fuel interests continue to win in the ISO competitive markets. Even though ISO-NE is required to be "fuel-blind," fossil fuels continue to win bids because the infrastructure is already in place to import cheap fracked gas, making it seemingly less expensive. As clean energy procurements continue in the states, incompatibility with the ISO's current layout grow - causing greater costs to consumers. If ISO-NE allowed for clean energy in their resource mix, the excess costs that states take on for clean energy procurements would not be imposed on ratepayers.

FAST FACTS

- ◆ Connecticut has Global Warming Solutions Act goals of reducing emission by **45%** below 2001 emission levels by 2030 and **80%** below 2001 emission levels by 2050.
- ◆ According to ISO New England, natural gas currently accounts for **40%** of New England's Energy mix, while renewables only account for **9%**.
- ◆ ISO-NE is **one of nine** Independent System Operators and Regional Transmission Operations in North America.



How electricity is produced, transported, and delivered to consumers



Graphic provided by Acadia Center

A COMPREHENSIVE SOLUTION

An equitable clean energy future must include full recognition of the infrastructure our society has built including highways, large scale power plants, refineries and more that overwhelmingly impact people of color and low-income communities. Any reform of ISO-NE must explicitly address disadvantaged communities and climate change.

The goals of the ISO-NE market need to be modified to include states' "clean energy" objectives along with affordable and reliable energy. This will allow for renewables to compete with larger energy suppliers and the governance of ISO-NE will have to take into account the damage that different types of fuels are causing to our environment.

Additionally, there needs to be more transparency and input from state stakeholders in the governance process. Currently all of the states only get one collective vote. This means that Connecticut and Vermont, for example, need to come to an agreement to vote even though they may have completely

different interests and energy needs. This may have been acceptable when the ISO-NE was created, when regional planning with state law requirements was marginal, but it doesn't work now.

Public access to critical ISO-NE deliberations and decision-making is inadequate, especially since ratepayers are footing the bill for energy investments. The ISO-NE board discussions are closed meetings, preventing public trust in the operation. In October 2020, the New England States called for ISO-NE to open up a collaborative process for stakeholders and the public to provide input on the mission statement and governance structure. This is just the beginning of major grid reform that will hopefully put us back on track to achieving our clean energy future.

MORE INFORMATION

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