



New England Conference of Public Utility Commissioners
Retail Demand Response and Load Flexibility Working Group
October 29th, 2025

Re: Comments on LBNL Report

Advanced Energy United (“United”) is pleased to submit the following comments on the [Lawrence Berkely National Labs report](#) addressing challenges and opportunities for scaling and optimizing demand response in New England. United represents a wide range of advanced energy technologies including both grid scale and distributed, and benefits from working closely with several demand response (“DR”) provider members. United has both the benefit of their experienced perspectives as well as the broader clean energy industry’s views.

NECPUC commissioned this report as a means of harnessing DR to better manage winter energy shortfalls and to assess the status quo of DR in both the wholesale markets and retail programs at the state level in New England. United commends NECPUC for commissioning this report and appreciates the work the Lawrence Berkely National Labs conducted in issuing the report. United concurs with many of the reports findings and is largely supportive of its recommendations. This memo offers our comments on the report to unpack nuance related to conflicting dispatch orders and further emphasize why that must be fixed, and also contends the finding that winter capacity prices will be zero whilst the system is summer peaking.

Conflicting DR Dispatch Orders

The LBNL report identifies a crucial issue concerning conflicting dispatch orders between retail programs and ISO-NE¹ that was recently underlined during this year’s June 24th capacity scarcity event. During that day, DR providers faced concurrent dispatch instructions from both retail utility level programs and ISO-NE at the wholesale level. The report does a good job of explaining that utilities and ISO-NE call DR events independently and without full coordination, leading to overlapping dispatch requests. Conflicting dispatch requests can create operational risks, such as one authority calling for energy withdrawal from a battery while the other calls for injection, which could impair grid reliability.² But moreover, conflicting dispatch orders simply puts DR providers in an impossible position where they cannot fulfill both requirements and then face illogical punishments as a result. Any DR provider who has undertaken a capacity supply obligation (“CSO”) that ISO deems has under-performed is subject to firm

¹ LBNL Report at page 30.

² *Id.*

penalties under a Pay for Performance (“PfP”) construct that imposes the highest performance penalties in the country.³ Retail programs are essential sources of revenue for DR providers to be commercially viable and providers often simply cannot forgo the crucial earnings opportunity when called on by retail programs. Because of how ISO determines the baseline to measure a resource’s performance, a resource that responds to a retail program dispatch order shortly before a capacity scarcity condition begins is treated as non-performing by ISO-NE for PfP purposes.⁴ The result is that DR providers incur excessive PfP penalties for under-performing relative to its CSO even though they provide value to the system. This is unfair to the DR provider.

The problems for DR providers resulting from conflicting dispatch orders and PfP penalties add to a well-documented list of challenges for DR participation in the wholesale markets. The risk involved in committing to a CSO, exposure to PfP penalties, and obstacles to participating in the wholesale markets more generally erode confidence in and steer resources away from wholesale markets participation. This would be an unfortunate result in light of the Working Group’s objectives to scale DR wholesale market participation and to maximize DR potential in ameliorating energy shortfall events. We urge the Working Group to prioritize addressing conflicting dispatch orders with ISO-NE specifically and convey to them that employing a flawed baseline approach to measure performance unfairly deters DR participation.

Winter Capacity Values

One assertion we recommend NECPUC investigate further and LBNL revisit is the assertion that there is zero value in DR capacity resources in winter so long as the system remains summer peaking. Concluding that winter capacity prices will be zero until summer peaking ends because the auction clears according to the installed capacity requirement on the demand curve, which is dictated by the peak, is cursory and conclusory. It is also not based on real-world economic factors. Empirically, other regions like MISO that conduct seasonal capacity auctions do clear above zero.⁵ Notably, the Analysis Group’s 2024 report on prompt seasonal capacity markets for ISO-NE forecasted winter clearing prices above zero.⁶ While we do agree generally with the report’s broader finding that the winter capacity values will be

³ *Complaint Requesting Fast Track Processing of the New England Power Generators*, New England Power Generators Association, Docket No. EL25-106-000, Federal Energy Regulatory Commission (July 25, 2025). Available at: https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250725-5170&optimized=false

⁴ United raised the issue of the flawed baseline methodology in prior comments to the Working Group. See memo *Feedback on Wholesale Market Issues*, Advanced Energy United (October, 2024), page 4. Available at: <https://www.necpuc.org/wp-content/uploads/2024/10/NECPUC-DRWG-October-2nd-Comments.pdf>

⁵ *MISO’s 2025 capacity auction results: summer prices soar*, Enel North America (May 14, 2025). Available at: <https://www.enelnorthamerica.com/insights/blogs/miso-2025-capacity-auction-results>

⁶ *Capacity Market Alternatives for a Decarbonized Grid: Prompt and Seasonal Markets*, Analysis Group, Inc. (January 8, 2024), page 123. Available at: https://www.iso-ne.com/static-assets/documents/100007/a08b_mc_2024_01_09_11_agi_updated_report.pdf



correlated to the share of seasonal risk, it is an oversimplification to conclude that its value will be zero while the system peaks in summer.

The report acknowledges a “seasonal FCM” will take place in the future,⁷ however it does little to unpack the implications of the Capacity Auction Reforms project to accurately assess how changes to a prompt, seasonal capacity market or reforms to capacity accreditation will drive seasonal capacity prices. To the report’s credit, it admits there is no gas-constraint incorporated in the modeling of capacity prices,⁸ which will diminish gas accreditation values once finalized and subsequently boost winter capacity prices. PJM and SPP have recently changed their capacity planning methodologies to account for significant and increasing winter risk to ensure winter resource adequacy.⁹ The effect and onset of a winter peaking system is arguably even more pronounced New England, which would indicate the market ought to send price signals in advance to develop a resource mix that can manage the unique risk profile of winter capacity scarcity conditions.

Additionally, it is unlikely that resources will be willing to accept a capacity price of zero. This may even disincentivize participation given that such an obligation comes coupled with penalty risk under the PfP construct. These are all interrelated facets of market design that will ultimately impact capacity prices. It is likely misleading to readers and perhaps even mistaken to assign a value of zero winter capacity values when there are many other variables overlooked.

Conclusion

We are highly encouraged to see NECPUC’s leadership on exploring the potential of DR in addressing energy shortfall and improving system reliability. Commissioning and completing the LBNL report was an important step in assessing current programs and markets to understand what actions policymakers and grid planners can take to scale and maximize DR deployment. It is apparent that resolving conflicting DR dispatch orders is paramount to incentivizing dual participation and that states will need to impress the need on ISO-NE to ensure market rules are appropriately updated. Given that ISO-NE recently expressed the amenability to updating some rules to PfP in response to the recent NEPGA FERC complaint,¹⁰

⁷ LBNL Report at page 11.

⁸ *Id* at page 12

⁹ *2025 Long-Term Load Forecast Report Predicts Significant Increase in Electricity Demand*, PJM Inside Lines (January, 2025). Available at: <https://insidelines.pjm.com/2025-long-term-load-forecast-report-predicts-significant-increase-in-electricity-demand/>; *Planning Reserve Margin Recommendation*, SPP (July 2024). Available at: <https://www.spp.org/documents/71928/prm%20recommendation%207-2-24.pdf>

¹⁰ *New England Power Generators Association, Inc v ISO New England Inc., Answer to Complaint of ISO New England Inc.*, Docket No. EL25-106-000 (August 2025), page 5. Available at: <https://elibrary.ferc.gov/eLibrary/filedownload?fileid=7188C730-56F2-C630-A62A-98CE6690000>



the ISO has clearly contemplated tariff changes in their 2026 work plan. It would therefore be appropriate to also discuss this DR facet of PfP during those tariff revisions. Lastly, NECPUC should work with LBNL to revisit the questionable assumption that capacity prices will be zero until the system is winter peaking since this may otherwise misinform decisions. We thank LBNL and NECPUC for their work so far and look forward to continued collaboration and discussion on how DR can improve system reliability and affordability for New England.

Respectfully submitted,

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