NEW ENGLAND MARKET UPDATE
Q & A

Compiled: Sept. 17, 2025

The following are answers to the questions our presenters received from participants during the New England Market Update webinar on Sept. 10, 2025.

Regulatory

How are brokers impacted by Massachusetts Governor's Energy Affordability Act legislation?

The Governor's legislation, if enacted as currently drafted, would:

- Impose an annual license fee of up to $10,000 (amount to be determined by the Department of Public Utilities) for certain brokers (working with residential and commercial customers)
- Prohibit retail electric and gas suppliers from paying commissions or incentive-based compensation to brokers

This legislation has a way to go through the process and may very well change, or could be vacated, before it is passed.

How will NRG handle the potential changes associated with the ISO-NE capacity market?

In the webinar we spoke about how the ISO-New England has undertaken an effort to fundamentally change "what" and "when" capacity is procured, beginning in the summer of 2028. With the engagement of stakeholders, ISO-NE is exploring changes to the forward capacity market (FCM). Once redesigned, and if approved by FERC, this will result in a seasonal approach to capacity, as well as a more prompt auction design. In addition, the revisions will change how assets are accredited, or how many megawatts of capacity a resource is able to reliably sell to the market.

NRG remains apprised of potential FCM design changes and encourages businesses to begin to take advantage now of the services we offer to mitigate risk and help lower capacity costs. By selecting the right product structure and taking advantage of load management services (specifically peak load management), we empower customers to control and potentially lower capacity costs, even amidst rising rates.

What are the impacts of cancellations of renewable projects?

The attempt by the current administration to return to fossil fuels by cancelling or halting plans for renewable projects will have a detrimental effect on prices, especially for state renewable portfolio standards (RPS). With increasing state RPS obligations in place through 2030 (in some cases, 2050), the lack of renewable sources will make renewable energy quite expensive. There's a chance that states may revise obligations if sources are not available, but it's too early to tell if that's the route they'd take.

Pricing

How is NRG handling Day-Ahead Ancillary Services Initiative (DASI) costs and impacts as the landscape becomes more known?

The Day Ahead Ancillary Services Initiative, or "DASI," was implemented in the ISO-NE market in March 2025 and added two new ancillary services products to the day-ahead market: flexible response services (FRS) and energy imbalance reserves (EIR). These additional ancillary services are used to develop a day-ahead operating plan that satisfies both the load forecast and contingency reserve requirements.

The costs associated with these new ancillaries have fluctuated significantly since their introduction and we continue to monitor the situation closely. Please be aware that different suppliers handle these ancillaries very differently, so be careful in price comparisons. Be sure to ask if/where these components are being built in or passed through and whether they are being estimated and later adjusted or billed using actuals. NRG has multiple product structures available that handle these costs fairly and transparently.

What is likelihood of a winter dip in New England energy prices?

It is virtually impossible to predict market buying opportunities because they are significantly driven by factors such as winter weather — which is difficult to predict far in advance. That said, both forward power and gas prices for New England have a price premium — kind of insurance — to reflect the risk of extreme cold weather demand that can cause price volatility. But, the chances of this happening are less than 50/50. If extreme weather does not occur, this premium can swiftly disappear resulting in great mid-winter buying opportunities. The winter weather and potential market price volatility risk is real, which is why we suggest a layered approach to manage risk up front while still having ability to buy if the market dips later. Join our U.S. Winter Market Update webinar on Tuesday, Sept. 23 to learn more about historical weather and upcoming forecasts.

Are the new pipelines already impacting future basis prices?

During the webinar we discussed several new pipeline/pipeline expansion projects. The Constitution Pipeline, a new project, is very likely to happen and expected in the 2028-29 timeframe. The forward market is pricing that, along with the Millennium expansion to Pleasant Valley (IRQ Z2), into the Iroquois Zone 2 basis prices. Iroquois also has an expansion of 125,000 Dth/day coming from Waddington and Zone 1. Iroquois Zone 2 calendar year basis falls from the $1.80s/Dth in Calendar '26 to $1.30s/Dth out in Calendars '28, '29, and '30.

Project Maple has been downsized into an "enhancement project." It will be a much smaller 75,000 Dth/day expansion via mostly compression station enhancements, and it really isn't affecting basis prices at this time.

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