



New England States Committee on Electricity

To: ISO-NE
From: NESCOE
Date: August 11, 2023
Subject: Comments on ISO-NE's Draft 2024 Work Plan

The New England States Committee on Electricity (NESCOE) appreciates the opportunity to provide priorities for consideration to ISO New England (ISO-NE) management as it prepares its annual Work Plan. We look forward to reviewing the draft 2024 Work Plan in September 2023 with NEPOOL leadership and will likely provide additional feedback at that time. We may have further input after hearing ISO-NE discussion of the draft 2024 Work Plan with stakeholders.

Our input at this juncture focuses primarily on priority matters including transmission planning, regional reliability, and future market reforms.

I. Transmission Planning

Thoughtful, well-planned transmission investment will be a critical component of achieving a clean, reliable, and affordable regional electric system. NESCOE appreciates ISO-NE's responsiveness to our previous requests to prioritize certain transmission-related items. As the region moves from analysis to action, NESCOE summarizes its transmission planning priorities in the context of the 2024 Work Plan.

A. NESCOE requests that ISO-NE dedicate resources to completing Phase 2 of the extended-term transmission planning effort and administering a state-requested regional transmission procurement. With the completion of the *2050 Transmission Study* expected by the end of 2023, NESCOE requests that ISO-NE prioritize the development, and filing for Federal Energy Regulatory Commission (FERC) approval, of a second phase of tariff changes to enable states to operationalize longer-term public policy-related transmission analysis. This effort was originally included in the 2023 Work Plan and paused briefly at the states' request to account for changing administrations. NESCOE has shared with ISO-NE staff a preliminary draft Phase 2 framework, including a cost allocation mechanism for associated transmission improvements, to inform ISO-NE's due diligence on approaches and associated work paths, as well as early work on a draft tariff framework.¹ Stakeholder discussion of the Phase 2 mechanism is expected to begin fall 2023. To the extent these tariff revisions are not concluded this year, the 2024 Work Plan should prioritize this work and allocate resources to finalize Phase 2 tariff changes for filing with FERC. ISO-NE should further set aside resources to

¹ NESCOE staff provided ISO-NE staff a preliminary, high-level approach intended to facilitate continuing discussion and consideration of possible work pathways. The approach contemplates a process in which the states may opt to pursue a request for proposals to meet certain needs identified in a longer-term study, including a possible cost-benefit evaluation framework that that would be used to select projects for inclusion in the Regional System Plan. NESCOE looks forward to discussions with ISO-NE and stakeholders on these issues in the months ahead.

enable it to develop and initiate a competitive solicitation in 2024 following FERC's acceptance of Phase 2 tariff language and, if states elect, a request to begin a procurement process. NESCOE also wishes to draw ISO-NE's attention to responses earlier this year from two states in connection with ISO-NE's existing public policy transmission planning process that indicate the possibility of a request to initiate that process in 2024 ahead of the next three-year cycle.² While states are not likely to request that ISO-NE move forward with a solicitation in 2024 under both the contemplated Phase 2 changes and the existing public policy planning process, to enable resource planning, NESCOE is making ISO-NE aware of this possible alternative pathway to procurement.

B. NESCOE requests that ISO-NE allocate resources to support and implement asset condition process improvements in the nearest term. In 2023, NESCOE sought reforms to Transmission Owners' asset condition project replacement processes to increase foresight, visibility, review, and scrutiny of these significant consumer investments.³ The states appreciate the Transmission Owners' collaboration on creating new, more transparent approaches. NESCOE prioritizes substance and process improvements to the asset condition project process in the nearest term given the magnitude of spending and to lay the groundwork for a comprehensive regional rightsizing approach. ISO-NE's transmission planning expertise and central role in system planning makes ISO-NE important to this priority effort. NESCOE requests that ISO-NE allocate resources to support and implement asset condition process improvements.

C. NESCOE supports ISO-NE allocating resources to provide technical support to the New England states' pursuit of transmission funding and development opportunities. The New England states are actively working individually and collectively to leverage federal funding opportunities to accelerate grid transformation in New England and to lower costs for consumers. NESCOE appreciates the support ISO-NE has provided to date, often on short notice given the quick pace of funding opportunities. Looking ahead, the states anticipate technical support needs through the remainder of 2023 and into 2024. While providing regional transmission planning technical analysis to benefit New England consumers is within ISO-NE's range of duties, NESCOE also supports ISO-NE dedicating resources to any tariff language changes that may be advisable over time.

D. NESCOE requests that ISO-NE plan to initiate and lead discussions on the development of right-sizing approaches for future transmission projects. In 2022, NESCOE asked ISO-NE to set aside resources in its 2023 Work Plan to develop standards and guidelines for right-sizing future transmission projects.⁴ Since

² Submission Regarding Transmission Needs Driven by State and Federal Public Policy Requirements (April 2023), Connecticut and Massachusetts Responses, at <https://nescoe.com/wp-content/uploads/2023/05/NESCOE-Order-1000-Transmittalf-2023.pdf>.

³ Asset Condition Projects and Process Improvements (Feb. 2023), at https://nescoe.com/wp-content/uploads/2023/02/Asset_Condition_Ltr_2-8-23.pdf; Asset Condition Process Improvements – Next Steps (July 2023), at <https://nescoe.com/wp-content/uploads/2023/07/Asset-Cond-NETO-Requestsf-7.14.23-.pdf>.

⁴ Memo to PAC on Right-Sizing Transmission Projects (April 2022), at [https://nescoe.com/resource-](https://nescoe.com/resource-2)

that time, it has become clear that resources must first be allocated to improving the transparency, predictability, and cost discipline of asset condition projects. Once sufficient progress has been made on that front, the region can turn its attention to considering possible right-sizing approaches that could enable the region to maximize efficient investment by considering potential investments in the context of holistic transmission system needs. ISO-NE's system planning expertise will be central in this effort to rethink planning in order to achieve maximum efficiencies.

II. Future Regional Reliability Needs

ISO-NE's recent analysis has provided a clearer picture of the reliability challenges the region may face in coming years. NESCOE supports ISO-NE's continued commitment to developing approaches to better quantify and address reliability challenges and offers the following comments to that end:

- A. **NESCOE requests that ISO-NE explore whether and how an energy adequacy metric could be used to quantify reliability risk more accurately.** Energy adequacy is the most significant reliability risk currently facing the region. While metrics to assess risks associated with insufficient installed capacity to meet demand are commonplace, similar metrics for energy adequacy are not in place. NESCOE encourages ISO-NE to explore whether and how such a metric could be developed and used to quantify the region's reliability risk. ISO-NE's Operational Impact of Extreme Weather Events study provides a possible framework that could be leveraged to quantify reliability risk from an energy adequacy perspective and the impact possible market reforms have on that risk.
- B. **NESCOE supports ISO-NE in continuing the reliability-centric Future Grid Reliability Study and exploring possible market-based solutions to identified challenges.** NESCOE supports ISO-NE's on-going Future Grid Reliability Study focused on quantifying remaining market gaps. The 2024 Work Plan should allocate work plan hours to explore market-based solutions once ISO-NE quantifies the remaining market gaps.

III. Regional Market Reforms

NESCOE continues to support items in ISO-NE's Work Plan that will be beneficial in the effort to modernize New England's wholesale electricity markets to support achievement of clean energy laws and other state law objectives while maintaining system reliability and affordability. These items include, in no priority order:

- Continue to dedicate resources to examine the value of changes to the capacity market construct that may include a shift to a prompt and/or seasonal market construct.
- Continue to dedicate resources to the marginal reliability impact capacity accreditation effort that ISO-NE started in 2022.
- Address possible retirement reforms in the near term that may become increasingly important to short-term reliability in light of possible capacity market constructs and future accreditation changes.

IV. Other

- A. **NESCOE encourages ISO-NE to continue to dedicate resources to its ongoing efforts to enhance governance and communications tools** that enhance public accessibility and participation, such as plain language material and presentations of key analyses about grid transformation designed for a non-technical audience.
- B. **NESCOE supports continued work on interconnection improvements, with a focus on reforms needed to model energy storage resources to reflect realistic operating assumptions.** As ISO-NE develops its compliance approach to the recently issued FERC Order 2023 (Improvements to Generator Interconnection Procedures and Agreements),⁵ NESCOE supports prioritizing reforms to the modeling of energy storage resources. Energy storage resources have the potential to contribute to system reliability and play an important part in achieving New England’s clean energy goals.
- C. **NESCOE encourages ISO-NE to continue to dedicate resources and facilitate expedient progress on ISO-NE’s request to the Joint ISO/RTO Planning Committee “to determine the feasibility of raising the minimum loss of source value for New England from an existing level of 1,200 MW to a proposed level of 2,000 MW.”**⁶

NESCOE looks forward to working with ISO-NE and stakeholders on these issues and others in the 2024 Work Plan in the coming year.

⁵ *Improvements to Generator Interconnection Procedures and Agreements*. Final Rule, 184 FERC ¶ 61,054 (July 28, 2023).

⁶ ISO-NE, Letter to Joint ISO/RTO Planning Committee, at 1 (Mar. 27, 2023), available at https://www.iso-ne.com/static-assets/documents/2023/03/jipc_loss_of_source_limit_final.pdf; ISO-NE Proposed 2024 Operating and Capital Budgets, at Slide 53 (Aug. 11, 2023), available at https://www.iso-ne.com/static-assets/documents/2023/08/6_ison_e_2024_proposed_op_cap_budget.pdf.