

TO: ISO-New England
FROM: NESCOE
DATE: August 23, 2024
RE: Advance Input to ISO-New England's 2025 Draft Work Plan

The New England States Committee on Electricity (NESCOE) appreciates the opportunity to provide initial priorities for ISO New England (ISO-NE) management's consideration on the draft 2025 Work Plan. We look forward to reviewing the draft 2025 Work Plan in September 2024 with NEPOOL leadership. We may have further input after hearing that discussion.

Our input at this juncture focuses primarily on transmission planning and future market reforms.

I. Transmission Planning

The region made significant progress on needed reforms to transmission planning processes to allow for well-informed, well-planned transmission investment. NESCOE particularly appreciates ISO-NE's work to successfully develop tariff provisions that enable states to act. We encourage ISO-NE to prioritize implementation of those new provisions, including any staffing or resources needed in support of those efforts.

NESCOE's transmission planning priorities in the context of the draft 2025 Work Plan build on work thus far in 2024.

- NESCOE requests that ISO-NE dedicate resources to exploring how and at which stages of the planning process consideration of advanced transmission technologies should be enhanced or prioritized. To the extent that ISO-NE considers such technologies currently, bringing greater visibility to that would be informative. An effective planning process should result in the deployment of these technologies when they provide a net benefit to consumers.
- As we progress along the clean energy transition, interregional transmission capabilities will become increasingly important. NESCOE emphasizes the importance of ISO-NE facilitating progress on the Joint ISO/RTO Planning Committee loss of source study. Better understanding of whether and to what extent that limit can be changed is important to meaningful progress both on interregional transmission reforms as well as offshore wind interconnection. NESCOE also supports ISO-NE's continued support to states in connection with federal funding opportunities and other interregional planning work.

II. Regional Market Reforms

NESCOE continues to support ISO-NE's Strategic Goals¹ and thus items in ISO-NE's Work Plan that will be beneficial in the effort to modernize New England's wholesale electricity markets to

¹ See ISO-NE's Vision In Action – ISO-NE New England's Strategic Plan, at <https://www.iso->

support achievement of clean energy laws and other state law objectives while maintaining system reliability and affordability.

NESCOE considers the following items, offered in no priority order, centrally important to ISO-NE's draft 2025 Work Plan:

- Continue to dedicate resources to first define what “value” means and to develop criteria to define how ISO-NE will measure this “value” and success of the Capacity Accreditation Reforms (“CAR”), which may include a shift to a prompt and/or seasonal market construct.
- Address possible retirement reforms in the near-term of the CAR proposal, which may become increasingly important to short-term reliability in light of possible retirements that result from the CAR project.
- In its July 2024 Markets Committee meeting presentation,² ISO-NE noted that it is considering modeling enhancements that include revising the existing load model and modeling frameworks. NESCOE encourages ISO-NE to include additional discussions of the load model and generator performance early in the CAR project. NESCOE urges ISO-NE to engage in discussion about how various modeling assumptions affect the overall CAR outcomes, especially on how they affect overall consumer costs and resources needed to meet state policy goals.
- NESCOE requests that ISO-NE add to the work plan a review of the Pay-for-Performance (“PFP”) penalty rate and Reserve Constraint Penalty Factors. While ISO-NE's 2022 review found that the PFP rules had led to improved generator performance,³ it is unclear that the sharp increase in the penalty rate would lead to further improvements and is necessary to maintain the improvements that have occurred, or whether the increase in penalty rate has needlessly increased consumer costs.

III. Other

- **NESCOE encourages ISO-NE to continue to dedicate resources to enhance governance and communications tools** that increase public accessibility and participation. This includes ISO-NE's good work in recent years to develop plain language material and presentations of key analyses about grid transformation designed for a non-technical audience, an effort that will require continuing evolution.

[ne.com/static-assets/documents/2022/10/2022-strategic-plan-vision-in-action.pdf](https://www.iso-ne.com/static-assets/documents/2022/10/2022-strategic-plan-vision-in-action.pdf) at 12.

² See Capacity Auction Reforms – Kick-Off Discussion of Project Scope, at https://www.iso-ne.com/static-assets/documents/100013/a08_mc_2024_07_09-10_initial_car_scope_considerations.pdf, Slide 36.

³ See Performance of Capacity Resources and Pay for Performance, at https://www.iso-ne.com/static-assets/documents/2022/09/a03_mc_2022_09_13-14_performance_of_capacity_resources_memo_rev1.pdf

- **NESCOE supports continued work on interconnection improvements.** NESCOE appreciates ISO-NE’s efforts to conduct fulsome and collaborative stakeholder outreach during the Order No. 2023 and 2023-A compliance process. In its compliance filing, ISO-NE committed to, as soon as practicable, conduct a series of follow-up sessions with stakeholders to i) discuss lessons learned in the new interconnection process; ii) gather input from NEPOOL Participants on potential improvements, and iii) discuss modeling improvement, automation, and non-material project size reductions of Interconnection Customers.⁴ ISO-NE’s Order No. 2023 follow-on work should also seek stakeholder feedback on and implement additional improvements and refinements to its Affected System Operator Study coordination process. NESCOE encourages ISO-NE to devote appropriate resources to these follow-up sessions and to work with stakeholders in the near term to determine how and when to best undertake these efforts.

NESCOE looks forward to working with ISO-NE and stakeholders on these issues and others in the year ahead.

⁴ *ISO New England Inc., et al.*, Revisions to Section II of the ISO New England Inc. Transmission, Markets and Services Tariff Related to Compliance with Order Nos. 2023 and 2023-A, Docket No. ER24-2009-000 at 53 (filed May 14, 2024).