New England States Committee on Electricity

To: **Planning Advisory Committee**
From: **NESCOE (Contact: Sheila Keane)**
Date: **May 16, 2025**
Subject: **Asset Condition Reviewer**

In 2023, NESCOE asked to work collaboratively with the New England Transmission Owners (NETOs) and ISO-NE on reforms to asset condition project planning through (1) near-term visibility-related process improvements and (2) fundamental planning efficiency and right size-related planning improvements.[1]

NESCOE reiterates its appreciation for the process enhancements that the NETOs have implemented over the past two years.[2] These enhancements have increased transparency and visibility and thus enabled more meaningful state and stakeholder engagement. The transparency reforms do not, however, equate to, or substitute for, effective project oversight and regional planning that accounts for all transmission needs: reliability, longer-term and asset condition planning guided by ISO-NE's independent expertise.

While these regional planning reforms remain a core need, an asset condition reviewer, if carefully structured and executed, can provide critical oversight to the billions of dollars in asset condition spending that currently occurs in a silo.

NESCOE appreciates the ISO-NE Board of Directors' recent expression of openness to performing this critical function subject to its preconditions, which NESCOE accepts. NESCOE expects that the asset condition reviewer will provide states and stakeholders with an independent, objective review of asset condition proposals, including needs, solutions, and cost drivers, based on clear, objective, and transparent criteria. The opinions and conclusions reached by ISO-NE's asset condition reviewer should provide information necessary to enhance confidence in the proposed investments, or in the alternative, information that others would be able to rely on in challenging a project.

The new visibility into asset condition projects highlighted the urgent need for consistent and meaningful oversight by highly qualified technical experts. Together, enhanced transparency and expert reviewer oversight will help to mitigate the information asymmetry between transmission

[1] *See* NESCOE, Memo to New England Transmission Owners on Asset Condition Projects and Process Improvements at 2, available at https://nescoe.com/wp-content/uploads/2023/02/Asset_Condition_Ltr_2-8-23.pdf.

[2] Consistent with NESCOE's requests, the NETOs have adopted PAC presentation guidelines for asset condition projects as well as an asset condition process guide, publish asset condition forecasts, maintain the asset condition database, and use consistent asset health score metrics when describing assets. *See* ISO-NE. Transmission Owner Asset Management, available at https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management.

owners and stakeholders. In time, these systematic changes should also help explain, and resolve as appropriate, the seemingly inconsistent decision and design standards across transmission owners, which appear to result in notable cost disparities between asset condition projects. It could similarly help explain the vast difference in overall asset condition spending by different transmission owners relative to system size.

Creating a viable, enduring asset condition review process that leverages ISO-NE's technical expertise and complements regional planning processes has never been more important or more urgent. Today, the NETOs make the bulk of consumer-funded transmission investments in the region unilaterally through ad hoc processes that do not involve ISO-NE.[3] Consumers deserve confidence that dollars are spent wisely, and that asset condition investments do not adversely impact infrastructure investment developed through ISO-NE's planning processes or lead to suboptimal outcomes.

Finally, NESCOE appreciates the broad recognition of the need for ISO-NE to have a meaningful role in reviewing Eversource's Underground Cable Modernization Program (UCMP) in Eastern Massachusetts.[4] Pending full implementation of an asset condition reviewer, NESCOE believes the process the region will use for UCMP should be applied to other near-term asset condition projects in order to bring closure to the unchecked status quo.

NESCOE looks forward to working with ISO-NE, the NETOs, consumer advocates, and stakeholders in the nearest term to develop the reviewer's role and associated processes and moving to execution without delay.

---

[3] Since 2023, when NESCOE first raised the issue of asset condition spending, over $4 billion in asset condition projects have been added to the asset condition list. By comparison, only $24 million in projects have been added to the RSP list. Today, the overwhelming majority of planned transmission investment – 93% – is in asset condition projects. The region now expects to spend nearly $6 billion on planned asset condition investments compared to $420 million in planned reliability projects. *See* ISO-NE. March 2025 Asset Condition Project List, available at https://www.iso-ne.com/system-planning/system-plans-studies/rsp/rsp-project-list-and-the-asset-condition-list; ISO-NE. March 2025 RSP Project List, available at https://www.iso-ne.com/system-planning/system-plans-studies/rsp/rsp-project-list-and-the-asset-condition-list.

[4] *See* NESCOE. Letter to Eversource CEO Joe Nolan on the Eastern Massachusetts Underground Cable Modernization Program, March 2025, available at https://nescoe.com/wp-content/uploads/2025/03/NESCOE-Letter-to-Nolan-re-UCMPF-3-18-25.pdf; Eversource. Asset Condition Reviewer and Eversource Underground Cable Modernization Program, May 2025, available at https://www.iso-ne.com/static-assets/documents/100023/eversource_memo_asset_condition_review_and_ucmp.pdf.