



New England States Committee on Electricity

ANNUAL REPORT

To the New England Governors

2024

Representing the Collective Interests of the Six New England States

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At the Foundation: A Reliable, Affordable Transmission System

Over the years, New England ratepayers have made significant investments in the region's transmission system to meet ISO-NE-identified reliability needs. These investments have improved efficiency by allowing affordable energy to flow more freely in the region and enabling older power plants to close. In the decades ahead, the transmission system will need to be even stronger to keep pace with the region's evolving needs.



THE OVERWHELMING MAJORITY – 93% – OF PLANNED TRANSMISSION INVESTMENT IS IN ASSET CONDITION PROJECTS.

THE REGION EXPECTS TO SPEND NEARLY \$6 BILLION ON PLANNED ASSET CONDITION INVESTMENTS COMPARED TO \$420 MILLION IN PLANNED RELIABILITY PROJECTS.

To that end, in 2024, the region moved from studies to cost-effective solutions. ISO-NE, the New England states, and stakeholders developed a state-driven, ISO-NE-study-based solutions process. This new process (1) allows ISO-NE and NESCOE, with stakeholder input, to choose which transmission system concerns to address through a competitive solicitation and (2) includes a methodology to select a project and allocate costs based on a comprehensive evaluation of project costs and benefits.

In late 2024, NESCOE advanced its first solicitation request, which was grounded in thoughtful feedback from stakeholders and consultation with ISO-NE. In 2025, project developers will submit responsive proposals to ISO-NE. A successful project will deliver tangible benefits that exceed its costs by a predetermined level and will meet the long-standing need to strengthen the connection between northern and southern New England. Importantly, it will also facilitate the deliverability of lower-cost generation located in Maine.

Challenges remain, however. Ratepayers still await planning and oversight processes that they rightfully expect in connection with their largest transmission system investments: the New England Transmission Owners' replacement of aging transmission infrastructure. Reforms are needed to ensure that these investments are reasonable and cost-effective and that the region makes the highest and best use of all transmission assets.

Over the last several years, the New England Transmission Owners have taken some important first steps to bring visibility and consistency to asset condition transmission project costs, which have increased significantly in recent years and now outpace spending on all other types of transmission projects. NESCOE encourages New England Transmission Owners, federal regulators, ISO-NE, consumer advocates, and all stakeholders to execute the reforms necessary to achieve a right-sized, just and reasonable, cost-effective electric grid and to do so with an urgency that is commensurate with the high rate of spending.

SECTION I: NESCOE GOVERNANCE

A Board of Directors representing the six New England states directs NESCOE's affairs and engagement in regional issues. Each Governor appoints the state's NESCOE Manager. Regardless of the number of individuals each Governor appoints as a NESCOE Manager, each New England state has one undivided vote in arriving at NESCOE determinations.

The vast majority of NESCOE determinations have been unanimous, reflecting the commonality of interests across the region and New England states' efforts to achieve consensus on regional electricity matters. In circumstances where consensus is not achieved, NESCOE makes determinations with a majority vote (i.e., a numerical majority of the states) and a majority weighted to reflect relative electric load of each state within the region's overall load.

STATE OF CONNECTICUT **Commissioner, Department of Energy and Environmental Protection** **Katie S. Dykes**



Katie Dykes is the Commissioner of Connecticut's Department of Energy & Environmental Protection ("DEEP"). She has served since 2019, when she was first nominated by Governor Ned Lamont, and was re-confirmed in February 2023 to serve in Governor Lamont's second term. Katie previously served as Chair of the Connecticut Public Utilities Regulatory Authority ("PURA") from 2015-2018, and as Deputy Commissioner for Energy at Connecticut DEEP from 2012-2015. Katie also serves as the Chair of the Board of Directors of the Regional Greenhouse Gas Initiative, Inc. ("RGGI"). Katie joined CT DEEP in March 2012 after prior service in the White House Council on Environmental Quality and the U.S. Department of Energy. She is a graduate of Yale College and the Yale Law School.

STATE OF MAINE **Chairman, Public Utilities Commission** **Philip L. Bartlett II**



Philip L. Bartlett II, J.D., was appointed to the Maine Public Utilities Commission in June 2019 by Governor Janet Mills. Prior to his appointment, he practiced law with Stacia, Bartlett & Chabot. He also served in the Maine Senate from 2004 to 2012 and was elected by his peers to serve as Senate Majority Leader from 2008 to 2010. Bartlett chaired the Energy, Utilities and Technology Committee as well as the Joint Select Committee on Maine's Energy Future and he served on the Government Oversight Committee, Natural Resources Committee and Labor Committee. He taught micro and macroeconomics at the collegiate level. Chairman Bartlett holds a juris doctorate degree from Harvard Law School. He completed his undergraduate work at Tufts University, where he graduated Summa Cum Laude majoring in Economics and Political Science. His term expires in March 2031.

COMMONWEALTH OF MASSACHUSETTS
Deputy Secretary and Special Counsel for Federal and Regional Energy Affairs
Office of Energy and Environmental Affairs
Jason Marshall



Jason Marshall is Deputy Secretary and Special Counsel for Federal and Regional Energy Affairs at the Massachusetts Executive Office of Energy and Environmental Affairs. Marshall most recently served in progressive positions at NESCOE, ultimately as Deputy Executive Director and General Counsel. Previously, he was Counsel with the Regional and Federal Affairs Division of the Massachusetts Department of Public Utilities and a Legal Counsel in the Massachusetts State Senate. Earlier in his career, Marshall was an associate at Brown Rudnick LLP and a Law Clerk to the Chief Justice of the Massachusetts Appeals Court. He is the past-President of the Energy Bar Association's Northeast Chapter. Marshall has a Bachelor of Arts from Boston College and a Juris Doctor from the University of Connecticut School of Law.

STATE OF NEW HAMPSHIRE
Commissioner, Department of Energy
Jared Chicoine



Jared Chicoine leads the New Hampshire Department of Energy. Prior to his appointment, Jared served as Director of the New Hampshire Office of Strategic Initiatives, and as a Policy Director in the Office of the Governor.

Regional Policy Director, Department of Energy
Daniel Phelan



Dan Phelan is Regional Policy Director at the New Hampshire Department of Energy. He previously worked as an analyst for the New Hampshire Public Utilities Commission focusing on wholesale energy market issues. Before working at the Commission, he authored reports on regulatory issues and conducted training programs at the National Regulatory Research Institute for Public Utility Commissions across the country. He graduated from the University of Vermont with a Political Science degree.

Representing the Collective Interests of the Six New England States

STATE OF RHODE ISLAND
Chairman, Public Utilities Commission
Ron Gerwatowski



Ron Gerwatowski was appointed to the Public Utilities Commission as Chairman in June 2020 by Governor Gina Raimondo. His term runs through February 2026. Chairman Gerwatowski has worked in the utility and energy industry for over thirty years. Prior to his appointment, he served as a Senior Regulatory Advisor to the Rhode Island Division of Public Utilities and Carriers. For the past four years, he has been a guest lecturer and instructor in the Energy Fellows Program at the University of Rhode Island.

He previously served as Assistant Secretary of Energy in Massachusetts in 2015, before moving to Rhode Island. Prior to that time, he served in several different legal and utility executive capacities in various jurisdictions, including Rhode Island, Massachusetts, New Hampshire, and New York.

Chairman Gerwatowski graduated *magna cum laude* from Boston College Law School in 1985, where he served as Managing Editor of the *Boston College Law Review*. He has been a member of the Rhode Island Bar Association since 1991.

Commissioner, Office of Energy Resources
Chris Kearns



Commissioner Kearns heads the Rhode Island Office of Energy Resources (“OER”) in its mission to lead the state toward a clean, affordable, reliable, and equitable energy future. Commissioner Kearns’ agency develops policies and programs that respond to the state’s evolving energy needs, while advancing environmental sustainability, energy security, and a vibrant clean energy economy. Commissioner Kearns works with public- and private-sector stakeholders to ensure that all Rhode Islanders have access to cost-effective, resilient, and sustainable energy solutions

STATE OF VERMONT
Commissioner, Department of Public Service
June Tierney



Commissioner June Tierney was sworn in as the Commissioner of the Vermont Department of Public Service by Governor Phil Scott on January 5, 2017. Prior to her appointment, Commissioner Tierney served as general counsel to the Vermont Public Service Board. Before then, she was a Board hearing officer, as well as a staff attorney at the Vermont Department of Public Service. A graduate of Boston University and a graduate of Vermont Law School, Commissioner Tierney began her legal career with a clerkship at the Vermont Supreme Court, followed by three years as an associate at Davis Polk & Wardwell in New York City, where she specialized in securities fraud litigation, white collar crime defense and corporate internal compliance investigations. Before her admission to the bar, Commissioner Tierney enjoyed the privilege of serving on active duty as a commissioned officer in the United States Army. Commissioner Tierney concluded service to NESCOE in 2024.

Commissioner, Department of Public Service
Kerrick Johnson



Kerrick Johnson was appointed Commissioner of the Vermont Department of Public Service on December 20, 2024, by Vermont Governor Phil Scott. Commissioner Johnson has served in key utility and tech startup leadership roles over the past decade focused on advancing energy sector transformation. Most recently, Johnson served as Vermont Electric Power Company's ("VELCO") executive advisor, having just ended a long tenure as VELCO's Chief Innovation and Communications Officer. In these roles, Johnson helped the VELCO team identify, develop and collaboratively execute strategic development initiatives, build effective advocacy relationships and earn stakeholder support through responsive, imaginative messaging. Prior to that, he served as a co-founder and chief ecosystem officer for Utopus Insights, a New York-based energy company, purchased by Vestas Wind Systems A/S. Mr. Johnson attended Vermont's Johnson State College and honorably served four years in the US Air Force as an airborne Russian linguist.

Director, Regulated Utility Planning Division
TJ Poor



TJ is the Director of Regulated Utility Planning at the Vermont Public Service Department, where he is responsible for oversight of Vermont's electric and gas utilities. He also leads the development and implementation of Vermont's Comprehensive Energy Plan. This role is the latest in a series of leadership positions he has held within the Agency. Previously, TJ served as Power Supply Manager for the Vermont Public Power Supply Authority, managing energy supply resources for the majority of Vermont's municipal utilities. He holds a Master of Studies in Environmental Law, with honors, from Vermont Law School, and a Bachelor of Science in Sport Management from the University of Massachusetts Amherst.

Representing the Collective Interests of the Six New England States

SECTION II: 2024 STAFF & CONSULTANTS

The NESCOE staff team has diverse academic and professional backgrounds—including in economics, accounting, and law—and a cross section of private and public sector experience. NESCOE’s staff and technical consultants bring comprehensive and deep experience to analysis and filings with FERC, other federal agencies, federal courts, and ISO-NE.

Shannon Beale, Assistant General Counsel

Shannon Beale joined NESCOE in 2022 as Assistant General Counsel. Previously, she worked for the Massachusetts Office of the Attorney General’s Energy and Telecommunications Division as an Assistant Attorney General. Prior to that, Shannon was Counsel and Hearing Examiner with the Massachusetts Department of Public Utilities. Earlier in her career, Shannon practiced law with a firm that focused on litigation and had several law clerk positions, including with the Environmental Protection Agency. Shannon has a Bachelor of Arts, *cum laude*, from Ithaca College. She has a Juris Doctor and Master of Environmental Law and Policy, *magna cum laude*, from the Vermont Law School, where she served as an editor of the *Vermont Journal of Environmental Law*.

Jeff Bentz, Director of Market Affairs

Jeff Bentz, CPA, is NESCOE’s Director of Market Affairs and has been with NESCOE since 2011. Previously, Jeff was with a New England generating facility, MASSPOWER, for nearly twenty years. Jeff served in progressive positions with MASSPOWER and was ultimately its General Manager. Earlier in his career Jeff was CPA with Arthur Andersen and Company. Jeff has a Bachelor of Science degree in Accounting from Central Connecticut State University.

Nathan Forster, General Counsel

Nathan Forster joined NESCOE in 2023 as General Counsel. Previously, he worked for the Massachusetts Office of the Attorney General’s Energy and Telecommunications Division as Assistant Attorney General, Deputy Division Chief, and ultimately as its Division Chief. Prior to that, Nathan was a litigation associate at Brown Rudnick LLP where he represented clients in Federal District Court, Superior Court, District Court, and in administrative proceedings. Nathan has a Bachelor of Arts, with High Honors, from the University of Michigan. He has a Juris Doctor, *cum laude*, from Boston College Law School where he served as an Articles Editor of the *Boston College Law Review*.

Heather Hunt, Executive Director

Heather Hunt joined NESCOE as Executive Director in 2009. Previously, Heather had a regulatory law practice for six years, was Director of State Government Affairs for United Technologies Corporation and Group Director, and subsequently, Vice President, for Regulatory at Southern Connecticut Gas. Earlier, she was a Public Utility Commissioner in Connecticut and then in Maine and was on the legal staff of a Connecticut Governor. Heather has a Bachelor of Arts from Fairfield University and a Juris Doctor from Western New England College School of Law. Heather served as the first non-medical professional Chair of the nation’s Organ Procurement and Transplantation Network’s Living Donor Committee.

Sheila Keane, Director of Analysis

Sheila Keane joined NESCOE in 2021 as Director of Analysis. Previously, she worked for the Massachusetts Department of Public Utilities, where she held a variety of roles, including Director of Regional and Federal Affairs. Earlier, Sheila worked in the private sector with a consulting firm, London Economics International. Sheila is a graduate of Harvard University and holds a master’s degree in economics from Johns Hopkins SAIS.

Technical Consultants and Legal Support

NESCOE retains consultants to provide technical analysis in the areas of system planning and expansion and resource adequacy. In 2024, NESCOE worked with consultants such as, **Wilson Energy Economics, MP Energy LLC, RLC Engineering, Stickney Brook Consulting, GDS Associates, Oxford Power Systems, Daymark Energy Advisors, and Apex Analytics.**

NESCOE does not use litigation as a primary means to accomplish its objectives and, when it does use litigation, NESCOE staff produces much of the organization's legal work. NESCOE's legal activity often focuses on consumer interests in proceedings at FERC. Like past years, NESCOE participated in a broad range of FERC proceedings involving issues such as electric transmission planning and rates and wholesale market rules. When NESCOE required outside counsel, it worked primarily with **Phyllis G. Kimmel Law Office PLLC** in Washington D.C.

SECTION III: REGIONAL STATE ENTITY COORDINATION

NESCOE regularly communicates with the New England Conference of Public Utility Commissioners (“NECPUC”) to share information about matters on which it is working and to avoid duplication of efforts. In 2024, NESCOE and NECPUC participated together in meetings with ISO-NE management and its Board of Directors, as well as with NEPOOL sectors. As issues warrant, NESCOE facilitates dialogue with subject matter experts from state governments to enhance coordination and leverage the technical expertise that exists within state agencies on issues with regional electric system implications.

In 2024, NESCOE regularly communicated with other regions’ Regional State Committees on matters of common interest and will continue that practice in 2025.

SECTION IV: 2024 ACTIVITY, FOCUS AREAS & ACCOMPLISHMENTS

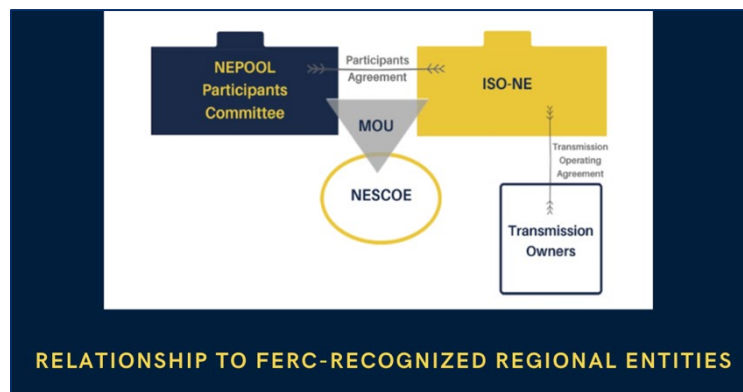
PARTICIPATION IN REGIONAL STAKEHOLDER FORUMS ON BEHALF OF CONSUMER INTERESTS

New England consumers fund the region’s wholesale electricity markets and high-voltage transmission system. The annual costs of the wholesale electricity markets over the past decade have ranged from a low of \$5.3 billion in 2016 to a high of \$13.85 billion in 2022.

In 2024, the total wholesale cost of electricity was \$10.2 billion. This 11% increase was largely due to higher input costs and changes in the supply mix, including increased CO₂ emissions costs under the Regional Greenhouse Gas Initiative (“RGGI”) program and reduced net imports from Quebec. Regional Network Load Costs were \$3.0 billion for 2024, up \$0.3 billion from 2023 due to investments to replace aging infrastructure through asset condition projects, ISO-NE identified reliability needs, and broader inflationary pressures.

The plans and rules that determine the level and type of consumer investments in these markets are largely developed as part of a regional NEPOOL stakeholder process. Most proposals must ultimately be presented to FERC for its deliberation. Participating in these activities and the subsequent regulatory proceedings is resource-intensive but important: even “minor” revisions to market rules or planning approaches can mean significant changes and have material consumer cost implications.

After FERC approved NESCOE as New England’s Regional State Committee, NESCOE commenced activity, consistent with a Memorandum of Understanding among NESCOE, ISO-NE, and NEPOOL. FERC reviews ISO-NE’s filings to determine whether market rules and other proposals are “just and reasonable” under the Federal Power Act. Provided that there is a certain super-majority level of stakeholder support for an alternative market rule proposal, ISO-NE must include with its proposed filing the alternative market rule. FERC considers the NEPOOL alternative on equal legal footing with ISO-NE’s proposed rule. New England’s



transmission owners have legal authority to make certain filings with FERC in connection with transmission rates and cost allocation; FERC also reviews these filings under the Federal Power Act’s “just and reasonable” standard. Like market participants and stakeholders, NESCOE expresses its perspective to FERC on these various filings, which FERC will generally accept or reject.

Further, from time-to-time, NESCOE, market participants, and others seek federal court review of FERC decisions. These cases highlight the importance to consumers of NESCOE’s informed, active, and timely engagement in regional stakeholder conversations leading to FERC filings and as needed, vigorous advocacy before FERC and in federal court.

Throughout 2024, NESCOE represented the collective views of the New England states and regularly played an important role in substantive New England regional stakeholder forums. This role included regular participation in NEPOOL’s Participants, Reliability, Transmission, and Markets Committee meetings. In those processes in 2024, NESCOE offered proposals in connection with planning and market rule changes to advance consumer interests and states’ shared energy objectives as appropriate. Additionally, NESCOE participated in ISO New England’s Planning Advisory Committee (PAC) and the Power Supply Planning Committee and followed the Consumer Liaison Group’s activities.



NESCOE also participated in various working groups that drive investment decisions, such as the Load Forecast, Budget and Finance, and Power Supply Planning committees, Energy Efficiency Forecast Working Group, the Distributed Generation Forecast Working Group, and the Environmental Advisory Group.

ADVOCATING FOR CONSUMER INTERESTS IN ISO-NE FORUMS AND IN FILINGS WITH FERC AND THE COURTS

In 2024, NESCOE participated in ISO-NE forums and federal-jurisdictional matters concerning resource adequacy and system planning-related issues with significant implications for New England consumers. Some proposed solutions followed years of analysis and discussion. Others emerged in reaction to more immediate circumstances. NESCOE’s substantive positions and filings in 2024 continued to involve a diverse range of issues relating to New England’s electric grid and its electricity markets, as they have in past years. NESCOE’s common focus was to advocate for New England consumer interests and shared state objectives.

WORK TO ACHIEVE THE STATES’ VISION FOR THE 21ST CENTURY ELECTRIC SYSTEM

Throughout 2024, NESCOE worked to further progress on the New England states’ vision for a clean, affordable, and reliable 21st century regional electric grid.

◆ **Improving Asset Condition Processes to Assure Consumer Spending Is Reasonable, Necessary and Results in Overall Lowest System Costs.**

Maintaining transmission assets that are aged, damaged, or otherwise obsolete—asset condition projects—is, and will continue to be, central to a reliable grid. These projects represent the largest cost category of transmission projects that consumers ultimately pay and yet have little to no meaningful regulatory oversight. In 2023, NESCOE requested that the New England Transmission Owners and ISO-NE work to reform to asset condition project planning through (1) near-term visibility-related process improvements and (2) fundamental planning efficiency and right size-related planning improvements. In response, in 2023 and 2024, the transmission owners adopted a series of enhancements that have increased transparency and visibility.

What is an asset condition project?

It's new transmission infrastructure that replaces old, damaged, or obsolete infrastructure.

Who decides the need for these projects and their scale and scope?

Each transmission owner unilaterally identifies project need, timing, scope and scale.

Who pays for asset condition projects?

Everyone.

Costs for each project are allocated to consumers across New England, just like the transmission projects ISO New England identifies as needed for reliability.

These enhancements include:

- Consistent guidelines for a transmission owner's presentation of asset condition projects to ISO-NE's Planning Advisory Committee;
- An asset condition project database, which will provide information to help guide and inform holistic asset condition prioritization and decision-making;
- A five-year asset condition project capital spending plan;
- An asset condition process guide; and
- Consistent asset health score metrics when transmission owners describe assets.

While these visibility and informational reforms are necessary and important, they are only a first step and are not a substitute for effective project oversight and holistic regional transmission planning. In 2025, NESCOE will continue to press for enhanced transparency, oversight, and regional planning reforms.

- ◆ **Asset Condition Project Spending and Regional Rates.** As part of NESCOE's ongoing efforts to improve the transparency around and oversight of asset condition spending, NESCOE actively engaged in the evaluation of proposed asset condition projects presented to the Planning Advisory Committee. With the support of its consultants, NESCOE questioned the need for and sought clarity on several proposed projects.
- ◆ **2024 RNS Annual Update Filing Investigation.** To promote additional transparency in electricity rates and to protect consumers, NESCOE conducted an investigation into the transmission owners' Regional Network Service Rate ("RNS") Annual Update filing. Following its investigation, NESCOE made several Informal Challenges under the region's Formula Rate Protocols, many of which resulted in savings to consumers. In addition, NESCOE conducted its investigation with a specific focus on asset condition projects and thus sought and received transmission owner documentation concerning the need for and scope of the asset condition projects included in the 2024 RNS Annual Update filing.

- ◆ **2050 Transmission Study.** NESCOE assessed the final results of the *2050 Transmission Study*, which show significant potential transmission challenges that may arise as the region transitions to its clean energy future. The results of this study informed NESCOE’s request to ISO-NE for a first-time competitive solicitation designed to resolve longer-term transmission needs.
- ◆ **Established a Process to Move from Longer-Term Transmission Analysis to Action.** NESCOE worked with ISO-NE and stakeholders on tariff mechanisms that enable states to operationalize longer-term public policy-related transmission analysis with associated cost allocation mechanisms. The tariff provisions, filed with and approved by FERC in 2024, create a mechanized process for the solicitation and selection of longer-term transmission solutions, with an opportunity to include any non-time-sensitive market and reliability needs identified by ISO-NE. The provisions include two methodologies to select a project and allocate its costs based on the evaluation of a comprehensive set of benefits measured against project costs. Importantly, the tariff provisions appropriately provide for state and ISO-NE cooperation regarding investment decisions directly related to the states’ laws. The states’ central role underpinned unanimous state support for the tariff provisions. In 2025, NESCOE is committed to continuing discussions with ISO-NE and stakeholders on ways to further enhance longer-term transmission planning in New England.
- ◆ **Request for the First Longer-Term Transmission Planning Solicitation.** In December 2024, NESCOE’s work with ISO-NE and stakeholders on the 2050 Transmission Study and the new process to allow NESCOE to request that ISO-NE pursue transmission investment through a state-driven, study-based process that evaluated broad regional benefits culminated in NESCOE’s request that ISO-NE issue its first regional solicitation to resolve certain longer-term transmission needs. Consistent with the newly established tariff provisions, NESCOE sought stakeholder feedback on certain needs that NESCOE was interested in including in the first solicitation. NESCOE’s final request was grounded in the results of the 2050 Transmission Study, the thoughtful feedback from diverse stakeholders, and consultation with ISO-NE. For the first solicitation, NESCOE sought to achieve a twofold objective of (1) strengthening the connection between northern and southern New England and (2) facilitating the integration and deliverability of additional affordable generation resources located in Maine. Work on the solicitation and resulting bids will continue in 2025.



- ◆ **New Infrastructure Project Cost Management.** In 2024, New England was selected by the U.S. Department of Energy (“DOE”) to receive a federal award for a new infrastructure project called “Power Up New England.” This project includes new and upgraded transmission infrastructure in Massachusetts and Connecticut and an innovative battery energy storage system in Maine to enhance grid resilience and power delivery. NESCOE negotiated with the transmission project developers to obtain their commitments on cost management, containment, and transparency measures for the benefit of consumers. These commitments were ultimately submitted to FERC.
- ◆ **Assessing the Interregional Transmission Planning Landscape.** In 2024, NESCOE documented and assessed regional and inter-regional transmission planning practices across the three northeastern U.S. Regional Transmission Organizations (“RTOs”): ISO-NE, New York ISO, and PJM Interconnection (“PJM”). The goal was to help state officials and policymakers to better understand how an inter-

regional transmission project—one that would provide benefits to two or three of the Northeastern RTOs—could or would find its way through the collective inter-regional planning processes in New England, New York, and PJM. NESCOE emphasized to ISO-NE the importance of ISO-NE facilitating progress on the Joint ISO/RTO Planning Committee loss of source study because a better understanding of whether and to what extent that limit can be changed is important to meaningful progress on interregional transmission reforms. NESCOE monitored the Northeast State Collaborative with a specific focus on technical standards.

- ◆ **Transmission and Planning, Cost Allocation.** In May 2024, FERC issued Order 1920, a landmark order on Regional Transmission Planning and Cost Allocation. The order requires utilities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce, as well as regional transmission organizations, to conduct long-term transmission planning to ensure the identification, selection, and evaluation of proposed cost-effective transmission facilities. Working with states, transmission providers are to allocate these transmission costs to those ratepayers that benefit from the facilities in a manner roughly commensurate with the benefits.

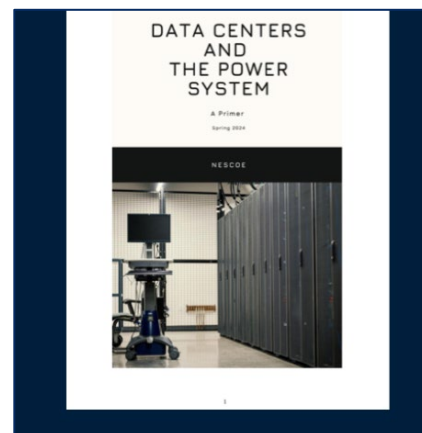
In June 2024, NESCOE filed a Request for Clarification and Rehearing of Order 1920. While NESCOE supported the Commission's efforts to address a major gap in transmission planning, the request focused on strengthening the state role in all phases of Long-Term Regional Transmission Planning, including cost allocation. Additionally, NESCOE sought clarification and/or rehearing on the definition of "Relevant State Entities," asked that the Commission require transmission providers ensure that alternative technologies serve as the starting point for addressing identified transmission needs, and requested that the Commission not exempt asset condition projects from Order 1920's transparency requirements for regionally planned transmission projects.

In July, 2024, FERC issued a Notice of Denial of Rehearing by Operation of Law and Providing for Further Consideration in response to requests for clarification and rehearing of Order 1920. NESCOE filed an appeal of Order 1920 in September 2024. NESCOE included several issues in its original appeal and has since narrowed its focus to the issue of asset condition project transparency. In 2025, NESCOE plans to continue to pursue its appeal, and intends to argue that FERC cannot ensure just and reasonable transmission rates without including asset condition projects in its transparency rules.

- ◆ **Generation Interconnection.** In 2023 and 2024, FERC issued Orders 2023 and 2023-A, respectively, addressing improvements to generator interconnection procedures and agreements. In May 2024, ISO-NE, the New England Power Pool Participants Committee, and the Participating Transmission Owners Administrative Committee filed a Compliance Proposal to comply with Orders 2023 and 2023-A. The filing parties requested an August 2024 effective date for the Compliance Proposal Rules. In September 2024, ISO-NE notified stakeholders that, given the lack of a Commission Order on its Compliance Proposal, it would be suspending activities related to the Compliance Proposal rules and would continue processing existing Interconnection Requests in the Interconnection Queue on a serial basis under the then-current Tariff provisions. In November 2024, NESCOE sent a letter to the Commission urging it to act swiftly on the Compliance Proposal, noting that near-term action on the widely supported Compliance Proposal filing was necessary to help alleviate interconnection queue backlogs and uncertainty that continued to exist in New England and that the Commission endeavored to address in Orders 2023 and 2023-A. FERC issued an order on the Compliance Proposal in April 2025.
- ◆ **State Input on National Interest Electric Transmission Corridors.** In 2023, NESCOE filed comments with the DOE in connection with the DOE's proposed approach to implementing an applicant-driven, route-specific National Interest Electric Transmission Corridor ("NIETC") designation process to facilitate the development of additional electric transmission. In 2024, NESCOE filed additional

comments with DOE on Phase 2 of the NIETC designation process. In Phase 2, DOE released its preliminary list of potential NIETCs, identified which potential NIETCs it was continuing to consider, provided a high-level explanation of the basis for those potential NIETCs, and opened a public comment period. In its Phase 2 comments, NESCOE declined to opine on the geographic boundaries of the New-York-New England Potential NIETC identified by DOE, but underscored the importance of DOE giving careful consideration to state and local stakeholder feedback on the geographic boundaries of the New York-New England Potential NIETC and the potential impacts on environmental, community, and other resources within the potential corridor.

- ◆ **Dynamic Line Ratings.** NESCOE filed comments on FERC’s consideration of the need to establish requirements for transmission providers to use dynamic line ratings (“DLRs”) as well as potential reforms to ensure transparency in the development and implementation of DLRs. NESCOE commended FERC for considering how to implement DLRs in a transparent manner, thereby improving the accuracy of transmission line ratings. NESCOE strongly encouraged FERC to advance its DLR ANOPR to a proposed rule informed by the comments received on the ANOPR.
- ◆ **Supply Chain Risk Management.** NESCOE filed comments on FERC’s proposal to direct the North American Electric Reliability Corporation to develop and submit for FERC approval new or modified Reliability Standards that address the sufficiency of responsible entities’ supply chain risk management (“SCRM”) plans related to the identification of, assessment of, and response to supply chain risks, and applicability of Reliability Standards’ supply chain protections to protected cyber assets. NESCOE strongly supported the efforts of the Commission to ensure cybersecurity reliability.
- ◆ **Advanced Transmission Technologies.** NESCOE urged ISO-NE to dedicate resources to exploring how and at which stages of the planning process consideration of advanced transmission technologies should be enhanced or prioritized. An effective planning process should result in the deployment of these technologies when they provide a net benefit to consumers.
- ◆ **Data Centers.** To inform consideration of potential future load growth, in 2024, NESCOE produced a Data Center Primer to review the opportunities and challenges of data center development at a very high level. While New England has not yet become a major market for data center development, data center issues in the region are likely to become more salient due to increasingly high demand for new data centers. As data center development potentially spreads further into New England, the individual New England states, and the region as a whole, will have to weigh the costs and benefits of data center development and grapple with issues such as data center tax incentives, how to deal with data center sustainability issues, how regional system planning will account for data center demand, and how the region will allocate costs for any necessary transmission system infrastructure upgrades. In other regions of the country, data center development has taken place at a pace and volume that left states and regions to react to the issues. The Data Center Primer was intended to allow the New England states to better understand the potential challenges and opportunities associated with data center development in the region *before* data centers become a widespread issue, as state governments will undoubtedly play a vital role in ensuring that any data center development is undertaken in a sustainable way via policies, incentives, and regulations. In 2025,



NESCOE intends to build upon the information provided in the Primer and help states to consider more focused data center issues.

ALIGNING MARKETS WITH STATE REQUIREMENTS

- ◆ **Forward Capacity Auction 19 Delay.** In late 2023, with NESCOE support and no oppositions, NEPOOL approved and ISO-NE filed at FERC a proposal to delay the FCA19 auction by one year. In the months that followed, NEPOOL, ISO-NE, and NESCOE reviewed and discussed a report prepared by a consultant, which recommended that the region transition to a prompt-seasonal capacity market. Based on this recommendation, ISO-NE proposed an additional two-year delay for FCA 19. This delay allows time to develop the necessary Tariff revisions and integrate the work previously done on resource capacity accreditation. FERC approved this additional two-year delay.
- ◆ **Capacity Auction Reforms (“CAR”).** In late 2023, the region began discussing the benefits and risks of moving the current capacity auction construct from a three-year forward annual construct to a prompt and/or seasonal construct. After the approval of the two-year delay, ISO-NE began to lay out the timeline, scope, and objectives to move towards a prompt and seasonal market. This multi-year project will result in two FERC filings. The first, in late 2025, will implement prompt market and retirement/deactivation reforms. The second, expected in late 2026, will implement seasonal market and accreditation reforms.
- ◆ **Day Ahead Ancillary Services.** Day Ahead Ancillary Services will provide a new market design for procuring and pricing operating reserves in the day-ahead market. In 2023, NESCOE worked with ISO-NE and NEPOOL stakeholders on several design aspects of the proposal, which was ultimately filed at FERC. NESCOE supported the final proposal in the stakeholder process and filed supportive comments at FERC. These reforms were implemented in early 2025.
- ◆ **Resource Capacity Accreditation (“RCA”).** In 2022, ISO-NE began the stakeholder process on this substantial market change. RCA will identify and implement changes to more accurately reflect resources’ contributions to resource adequacy. This work carried into 2024 but was paused with the development of CAR. RCA will continue to be developed taking into consideration changes due to the CAR project.

PROTECTING CONSUMER INTERESTS IN COST-OF-SERVICE CONTRACT

- ◆ **Consumer Cost Protection in an Out-of-Market Power Generator Contract.** As in past years, in 2024, NESCOE dedicated substantial time to advocating for New England consumer interests in connection with a unique cost-of-service contract for two retiring generating units located just outside of Boston.

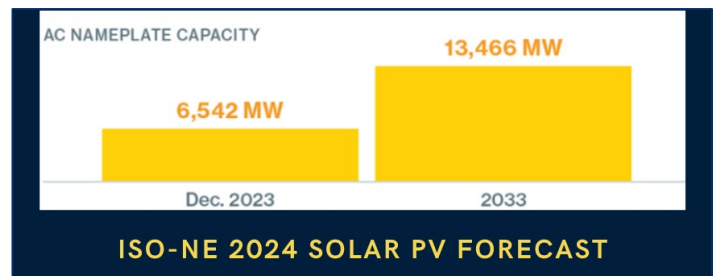
Throughout 2024, NESCOE actively engaged with other intervenors under the protocols for the remaining year of the contract. This included a final global settlement that was filed with FERC in late 2024, which was designed to end the nearly seven years of work on this matter. The final settlement included additional reductions to the revenue requirement beyond those previously negotiated.

WINTER AND EXTREME WEATHER SYSTEM RELIABILITY

- ◆ **Establishing a Regional Energy Shortfall Threshold (“REST”).** NESCOE engaged with ISO-NE and stakeholders as ISO-NE began the development of a REST. A REST would provide valuable insight into the energy shortfall risks faced by the region over different time horizons (seasonal, annual, multi-year). NESCOE supports ISO-NE’s work to incorporate the risk assessment into its routine processes to provide increased visibility and insight into energy adequacy risk. In 2025, NESCOE expects to work with ISO-NE and stakeholders on finalizing the REST metric and exploring means to address potential shortfall issues.

FORECASTING AND THE EFFECT ON BOTTOM LINES

Forecasting affects consumer bills, and ISO-NE has made important forecasting changes to increase forecasting accuracy. The region’s new longer-term approach to forecasting, for example, uses hourly forecasting and modeling to better account for load-shape impacts of emerging trends. It also improves how ratepayer energy efficiency investments are reflected in the model.



Ratepayer-funded energy-efficiency and behind-the-meter solar photovoltaic investments have slowed load growth. These investments are the result of state laws and programs that encourage resources to locate close to where consumers use power. The level of investment affects wholesale electric energy demand and peak demand. Energy efficiency investments also impact transmission planning, for example, and they have saved hundreds of millions of dollars for consumers in the form of transmission project deferrals.

At the same time, several state laws and programs encourage electrification of the transportation and building sectors. These programs increase electricity demand as customers increasingly use electric vehicles and for heating.

ISO-NE now forecasts New England energy usage and peak demand will increase slightly over the coming decade, primarily due to forecasts that project increased consumer use of electric vehicles and electricity for heating. Together, these investments and transitions affect the level of resources and infrastructure that the region plans for, and consumers pay for, such as transmission lines and power plants.

- ◆ In 2024, NESCOE continued to assess ISO-NE’s accounting for local resources and new loads in regional planning in the context of the Distributed Generation Forecast, the Energy Efficiency Forecast, both of which originated at NESCOE’s request, as well as the Heating and Transportation Electrification Forecast.

SECTION V: PRIORITIES 2025 AND 2026

NESCOE carries into 2025 several priorities that require significant attention. At the direction of Managers, NESCOE will continue to identify areas for proactive engagement related to resource adequacy and system planning and expansion. Where needed, NESCOE will conduct independent technical analyses to inform Managers' decisions.

In 2025, NESCOE will participate actively in NEPOOL stakeholder forums, exchange ideas with ISO-NE and market participants, and represent the collective interests of New England states at FERC and, where appropriate, before other federal agencies and the courts. In addition to addressing issues as they arise, NESCOE anticipates focus on the following areas:

TRANSMISSION PLANNING

- ◆ **Transmission Planning for Reliability.** NESCOE will (1) review and provide input on ISO-NE's plans and planning processes, including its Regional System Plans, forecasting, and certain transmission needs assessments and solution studies; (2) provide feedback on ISO-NE's planning assumptions and approach to planning; and (3) continue to consider opportunities to influence major NERC-related policy activities when they have the potential for significant cost implications for New England electricity consumers.
- ◆ **Asset Condition Project Review and Oversight.** NESCOE will continue to seek reforms to transmission owners' asset condition project replacement processes that results in effective foresight, visibility, review, and scrutiny of these material consumer investments, and consequently, to enable the region to maximize efficient transmission investment. NESCOE will pursue its appeal of the FERC's Order 1920 asset condition transparency rules.
- ◆ **Operationalizing Longer-Term Transmission Analysis.** NESCOE will continue work with ISO-NE and stakeholders on evaluating the bids received in response to the region's first solicitation for longer-term transmission. NESCOE will continue discussions with ISO-NE and stakeholders on ways to further enhance longer-term transmission planning in New England.
- ◆ **Reforms to Transmission Planning, Cost Allocation, and Generator Interconnection.** NESCOE will continue to engage in FERC's efforts to reform transmission planning, generator interconnection, and cost allocation processes. NESCOE will continue to advocate for, and assist in the execution of, an appropriate state role in state law-based transmission planning and cost allocation. In connection with NESCOE's appeal of FERC Order 1920, consolidated in the Fourth Circuit Court of Appeals, NESCOE plans to continue its appeal on the issue of asset condition project transparency and intends to argue on brief that FERC cannot ensure just and reasonable transmission rates without including asset condition projects in its transparency rules. Oral arguments will likely take place in the spring of 2026.
- ◆ **Transmission Cost Estimation, Tracking, Controls, and Review.** NESCOE will continue to track all transmission project cost estimates, seek means to mitigate or control cost escalations in proposed projects, and review actual transmission project costs in FERC's formula rate proceeding.
- ◆ **Advanced Transmission Technologies.** NESCOE will continue to advocate for procedures to ensure both timely and effective consideration of advanced transmission technologies so that New England gets the most out of the existing system and new investments.
- ◆ **Interregional Transmission Planning.** NESCOE will continue to encourage ISO-NE to conclude the loss of source limit work with PJM and NYISO, any associated action necessary to effectuate any increase in the

maximum loss of source in New England, and any other tariff changes to facilitate interregional transmission development.

FUTURE REGIONAL RELIABILITY NEEDS

- ◆ **Energy Security and Winter Risks.** NESCOE will (1) participate actively on core issues related to market-based mechanisms that value the contribution of resources needed for regional energy security and winter reliability; (2) provide analysis as needed to support state evaluations, proposals, and/or amendments; and (3) ensure that consumer interests are considered when proposals are evaluated and that all potential solutions undergo a cost-effectiveness analysis to assess whether the costs are reasonable in light of the asserted risks. NESCOE will continue to assess outcomes of study work to identify winter risks related to extreme weather, New England-typical weather, and the effects from changes in both gas and electric infrastructure.
- ◆ **Extreme Weather Assessment and Energy Needs.** NESCOE will (1) assess ISO-NE's analysis of the risk and implications of extreme weather events and contingencies; (2) seek regular analysis that includes consideration of states' laws, policies, and procurements; and (3) engage in discussions about whether, and to what extent, any such risk requires market adjustments or other near-term mitigation.
- ◆ **Resource Reliability or Installed Capacity Requirements.** NESCOE will provide input on ISO-NE's recommended Installed Capacity Requirements and associated assumptions, with attention to ensuring that the Installed Capacity Requirements appropriately reflect New England consumers' investment in distributed generation, investment in other clean energy resources, and the improved generator performance driven by ISO-NE's modifications to the Forward Capacity Market. NESCOE will seek regular analysis from ISO-NE on resource adequacy based on states' laws, policies, and procurements.

REGIONAL MARKET REFORMS

- ◆ **Wholesale Market Reforms.** NESCOE will (1) engage with ISO-NE and stakeholders on means to modernize New England's wholesale electricity markets to support clean energy laws and other state law objectives while maintaining system reliability and (2) participate in the design of associated market rules and governance. This participation includes market matters such as resource capacity accreditation, Capacity Auction Reforms, retirement reforms, and capacity market timing changes.
- ◆ **Resource Adequacy and Reliability Over the Long-Term.** In connection with ISO-NE's initiatives related to Capacity Auction Reforms and capacity market timing changes, NESCOE will work with ISO-NE and stakeholders to ensure that these—and any other proposed modifications to the Forward Capacity Market or other market rules—provide consumers with reliable service at the lowest possible cost over the long-term while maintaining environmental quality. To help inform proposed solutions, NESCOE will provide analyses where appropriate both to better understand any identified risks and to explore the full range of potential cost-effective solutions, including whether the costs of proposed solutions have a reasonable relationship to asserted risks. In any proposed modifications, NESCOE will ask ISO-NE to weigh consumer cost impacts appropriately among other objectives, such as interest in theoretical market purity (e.g., minimal application of adjustments or use of judgment).

ADDITIONAL CONSUMER-FOCUSED ADVOCACY

- ◆ **Reasonable Decision-Making Processes and Metrics that Enable Full and Fair Consideration of Consumer Cost Implications.** NESCOE will advocate for decision-making processes that provide (1) reasonable notice; (2) an opportunity to consider fully the consumer implications of proposed rule changes; and (3) an opportunity for states and ISO-NE to explore the lowest-cost means to achieve identified objectives. When appropriate, NESCOE will advance states' perspectives on objectives, on the metrics that ISO-NE and others should use to evaluate potential solutions, and/or the balance between market pricing and consumer cost implications.
- ◆ **ISO-NE "Major Initiatives" Assessments.** NESCOE will advance consumer interests in connection with ISO-NE's required quantitative and qualitative analysis of major market initiatives, and NESCOE will ensure that the consumer cost implications of proposed initiatives—and any alternatives—are understood and considered in decision-making.
- ◆ **Advocate on Behalf of Consumer Interests in Litigation Advanced by New England Market Participants.** NESCOE will continue to advocate as appropriate in litigation implicating the interests of New England's electricity consumers and, where necessary to safeguard consumer and states' interests, intervene or bring matters to the courts.

REGIONAL DATA AND ANALYSES

- ◆ **Forecasting.** NESCOE will continue to (1) analyze and advocate for appropriate accounting of energy efficiency resources so that consumers receive the full benefit of state policies and consumer investments; (2) work to ensure that ISO-NE's load forecasts in its plans and resource determinations appropriately capture the increased penetration of solar PV and other distributed energy resources and are considered in transmission planning process and resource adequacy determinations; and (3) examine and monitor the assumptions and methods used in ISO-NE's heating and transportation electrification forecasts. NESCOE will also seek to monitor and communicate about the potential for large load entry in New England.
- ◆ **ISO-NE Analysis and Studies.** NESCOE will regularly (1) engage in ISO-NE's Economic Studies and provide input into their development, particularly with respect to assumptions about state laws and policies; (2) engage in analysis conducted through ISO-NE's Probabilistic Energy Adequacy Tool, including for example, providing assumptions and requesting scenarios to assess risks and options as the resource mix evolves pursuant to state laws and policies; and (3) offer observations about outcomes for context.

GOVERNANCE AND ACCESSIBILITY

- ◆ **Governance and Accessibility.** NESCOE will continue to assess and seek enhancements as appropriate on governance and accessibility. This focus includes, for example, the ISO-NE's Board of Directors' open meeting structure, ISO-NE's evolving communications tools that enhance public accessibility; states' ability to obtain analysis from ISO-NE about projected resource adequacy needs informed by states' laws, policies, and procurements; and the accessibility of New England's stakeholder processes.

SECTION VI. 2024 EXPENDITURES

NESCOE operations are funded by a FERC-approved charge collected through Schedule 5 of Section IV.A of ISO New England's tariff.

In an independent audit of NESCOE's books for the year-end December 31, 2024, an independent auditor opined that the organization's books conform to generally accepted accounting principles and issued an unqualified opinion letter.

A 2024 Statement of Spending is as follows:

NESCOE	
Statement of Spending	
December 31, 2024	
Expenses	
Direct Expenses, Consulting	
Legal (FERC) Services	95,434
Technical Consulting	360,521
Total Direct Expenses, Consulting	455,955
Employment and Benefits	
Disability, Health & Life Ins	6,379
Payroll Taxes	68,064
Pension Contributions	40,413
Salaries & Wages	1,009,475
Total Employment and Benefits	1,124,331
General and Administrative	
Dues and Subscriptions	15,715
Depreciation	5,670
Insurance	7,544
Office Expenses	2,079
Professional Services	35,225
Telephone & Communications	8,446
Travel and Meetings	37,442
Total General and Administrative	112,121
Total Expenses	1,692,408

SECTION VII. BUDGET 2025 & PRELIMINARY BUDGET 2026

NESCOE's 2025 budget, which is consistent with the current five-year *pro-forma* approved by NEPOOL and accepted by FERC, was presented to and affirmed by NEPOOL in 2024. The 2025 NESCOE budget was submitted to the FERC and accepted in December 2024. The 2026 preliminary budget follows.

	2025
Salaries and Wages	
Salaries	1,219,758
Payroll Taxes	121,976
Health and Other Benefits	140,000
Retirement §401(k)	48,790
Total, Salaries and Wages	1,530,524
Direct Expenses - Consulting	
Technical Analysis	527,634
Legal (FERC)	200,000
Total, Direct Expenses, Consulting	727,634
General and Administrative	
Rent	-
Utilities	-
Office and Administrative Expenses	51,938
Professional Services	48,925
Travel/Lodging/Meetings	92,700
Total General and Administrative	193,563
Capital Expend. & Contingencies	
Computer Equipment	10,000
Contingencies	246,172
Capital Expend. & Contingencies	256,172
TOTAL EXPENSES	2,707,893

**NESCOE
2026 Preliminary Budget**

	2026
Salaries and Wages	
Salaries	1,225,291
Payroll Taxes	122,529
Health and Other Benefits	148,526
Retirement §401(k)	<u>49,012</u>
Total, Salaries and Wages	<u>1,545,358</u>
Direct Expenses - Consulting	
Technical Analysis	374,731
Legal (FERC)	<u>374,732</u>
Total, Direct Expenses, Consulting	<u>749,463</u>
General and Administrative	
Rent	-
Utilities	-
Office and Administrative Expenses	53,496
Professional Services	50,393
Travel/Lodging/Meetings	<u>95,481</u>
Total General and Administrative	<u>199,370</u>
Capital Expend. & Contingencies	
Computer Equipment	9,548
Contingencies	<u>250,374</u>
Capital Expend. & Contingencies	<u>259,922</u>
TOTAL EXPENSES	<u><u>2,754,113</u></u>

Representing the Collective Interests of the Six New England States