NEW ENGLAND STATES
COMMITTEE ON ELECTRICITY

2025

Annual Report

to the New England Governors

NESCOE • REGIONAL STATE COMMITTEE FOR NEW ENGLAND

Representing the Collective Interests of the Six New England States

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NESCOE

Affordability: The Work Ahead, Together

As in 2025, looking ahead, affordability will be the lens through which regional decisions must be evaluated. New England ratepayers require a power system that is both reliable and reasonably priced, and as needs evolve, NESCOE's focus is ensuring that every dollar spent reflects careful, cost-conscious, and transparent decision-making.

Asset condition spending illustrates pointedly how collaboration is key. These projects, which replace aged, damaged, or otherwise obsolete transmission infrastructure, represent the largest cost category of transmission investment in New England. Yet, they have historically received little effective regulatory oversight. In 2025, ISO-NE agreed to establish an asset condition reviewer function, subject to conditions ISO-NE considered imperative—conditions that states, transmission owners, consumer advocates, and stakeholders broadly accepted. An asset condition reviewer is not a substitute for regulatory oversight, but it is a meaningful first step toward independent scrutiny. Whether the Asset Condition Reviewer proves effective remains to be seen, but one thing is already clear: this first-in-the-nation effort would not have been possible without equal measures of determination and collaboration.

In 2025, a new pressure emerged that will call for that same spirit: large load growth, including from data centers. Looking ahead, New England will have to answer hard questions about who bears the cost of new infrastructure and how to protect existing ratepayers as load profiles shift. Because a large load decision in one state carries cost and reliability consequences for ratepayers in every other state, the best path forward will require a regional approach—one that carefully weighs economic opportunity and consumer protection while safeguarding grid reliability and protecting local communities. This emerging challenge will call for the same collaborative instinct that has long defined New England's approach to shared energy issues.

None of these issues can be solved by NESCOE alone. A right-sized, just and reasonable, cost-effective electric grid will only be achieved through sustained collaboration among ISO-NE, our federal partners, New England Transmission Owners, consumer advocates, and all stakeholders. In the year ahead, NESCOE encourages the region to meet every issue where consumer cost is at stake with the same urgency that ratepayers bring to paying their bills.

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 Yale Law School.

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

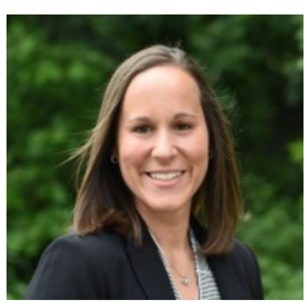
Philip L. Bartlett II, J.D., was appointed to the Maine Public Utilities Commission in June 2019 by Governor Janet Mills. Prior to his appointment, he practiced law with Stacia, Bartlett & Chabot. He also served in the Maine Senate from 2004 to 2012 and was elected by his peers to serve as Senate Majority 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
Executive 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.

**Jason Marshall was NESCOE's Manager in the first half of 2025.*

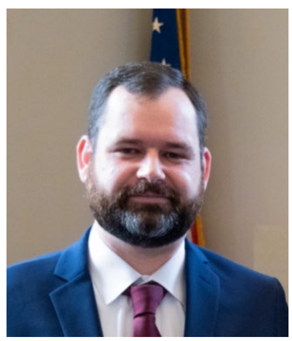
Deputy Secretary for Federal and Regional Energy Affairs
Executive Office of Energy and Environmental Affairs
Mary Louise "Weezie" Nuara



Weezie Nuara serves as Deputy Secretary for Federal and Regional Energy Affairs at the Massachusetts Executive Office of Energy and Environmental Affairs where she is focused on advancing the Commonwealth's affordability, reliability, and clean energy priorities through state, regional, and federal collaboration. Prior to joining the Commonwealth, Weezie served as Dominion Energy's State Policy Director for New England where she was responsible for all local, state, and regional policy matters impacting Dominion Energy's Millstone Nuclear Power Station in Waterford, Connecticut. Prior to Dominion, Weezie was a Senior Policy Advisor for ISO New England, the region's grid operator, where she was responsible for managing government affairs in Massachusetts, Connecticut, and Rhode Island. Prior to joining ISO New England, Weezie worked as an attorney and legal intern for Dominion Energy where she focused on environmental compliance for the company's merchant generation fleet in New England.

Weezie sits on the Board of Directors for New England Women in Energy and the Environment (NEWIEE) where she serves as co-chair of the Mentorship Committee and is one of the organization's past presidents. She received her undergraduate degree in Government from the University of Virginia and her Juris Doctor from the New England 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.

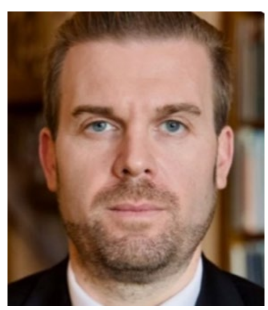
STATE OF RHODE ISLAND
Chairman, Public Utilities Commission
Ron Gerwatowski

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
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.

SECTION II: 2025 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, 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 2025, 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.

NESCOE represents the collective interests of New England states at FERC and, where appropriate, before other federal agencies and the courts.

SECTION III: REGIONAL STATE COORDINATION

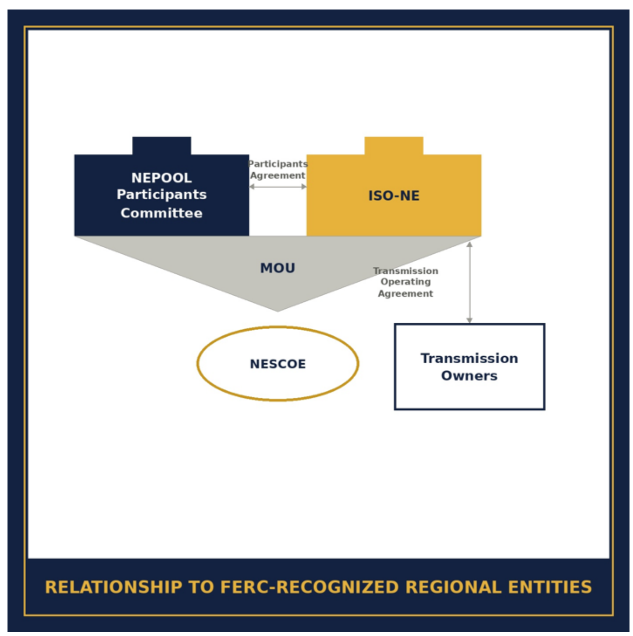
NESCOE regularly communicates with the New England Conference of Public Utility Commissioners ("NECPUC") to share information about matters on which it is working and to avoid duplication of efforts. In 2025, NESCOE and NECPUC participated together in meetings with ISO-NE management and its Board of 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 2025, NESCOE regularly communicated with other regions' Regional State Committees on matters of common interest and will continue that practice.

SECTION IV: 2025 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.

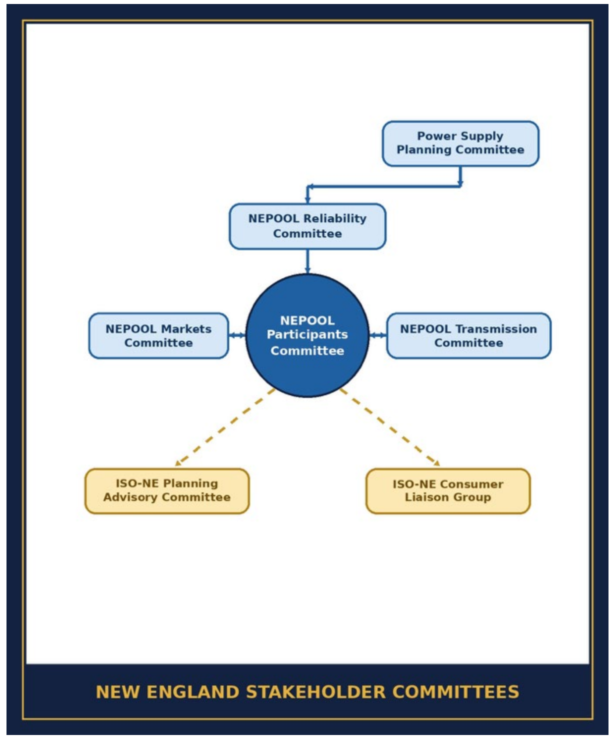


In 2025, the total wholesale cost of electricity was $15.0 billion. Total wholesale electricity costs rose sharply in 2025 to $15.0 billion, nearly 50% higher than in 2024. These elevated costs were driven by higher natural gas costs, tighter supply conditions, and ongoing structural changes to the resource mix and market design. Higher natural gas prices were the principal driver of increased wholesale costs, rising 105% year-over-year to $6.27/MMBtu and elevating energy prices throughout the year. Carbon emissions costs also increased as allowance prices rose and emissions limits tightened

Regional Network Load Costs were increased to $3.6 billion in 2025 from $3.0 billion in 2025, driven by higher regional network service rates and continued investment intransmission infrastructure, including reliability upgrades and asset-condition projects.

Day-Ahead Ancillary Services were implemented in early 2025. NESCOE monitored prices and bidding behavior throught out 2025. NESCOE worked with the IMM, ISO-NE, and stakeholders on changes to the design in 2025/26 which were approved and filed with FERC in 2026.

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 2025, 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 2025, 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, Power Supply Planning committees, and other working groups.

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

In 2025, 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 2025 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' OBJECTIVES FOR A 21ST CENTURY ELECTRIC SYSTEM

Throughout 2025, NESCOE worked to further progress on the New England states' collective objectives for a 21st century regional electric grid.

ADVANCING A MODERN AND COST-EFFECTIVE TRANSMISSION SYSTEM

- **Improving Asset Condition Processes to Ensure 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 for and yet consumers have little to no meaningful regulatory oversight. In recent years, following NESCOE's request to reform asset condition project planning through (1) near-term visibility-related process improvements and (2) fundamental planning efficiency and right size-related planning improvements, the transmission owners adopted a series of enhancements that have increased transparency and visibility.

  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. NESCOE will continue to press for enhanced transparency, oversight, and regional planning reforms. In 2025, ISO-NE agreed to establish the role of asset condition reviewer, subject to certain preconditions, which NESCOE accepted.

- **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. Notably, NESCOE requested a New England transmission owner to pause non-urgent elements of a significant underground infrastructure replacement program pending regional planning discussion, which project ISO-NE subsequently subjected to its interim Asset Condition Review process.

- **Comments on Consumer Complaint Seeking Regional Planning for FERC-Jurisdictional Transmission Facilities at 100 kV or Above.** NESCOE filed comments in response to a complaint filed at FERC by a consumer group alleging that the practice of allowing local planning for certain transmission projects, coupled with the lack of an independent transmission system planner, produced inefficient planning and projects that were not cost-effective. As a remedy, the complaint asked FERC to prohibit local transmission planning for FERC-jurisdictional transmission facilities at 100 kV or above. NESCOE's comments, which were limited to the New England region only, noted the sharp increase in costs associated with asset condition proejcts. NESCOE's comments emphasized the need for additional regional oversight of asset condition projects to enhance transparency and to control consumer costs. NESCOE also advocated for a greater role for ISO-NE, the region's independent system planner, in reviewing asset condition projects.

- **2025 RNS Annual Update Filing Investigation.** To promote additional transparency in electricity rates and to protect consumers, NESCOE conducts investigations into the transmission owners' Regional Network Service Rate ("RNS") Annual Update filings. Following its investigaiton in 2025, NESCOE made several Informal Challenges under the region's Formula Rate Protocols, many of which resulted in savings to consumers. NESCOE's focus in this year's review included the tranmission owners' asset condition spending, incentive compensation based on financial targets, and the proper accounting of transmission owner costs.

- **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. 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. ISO-NE released the RFP in March 2025 and received six bids by the September 2025 response deadline. Work on bid evaluation will continue in 2026 with a final project selection expected by September 2026.

- **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." NESCOE negotiated with the transmission project developers to obtain their commitments on cost management, cost containment, and cost transparency measures. In 2025, a term sheet reflecting these commitments was ultimately submitted to FERC in connection with the developer transmission owners' requests for "abandoned plant" incentives. NESCOE supported the term sheet and the requests for the incentives in comments filed at FERC.

- **Assessing the Interregional Transmission Planning Landscape**. In 2025, NESCOE continued to emphasize the importance of ISO-NE allocating resources to support progress on interregional tranmsission processes and reforms. NESCOE requested that ISO-NE create a report summarizing the work completed to date on the ISO/RTO Planning Committee loss of source study and identifying a roadmap for possible next steps. NESCOE monitored the Northeast State Collabortative 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. Among other things, NESCOE requested that 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 continued to pursue its appeal. In August 2025, NESCOE joined a Consumer Petitioners' brief, filed in the Fourth Circuit Court of Appeals, covering a number of consumer-focused appeal issues. NESCOE contributed a section to the brief arguing that FERC's decision to exempt asset condition projects from the Final Rule's transparency requirement is arbitrary and capricious. In 2026, NESCOE intends to participate in the drafting of a reply brief and preparation for oral argument on this issue.

- **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. 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, accepting the Compliance Proposal in part, and directing the Filing Parties to submit a further compliance filing within 60 days of the order. NESCOE monitored the compliance efforts as they moved through the NEPOOL committee process during the spring and summer of 2025. On September 1, 2025, FERC accepted the subsequent filing in its entirety, effective August 12, 2024.

- **Large Load Integration, including Data Centers**. On October 23, 2025, the Department of Energy ("DOE") issued a letter to FERC directing it to initiate a rulemaking proceeding regarding the interconnection of large loads to the FERC-jurisdictional transmission system. The letter contained a proposed Advanced Notice of Proposed Rulemaking ("ANOPR") and requested that FERC build upon the principles set forth in the ANOPR in its rulemaking. In response, on October 27, 2025, FERC opened a new rulemaking docket (RM26-4-000) and issued a Notice Inviting Comments. On November 21, 2025, NESCOE filed comments in the FERC docket, arguing that the ANOPR, as proposed, would encroach on the exclusive jurisdiction of states to regulate retail customers per the provisions of the Federal Power Act. NESCOE further requested that, should the Commission opt to move forward with a rulemaking, it should first engage in a significant collaborative process that would allow for meaningful participation from the states, regional transmission organizations, and other stakeholders. NESCOE argued that the extremely accelerated timeline recommended by the DOE letter would not allow for such meaningful participation and would potentially exacerbate the legal risk associated with any final rule. NESCOE will continue to follow and participate in this and any other large load proceedings in 2026.

  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. Accordingly, in 2025, NESCOE began discussing large load integration in light of New England's distinct facts, and potential consequences for ratepayers and grid reliability. NESCOE will continue to work with ISO-NE, consumer advocates, and stakeholders to develop large load policies and approaches that balance economic opportunity against risks to consumers, protect local communities, and safeguard regional grid reliability.

ALIGNING MARKETS WITH STATE REQUIREMENTS

- **Capacity Auction Reforms ("CAR").** In all months of 2025 ISO and stakeholders focused work on the Prompt and Deactivation provisions of "CAR-PD." Under the proposal, the auctions would be held closer to the commitment period, the auctions would be closed bid, and resources would provide binding one-year deactivation notices, rather than four years. The region reached near 100% support on CAR-PD provisions, and it was filed at FERC in late 2025.

- **Day-Ahead Ancillary Services.** Day-Ahead Ancillary Services were implemented in early 2025. NESCOE continued to monitor prices and bidding behavior throught out 2025. The new framework is intended to ensure the system is reliably positioned to meet the ISO's next-day operating needs, while compensating and incentivizing resources to be prepared to perform in real time. Over the first ten months of implementation, net settlements for the four reserve products totaled approximately $137 million, representing about 2% of total energy and ancillary services (E&AS) costs. The procurement of physical energy to satisfy the FER results in the Forecast Energy Requirement Price (FERP) totaled $529 million from March through December, accounting for more than 5% of total E&AS costs.

- **Capacity Auction Reforms ("CAR-SA").** Late in 2025, ISO began to roll out its proposal to move to a seasonal capacity market and change its capacity accrediation framework. The seasonal component will allow for the introduction of a gas constraint in the auction. Accreditation changes are intended to more accurately reflect resources' contributions to resource adequacy.

- **Comments on complaint challenging application of market rules following a scarcity event.** As a result of a record-breaking heat wave, the region experienced a longer-than-typical scarcity event. The application of the region's pay-for-performance rules resulted in certain capacity resources being asked to perform in excess of their capacity obligations or pay penalties. In response to a complaint by the New England Power Generators Association, NESCOE filed comments that supported the general principle that resources should not be penalized for performing up to their capacity obligations.

WINTER AND EXTREME WEATHER SYSTEM RELIABILITY

- **Establishing a Regional Energy Shortfall Threshold ("REST").** NESCOE engaged with ISO-NE and stakeholders as ISO-NE established 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 2026, NESCOE expects to work with ISO-NE and stakeholders on the first series of seasonal (summer and winter) and longer-term (5- and 10-year) assessments.

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. 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 use electricity 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 2025, ISO-NE began the process of researching methods, data sources, policy incentives, and regulatory activity for understanding the potential magnitude, timing, and likelihood of future impacts of large loads in New England.

- In 2025, 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.
- NESCOE engaged in early discussions with ISO-NE about its initial efforts to develop a forecast for large loads, such as data centers.

SECTION V: PRIORITIES 2026 AND 2027

NESCOE carries into 2026 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 2026, 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 actively engage with ISO-NE and stakeholders as ISO-NE establishes the new function of asset condition reviewer. NESCOE will pursue its appeal of the FERC's Order 1920 asset condition transparency rules.

- **Longer-Term Transmission Analysis and Solicitations.** 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 reiterate in its reply 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 fall 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 work with PJM and NYISO on identifying actions 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 the range of market matters, including capacity auction reforms and tie benefits for incremental quantities of existing real-time reserve, and changes to the current day-ahead ancillary service design.

- **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

- **Large Load Integration**. NESCOE will work with ISO -NE, consumer advocates, and stakeholders to develop large load policies and approaches that balance economic opportunity against risks to consumers, protect local communities, and safeguard regional grid reliability, and participate meaningfully in any related FERC proceedings.

- **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, as well as ISO-NE's forecasts of 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 including, for example, 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. 2025 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, 2025, an independent auditor opined that the organization's books conform to generally accepted accounting principles and issued an unqualified opinion letter.

A 2025 Statement of Spending is as follows:

NESCOE
Statement of Spending
December 31, 2025

Expenses	
Direct Expenses, Consulting	
Legal (FERC) Services	48,735
Technical Consulting	598,302
Total Direct Expenses, Consulting	647,037
Employment and Benefits	
Disability, Health & Life Ins	18,379
Payroll Taxes	70,461
Pension Contributions	39,664
Salaries & Wages	1,010,143
Total Employment and Benefits	1,138,647
General and Administrative	
Dues and Subscriptions	19,376
Depreciation	110
Insurance	5,782
Investment Expenses	3,029
Office Expenses	2,527
Professional Services	36,394
Telephone & Communications	9,896
Travel and Meetings	48,079
Total General and Administrative	125,192
Total Expenses	**1,910,875**

SECTION VII. BUDGET 2026 & PRELIMINARY BUDGET 2027

NESCOE's 2026 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 2025. The 2026 NESCOE budget was submitted to the FERC and accepted in December 2025. The 2027 preliminary budget follows.

2026 Budget

	2026
Salaries and Wages	
Salaries	1,154,640
Payroll Taxes	115,464
Health and Other Benefits	140,000
Retirement §401(k)	46,186
Total, Salaries and Wages	**1,456,290**
Direct Expenses - Consulting	
Technical Analysis	550,000
Legal (FERC)	200,000
Total, Direct Expenses, Consulting	**750,000**
General and Administrative	
Rent	-
Utilities	-
Office and Administrative Expenses	54,535
Professional Services	60,000
Travel/Lodging/Meetings	150,000
Total General and Administrative	**264,535**
Capital Expend. & Contingencies	
Computer Equipment	12,000
Contingencies	248,283
Capital Expend. & Contingencies	**260,283**
TOTAL EXPENSES	**2,731,108**

NESCOE
Preliminary 2027 Budget

	2027
Salaries and Wages	
Salaries	1,189,279
Payroll Taxes	118,928
Health and Other Benefits	144,200
Retirement §401(k)	47,572
Total, Salaries and Wages	**1,499,979**
Direct Expenses - Consulting	
Technical Analysis	566,500
Legal (FERC)	206,000
Total, Direct Expenses, Consulting	**772,500**
General and Administrative	
Rent	-
Utilities	-
Office and Administrative Expenses	56,171
Professional Services	61,800
Travel/Lodging/Meetings	154,500
Total General and Administrative	**272,471**
Capital Expend. & Contingencies	
Computer Equipment	12,360
Contingencies	255,731
Capital Expend. & Contingencies	**268,091**
TOTAL EXPENSES	**2,813,041**