

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ISO New England Inc.	)	
New England Power Pool Participants	)	Docket No. ER26-3176
Committee	)	

**COMMENTS OF THE NEW ENGLAND STATES
COMMITTEE ON ELECTRICITY**

Pursuant to the Federal Energy Regulatory Commission’s (the “Commission”) July 16, 2026, Combined Notice of Filings #2, the New England States Committee on Electricity (“NESCOE”) hereby submits these comments in the above-captioned proceeding.¹ On July 16, 2026, ISO New England, Inc. (“ISO-NE”), joined by the NEPOOL Participants Committee, jointly filed with the Commission (the “Filing”) proposed revisions to ISO-NE’s Transmission, Markets, and Services Tariff (the “Tariff”). The Filing would make certain changes to ISO-NE’s Day-Ahead Ancillary Services Market and Day-Ahead Market. NESCOE supports the Filing and respectfully requests that the Commission adopt the petitioners’ proposed revisions to the Tariff.

I. BACKGROUND

ISO-NE is responsible for identifying resources that are able to provide the energy and reserves necessary to meet the region’s load forecast and reserve needs for the Operating Day.²

¹ On July 20, 2026, NESCOE filed a doc-less motion to intervene in this proceeding. NESCOE is the Regional State Committee for New England, representing the collective positions of the six New England states in regional electricity matters.

² *ISO New England, Inc., Revisions to ISO New England Transmission, Markets and Services Tariff to Establish a Jointly Optimized Day-Ahead Market for Energy and Ancillary Services*, Docket No. ER24-275-000, at 4 (Oct. 31, 2023).

On October 31, 2023, ISO-NE, joined by the NEPOOL Participants Committee, jointly filed with the Commission (the “Initial DA A/S Filing”) proposed revisions to the Tariff to create an optimized Day-Ahead market for energy and ancillary services, which would run jointly with the current Day-Ahead Energy Market.³ This new market would replace certain non-market processes that ISO-NE previously used to fulfill its responsibility to identify resources and reserves necessary to meet Operating Day load forecast and reserve needs.⁴ In the Initial DA A/S Filing, ISO-NE acknowledged that the new market had certain novel aspects and committed to review the new market to ensure that it functions as intended and to propose changes if it was not.⁵

NESCOE filed comments supporting the Initial DA A/S Filing. In its comments, NESCOE noted the importance of providing compensation to resources that are needed to ensure reliability.⁶ NESCOE was particularly supportive of ISO-NE’s inclusion of a “strike price” adder, which NESCOE believed would lower costs by reducing the amount and frequency of close out charges paid by customers.⁷ NESCOE also recognized that changes to the new market may be necessary in the future, as “with any new design there is risk of unanticipated and unintended outcomes.”⁸ NESCOE further stated that “[b]ecause the [Day-Ahead Ancillary Services Initiative (DASI)] design is novel and untested in several respects, including potential market power and design functionally during stressed system hours, NESCOE appreciates that

³ *Id.* at 4–5.

⁴ *See id.*

⁵ *Id.*, at 6, 62–63.

⁶ *ISO New England, Inc.*, Comments of the New England States Committee on Electricity, Docket No. ER24-275, at 3 (Nov. 21, 2023).

⁷ *Id.* at 4–6.

⁸ *Id.* at 7.

ISO-NE has included a mechanism that will allow ISO-NE and stakeholders to monitor the performance of DASI over time.”⁹

On January 29, 2024, the Commission accepted the Tariff revisions proposed in the Initial DA A/S Filing.¹⁰ The Commission found that the Tariff changes would send appropriate price signals and would determine day ahead awards “in a more cost-efficient manner than the status quo.”¹¹ The Commission also noted that “Filing Parties’ proposal includes tariff language committing the IMM to report on the competitiveness of any new major market design change, including DASI, within one year of the effective date of its operation, and on the performance of any such market design change within three years.”¹²

The Day-Ahead Ancillary Services (“DA A/S”) market launched in March of 2025.¹³ As reflected in a report issued by the Internal Market Monitor (“IMM”), DA A/S costs have been much higher than anticipated—the IMM estimated that DA A/S costs totaled \$921 million from the market’s launch through January 2026.¹⁴ The IMM recommended certain adjustments to the DA A/S Market to make the market more efficient and cost effective.¹⁵

⁹ *Id.*

¹⁰ *ISO New England Inc.*, ER24-275, 186 FERC ¶ 61,076, P.33 (Jan. 24, 2024).

¹¹ *Id.* at PP.34–35.

¹² *Id.* at P.39.

¹³ See D. Naughton, Executive Director, IMM, ISO-NE, Memorandum re: Recommended Changes to the Day-Ahead Ancillary Services Market, to NEPOOL Markets Committee, at 2 (Feb. 4, 2026) (the “IMM Memo”), available at https://www.iso-ne.com/static-assets/documents/100032/2026_02-imm-memo-with-daas-recommendations.pdf (last checked Aug. 5, 2026).

¹⁴ *Id.* at 2–3.

¹⁵ *Id.* at 1.

On July 16, 2026, ISO-NE and the NEPOOL Participants Committee jointly submitted the Filing to the Commission. The Filing proposed four changes to the Tariff: (1) adjusting the Forecast Energy Requirement Demand Quantity; (2) setting a floor on the Day-Ahead Ancillary Services Strike Price; (3) adjusting the threshold for the Impact test; and (4) removing the credit adjustment to the Hourly Revenue calculation of Net Commitment-Period compensation.¹⁶

II. COMMENTS

NESCOE supports the petitioners' proposed Tariff changes. NESCOE has followed the higher-than-expected prices in the DA A/S Market since shortly after the implementation date. During that time, NESCOE has worked with ISO-NE, the IMM, and stakeholders to understand the reason for the high prices and develop potential solutions. NESCOE especially appreciates the time that the ISO-NE and the IMM dedicated to understanding the actual costs and the associated benefits derived from DA A/S market along with potential solutions.

NESCOE agrees with the findings of the IMM Memo and also agrees that ISO-NE has appropriately responded to and implemented the IMM's recommendations in the Filing. As ISO-NE states in the Filing, the requested changes to the DA A/S Market will make the market's design "more efficient and cost effective" without altering the "basic design or underlying purpose of the DA A/S Market to procure and price sufficient reserves in the Day-Ahead Market to reliably meet the region's next-day operating reserve and load forecast requirements."¹⁷ These changes are needed to improve efficiency and ensure a better balance between the costs and benefits of the DA A/S Market, without negative impacts on reliability.¹⁸ The proposed

¹⁶ Filing, at 2.

¹⁷ Filing, at 2.

¹⁸ See IMM Memo, at 2, 6, 10.

changes also received broad support at NEPOOL, as five of the six sectors supported them, and three sectors—namely, the transmission, end user, and publicly-owned entity sectors—recorded no opposing votes.¹⁹ For these reasons, NESCOE respectfully requests that the Commission adopt the Tariff changes sought through the Filing.

Going forward, NESCOE continues to support ISO-NE’s continued oversight of the DA A/S market and interest in making adjustments, when necessary, to ensure that the market is functioning as intended with the costs being in line with the benefits received.

III. CONCLUSION

Therefore, for the reasons stated herein, NESCOE respectfully requests that the Commission approve the proposed Tariff revisions.

Respectfully Submitted,

/s/ Nathan Forster

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¹⁹ NEPOOL, Supplemental Notice of August 6, 2026 Participants Committee Webex Meeting, Attachment 2, June 16–18, 2026 Participants Committee Summer Meeting Vote on Day-Ahead Ancillary Services (DAAS) Proposal, available at https://nepool.com/wp-content/uploads/2026/07/NPC_2026.08.06_Supplemental.pdf (last checked Aug. 5, 2026).

CERTIFICATE OF SERVICE

In accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, I hereby certify that I have this day served by electronic mail a copy of the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Osterville, Massachusetts this 6th day of August, 2026.

/s/ Nathan Forster

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