

To: ISO New England

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Subject: **NEPOOL Priorities – 2026 Annual Work Plan**

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From among the priority issues and items identified this year by members of each NEPOOL Sector to their respective Vice-Chairs of the Participants Committee, the Officers collectively identified the following key NEPOOL-wide business priorities.<sup>1</sup> A high priority exists among a cross-section of NEPOOL stakeholders for each of these items and thus are presented here for consideration as ISO-NE management prepares the 2026 Annual Work Plan (AWP). Importantly, these priorities reinforce NEPOOL’s commitment to advancing regionally supported priority projects in close collaboration with the ISO and the New England states.

## **I. 2026 ANNUAL WORK PLAN NEPOOL PRIORITIES**

### **➤ REVISED SURPLUS INTERCONNECTION SERVICE RULES**

Surplus Interconnection Service (SIS) allows a new resource to access excess interconnection capacity at an existing generator’s site—without entering the main queue or triggering costly upgrades—provided the combined output does not exceed the original interconnection limit. ISO-NE’s current Open Access Transmission Tariff (OATT) provides rules that permit the utilization of Surplus Interconnection Service<sup>2</sup> but those existing rules require SIS capacity to be continuously available, which effectively excludes certain resources that could otherwise meet reliability standards and contribute meaningfully to the system. Other RTOs (e.g., PJM) have already taken steps to further unlock SIS.

***With the Capacity Auction Reforms (CAR) project underway and an anticipated need for new entry in the capacity market, NEPOOL urges the ISO to support including the SIS topic in the 2026 AWP. If included as part of the 2026 AWP, NEPOOL agrees with the ISO’s suggested***

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<sup>1</sup> These priorities are listed herein no particular order.

<sup>2</sup> The current ISO-NE rules governing the existing processes for interconnection customers to use Surplus Interconnection Service at existing points of interconnection are set forth in Schedule 22 of the OATT (“Large Generation Interconnection Procedures”).

approach<sup>3</sup> for NEPOOL members to work together with the ISO to “assess how the existing rules are preventing the utilization of SIS and then develop a scope of work for potential changes.”<sup>4</sup>

***One potential targeted scope of work for yielding a lower-lift, high-value improvement would be to commence stakeholder discussions in 2026, in parallel with Phase II of the ongoing CAR process, to explore and evaluate a potential update to the current Tariff definition of “Unused Capacity.” Such a change could represent precisely the kind of “minor adjustment to the SIS rules” that may “create tangible benefits.”***

Delaying this evaluation beyond 2026 risks misaligning potential improvements with the evolving capacity market design and resource accreditation reforms, potentially resulting in inefficiencies and redundant efforts. Ideally, the region could move quickly to identify, evaluate, and obtain approval for SIS-related changes in 2026, thereby allowing new SIS resources to be included and accurately accredited under CAR. Accordingly, allocating time and resources in 2026 to assess and potentially revise the “Unused Capacity” definition could help to ensure that existing infrastructure is used effectively, simultaneously supporting regional reliability and market efficiency efforts (without imposing significant administrative burdens).

NEPOOL Officers recognize that there may be additional details and complexities involved, but wish to emphasize the importance of moving forward in this regard. We are also willing to offer opportunities for further discussion with ISO-NE on this topic, if helpful, as part of the development of the 2026 AWP.

#### **A. NEPOOL-WIDE PRIORITY ITEMS THAT ARE PART OF PLANNED OR ONGOING REGIONAL EFFORTS**

The NEPOOL-wide priority items listed below are either already squarely part of projects included in the current AWP and/or have been identified by the ISO as a project(s) that will be included in the 2026 AWP.

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<sup>3</sup> Statements and quotes from the ISO included in this memorandum are drawn from its initial feedback and assessment of the broader list of Sector-identified priority items. As the ISO noted in its “Working Response” document, the initial feedback-related information provided “*should be considered in progress as this document does not reflect a complete analysis on the proposed topics.*”

<sup>4</sup> One such proposed scope for this item, as proffered by certain End User Sector representatives, would include:

1. Revising the definition of “Unused Capability” to allow for predictable, periodic availability—consistent with Order 845 and reliability standards.
2. Evaluating SIS rule variations adopted by other RTOs, including policies from PJM, MISO, and SPP that allow limited upgrades or expanded eligibility for surplus capacity.
3. Clarifying operational requirements for SIS resources using CNRIS, including accreditation, dispatch priority, and cost allocation, if necessary.
4. Optionally, outlining a process for surplus SIS resources to transition to full NRIS or CNRIS when the original interconnection customer retires.

## ➤ ENERGY ADEQUACY/SECURITY RISKS: CONTINUED ASSESSMENT & TIMELY, COORDINATED ACTION

Three years ago, NEPOOL identified the energy adequacy/security challenge as its highest priority item, with the overall objective of achieving a better collective understanding and greater consensus among stakeholders, the states, and the ISO regarding the region's energy adequacy risks, particularly during the winter months, and, with that shared understanding, to explore and consider effective long-term solutions. Since then, significant foundational progress has been made through the ISO's development of enhanced study and modeling capabilities, as well as key tools for future analyses, including the Probabilistic Energy Adequacy Tool (PEAT) and the Regional Energy Shortfall Threshold (REST). NEPOOL is appreciative of the ISO's valuable advances on the analytic front and for the benefit of the output from the enhanced tools.

That said, much work remains, and NEPOOL, like the ISO, continues to view energy adequacy/security challenges as a top priority for the region.<sup>5</sup> Although the region is not currently in crisis, the possibility of an energy shortfall during prolonged extreme weather periods remains, and may be growing again due to retirements, future resource uncertainty, and rising demand growth projections (e.g., ISO-NE's winter peak demand growth estimate of 3.1% per year).

Given these evolving risks and the associated uncertainty around them, NEPOOL urges the ISO to maintain momentum in advancing future analyses and planning, with a focus on building a risk-to-action pipeline that translates modeled risks into potential scenario-based solutions. The ISO's planned incorporation of PEAT and REST into Operating Procedure No. 21 represents a meaningful step toward embedding energy adequacy analysis into planning protocols and improving transparency around how assessments are conducted and applied.<sup>6</sup> NEPOOL remains encouraged by the ISO's plan to finalize this work in 2025 but emphasizes the importance of maintaining pace.

Some of the questions raised and/or concerns expressed on this priority topic include:

- How frequently will ISO-NE conduct PEAT assessments, and how will results be communicated to support timely action?
- What assumptions and timelines will guide the development, publication, and updating of REST thresholds?
- If PEAT or REST identifies a shortfall, what specific actions—market-based, operational, or otherwise—will ISO-NE take to address the shortfall and will the region be in position to react with sufficient lead time for the development and implementation of proactive, strategic solutions, including any energy and ancillary service market-based solutions?

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<sup>5</sup> This NEPOOL priority has been re-framed a bit and expanded upon from the winter reliability topic articulated to the ISO as part of NEPOOL's earlier Sector-identified List of Priority Items.

<sup>6</sup> NEPOOL also appreciates the idea raised in the ISO's preliminary written feedback on this priority item of the ISO developing "a summary of materials that outlines the evolution of the approaches undertaken to identify and address the region's energy adequacy/security risk."

- How much lead time will the region have to respond to projected shortfalls, and how will that inform risk-mitigation strategies?
- Continued, shared goal across the membership for the region to work to avoid future occurrence(s) of needing to rely on a Mystic-like retention (through RMS/COS agreements).
- How would ISO-NE respond if the region experienced a two-week or longer cold spell—what operational contingencies are currently in place?
- How will ISO-NE account for delays or uncertainties in offshore wind development and other new resource entry in its reliability assessments?
- To what degree can ISO-NE enhance transparency by publishing scenario assumptions and stress-testing key variables in a way that supports stakeholder understanding and engagement?

In sum, *NEPOOL encourages the ISO to use the current window—while conditions are relatively stable—to proactively engage with stakeholders to clarify expectations, coordinate and build consensus around planning thresholds, and define the tools and timelines available so that, as a region, we can collectively do our best to head off avoidable emergencies and prevent last-minute interventions (whether out-of-market or otherwise).*

#### ➤ ADVANCING ASSET CONDITION REVIEWER ROLE/EFFORTS

The Asset Condition Reviewer (ACR) topic has quickly emerged as a key NEPOOL-wide priority. While the various regional stakeholders interested in this matter hold differing interests and perspectives, *NEPOOL collectively supports the ISO’s planned inclusion of the ACR concept in the 2026 AWP, including the allocation of resources to developing the necessary processes and independent expertise to review and provide information of value on proposed Asset Condition Projects (ACPs). Ideally, these efforts can help facilitate and enhance stakeholder understanding of, and participation in, associated transmission planning processes.*

ISO-NE’s May 2025 memorandum marked a pivotal and encouraging step in the right direction, with the ISO signaling conditional support for assuming an advisory ACR role for the region. NEPOOL commends the ISO for its leadership on this matter and welcomes its plan “to work on developing a framework that contemplates a new [ACR] role that could help the region on [ACP-related] issues.” NEPOOL also appreciates the ISO’s “High Level Project Plan” and proposed timeline included in the June 2025 COO Report, which indicates implementation of an ACR by Q4 2026.

Given the strong alignment across its broad-based membership and to maintain positive momentum, NEPOOL encourages the ISO to formalize the ACR framework as a foundational component of its 2026 planning agenda.<sup>7</sup>

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<sup>7</sup> As explained by the ISO, this work would include “defining the scope, resourcing, and responsibilities of such a role, as well as several other important structural matters. Following the ISO’s assessment and the development of any preliminary framework, we plan to bring that proposal to our stakeholder community for discussion and feedback.” The Consumer Advocates of New England (CANE) and the New England States Committee on Electricity (NESCOE) have offered initial feedback and priorities to

## II. OTHER SECTOR-REQUESTED ITEMS

The following additional items were identified by member representatives within one or more of the Sectors. One or more of these items may relate to, or potentially fall within the scope of, ongoing or future Work Plan projects. NEPOOL leadership encourages the ISO to consider these items on a going-forward basis, especially if any of them may help address the aforementioned priorities.

It should also be noted that inclusion of an item here does not imply that these items are more or less important to some NEPOOL members than those listed above, and NEPOOL may revisit these items as potential priorities in the future.

- **RETAIL DEMAND RESPONSE FORECASTING**

In light of the growing impact of retail demand response programs, members from one Sector request improved data access and forecasting to support state initiatives and enable more cost-effective decarbonization. ***Specifically, they ask that ISO-NE incorporate state-level retail demand response performance data into both short-term load forecasting and long-term forecasting used in transmission planning.***

Based on its interpretation of the issue and initial scoping assessment, “[s]cheduling this effort would depend on the availability of and time it would take for retail DR program staff to compile” the information and data<sup>8</sup> for the ISO to evaluate the impacts of DR programs on existing load forecasting processes. Once that prerequisite information/data is available, the ISO estimates it would take 12 to 15 months to complete its internal evaluation for each of the short-term load forecasting and long-term forecasting used in transmission planning.<sup>9</sup>

- **MARGINAL FUEL AND MUNICIPAL REPORTING**

To enable compliance with municipal and state-level ordinances, such as Boston’s Building Emissions Reduction and Disclosure Order, Cambridge’s Building Energy Use Disclosure Ordinance, and the upcoming Massachusetts Large Building Energy Reporting regulations, certain members within the AR Sector are ***requesting that ISO-NE dedicate resources in the 2026 AWP to develop the capability to report a real-time marginal emissions rate.***

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help the ISO evaluate its next steps to create the ACR role. CANE’s memorandum can be accessed [here](#), and NESCOE’s can be found [here](#).

<sup>8</sup> The ISO noted that it would need “detailed information about all historical dispatch, including dates, times, duration, and magnitude of these load reductions at the load zone level, and at a 5-minute temporal granularity.”

<sup>9</sup> In its initial assessment of the scope, the ISO indicated that, for the short-term forecast, the “evaluation and proposal work would be a significant effort,” and that the subsequent design and implementation phase would likewise require substantial resources. For long-term forecasting used in transmission planning, the ISO noted it would need “further information concerning the anticipated program growth and technological composition . . . to evaluate how they could be addressed via the long-term forecast processes in a reliable and repeatable fashion.”

The ISO's initial assessment of the scope identified six tasks, which are as follows:

1. Clarify use case(s) for the marginal emission data
2. Research and assess available methodologies and identify the gaps between the request and the existing implementation
3. Seek stakeholder direction on potential next steps that may include steps 4–6
4. Select or design a preferred methodology (including definition for boundary conditions)
5. Design and develop software to retrieve needed data and compute marginal emission rate
6. Implement

The ISO has indicated that Tasks 1 and 2 would require “[s]ignificant ISO resources” and that the timing of Tasks 4 through 6 is dependent on the completion of Tasks 1 through 3.

- **MODELING OF LONG-DURATION ENERGY STORAGE (LDES)**

Through the Sector outreach process, a request was submitted for ISO-NE to begin reporting the marginal reliability impact values for LDES of various durations beyond what the ISO currently considers and ensure that the CAR initiative provides actionable price signals to all kinds of energy storage, including LDES resources. The request further asks the ISO-NE to build LDES into the system modeling and planning given the anticipated entry of LDES projects into the region.

Based on its interpretation of this desired priority item, the ISO identified two steps to scope the project: first, assessing the operational characteristics of LDES; and second, evaluating whether the modeling methodology under development for accrediting energy storage and energy-limited resources could be applied to LDES. As the ISO noted, the second step would determine whether incorporating LDES into the energy storage accreditation framework would be a relatively minor or significant undertaking.

According to the ISO, “the assessment and potential solution-development phases would require the ISO to shift and modify its attention and resources in 2025 and 2026 from the existing CAR-SA scope of work.” Because LDES technology is not yet operational in the New England system, the ISO indicated it must “wait to evaluate the characteristics of and any methodological refinements.” As such, this request may be more appropriate for the “longer-term CAR roadmap that follows the primary CAR-SA filing in 2026.”