NEPOOL
NEW ENGLAND POWER POOL

To: ISO New England

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Date: July 13, 2026

Subject: **NEPOOL Priorities – 2027 Annual Work Plan**

NEPOOL's annual priority-setting effort reflects its ongoing commitment to advancing regionally supported priority projects in close collaboration with the ISO and the New England states. 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 priority for consideration as ISO-NE management prepares the 2027 Annual Work Plan (AWP).

This memorandum is organized into three sections: (1) the new NEPOOL-wide priority requested for inclusion in the 2027 AWP; (2) items that remain important to one or more Sectors but are being, or are expected to be, addressed through existing or anticipated regional processes; and (3) additional Sector-identified items that are not being submitted as independent NEPOOL-wide 2027 AWP priorities but that remain priority areas for NEPOOL members in one or more Sectors.

I. 2027 ANNUAL WORK PLAN NEPOOL PRIORITY

NEPOOL requests that ISO-NE include the following item in the 2027 AWP:

- **STORAGE REAL-TIME DISPATCH AND BATTERY ENERGY STORAGE (BESS) RESOURCES DISPATCH COMPATIBILITY**

NEPOOL identifies storage real-time dispatch and BESS dispatch compatibility as the key 2027 AWP priority.[1] This priority reflects broad support across a majority of NEPOOL Sectors and focuses on a core area of interest/concern: the current real-time dispatch framework, including the Unit Dispatch System (UDS) look-ahead and dispatch-signal timing, does not fully reflect the operating characteristics of fast-ramping storage resources.

[1] This key NEPOOL-wide priority combines Items 3.2 and 3.3 from the ISO's initial feedback document because the two requests appear to raise essentially the same concern, albeit as articulated by different Sectors and from somewhat different perspectives.

As discussed through the Sector-priority identification process, the current 15-minute UDS look-ahead can cause BESS resources to begin ramping well before they are needed, even though they can respond nearly instantaneously. This timing mismatch can result in inefficient use of stored energy, difficulty managing limited-energy capability, challenges in meeting Day-Ahead Schedules or state-program requirements, and potential Dispatch Lost Opportunity Costs/Net Commitment Period Compensation (NCPC) impacts.

NEPOOL understands ISO-NE's initial feedback that UDS uses a single look-ahead for all assets and that adding a storage-only look-ahead is not feasible because the market dispatch and clearing systems must be applicable to all resource types. NEPOOL also recognizes ISO-NE's view that a comprehensive rebuild of UDS would be a very large undertaking requiring extensive ISO and GE resources and may be more appropriately considered as part of the broader Efficient Storage Integration and Optimization effort.

At the same time, ISO-NE identified potential shorter-term options that could be assessed in 2027 if this item is selected as a NEPOOL priority, including reducing the existing 15-minute look-ahead, developing logic to delay sending dispatch signals until closer to the ramp period when not needed immediately for reliability, gradually ramping dispatch over the look-ahead period when not needed immediately for reliability, or considering some subset or combination of those alternatives. NEPOOL's 2027 priority request is focused on that narrower path: initial scoping, assessment of potential shorter-term improvements, and decision on implementation of feasible shorter-term improvements.

NEPOOL appreciates that any changes to real-time dispatch systems must be designed carefully to avoid unintended operational, reliability, settlement, or NCPC consequences, including potential impacts on slower-ramping resources and ISO System Operators' ability to manage supply/demand balance during large and sustained ramp periods. Those considerations should be part of the requested scoping effort.

Accordingly, NEPOOL encourages ISO-NE to begin this initial scoping, high-level assessment, and implementation decision-making in 2027, rather than defer all consideration of these issues to the broader Efficient Storage Integration and Optimization initiative currently estimated for 2029 implementation.

II. OTHER ITEMS FOR CONTINUED ATTENTION THROUGH EXISTING OR EXPECTED REGIONAL PROCESSES

The items listed below were also identified through the Sector-priority process and remain important to one or more NEPOOL Sectors.[2] These items are included in this Section II because they are already part of projects included in the current AWP, have been identified by the ISO as a project(s) that is being addressed, or potentially addressed, through ongoing or future AWP initiatives, and/or are subject to pending compliance work that has been directed by the Federal Energy Regulatory Commission (FERC). NEPOOL encourages ISO-NE to continue addressing these items through those existing or expected regional processes.

[2] These items are listed herein in no particular order.

- **CONDITIONAL WORK ON POTENTIAL REGIONAL ENERGY SHORTFALL THRESHOLD (REST) SOLUTIONS**

Identified this year by the Publicly Owned Entity Sector, and supported by other Sectors as well, this priority requests that ISO-NE include resources in the 2027 AWP, on a conditional basis, to begin work on potential energy shortfall solutions if a Winter 2028/2029 REST sensitivity indicates elevated risk. The request is driven by concern that Capacity Commitment Period 19 implementation, CAR-PD deactivation timing, and capacity accreditation changes could create energy shortfall risks with insufficient time to develop and implement solutions before winter 2028/2029.

In its initial feedback, ISO-NE acknowledged the concern but noted that the requested 2028/2029 sensitivity would fall outside the established 5- and 10-year Long-Term Energy Assessment process and could require significant additional resources. ISO-NE also cautioned that committing to solution-development work based on a more deterministic sensitivity could be risky and could compete with other Probabilistic Energy Adequacy Tool (PEAT)/REST work.

Generally speaking, NEPOOL continues to view regional energy adequacy/security challenges, and the PEAT/REST risk-to-action process as critically important areas of priority for the region.[3] NEPOOL encourages ISO-NE to continue providing stakeholders with actionable visibility into potential energy shortfall risks so the region has meaningful, advanced time to respond appropriately, including to properly evaluate and implement solutions if needed.

- **DAY-AHEAD ANCILLARY SERVICES (DAAS) MARKET IMPROVEMENTS**

The End User Sector expressed continued interest in improvements to the DAAS markets. Although acknowledging ISO-NE's commitment to implement the Independent Market Monitor's February 2026 recommendations[4] in October 2026, the Sector remains concerned about the market's long-term costs and benefits and requested that any remaining or additional DAAS-related work be prioritized in 2027.

At the time it provided its initial assessment of the working list of Sector-identified priority items, ISO-NE stated that it did not expect any DAAS-related work to extend into 2027. Because the IMM's assessment of the DAAS markets had not been published, the ISO could not assess the scope of any potential recommendations from that report.

Since the ISO's preliminary written response, the IMM's report was published and discussed at the June 16–18, 2026 NPC Summer Meeting. NEPOOL will monitor the impact of the ISO's recent changes to inform any further consideration in the future.

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[3] Indeed, the energy adequacy topic has, in previous years, been identified as NEPOOL's highest priority item

[4] D. Naughton, Executive Director, IMM, ISO-NE, Memorandum re: Recommended Changes to the Day-Ahead Ancillary Services Market, to NEPOOL Markets Committee (Feb. 4, 2026).

- **ESTABLISHING LARGE LOAD INTERCONNECTION PROCESSES**

This Transmission Sector-identified priority item requested that the ISO work to develop specific large load interconnection processes, e.g., formal interconnection procedures, rules, and study methods to integrate such loads.

In its initial scope assessment of the Sector's request, ISO-NE indicated that it has been working internally to address issues concerning interconnection large loads, and importantly, the ISO recognized the possibility of a FERC-initiated proceeding relating to the interconnection of large loads. Indeed, ISO-NE noted the "need to work with the region to comply as needed."[5]

Shortly after the ISO's initial response was provided, FERC issued its Show Cause Order directing ISO-NE and the Participating Transmission Owners, among other things, to show cause why the Tariff remains just and reasonable and not unduly discriminatory or preferential without certain provisions addressing large loads.[6]

NEPOOL eagerly anticipates the work ahead for the region to respond to the FERC's Show Cause Order and to address related requirements, as appropriate.

III. ADDITIONAL SECTOR-IDENTIFIED ITEMS

The following additional items were identified by one or more Sectors through the Sector-priority process. Although these items are not being submitted as NEPOOL-wide 2027 AWP priorities, they remain important areas of priority for NEPOOL members within one or more Sectors, and may warrant consideration through existing stakeholder processes, future Work Plan discussions or as part of related ISO-NE initiatives.

These additional Sector-identified items are summarized below:

- **HOLISTIC REVIEW OF PAY-FOR-PERFORMANCE (PFP) CONSTRUCT**

The Generation Sector strongly encourages ISO-NE to conduct a holistic review of the PFP construct. After a decade of experience with PFP in effect, the Generation Sector suggested that such a review include, but not be limited to, the following questions:

1. Does the current design meet the original PFP objectives?
2. Based on the current and expected future resource mix, including what is in the queue, does the PFP design still provide appropriate exit and entry signals?

[5] 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."

[6] *ISO New England Inc. et al.*, 195 FERC ¶ 61,215 (2026).

3. Does the current construct appropriately penalize resources for their non-performance, including in circumstances involving transmission and planned outages or following dispatch?
4. Was it contemplated during the development of the original PFP design that a PFP event could potentially occur during low-load conditions?
5. Are there better penalty-rate structures that more accurately reflect system conditions?
6. Does the current PFP construct lead to unintended consequences in ISO-NE markets?

NEPOOL recognizes that ISO-NE interpreted the request as a broad review of the PFP construct approved in 2014, similar to, but more comprehensive than, the analysis ISO-NE conducted in 2022. ISO-NE indicated, in part, that such a review would be a large undertaking because it would require comprehensive assessment of many complex and interrelated design elements and performance metrics. In consideration of this feedback, the Generation Sector maintains this item as a priority item for ISO-NE consideration.

- **ADVANCED TRADING FUNCTIONALITY AND MONTHLY RECONFIGURATION AUCTION (MRA) ENHANCEMENTS**

The Supplier Sector identified as its top priority for inclusion in the 2027 AWP a request that ISO-NE develop advanced trading functionality to allow generation and load to trade Capacity Supply Obligation/Capacity Load Obligation voluntarily one and two years before the delivery period. The Supplier Sector also requested development of monthly demand curves for the MRAs to address concerns with limited MRA liquidity.

NEPOOL understands that ISO-NE interpreted these requests as efforts to increase participants' ability to hedge capacity market positions in a prompt framework. ISO-NE noted that narrower enhancements to existing bilateral trading functionality may be more contained, but broader constructs, such as a centralized voluntary auction, would be much larger in scope. ISO-NE also stated that monthly MRA demand curves would require careful assessment of how such curves would be derived and how they would affect resource incentives and market outcomes. Recognizing this feedback, the Supplier Sector maintains this item, particularly its request for the ISO to develop advanced trading functionality, as a desired 2027 AWP priority item for ISO-NE consideration.

- **REVIEWING ENERGY STORAGE MARKET PARTICIPATION**

The AR Sector requested that ISO-NE review energy storage participation in the markets, focusing on storage energy offers, their interaction with energy market clearing, DAAS, and the PFP framework. The Sector emphasized the growing importance of storage resources, which account for nearly half of nameplate capacity in the interconnection queue, and cited concerns that existing market rules may undervalue storage, create inefficient incentives, or impose undue risks. The requesting members also highlighted the need to identify and address barriers to effective storage participation given its expected role in New England's energy future.

NEPOOL understands that the ISO stated that this request "would be an extensive, cross-team, multi-year effort." Nonetheless, it "has begun research into enhancements to the energy storage participation model."[7] The AR Sector appreciates the research performed to date and continues to support this request as an important step towards improving opportunities for storage to participate further in the ISO-NE markets.

- **BALANCE OF PERIOD TRADING**

The Supplier Sector requested enhancements to allow Market Participants to transfer CSOs for the remainder of a season through a single transaction, rather than month-by-month through the MRAs. NEPOOL understands that the ISO indicated that this request would require significant analysis and potential redesign of the MRA framework, including evaluation of offer and bid processes for future months, possible changes to auction clearing logic and schedules, and consideration of whether contingent multi-month bids and offers should be permitted. This item remains a priority for the Supplier Sector who looks forward to finding ways to address the concern in the near term.

- **INVESTIGATE THE USE OF ARTIFICIAL INTELLIGENCE (AI) INTEGRATION INTO INTERCONNECTION PROCESSES**

The Transmission Sector requested that ISO-NE explore the use of AI and other emerging technologies to accelerate interconnection study processes, particularly Cluster Studies, given the lengthy timelines associated with current study procedures.

NEPOOL appreciates the ISO's preliminary response, including information related to its initial assessment of the scope of the request, and its acknowledgement that AI technology could be incorporated in the interconnection study lifecycle. ISO-NE is taking steps to "evaluate and pursue the application of AI tools." Indeed, the ISO's perspective on this topic is that it's a "continuous process modernization effort rather than a defined project." The Transmission Sector looks forward to working with the ISO to evaluate and implement relevant tools.

- **RETAIL-WHOLESALE DEMAND RESPONSE INTEGRATION GAP ANALYSIS**

Members across the End User and AR Sectors requested that ISO-NE conduct a Retail-Wholesale Demand Response Integration Gap Analysis. The requested analysis would evaluate barriers to, and implementation pathways for, demand response participation, including dual participation and dispatch conflicts between wholesale markets and state programs such as Connected Solutions, wholesale baseline measurement reforms, and the potential for demand response to contribute to transmission planning solutions.

In its initial feedback, ISO-NE agreed that demand response is an important technology for maintaining a reliable and efficient power system but stated that the requested gap analysis would be a large undertaking given the breadth of the issues and the need for extensive collaboration and data gathering across states, utilities, and other parties. ISO-NE also noted that any effort to integrate retail demand response programs would require detailed, granular, and

[7] Indeed, the ISO indicated it plans considering a "suite of improvements to storage resources' participation."

accurate historical dispatch data to avoid double-counting and to understand the scope and impacts of those programs. Despite some of the obstacles identified by the ISO, this item remains a priority area for a number of NEPOOL members who look forward to working with the ISO on improving demand response participation in New England's wholesale markets.