



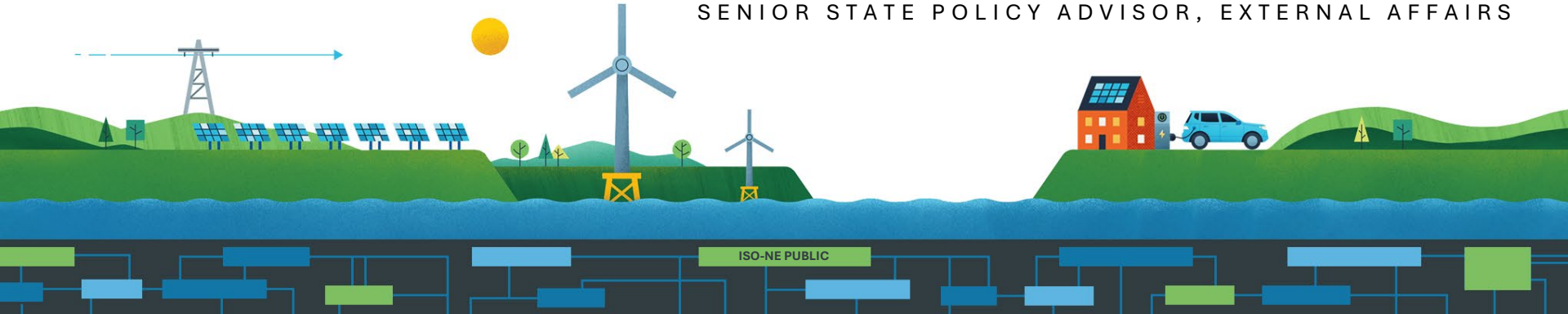
# ISO New England Regional Update

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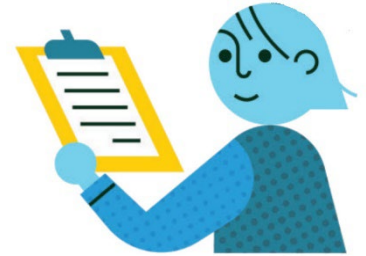
*Vermont System Planning Committee  
April 2026 Quarterly Meeting*

Sarah Adams, AICP

SENIOR STATE POLICY ADVISOR, EXTERNAL AFFAIRS



# Today's Updates



- News, Resources & Events
- Markets Update
  - Capacity Market Reforms
  - Pay-for-Performance Balancing Ratio Revisions
  - Day-Ahead Ancillary Services
- Operations Update
  - 2025/2026 Winter Operations
- System Planning Update
  - Longer-Term Transmission Planning
  - Forecasting Regional Electric Energy Use

# NEWS, RESOURCES & EVENTS



# Summary of ISO-NE S.202 Testimony

*An act relating to portable solar energy generation devices*

- ISO New England provided a reliability-focused perspective on S.202
  - If distributed energy resources (DERs) disconnect unexpectedly – especially during grid disturbances – demand served by the transmission system can spike suddenly, creating reliability risk
  - The uncoordinated loss of behind-the-meter solar is a known and growing reliability concern, particularly as renewable penetration increases across New England
- ISO-NE encouraged lawmakers to consider requiring portable solar devices to comply with UL 1741 (or UL 3700) and the latest IEEE 1547, consistent with rooftop and larger solar systems
  - IEEE 1547 establishes how DERs must perform during normal and abnormal grid conditions, including ride-through and anti-islanding
  - UL 1741 certifies that equipment safely and reliably implements IEEE 1547 before interconnection
- Consistent technical standards protect grid reliability while enabling innovation, ensuring portable solar grows in alignment with existing clean-energy safeguards

# MARKETS UPDATE

*Capacity Auction Reforms  
Update*

*Pay-for-Performance Balancing  
Ratio Revisions*

*Day-Ahead Ancillary Services*

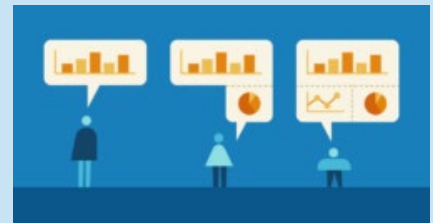


# CAPACITY AUCTION REFORMS (CAR) KEY PROJECT UPDATE



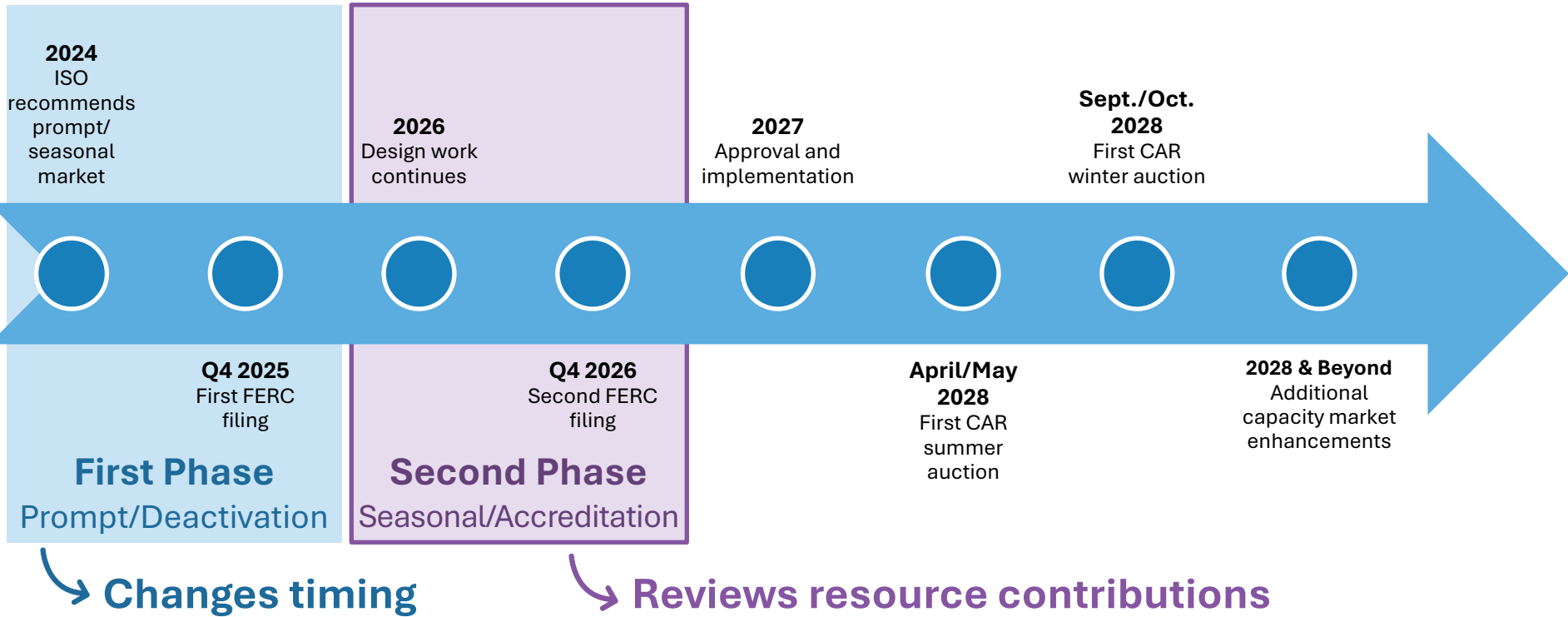
# Next Steps for the Capacity Market

- The **Capacity Auction Reform (CAR) Key Project** addresses system reliability and affordability as electricity demand and the resource mix change:
  - **First Phase ([accepted March 2026](#))**
    - Transitions the capacity market from a three-year forward auction to a **prompt auction** that runs shortly before the capacity commitment period (CCP) and updates the process for resources exiting the capacity market
  - **Second Phase (ongoing – 2027)**
    - Restructures the CCP from **annual to seasonal** commitment periods
    - Reshapes capacity market accreditation to more accurately reflect **resource adequacy contributions** from an evolving resource mix, from season to season



Learn more about the  
[CAR Key Project](#)

# CAR Timeline and Next Steps



# PAY-FOR-PERFORMANCE BALANCING RATIO REVISIONS



# Pay-for-Performance (PFP)

## *Balancing Ratio Revisions*

- FERC has [ordered](#) ISO-NE to cap the Capacity Balancing Ratio (BR) at 1.0, responding to concerns that resources were being financially obligated to perform beyond their Capacity Supply Obligations (CSOs) during scarcity events
- ISO-NE's proposed compliance approach preserves the core PFP design when  $BR < 1.0$ , while ensuring resources are not penalized for non-performance beyond their CSO during scarcity conditions
- The proposal includes conforming changes to settle scarcity events with BR capped at 1.0 and to continue distributing excess Capacity Performance Payments as credits to CSO resources, while keeping performance incentives aligned with the tariff-specified Performance Payment Rate
- A compliance filing is due in July, with a refund effective date of July 25, 2025

# DAY-AHEAD ANCILLARY SERVICES



# Day-Ahead Ancillary Services Market

- The Day-Ahead Ancillary Services (DAAS) Market launched in Feb. 2025 to strengthen short-term reliability as demand and reliance on intermittent resources grow
- DAAS secures energy and reserves day-ahead, improving readiness for sudden demand or supply changes
- Replacing the Forward Reserve Market, DAAS compensates dispatchable generation and storage for flexibility and performance
- Early results show reliability benefits, including improved reserve availability during stressed conditions
- However, market costs have been higher than expected, reflecting changing system conditions and fuel price volatility



Learn more on the  
[Day-Ahead Ancillary Services Initiative Key Project page](#)

# IMM-Recommended DAAS Adjustments

- ISO-NE is assessing adjustments consistent with [Internal Market Monitor recommendations](#) to improve cost-effectiveness while preserving reliability benefits



## Strike Price

Align pricing with current short-run marginal costs faced by participating resources  
Purpose: Reduce inefficiencies while preserving strong performance incentives



## Forecast Energy Requirement (FER)

Better reflect the expected reliability contribution of renewable generation  
Purpose: Avoid over-procuring reserves as the resource mix evolves



## Non-Performance Factor (NPF)

Review and potentially lower penalties for 10- and 30-minute reserves  
Purpose: Balance reliability incentives with cost containment

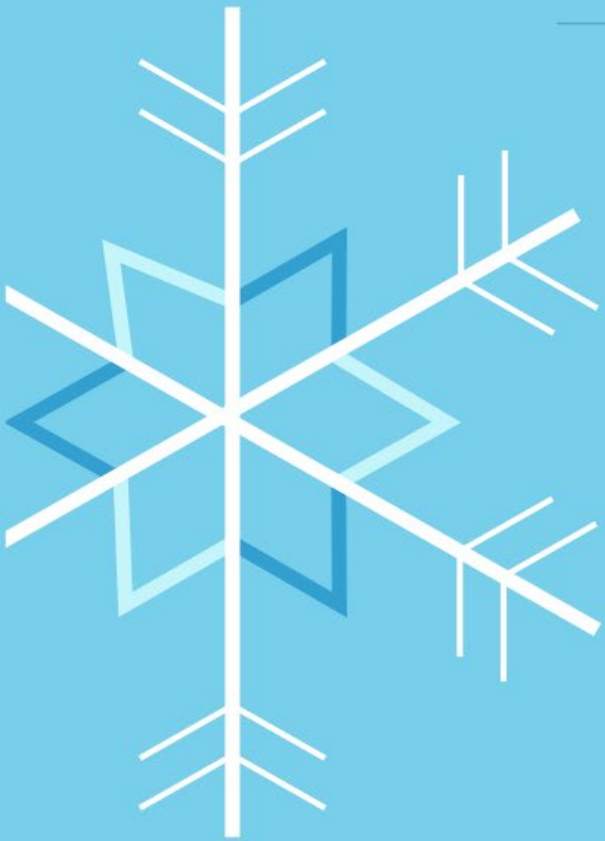
- Stakeholder discussions are underway with a FERC filing expected in 2026

**IMM affirms DAAS reliability benefits;**  
targeted parameter adjustments can **reduce costs without changing core market design**

# OPERATIONS UPDATE

*2025/2026 Winter Operations*





## **A record-setting season**

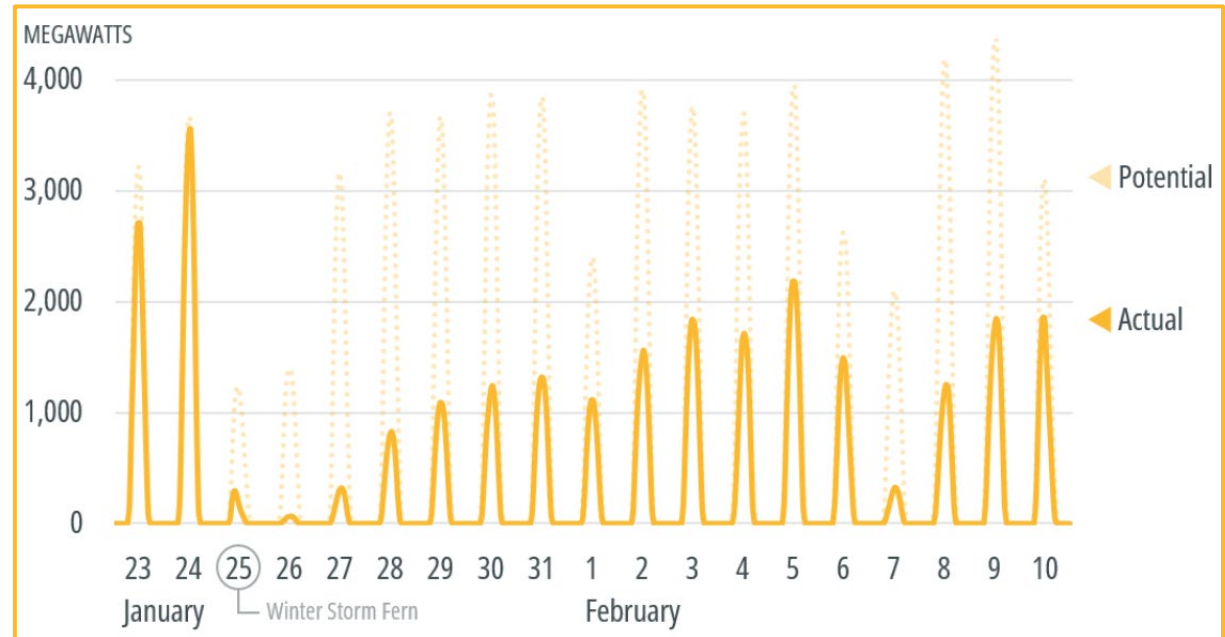
**Coldest** winter in 20 years

**Highest** energy demand since 2014

**Record** energy market values

# Behind-the-Meter Solar Performance During the Cold Snap

- BTM solar produced ~41% of potential output
- Snow cover significantly limited generation



# Grid & market conditions

## Most challenging long-duration cold snap since winter 2017/2018

Below-average temperatures for 19 straight days stressed regional energy supplies

## Elevated prices

Record natural gas prices and high demand drove up wholesale electricity prices; the winter energy market value was \$6 billion

## No capacity deficiency events

Adequate generating capacity was available throughout the winter



# What worked

## Preparations

Effective pre-winter activities:  
PEAT assessment, readiness  
webinar, dual-fuel audits

## Collaboration

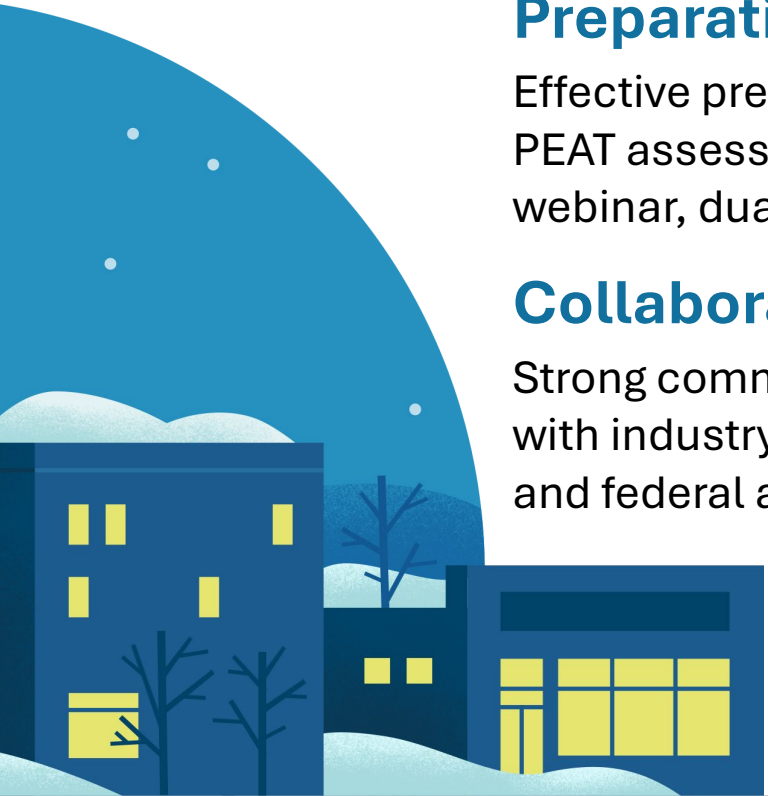
Strong communication  
with industry, state  
and federal agencies

## Markets & operational tools

Market enhancements  
such as DASI, PFP, and  
Energy Market Opportunity  
Cost provided strong  
incentives and facilitated  
offer updates while  
operational tools provided  
insights and transparency

## Fuel replenishment

Timely refills of LNG and  
fuel oil were essential



# DOE Section 202(c) Order Supported Grid Reliability During Extreme Cold



To maximize the availability of generation during the cold weather conditions, the ISO requested and received an order (effective Jan. 25 to Feb. 14.) from the US Department of Energy (DOE) under Section 202(c) of the Federal Power Act



Prolonged cold stressed fuel supply and generation availability



Allowed temporary operation beyond emissions or permit limits



57 resources (~39% of winter capacity) designated by DOE

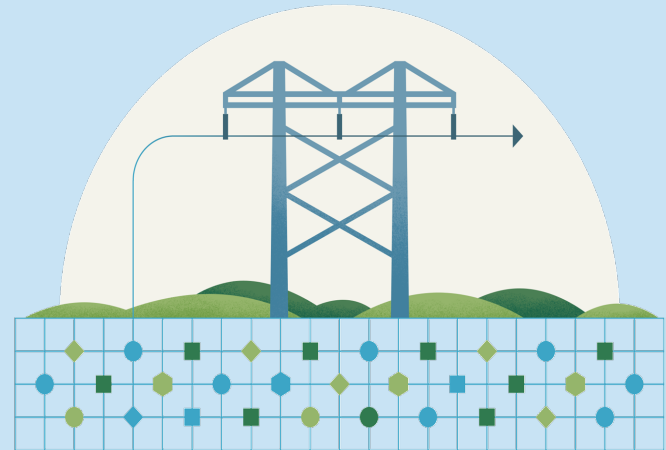


Reliability maintained during the cold snap

# PLANNING UPDATE

*Longer-Term Transmission  
Planning*

*Forecasting Regional Electric  
Energy Use*

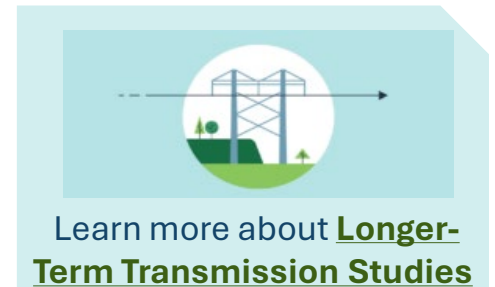


# LONGER-TERM TRANSMISSION PLANNING



# Longer-Term Transmission Planning (LTTP)

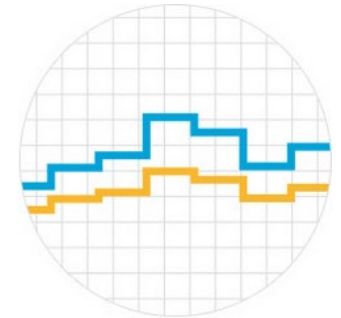
- **2020:** New England States Committee on Electricity (NESCOE)'s [vision statement](#) recommended that the ISO work with stakeholders to conduct a **comprehensive long-term regional transmission study**
- **2024:** [2050 Transmission Study](#) is the **first longer-term transmission study**
- **2025:** At the direction of NESCOE, ISO issued a **request for proposals (RFP)** in March; proposals were due by Sept. 30.
  - The goal of the RFP is to upgrade transmission between northern ME and more populous regions in southern New England
  - ISO [released summaries](#) of the six proposals we received
- **2026:** ISO will assess proposals and provide updates through the [Planning Advisory Committee](#) (PAC)
  - At the [March 24 PAC](#), ISO announced that two bids would proceed to the next step of evaluation
  - A **preferred solution** is expected to be identified by Sept. 2026



# FORECASTING REGIONAL ELECTRIC ENERGY USE

# Forecasting Regional Electric Energy Use

- ISO New England is responsible for planning the regional transmission system over a 10+ year planning horizon
- Forecasting how much electricity the region will use in the future requires ISO system planners to weigh multiple variables
  - **Economic** activity and outlook
  - **Weather** and **load** patterns
  - Federal and state **policies reducing** electricity demand
    - Energy efficiency (EE) initiatives and distributed generation
  - Federal and state **policies increasing** electricity demand
    - Electrification of transportation and heating
- The [Capacity, Energy, Load, and Transmission](#) Report (CELT) is the foundational resource for the ISO's system planning and reliability studies
  - The forecast looks out 10 years and ISO updates the report annually in May



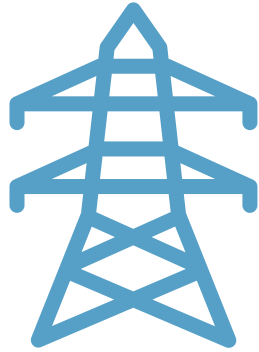
# CELT 2026 Will Incorporate a New Large Loads Forecast

- The [Final Draft 2026 Large Load Forecast](#) was presented in March
- Near-term reliability impacts are minimal
  - Prospective large loads in New England remain limited in number and scale (only a few hundred MW), with no projects under construction and no impact on summer or winter 2026–2027 peak periods
- Forecast is intentionally conservative and proactive
  - Only projects  $\geq 20$  MW with formal transmission study agreements are included, helping planners prepare for potential future needs without overstating speculative development



Learn more on the  
[Load Forecast Committee webpage](#)

# Preparations for Potential Large Load Additions



Engagement with **New England Transmission Owners (TOs)** regarding potential large load interconnections



Communication with **state policymakers, legislators and regulators** to understand incentives for data centers



**Research** to understand the potential magnitude, timing, and likelihood of future impacts in New England

For more information, please see [ISO New England Correspondence with FERC Chairman David Rosner on Large Load Forecasting](#)

# Questions



# About the Presenter

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