

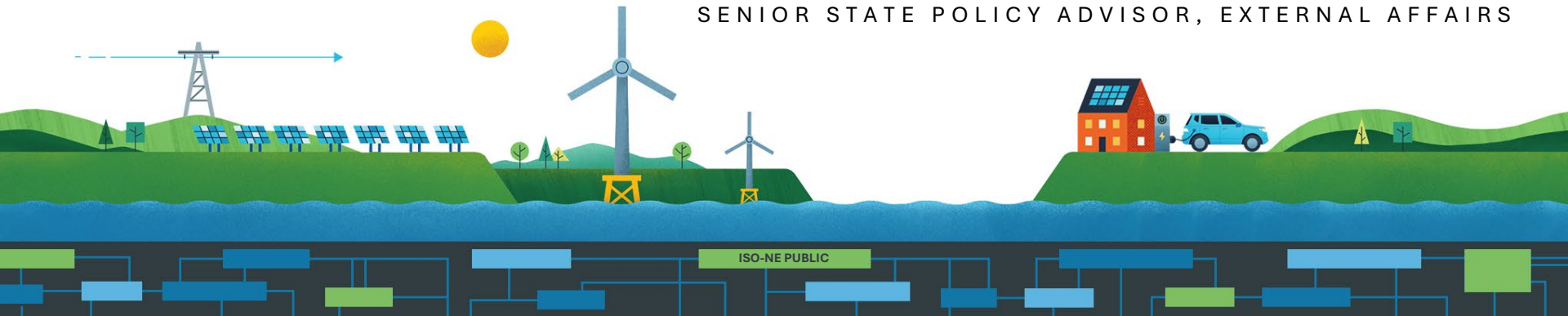


ISO New England Regional Update

*Vermont System Planning Committee
July 2026 Quarterly Meeting*

Sarah Adams, AICP

SENIOR STATE POLICY ADVISOR, EXTERNAL AFFAIRS



Today's Updates

- News, Resources & Events
- Markets Update
 - Monthly Market Highlights
 - 2025 Annual Markets Reports
 - Capacity Auction Reforms Key Project Update
 - Day-Ahead Ancillary Services
- Operations Update
 - 2026 Summer Outlook and Preparations
 - Preliminary 2027 Operating and Capital Budgets
- System Planning Update
 - 2026 Capacity, Energy, Loads and Transmission Report
 - Asset Condition Reviewer
 - FERC Order No. 1920 Compliance
 - FERC Show Cause Order on Large Load Integration



NEWS, RESOURCES & EVENTS



Annual Report of the Consumer Liaison Group

- In May, the 2025 Annual Report of the CLG was posted to the [Consumer Liaison Group webpage](#)
- The CLG Report is a joint publication of the ISO and the CLG Coordinating Committee (CLGCC)
- The report provides summaries of the 2025 meetings; updates on ISO initiatives previously discussed at 2025 meetings; analysis of regional wholesale costs & retail rates; and the priorities and planned initiatives of the CLGCC
- 2026 CLG Meetings:
 - [Wednesday, March 25](#) – Randolph, Vermont
 - [Tuesday, June 2](#) – Lowell, Massachusetts
 - [Thursday, Sept. 24](#) – Portland, Maine
 - [Wednesday, Dec. 2](#) – Boston, MA



[2025 CLG Annual Report](#)

More information on the CLG is available at: <https://www.iso-ne.com/committees/industry-collaborations/consumer-liaison/>

MARKETS UPDATE

Monthly Market Highlights

2025 Annual Markets Reports

*Capacity Auction Reforms (CAR)
Key Project Update*

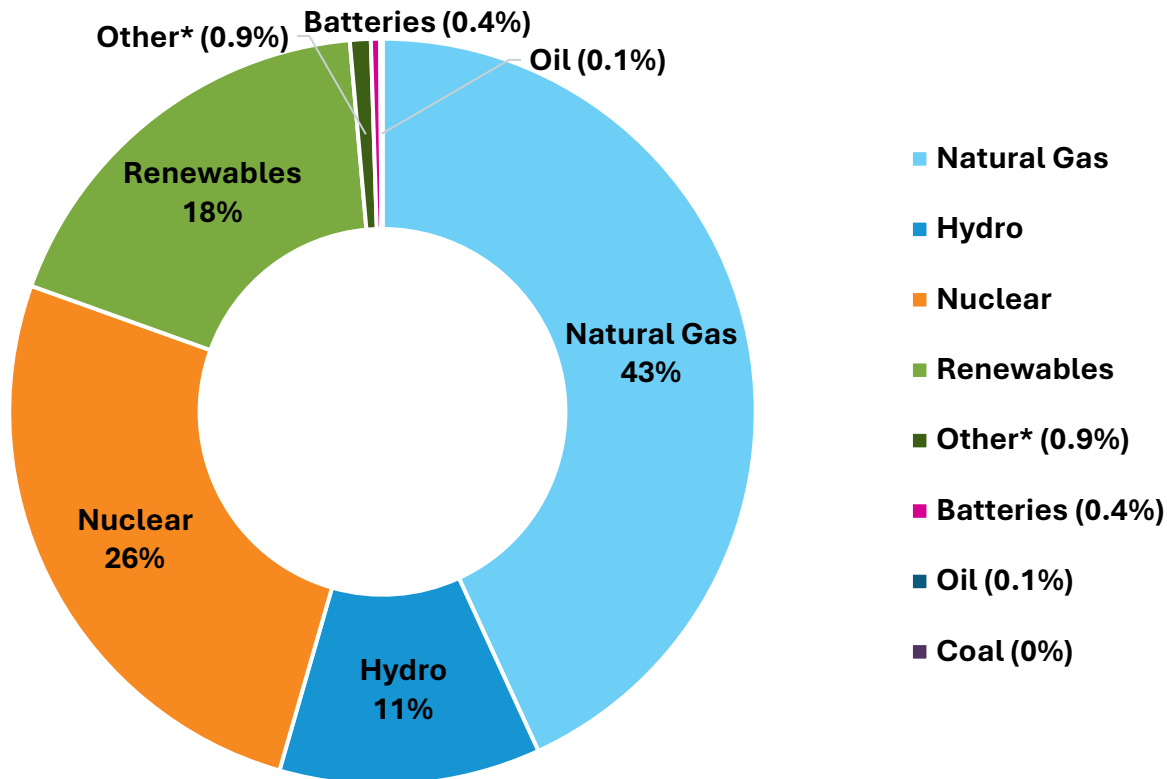
Day-Ahead Ancillary Services



Monthly Wholesale Electricity Prices and Demand in New England, May 2026

May 2026 and % Change from May 2025 & April 2026	May 2026	Change from May 2025	Change from April 2026
Average Real-Time Electricity Price (\$/megawatt-hour)	\$49.24	+50.3%	+7.7%
Average Natural Gas Price (\$/MMBtu)	\$2.20	-13.7%	-5.2%
Peak Demand	19,496 MW	+33.1%	+29.8%
Total Electricity Use	8,548 GWh	+1.5%	+3.1%

May 2026 Generation in New England, by Source



Source: [2026 Net Energy and Peak Load by Source](#)

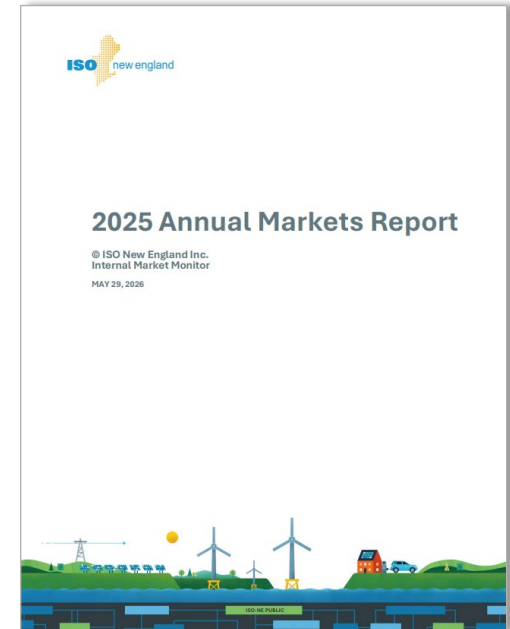
*Resources that could be included in Other are demand response, hybrid solar/battery, hybrid wind/battery, fuel cells, and geothermal resources.

2025 ANNUAL MARKETS REPORT



2025 Annual Markets Report Overview

- In May, ISO New England's **Internal Market Monitor (IMM)** issued the *2025 Annual Markets Report (AMR)*
 - The IMM functions **independently** of ISO management and reports directly to the ISO Board of Directors
- The AMR assesses the **state of competition** in the wholesale electricity markets administered by the ISO during the most recent operating year
- The AMR also presents the **most important findings, market outcomes, and market design changes** of New England's wholesale electricity markets for 2025



The *2025 Annual Markets Report* is available on the [Internal Market Monitor webpage](#).

Interested in learning more? The IMM has published a primer that explains the fundamentals of New England's wholesale energy markets, which readers may find a useful companion to the IMM quarterly and annual markets reports: [An Overview of New England's Wholesale Electricity Markets \(2025 Update\)](#)

Higher Energy Costs Drove Increase in Total Wholesale Costs in 2025

- The total wholesale cost of electricity was \$15 billion
 - The nearly 50% increase compared to 2024 costs (\$10.2 billion) were driven by higher natural gas costs, tighter supply conditions, and ongoing structural changes to the resource mix and market design
- Energy market costs totaled \$9.9 billion, up 77% from 2024
 - Gas prices rose 105% year-over-year, averaging \$6.27/MMBtu in 2025 compared to \$3.06/MMBtu in 2024
 - Energy costs accounted for 66% of the year's total wholesale electricity costs, compared to 55% in 2024
- Capacity costs totaled \$1.2 billion, down 16% from 2024
- The average price in the Real-Time Energy Market was up 67% year over year, at \$65.89/MWh; average Day-Ahead prices were up 73%, at \$71.81/MWh
- Regional network load costs, which pay for the use of transmission facilities, reliability, and certain administrative services, were \$3.6 billion, up 23% from 2024

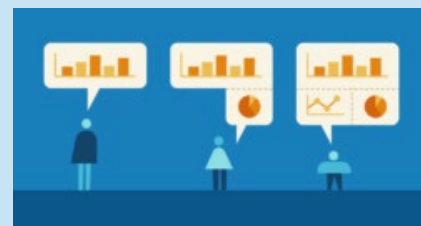


CAPACITY AUCTION REFORMS (CAR) KEY PROJECT UPDATE



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-SA: Key Decisions Ahead (Summer/Fall 2026)

ISO-NE remains on track for a Q4 2026 FERC filing covering seasonal auctions, accreditation reform, qualification rules, winter gas treatment, and transition provisions

Topics Currently Under Discussion

- Seasonal accreditation methodology and resource MRI values
- Transition from the annual FCM to seasonal auctions
- Winter gas constraint design and treatment of gas resources
- Resource qualification and auditing requirements under the new framework
- Market-clearing outcomes & revenue shifts among thermal, storage, renewable + import resources

Key Recent NEPOOL Materials

[CAR-SA Proposal Overview](#) (July 2026)

[CAR Proposal Information Summary](#) (updated 6/23/26)

[Qualification Tariff Revisions](#) (July 2026)

[Seasonal Offer Formation & Mitigation](#)

(June 2026)



DAY-AHEAD ANCILLARY SERVICES



DAAS Market Reforms – Key Findings

In June, the IMM released its [Assessment of the Day-Ahead Ancillary Services Market](#)

IMM affirms **DAAS reliability benefits** and **recommends targeted fixes to reduce costs** without redesigning the market:



Forecast Energy Requirement (FER)

Reduce to better reflect renewable contribution

→ Avoid over-procuring reserves as the resource mix evolves



Non-Performance Factor (NPF)

Review and potentially lower penalties for 10- and 30-minute reserves

→ Balance reliability incentives w/ cost containment



Strike Price

Increase to better reflect short-run marginal costs

→ Improve price signals and reduce inefficiencies



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

DAAS Adjustments & Estimated Market Effects

ISO's Adjustments

- Lower FER demand quantity (account for forecasted wind/solar)
- Set NPF = 115% (↓ from 120%, effective May 1, 2026)
- Introduce strike price floor

Targeted design fixes can deliver cost reductions with maintained reliability →

Estimated Effects*

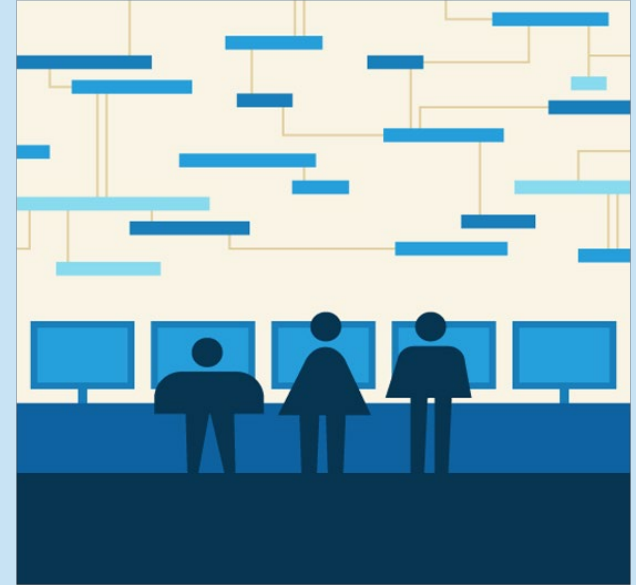
- ~\$292M cost reduction (~30%) in first year; majority from FER reform
- Reserve prices down ~30–60%; DA energy up slightly (~3–4%)
- ~12 days drive ~50% of costs; fixes cut high-stress-day costs ~35%
- Aligns day-ahead with real-time reliability planning (RAA)

*ISO used an in-house simulation tool to [estimate](#) what market outcomes would have been if proposed changes had been in effect for the first year of the DAAS market's operation. Estimates reflect a back-cast of first-year results under certain assumptions and are not a forecast of expected future results.

OPERATIONS UPDATE

*2026 Summer Outlook and
Preparations*

*Preliminary 2027 Operating &
Capital Budgets*



2026 SUMMER OUTLOOK AND PREPARATIONS



Key Takeaways – Summer 2026 Outlook

System prepared for summer demand

- **Enhanced ISO modeling**, including [Regional Energy Shortfall Threshold](#) (REST) risk, show New England is well-positioned entering the summer

Weather drives peak demand

- **Typical summer weather**: 25,228 MW
- **Above-average summer weather**: 26,473 MW

Sufficient resources to meet expected demand

- Nearly **29,000 MW** of total capacity available this summer

Diverse supply mix supports reliability

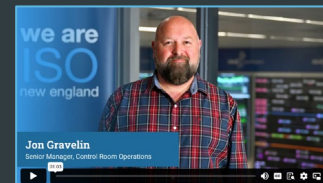
- Almost **1,700 MW** of peak reduction from behind-the-meter solar
- New large resources have connected to the region's power system, including **transmission, offshore wind, and grid-scale batteries**

Operational readiness for extreme conditions

- **Tools and coordination protocols** maintain reliability under stress

Learn more:

- [Press Release](#)
- [ISO Newswire](#)
- [ISO Minute: Preparing for Summer Power Grid Operations](#) with Jon Gravelin (Sr. Manager, Control Room Operations)

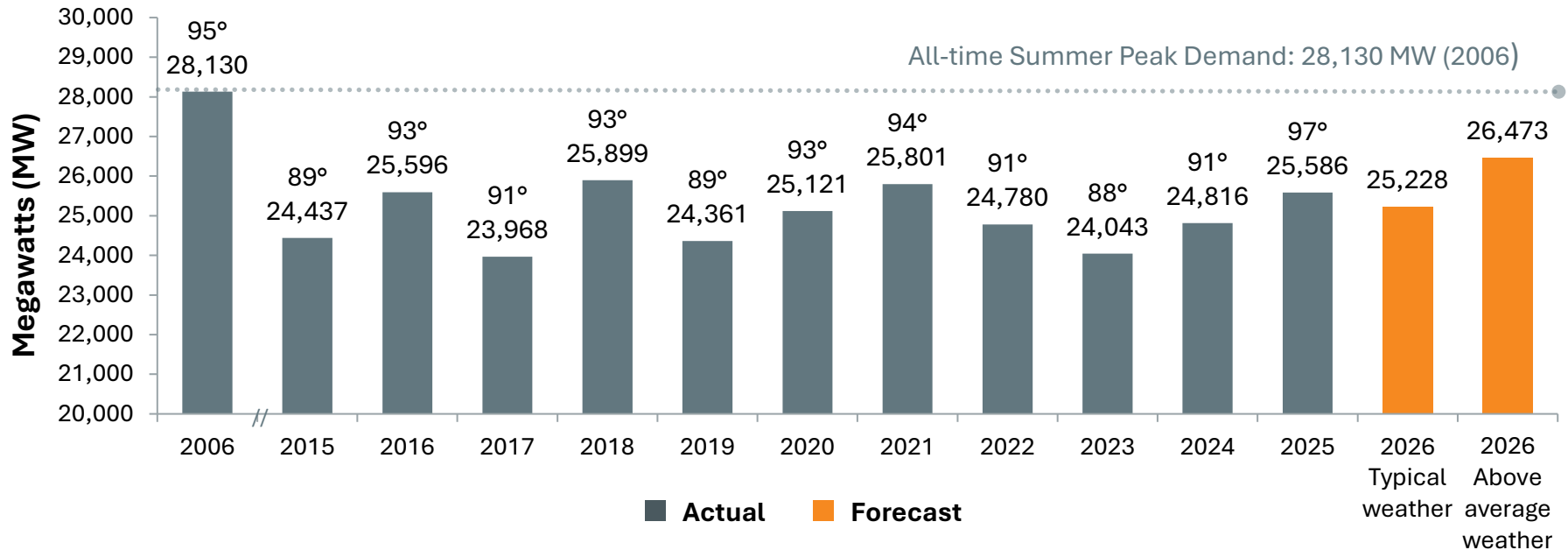


[Watch](#) to learn more about how **ISO prepares for the summer!**

Weather Drives Summer Peak Demand

Historical and Projected Peak Demand in New England

Summer Peak Demand in Megawatts (MW)



Sources: [ISO-NE Seasonal Peaks Since 1980](#), [Net Energy And Peak Load Report](#), [2026 CELT Forecast](#)

*Temperature is dry-bulb temperature in degrees Fahrenheit based on weighted average of eight New England weather stations.

PRELIMINARY 2026 OPERATING AND CAPITAL BUDGETS



ISO New England Preliminary 2027 Operating and Capital Budgets

In June, ISO presented its preliminary 2027 operating and capital budgets to representatives of the New England states and [NEPOOL's Participants Committee](#)

- 2027 operating budget: ~\$355M (+7.7% vs. 2026)
- 2028 outlook: continued growth (~8–9% increase projected)

Total New Full-time Employees (FTEs):

- 2027: 27 FTEs to support existing functions + 7 for the new ACR role
- 2028: +25 FTEs

Primary Drivers:

System transformation



changing resource mix, electrification, and load patterns

Market reforms



Capacity Auction Reforms & evolving market products

System planning expansion



ACR, LTTP, and interconnection workload growth

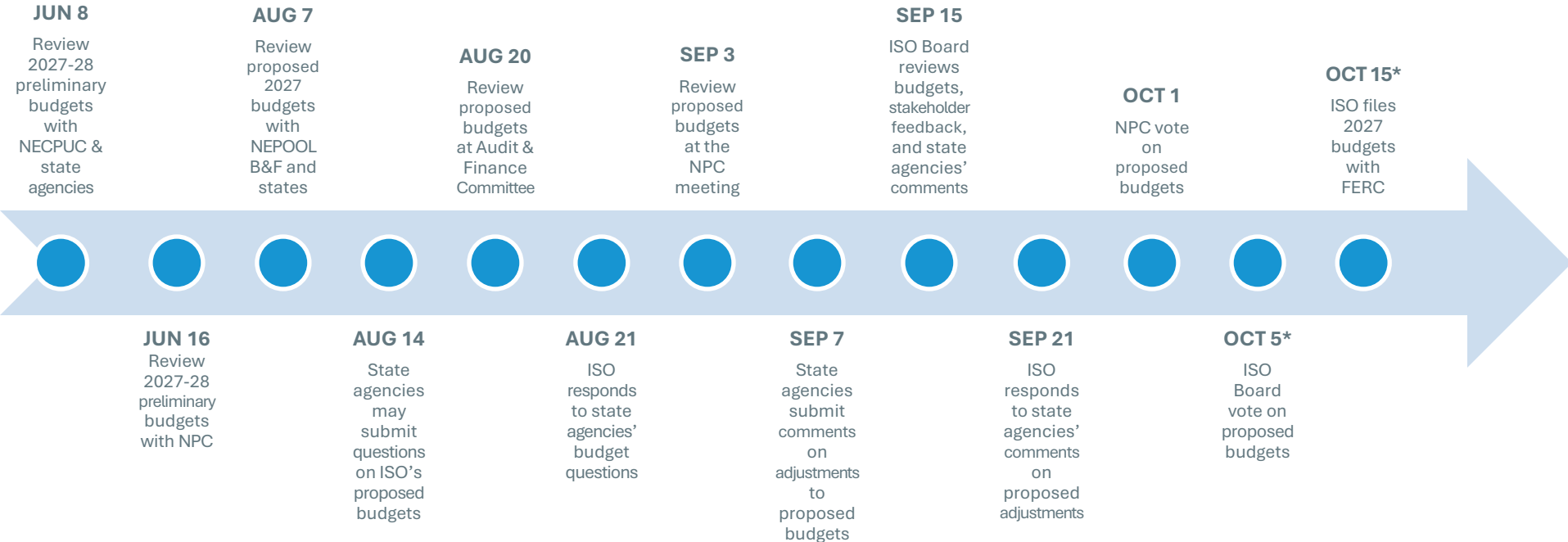
Technology modernization



AI, cloud migration, cybersecurity, data systems

For more information, visit the ISO New England website: <https://www.iso-ne.com/about/corporate-governance/budget/>

2027 Budget Process – Key Dates



*These dates are estimates.

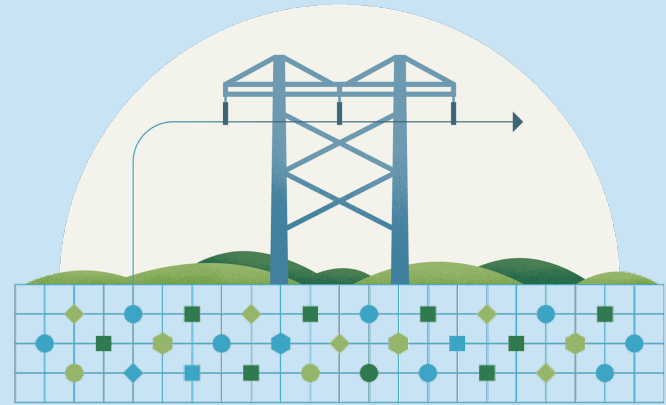
PLANNING UPDATE

2026 CELT Report

Asset Condition Reviewer

FERC Order No. 1920

Large-Load Interconnection



2026 CELT REPORT



2026 CELT Shows Growing Demand Through 2035

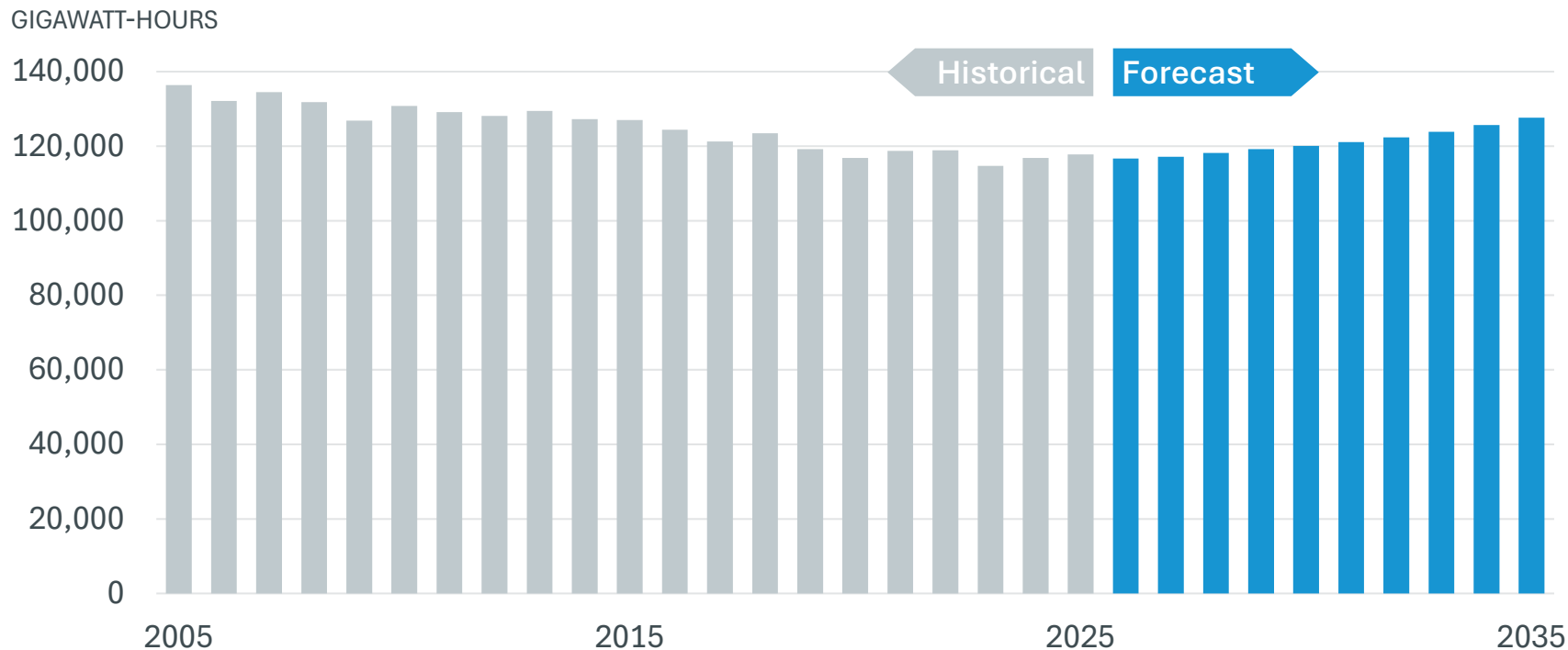


2026-2035 Capacity, Energy, Loads, and Transmission Report

Sustained load growth and changing seasonal dynamics will increase focus on winter reliability and system planning

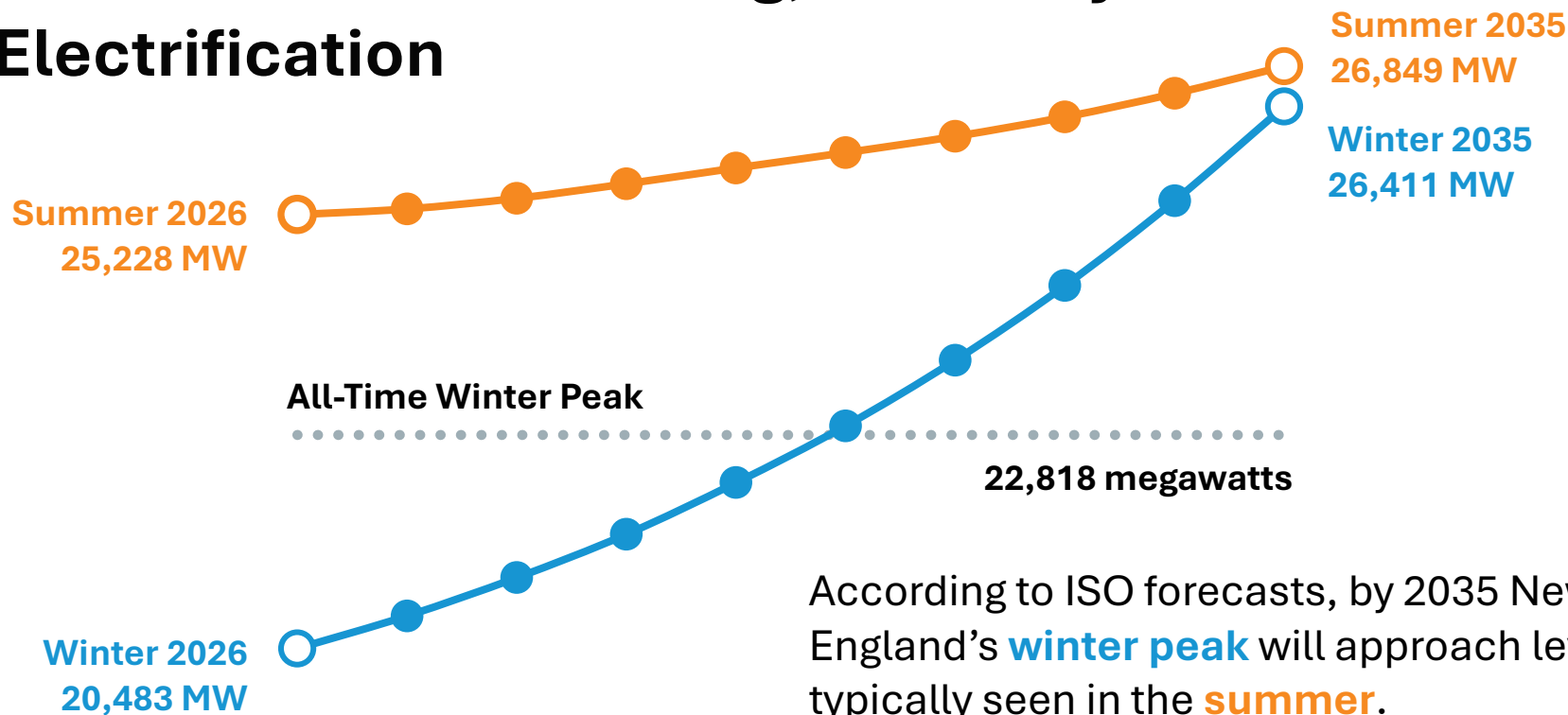
- **Demand ↑ ~9% by 2035 (~1% annually)**
 - Reverses long-term decline
 - Driven by electric vehicles and electric heating adoption tied to states' decarbonization goals
- **Winter demand ↑ faster**, could approach summer peaks by 2035 = **new reliability considerations**
- Behind-the-meter **solar reduces grid demand**, but **doesn't fully offset electrification** impacts
- **Enhanced forecasting** (e.g. hourly usage patterns, emerging large loads) **improving planning precision**
- Growth outlook moderated vs. prior forecasts due to **evolving policy and adoption assumptions**

Net Energy Use Set to Rise After Decades of Decline



Source: [ISO New England 2026-2035 Forecast Report of Capacity, Energy, Loads, and Transmission](#) (2026 CELT Report) (May 2026)

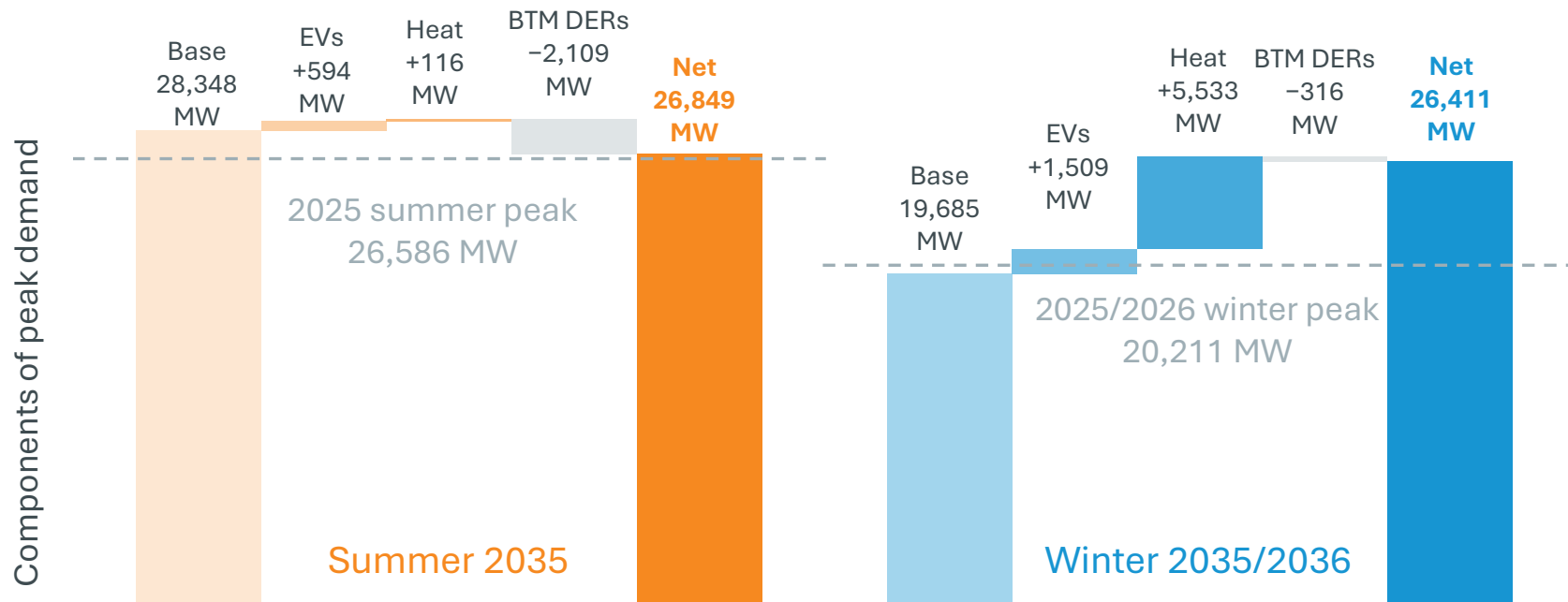
Peak Demand is Growing, Driven by Electrification



Source: [ISO New England 2026-2035 Forecast Report of Capacity, Energy, Loads, and Transmission \(2026 CELT Report\)](#) (May 2026)

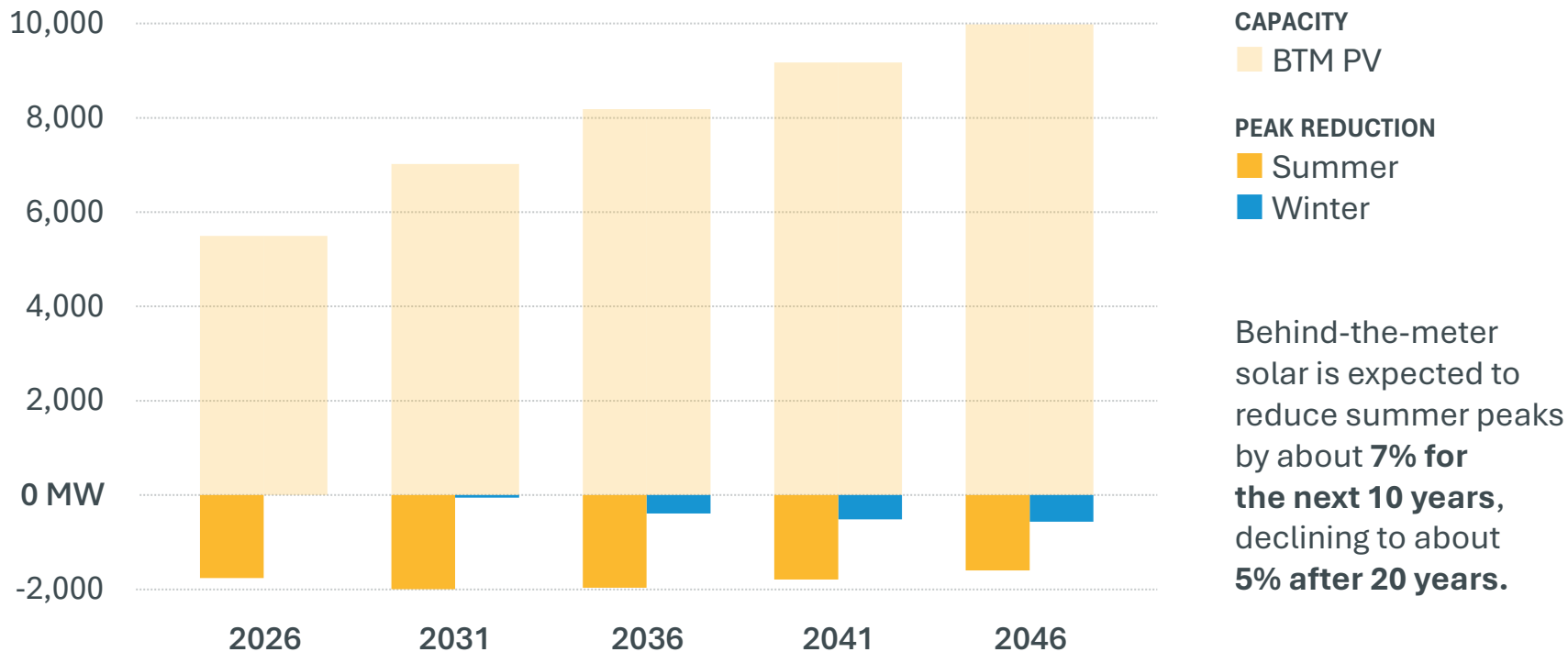
ISO's Ten-Year Forecasts Provide an Outlook for Electricity Use and Peak Demand

Deployment of these technologies create new challenges for grid operations and forecasting



Source: [ISO New England 2026-2035 Forecast Report of Capacity, Energy, Loads, and Transmission](#) (2026 CELT Report) (May 2026)

Solar Forecast: Capacity Gains, Peak Reductions



ISO Enhances Forecast as Region's Energy Use Evolves

Large load forecast models major new users of electricity; prospective New England large loads are limited in number and scale, but are challenging grids elsewhere

Current Status

- ✍ Limited, but potential for growth
- ✍ Only a few projects in formal study (<300 MW)

Near-Term Impact

- ✍ Minimal impact before **2027-2028**

Long-Term Outlook

- ✍ **110–130 MW** impact to peak demand by 2030s–40s
- ✍ Large loads expected to consume **~800 GWh** from 2030 to 2035, rising to **~1,000 GWh** in the 2040s

BESS component assesses growth in batteries co-located with behind-the-meter solar; small near-term demand impact, raising demand when charging and lowering it when discharging

Current Status

- ✍ Limited penetration (**~100 MW regionwide**)

Near-Term Impact

- ✍ Minimal net effect on annual energy (**before 2028**)
- ✍ Small peak reductions (**tens of MW**)
- ✍ Primarily paired with rooftop solar, shifting load locally

Long-Term Outlook

- ✍ BTM battery growth still projected to be relatively small in overall system context (**2032+**)
- ✍ Summer peak reductions: meaningful, still incremental (**~100 MW**)
- ✍ Winter peak impacts: **Little to no peak reduction** by 2035

Learn more:

[ISO-NE large-load forecast framework](#) | [2026 long-term forecast enhancements](#)

ASSET CONDITION REVIEWER



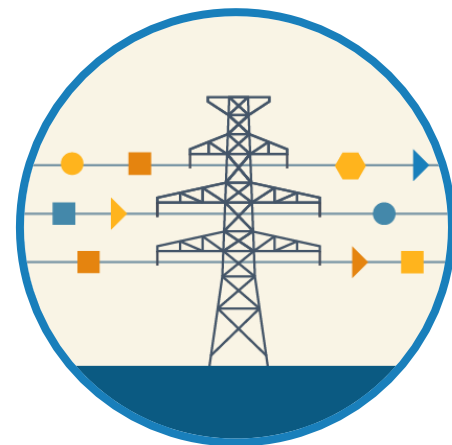
Asset Condition Reviewer Update

Purpose

- Establish a formal, independent review function for transmission Asset Condition Projects (ACPs)
- Improve transparency, consistency, and consideration of alternatives in asset replacement decisions

Role & Scope

- New function within ISO-NE System Planning (advisory only; no prudence determinations)
 - Review TO asset monitoring & evaluation practices
 - Conduct project- and program-level reviews
 - Provide regional reporting on trends and best practices



Asset Condition Reviewer Update

Review process focused on larger projects (generally $\geq$ \$25M)

- Confirm asset condition need → Evaluate solutions and alternatives → Provide independent assessment to improve transparency + stakeholder understanding → Report findings through PAC

Stakeholder & Governance Framework

- Planning Advisory Committee (PAC) is central forum:
 - Reviews ACR findings and TO proposals → Provides formal stakeholder comments at key milestones → Regular reporting to ISO Board's System Planning & Reliability Committee

Implementation Timeline

- Interim review process underway (Nov 2025–end of 2026) → Tariff changes in development to formalize role → Full ACR framework and standards target implementation ~2027 → First annual regional report expected Q1 2028

Expands visibility into TO asset replacement decisions; creates structured venue for alternative solutions and cost drivers; carefully bounded to remain advisory



FERC ORDER NO. 1920



FERC [Order No. 1920](#) Compliance

Landmark FERC rule (May 2024) setting long-term regional transmission planning and cost-allocation requirements

Alignment with New England

- Many elements of Order No. 1920 align with New England's Longer-Term Transmission Planning (LTP) framework accepted by FERC in July 2024, which also addresses future regional transmission planning to help meet clean energy goals

Grid Enhancing Technologies (GETs)

- Compliance work is expected to add a process for further including GETs in transmission planning assessments

Transmission Sizing for the Clean Energy Transition

- Requires a process for when to consider “right-sizing” to address asset-replacement and long-term needs; stakeholder discussions begin Q3/Q4 2026

Compliance Timeline

- Regional and interregional filings due June 2027 (2029 effective date); stakeholder discussions begin Q3 2026; tracked as a [2026 Annual Work Plan](#) Anchor Project



FERC SHOW CAUSE ORDER ON LARGE LOAD INTEGRATION



FERC Show Cause Order on Large Load Integration

June 2026 [FERC action](#) directs all RTOs/ISOs to justify or reform tariff rules governing large load integration (e.g., data centers, electrification-driven demand)

- Existing tariffs may be unjust and unreasonable due to lack of clear large load provisions

Key Reform Areas

- Transmission Study & Application Processes – faster, standardized + scalable for large loads
- Cost Allocation & Transparency – prevent cost shifting to other customers
- Co-Location & BTM Generation – clarify treatment of load paired with generation
- Flexible Load Transmission Services – new service models for controllable demand
- Generator Interconnection Reforms – pathways for load-serving and proximate generation

Next Steps

- ISO and the region's transmission owners intend to [request a 90-day abeyance](#) by Aug. 3
 - If granted, the abeyance would allow for a stakeholder process ahead of a Nov. 16 deadline to file changes to the region's interconnection processes to account for large and co-located loads
- By July 20: file report on resource adequacy for large load growth

Questions



About the Presenter



Sarah Adams, AICP

Senior State Policy Advisor, External Affairs
ISO New England

Phone: (413) 535-4098

sarahadams@iso-ne.com

For More Information



Subscribe to *ISO Newswire*

[ISO Newswire](#) is your source for regular news about ISO New England and the wholesale electricity industry within the six-state region



Log on to ISO Express

[ISO Express](#) provides real-time data on New England's wholesale electricity markets and power system operations



Follow the ISO on Social Media

www.iso-ne.com/social

Download the ISO to Go App

[ISO to Go](#) is a free mobile application that puts real-time wholesale electricity pricing and power grid information in the palm of your hand

