



FERC Order 881 and Updates to Planning Procedure 7

*Procedure for Determining and Implementing
Transmission Facility Ratings in New England*

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Project Title: FERC Order 881

Proposed Effective Date: July 2025*

- The Commission issued Order No. 881 to improve the accuracy of transmission line ratings, ensure just and reasonable wholesale rates, and to better align the transmission grid with actual operating conditions via the implementation of Ambient Adjusted Ratings ("AARs")
- In order to comply with FERC Order No. 881, ISO New England requires multiple changes to transmission line ratings methodologies
- This is the fourth meeting of the Reliability Committee to discuss impacts to [Planning Procedure 7 \(PP7\)](#) – Procedures for Determining and Implementing Transmission Facility Ratings in New England, as a result of FERC Order 881
 - The ISO has been working with the Transmission Owners (TOs) to update PP7 to enable compliance with FERC Order 881
 - The ISO provided presentations at the [July](#), [September](#), and [December](#) 2024 RC meetings
 - Today's presentation will review the changes that were discussed at the December Reliability Committee meeting and provide responses to open questions from that meeting

*See slide 7 for additional information on the proposed effective date



Background

- On December 16, 2021, FERC issued Order No. 881, the Final Rule on [Managing Transmission Line Ratings](#)
- The Final Rule was the result of the November 19, 2020 NOPR examining both Ambient Adjusted Ratings (AARs) and Dynamic Line Ratings (DLRs)
- [Compliance filings](#) were due July 12, 2022; New England's was accepted on [June 15, 2023](#), subject to an [additional filing](#) which was accepted on [December 12, 2023](#)
- An additional compliance filing was submitted on November 12, 2024 to explain AAR timing requirements
- Implementation is required by July 12, 2025



Rationale for Change

- Planning Procedure No. 7 (PP7) defines how Market Participants calculate ratings for administered equipment
- PP7 is impacted by the requirements within FERC Order No. 881, and the Tariff rules contained in Attachment Q to the OATT (Attachment Q) filed in compliance with the Order
- Market Participants (*including generator owners*) that rate transmission equipment will need to provide additional seasonal ratings to comply with the requirements of Attachment Q
- In addition to seasonal ratings, Market Participants that rate equipment will need to provide AARs to the ISO on those facilities that meet the requirements in the Order and Attachment Q
 - AARs will mainly be provided by Transmission Owners; however, some generator owners may also be required to provide AARs on equipment which they own
- These PP7 changes are required so that Market Participants can update methodologies and start to calculate updated ratings for their equipment



Prior Discussions

- Order No. 881
 - Requirement to move to a minimum of four seasons for seasonal ratings
 - Used in operations in the event that AARs become unavailable, for equipment to which AARs do not apply, and Outage Coordination studies outside of the AAR submission window
 - Implement AARs
 - Only to be used in day-to-day operations
- Impacts to PP7
 - Changes to the period of time represented by ratings provided to the ISO
 - Seasonal
 - Change from two seasons to 12 seasons and two study case ratings sets
 - AARs
 - Provided hourly based on forecasted temperature
 - Only to be used in operations
- Modify time duration for Long Time Emergency rating (LTE) to 4 hours year-round
 - ISO Operations is in support of this change



Further Proposed Changes to PP7 and Appendices

- The revised procedure provides general guidelines that Market Participants must use in calculating ratings for transmission lines and the equipment that makes up those lines
- It provides that Market Participants must provide AARs, Seasonal Ratings, and Emergency Ratings for each line
- The procedure notes that each methodology must be consistent with Attachment Q
 - Individual Appendices address specific equipment types including pointing to applicable IEEE and other standards that should be considered in calculating ratings



PP7 Effective Date

- The ISO is currently developing an extension request* that will seek to delay implementation of the rules filed in compliance with Order No. 881, resulting in an impact to the effective date of the revised PP7
 - The extension request is being driven primarily by delays from outside vendors providing ratings software to ISO
 - The implementation date that will be sought in the extension request is still being evaluated, but likely to be in late Q4 of 2025
 - Once PP7 changes are approved, the ISO will post a provisional version of the PP7 document to the ISO's [Planning Procedure page](#) for Market Participants, who are subject to the requirements, to use in their own implementation processes
 - The current version of PP7 will remain in effect until the Commission approved effective date of Attachment Q, filed in compliance with Order No. 881
 - However, the ISO will need updated ratings, consistent with the revised PP7, approximately one month before the effective date
 - Once a full implementation timeline is known, ISO will provide implementation guidance to Market Participants

*The ISO will provide an update to participants later this month regarding the status of this extension request



FOLLOW-UP FROM DECEMBER RC MEETING

Comments Received at December Meeting

- **Request:** Notice provided to the RC when TO methodologies are published
 - **ISO Response:** The ISO will provide notice to the RC when and where the initial rating methodologies are posted
- **Request:** Develop standard format and minimum set of information/data fields to be published in individual TO methodologies on the ISO website
 - **ISO Response:** The ISO will work with Market Participants to address this request. This will take time to address and will be in a follow-on effort



Requests to Understand Market Impacts

- **Request:** Explain general market impacts of AARs
 - **ISO Response:** ISO cannot measure potential impacts of Order No. 881 because ratings calculated using methodologies pursuant to these PP7 revisions are not yet available
 - Market Participants will begin providing ratings based on updated methodologies into the Limit Exchange Portal approximately one month prior to the Commission approved implementation date (*i.e.*, there are currently no ratings to use to evaluate market impacts)
 - At this time, the ISO does not anticipate adverse market impacts or that market rule changes would be needed due to using up-to-date transmission ratings based on accepted methodologies
 - In general, operations and market functions occurring within the 72-hour period when AARs are required will use the most up-to-date AARs at the time said process is executed, and the planning and market functions for beyond the 72-hour period will use the most up-to-date seasonal ratings at the time said process is executed



Requests to Understand Market Impacts, cont.

- **Request:** Explain impacts of AAR ratings on Financial Transmission Rights (FTR) auctions
 - **ISO response:** The most up-to-date seasonal transmission ratings available are used to set the assumptions for each FTR auction
 - Due to their forward timing, FTR assumptions currently use seasonal ratings and will continue to do so after Order No. 881 implementation
 - FTR auctions include Annual, Monthly, and Balance of Planning Period (BOPP) auctions with specific rules about the total network capacity available for each auction and deadlines for setting assumptions
 - e.g., Annual auctions involved two rounds occurring two and three months prior to each year with up-to 25% and 50% of network capacity available in each round, respectively, and the annual auction assumptions are set before the first round
 - Based on current expected timing for Order No. 881 implementation, it is anticipated that seasonal ratings reflecting updated methodologies would first be applied for the FTR Annual auction for the 2027 calendar year and for the FTR Monthly and BOPP auctions early in 2026



Conclusion

- Implementation of Order No. 881 requires updates to PP7, along with Operating Procedures (OPs) that will come at a later date
- The ISO has proposed modifications to PP7 to streamline the procedure and allow all Market Participants that provide equipment ratings to ISO, consistent with the TOA, Order 881, and NERC Standards, to determine the appropriate rating methodology for their systems and equipment based upon their system's geographic distribution and topography
- Redline PP7 main body and appendices are included with today's materials and are unchanged from last month
- The ISO is seeking a vote on the proposed PP7 revisions at today's meeting

Stakeholder Schedule

Stakeholder Committee and Date	Scheduled Project Milestone
Reliability Committee July 16, 2024	Review of Order 881 and PP7 Conforming Changes
Reliability Committee September 17, 2024	Review of PP7 Appendices Review of Stakeholder Comments
Reliability Committee December 17, 2024	Continued Discussion on PP7 and Appendices
Reliability Committee January 22, 2025	Vote
Participants Committee February 6, 2024	Vote

Questions

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