



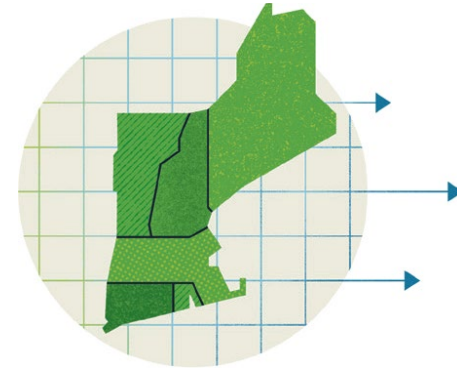
2025 Annual Work Plan Update

Vamsi Chadalavada

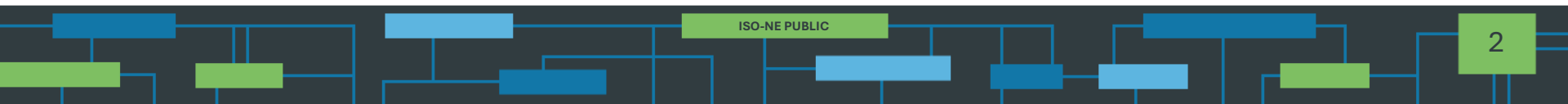
EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER



Objective and Process



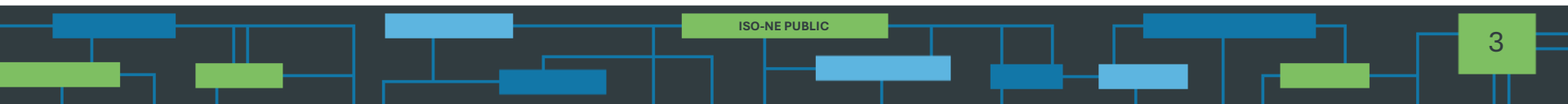
- This report reflects **updates** to the *2025 Annual Work Plan* (2025 AWP) since its publication in October 2024
- Potential impacts on the work plan could stem from Federal Energy Regulatory Commission (FERC) action on existing or new directives; federal or state policy changes; expanded work requests; or other emergent issues
- Stakeholders can submit **new** requests for the ISO's 2026 AWP through the NEPOOL priorities process, which kicked off in March 2025
 - Over the following months, the requests are discussed, narrowed, and a final list is considered for incorporation into the ISO's 2026 plan
 - Reminder that the AWP focuses on key initiatives and does not represent the ISO's full workload, including project implementation work or the extensive day-to-day operations related to running the grid, the markets, and its organization



Anchor Projects on Track

Schedules on track from 2025 AWP publication

- **Day-Ahead Ancillary Services Initiative**
 - Implemented February 28, 2025
 - On April 10, 2025, the ISO is offering another session for Participants looking for further support and information on the market mechanics; additionally, the Internal Market Monitor plans to discuss its initial market outcomes and findings with stakeholders, in conjunction with its market reports, starting as early as Q2 2025
- **Capacity Auction Reforms (CAR)**
 - Stakeholder discussions are moving forward on target; see the [schedule](#) on slides 50-51 of the March 11, 2025, Markets Committee materials
- **First Competitive Solicitation for Longer-Term Transmission Planning (LTTP) Solution**
 - The 2025 Longer-Term Transmission Planning RFP was [issued](#) **March 31, 2025**, after a brief Planning Advisory Committee (PAC) [comment period](#); see the [schedule](#) on slides 38 and 43 of the February 26, 2025, PAC materials
- **nGEM Real-Time Market Clearing Engine**
 - To implement Q2 2026



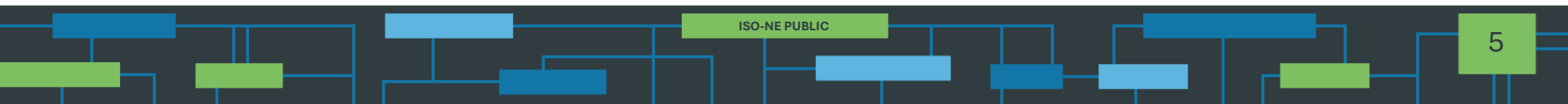
Anchor Projects on Track, cont'd

- **Regional Energy Shortfall Threshold (REST)**

- Discussions are continuing on establishing an acceptable threshold of energy shortfall risk (i.e., the region's risk tolerance) during low-probability extreme weather events as identified through the Probabilistic Energy Adequacy Tool (PEAT)
- Starting with winter 2025/2026, the ISO plans to use the PEAT to begin performing seasonal assessments of energy adequacy risk against the REST criteria
- The ISO also plans to annually perform PEAT/REST assessments with longer look-ahead horizons (to be defined) to inform risk trends over time
 - Forewarning of when system stresses may be expected will be essential as load profiles change, the resource mix evolves, and climate projections are refined
- Risk-trend data from the assessments will guide the timing and nature of the **next phase**: evaluating whether the possibility of exceeding the REST requires development of specific regional solutions to mitigate risks and, if so, when to begin to develop solutions
 - Note that [initial PEAT study results](#) concluded that winter energy shortfall impacts appear manageable using existing tools through 2032, allowing time to develop solutions to mitigate future risk as needed

Notable Initiatives on Track

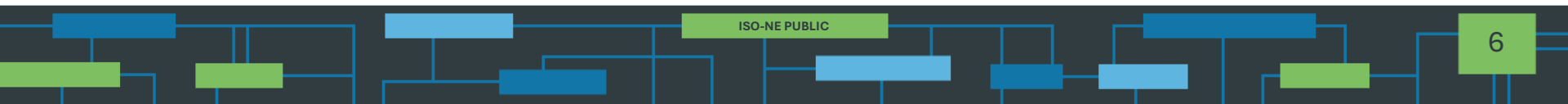
- **Discussion on the Inventoried Energy Program (IEP) Extension**
 - Discussed at the February 6, 2025, Participants Committee meeting
 - Going forward, any potential energy adequacy solutions would be discussed via the REST solution space
- **Evaluate Single Source Contingency Limit Increase**
 - The evaluation is expected to be reported to stakeholders in Q2/Q3 2025; see the December 2024 Interregional Planning Stakeholder Advisory Committee meeting materials for the [scope and schedule](#)
- **Evaluate Tie Benefits Winter Modeling Improvements**
 - Coordination with neighboring control areas continues
 - Potential refinements to winter modeling for tie benefits calculations are expected to be reported to stakeholders in Q3/Q4 2025, in alignment with CAR stakeholder schedule on seasonal tie benefits
- **Technology Initiatives on Track**
 - Inverter-Based Resource (IBR) Integration & Modeling
 - Synchrophasor Enhancements for Future Grid
 - Integrated Market Simulator (IMS)
 - Cloud Computing and Cyber Security



Updated Anchor Projects

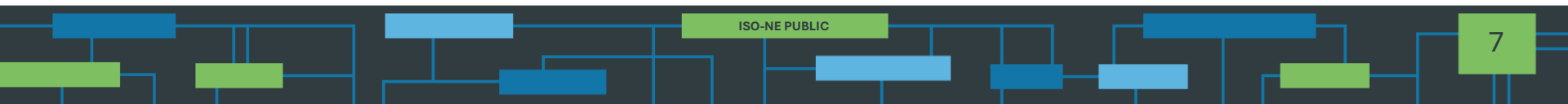
Schedules adjusted since 2025 AWP publication

- **FERC Order No. 2023 Continued Compliance and Implementation**
 - On April 4, 2025, FERC issued an order on the ISO's compliance filing; the ISO is reviewing the order and working on next steps, which it will discuss with stakeholders at the April 2025 Transmission Committee meeting
- **FERC Order No. 1920 and 1920-A Compliance**
 - On February 10, 2025, FERC accepted the ISO's two-year extension request, with regional and interregional compliance now due June 2027, effective four months after FERC acceptance; stakeholder discussions are targeted to begin in Q3 2026 (from Q3 2024 in the AWP)



Updated Anchor Projects, cont'd

- **Further Inclusion of Grid Enhancing Technologies (GETs) Into Transmission Planning**
 - With the extension on Order No. 1920, stakeholder discussions are expected to begin in Q2 2025 (from Q4 2024 in the AWP) on establishing guidelines for *how* to apply GETs in assessments; tariff rules for *when* to consider GETs will be considered as part of the Order No. 1920 compliance discussions
- **Transmission Sizing for the Clean Energy Transition**
 - Discussions to establish “right-sizing” guidelines are expected to begin after the states and Transmission Owners complete their asset condition process improvements initiative
- **Longer-Term Transmission Planning Phase 3**
 - Stakeholder discussions are targeted to begin after experience has been gained from completing the First Competitive Solicitation for LTTP Solution and after the Order No. 1920 compliance filing



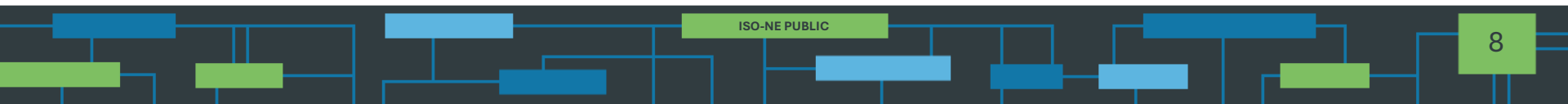
Updated Notable Initiatives




- **Flexible Response Services for a Dynamic System**

- A [stakeholder update](#) was provided at the March 2025 Markets Committee meeting on the ISO's considerations regarding flexible reserve responses to fluctuating system conditions
- The ISO expects to begin discussions on a proposal in Q1 2026 (from Q4 2025 in the AWP), with further timing TBD in the 2026 Annual Work Plan

- **Order No. 881: Managing Transmission Line Ratings**

- **On April 3, 2025**, the ISO filed a request with FERC to extend its July 12, 2025, compliance deadline for implementing revised ratings to December 2026



2025 AWP	Q2	Q3	Q4	Spans Into 2026
<div></div> <div>Markets</div>	Capacity Auction Reforms			CAR-SA
				Flexible Response
<div></div> <div>Operations & Planning</div>	Regional Energy Shortfall Threshold			REST Solutions
	Order No. 2023 Continued Compliance and Implementation			
	First Competitive Solicitation for LTTP Solution			
	GETs	Transmission Sizing for Energy Transition		Order No. 1920
	Single Source Contingency Limit Assessment			
	Tie Benefits Winter Modeling Evaluation			
<div></div> <div>Capital Priorities</div>	nGEM Market Clearing Engine			
	Inverter-Based Resource Modeling, Synchrophasor, IMS			
	Cloud Computing & Cyber Security			
	Order No. 881: Managing Transmission Line Ratings			

Approximate Stakeholder Discussion Timing

