

191 FERC ¶ 61,211
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

June 20, 2025

In Reply Refer To:
ISO New England Inc.
Docket Nos. ER25-2023-000
ER25-2023-001
ER25-2024-000

ISO New England Inc.
One Sullivan Road
Holyoke, MA 01040

c/o Eversource Energy
247 Station Drive, SE100
Westwood, MA 02090

Day Pitney LLP
One Federal Street
Boston, MA 02110

Attention: Margoth R. Caley, Mary E. Grover, and Eric K. Runge

Dear Margoth R. Caley, Mary E. Grover, and Eric K. Runge:

1. On April 23, 2025, as amended on May 9, 2025, pursuant to section 205 of the Federal Power Act,¹ ISO New England Inc. (ISO-NE), the Participating Transmission Owners Committee on behalf of the New England Participating Transmission Owners (PTO),² and the New England Power Pool (NEPOOL) Participants Committee

¹ 16 U.S.C. § 824d.

² The PTOs include: Town of Braintree Electric Light Department; Central Maine Power Company; Chicopee Municipal Lighting Plant; Connecticut Municipal Electric Energy Cooperative; Connecticut Transmission Municipal Electric Energy Cooperative; Eversource Energy Service Company on behalf of The Connecticut Light and Power Company, Public Service Company of New Hampshire, and NSTAR Electric Company; Fitchburg Gas and Electric Light Company; Green Mountain Power Corporation; The City of Holyoke Gas and Electric Department; Town of Hudson Light and Power Department; Maine Electric Power Company; Massachusetts Municipal Wholesale

(collectively, Filing Parties), submitted proposed revisions to the ISO-NE Transmission, Markets and Services Tariff (Services Tariff)³ and the Transmission Operating Agreement (TOA)⁴ to improve the Economic Study process⁵ (Economic Study Revisions) set forth in Attachment K of ISO-NE's Open Access Transmission Tariff (OATT).⁶ As discussed below, we accept the Economic Study Revisions, effective June 23, 2025.

Electric Company; Town of Middleborough Gas & Electric Department; The Narragansett Electric Company; New England Power Company; New Hampshire Electric Cooperative, Inc.; New Hampshire Transmission, LLC; Town of Norwood Municipal Light Department; Town of Reading Municipal Light Department; Shrewsbury Electric and Cable Operations; Town of Stowe Electric Department; Taunton Municipal Lighting Plant; The United Illuminating Company; Unitil Energy Systems, Inc.; Vermont Electric Cooperative, Inc.; Vermont Electric Power Company, Inc.; Vermont Public Power Supply Authority; Vermont Transco LLC; Versant Power; and Town of Wallingford, CT, Department of Public Utilities, Electric Division.

³ ISO New England Inc., ISO New England Inc. Transmission, Markets and Services Tariff, § I (General Terms and Conditions), § I.2 (Rules of Construction; Definitions) (171.0.0) (hereinafter, Proposed Tariff); *id.* § II (Table of Contents) (16.0.0); *id.* § II.46 (General) (6.0.0); *id.* Schedule 12 (Transmission Cost Allocation On and After Jan. 1, 2004) (9.0.0); *id.* Schedule 14 (Recovery of Regional Benefit Upgrade Costs by Non-Incumbent Transmission Developers Related to Phase 2 Solutions for Reliability Transmission Upgrades) (2.0.0); *id.* Schedule 14B (Recovery of System Efficiency Transmission Upgrade Costs) (0.0.0); *id.* attach. K (Regional System Planning Process) (32.0.0); *id.* attach. N (Procedures for Regional System Plan Upgrades) (5.0.0); *id.* attach. O (NTDOA) (8.0.0); *id.* attach. P (Selected Qualified Transmission Project Sponsor Agreement) (3.0.0); *id.* § III.12 (Calculation of Capacity Requirements) (27.0.0). The Filing Parties propose revisions to the Services Tariff in Docket Nos. ER25-2023-000 and ER25-2023-001. The Filing Parties' May 9, 2025 amendment in Docket No. ER25-2023-001 corrects two ministerial errors in the proposed Attachment K of the OATT but does not otherwise amend the Economic Study Revisions. *See* Docket No. ER25-2023-001 Transmittal at 1.

⁴ ISO New England Inc., ISO New England Inc. Agreements and Contracts, TOA, Transmission Operating Agreement (8.0.0). The Filing Parties propose revisions to the TOA in Docket No. ER25-2024-000.

⁵ Capitalized terms not otherwise defined herein are as defined in the Tariff.

⁶ Section II of the Services Tariff contains the OATT.

2. According to the Filing Parties, the Economic Study process will be used to identify system efficiency issues on the Pool Transmission Facilities (PTF) portion of the New England Transmission System and, as applicable, evaluate competitive solutions to alleviate identified system efficiency needs.⁷ In 2013, the Commission accepted ISO-NE's Economic Study process, finding that the process complies with the economic studies transmission planning principle in Order No. 890.⁸ Subsequently, on March 30, 2023, the Commission accepted the first phase of ISO-NE's proposal to improve the Economic Study process, which requires ISO-NE to conduct defined scenario-based studies designed to: (1) identify market efficiency issues, and as applicable, market efficiency needs on the PTF portion of the New England Transmission System as part of the Economic Study process; (2) provide the New England region more insight into system trends and consistent analysis; and (3) facilitate comparison across Economic Study cycles, all of which can inform future decisions in transmission investment.⁹

3. The Filing Parties state that the Economic Study Revisions are the second phase of ISO-NE's improvements to the Economic Study process.¹⁰ The Filing Parties state that the Economic Study Revisions modify the current Economic Study process by: (1) separating System Efficiency Needs Assessments from reliability Needs Assessments; (2) establishing a threshold for the issuance of a Request for Proposal (RFP) for System Efficiency Transmission Upgrades; (3) changing the RFP process for System Efficiency Transmission Upgrades from the current two-phase RFP process to a single-phase RFP

⁷ Proposed Tariff, § II, attach. K, § 17.1 (Overview). In the Economic Study Revisions, ISO-NE proposes to replace the existing term, "market efficiency" throughout the Services Tariff with "system efficiency," explaining that "the possible outcome to the proposed [Economic Study] process does not result in changing market rules but rather in improving the performance of the transmission system." Docket No. ER25-2023-000 Transmittal at 2 n.6. We use the term "system efficiency" throughout this order, consistent with the Economic Study Revisions.

⁸ *ISO New England Inc.*, 143 FERC ¶ 61,150, at P 45 (2013), *order on reh'g*, 150 FERC ¶ 61,209, *order on reh'g*, 153 FERC ¶ 61,012 (2015). *Preventing Undue Discrimination & Preference in Transmission Serv.*, Order No. 890, 118 FERC ¶ 61,119, *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁹ *ISO New England Inc.*, 182 FERC ¶ 61,211 (2023).

¹⁰ Docket No. ER25-2023-000 Transmittal at 1; Docket No. ER25-2024-000 Transmittal at 1.

process; and (4) establishing clearly defined metrics to evaluate System Efficiency Transmission Upgrade Proposals.¹¹

4. First, the Filing Parties state that ISO-NE currently conducts both reliability and System Efficiency Needs Assessments pursuant to section 4.1 of Attachment K of the OATT.¹² The Filing Parties state that although section 4.1 is clear regarding the factors used in Needs Assessments for Reliability Transmission Upgrades, section 4.1 does not include clear factors for Needs Assessments for System Efficiency Transmission Upgrades. To address this issue, the Filing Parties propose a new defined term, System Efficiency Needs Assessment. The System Efficiency Needs Assessment will use the base economic model described in section B.1 of Attachment N of the OATT, which includes factors such as energy costs, capacity costs, cost of supplying total operating service, system losses, available supply and transmission, load growth, fuel costs, fuel availability, generator availability, and release of bottled generating resources. The Filing Parties also propose to delete three factors from section B.1 of Attachment N (as present worth factors for each project specific to the owner of the project, present worth period not to exceed ten years, and costs of the project) so that the list of factors for the base economic model will only include economic factors and exclude the costs of a specific project.¹³ The Filing Parties state that the System Efficiency Needs Assessment will also use the “factors” in proposed section 17.10 of Attachment K.¹⁴

¹¹ Docket No. ER25-2023-000 Transmittal at 8. The Filing Parties propose conforming and clean-up changes throughout the Services Tariff and TOA consistent with these modifications. The proposed revisions to the TOA are limited to such conforming and clean-up changes. *Id.* at 14.

¹² *Id.* at 8.

¹³ *Id.* at 8-9. As discussed below, the costs of a specific project will instead be considered as part of the benefit-to-cost ratio (BCR) analysis.

¹⁴ *Id.* at 8. Proposed section 17.10 of Attachment K of the OATT (Treatment of Market Responses in System Efficiency Needs Assessments) provides that ISO-NE will “reflect proposed market responses in the regional system planning process,” and that “[m]arket responses may include, but are not limited to, resources (e.g., demand-side projects and distributed generation), and Elective Transmission Upgrades.” Proposed Tariff, § II, attach. K, § 17.10 (Treatment of Market Responses in System Efficiency Needs Assessments).

5. The Filing Parties also state that while the approach in current section 4.1(f) of Attachment K addressing the reliance on imports in needs assessments is suitable for determining Reliability Transmission Upgrades,¹⁵ this approach is not suitable for determining System Efficiency Transmission Upgrades because imports used to determine System Efficiency Transmission Upgrades “should be reflective of expected economic imports flowing on the ties in the time horizon of the study.”¹⁶ To address this issue, the Filing Parties propose in section 17.10 of Attachment K that, for imports, if a tie line from an external area has an associated energy contract, the minimum energy interchange will be respected, and that absent such a contract, imports and exports will be reflective of the least cost economic dispatch. Further, proposed section B.1 of Attachment N provides that “the modeled system will consist of the projected New England Transmission System, the forecasted New England energy demand, and the expected resource mix within New England given inclusion factors in section 17.10 of Attachment K.”¹⁷ Additionally, proposed section B.1 of Attachment N provides that in an Economic Study Cycle, when possible, a consistent external data source will be used to model economic and contracted interchange between neighboring regions for external areas’ demand, external resource mixes, and interregional transmission topology.¹⁸

6. Second, the Filing Parties state that the Services Tariff currently does not include a threshold for the issuance of an RFP for System Efficiency Transmission Upgrades.¹⁹ To address this, the Economic Study Revisions include new language in section 17.9 of Attachment K requiring ISO-NE to identify instances where system efficiency production costs savings at a given part of the system are equal to or greater than \$4.3 million/year on the PTF portion of the New England Transmission System and, as applicable, identify efficiency needs (using the base economic model described in section B.1 of Attachment N and the factors in section 17.10 of Attachment K) on the PTF portion of the New England Transmission System. Where ISO-NE identifies such needs, ISO-NE will issue

¹⁵ The Filing Parties explain that under this approach, imports across future or existing external tie lines will not be relied upon in performing reliability or System Efficiency Needs Assessments unless the imports: (1) have a Capacity Supply Obligation corresponding to the year of study; (2) have been selected in, and are contractually bound by, a state sponsored RFP; (3) have a financially binding obligation pursuant to a contract; or (4) may be represented by a minimum flow based on HQ Interconnection Capability Credits. Docket No. ER25-2023-000 Transmittal at 8.

¹⁶ *Id.*

¹⁷ *Id.* at 9.

¹⁸ *Id.*

¹⁹ *Id.*

an RFP to initiate the competitive solution process for System Efficiency Transmission Upgrades pursuant to proposed section 17.12 of Attachment K.²⁰

7. Third, the Filing Parties state that the competitive solution process for System Efficiency Transmission Upgrades in current section 4.3 of Attachment K is a two-phase process that is also used for Reliability Transmission Upgrades. The Filing Parties state that under this two-phase process, project selection does not occur until the second phase, which adds time to the process as project proponents submit additional information to ISO-NE and ISO-NE reviews the projects again. The Filing Parties explain that to reduce the time required to conduct the competitive solution process for System Efficiency Transmission Upgrades, the Economic Study Revisions change the two-phase process to a single-phase process described in proposed section 17.12 of Attachment K.²¹

8. Finally, the Filing Parties state that to allow ISO-NE to evaluate the cost effectiveness of various potential System Efficiency Transmission Upgrades, the Economic Study Revisions clarify existing metrics, and add metrics, to be used in the evaluation of System Efficiency Transmission Upgrades.²² Specifically, proposed section 17.12(g) of Attachment K, which describes a competitive solution process for System Efficiency Transmission Upgrades, is adopted from the language in current section 4.3(h) of Attachment K.²³ Further, the Filing Parties propose to continue using a BCR of greater than 1.0 to determine a proposal's eligibility for consideration as a preliminary preferred System Efficiency Transmission Upgrade Solution.²⁴

9. The Filing Parties contend that the Economic Study Revisions meet the requirements and transmission planning principles of Order Nos. 890 and 1000²⁵ and are

²⁰ *Id.*

²¹ *Id.* at 10-12.

²² *Id.* at 12.

²³ *Id.*

²⁴ *Id.* at 13.

²⁵ *Transmission Plan. & Cost Allocation by Transmission Owning & Operating Pub. Utils.*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g & clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

just and reasonable.²⁶ According to the Filing Parties, in Order No. 890, the Commission stated that its primary objective in adopting the economic planning studies principle was to ensure that the transmission planning process encompasses both reliability and economic considerations.²⁷ The Filing Parties contend that the Economic Study Revisions meet this objective. Further, the Filing Parties contend that the Economic Study Revisions also meet the cost allocation principles adopted in Order No. 1000, including that a benefit to cost threshold may not exceed 1.25.²⁸

10. The Filing Parties request an effective date of June 22, 2025, for the Economic Study Revisions.²⁹

11. Notice of the Filing Parties' April 23, 2025 filings was published in the *Federal Register*, 90 Fed. Reg. 18848 (May 2, 2025), with interventions and protests due on or before May 14, 2025. Timely motions to intervene were filed by RENEW Northeast, Inc., Calpine Corporation, and National Grid. Notice of the Filing Parties' May 9, 2025 amended filing in Docket No. ER25-2023-001 was published in the *Federal Register*, 90 Fed. Reg. 21474 (May 20, 2025), with interventions and protests due on or before May 30, 2025. None was filed.

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2024), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

13. We accept the Economic Study Revisions, effective June 23, 2025,³⁰ because we find them to be just and reasonable and not unduly discriminatory or preferential. As a whole, the Economic Study Revisions will add clarity to ISO-NE's process for studying

²⁶ Docket No. ER25-2023-000 Transmittal at 2.

²⁷ *Id.* at 6 (citing Order No. 890, 118 FERC ¶ 61,119 at P 544).

²⁸ *Id.* (citing Order No. 1000, 136 FERC ¶ 61,051 at P 646).

²⁹ *Id.* at 2.

³⁰ Although the Filing Parties request that the Economic Study Revisions be made effective on June 22, 2025, which is the 60th day after filing, absent waiver, June 23, 2025, is the earliest date that the Economic Study Revisions can be made effective (i.e., on the 61st day after filing, after 60 days notice). *Cal. Indep. Sys. Operator Corp.*, 136 FERC ¶ 61,120, at P 1 n.4 (2011); *Cent. Hudson Gas & Elec. Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,089 (1992); *Prior Notice & Filing Requirements Under Part II of the Fed. Power Act*, 64 FERC ¶ 61,139, *clarified*, 65 FERC ¶ 61,081 (1993).

economic transmission needs and solutions in its regional transmission planning process. Specifically, by separating System Efficiency Needs Assessments from reliability Needs Assessments and establishing clearly defined metrics for the evaluation of System Efficiency Transmission Upgrade Proposals, the Economic Study Revisions enhance the Economic Study process's consideration of economic needs and the solutions thereto. Further, we find that by establishing a threshold for the issuance of an RFP for System Efficiency Transmission Upgrades, the Economic Study Revisions clarify when ISO-NE will initiate the competitive solution process for System Efficiency Transmission Upgrades, and we agree with the Filing Parties, given the facts and circumstances here, that the transition to a single-phase RFP process for System Efficiency Transmission Upgrades will reduce the time required to conduct the competitive solution process for such upgrades. Moreover, we find that, with the Economic Study Revisions, ISO-NE continues to comply with the Order No. 890 economic planning studies principle³¹ and Order No. 1000's requirements, including the Regional Cost Allocation Principle 3.³²

By direction of the Commission.

Carlos D. Clay,
Deputy Secretary.

³¹ Order No. 890, 120 FERC ¶ 61,103 at PP 426, 435-437 (requiring coordinated, open, and transparent transmission planning on both a local and regional level by directing all transmission providers to develop a transmission planning process that satisfies nine principles and to clearly describe that process in a new attachment to their OATT (Attachment K)).

³² Order No. 1000, 136 FERC ¶ 61,051 at P 646 (providing that a benefit to cost threshold “may not include a ratio of benefits to costs that exceeds 1.25 unless the transmission planning region or public utility transmission provider justifies and the Commission approves a higher ratio”).