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2026 DER Forecast Updates

Distributed Generation Forecast Working Group

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ADVANCED FORECASTING & ANALYTICS

Acronyms

ATB	Annual Technology Baseline	**IOU**	Investor-owned utility
BESS	Battery Energy Storage System	**ITC**	Investment tax credit
BTM	Behind-the-meter	**NEB**	Net energy billing (ME)
CBI	Capacity-based incentive	**NM, NEM**	Net metering, net energy metering
CELT	Capacity, Energy, Load, and Transmission report	**NREL**	National Renewable Energy Laboratory
C&I	Commercial and industrial	**NRES**	Non-residential Renewable Energy Solutions (CT)
DER	Distributed energy resource	**PBI**	Performance-based incentive
DG	Distributed generation	**PP-12**	Planning Procedure 12
DGFWG	Distributed Generation Forecast Working Group	**PV**	Photovoltaic
dGEN™	Distributed Generation Market Demand Model	**REF**	Renewable Energy Fund (RI)
EOR	Energy only resources	**REG**	Renewable Energy Growth program (RI)
FCM	Forward Capacity Market	**RRES**	Residential Renewable Energy Solutions (CT)
FITs	Feed-in-tariffs	**SCEF**	Shared Clean Energy Facility program (CT)
IBI	Investment-based incentive	**SMART**	Solar Massachusetts Renewable Target
ICR	Installed Capacity Requirement	**SAM**	System Advisor Model

Objectives

- Provide updates for the 2026 distributed energy resource (DER) forecast
  1. PP12 data collection
  2. dGen™ policy modeling changes
     a) Federal policy
     b) Battery energy storage system (BESS) state policies
  3. DER BESS hourly modeling

DER DATA COLLECTION

Planning Procedure 12

Data Collection Updates

- The ISO is still processing the September vintage of the Planning Procedure 12 (PP12) data submissions
  - Some submissions or resubmissions were provided late
  - BESS nameplate and energy capacity data continue to be incomplete
    - True both for standalone BESS and co-located PV+BESS projects, and for projects installed after January 1, 2025
    - Incomplete historical data provides limited guidance for ISO's DER BESS forecasting efforts
  - Recent data for standalone PV align with expectations
  - Untimely submittals for the upcoming January vintage of PP12 data could pose a constraint to the 2026 DER forecast since these data are a key input

DGEN POLICY MODELING CHANGE

Federal Policy Modeling

- The following changes to the Investment Tax Credit (ITC) impacting DER adoption growth will be used for the 2026 forecast:
  - Residential photovoltaic or battery energy storage projects installed after 2025 will not qualify for the ITC benefits.
  - Commercial projects start by July 4th, 2026 must be completed within 4 years to claim credits.
  - Commercial projects start after July 4th, 2026 must be completed by end of 2027 to claim credits.
- For 2026 DER forecast, the modeled ITC will end in 2025 for the residential sector and 2029 for the commercial sector.
- Implementing this ITC change is expected to cause a significant decrease the DER forecast
  - The draft forecast will be released in February 2026 for discussion at the next DGFWG meeting

BESS State Policies

- Most of the existing BESS state policies aim to reduce electricity demand during peak or high load conditions
- Incentive structure consists of the following:
  - An upfront payment based on the battery's rated capacity (kW or kWh)
  - An annual payment based on the average kilowatt provided by the system during the demand response events
  - A combination of the above

State	Supporting Policy
CT	• Energy storage solutions • ConnectedSolutions
MA	• SMART • ConnectedSolutions
ME	• Energy storage system projects • Small battery management
NH	• Utility-based energy storage programs
RI	• ConnectedSolutions
VT	• Bring your own device

BESS State Policies Modeling

- All BESS policies (except the SMART program) will be modeled as a capacity-based incentive (CBI), which is a one-time incentive payment within dGen.
- For upfront incentives, the ISO uses publicly-available information concerning amounts, *e.g.*, information provided on program websites.
- For incentives that are paid annually, the ISO estimates all annual payments (in $/kW) and inputs an upfront lump sum value to dGen.
- The ISO makes the following modeling assumptions:
  - All BESS policies will have a sunset date in 2029, unless information provided suggests otherwise
  - During any specific demand response event, the battery storage system will contribute an average of 80% of rated capacity (in kW)
  - The ISO uses a 4.5% interest rate to estimate the present value of all future annual incentive payments

BESS HOURLY MODELING

Hourly Modeling Updates

- The ISO is working to develop hourly BESS charging/discharging profiles to use in the CELT 2026 load forecast.
- The hourly profiles will be generated using outputs from the dGen model and the System Advisor Model (SAM) as guidance.
- More information and results of the BESS hourly modeling will be shared during the February DGFWG meeting.

NEXT STEPS

Next Steps for CELT 2026

- The next DGFWG meeting will be on February 9th and will include:
  - Discussion of the 2026 Draft DER forecast
  - BESS hourly modeling details and results

Questions