



# Asset Condition Reviewer

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*Establishing ISO New England as the Region's  
Asset Condition Reviewer*

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# Background

- Today, the ISO has a limited role regarding ACPs\*
  - ISO Tariff Section I.3.9 review – ensuring that an ACP does not have a significant adverse impact on the system
  - Updating the Asset Condition List (ACL) with Transmission Owner (TO)-provided information
- TO rate filings at the Federal Energy Regulatory Commission (FERC) provide the forum for reviewing recovery of asset condition expenditures
- Some review of ACPs occurs through state siting and permitting
  - Not all such projects are subject to these provisions
- Stakeholder interest in additional visibility at earlier stages has led to requests for a new opportunity for reviews

\*ISO also conducts Transmission Cost Allocation (TCA) reviews, but these reviews are limited to determining if certain costs should be localized, for example, as a result of a state siting requirement

# ISO as the New England AC Reviewer

- Strong desire in the region to have an independent entity, such as ISO New England, serve as the region’s AC Reviewer
- The ISO has agreed to take on this role, subject to the following limitations, which have been accepted by all New England TOs and the states\*:
  - The TOs will indemnify the ISO for any liability related to the ISO’s reviewer role on ACPs, except for the ISO’s gross negligence or willful misconduct;
  - The “Asset Condition Reviewer” role is advisory. It will not make decisions about whether to proceed with specific ACPs, nor will it be the petitioning party in any local, state, or federal regulatory or siting proceeding concerning an ACP; and
  - The “Asset Condition Reviewer” will not make a legal finding on or issue an opinion on the question of whether the costs of any given ACP are prudent

\*On [May 15, 2025, ISO New England shared via memo](#) to NEPOOL, NECPUC, and NESCOE, its necessary requirements should it take on this role

# AC Reviewer: Approach

- Development of a framework to establish a new AC Reviewer role for the ISO is a novel undertaking in the industry and will require time, resources, and stakeholder engagement
  - The ISO prioritized this as a key project for part of 2025 and 2026
- Under this new structure, New England TOs would continue to plan, develop, own, and maintain transmission facilities in their service territory
  - The ISO does not currently propose, fund, or select these projects, and this would not change under this proposal
- The new function is envisioned to provide an independent review and opinion of ACPs submitted for review by the TOs
  - The review is intended to help better inform states and stakeholders, through the Planning Advisory Committee (PAC), on the technical merits of proposed projects

# Plan Overview

- As part of assuming the role as the AC Reviewer, the ISO will need to develop the internal structure to support the task, along with hiring additional staff with these specialized skills and knowledge, and will need to develop the documentation to support the responsibility
  - The current timeline to complete the initial establishment is approximately January 2027
    - This is subject to FERC acceptance of the governing documents and the operating budget

# ISO APPROACH TO PROPOSAL DEVELOPMENT



# Engagement to Date

- The ISO held an initial discussion at the September 4, 2025 NEPOOL Participants Committee Meeting ([see pdf pages 157-169](#))
- Additional discussion took place at the [October PAC meeting](#)
  - The ISO issued a feedback form to PAC following this meeting
- The ISO interviewed New England TOs regarding their asset management processes and/or their proposed projects for interim review
- The ISO engaged a consultant for additional input and perspective

# Request for PAC Feedback on the Permanent Role

- To understand stakeholders' objectives for the permanent AC Reviewer function, the ISO requested feedback in the following areas:
  - Objectives for the role
  - Governance structure
  - Defined criteria for how ACPs are submitted, reviewed, and presented
  - Actionable, cost-focused review outputs
  - Stakeholder involvement, understanding, and confidence in asset development needs
  - Holistic System Planning with other regional upgrades
- Fourteen stakeholders, ranging across industry sectors and including state policymakers, submitted feedback

# Feedback: Objectives of the Role

- AC Reviewer should be advisory while providing independent, impartial reviews focused on technical credibility, consistency, and transparency
- AC Reviewer should provide clear scrutiny of needs, scope, and alternatives for asset condition proposals with actionable reports for stakeholder use

# Feedback: Governance

- Opinions were mixed on approach to governance
- Some advocated for the function to be a new department within System Planning to better achieve efficiency and build towards the objectives of more holistic outcomes, such as right-sizing
- Others advocated for a separate stand-alone AC Reviewer department to better ensure impartial oversight

# Feedback: Submittal, Review, and Presentation

- Respondents called for a structured, consistent, and timely process that begins early in the project lifecycle
  - Starting the review early and alerting stakeholders as early as possible that a review is needed
- Some respondents emphasized a more collaborative process that includes iterative dialogue with TOs, while others focused on ensuring the AC Reviewer has the ability to issue multiple information requests and delay PAC presentations, if needed

# Feedback: Actionable, Cost-Focused Review Outputs

- Respondents generally agree that the AC Reviewer should produce clear, detailed reports that evaluate alternatives, technical needs, and cost-effectiveness, and that these reports must be transparent, well-documented, and completed before construction begins
- Stakeholders value independence, stakeholder confidence, and thorough analysis of alternatives, including “right-sizing” and advanced technologies, with some noting that explicit prudency determinations should be avoided

# Feedback: Stakeholder Involvement, Understanding, and Confidence

- Reports should be clear, timely, and transparent, focusing on alternatives, cost-effectiveness, and reliability
- Stakeholders want predictable timelines, accessible summaries, and early notice
- Some call for deeper engagement and public presentations

# Feedback: Holistic System Planning With Other Regional Upgrades

- Stakeholders agree that reviews should be transparent, systematic, and aligned with broader regional and long-term planning, and that early evaluation of alternatives, including right-sizing, is essential to maximize efficiency and reduce long-term costs
- While all stakeholders value transparency and efficiency, feedback differed on the extent to which right-sizing should lead to competitive processes

# PRIORITIES, OBJECTIVES, AND STRUCTURE

*AC Reviewer Permanent Function*



# Key Principles and Objectives

- AC Reviewer must maintain impartiality, technical competence, and deliver transparency and consistency
- Scrutinize the TOs' asset management functions and project proposals
  - Providing clear, comprehensive, and actionable reporting
- Identify inconsistencies and inefficiencies
  - Opportunities for standardization and consistency, and clear understanding of remaining differences

# Reporting Structure

- The ISO is proposing a new department within System Planning
  - Enables future coordination with other planning activities, such as right-sizing, identified by many stakeholders
  - Leverages existing capabilities to achieve a quick start-up of the new function
  - Minimizes duplication of expertise (and therefore costs)
  - Best enables broad view of all planning projects to ensure efficiencies (e.g., reliability and public policy projects)
  - Relies on independence of ISO and Board oversight of management (e.g., regularly-scheduled and direct reporting to System Planning and Reliability Committee of the Board)

# SUMMARY OF ISO PROPOSAL

*AC Reviewer Permanent Function*



# Proposal: Primary Functions

- The AC Reviewer is proposed to have three primary categories of activities/functions:
  - Reporting on TO asset management function, program development, and standardization
  - Individual project-by-project reviews
    - Will develop ACP definition for ISO AC Reviewer purposes
  - Annual/regular/periodic regional reporting to the PAC

# Review of TO Asset Management Function

- Individual ACPs arise from the implementation of each TO's asset management function
  - Inspection and monitoring practices, and the relative evaluation of priority and risk can affect the likelihood of ACPs being identified
  - The development of programs, such as equipment modernization and the pursuit of standardized installations, are also drivers of project definition
- The AC Reviewer would review each TO's approach for identifying ACPs and identify cases of inconsistency between TOs and, if identifiable, with general industry practice
- The AC Reviewer would also identify opportunities for standardization where this could be helpful

# Individual Project Reviews

- The review will begin when the TO identifies a project that meets the Tariff definition/criteria
  - Engagement should be as early in the process as possible to avoid development delays and to allow time for course correction based on feedback from the AC Reviewer, states, consumer advocates, and stakeholders
- As part of this review, the ISO will:
  - Determine whether the TO sufficiently supported the need
  - Determine whether the TO sufficiently explored, developed, and established alternatives
  - Provide an opinion on the preferred alternative

# Applicability of Review

- For an ACP to be subject to the AC Reviewer process, the proponent expects the proposed project to have a PTF cost of greater than or equal to \$30M-\$50M on an individual line or at a single station/substation over a period of five years or less
  - For ACPs that have a mix of PTF and non-PTF costs, the determining threshold is based on the PTF cost of the project

# Post Review

- Projects shall not begin construction until the review process is complete
- Significant changes to the scope of a project after the selection of a preferred solution should be reported to the AC Reviewer
  - Changes would trigger a re-evaluation if:
    1. the preferred solution is determined to be infeasible, and a new solution must be selected, or
    2. there is a material change to the design of the project

# Ongoing Reporting

- The AC Reviewer will provide ongoing reporting to the PAC covering items such as the following:
  - Discussion of projects and programs reviewed during the year
  - Forecast of projects to be forthcoming in the following year
  - Commentary on overall regional status
  - Commentary on longer-term expectation for upcoming projects
  - Commentary on TO asset management programs & standardization
  - Observations on industry trends: equipment, codes, supply chain, etc.
  - Recommendations for proposed process improvements
- The first annual report would be scheduled for Q1 2028

# Proposed Planning Guide

- The AC Reviewer will publish and maintain an AC Review Planning Guide, which will describe the submission, review, and PAC communication processes
- The Guide will describe the standard information and templates required from the TOs at each step in the process
- The ISO will share drafts of the Guide with PAC for comment

# Right-Sizing

- Given the strong stakeholder interest in right-sizing, development of a right-sizing capability will begin as soon as development of the AC Reviewer is wrapping-up (engagement with stakeholders would begin around Q3 2026)

# Role of the PAC

- As the AC Reviewer role is developed over the next few months, the ISO will provide an update on progress to the PAC
- The PAC is expected to be the forum for stakeholder review and discussion of ACP proposals

# Interim Reviews

- In response to stakeholder requests to begin assuming the AC Reviewer role as soon as possible, the ISO will be reviewing selected projects while permanent processes are in development
  - Allows for lessons learned to be incorporated into the permanent process
  - Findings will be discussed at the PAC
- The ISO will utilize consultants to provide the necessary expertise to perform the interim reviews

# Conclusion

- The ISO is developing a new function to provide oversight of ACPs
  - States and stakeholders have requested that the ISO take on this role
  - The ISO proposes initial establishment of this new role be effective January 2027
    - This is subject to FERC acceptance of the governing documents and the operating budget
- The Changes required to incorporate the AC Reviewer function into Relevant Tariff documents will be discussed at the NEPOOL Transmission Committee
  - The objective is a FERC Filing in Q3 2026

# Questions



# About the Presenters

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