



March 30, 2026

VIA ELECTRONIC FILING

The Honorable Debbie-Anne Reese, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: *Revisions to ISO New England Inc. Open Access Transmission Tariff to
Revise Rules Related to the Establishment of Service for Distributed Energy
Resource Participation; Docket No. ER26-____-000***

Dear Secretary Reese:

Pursuant to Section 205 of the Federal Power Act,¹ ISO New England Inc. (the “ISO” or “ISO-NE”), joined by the New England Power Pool (“NEPOOL”) Participants Committee (together, the “Filing Parties”),² hereby submit proposed revisions to the ISO New England Inc. Open Access Transmission Tariff (“OATT”).³ As more fully described in Sections III and IV of this transmittal letter, as well as in the Testimony of Alexander Rost (which is solely sponsored by the ISO), the Tariff revisions proposed in this filing DER Related OATT Revisions (1) clarify how Distributed Energy Resources (“DERs”)⁴ establish the equivalent of Network Resource Capability (“NRC” or “NR Capability”) and Capacity Network Resource Capability (“CNRC” or “CNR Capability”) for purposes of participation in New England Markets, (2) explicitly extend existing exceptions related to reduction and termination of NRC and CNRC service to DERs, and (3) create

¹ 16 U.S.C. § 824d.

² Under New England’s Regional Transmission Organization arrangements, the rights to make this filing of changes to the Tariff under Section 205 of the Federal Power Act are the ISO’s. NEPOOL, which pursuant to the Participants Agreement provides the sole Participant Processes for advisory voting on ISO-NE matters, unanimously supported the changes reflected in this filing and, accordingly, joins in this Section 205 filing.

³ Capitalized terms used but not defined in this filing are intended to have the meaning given to such terms in the Tariff. Section II of the Tariff is the OATT.

⁴ Distributed Energy Resource is defined in the ISO Tariff as “any resource located on the distribution system, any subsystem thereof or behind a customer meter that is capable of providing energy injection, energy withdrawal, regulation, or demand reduction.”

the ability for all resources to extend the window in which they are required to resume Commercial Operation following a prolonged forced outage without losing NR Capability and/or CNR Capability. The Tariff revisions proposed in this filing are hereinafter referred to as the “DER Related OATT Revisions.”

The Filing Parties respectfully requests an effective date of May 29, 2026, for the proposed DER Related OATT Revisions, which is 60 days from the date of this filing.

I. DESCRIPTION OF THE ISO AND COMMUNICATIONS

The ISO is the independent, private, non-profit entity that serves as the Regional Transmission Organization (“RTO”) for New England. The ISO operates the New England bulk power system and administers New England’s organized wholesale electricity market pursuant to the Tariff and the Transmission Operating Agreement (“TOA”) with the New England Participating Transmission Owners. In its capacity as an RTO, the ISO has the responsibility to protect the short-term reliability of the New England Control Area and to plan and operate the system according to reliability standards established by the ISO, the Northeast Power Coordinating Council, Inc., and the North American Electric Reliability Corporation.

The signatories to the New England Power Pool Agreement, which was first entered into in 1971, are referred to collectively as “NEPOOL.” Currently, there are more than 560 signatories, which are referred to either as “Participants” or “members.” They include all the electric utilities rendering or receiving services under the Tariff, as well as independent power generators, marketers, load aggregators, brokers, consumer-owned utility systems, demand response providers (including owners of distributed generation and aggregators of such generation), developers, end users, and merchant transmission providers. Pursuant to revised governance provisions the Commission accepted,⁵ the Participants act through the NEPOOL Participants Committee. Specifically, Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement authorize the Participants Committee to represent NEPOOL in proceedings before the Commission. Through the Commission-approved Participant Processes, NEPOOL is the vehicle through which all stakeholders with business interests in New England can provide informed input and advice to ISO-NE.

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⁵ *ISO New England Inc., et al.*, 109 FERC ¶ 61,147 (2004).

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II. STANDARD OF REVIEW

The DER Related OATT Revisions are submitted pursuant to Section 205 of the Federal Power Act, which “gives a utility the right to file rates and terms for services rendered with its assets.”⁶ Under Section 205, the Commission “plays ‘an essentially passive and reactive’ role”⁷ whereby it “can reject [a filing] only if it finds that the changes proposed by the public utility are not ‘just and reasonable.’”⁸ The Commission limits this inquiry “into whether the rates proposed by a utility are reasonable – and [this inquiry does not] extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs.”⁹ The DER Related OATT Revisions filed herein “need not be the only reasonable methodology, or even the most accurate.”¹⁰ As a result, even if an intervenor or the Commission develops an alternate proposal, the Commission must accept the Tariff revisions proposed in this Section 205 filing if the revisions are just and reasonable.¹¹

⁶ *Atlantic City Elec. Co. v. FERC*, 295 F.3d 1, 9 (D.C. Cir. 2002).

⁷ *Id.* at 10 (quoting *City of Winnfield v. FERC*, 744 F.2d 871, 876 (D.C. Cir. 1984)).

⁸ *Id.* at 9.

⁹ *Cities of Bethany, Bushnell et al. v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir.), *cert. denied*, 469 U.S. 917 (1984) (“*Cities of Bethany*”); *see also ISO New England Inc.*, 114 FERC ¶ 61,315 at P 33 and n.35 (2005), (citing *Pub. Serv. Co. of New Mexico v. FERC*, 832 F.2d 1201, 1211 (10th Cir. 1987) and *Cities of Bethany* at 1136).

¹⁰ *Oxy USA, Inc. v. FERC*, 64 F.3d 679, 692 (D.C. Cir. 1995) (citing *Cities of Bethany* at 1136).

¹¹ *Cf. Southern California Edison Co., et al.*, 73 FERC ¶ 61,219 at 61,608 n.73 (1995) (“Having found the Plan to be just and reasonable, there is no *need* to consider in any detail the alternative plans proposed by the Joint Protesters.”) (citing *Cities of Bethany* at 1136).

III. BACKGROUND

A. FCM/Queue Amendments

In an October 2008 joint filing with NEPOOL and the Participating Transmission Owners Administrative Committee (“PTO AC”), the ISO revised its Tariff, including Schedules 22 and 23 of the OATT,¹² to accommodate implementation of the Forward Capacity Market (“FCM”).¹³ The FCM/Queue Amendments were necessary to improve the coordination between the FCM and the interconnection queue process for the allocation of interconnection capability on the system. Before the FCM/Queue Amendments, Schedule 22 reflected a single Interconnection Service level—Network Resource Interconnection Service (“NRIS”)—based on the then-effective minimum interconnection standard that provided generators interconnecting to the system with full market access, including eligibility for capacity credits. The FCM/Queue Amendments continued to provide resources the option of taking NRIS, but clarified that NRIS would no longer be sufficient to participate in the capacity market. The FCM/Queue Amendments established that participation in the capacity market would require that participants qualify for a new type of Interconnection Service – Capacity Network Resource Interconnection Service (“CNRIS”). Resources would qualify for CNRIS by successfully participating in the FCM and completing the upgrades identified to accommodate the Interconnection Service request. The CNRIS option offered Interconnection Customers the ability to interconnect their facilities for capacity under the intra-zonal deliverability standard, called the Capacity Capability Interconnection Standard, up to the facility’s CNR Capability. The CNR Capability value for a resource was established based on the Interconnection Customer’s Capacity Supply Obligation obtained through the FCM.

To achieve full coordination with the FCM, the FCM/Queue Amendments also incorporated a “first-cleared, first-served” approach for CNRIS. Under the coordinated processes, Interconnection Customers seeking CNRIS and NRIS must complete the common set of steps described in the Interconnection Procedures (e.g., participate in a Scoping Meeting, complete Interconnection Studies, and enter into an Interconnection Agreement). At the time, pursuant to Order No. 2003 and Schedule 22, all Interconnection Requests were studied for NRIS in sequential order under the “first-come, first-served” serial queue order construct. In addition to completing these steps, to achieve CNRIS, an Interconnection Customer was also required to complete additional FCM-related milestones, including participating in an annual group study (the “CNR Group Study”) conducted by the ISO as part of the FCM qualification process for capacity deliverability assessment.

¹² Schedule 22 contains ISO-NE’s Large Generator Interconnection Procedures (“LGIP”) and Schedule 23 contains the Small Generator Interconnection Procedures (“SGIP”).

¹³ See *ISO New England Inc.*, Joint Filing of Proposed Revisions to the Generator Interconnection Process and Forward Capacity Market Participation Provisions Set Forth in the ISO New England Inc. Transmission, Markets and Services Tariff, Docket Nos. ER04-432-006, et al. (Oct. 31, 2008) (“FCM/Queue Amendments”); see also Order Accepting Tariff Revisions, 126 FERC ¶ 61,080 (2009).

The CNR Group Study was a form of a cluster study conducted for capacity market participation purposes. In the CNR Group Study, CNRIS Interconnection Requests were studied in serial queue order (based on the first-queued, first-served approach) relative only to the Interconnection Requests of resources also seeking to qualify to participate in the same Forward Capacity Auction (“FCA”). These resources qualified to participate in the FCA based on a set of rules, which included rules for determining whether needed upgrades can be completed in time for the relevant FCA’s Capacity Commitment Period. CNRIS (and associated upgrade and cost responsibilities) was then assigned only to those resources that obtained a Capacity Supply Obligation and completed a post auction restudy, even if those resources did so before an earlier queued resource—hence, a “first-cleared, first-served” construct. In other words, under these rules, the allocation of the capacity component of Interconnection Service and the associated obligations were based on the results of the market.

Importantly, for purposes of the instant filing, these rules were also extended to DERs seeking to participate in the capacity market. Distribution connected front of meter generation resources were required to submit the same materials, be included in a CNR Group Study, and secure a CSO to be allocated the equivalent of CNRC.¹⁴ For Active Demand Capacity Resources, this analysis included an “all-or-nothing” deliverability analysis, *i.e.*, an identification of whether any new resource could deliver capacity to the Load Zone to which it is interconnecting.¹⁵

B. Order Nos. 2023 and 2023-A

On July 28, 2023, the Commission issued Order No. 2023.¹⁶ Order No. 2023 required that public utility transmission providers adopt revised *pro forma* LGIPs, *pro forma* LGIAs, *pro forma* SGIPs, and *pro forma* SGIAs to implement a first-ready, first-served cluster study process, increase the speed of interconnection queue processing, and incorporate technological advancements into the interconnection process.

Specifically, the order required that transmission providers: 1) post public interconnection information in an interactive heatmap; 2) create a cluster study process; 3) use a proportional impact method to assign network upgrade costs within a cluster; 4) subject Interconnection Customers to increased financial commitments and readiness requirements; 5) be subject to penalties for failure to meet required study deadlines; 6) create a transition mechanism for moving to the cluster study process; 7) establish a more detailed affected system study process; 8) incorporate a series of reforms to allow multiple generating facilities to use a single point of interconnection; 9) use operating assumptions in interconnection studies that reflect the proposed charging behavior of electric storage resources; 10) evaluate an enumerated list of alternative

¹⁴ See *e.g.* ISO New England Planning Procedure No. 10, Planning Procedure to Support the Forward Capacity Market (“PP10”), available at <https://www.iso-ne.com/static-assets/documents/2020/02/pp-10.pdf>, Section 5.8.1 (describing the requirements for distribution connected resources to participate in a CNR Group Study).

¹⁵ *Id.*

¹⁶ *Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 184 FERC ¶ 61,051 (2023), *order on reh’g*, Order No. 2023-A, 186 FERC ¶ 61,199 (2024).

transmission technologies during the study process; 11) subject Interconnection Customers to submit certain specific models of the generating facility; 12) establish ride through requirements during abnormal frequency conditions and voltage conditions within the “no trip zone” defined by North American Electric Reliability Corporation Reliability Standard PRC-024-3; and 13) require that all newly interconnecting large generating facilities provide frequency and voltage ride through capability consistent with any standards and guidelines that are applied to other generating facilities in the balancing authority area on a comparable basis. Most relevant to the instant filing, Order No. 2023’s requirement to study all projects in a Cluster Study, including considering all requests in a given Cluster as being equally queued, which, as described below, necessitated changes to the ISO’s rules for studying deliverability.

On March 21, 2024, the Commission issued Order No. 2023-A, addressing requests for rehearing and clarification of Order No. 2023.¹⁷ Order No. 2023-A largely affirmed Order No. 2023, but it set aside and clarified Order No. 2023. Most notably for purposes of this filing, Order No. 2023-A provided clarifications regarding the conduct of Cluster Studies and affirmed that projects in a given Cluster Study were considered equally queued.¹⁸

C. Order No. 2023 Compliance Proposal

On May 14, 2024, in compliance with, and related to, Order Nos. 2023 and 2023-A, the Filing Parties, joined by the PTO AC proposed revisions to: Section II - Schedules 22 (LGIP), 23 (SGIP), and 25 (Elective Transmission Upgrade Interconnection Procedures); Sections II.19 and II.34 related to Regional Network Service and Through or Out Service requests; Section I.2.2 - Definitions; Section II.48; Section II - Attachment K; Section II - Schedule 11; and Section III.13 of Market Rule 1.¹⁹

As most relevant to the instant filing, the Filing Parties proposed modifications to Section III.13, Schedule 22, and Schedule 23 rules originally accepted as part of the FCM/Queue Amendments filing regarding the study of the deliverability component of requests for CNRIS. Specifically, these rules were removed from the FCM process and added to Schedules 22 and 23 as part of the region’s new Cluster Study process.²⁰ This change was necessary because Order No. 2023’s Cluster Study requirements were incompatible with studying Interconnection Requests for deliverability via a separate process that respected serial queue positions. As a result, all resources

¹⁷ See generally Order No. 2023-A.

¹⁸ *Id.* at P 8.

¹⁹ See *ISO New England Inc.*, Revisions to the ISO New England Inc. Transmission, Markets and Services Tariff in Compliance with Order Nos. 2023 and 2023-A, Docket No. ER24-2009-000 (May 14, 2024); and Errata to Revisions to the ISO New England Inc. Transmission, Markets and Services Tariff in Compliance with Order Nos. 2023 and 2023-A, Docket No. ER24-2009-000 (May 31, 2024) (“Order No. 2023 Compliance Revisions”); *ISO New England Inc.*, Revisions to Section II of the ISO New England Inc. Transmission, Markets and Services Tariff Related to Compliance with Order Nos. 2023 and 2023-A, Docket No. ER24-2007-000 (May 14, 2024) (“Order No. 2023 Compliance Related Revisions”) (collectively the “Order No. 2023 Compliance Package”).

²⁰ See Order No. 2023 Compliance Revisions at 34-37.

subject to the ISO's Interconnection Procedures will be evaluated for new or increased CNRIS in a Cluster Study.

D. April 4, 2025 Compliance Order

On March 31, 2025, the Commission issued an Order Regarding Intent to Act on the Compliance Proposal, stating that it would issue an order on or before April 4, 2025.²¹ Subsequently, the Compliance Order, issued on April 4, 2025, accepted New England's Order No. 2023 compliance proposal subject to further compliance.²² As particularly relevant to this filing, the Order No. 2023 Compliance Order accepted the revisions to Section III.13 and Schedules 22 and 23 that moved the review of deliverability/establishment of CNRC/CNRIS from the FCM rules to the Interconnection Procedures.

E. Rationale for Proposed Tariff Revisions

While the Order No. 2023 Compliance Package resulted in the FCM rules governing the study of CNRIS moving to the Cluster Study process under the Interconnection Procedures, it created a gap in the Tariff with respect to the treatment of DERs, which, as described above, leveraged those rules. Briefly, the ISO's Interconnection Procedures do not apply to the interconnection of DERs, and hence DERs are not subject to the Cluster Study process.²³ As a result, DERs no longer have a method to secure the equivalent of CNRC. To ensure DERs are treated equitably compared to transmission connected resources, the Filing Parties propose a comparable process for DERs to establish equivalent CNRC is needed. As further described below, and in the Rost Testimony, the DER Related OATT Revisions proposed herein provide two pathways for DERs to achieve equivalent CNRC based on the results of deliverability analyses that the ISO will undertake in concert with Cluster Studies.

Additionally, the Filing Parties propose to clarify that the existing rules in the Tariff related to the termination, and replacement/repowering of resources also apply to DERs, as has historically been the case.

Further, as part of the development of the rules related to establishing equivalent CNRC for DERs, New England stakeholders identified that the existing rule in the Tariff requiring that resources that failed to operate for three calendar had their interconnection terminated. However, in light of supply chain constraints facing generators (and the industry at large) that result in long

²¹ *ISO New England Inc.*, Order Regarding Intent to Act, 190 FERC ¶ 61,198 (2025)

²² *ISO New England Inc.*, Order On Compliance and Tariff Revisions, 191 FERC ¶ 61,018 (2025) ("Order No. 2023 Compliance Order"). ISO-NE made two subsequent filings: on May 3, 2025, a filing pursuant to Section 205 of the FPA to shift dates accepted by the Commission in the Order No. 2023 Compliance Order in order to implement the Order No. 2023 transition activities in 2026, and, on June 3, 2025, a further compliance filing to address the directives in the Order No. 2023 Compliance Order. Each subsequent filing was accepted by the Commission, on June 30, 2025 and August 28, 2025 respectively. *See* Letter Order Accepting Section 205 Revisions, 191 FERC ¶ 61,243 (2025); Order on Compliance and Tariff Revisions, 192 FERC ¶ 61,185 (2025).

²³ Rost Testimony at pp 3-4.

lead times for equipment, a resource that experienced a failure resulting in a forced outage may not be able to secure needed equipment within this three year period. Therefore, as described in detail below, the Filing Parties propose to incorporate in Section II.48 a limited ability for all resources to extend this three-calendar year timeframe where the resource demonstrates that certain readiness requirements are met.

Overall, the revisions proposed herein are intended to ensure that DERs are treated equitably with transmission connected resources for purposes of establishing, retaining, reducing, and terminating the capabilities necessary to participate in New England Markets. The revisions will not only ensure continued comparable treatment for DERs, but they will tend to improve the competitiveness and efficiency of the regional capacity market to the ultimate benefit of consumers.

IV. DESCRIPTION OF THE PROPOSED TARIFF REVISIONS

The Filing Parties propose the DER Related OATT Revisions, which comprise a series of interrelated Tariff revisions to meet the needs described above. Each set of changes is described in turn below.

A. Establishment of Equivalent NR Capability for DERs

The first set of Tariff revisions that the Filing Parties propose create the pathways for a subject of DERs to establish equivalent NRC. Specifically, new Section II.48.5.1 – Establishing Equivalent NR Capability states that:

For any resource not subject to the Interconnection Procedures contained in Schedules 22 or 23 of the OATT that seeks to newly establish or increase its capability to participate in the Energy and Ancillary Services Markets as a generating facility after September 4, 2025,^[24] its equivalent NR Capability shall be established based on the stated capability of the resource in its interconnection agreement, or equivalent, where summer and winter equivalent NR Capability shall be the value provided for the resource's maximum net MW electrical output at its point of interconnection at an ambient temperature at or above 50 degrees F for summer and at or above 0 degrees F for winter. A generating facility's equivalent summer and winter NR Capability shall be equal to or greater than its summer and winter equivalent CNR Capability, respectively.

Section II.48.5.1, which mirrors the requirements for the establishment of NRC for transmission connected resources contained in Section II.48.2, will allow a subject of DERs that seek to participate in the New England Markets as generating facilities to establish equivalent NR Capability. Because it only applies to DERs that are generating facilities, Section II.48.5.1 does

²⁴ This date was accepted by the Commission following the ISO's April 3, 2025 filing under Section 205 to shift the dates applicable to the Transitional Cluster Study and Transitional CNR Group Study. *See Id.*

not apply to Demand Response Resources, or to Distributed Energy Resource Aggregations, which have separate Tariff processes to establish their capabilities for participating in the New England Markets. These rules are contained in Section III.8 for Demand Response Resources, and will be included in Section III.6 for Distributed Energy Resource Aggregations effective November 1, 2026. Under Section II.48.5.1, the ISO will rely on values contained in state level interconnection agreements or equivalent to establish the NRC value because it is through that process that DERs establish interconnection service and are studied to ensure their interconnection is reliable. Correspondingly, reductions and terminations of equivalent NR for DERs will be addressed in the manner described below for reductions/terminations of equivalent CNR Capability, consistent with transmission-connected resources.

The Filing Parties submit that this Section II.48.51 is just and reasonable because it will provide a clear process for DERs seeking to participate in New England Markets as a generating facility to establish an equivalent NR Capability to support participation in New England Markets.

B. Establishment of Equivalent CNR Capability for DERs

The Filing Parties propose a set of rules governing the manner in which all DERs, including Distributed Energy Capacity Resources and Active Demand Capacity Resources, will establish equivalent CNR Capability. These provisions, which are contained in new Section II.48.5.2, are designed to allow two pathways for these resources to establish equivalent CNR Capability.

As explained above, previously, to determine the CNRC for DERs, the ISO leveraged the CNR Group Study established through FCM/Queue Amendments filing. Under the proposed rules, as described further in the Rost Testimony,²⁵ the ISO will determine whether a DER is deliverable via performance and use of an “all-or-nothing” deliverability analysis. First, pursuant to new Section II.48.5.2(a), following the issuance of a Cluster Study Report (including the Transitional Cluster Study Report), or following the issuance of a final Cluster Restudy Report conducted pursuant to Section 7.5 of Schedules 22, 23, and 25 of the OATT, the ISO will conduct a study to support a deliverability analysis on a Load Zone basis that will determine whether areas of the system cannot support the deliverability of additional resources (including distribution connected resources) to the applicable Load Zones. This study will be conducted consistent with the implementation details set forth in ISO Planning Procedures, including Planning Procedure No. 10, which currently includes the details for the performance of similar deliverability reviews for Active Demand Capacity Resources.²⁶ The ISO will publish the results on the ISO’s website (the timing of which will be specified in an ISO Planning Procedure) and then use the results of this study to determine the deliverability of applicable DERs to the applicable Load Zone (*i.e.*, perform a deliverability review).

The proposed rules provide DERs two pathways to establish the equivalent CNR Capability if they are located in an area in which additional resources have been determined to be

²⁵ Rost Testimony at pp. 4-5.

²⁶ See generally PP10.

deliverable to the applicable Load Zone based on the most recently completed deliverability analysis. The first pathway, incorporated in new Section II.48.5.2(a)(1), allows DERs to establish equivalent CNR Capability by obtaining a Capacity Supply Obligation in a capacity auction or through a bilateral transaction. As described in the Rost Testimony,²⁷ a resource may clear in an annual or summer period, in which case summer equivalent CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the resource for a summer period, and winter equivalent CNR Capability will be established as:

$$\text{Winter equivalent CNR Capability} = \max \left(\text{established Winter equivalent CNR Capability}, \text{Summer equivalent CNR Capability} \times \frac{\text{Winter QC}}{\text{Summer QC}} \right)$$

A DER resource may also clear in a winter period, in which case, winter equivalent CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the resource for a winter period, and summer equivalent CNR Capability will be established as:

$$\text{Summer equivalent CNR Capability} = \max \left(\text{established Summer equivalent CNR Capability}, \text{Winter equivalent CNR Capability} \times \frac{\text{Summer QC}}{\text{Winter QC}} \right)$$

This method of achieving equivalent CNR Capability is substantially the same as the method used prior to Order No. 2023 compliance for all resources in ISO-NE, *i.e.* “first cleared, first served.” It will allow DERs the ability to seek to establish equivalent CNR service by obtaining a Capacity Supply Obligation through a capacity auction, reconfiguration auction, or bilateral transaction, at any time, provided that the ISO has determined that the area in which the resource is connected was determined to be deliverable to the applicable Load Zone in the most recent deliverability analysis, described above.

The second pathway, contained in new Section II.48.5.2(a)(2), allows a resource to submit a request to “lock in” an equivalent CNR Capability value *without* clearing a CSO under certain circumstances, if they are located in an area in which additional resources have been determined to be deliverable to the applicable Load Zone based on the most recently completed deliverability analysis. Specifically, under this section the resource may establish an equivalent CNR Capability if it demonstrates its readiness by submitting to the ISO the following documentation:

- i. an interconnection agreement (or equivalent under applicable state or local interconnection processes) for any front of meter assets, and/or a list of aggregated retail customer account numbers for behind the meter assets not otherwise subject to ISO or state interconnection requirements;
- ii. [p]roof of commercial readiness for the resource in the form of any of the following: (1) a notice to proceed with distribution upgrades to the interconnecting entity with an accompanying nonrefundable deposit; or (2) a showing that a deposit has been made to the distribution utility to which the resource proposes to secure service where no distribution upgrades were required; or (3) other proof, including, but not limited to an Engineering &

²⁷ Rost Testimony at pp 6-7.

Procurement agreement, equipment procurement agreement, or similar agreement demonstrating that the resource has spent at least 5% of its total construction, equipment, or aggregation of retail customer acquisition costs for the project prior to requesting an equivalent CNR Capability value;

- iii. [a] commercial operation date for the resource seeking to lock in equivalent CNR Capability that is no more than two (2) years and 182 Calendar Days from the date that the request is submitted.

For any DER resource that meets these requirements, the amount of summer and winter equivalent CNRC assigned to a resource shall be set at the level requested by the resource, but no greater than an estimate of capacity market summer and winter capacity market Qualified Capacity values based on the information that will be submitted for future capacity market qualification activities. The ISO will generate estimates of the qualified capacity values consistent with the capacity market qualification requirements contained in Section III.13 and III.15 of the Tariff.

This provision can be used by all DER types including generators, DRRs, DERAs, hybrid resources and storage devices. Specific forms of proof showing readiness are delineated in the section for resources that need to acquire retail customer data/information to participate, *i.e.* a list of aggregated retail customer account numbers for behind the meter assets. As discussed further in the Rost Testimony, these provisions are reasonable because they enable developers to have certainty as to an equivalent CNR Capability value, which is necessary for project development, but include reasonable bounds to prevent resources from squatting, or hoarding deliverable capacity. This ability to “lock in” a CNRC value is comparable to how resources subject to the ISO’s Interconnection Procedures will establish their capability via a Cluster Study, *i.e.*, a CNRC value will be established well ahead of Commercial Operation by virtue of participating and being studied for deliverability in a Cluster Study.²⁸

In the event that a resource that “locks in” an equivalent CNRC value does not reach commercial operation within three years of submitting its request, or does not provide evidence to the ISO that the resource is fully constructed but unable to operate commercially because the interconnecting utility has not completed necessary upgrades beyond its point of interconnection, its equivalent CNR Capability will be terminated by the ISO and not respected for future deliverability analyses.

The Filing Parties submit that these rules are just and reasonable and will potentially broaden participation of resources in the ISO-NE capacity market. Collectively, these new rules will allow any resource not subject to the ISO’s Interconnection Procedures to establish equivalent

²⁸ See Section II.48.1 of the ISO’s OATT, which states that “[c]ommencing September 4, 2025, the summer and winter CNR Capability for a Generating Facility shall be established as the amounts requested in the Generating Facility’s Interconnection Request, for which all of the requirements in the Interconnection Procedures have been completed, and which shall not exceed the maximum net MW electrical output at the Point of Interconnection at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter.”

CNR Capability for participation in the ISO's capacity market and effectively close the gap that was left by the shift of deliverability analysis from transmission connected projects from the FCM rules to the ISO's Interconnection Procedures. The rules create pathways for DERs to equitably establish equivalent CNRC values needed to participate in the capacity market without impacting existing resources or creating additional pressures on the ISO's interconnection queue, ultimately providing for comparable treatment for DERs and potentially broader participation in the ISO-NE capacity market.

C. Reductions and Terminations of Equivalent NR and CNR Capability

With the rules for establishing equivalent NR and CNR Capability in place, the Filing Parties propose new rules to address the conditions and processes for the reduction/termination of those capabilities and the resulting ability to participate in New England Markets. Contained in new Section II.48.5.3, these rules directly mirror those for resources subject to the ISO's Interconnection Procedures (contained in Section II.48.3), including the same exceptions, providing a level playing field for all resources.

Under new Section II.48.5.3, equivalent NR and CNR Capability will be reduced or terminated as a result of:

“(1) a full or partial exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid as described in Section III.13.2.5.2.5.3, or an accepted Deactivation Notification as described in Section II.54 of the Tariff which shall result in a reduction of summer and winter equivalent NR and CNR Capability to the final amount of summer and winter equivalent NR and CNR Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification; (2) a failure to operate commercially for a period of three calendar years resulting in deactivation pursuant to Section III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff which shall result in a reduction of summer and winter equivalent NR and CNR Capability to zero, except where: (a) consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff, the resource has submitted an application to repower the facility to the appropriate interconnecting entity; (b) extended because the resource, at any time during the three calendar year period, demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections. Such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (c) if such time period is extended by an order of the Federal Energy Regulatory Commission; (3) a voluntary or mandatory termination pursuant to Section III.13.3.4A or Section III.15.A.2.1 of the Tariff that results in a reduction to summer and winter equivalent CNR Capability equal to the respective reduction to summer and winter Qualified Capacity described in III.13.3.4A or Section III.15.A.2.1; or (4) where a distribution utility or Transmission Owner informs the ISO that the resource no longer has a valid interconnection agreement or equivalent, which shall

result in a reduction of summer and winter equivalent NR and CNR Capability to zero.”

These rules will ensure that all resources, both those subject to and those not subject to the ISO’s Interconnection Procedures, will face the same reduction and termination requirements, thereby avoiding any discriminatory treatment.

D. Improvements to Three-Year No Run Rule For All Resources

Currently, Section III.13.2.5.2.5.3(d) of the Tariff provides an exception from the reduction rules contained in Section II.48.3. That rule states in relevant part that a resource will not be retired, and its interconnection service not terminated as a result of a failure to operate for three calendar years where the resource has submitted an Interconnection Request under Schedules 22 or 23 to replace or “repower” the resource. During the development of the equivalent NR and CNR Capability rules described herein, the ISO, based on input from stakeholders, determined that allowing limited extensions of the three-calendar year period is necessary in light of ongoing supply chain issues experienced by developers, resulting in long lead times for necessary equipment.

Specifically, the Filing Parties propose to include in Section II.48.5.3 and add to Section II.48.3 that the three-calendar year period may be:

“extended because the resource, at any time during the three calendar year period, demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections. Such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or [] if such time period is extended by an order of the Federal Energy Regulatory Commission....”

Pursuant to this provision, where a resource can demonstrate that it made significant investment to replace components of its facility and, but for supply chain reasons beyond its control, experienced long lead times for needed equipment resulting in the inability to return to commercial operation within three calendar years, it may request a limited extension of the three year calendar period. As discussed further in the Rost Testimony,²⁹ this rule will operate in a manner that allows a resource to elect to extend the three-calendar year period by providing the information required - without the ISO having to substantively evaluate the request. Additionally, recognizing that a request for a waiver may still be required in exceptional circumstances, the language states that any additional extensions may be granted by the Commission at its discretion.

²⁹ Rost Testimony at pp. 11-12.

V. STAKEHOLDER PROCESS

The DER Related OATT Revisions were considered through the complete Participant Processes and received NEPOOL's unanimous support. At its January 2026 meeting, the Transmission Committee, based on a show of hands vote, unanimously recommended that the Participants Committee support the changes filed herein. At its February 2026 meeting, the Participants Committee unanimously supported the DER Related OATT Revisions as part of its Consent Agenda.³⁰

VI. REQUESTED EFFECTIVE DATE

The ISO respectfully requests that the Commission permit the DER Related OATT Revisions to become effective without condition, suspension, or hearing on May 29, 2026, which is 60 days from the date of this filing.

VII. ADDITIONAL SUPPORTING INFORMATION

Section 35.13 of the Commission's regulations generally requires public utilities to file certain cost and other information related to an examination of traditional cost-of-service rates. However, the DER Related OATT Revisions are not a traditional "rate," and the ISO is not a traditional investor-owned utility. In light of these circumstances, the Filing Parties submit the following additional information in substantial compliance with relevant provisions of Section 35.13, and request a waiver of Section 35.13 of the Commission's regulations to the extent the content or form deviates from the specific technical requirements of the regulations.

35.13(b)(1) – Materials included herewith are as follows:

- ♦ this transmittal letter;
- ♦ testimony of Alexander Rost (sponsored solely by the ISO);
- ♦ marked sections of the Tariff reflecting the DER Related OATT Revisions;
- ♦ clean sections of the Tariff reflecting the DER Related OATT Revisions; and
- ♦ a list of the governors, utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, and other entities, to which a copy of this filing is being sent electronically.

³⁰ The Consent Agenda for a Participants Committee meeting, like the consent agenda for a Commission open meeting, is a group of actions (each recommended by a Technical Committee or subgroup established by the Participants Committee) to be taken by the Participants Committee through approval of a single motion at a meeting. All recommendations voted on as part of the Consent Agenda are deemed to have been voted on individually and independently. In this case, the Participants Committee's approval of the February 2026 Consent Agenda included its support for the Tariff Revisions filed herein.

35.13(b)(2) – As noted above, the ISO requests that the DER Related OATT Revisions become effective on May 29, 2026.

35.13(b)(3) – Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at <https://www.iso-ne.com/participate/participant-asset-listings/directory?id=1&type=committee>. An electronic copy of this transmittal letter and the accompanying materials has also been sent to the governors and electric utility regulatory agencies for the six New England states which comprise the New England Control Area, and to the New England Conference of Public Utility Commissioners, Inc. Their names and addresses are shown in the attached listing. In accordance with Commission rules and practice, there is no need for the Governance Participants or the entities identified in the listing to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) – A description of the materials submitted pursuant to this filing is contained in Section VII of this transmittal letter.

35.13(b)(5) – The reasons for this filing are discussed in Sections III and IV of this transmittal letter.

35.13(b)(6) – The ISO's approval of the DER Related OATT Revisions is evidenced by this filing. The revisions to the Tariff reflect the results of the Participant Processes required by the Participants Agreement and the unanimous support of the NEPOOL Participants Committee.

35.13(b)(7) – The Filing Parties have no knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

35.13(b)(8) – A form of notice and electronic media are no longer required for filings in light of the Commission's Combined Notice of Filings notice methodology.

35.13(c)(1) – The DER Related OATT Revisions herein do not modify a traditional "rate." The statement required under this Commission regulation is not applicable to this filing.

35.13(c)(2) – The ISO does not provide services under other rate schedules that are similar to the wholesale, resale and transmission services it provides under the Tariff.

35.13(c)(3) – No specifically assignable facilities have been or will be installed or modified in connection with the revision submitted herein.

Honorable Debbie-Anne Reese

March 30, 2026

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VIII. CONCLUSION

For the reasons stated herein, the Filing Parties respectfully request that the Commission accept the DER Related OATT Revisions as filed, without condition, suspension, or hearing, to be effective May 29, 2026.

Respectfully submitted,

ISO NEW ENGLAND INC.

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Counsel for New England Power Pool
Participants Committee

Attachments

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**ISO New England Inc. and
New England Power Pool**

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Docket No. ER26-____-000

**TESTIMONY OF ALEXANDER ROST
ON BEHALF OF ISO NEW ENGLAND INC.**

1 I. INTRODUCTION

2 Q: PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

3 A: My name is Alexander Rost. I am Director of Transmission Services with ISO
4 New England Inc. (the “ISO” or “ISO-NE”). My business address is One
5 Sullivan Road, Holyoke, Massachusetts 01040.

**7 Q: PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND
8 EDUCATIONAL BACKGROUND.**

9 A: I joined the ISO in March 2012 and, for the following three years, my primary
10 responsibility was as a Senior Engineer, and then later Lead Engineer, in the
11 Transmission Planning group. In 2015, I became the Supervisor, and then later
12 Manager, Area Transmission Planning for northern New England, and continued
13 in that position until 2020, when I became Manager, Resource Qualification
14 within the Transmission Services and Resource Qualification group. In that
15 position, I was responsible for overseeing capacity resource qualification for
16 Forward Capacity Market (“FCM”) activities. In 2024, I became Director of

1 Transmission Services where I oversee the ISO's interconnection process for new
2 Generating Facilities and Elective Transmission Upgrades (*i.e.*, the Cluster Study
3 process) as well as the ISO's modeling and transmission service work.

4

5 Before joining the ISO, I worked for the New Brunswick System Operator where
6 I supported and conducted transmission planning and interconnection studies.

7 Within that time, I was a member of the Northeast Power Coordinating Council
8 ("NPCC") Task Force on System Studies and the NPCC SS-38 Working Group

9 on Inter-Area Dynamic Analysis, and chaired the latter working group for
10 approximately one year.

11

12 I have over 19 years of experience in various aspects of power transmission
13 system analysis and capacity market resource qualification. I hold a Bachelor of
14 Engineering Science in Electrical Engineering (Power System Option) from the
15 University of Western Ontario, in Canada, a Master's of Science in Electrical
16 Engineering from the University of New Brunswick, in Canada, and a Master's of
17 Business Administration from Western New England University. I am also
18 registered as a Professional Engineer in the Canadian province of New
19 Brunswick.

20

21 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 A: As I explain in detail below, the ISO is proposing to revise Section II of the ISO's
23 Transmission, Markets, and Services Tariff ("Tariff") to incorporate rules for

1 certain Distributed Energy Resources (“DERs”) to establish the equivalent of
2 Network Resource Capability (“NRC”) and all DERs to establish Capacity
3 Network Resource Capability (“CNRC”) for purposes of participating in the New
4 England Markets, and clarify the rules for terminating the service of resources
5 that have not operated for a period of three calendar years. My testimony
6 explains the reasons why the Tariff changes are necessary, and describes the
7 proposed changes, including how they interact with the Cluster Study rules
8 incorporated in compliance with the Federal Energy Regulatory Commission’s
9 (“Commission”) Order No. 2023, which the ISO is currently implementing.

11 II. TESTIMONY

12 A. Rules for DERs to Establish NRC and CNRC

13 **Q: PLEASE EXPLAIN WHY RULES ALLOWING DERs TO ESTABLISH**
14 **EQUIVALENT NRC AND CNRC ARE NEEDED.**

15 A: Prior to Order No. 2023, resources not subject to the ISO’s Interconnection
16 Procedures, *i.e.*, distribution connected resources that use state jurisdictional
17 interconnection procedures, but that otherwise participate in the New England
18 Markets, established, managed, and/or reduced a CNRC equivalent value (*i.e.*, a
19 deliverability value) based on the Tariff rules for resources subject to the ISO
20 Interconnection Procedures. At that time, some of the milestones for a resource
21 subject to the ISO’s Interconnection Procedures to achieve Capacity Network
22 Resource Interconnection Service (“CNRIS”) for an amount of CNRC were
23 integrated into FCM activities, so the ISO was able to treat both types of

1 resources in the same manner. Although the ISO does not provide CNRIS for an
2 amount of CNRC (*i.e.*, a deliverability value) to resources not subject to the ISO
3 Interconnection Procedures, the ISO still needs to assign a deliverability value to
4 such resources to properly perform deliverability analyses and account for
5 assigned deliverability capabilities.

6

7 However, as part of its compliance with Order No. 2023, for resources subject to
8 the ISO Interconnection Procedures, the ISO moved the milestones related to the
9 assessment of deliverability and establishment of CNRC from the FCM rules in
10 Section III of the Tariff to the Interconnection Procedures in Schedules 22 and 23
11 of Section II of the Tariff. Because the Interconnection Procedures do not apply
12 to DERs, new Tariff rules are needed to address how equivalent CNRC is
13 assigned, managed, and reduced for DERs.

14

15 These clarifications are first needed to support qualification determinations for the
16 2026 interim reconfiguration auction (“RA”) qualification process, which the ISO
17 is required to issue in October 2026. The next opportunity for resources that have
18 not previously established a deliverability value to participate in capacity market
19 activities are the reconfiguration auctions where access is enabled by completing
20 the 2026 interim RA qualification process, which allows for participation in
21 reconfiguration auctions that begin in January 2027.

22

1 **Q: HOW WILL THE ISO ASSESS WHETHER RESOURCES NOT SUBJECT**
2 **TO SCHEDULES 22 AND 23 ARE DELIVERABLE?**

3 A: To assess the deliverability of resources that seek to participate in New England
4 Markets that are not subject to the ISO’s Interconnection Procedures in Schedules
5 22 or 23, the ISO is proposing to add a new Section II.48.5 of the Tariff, which
6 provides for the ISO to conduct, in coordination with Cluster Studies performed
7 under those procedures, an “all-or-nothing” deliverability analysis that determines
8 whether there are areas of the system where any additional capacity is not
9 deliverable to the applicable Load Zone (*i.e.*, the Load Zone withing which the
10 area of the system is located). This deliverability analysis will be conducted
11 consistent with the implementation details set forth in ISO Planning Procedures,
12 including Planning Procedure No. 10. All capacity from DERs seeking to
13 establish CNRC is determined to be deliverable, except for DERs located in an
14 area of the system where the deliverability analysis determined that additional
15 capacity located in that area of the system is not deliverable to the applicable
16 Load Zone.

17
18 **Q: WHEN WILL THE ISO CONDUCT DELIVERABILITY ANALYSES**
19 **THAT INDICATE WHETHER A PARTICULAR AREA OF THE SYSTEM**
20 **CAN ACCOMMODATE ADDITIONAL RESOURCES?**

21 A: The ISO will perform and then post the “all-or-nothing” deliverability analysis for
22 resources not subject to the ISO Interconnection Procedures soon after the
23 conclusion of a Cluster Study (if no Cluster Restudy is needed), or soon after the

1 final Cluster Restudy Report is issued in the event one or more rounds of restudy
2 are necessary. This allows close coordination of the base case of the “all-or-
3 nothing” deliverability analysis screen with the final case coming out of a related
4 Cluster Study or Cluster Restudy. Further, the ISO is proposing to use the most
5 recently completed deliverability analysis screen for establishing equivalent
6 CNRC in the manner I describe later in this testimony. For example, if the most
7 recently completed deliverability analysis screen was completed in October of
8 year “n”, and a resource is being evaluated for deliverability as part of a capacity
9 market activity in April of year “n+1”, the deliverability analysis screen
10 completed in October of year “n” will be checked to see if there no longer is any
11 deliverability space left for the applicable area of the system. The proposed timing
12 for performing, posting and using the deliverability analysis screen will help
13 provide certainty to DERs as to whether they will be considered deliverable
14 during specific windows such that they can choose an appropriate path to
15 establish equivalent CNR Capability.

16
17 **Q: PLEASE DESCRIBE THE MANNER IN WHICH DERs WILL BE ABLE**
18 **TO ESTABLISH EQUIVALENT CNRC.**

19 **A:** Under the proposed Tariff rules, resources not subject to the ISO’s
20 Interconnection Procedures will be able to establish equivalent CNRC by using
21 one of two available methods, assuming such resources have been determined to
22 be deliverable based on the “all-or-nothing” deliverability analysis screen I
23 describe above. These resources will be able to establish equivalent CNRC by

1 either by obtaining a Capacity Supply Obligation (“CSO”) in a capacity market
2 trading activity (*e.g.*, a primary auction, RA, or bilateral transaction) or “locking-
3 in” equivalent CNRC in advance of participating in the capacity market by
4 providing documentation demonstrating the commercial readiness for the project.
5 Such documentation includes signed interconnection agreements, proof of
6 commercial readiness, and a commercial operation date no more than two years in
7 the future.

8

9 **Q: WHY PROVIDE TWO PATHWAYS FOR DERs TO ACHIEVE**
10 **EQUIVLAENT CNRC?**

11 A: Historically, DER developers have informed the ISO that they are able to
12 construct and come online more quickly than transmission connected resources.
13 Given that, there may be DERs that are constructed and reach commercial
14 operation between the windows in which the ISO conducts deliverability analyses
15 as I discussed previously. Therefore, allowing those DERs that reach commercial
16 operation quickly to secure a CSO as a means of achieving equivalent CNRC is
17 reasonable. Specifically, the amount of equivalent CNRC established is set as the
18 highest MW quantity of CSO obtained in a capacity auction or through a bilateral
19 transaction. The proposal includes a calculation that allows equivalent CNRC to
20 be established for both the summer and winter seasons at the same time, even if
21 the applicable capacity auction or bilateral transaction directly considers only
22 summer or winter Qualified Capacity values. For example, if a DER established
23 equivalent CNRC by obtaining a CSO for a capacity auction that directly uses

1 summer Qualified Capacity values, the amount of summer equivalent CNRC
2 established will equal the CSO MW quantity obtained for that auction (assuming
3 that MW quantity exceeds any previously established summer equivalent CNRC),
4 and the amount of winter equivalent CNRC established will be proportional to the
5 CSO MW quantity obtained for that auction and the ratio of the resource's
6 summer and winter Qualified Capacity values (or an estimate of the winter
7 Qualified Capacity value, and assuming that the resultant proportional MW
8 quantity exceeds any previously established winter equivalent CNRC). This is
9 consistent with the rules that have existed for the Forward Capacity Market with
10 respect to the Forward Capacity Auction and annual RAs.

11 For those DER developers that must have certainty early in their development
12 process as to their ability to participate in the New England Markets following
13 commercial operation, the ability to “lock in” an equivalent CNRC value will
14 ensure they can proceed through construction and into commercial operations
15 with a market pathway assured. This latter pathway is similar to how resources
16 subject to the ISO's Interconnection Procedures will achieve a CNRC value in a
17 Cluster Study (*i.e.* by signing an Interconnection Agreement and providing
18 required Commercial Readiness Deposits), which can occur well ahead of
19 construction. The amount of equivalent CNRC that can be established will equal
20 the requested amount of equivalent CNRC to “lock in,” as limited by an estimate
21 of the capacity market summer and winter Qualified Capacity values based on the
22 information that will be submitted for future capacity market qualification
23 activities.

1 **Q: DOES THE PROPOSAL ALSO ALLOW DERs TO ESTABLISH**
2 **EQUIVALENT NRC?**

3 A: Yes, the proposed Section II.48.5.1 of the Tariff provides for a DER that is a
4 generating facility to be assigned an equivalent NRC, which sets the level at
5 which the resource participates in the energy and ancillary service markets.
6 Historically, these resources were able to establish these values in the same
7 manner as transmission connected resources; that is, via Section II.48 of the
8 Tariff. However, given the need to explicitly add rules to the Tariff addressing
9 how DERS establish equivalent CNRC, creating explicit rules for establishing
10 equivalent NRC is also necessary. An equivalent NRC value is needed to 1)
11 support equivalent CNRC 2) and for use in energy market participation. Section
12 II.48.5.1 however, will only apply to generating facilities since DERs that are part
13 of a Demand Response Resource or Distributed Energy Resource Aggregation
14 (once those rules are effective in late 2026) must use the rules specific to those
15 resource types to establish appropriate values for energy market participation.

16

17 **Q: HOW WILL EQUIVALENT CNRC BE REDUCED OR TERMINATED**
18 **FOR DERs THAT ESTABLISH IT?**

19 A: Under current Tariff rules, there are two paths for a resource to reduce its
20 assigned CNRC or equivalent CNRC value. First, the “request path,” which
21 requires submission of a Retirement De-List Bid or Permanent De-List Bid during
22 an FCM qualification cycle pursuant to Section III.13.1.2.3.1.5. Second, the
23 “time-out path,” under Section III.13.2.5.2.5.3(d) which results in a termination of

1 service after a failure to operate commercially for a period of three calendar years,
2 whereupon the ISO will deem the resource retired. The existing rules also contain
3 an exception from this rule where a resource submits a request to replace or
4 “repower” the non-operational unit with a new generator. The ISO proposes
5 continued extension of these two paths (*i.e.*, the request and time-out paths) and
6 exceptions thereto to resources not subject to the ISO Interconnection procedures,
7 with minor clarifications to support how the resulting retirements/deactivations
8 are treated for these resources. This is reflected in proposed Sections II.48.5.3 of
9 the Tariff.

10
11 **B. Three-Year Timeout Changes**

12 **Q: PLEASE DESCRIBE THE PROPOSED CHANGES TO THE**
13 **APPLICATION OF THE THREE YEAR TIMEOUT RULE ALLUDED TO**
14 **IN THE PREVIOUS SECTION.**

15 A: In order to address situations, such as, where a resource has a catastrophic failure
16 of one or more components of a facility that have long lead times for replacement
17 as a result of supply chain constraints, the ISO proposes to allow resources a one-
18 time extension of the three-calendar year period to return to service. Specifically,
19 the ISO proposes to allow resources to extend this period by an additional two and
20 half years where, by the end of the three calendar year window specified in
21 Sections III.13.2.5.2.5.3(d) and II.52.2, the resource provides documentation
22 demonstrating that it has entered into a binding agreement to procure long lead
23 time equipment that will not be delivered in time to allow the resource to return
24 commercial operation by the end of that three calendar year period. This allows a

1 limited, finite extension of time based on the ISO's a simple review of whether a
2 procurement agreement was provided. Demonstration of procurement having
3 taken place is consistent with Order No. 2023's requirements for indicating
4 readiness, and demonstration of a procurement decision is sufficient to show
5 commitment in this case. Additionally, under the proposed Tariff changes,
6 additional extensions would need to be granted by the Commission in response to
7 a request for waiver. This rule is intended to provide resources with a path to
8 address other eventualities and ISO would not pre-determine the appropriateness
9 of a waiver and the rule only seeks to explicitly state that it is an option available
10 under the Tariff consistent with Commission findings in other, similar matters.

11

12 **Q: IS THIS EXCEPTION ONLY FOR USE BY DERs?**

13 A: No, this exception can be used by all resources, both those subject to the ISO's
14 Interconnection Procedures and those subject to state procedures that participate
15 in New England Markets. Developers of all resource types have stated that supply
16 chain constraints, especially in the case of a catastrophic failure, as well as
17 permitting and construction delays can result in time frames that exceed the three
18 year period to return to commercial operation, even where equipment is being
19 replaced in kind.

20

21 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A: Yes.

23

1 I declare under penalty of perjury that the that the foregoing is true and correct.

2 Executed on March 30, 2026.

3

4

5

6

7

8

9

/s/ Alexander Rost
Alexander Rost
ISO New England Transmission Services
Department

II.48 Interconnection Service Capabilities

II.48.1 Establishing CNR Capability and CNI Capability

(a) CNR Capability shall be established as follows: Section 5.2.3 of Schedule 22 and Section 5.2.3 of Schedule 23 of this OATT describe the establishment of CNR Capability for a Generating Facility that was treated as an Existing Generating Capacity Resource in the fourth Forward Capacity Auction. For a Generating Facility newly obtaining or increasing CNR Interconnection Service in the fourth Forward Capacity Auction through Forward Capacity Market activities prior to September 4, 2025, summer CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the Generating Capacity Resource for the summer period and winter CNR Capability shall be established as the higher of (1) the highest MW quantity of Capacity Supply Obligation obtained by the associated Generating Capacity Resource for the winter period and (2) the Generating Facility's summer CNR Capability multiplied by the ratio of the Generating Capacity Resource's winter Qualified Capacity to summer Qualified Capacity for the auction in which the entry occurred. Commencing September 4, 2025, the summer and winter CNR Capability for a Generating Facility shall be established as the amounts requested in the Generating Facility's Interconnection Request, for which all of the requirements in the Interconnection Procedures have been completed, and which shall not exceed the maximum net MW electrical output at the Point of Interconnection at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter.

Notwithstanding the requirements contained in this section, a Generating Facility that did not secure a Capacity Supply Obligation prior to September 4, 2025, may establish CNR Interconnection Service through the process described in Section III.13.A.2 - Interim Reconfiguration Auction Qualification, conducted between January 1, 2025 and January 1, 2026, provided that the Generating Facility (1) has a completed System Impact Study or Interconnection Agreement establishing NR Interconnection Service on or before April 4, 2025 and (2) has a Commercial Operation Date prior to June 1, 2028.

CNI Capability shall be established as follows: Summer and winter CNI Capability for an External ETU with CNI Interconnection Service pursuant to Schedule 25 of this OATT shall be established as the amounts requested in the External ETU's Interconnection Request for which all of the requirements of the interconnection process have been completed.

Notwithstanding the requirements contained in this section, an External ETU that did not secure a Capacity Supply Obligation prior to September 4, 2025, may establish CNI Interconnection Service through the process described in Section III.13.A.2 - Interim Reconfiguration Auction Qualification, conducted between January 1, 2025 and January 1, 2026, provided that the External ETU (1) has a completed System Impact Study or Interconnection Agreement establishing NI Interconnection Service on or before April 4, 2025.

At the time of its establishment pursuant to the preceding paragraph, the CNI Capability shall not exceed the maximum net MW electrical capability at the Point of Interconnection and shall not exceed applicable seasonal equipment ratings determined pursuant to industry standards and consistent with the specifications described in ISO New England Planning and Operating Procedures.

II.48.2 Establishing NR Capability and NI Capability

(a) NR Capability shall be established in the manner described in Schedules 22 and 23 of this OATT.

Summer and winter NR Capability for a Generating Facility shall be established as the Generating Facility's maximum net MW electrical output at the Point of Interconnection at an ambient temperature at or above 50 degrees F for summer and at or above 0 degrees F for winter. A Generating Facility's summer and winter NR Capability shall be equal to or greater than its summer and winter CNR Capability, respectively.

(b) NI Capability shall be established as follows: For an External ETU with NI Interconnection Service pursuant to Schedule 25 of this OATT, summer and winter NI Capability shall be established as the maximum net MW electrical capability at the Point of Interconnection and shall not exceed applicable seasonal equipment ratings determined pursuant to industry standards and consistent with the specifications described in ISO New England Planning and Operating Procedures. An External ETU's summer and winter NI Capability shall be equal to or greater than its summer and winter CNI Capability, respectively.

II.48.3 Reductions to CNR Capability and CNI Capability: CNR Capability and CNI Capability shall be reduced as follows upon partial or full exit from the Capacity Market as a result of any of the following actions: (1) a voluntary or mandatory termination pursuant to Section III.13.3.4A or Section III.15.A.2.1 of the Tariff results in a reduction to summer and winter CNR Capability (or summer and winter CNI Capability) equal to the respective reduction to summer and winter Qualified Capacity described in III.13.3.4A or Section III.15.A.2.1; (2) a failure to operate commercially for a period of three calendar

years resulting in retirement pursuant to Section III.13.2.5.2.5.3(d) or deactivation pursuant to Section II.52.2 of the Tariff results in a reduction of summer and winter CNR Capability (or summer and winter CNI Capability) to zero except where the resource has submitted an application to repower under Schedule 22 or 23 of the OATT consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff or where extended (a) because the resource, at any time during the three calendar year period, demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections, such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (b) if such time period is extended by an order of the Federal Energy Regulatory Commission; (3) a full exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid, described in Section III.13.2.5.2.5.3, or an accepted Deactivation Notification as described in Section II.55 results in a reduction of summer and winter CNR Capability (or summer and winter CNI Capability) to zero; and a partial exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid, or the operation of an accepted Deactivation Notification that results in a reduction of CNR Capability (or CNI Capability) as described below.

(a) Summer CNR/CNI Capability Following Partial Exit Resulting From De-List Bid or Partial

Deactivation Resulting from Deactivation Notification: Following the partial permanent exit from the Capacity Market of a Generating Capacity Resource (or an Import Capacity Resource associated with an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the summer CNR Capability of the associated Generating Facility (or the summer CNI Capability of the associated External ETU) shall be reduced to equal the final amount of summer CNR Capability or summer CNI Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification.

(b) Winter CNR/CNI Capability Following Partial Exit Resulting From De-List Bid or Partial

Deactivation Resulting from Deactivation Notification: Following the partial permanent exit from the Capacity Market of a Generating Capacity Resource (or an Import Capacity Resource associated with an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the winter CNR Capability of the associated Generating Facility (or the winter CNI Capability of the associated External ETU) shall be reduced to equal the final amount of winter CNR

Capability or winter CNI Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification.

II.48.4 Reductions to NR Capability and NI Capability: NR Capability and NI Capability shall be reduced as follows for Generating Facilities and External ETUs as a result of any of the following actions: (1) a partial or full voluntary retirement or deactivation results in partial or full reduction of NR Capability or NI Capability for a resource that has never held Capacity Network Resource Interconnection Service or Capacity Network Import Interconnection Service; (2) a failure to operate commercially for a period of three calendar years (as described in Section III.13.2.5.2.5.3(d) or II. 52.2 of the Tariff) results in a reduction of NR Capability or NI Capability to zero except where the resource has submitted an application to repower under Schedule 22 or 23 of the OATT consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff or where extended (a) because the resource, at any time during the three calendar year period , demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections, such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (b) if such time period is extended by an order of the Federal Energy Regulatory Commission; (3) a full retirement or deactivation of a Generating Facility or an External ETU as the result of the operation of a Retirement De-List Bid or an unconditional Permanent De-List Bid (as described in Section III.13.1.2.4.1(a) and Section III.13.2.5.2.5.3 of the Tariff), or accepted Deactivation Notification, that results in a reduction of NR Capability or NI Capability to zero; and a partial retirement or deactivation as the result of the operation of a Retirement De-List Bid or an unconditional Permanent De-List Bid, or an accepted Deactivation Notification, that results in a reduction of NR Capability or NI Capability as described below.

(a) Summer NR/NI Capability Following Partial Retirement Resulting From De-List Bid or Partial Deactivation Resulting from Deactivation Notification: Following the partial retirement or deactivation of a Generating Facility (or an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the summer NR Capability of the Generating Facility (or summer NI Capability of the External ETU) shall be reduced to equal the final amount of summer NR Capability or summer NI Capability resulting from operation of the de-list bid or acceptance of the Deactivation Notification.

(b) Winter NR/NI Capability Following Partial Retirement Resulting From De-List Bid or Partial Deactivation Resulting from Deactivation Notification: Following the partial retirement or deactivation of a Generating Facility (or an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the winter NR Capability of the Generating Facility (or winter NI Capability of the External ETU) shall be reduced to equal the final amount of winter NR Capability or winter NI Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification.

However, if the resulting winter NR Capability (or winter NI Capability) is less than the Generating Facility's winter CNR Capability (or External ETU's winter CNI Capability), the winter NR Capability (or winter NI Capability) will be set equal to the winter CNR Capability (or winter CNI Capability).

II.48.5 Establishing Equivalent NR and CNR Capability for Resources Not Subject to the Interconnection Procedures Contained in Schedules 22 or 23 of the OATT

II.48.5.1 Establishing Equivalent NR Capability

For any resource not subject to the Interconnection Procedures contained in Schedules 22 or 23 of the OATT that seeks to newly establish or increase its capability to participate in the Energy and Ancillary Services Markets as a generating facility after September 4, 2025, its equivalent NR Capability shall be established based on the stated capability of the resource in its interconnection agreement, or equivalent, where summer and winter equivalent NR Capability shall be the value provided for the resource's maximum net MW electrical output at its point of interconnection at an ambient temperature at or above 50 degrees F for summer and at or above 0 degrees F for winter. A generating facility's equivalent summer and winter NR Capability shall be equal to or greater than its summer and winter equivalent CNR Capability, respectively.

II.48.5.2 Establishing Equivalent CNR Capability

For any resource or aggregation of resources not subject to the Interconnection Procedures contained in Schedules 22 or 23 of the OATT that seeks to newly obtain, or increase, its capability to participate in the capacity market as a Generating Capacity Resource, Active Demand Capacity Resource, or Distributed

Energy Capacity Resource after September 4, 2025, the ISO shall assign such a resource equivalent CNR Capability as provided for in this section.

(a) **Equivalent CNR Capability shall be established as follows:** Following the issuance of a Cluster Study Report (including the Transitional Cluster Study Report), or as needed following the issuance of a Cluster Restudy Report conducted pursuant to Section 7.5 of Schedules 22, 23, and 25 of the OATT, the ISO shall conduct the study work to support a deliverability analysis consistent with the criteria, conditions, and timelines described in ISO New England Planning Procedures. The results of this study work shall be published to the ISO's website and used by the ISO to determine the deliverability of applicable resources to the applicable Load Zone and satisfy the requirements of Section III.13.1.1.2.3.B.(b), Section III.13.1.1.2.3(b), Section III.13.1.4.1.1.3, Section III.13.1.4A.1.1.3, or Section III.15.2.3.2 of the Tariff as applicable.

In the event that new resources are determined to be deliverable to a given Load Zone, new resources may establish new, or increased equivalent CNR Capability by:

1. Obtaining a Capacity Supply Obligation in a capacity auction or through a bilateral transaction.

i. When CSO is obtained in a capacity auction or through a bilateral transaction for an annual or summer period:

a. Summer equivalent CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the resource for a summer period, including the summer period associated with the capacity auction or bilateral transaction for which the resource is seeking participation.

b. Winter equivalent CNR Capability shall be established as:

$$\text{Winter equivalent CNR Capability} = \max \left(\text{established Winter equivalent CNR Capability}, \text{Summer equivalent CNR Capability} \times \frac{\text{Winter QC}}{\text{Summer QC}} \right)$$

Where:

- Established Winter equivalent CNR Capability is the highest MW quantity of Capacity Supply Obligation ever obtained by the resource for a winter period.
- Summer equivalent CNR Capability is the value established pursuant to item i.a, above.
- Winter QC is the qualified capacity (or estimate of qualified capacity) for

the resource for the winter season during which Winter equivalent CNR Capability is established.

- Summer QC is the qualified capacity for the resource for the summer season for the value established pursuant to item i.a, above

ii. When CSO is obtained in a capacity auction or through a bilateral transaction for a winter period:

- a. Winter equivalent CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the resource for a winter period, including the winter period associated with the capacity auction or bilateral transaction for which the resource is seeking participation.
- b. Summer equivalent CNR Capability shall be established as:

$$\text{Summer equivalent CNR Capability} = \max \left(\text{established Summer equivalent CNR Capability, Winter equivalent CNR Capability} \times \frac{\text{Summer QC}}{\text{Winter QC}} \right)$$

Where:

- Established Summer equivalent CNR Capability is the highest MW quantity of Capacity Supply Obligation ever obtained by the resource for a summer period.
- Winter equivalent CNR Capability is the value established pursuant to item i.a, above.
- Summer QC is the qualified capacity (or estimate of qualified capacity) for the resource for the summer season during which Summer equivalent CNR Capability is established.
- Winter QC is the qualified capacity for the resource for the winter season for the value established pursuant to item i.a, above.

2. Submitting a request to lock in an equivalent CNR Capability value for a specific project in advance of participating in the capacity market, in a form prescribed by the ISO, and also providing to the ISO:

- i. For the resource seeking equivalent CNR Capability: an interconnection agreement (or equivalent under applicable state or local interconnection processes) for any front of meter assets, and/or a list of aggregated retail customer account numbers for behind the meter assets not otherwise subject to ISO or state interconnection requirements;
- ii. Proof of commercial readiness for the resource in the form of any of the following: (1) a

notice to proceed with distribution upgrades to the interconnecting entity with an accompanying nonrefundable deposit; or (2) a showing that a deposit has been made to the distribution utility to which the resource proposes to secure service where no distribution upgrades were required; or (3) other proof, including, but not limited to an Engineering & Procurement agreement, equipment procurement agreement, or similar agreement demonstrating that the resource has spent at least 5% of its total construction, equipment, or aggregation of retail customer acquisition costs for the project prior to requesting an equivalent CNR Capability value;

iii. A commercial operation date for the resource seeking to lock in equivalent CNR Capability that is no more than two (2) years and 182 Calendar Days from the date that the request is submitted.

a. In the event that the resource does not reach commercial operation, or provide evidence to the ISO that the resource is fully constructed but unable to operate commercially because the interconnecting utility has not completed necessary upgrades beyond its point of interconnection, on or before three (3) years from the date that the request is submitted, or its interconnection agreement, or equivalent under applicable state or local interconnection processes is terminated, its equivalent CNR Capability shall be terminated by the ISO and would not be respected in subsequent deliverability analyses performed pursuant to Section III.13.1.1.2.3(b) or Section III.15.2.3.2.

Where all materials required by this subsection are provided, the amount of summer and winter equivalent CNRC assigned to a resource shall be set at the level requested by the resource, but no greater than an estimate of capacity market summer and winter capacity market qualified capacity values based on information consistent with the information that will be submitted for future capacity market qualification activities. The ISO shall generate estimates of the qualified capacity values consistent with capacity market qualification requirements contained in Section III.13 and III.15 of the Tariff

II.48.5.3 Reductions to Equivalent NR and CNR Capability

Equivalent NR and CNR Capability shall be reduced or terminated as a result of: (1) a full or partial exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid as described in Section III.13.2.5.2.5.3, or an accepted Deactivation Notification as described in

Section II.54 of the Tariff which shall result in a reduction of summer and winter equivalent NR and CNR Capability to the final amount of summer and winter equivalent NR and CNR Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification; (2) a failure to operate commercially for a period of three calendar years resulting in deactivation pursuant to Section III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff which shall result in a reduction of summer and winter equivalent NR and CNR Capability to zero, except where: (a) consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff, the resource has submitted an application to repower the facility to the appropriate interconnecting entity; (b) extended because the resource, at any time during the three calendar year period , demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections. Such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (c) if such time period is extended by an order of the Federal Energy Regulatory Commission; (3) a voluntary or mandatory termination pursuant to Section III.13.3.4A or Section III.15.A.2.1 of the Tariff that results in a reduction to summer and winter equivalent CNR Capability equal to the respective reduction to summer and winter Qualified Capacity described in III.13.3.4A or Section III.15.A.2.1; or (4) where a distribution utility or Transmission Owner informs the ISO that the resource no longer has a valid interconnection agreement or equivalent, which shall result in a reduction of summer and winter equivalent NR and CNR Capability to zero.

II.48 Interconnection Service Capabilities

II.48.1 Establishing CNR Capability and CNI Capability

(a) CNR Capability shall be established as follows: Section 5.2.3 of Schedule 22 and Section 5.2.3 of Schedule 23 of this OATT describe the establishment of CNR Capability for a Generating Facility that was treated as an Existing Generating Capacity Resource in the fourth Forward Capacity Auction. For a Generating Facility newly obtaining or increasing CNR Interconnection Service in the fourth Forward Capacity Auction through Forward Capacity Market activities prior to September 4, 2025, summer CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the Generating Capacity Resource for the summer period and winter CNR Capability shall be established as the higher of (1) the highest MW quantity of Capacity Supply Obligation obtained by the associated Generating Capacity Resource for the winter period and (2) the Generating Facility's summer CNR Capability multiplied by the ratio of the Generating Capacity Resource's winter Qualified Capacity to summer Qualified Capacity for the auction in which the entry occurred. Commencing September 4, 2025, the summer and winter CNR Capability for a Generating Facility shall be established as the amounts requested in the Generating Facility's Interconnection Request, for which all of the requirements in the Interconnection Procedures have been completed, and which shall not exceed the maximum net MW electrical output at the Point of Interconnection at an ambient temperature at or above 90 degrees F for summer and at or above 20 degrees F for winter.

Notwithstanding the requirements contained in this section, a Generating Facility that did not secure a Capacity Supply Obligation prior to September 4, 2025, may establish CNR Interconnection Service through the process described in Section III.13.A.2 - Interim Reconfiguration Auction Qualification, conducted between January 1, 2025 and January 1, 2026, provided that the Generating Facility (1) has a completed System Impact Study or Interconnection Agreement establishing NR Interconnection Service on or before April 4, 2025 and (2) has a Commercial Operation Date prior to June 1, 2028.

CNI Capability shall be established as follows: Summer and winter CNI Capability for an External ETU with CNI Interconnection Service pursuant to Schedule 25 of this OATT shall be established as the amounts requested in the External ETU's Interconnection Request for which all of the requirements of the interconnection process have been completed.

Notwithstanding the requirements contained in this section, an External ETU that did not secure a Capacity Supply Obligation prior to September 4, 2025, may establish CNI Interconnection Service through the process described in Section III.13.A.2 - Interim Reconfiguration Auction Qualification, conducted between January 1, 2025 and January 1, 2026, provided that the External ETU (1) has a completed System Impact Study or Interconnection Agreement establishing NI Interconnection Service on or before April 4, 2025.

At the time of its establishment pursuant to the preceding paragraph, the CNI Capability shall not exceed the maximum net MW electrical capability at the Point of Interconnection and shall not exceed applicable seasonal equipment ratings determined pursuant to industry standards and consistent with the specifications described in ISO New England Planning and Operating Procedures.

II.48.2 Establishing NR Capability and NI Capability

(a) NR Capability shall be established in the manner described in Schedules 22 and 23 of this OATT.

Summer and winter NR Capability for a Generating Facility shall be established as the Generating Facility's maximum net MW electrical output at the Point of Interconnection at an ambient temperature at or above 50 degrees F for summer and at or above 0 degrees F for winter. A Generating Facility's summer and winter NR Capability shall be equal to or greater than its summer and winter CNR Capability, respectively.

(b) NI Capability shall be established as follows: For an External ETU with NI Interconnection Service pursuant to Schedule 25 of this OATT, summer and winter NI Capability shall be established as the maximum net MW electrical capability at the Point of Interconnection and shall not exceed applicable seasonal equipment ratings determined pursuant to industry standards and consistent with the specifications described in ISO New England Planning and Operating Procedures. An External ETU's summer and winter NI Capability shall be equal to or greater than its summer and winter CNI Capability, respectively.

II.48.3 Reductions to CNR Capability and CNI Capability: CNR Capability and CNI Capability shall be reduced as follows upon partial or full exit from the Capacity Market as a result of any of the following actions: (1) a voluntary or mandatory termination pursuant to Section III.13.3.4A or Section III.15.A.2.1 of the Tariff results in a reduction to summer and winter CNR Capability (or summer and winter CNI Capability) equal to the respective reduction to summer and winter Qualified Capacity described in III.13.3.4A or Section III.15.A.2.1; (2) a failure to operate commercially for a period of three calendar

years resulting in retirement pursuant to Section III.13.2.5.2.5.3(d) or deactivation pursuant to Section II.52.2 of the Tariff results in a reduction of summer and winter CNR Capability (or summer and winter CNI Capability) to zero except where the resource has submitted an application to repower under Schedule 22 or 23 of the OATT consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff or where extended (a) because the resource, at any time during the three calendar year period, demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections, such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (b) if such time period is extended by an order of the Federal Energy Regulatory Commission.; (3) a full exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid, described in Section III.13.2.5.2.5.3, or an accepted Deactivation Notification as described in Section II.55 results in a reduction of summer and winter CNR Capability (or summer and winter CNI Capability) to zero; and a partial exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid, or the operation of an accepted Deactivation Notification that results in a reduction of CNR Capability (or CNI Capability) as described below.

(a) Summer CNR/CNI Capability Following Partial Exit Resulting From De-List Bid or Partial

Deactivation Resulting from Deactivation Notification: Following the partial permanent exit from the Capacity Market of a Generating Capacity Resource (or an Import Capacity Resource associated with an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the summer CNR Capability of the associated Generating Facility (or the summer CNI Capability of the associated External ETU) shall be reduced to equal the final amount of summer CNR Capability or summer CNI Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification.

(b) Winter CNR/CNI Capability Following Partial Exit Resulting From De-List Bid or Partial

Deactivation Resulting from Deactivation Notification: Following the partial permanent exit from the Capacity Market of a Generating Capacity Resource (or an Import Capacity Resource associated with an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the winter CNR Capability of the associated Generating Facility (or the winter CNI Capability of the associated External ETU) shall be reduced to equal the final amount of winter CNR

Capability or winter CNI Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification.

II.48.4 Reductions to NR Capability and NI Capability: NR Capability and NI Capability shall be reduced as follows for Generating Facilities and External ETUs as a result of any of the following actions: (1) a partial or full voluntary retirement or deactivation results in partial or full reduction of NR Capability or NI Capability for a resource that has never held Capacity Network Resource Interconnection Service or Capacity Network Import Interconnection Service; (2) a failure to operate commercially for a period of three calendar years (as described in Section III.13.2.5.2.5.3(d) or II. 52.2 of the Tariff) results in a reduction of NR Capability or NI Capability to zero except where the resource has submitted an application to repower under Schedule 22 or 23 of the OATT consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff or where extended (a) because the resource, at any time during the three calendar year period, demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections, such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (b) if such time period is extended by an order of the Federal Energy Regulatory Commission; (3) a full retirement or deactivation of a Generating Facility or an External ETU as the result of the operation of a Retirement De-List Bid or an unconditional Permanent De-List Bid (as described in Section III.13.1.2.4.1(a) and Section III.13.2.5.2.5.3 of the Tariff), or accepted Deactivation Notification, that results in a reduction of NR Capability or NI Capability to zero; and a partial retirement or deactivation as the result of the operation of a Retirement De-List Bid or an unconditional Permanent De-List Bid, or an accepted Deactivation Notification, that results in a reduction of NR Capability or NI Capability as described below.

(a) Summer NR/NI Capability Following Partial Retirement Resulting From De-List Bid or Partial Deactivation Resulting from Deactivation Notification: Following the partial retirement or deactivation of a Generating Facility (or an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the summer NR Capability of the Generating Facility (or summer NI Capability of the External ETU) shall be reduced to equal the final amount of summer NR Capability or summer NI Capability resulting from operation of the de-list bid or acceptance of the Deactivation Notification.

(b) Winter NR/NI Capability Following Partial Retirement Resulting From De-List Bid or Partial Deactivation Resulting from Deactivation Notification: Following the partial retirement or deactivation of a Generating Facility (or an External ETU) as a result of the operation of a de-list bid or an accepted Deactivation Notification, the winter NR Capability of the Generating Facility (or winter NI Capability of the External ETU) shall be reduced to equal the final amount of winter NR Capability or winter NI Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification.

However, if the resulting winter NR Capability (or winter NI Capability) is less than the Generating Facility's winter CNR Capability (or External ETU's winter CNI Capability), the winter NR Capability (or winter NI Capability) will be set equal to the winter CNR Capability (or winter CNI Capability).

II.48.5 Establishing Equivalent NR and CNR Capability for Resources Not Subject to the Interconnection Procedures Contained in Schedules 22 or 23 of the OATT

II.48.5.1 Establishing Equivalent NR Capability

For any resource not subject to the Interconnection Procedures contained in Schedules 22 or 23 of the OATT that seeks to newly establish or increase its capability to participate in the Energy and Ancillary Services Markets as a generating facility after September 4, 2025, its equivalent NR Capability shall be established based on the stated capability of the resource in its interconnection agreement, or equivalent, where summer and winter equivalent NR Capability shall be the value provided for the resource's maximum net MW electrical output at its point of interconnection at an ambient temperature at or above 50 degrees F for summer and at or above 0 degrees F for winter. A generating facility's equivalent summer and winter NR Capability shall be equal to or greater than its summer and winter equivalent CNR Capability, respectively.

II.48.5.2 Establishing Equivalent CNR Capability

For any resource or aggregation of resources not subject to the Interconnection Procedures contained in Schedules 22 or 23 of the OATT that seeks to newly obtain, or increase, its capability to participate in the capacity market as a Generating Capacity Resource, Active Demand Capacity Resource, or Distributed

Energy Capacity Resource after September 4, 2025, the ISO shall assign such a resource equivalent CNR Capability as provided for in this section.

(a) Equivalent CNR Capability shall be established as follows: Following the issuance of a Cluster Study Report (including the Transitional Cluster Study Report), or as needed following the issuance of a Cluster Restudy Report conducted pursuant to Section 7.5 of Schedules 22, 23, and 25 of the OATT, the ISO shall conduct the study work to support a deliverability analysis consistent with the criteria, conditions, and timelines described in ISO New England Planning Procedures. The results of this study work shall be published to the ISO's website and used by the ISO to determine the deliverability of applicable resources to the applicable Load Zone and satisfy the requirements of Section III.13.1.1.2.3.B.(b), Section III.13.1.1.2.3(b), Section III.13.1.4.1.1.3, Section III.13.1.4A.1.1.3, or Section III.15.2.3.2 of the Tariff as applicable.

In the event that new resources are determined to be deliverable to a given Load Zone, new resources may establish new, or increased equivalent CNR Capability by:

1. Obtaining a Capacity Supply Obligation in a capacity auction or through a bilateral transaction.
 - i. When CSO is obtained in a capacity auction or through a bilateral transaction for an annual or summer period:
 - a. Summer equivalent CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the resource for a summer period, including the summer period associated with the capacity auction or bilateral transaction for which the resource is seeking participation.
 - b. Winter equivalent CNR Capability shall be established as:

$$\text{Winter equivalent CNR Capability} = \max \left(\text{established Winter equivalent CNR Capability}, \text{Summer equivalent CNR Capability} \times \frac{\text{Winter QC}}{\text{Summer QC}} \right)$$

Where:

- Established Winter equivalent CNR Capability is the highest MW quantity of Capacity Supply Obligation ever obtained by the resource for a winter period.
- Summer equivalent CNR Capability is the value established pursuant to item i.a, above.
- Winter QC is the qualified capacity (or estimate of qualified capacity) for

the resource for the winter season during which Winter equivalent CNR Capability is established.

- Summer QC is the qualified capacity for the resource for the summer season for the value established pursuant to item i.a, above

ii. When CSO is obtained in a capacity auction or through a bilateral transaction for a winter period:

- a. Winter equivalent CNR Capability shall be established as the highest MW quantity of Capacity Supply Obligation obtained by the resource for a winter period, including the winter period associated with the capacity auction or bilateral transaction for which the resource is seeking participation.
- b. Summer equivalent CNR Capability shall be established as:

$$\text{Summer equivalent CNR Capability} = \max \left(\text{established Summer equivalent CNR Capability}, \text{Winter equivalent CNR Capability} \times \frac{\text{Summer QC}}{\text{Winter QC}} \right)$$

Where:

- Established Summer equivalent CNR Capability is the highest MW quantity of Capacity Supply Obligation ever obtained by the resource for a summer period.
- Winter equivalent CNR Capability is the value established pursuant to item i.a, above.
- Summer QC is the qualified capacity (or estimate of qualified capacity) for the resource for the summer season during which Summer equivalent CNR Capability is established.
- Winter QC is the qualified capacity for the resource for the winter season for the value established pursuant to item i.a, above.

2. Submitting a request to lock in an equivalent CNR Capability value for a specific project in advance of participating in the capacity market, in a form prescribed by the ISO, and also providing to the ISO:

- i. For the resource seeking equivalent CNR Capability: an interconnection agreement (or equivalent under applicable state or local interconnection processes) for any front of meter assets, and/or a list of aggregated retail customer account numbers for behind the meter assets not otherwise subject to ISO or state interconnection requirements;
- ii. Proof of commercial readiness for the resource in the form of any of the following: (1) a

notice to proceed with distribution upgrades to the interconnecting entity with an accompanying nonrefundable deposit; or (2) a showing that a deposit has been made to the distribution utility to which the resource proposes to secure service where no distribution upgrades were required; or (3) other proof, including, but not limited to an Engineering & Procurement agreement, equipment procurement agreement, or similar agreement demonstrating that the resource has spent at least 5% of its total construction, equipment, or aggregation of retail customer acquisition costs for the project prior to requesting an equivalent CNR Capability value;

- iii. A commercial operation date for the resource seeking to lock in equivalent CNR Capability that is no more than two (2) years and 182 Calendar Days from the date that the request is submitted.
 - a. In the event that the resource does not reach commercial operation, or provide evidence to the ISO that the resource is fully constructed but unable to operate commercially because the interconnecting utility has not completed necessary upgrades beyond its point of interconnection, on or before three (3) years from the date that the request is submitted, or its interconnection agreement, or equivalent under applicable state or local interconnection processes is terminated, its equivalent CNR Capability shall be terminated by the ISO and would not be respected in subsequent deliverability analyses performed pursuant to Section III.13.1.1.2.3(b) or Section III.15.2.3.2.

Where all materials required by this subsection are provided, the amount of summer and winter equivalent CNRC assigned to a resource shall be set at the level requested by the resource, but no greater than an estimate of capacity market summer and winter capacity market qualified capacity values based on information consistent with the information that will be submitted for future capacity market qualification activities. The ISO shall generate estimates of the qualified capacity values consistent with capacity market qualification requirements contained in Section III.13 and III.15 of the Tariff

II.48.5.3 Reductions to Equivalent NR and CNR Capability

Equivalent NR and CNR Capability shall be reduced or terminated as a result of: (1) a full or partial exit from the Capacity Market as the result of the operation of a Retirement De-List Bid or a Permanent De-List Bid as described in Section III.13.2.5.2.5.3, or an accepted Deactivation Notification as described in

Section II.54 of the Tariff which shall result in a reduction of summer and winter equivalent NR and CNR Capability to the final amount of summer and winter equivalent NR and CNR Capability resulting from the operation of the de-list bid or acceptance of the Deactivation Notification; (2) a failure to operate commercially for a period of three calendar years resulting in deactivation pursuant to Section III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff which shall result in a reduction of summer and winter equivalent NR and CNR Capability to zero, except where: (a) consistent with Sections III.13.2.5.2.5.3(d) or Section II.52.2 of the Tariff, the resource has submitted an application to repower the facility to the appropriate interconnecting entity; (b) extended because the resource, at any time during the three calendar year period, demonstrates to the ISO that, within the first two years of the three calendar year period described in those sections, it entered into a binding agreement to procure long lead time equipment that will not be delivered in time to allow the resource to return to service by the end of the three calendar year period described in those sections. Such extension of time not to exceed two years and 182 Calendar Days beyond the three calendar year period described in those sections; or (c) if such time period is extended by an order of the Federal Energy Regulatory Commission; (3) a voluntary or mandatory termination pursuant to Section III.13.3.4A or Section III.15.A.2.1 of the Tariff that results in a reduction to summer and winter equivalent CNR Capability equal to the respective reduction to summer and winter Qualified Capacity described in III.13.3.4A or Section III.15.A.2.1; or (4) where a distribution utility or Transmission Owner informs the ISO that the resource no longer has a valid interconnection agreement or equivalent, which shall result in a reduction of summer and winter equivalent NR and CNR Capability to zero.

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