

ISO New England's 2026 Annual Work Plan Update

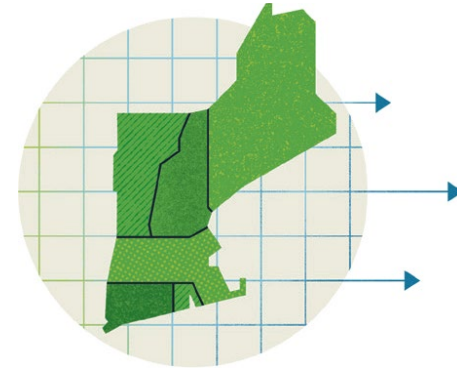


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PRESIDENT AND CHIEF EXECUTIVE OFFICER

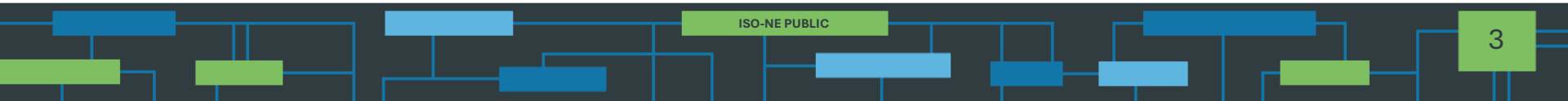


Objective and Process



- This report reflects **updates** to the *2026 Annual Work Plan (2025 AWP)* since its publication in October 2025
- Potential impacts on the work plan could stem from Federal Energy Regulatory Commission (FERC) action on existing or new directives; federal or state policy changes; expanded work requests; or other emergent issues
- Stakeholders can submit **new** requests for the ISO's 2027 AWP through the NEPOOL priorities process, which kicked off in March 2026
 - Over the following months, the requests are discussed, narrowed, and a final list is considered for incorporation into the ISO's 2027 plan
 - Reminder that the AWP focuses on key initiatives and does not represent the ISO's full workload, including all project implementation work or the extensive day-to-day operations related to running the grid, the markets, and its organization

ANCHOR PROJECTS



Anchor Projects Are on Track

Status update since 2026 AWP publication

- **[Capacity Auction Reforms \(CAR\)](#)**
 - The ISO filed the first phase of CAR reforms (prompt auction and deactivation process) in December 2025; FERC [accepted](#) the filing on March 31, 2026
 - The second phase of CAR reforms (seasonal auctions and resource accreditation) is on track to be filed by end of 2026; see the most recent stakeholder schedule on slides 17-21 of this April 2026 NEPOOL Markets Committee [presentation](#)
- **Dynamic Operating Reserves for a Changing System**
 - The ISO [provided an update](#) on its assessment and development of this initiative at the March 2026 NEPOOL Markets Committee meeting, which notes potential implementation plans in 2027; further updates and stakeholder discussions are targeted to begin no earlier than Q4 2026

Anchor Projects on Track, cont'd

- **The New England States' First Competitive Solicitation for Longer-Term Transmission Planning Solution ([2025 LTTP RFP](#))**
 - A preferred solution is expected to be identified as early as September 2026
- **Advancing the [Asset Condition Reviewer](#) Role**
 - Stakeholder discussions are in progress, and the permanent AC Reviewer role is on target to be in place by January 2027; see the stakeholder schedule in the March 2026 NEPOOL Transmission Committee [presentation](#) and the high-level [project plan](#)
 - Concurrent to developing the permanent process, and in agreement with stakeholder requests to begin reviewing Asset Condition Projects on an interim basis, the ISO is overseeing reviews of [selected projects](#) brought forward by the Transmission Owners
 - Planning Advisory Committee discussion of project review findings are anticipated to begin in Q2/Q3 2026

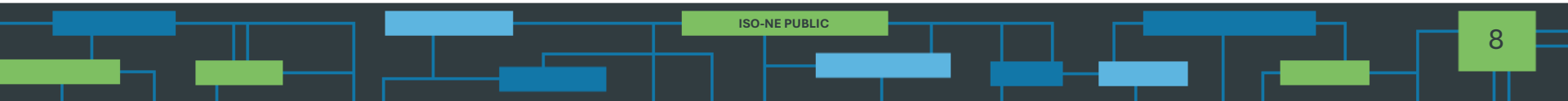
Anchor Projects on Track, cont'd

- [FERC Order No. 1920, 1920-A, 1920-B Compliance](#)
 - Stakeholder discussions are planned to begin in Q3 2026
 - Regional and interregional compliance filings are due June 2027 for a 2029 effective date
- **Further Inclusion of Grid Enhancing Technologies (GETs) Into Transmission Planning**
 - Order No. 1920 compliance work is expected to include discussion of a process for further including GETs into transmission planning assessments
- **Transmission Sizing for the Clean Energy Transition**
 - Aspects of transmission sizing will be addressed through Order No. 1920 compliance, which requires development of a process for when to consider “right-sizing” as a way to address both identified asset replacement and long-term needs
 - In Q3/Q4 2026, following AC Reviewer role discussions, stakeholder discussions are expected to begin on identifying opportunities for potential transmission sizing in the case of projects that are proceeding as Asset Condition Projects
 - After the above items progress, the ISO will assess the need for follow-on work to align or expand these sizing efforts into other transmission solution processes

Anchor Projects on Track, cont'd

- **nGEM Real-Time Market Clearing Engine**
 - To implement RT MCE software and infrastructure in Q2 2026
- **Order No. 2222: Participation of DER Aggregations in Markets**
 - To implement software and system changes in Q4 2026, see [participant training](#) and [readiness](#) resources
- **Order No. 881: Ambient Adjusted Ratings for Transmission Lines**
 - To implement software and system changes in Q4 2026, see [participant training and readiness](#) resources

NOTABLE INITIATIVES



Notable Initiatives on Track

- **Evaluating Surplus Interconnection Service Rules**

- The ISO held stakeholder discussions and solicited [stakeholder feedback](#) via the NEPOOL Transmission Committee in January and February 2026
- The ISO is conducting a gap analysis and expects to begin discussion of its findings and topics for possible solutions no later than Q3 2026, with associated project scope and timelines to follow
 - This work is being planned and conducted separately from the CAR-SA initiative

- **[FERC Order No. 2023](#) Implementation**

- The Transitional Cluster Study interim report is on target for June 2026 and the final report for August 2026; the Cluster Request Window for the first (regular) Cluster Study would then open in October 2026, which kicks off the rest of the Cluster Study Process

- **[Day-Ahead Ancillary Services](#) Assessment**

- Reporting on the market's competitiveness and performance after a full year of implementation and any potential recommendations for enhancements is targeted for Q2 2026 (*see related new item on slide 13*)

Notable Initiatives on Track

- **First Run of Formalized [PEAT/REST](#) Processes**
 - At the March 2026 NEPOOL Reliability Committee meeting, the ISO reviewed baseline assumptions for its long-term energy assessments to be conducted in 2026 and commenced collection of stakeholder sensitivity requests
 - The ISO expects to return to the committee in Q2 2026 to summarize feedback and share sensitivities to be run, with plans to present the assessment in Q4
- **Technology Initiatives on Track**
 - Inverter-Based Resource (IBR) Integration & Modeling
 - Synchrophasor Enhancements for Future Grid
 - Integrated Market Simulator (IMS)
 - Cloud Computing, Cyber Security, and Artificial Intelligence

Updated Notable Initiative

Revised since 2026 AWP publication

- **Pay-for-Performance Revisions: Balancing Ratio (FERC Order No. EL25-106 Compliance)**
 - To comply with FERC’s January 2026 [order](#), proposed revisions will cap the Balancing Ratio at 1.0 under the existing Forward Capacity Market rules
 - Stakeholder [discussions](#) began in March 2026; the order requires a compliance filing by July 21, 2026, and effective date of July 25, 2025 (consistent with the FERC-ordered refund effective date)

New Notable Initiatives

Emerged since 2026 AWP publication

- **Pay-for-Performance Revisions: Performance Payment Rate**
 - Stakeholder [discussions](#) began in March 2026 on a proposed downward adjustment to the Performance Payment Rate, with filing and effective dates anticipated for Q3 2026
- **Pay-for-Performance Revisions: Treatment of External Transactions and Potential Clean-Up Changes**
 - Targeted revisions seek to address issues raised by the ISO's [Internal](#) and [External](#) Market Monitors related to the treatment of exports during a Capacity Scarcity Condition, as well as some possible, discrete clean-up changes by the ISO
 - Stakeholder [discussions](#) began in March 2026, with a filing anticipated in Q3 2026 for Q4 effective date

New Notable Initiatives, cont'd

Emerged since 2026 AWP publication

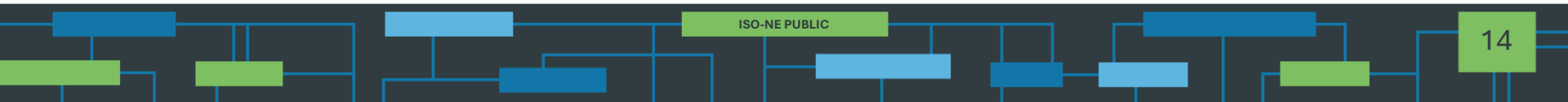
- **Day-Ahead Ancillary Services Post-Implementation Adjustments**
 - In February 2026, the Internal Market Monitor discussed and [recommended](#) three areas for adjustments to improve the cost effectiveness of the Day-Ahead Ancillary Services market
 - The ISO is now actively developing design proposals consistent with the recommendations and market design objectives
 - At the April 2026 Markets and Reliability Committee meetings, the ISO plans to commence stakeholder discussions on targeted changes to effectuate those recommendations, with filing and effective dates anticipated for Q3 2026




Capital Initiative Update

Projected revision from 2026 AWP publication

- **MW Dependent Fuel Price Adjustment (Dynergy Compliance)**

- This initiative, [accepted by FERC](#) in 2024, changes the Fuel Price Adjustment process to allow participants to submit up to two different fuel prices in their resource's cost-based Reference Levels
- Due to vendor resourcing constraints, the November 2026 implementation date is delayed until winter 2027/2028



2026 AWP	Q2	Q3	Q4
 Markets	Capacity Auction Reforms (CAR roadmap extends into 2027)		
			Dynamic Operating Reserves (extends into 2027)
	PFP Revisions (3 items)		
	DA A/S Assessments and Adjustments		
 Operations & Planning	Capacity Auction Reforms (CAR roadmap extends into 2027)		
	Advancing Asset Condition Reviewer Role & Interim Review Process		
	First Competitive Solicitation for LTP Solution		
		FERC Order No. 1920 Compliance (extends into 2027)	
	FERC Order No. 2023 Implementation		
	Evaluating Surplus IS Rules	Identify Surplus IS Solutions	
	First Run of Formalized PEAT/REST Processes		
 Capital Priorities	nGEM RT MCE	Additional Phases (extend into 2027)	
	Order No. 2222 and Order No. 881 Implementation		
	Inverter-Based Resource Modeling, Synchrophasor Enhancements, IMS		
	Cloud Computing, Cyber Security, Artificial Intelligence		

Approximate Stakeholder Discussion Timing

