



FERC Show Cause Order: Large Load Integration

Docket No. EL26-72 | 195 FERC ¶ 61,215

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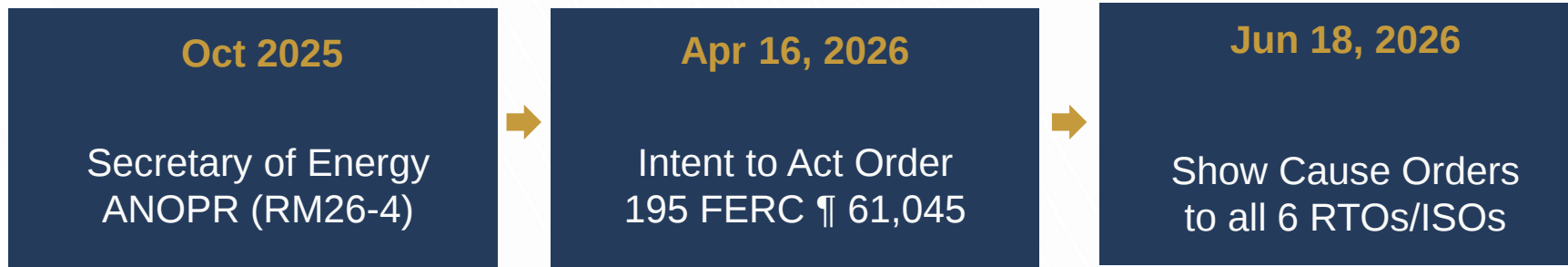
NEPOOL Transmission Committee – June 24, 2026



Executive Summary

- **FPA Section 206 show cause investigation**
 - ISO-NE Tariff preliminarily found unjust, unreasonable or unduly discriminatory or preferential due to lack of large load integration provisions.
- **60-day response deadline (August 17)**
 - ISO-NE and PTOs must show cause why Tariff is just and reasonable in absence of large load provisions, or seek abeyance within 45 days (August 3) to later propose Section 205 Tariff changes by November 16.
- **5 categories of deficiencies and reforms identified**
- **Informational report required on resource adequacy to serve large loads (due July 20)**
- **Section 205 filings strongly encouraged**
 - "First wielder of the pen" advantage; abeyance available up to 90 days from show cause response deadline to develop and file Section 205 proposal.

Procedural Background & Timeline



- Some key prior proceedings:
 - PJM Co-Location Order (Dec 2025) — 193 FERC ¶ 61,217
 - SPP HILL and HILLGA Order (Jan 2026) — 194 FERC ¶ 61,031
 - Although not highlighted in the show cause order, the SPP Consolidated Planning Process order recognizes consolidated planning and interconnection processes as a way to address the onset of large loads
- This ISO-NE/PTO order is part of a set of six tailored orders issued simultaneously to jurisdictional RTOs/ISOs- CAISO, ISO-NE, MISO, NYISO and SPP. Despite tailored orders, there are common deficiencies, concerns and proposed reforms.

FERC's Preliminary Finding

- ISO-NE's Tariff appears unjust, unreasonable, or unduly discriminatory or preferential because it lacks provisions addressing the integration of large loads and co-located loads with sufficient clarity and specificity.
- FERC has less concern with ISO-NE due to less large load development so far and ISO-NE efforts to stay aware of system needs, but still preliminarily finds the Tariff deficient regarding large load and co-located load provisions.
- Existing processes may be functional for conventional loads but lack what is needed to meet large load challenges.
- Speed and scale of demand growth require clear, standardized rules, procedures and agreements with consumer protections.
- The Order is not intended to disrupt existing commercial arrangements- reforms will be prospective only. Tariff revisions should propose a reasonable implementation and transition period.

Five Categories of Deficiencies/Reforms

1. Transmission Service Application and Study Procedures
2. Cost Transparency & Cost Shifting
3. Co-Location Arrangements & Behind the Meter Generation (“BTMG”)
4. New Transmission Services for Flexible Loads
5. Generator Interconnection for Facilities Serving Electrically Proximate Large Load or Co-Located Load

Jurisdictional Note

- Order specifically clarifies matters of FERC jurisdiction vs. state jurisdiction.
- The Commission has exclusive jurisdiction over the wholesale sale and transmission of electricity in interstate commerce and the rates, terms and conditions, and practices directly affecting such transmission of electricity.
- States continue to regulate:
 - Specific terms of retail sales to large load;
 - Which entities may make retail sales within their borders, including which entities are legally permitted to provide electricity to retail large load customers
 - Siting decisions and construction associated with large load projects.

Category 1: Transmission Service Application & Study Procedures

- ISO-NE Tariff currently lacks provisions that address how ISO-NE and PTOs will timely study the provision of transmission service to Eligible Customers on behalf of large loads.
- Tariff lacks definition of large load and *pro forma* TSA for large load.
- Transmission service applications should be accepted on a rolling basis and require a non-refundable application fee.
- Study process should be clear, consistent and timely. Studies should assess rapid ramp up, demand variability, flexible load characteristics, alternative transmission technologies, grid enhancing technologies, among other items. **Study timeline should be 60-90 days.**
- Tariff also appears to lack ongoing operational requirements to monitor large load interconnections.

Category 2: Cost Transparency & Cost Shifting

- Tariff currently appears to lack adequate mechanisms to mitigate the risk of cost shifting among transmission customers. Particularly concerned with lack of: (1) transparency regarding network upgrade requirements and costs of such upgrades for large loads; and (2) a pro forma cost recovery agreement.
- **Transparency:** ISO-NE must post publicly on its website: aggregate large load additions by pricing zone, planned network upgrades by type, and cost estimates for upgrades. Posted in a single location, searchable and filterable.
- **Cost Recovery Agreement:** pro forma agreement between ISO-NE, TO and Eligible Customer. Must include minimum contribution towards TO's revenue requirement, based on level of service requested, if the Eligible Customer ultimately takes less transmission service than anticipated.

Category 3: Co-Location Arrangements & BTMG

- ISO-NE's Tariff currently appears to lack clear rules for co-located load arrangements creating uncertainty around how generators serving co-located load should interconnect, take transmission service, and be charged for wholesale services.
- FERC is concerned that co-located customers may avoid paying transmission and ancillary service costs they cause (e.g., regulation and black start services).
- Tariff does not provide transmission service options tailored to flexible co-located loads that can limit withdrawals from the grid, leading to inefficient transmission expansion, misaligned cost allocation.
- BTMG: allowing large loads to net generation against load for transmission charge purposes may create cost-shifting, reliability, resource adequacy concerns. Costs of ancillary services need to be appropriately allocated to large load.

Category 4: New Transmission Services for Flexible Loads

Three New Transmission Services extended to flexible large loads (i.e., loads not co-located with generation but willing and able to limit energy withdrawals under certain conditions):

- Interim Non-Firm Network Transmission Service while network upgrades are being constructed (interim NITS);
- Firm contract demand transmission service (up to a specified MW quantity);
- Non-firm contract demand transmission service.

Category 5: Generator Interconnection for Proximate Facilities

- Tariff currently lacks provisions allowing an interconnection customer to seek the generator interconnection service that reflects the operational dynamics of serving: (1) electrically proximate load or (2) co-located load that has a high peak load (50 MW or greater).
- Tariff should include services that recognizes when a generator commits to limit output to match load and minimize grid impacts. Load-matched generation could have limited or no incremental transmission system impacts.
- Alternative models/solutions could include expedited or load-limited interconnection services, use of existing interconnection service, arrangements that ensure net injections do not exceed approved levels through system controls.
- Justify status quo or propose a new interconnection study process designed for these types of load-serving configurations.

Informational Report on Resource Adequacy

- The Commission recognizes ISO-NE is currently engaged with stakeholders to improve resource adequacy through Capacity Auction Reforms and that ISO-NE is engaging with PTOs and the States regarding large load interconnections.
- Directs ISO-NE to submit within **30 days** (on or by July 20) a detailed informational report on any proposals under consideration in its stakeholder process to address issue of resource adequacy to serve new large loads.
- The informational report must include a detailed schedule of key milestones, such as stakeholder or ISO-NE Board votes, that includes the estimated date on which ISO-NE expects to file any such proposals with the Commission. ISO-NE must also identify any ongoing stakeholder processes that aim to increase the pace of adding generating capacity in the ISO-NE region.

Key Deadlines



21 days	July 9	Intervention deadline
30 days	July 20	Informational report on resource adequacy
45 days	Aug 3	Abeyance request deadline for future 205 filing (abeyance up to 90 days)
60 days	Aug 17	Show cause response deadline, including response to briefing questions
90 days	Nov 16	Section 205 due date (90 days from show cause response deadline P36)
+30 days	After filing	Response period for interested entities

Refund effective date: date of Federal Register publication of notice of the proceeding

Next Steps/Considerations

- When will ISO-NE and the PTOs be able to share with NEPOOL their plan for responding to the Order? Will the response be a response to the Section 206 investigation or a request for abeyance and the development of a Section 205 proposal, or some of both?
- To what extent do existing rules and procedures, or those in development, address the concerns identified in the Order?
- Abeyance and Section 205 process (with November 16 filing deadline) strongly encouraged by the Commission
- How will any Section 205 proposal fit with the NEPOOL process and timing? Need expedited process?
- How would potential reforms fit with other Tariff processes already in effect or being developed, such as the interconnection process and the ICR process?
- Consideration of other models in developing Section 205 proposal, such as SPP HILL and HILLGA processes
- Potential for NEPOOL comments in response to filings?
- Other?



Questions?

Appendix: Key Terms as Suggested by FERC

Large Load	New Commercial/industrial customer, single site, peak $\geq$ 50 MW, >69kV, not co-located
Co-Located Load	End-use customer physically connected to generating facility on IC's side of POI
Eligible Load	Co-located load and/or load with behind-the-meter generation (BTMG)
Electrically Proximate Large Load	Large load no more than two substations away from generator's POI
Flexible Large Load	Not co-located but willing/able to limit energy withdrawals under certain conditions