



July 20, 2026

VIA ELECTRONIC FILING

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

Re: ISO New England Inc.; Informational Report; Docket No. EL26-72-000

Dear Secretary Reese:

ISO New England Inc. (“ISO-NE”) hereby submits the informational report required by the Federal Energy Regulatory Commission (“Commission”)¹ in its June 18, 2026 Order Instituting Proceeding Under Section 206 of the Federal Power Act.² That Order directed ISO-NE to outline its plans to ensure that adequate generation will be available to serve existing and new large loads.³ Specifically, the Commission noted the reliability concerns created by the addition of large loads without concomitant additions of supply or demand-side resources.⁴

The Commission required that ISO-NE describe proposals under consideration in the stakeholder process to address resource adequacy to serve large loads or increase the pace of adding generation capacity, as well as any new proposals. For each, ISO-NE must include a schedule of key milestones, such as dates within the stakeholder process, and the estimated filing date.⁵

Below, ISO-NE outlines its resource adequacy outlook, and then addresses existing and potential new proposals to meet upcoming challenges. The commonality of these proposals is their reliance on New England’s existing competitive markets as the most cost-effective and efficient means of ensuring resource adequacy in New England; as discussed below, resource adequacy for New England requires both maintaining sufficient revenue for the existing fleet to remain commercially viable, and providing sufficient incentives for new resource investment. In sum,

¹ Capitalized terms used but not defined in this informational report have the meaning ascribed to them in the ISO New England Transmission, Markets and Services Tariff (“Tariff”). ISO-NE anticipates defining “large loads” in the Tariff.

² ISO New England Inc., 195 FERC ¶ 61,215 (2026) (the “June 18 Order”) at P 119.

³ *Id.* at P 4.

⁴ *Id.* at P 118.

⁵ *Id.* at P 119.

ISO-NE believes that New England's markets are sufficiently mature and flexible to meet upcoming challenges.

I. New England's Resource Adequacy Outlook

Over the past decade, load in New England has been either flat or declining, and the region has generally been long on supply, with a robust, largely uncongested transmission system that facilitates the delivery of supply to load.⁶ Moreover, unlike other regions of the country, New England has not yet encountered significant load growth attributable to the addition of large loads, such as data centers.⁷ Nonetheless, ISO-NE has been planning for large loads by working with the region's transmission owners to develop protocols for tracking large loads, and incorporating large loads in its forecasting processes.⁸

The region's most recent Report on Capacity, Energy, Loads, and Transmission (the "CELT Report") suggests that, into the next decade, electricity demand will grow steadily, given electrification and other drivers.⁹ On the supply side, the CELT Report indicates healthy installed reserve margins.¹⁰ Nonetheless, ISO-NE is prepared for the factors that are not accounted for in the CELT Report and occur in the ordinary course of business, including winter gas pipeline constraints, operating reserve requirements, unplanned outages, and reduced availability of imports during periods of high demand.¹¹ Moreover, ISO-NE expects that the capacity accreditation changes that are part of the Capacity Auction Reforms project (discussed below) may further tighten supply margins.

Large loads, obviously, are not the ordinary course of business. They create unique circumstances that will require changes to the Tariff to facilitate their interconnection and ensure system reliability. They may also require new generation at a speed and in amounts that are not typical, and that development may be stymied by existing permitting and supply chain challenges. In recognition of these realities, ISO-NE has concluded that New England must, at a minimum, (i) maintain its existing fleet through competitive markets that assure the fleet's continued commercial viability in the near term; (ii) ensure these competitive markets will send

⁶ Potomac Economics, 2025 Assessment of the ISO New England Electricity Markets (June 2026) ("Potomac Annual Report"), to be posted at [External Market Monitor](#), at pp. 4-5 and Figure 2.

⁷ Gordon van Welie, ISO-NE's Response to Chairman David Rosner's September 18, 2025 Letter Seeking a Dialogue on Large Load Growth in New England, ISO New England Inc. (Oct. 6, 2025), available at [large-load-forecasting-isone-response.pdf](#), at 3 of PDF.

⁸ Planning for Large Loads in New England, Presentation at the NECPUC Annual Symposium by Al McBride (May 20, 2026), available at [iso_large_loads_necpuc_symposium_mcbride.pdf](#).

⁹ 2026-2035 Forecast Report on Capacity, Energy, Loads, and Transmission, ISO New England Inc. (May 1, 2026), available at [2026_celt.xlsx](#), at Tab 1.1, Section 1.

¹⁰ *Id.* at Tab 1.1, Section 4.2.

¹¹ Regarding imports, *see* ISO New England Internal Market Monitor, 2025 Annual Report, (May 29, 2026), available at [2025-annual-markets-report.pdf](#), at p. 39 (net interchange with Canadian and New York balancing areas combined was at its lowest level in thirteen years).

appropriate price signals to provide incentives for cost-effective new resource development when needed; and (iii) maintain the competitive markets' structure and stability in the face of the abrupt emergence of material amounts of large loads.

Initially, ISO-NE outlines why it believes that the markets are well-positioned to meet the first two objectives above, and how the region may need to adapt to maintain the markets' functioning as reflected in the third objective. In sum, the region's over-arching wholesale market structure is designed to, and has proven effective at, cost-effectively compensating generation and providing incentives for new entry to reliably meet the needs of the consumers the markets were designed to serve. This design includes not only the capacity market, which ISO-NE continues to enhance to address the region's evolving system (as discussed below), but also the region's energy market – through which the vast majority of generators' revenue flows.

From an investor's perspective, these markets work to provide that essential compensation because of three key factors. First, New England's forward power market prices, which guide resources' future energy revenue expectations, are among the highest in the nation and show no sign of abating in coming years.¹² Because of these high prices, recent analyses indicate total wholesale market revenues are presently approaching the cost of new entry for dispatchable combined cycle generation in our region.¹³ Second, as discussed above, New England is now facing steady, incremental load growth over the coming decade due to increasing electrification (even without large load development), further supporting that the forward market's energy price signals are not likely to abate any time soon.

Finally, investors value a stable market in which they have confidence, facilitated by a dependable regulatory environment. New England has a longstanding stakeholder process that collaboratively and thoughtfully produces market enhancements large and small. The effective rule change process in New England helps to bolster confidence in the region's wholesale market for the future.

From ISO-NE's perspective, the existing competitive market structure has proven able to send the appropriate capacity and energy price signals to provide incentives for new entry and maintain existing supply *in the ordinary course of business*. As discussed in the next section, tailored changes currently underway are appropriate to sustain the markets' strength as the system evolves. In the third section of this report, ISO-NE outlines its preparations for potential large loads in New England. These changes will facilitate the entry of large loads in a manner that respects the existing well-functioning markets.

¹² S&P Global, Power Daily, July 9, 2026, p. 8 ("PJM and ISO-NE are forecast to have the country's highest prices this summer at \$69/MWh and \$64/MWh," citing the Energy Information Administration's July 2026 Short Term Energy Outlook). Looking further forward, annual average on-peak power contract prices for New England system power trading at the Intercontinental Exchange range from \$60-77/MWh through 2030 (ISO-NE calculations, trade data as of July 10, 2026).

¹³ Potomac Annual Report at Figure 8, page 21.

II. Existing Resource Adequacy Proposals: Balancing Incentives for New Investment with Retention of the Existing Fleet

As noted above, ISO-NE seeks to preserve its existing fleet as the most cost-effective means of maintaining resource adequacy in the short- to mid-term. That requires achieving a balance between the level of risk inherent in market participation and the incentives to perform. ISO-NE also recognizes its obligation to send price signals to investors to build new generation in the region when needed.

ISO-NE details below a number of pending projects that are intended to create incentives for new investment, retain the existing fleet, and deal with increased uncertainty and volatility. Many of these projects are detailed in our multi-year roadmap, which sets out present priorities through 2030, and addresses resource adequacy as well as operational uncertainty related to steeper ramps, the need for flexibility, and limited energy constraints.¹⁴ The projects most directly related to resource adequacy and operational uncertainty are: the reduction in the Pay for Performance rate; the Capacity Auction Reforms project; improvements to Surplus Interconnection Service; probabilistic forecasting; uncertainty reserves; updated capacity market parameters, including revisions to the Cost of New Entry (“CONE”) and net CONE; and work with the states to facilitate greater demand flexibility in the region.

Past projects in the categories of resource adequacy and operational uncertainty include: the changes to generator interconnection practices in compliance with Order No. 2023, as a result of which most speculative projects have left the queue, leaving it essentially with no backlog; the Day-Ahead Ancillary Services Market, which compensates resources that provide the ancillary service capabilities necessary to meet reliability requirements; and the development of the Probabilistic Energy Adequacy Tool and the Regional Energy Shortfall Threshold, which, together, assess energy shortfall risk and guide consideration of mitigations (such as the need for additional resources).

Pay for Performance (“PFP”). Per the PFP market rules, resources that receive an obligation in the capacity auction risk the loss of their capacity revenues if they fail to perform during defined scarcity conditions. The Capacity Performance Payment Rate is the rate charged to capacity suppliers when they fail to meet those obligations; at its current level, it creates significant risk for the region’s capacity fleet.¹⁵ Older, slow start resources that provide energy during both summer and winter high demand events face significant PFP risk due to their slow start capabilities. Of similar concern, strong performers face significant “stop loss” risk due to the rate at which stopped losses can accrue under the current high payment rate and the obligation of all capacity suppliers to cover those losses when they occur. These risks may

¹⁴ ISO New England Inc. Multi-Year Roadmap (November 5, 2025), available at [rsp25-public-meeting-iso-bod-open-meeting-nov-5-2025-slides.pdf](#), at slide 35.

¹⁵ External Market Monitor’s 2024 Assessment of the ISO New England Electricity Markets, available at <https://www.iso-ne.com/static-assets/documents/100025/iso-ne-2024-emm-report-final.pdf>, at pp. 69-70 (explaining that “excessively high incentives can create inefficient risk for less flexible resources and may lead to inefficient retirement decisions”).

increase the likelihood that higher-cost resources will exit the market despite the reliability value they provide to the system.

ISO-NE has proposed a downward adjustment to the Performance Payment Rate in a filing that was made with the Commission earlier this month.¹⁶ The rationale for this change is based on empirical evidence that the current rate is not necessary to motivate strong performance by the generation fleet; under such circumstances, prudent market design weighs in favor of lowering the rate to reduce participation risk in the market, which may in turn promote the continued commercial operation of resources that help meet the region's energy and resource adequacy needs (as well as cost reductions for consumers). Notwithstanding the lowered rate, the marginal incentive for performance, inclusive of the shortage pricing in the energy and ancillary services markets, can reach approximately \$6,000/MWh, which is among the highest in the nation.¹⁷

Capacity Auction Reforms. With this two-phase project, ISO-NE is moving from a three-year forward to a prompt seasonal capacity market, which will incorporate updated and more accurate information on supply and demand conditions. The design also includes a marginal reliability impact-based accreditation methodology. This accreditation methodology will better reflect each technology's contribution to resource adequacy, thereby sending appropriate price signals to capital markets regarding investment in new and existing resources of different technology types as well as resource performance improvements. The project is also introducing an innovative approach to capturing the impacts of the region's constrained gas system on the gas fleet's resource adequacy contributions.

ISO-NE anticipates making its second filing for this project at the end of this year. Should the Commission approve this second filing, ISO-NE will administer its first prompt and seasonal auction in May 2028 (the date through which the region has previously procured capacity). ISO-NE is focused on administering the capacity auctions on schedule, as it believes such consistency is critical to the wholesale markets and to investors. As a core market principle, ISO-NE will continuously evaluate and work with stakeholders to ensure efficient price formation in the capacity market.

Surplus Interconnection Service. In conjunction with stakeholders, ISO-NE is evaluating reforms to the Surplus Interconnection Service design to further accommodate interconnection requests that do not increase the type or level of service at a given point of interconnection. In other words, new generating facilities can speed interconnection by co-locating at the same point of interconnection with existing resources that have "headroom." ISO-NE is presenting a surplus gap analysis, followed by design concepts, to stakeholders later this year.

¹⁶ Revisions to ISO New England Inc. Transmission, Markets and Services Tariff to Change the Capacity Performance Payment Rate to \$3,500 per MWh, Docket No. ER26-3047-000, available at [rev_to_change_the_capacity_performance_rate.pdf](#).

¹⁷ *Id.* at p. 5.

Probabilistic Forecasting. ISO-NE is developing new probabilistic forecasting models and methods to forecast not only load, but also the risk of different outcomes at higher or lower load levels. These tools will provide greater situational awareness of risks, enabling the region to more cost-effectively meet future system flexibility needs, such as system ramping and reserve requirements. This work should also provide more granular, forward-looking daily system information to generators.

Uncertainty Reserves. To address the system's growing need for flexibility given intermittent power resources and variability in load, ISO-NE plans to develop dynamic operating reserve demand curves for incremental quantities of existing real-time reserve products (10- and 30-minute reserves) in amounts that vary during the operating day based on the system's near-term potential ramping needs. Additionally, ISO-NE is evaluating a potential new longer-response reserve product (60- or 90-minute), possibly with dynamically-determined demand quantities, to address operational uncertainties (unanticipated supply and demand changes) during the operating day. ISO-NE plans to begin a stakeholder process on this topic in 2027.

Updated Capacity Market Parameters. Generally speaking, every four years, ISO-NE updates the capacity market's parameters, including the net CONE, which recalibrate the market's capacity demand curves. The next update is due before the 2030-31 capacity commitment period. ISO-NE anticipates that the revisions will reflect new resource development conditions, such that the capacity market will continue to send appropriate price signals for new entry when the system requires it. ISO-NE anticipates filing the new values in late 2028 or early 2029.

Demand Flexibility. Demand response initiatives, at both the wholesale and retail level, can provide some of the same benefits as peaking generators in ensuring resource adequacy in difficult operating conditions, without siting, permitting and supply chain challenges. Accordingly, ISO-NE plans to work closely with the New England states and stakeholders to maximize demand flexibility and the use of the existing system.

III. New Resource Adequacy Proposals

ISO-NE appreciates that, in addition to its continuing work to ensure resource adequacy, it must explicitly consider the potential impact of large loads on the markets. While those loads have yet to materialize in New England, ISO-NE believes that two related actions will be necessary: requiring new large loads to "bring their own" incremental new generation; and excluding new large loads from the load-side requirements of the capacity market (i.e., the Installed Capacity Requirement). Both changes are intended to avoid cost-shifts and adverse reliability risks. Each is discussed below.

Bring Your Own New Generation. ISO-NE would like to consider with stakeholders a concept that has emerged in Massachusetts,¹⁸ other states, and other regional markets: a "bring your own

¹⁸ Press Release, Governor Healy Halts Data Center Tax Incentive (June 25, 2026) available at [Governor Healey Halts Data Center Tax Incentive and Calls for Strict Guardrails to Protect Ratepayers, Environment & Public Health | Mass.gov](#).

(new) generation” requirement for new large loads. Implementation will require resolution of various issues to ensure that each large load’s expected usage is aligned with the anticipated performance of the incremental new generation – effectively, to ensure that a large load cannot adversely impact traditional load’s reliability during stressed conditions.

As part of its compliance with the June 18 Order, ISO-NE intends to pursue rules similar to the Southwest Power Pool’s conditional high impact large load service (“CHILLS”) rules, which would allow transmission customers serving large loads to receive energy until sufficient designated resources and network upgrades are in place, subject to flexibility requirements and/or curtailment and interruption. These flexibility or curtailability requirements will require the resolution of related operational issues, including the need for equipment, signals, and an appropriate chain of communication to the large load customer.

Subject to discussion with stakeholders, ISO-NE anticipates including a statement in its filing to comply with the June 18 Order that will put Eligible Customers on notice that large loads must “bring your own new generation.” Following a robust stakeholder process and resolution of operational issues, ISO-NE anticipates filing the detailed supporting rules implementing this concept in 2027.

Excluding Large Loads from the Installed Capacity Requirement in the Capacity Market.

ISO-NE preliminarily proposes to treat large loads differently from traditional firm end-use load (and traditional firm load growth) by excluding large loads (e.g., large data centers) from the system load forecasts used to set the capacity market’s demand curves and Installed Capacity Requirement. Justifications for this disparate treatment include the size of these loads and the potential adverse impact on system reliability if new large loads were to abruptly materialize in New England before new generation can be built to serve them.¹⁹

Conceptually, the exclusion of large loads from the capacity market’s Installed Capacity Requirement complements the “bring your own new generation” obligation. Namely, the capacity market will not procure incremental capacity on behalf of new large loads, which will be responsible for their own energy supply.

Subject to discussion and review with stakeholders, ISO-NE anticipates including a statement in its filing to comply with the June 18 Order that will put Eligible Customers on notice that the capacity market will exclude new large loads. Following a robust stakeholder process, ISO-NE will file detailed rules implementing this concept in 2027.

¹⁹ While ISO-NE recognizes that high prices can serve an important function in the capacity market to signal reduced supply or an increase in native demand (or both), data centers are a generational disruption. Given the present supply chain, siting, and permitting challenges in New England, the signals created by these new large loads’ participation may not elicit sufficient timely response unless they develop their own generation *concurrent with* their data center’s development. We have seen in other regions that the development timelines for data centers can be significantly shorter than the timeframes associated with building new generation.

IV. Conclusion

As reflected in the foregoing plans, ISO-NE's guiding principle is that competitive markets remain the most effective and efficient means of ensuring resource adequacy in New England. ISO-NE, along with its external and internal market monitors, is committed to continuous assessment of New England's suite of markets to ensure that they create sufficient incentives to attract new resources and retain the existing fleet – in other words, support a cost-effective, reliable power system.

ISO-NE respectfully requests that the Commission accept this informational report, and looks forward to complying in full with the Commission's directives on the topic of large loads. ISO-NE also looks forward to working with states and stakeholders on the ideas contained in this report, particularly those in Section III. Those concepts will benefit from careful consideration by states and stakeholders, including significant discussion with the states to address jurisdictional issues, and with the transmission owners and market participants to address jurisdictional, coordination, and operational issues.

Respectfully submitted,

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