August 17, 2026

VIA ELECTRONIC FILING

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

Re: Revision to Establish ISO New England Inc. as the Asset Condition Reviewer; *ISO New England Inc., et al.*, Docket No. ER26-___-000 (Part 1 of 2)

Respectfully Requesting an Order On or Before October 17, 2026.

Dear Secretary Reese:

Pursuant to Section 205 of the Federal Power Act ("FPA")[1] and Part 35 of the Federal Energy Regulatory Commission's ("Commission") regulations,[2] ISO New England Inc. (the "ISO" or "ISO-NE") joined by the New England Power Pool ("NEPOOL") Participants Committee, and the Participating Transmission Owners Administrative Committee ("PTO AC") on behalf of the Participating Transmission Owners ("PTOs") (together, the "Filing Parties")[3] hereby jointly submit proposed revisions to the Transmission Operating Agreement ("TOA") and the Open Access Transmission Tariff ("OATT") in Section II of the ISO New England Transmission, Markets and Services Tariff ("ISO Tariff").[4] The proposed revisions are necessary to establish the ISO as the New England region's Asset Condition ("AC") Reviewer, and the process for the

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[1] 16 U.S.C. § 824d.

[2] 18 C.F.R. pt. 35.

[3] Under New England's Regional Transmission Organization ("RTO") arrangements, the rights to make this filing of changes to the TOA and the OATT under Section 205 of the FPA are held by the ISO and the PTOs in the manner specified in the TOA. NEPOOL, which pursuant to the Participants Agreement provides the sole market participant stakeholder process for advisory voting on ISO matters, supported the changes reflected in this filing and accordingly, joins in this Section 205 filing.

[4] Capitalized terms used but not defined in this filing are intended to have the meaning given to such terms in the TOA and the ISO Tariff.

ISO to execute this critical role (the "ACR Changes"). The ACR Changes are supported by the joint testimony of Alan McBride, Vice President, System Planning, and Fatou Dieng, Manager, Transmission Planning ("McBride/Dieng Testimony").[5]

The ACR Changes proposed in this filing are the product of six months of robust engagement among the ISO, the PTOs, the New England states, consumer advocates, NEPOOL and other stakeholders. The proposed ACR Changes received unanimous support from the PTO AC and NEPOOL.

This transmittal letter and attachments are the first part of a two-part submission. Due to technical limitations associated with the Commission's eTariff system, the ISO is not able to submit the clean and marked TOA changes with the ISO Tariff changes, filing letter, testimony, and other material, as the TOA is stored in a separate database from the ISO Tariff. The TOA is included with Part 2 of 2 of this filing, which is being made concurrently. Although the filing is being submitted in two parts to accommodate the eTariff system, the Commission should treat the submissions as a single filing.

I. INTRODUCTION

The ACR Changes reflect the New England region's consensus approach to address the New England states' and stakeholders' requests for independent oversight and scrutiny of PTO capital projects to replace or reconstruct aging, deteriorating, or obsolete transmission elements, which projects are undertaken to maintain integrity of the system.[6] Establishing the ISO as the AC Reviewer will help further support the New England states' and stakeholders' focus on energy affordability by, among other things, independently confirming technical needs for equipment replacements and consideration of cost-effective solutions to address those needs. Accordingly, the Filing Parties respectfully request that the Commission accept the ACR Changes as filed, without modification or condition.

As discussed more fully herein, PTO capital investments in replacements or reconstructions of aging, deteriorating, or obsolete transmission elements have significantly increased.[7] These projects, which the region refers to as "Asset Condition

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[5] The McBride/Dieng Testimony, which is solely sponsored by the ISO, is included as Attachment 3 to this transmittal letter.

[6] *See* ISO New England Inc., Asset Condition Reviewer: Establishing ISO New England as the Region's Asset Condition Reviewer (July 28, 2026) (Presentation to Planning Advisory Committee), available at https://www.iso-ne.com/committees/key-projects/asset-condition-reviewer.

[7] *See generally* ISO New England Inc., *RSP Project List and Asset Condition List: June 2026 Update* (June 23, 2026) (Presentation to Planning Advisory Committee), *available* at https://www.iso-ne.com/system-planning/system-plans-studies/rsp/rsp-project-list-and-the-asset-condition-list; *see id*. at 8, 17 (projected spending on reliability projects and asset condition projects, respectively).

Projects,"[8] do not fall under the ISO's regional planning responsibilities,[9] as they do not involve system expansion driven by the categories of needs identified in that process.[10] Rather, in accordance with the TOA, the PTOs, as the owners of the Transmission Facilities with the contractual right and obligation to physically operate, maintain, and repair their facilities, and to make decisions regarding their replacement, plan and develop these projects.[11]

Over the past few years, the New England states and stakeholders have expressed significant concerns about the level of transparency regarding planning and execution of PTOs' asset condition investments and the limited opportunity to provide input on such matters.[12] As the New England States Committee on Electricity ("NESCOE") indicated in a February 8, 2023, memorandum to the New England Transmission Owners ("NETOs"), which represent a subset of the PTOs:

> Maintaining transmission assets that are aged, damaged, or otherwise obsolete—Asset Condition Projects—is, and will continue to be central to our power system. We write to ask for the NETOs collaboration in updating planning around Asset Condition Projects. Investments in Asset Condition Projects have grown steadily . . . However, the process by which Asset Condition Projects are developed by NETOs . . . is antiquated and ultimately, inadequate.[13]

To meet this request, the PTOs worked collaboratively with the New England states and stakeholders on significant process enhancements aimed at increasing transparency regarding Asset Condition Projects, including through the publication of a Joint New

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[8] *See* ISO, Transmission Owner Asset Management, https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management/ (last visited Aug. 6, 2026); *see infra* at note 59.

[9] *See* OATT, Att. K.

[10] *See Cal. Pub. Utils. Comm'n v. Pac. Gas & Elec. Co.*, 164 FERC ¶ 61,161 at PP 66-67 (2018), *reh'g denied*, 168 FERC ¶ 61,171 (2019) (holding that Order No. 890 was meant to "remedy opportunities for undue discrimination in *expansion* of the transmission grid," not "asset management projects and activities includ[ing] maintenance, repair, and replacement work, and infrastructure security, system reliability, and automation projects . . . to maintain its existing electric transmission system and meet regulatory compliance requirements.").

[11] TOA § 3.06.

[12] Memorandum from NESCOE to New England Transmission Owners (Feb. 8, 2023) ("NESCOE February 2023 Memo"), *available at* https://www.iso-ne.com/static-assets/documents/2023/02/2023_02_08_nescoe_asset_conditions_letter.pdf; Memorandum from NESCOE to New England Transmission Owners (July 14, 2023) ("NESCOE July 2023 Memo"), *available at* https://www.iso-ne.com/static-assets/documents/2023/07/2023_07_17_nescoe_asset_condition_request_netos.pdf.

[13] NESCOE February 2023 Memo at 1.

England Transmission Owners Asset Condition Process Guide,[14] a forward looking forecast of upcoming projects, and databases providing information related to the age and condition of existing assets on their systems.[15] As Commissioner Chang recognized, these collaborative efforts "demonstrate how states and transmission owners can improve transparency through structured and standardized processes."[16]

The PTO process improvements resulted in increased transparency and visibility, thereby enabling meaningful state and stakeholder engagement in the process. States' and stakeholders' interest in additional visibility at earlier stages of Asset Condition Projects led to requests for new opportunities to review and a strong desire to have an independent entity, such as the ISO, serve as a reviewer of PTO Asset Condition Projects.[17] This ultimately led the states, stakeholders, and PTOs to request the ISO to take on the role and develop a robust process for the additional, independent review of PTO Asset Condition Projects. Following extensive discussions with the New England states and PTOs, the ISO agreed to support the region's needs by taking on the AC Reviewer role, subject to certain conditions that the states and transmission owners subsequently accepted.[18]

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[14] Joint New England Transmission Owner Asset Condition Process Guide at 2 (Oct. 23, 2024) ("Asset Condition Process Guide") ("This Guide was developed by the Transmission Owners to provide stakeholders with greater insights into the Transmission Owners' decision-making processes for asset condition projects, and the linkages between these decision-making processes and regional stakeholder engagement processes that occur through the ISO New England (ISO-NE) Planning Advisory Committee (PAC) and the New England Power Pool (NEPOOL) Reliability Committee (RC)."), *available at* https://www.iso-ne.com/static-assets/documents/100018/acpg_v1.pdf.

[15] *Id.*, App. D: Stakeholder Transparency and Review Processes for Asset Condition Projects, § 2 (Asset Condition Project Transparency Postings) (Nov. 1, 2024), *available at* https://www.iso-ne.com/static-assets/documents/100018/acpg_v1_appendix_d.pdf. The PTOs' Asset Condition Projects forecast and databases are available on the ISO website at https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management/.

[16] *ISO New England Inc.*, 192 FERC ¶ 61,234, Comm'r Chang concurrence at P 6 (2025).

[17] New England States Committee on Electricity ("NESCOE"), *NESCOE Statement on Asset Condition Reviewer* (May 16, 2026) (noting that having a highly qualified technical expert to review Asset Condition Projects would "help mitigate information asymmetry between transmission owners and stakeholders"), *available at* https://nescoe.com/resource-center/nescoe-statement-on-asset-condition-reviewer/.

[18] In addition to requiring the PTOs indemnify the ISO for any liability related to the AC Reviewer function, except for the ISO's gross negligence or willful misconduct, the ISO required that the AC Reviewer function be advisory and not make decisions on whether a project will proceed, be a petition party in any regulatory or siting proceeding, and not make legal findings or issue prudency opinions. *See generally* ISO New England Inc., *Update on Asset Condition Project Process* (May 15, 2025) (ISO-NE memorandum to NEPOOL, NECPUC, and NESCOE), *available at* https://www.iso-ne.com/static-assets/documents/100023/iso_memo_acr_5_15_2025.pdf.

To meet the request to serve as the AC Reviewer, the ISO worked in conjunction with the PTOs, states, consumer advocates, and other stakeholders on a framework for the AC Reviewer role and to identify the necessary, implementing changes to the relevant governing documents. The proposed changes meet the New England states' and stakeholders' requests by revising the TOA to establish the new AC Reviewer function for the ISO, which is distinct from its existing roles, and the OATT to incorporate new Attachment R, Asset Condition Review Process, as the process through which the ISO will carry out its AC Reviewer responsibilities.

As described in Section V.B below and the McBride/Dieng Testimony, the ACR Changes revise the TOA to establish the ISO as the AC Reviewer, and to provide independent oversight of PTO Asset Monitoring and Evaluation Practices, Asset Condition Projects, and ACP Programs. These changes include: (1) defining the main functions and limitations of the role, consistent with threshold requirements the ISO set in agreeing to take the role; (2) establishing new information requirements; (3) detailing AC Reviewer process expectations; and (4) confirming the ISO's filing rights related to the AC Reviewer process and budget.

In the OATT, the ACR Changes incorporate the new Attachment R, Asset Condition Review Process, which sets forth the procedures through which the ISO as the AC Reviewer will examine each PTO's Asset Monitoring and Evaluation Practices, Asset Condition Projects, and ACP Programs. As described in Section V.C below and the McBride/Dieng Testimony, through this process, the AC Reviewer will examine PTO practices and project to: (1) ensure that the PTO sufficiently demonstrated the technical need for equipment replacement or reconstruction; (2) ensure that cost-effectiveness is an integral part of the PTO's solution development; and (3) provide comprehensive and actionable reporting in a timely manner. The AC Reviewer also will identify any observed inconsistencies and inefficiencies in PTO processes, and opportunities for improvements and best practices. In carrying out these responsibilities, the AC Reviewer will maintain independence, impartiality, and technical competence, and share information clearly and completely through the Planning Advisory Committee ("PAC"), which will serve as the forum for stakeholder engagement during the review process.

The ACR Changes are just and reasonable and not unduly discriminatory or preferential. The Commission has consistently encouraged public utilities, such as the ISO and the PTOs, to come forward with solutions through filings submitted pursuant to Section 205 of the FPA.[19] The ACR Changes filed herein reflect the unanimously supported approach for addressing the region's need for independent, expert oversight of PTO Asset Condition Projects and providing better dissemination of information on Asset Condition Projects across the New England states, stakeholders, and the PTOs. The AC Reviewer will bring greater visibility, consistency, and regional confidence to PTO Asset Condition

[19] *See, e.g., ISO New England, Inc*., 195 FERC ¶ 61,215 at P 35, Comm'r Rosner concurrence at P 6, Comm'r See concurrence at P 4, Comm'r La Certe concurrence at P 5 (2026) (strongly encouraging the ISO and PTOs "to address . . . the issues discussed in this order by proposing revisions to the Tariff pursuant to their applicable FPA section 205 filing rights").

Projects so that the states and stakeholders have the information needed to make decisions within the scope of their roles and responsibilities.

Accordingly, the Filing Parties respectfully request that the Commission accept the ACR Changes as filed, without modification or condition, to be effective January 1, 2027. To permit the requested effective date, the Filing Parties request a waiver of the Commission's prior notice requirements to allow the ACR Changes to be effective more than 120 days after the date of filing. Additionally, the Filing Parties respectfully request that the Commission issue an order on or before October 17, 2026, which is sixty-one days after the date of this filing.[20] As discussed in Section VII below, the ISO is establishing a new group within System Planning to perform the work, and will need sufficient time to develop the internal structure to support the role, including hiring additional staff with specialized skills and knowledge, and develop the necessary documentation to support the work prior to the effective date. Moreover, having the ACR Changes in place will help facilitate future coordination with other regional planning activities, such as right-sizing, which stakeholders have identified as essential to maximizing efficiency and reducing long-term costs, and is scheduled to commence later this year.[21]

II. DESCRIPTION OF THE FILING PARTIES AND COMMUNICATIONS

The ISO is the independent, private, non-profit entity that serves as the 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 TOA with the New England PTOs. 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 ("NERC").

NEPOOL is a voluntary association organized in 1971 pursuant to the New England Power Pool Agreement, and it has grown to include more than 560 members. The participants include all of the electric utilities rendering or receiving service under the Tariff, as well as independent power generators, marketers, load aggregators, brokers, consumer-owned utility systems, end users, developers, demand resource providers, and a merchant transmission provider. Pursuant to revised governance provisions accepted by

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[20] The Filing Parties have assigned an effective date of October 17, 2026 to one of the non-substantive e-Tariff records submitted with this filing (in metadata only) in order to effectuate Commission action by this date. The Filing Parties have also made ministerial edits to the metadata of such eTariff record to remove the name "Brookfield Renewable Trading and Marketing LP," which was accidentally left when reserving the record for future use.

[21] ISO, Asset Condition Reviewer Presentation at 15 (Jan. 27, 2026), *available at* https://www.iso-ne.com/static-assets/documents/100031/a05.2_pac_acr_intro_presentation.pdf.

the Commission,[22] the participants act through the NEPOOL Participants Committee. The Participants Committee is authorized by Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement to represent NEPOOL in proceedings before the Commission. Pursuant to Section 2.2 of the Participants Agreement, "NEPOOL provide[s] the sole Participant Processes for advisory voting on ISO matters and the selection of ISO Board members, except for input from state regulatory authorities and as otherwise may be provided in the Tariff, TOA, and the Market Participant Services Agreement included in the Tariff."[23]

Pursuant to the terms of the TOA among the PTOs[24] and the ISO, the PTOs own, physically operate, and maintain Transmission Facilities in New England, while the ISO has Operating Authority (as defined in Schedule 3.02 of the TOA) over all of the Transmission Facilities of the PTOs, including those used to provide Local Service over Non-PTF under Schedule 21 of the ISO OATT. Section 3.04 of the TOA also grants the PTOs authority under Section 205 of the FPA to submit filings to the Commission in matters affecting the rates, terms, and conditions of Local Service under Schedule 21 and rates and charges, including cost allocation, for Regional Transmission Service under the ISO OATT.

All correspondence and communications in this proceeding should be addressed to the undersigned for the **ISO** as follows:

Monica Gonzalez*
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[22] *See ISO New England, Inc. v. New England Power Pool*, 109 FERC ¶ 61,147 (2004), *aff'd sub nom. Me. Pub. Utils. Comm'n v. FERC*, 454 F.3d 278 (D.C. Cir. 2006).

[23] *Participants Agreement Among ISO New England Inc. and the New England Power Pool, and the Individual Participants* at § 2.2 (Jan. 15, 2011) ("Participants Agreement").

[24] The PTOs include: Town of Braintree Electric Light Department; Central Maine Power Company; Chicopee Municipal Lighting Plant; Connecticut Municipal Electric Energy Cooperative; Connecticut Transmission Municipal Electric Energy Cooperative; Eversource Energy Service Company on behalf of The Connecticut Light and Power Company, Public Service Company of New Hampshire and NSTAR Electric Company; Fitchburg Gas and Electric Light Company; Green Mountain Power Corporation; The City of Holyoke Gas and Electric Department; Town of Hudson Light and Power Department; Maine Electric Power Company; Massachusetts Municipal Wholesale Electric Company; Town of Middleborough Gas & Electric Department; The Narragansett Electric Company d/b/a Rhode Island Energy; New England Power Company d/b/a National Grid; New Hampshire Electric Cooperative, Inc.; New Hampshire Transmission, LLC; Town of Norwood Municipal Light Department; Town of Reading Municipal Light Department; Shrewsbury Electric and Cable Operations; Town of Stowe Electric Department; Taunton Municipal Lighting Plant; The United Illuminating Company; Unitil Energy Systems, Inc.; Vermont Electric Cooperative, Inc.; Vermont Electric Power Company, Inc.; Vermont Public Power Supply Authority; Vermont Transco LLC; Versant Power; and Town of Wallingford, CT, Department of Public Utilities, Electric Division.

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III. STANDARD OF REVIEW

The ACR Changes are submitted pursuant to Section 205 of the FPA, which "gives a utility the right to file rates and terms for services rendered with its assets."[26] Under Section 205, the Commission "plays 'an essentially passive and reactive' role"[27] whereby it "can reject [a filing] only if it finds that the changes proposed by the public utility are

[25] Due to the joint nature of this filing, the Filing Parties respectfully request a waiver of Section 385.203(b)(3) of the Commission's regulations to allow the inclusion of more than two persons on the service list in this proceeding.

[26] *Atl. City Elec. Co. v. FERC*, 295 F.3d 1, 9 (D.C. Cir. 2002) (citation omitted).

[27] *Id.* at 10 (quoting *Winnfield v. FERC*, 744 F.2d 871, 876 (D.C. Cir. 1984)).

not 'just and reasonable.'"[28] 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."[29] The ACR Changes filed herein "need not be the only reasonable methodology, or even the most accurate."[30] 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.[31]

IV. BACKGROUND

A. Development of Asset Condition Projects in New England

Pursuant to the TOA, which describes the division of responsibilities between the ISO and the PTOs for managing the transmission system, the PTOs retain ownership of their Transmission Facilities and have the right and obligation to physically operate, repair, maintain, and replace those facilities.[32] To meet these responsibilities, the PTOs monitor and evaluate their Transmission Facilities, and undertake Asset Condition Projects to maintain the reliability and integrity of the system. These projects may be warranted for a variety of reasons, such as, to replace transmission infrastructure that has reached the end-of-useful life due to exposure or damage, or that consists of technology that has become unreliable or obsolete.

Because Asset Condition Projects do not involve system expansion, they are not subject to the Order Nos. 890[33] and 1000[34] transmission planning requirements, as is the

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[28] *Id.* at 9 (citations omitted).

[29] *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984) ("*City of Bethany*") (citation omitted); *see also ISO New England Inc.*, 114 FERC ¶ 61,315 at P 33 & n.35 (2006) (citing *Pub. Serv. Co. of NM v. FERC*, 832 F.2d 1201, 1211 (10th Cir. 1987); *City of Bethany*, 727 F.2d at 1136).

[30] *OXY USA, Inc. v. FERC*, 64 F.3d 679, 692 (D.C. Cir. 1995) (citing *City of Bethany*, 727 F.2d at 1136).

[31] *Cf. S. Cal. Edison Co.*, 73 FERC ¶ 61,219 at p. 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 *City of Bethany*, 727 F.2d at 1136) (emphasis added)).

[32] *See, e.g.*, TOA §§ 3.01(c), 3.06(a), 3.07(a)(v)-(vi), 3.08(f).

[33] *Preventing Undue Discrimination & Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119, *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh'g & clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g & clarification*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

[34] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g & clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g & clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

case for regional transmission expansions, which are developed pursuant to the Regional System Planning ("RSP") Process in Attachment K of the OATT.[35] Historically, the PTOs have identified asset condition needs and developed solutions to address the identified needs, and presented to the PAC those projects with an estimated PTF cost of $5 million or greater.[36]

To date, the ISO's role regarding Asset Condition Projects has been limited.[37] Pursuant to its responsibilities under the TOA and the Tariff, the ISO reviews new or materially changed plans of PTO Transmission Facilities for any significant adverse effects upon transmission system stability, reliability, or operating characteristics resulting from such plans.[38] The ISO also reviews PTO Transmission Cost Allocation applications to determine if any PTF Asset Condition Project costs should be "localized"—*i.e.*, excluded from the Pool-Supported PTF rate paid for by regional transmission customers.[39] These reviews occur after Asset Condition Projects are studied and selected by the PTOs to address a particular need identified by the PTOs. Additionally, the ISO maintains an Asset Condition List that captures these projects, along with cost information.[40] That list is updated three times a year.

With the PTOs proposing a growing number of Asset Condition Projects to replace or reconstruct aging or deteriorating transmission infrastructure, investments in the asset condition category have increased. In 2023, concerned with the escalating rate of investments in these projects, the New England states and several stakeholders expressed concerns related to transparency and the opportunity to review and provide feedback regarding the development of Asset Condition Projects. The New England states and some stakeholders argued that additional transparency and engagement were necessary to understand these projects and have confidence in the associated investments.

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[35] *See* OATT, Att. K. *See also id.* § 6 (requiring ISO to coordinate regional transmission planning with transmission owners within the region and with neighboring systems).

[36] The PTOs' presentations on Asset Condition Projects are available on the ISO website at https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management/.

[37] *See* McBride/Dieng Testimony at 6.

[38] ISO Tariff § I.3.9.1 ("Each Market Participant and Transmission Owner shall submit to the ISO . . . any new or materially changed plan [related to their facilities] . . . which may have a significant effect on the stability, reliability or operating characteristics of the Transmission Owner's transmission facilities, the transmission facilities of another Transmission Owner, or the system of a Market Participant.").

[39] ISO-NE OATT, Sched. 12C, Determination of Localized Costs on and after January 1, 2004, at 1 ("[R]econstructions/replacements of all or part of Pool Transmission Facilities . . . shall be reviewed by the ISO with advisory input from the Reliability Committee to determine if any of the costs associated with such upgrades are Localized Costs . . ..").

[40] The Asset Condition Lists are available on the ISO-NE website at https://www.iso-ne.com/system-planning/system-plans-studies/rsp/.

In a memorandum dated February 8, 2023, NESCOE, on behalf of the states, requested the PTOs' collaboration in updating planning around Asset Condition Projects. In particular, NESCOE "suggested process enhancements to improve the transparency, predictability, and cost discipline of Asset Condition Projects in the nearest term, and to enable the region to better incorporate them into holistic transmission planning to allow consumers, and the system, to realize their full benefits."[41] On July 14, 2023, NESCOE sent another communication, articulating the need for process improvements, as follows:

> New England needs consistency and transparency in how it evaluates, prioritizes, and advances asset condition projects. Ratepayers need confidence that the portfolio of PTF asset condition projects that the NETOs advance meet the highest-priority needs across the system, including rightsizing. That is not the case today. Current processes do not result in a uniform approach to asset condition development across the region, as each transmission owner appears to have different standards and to apply different judgments to their asset condition projects.[42]

In response, the PTOs, in collaboration with the states and stakeholders, undertook significant process enhancements to increase transparency regarding asset condition investments, including the publication of a Joint New England Transmission Owners Asset Condition Process Guide.[43] The PTOs also developed an Asset Condition Project forecast and asset condition databases, which are posted to the ISO website.[44] This collaborative effort was highlighted by Commissioner Chang in a concurrence issued on September 18, 2025, in Docket No. ER20-2054:

> Both New England and California demonstrate how states and transmission owners can improve transparency through structured and standardized processes. Stakeholders in New England, including the NETOs, have developed a series of standardized documents that provide, among other things, information on the age and condition of existing assets on the NETO systems, a standardized presentation for asset condition projects, and a forward looking forecast of upcoming asset condition projects.[45]

The PTOs' process improvements "increased transparency and visibility and thus enabled more meaningful state and stakeholder engagement."[46]

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41 NESCOE February 2023 Memo at 1.

42 NESCOE July 2023 Memo at 2.

43 *See supra* note 14.

44 *See supra* note 15.

45 *ISO New England Inc.*, 192 FERC ¶ 61,234, Comm'r Chang concurrence at P 6.

46 *See supra* note 14.

New England states' and stakeholders' interest in additional visibility at early stages of Asset Condition Project development led to requests for additional reviews, and a strong desire in the region to have an independent entity, such as the ISO, develop a robust process for independent review of these projects.

Following preliminary discussions with the New England states and transmission owners, the ISO agreed to serve as the AC Reviewer, subject to the following conditions:

- The TOs will indemnify ISO-NE for any liability related to the ISO's reviewer role on asset condition projects, except for ISO-NE's gross negligence or willful misconduct.
- The "Asset Condition Reviewer" role is advisory. It will not make decisions about whether to proceed with specific asset condition projects, nor will it be the petitioning party in any local, state or federal regulatory or siting proceeding concerning an asset condition project.
- The "Asset Condition Reviewer" will not make a legal finding on or issue an opinion on the question of whether the costs of any given asset condition project are prudent.[47]

The New England states and transmission owners have agreed to these conditions, which are reflected in the ACR Changes proposed in this filing.

B. Development of the AC Reviewer Function

The AC Reviewer is an entirely new function for the ISO. Establishing the ISO as the AC Reviewer has required significant time, resources, and stakeholder engagement.[48] Recognizing the importance of this effort to the region's stakeholders, particularly the New England states and consumer advocates who are focused on energy affordability, the ISO prioritized this work in its Annual Work Plan for the remainder of 2025 and 2026, with the objective of filing the AC Reviewer proposal with the Commission in the third quarter of 2026 for implementation on January 1, 2027.

To that end, in mid-2025, the ISO embarked on an extensive effort to define the scope, structure, resources, and responsibilities for the role, and identify the necessary revisions to its governing documents to support the role. First, to address concerns about lack of oversight of Asset Condition Projects before 2027, the ISO began reviewing these projects in an interim capacity in parallel with the development of the new function; *i.e.*, the permanent process.[49] In addition to serving as a bridge to the permanent role, the

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[47] Memorandum from Vamsi Chadalavada, ISO, to NEPOOL, NECPUC, and NESCOE at 1 (May 15, 2025), *available at* https://www.iso-ne.com/static-assets/documents/100023/iso_memo_acr_5_15_2025.pdf.

[48] *See* McBride/Dieng Testimony at 9-11.

[49] The ISO agreed to review selected Asset Condition Projects in the interim, using consultants to provide the necessary expertise, pending full development of the permanent AC Reviewer

interim process allowed for exposure to voluminous, complex information associated with the projects subject to review and informed the development of the permanent process and anticipated staffing and technical needs.

Next, in parallel with the interim reviews, the ISO engaged extensively with the New England states, PTOs, and stakeholders to inform the framework for the AC Reviewer permanent function. The ISO held discussions with stakeholders at the September 2025 NEPOOL Participants Committee and the October 2025 PAC meeting,[50] and issued a regional survey for feedback on the AC Reviewer role.[51] The ISO also consulted the Asset Condition Process Guide, conducted individual PTO interviews on their asset management practices,[52] consulted NESCOE's principles and recommendations for an AC Reviewer,[53] engaged consultants for input and perspective, and incorporated the lessons learned from the interim reviews. These extensive engagements informed the initial framework for the AC Reviewer function that the ISO presented to stakeholders at the January 2026

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function. To support the interim reviews, in its 2026 budget filing, the ISO included a request for funds to be used for efforts related to the AC Reviewer function, which the Commission approved, engaged consultants to perform the interim reviews, and, with stakeholder input, identified and selected discrete Asset Condition Projects for review in the interim. *See ISO New England Inc.*, Filing of 2026 Capital Budget and Revised Tariff Sheets for Recovery of 2026 Administrative Costs; Docket No. ER26-144-000 (filed Oct. 15, 2025) ("2026 ISO Budget Filing"). The Commission accepted the 2026 ISO Budget Filing by letter issued on December 30, 2025.

[50] *See* ISO, Asset Condition Reviewer Update Presentation (Sep. 4, 2025), *available at* https://www.iso-ne.com/static-assets/documents/100027/acr-npc-2025-09-04.pdf; ISO, Overview of Asset Condition Reviewer Presentation (Oct. 23, 2025) ("October 2025 Presentation"), *available at* https://www.iso-ne.com/static-assets/documents/100028/a04_pac_acr_presentation.pdf.

[51] To understand stakeholders' objectives for the permanent AC Reviewer function, the ISO requested feedback on: objectives for the role; governance and reporting structure; defined criteria for how ACPs are submitted, reviewed, and presented; actionable, cost-focused review outputs; stakeholder involvement, understanding, and confidence in asset development needs; and holistic system planning with other regional updates. See October 2025 Presentation at 10; ISO, Asset Condition Reviewer Presentation at 9-15 (Jan. 21, 2026), *available at* https://www.iso-ne.com/static-assets/documents/100031/a04_tc_acr_presentation.pdf.

[52] The Asset Condition Process Guide provides a seven-step summary of the process for the development of Asset Condition Projects. The seven-step process consists of asset monitoring, initial evaluation, scoping, holistic evaluation, project definition, project design, and project execution and closure. This framework informed the identification of the primary activities of the AC Reviewer function. *See* Asset Condition Process Guide at 6-7.

[53] *See* Memorandum from NESCOE to Planning Advisory Committee (June 9, 2025), *available at* https://www.iso-ne.com/static-assets/documents/100024/2025_06_10_nescoe_ac_reviewer_priorties_memo.pdf; Memorandum from NESCOE to ISO New England and the New England Transmission Owners (July 28, 2025), *available at* https://www.iso-ne.com/static-assets/documents/100027/acr-nescoe-memo-2025-07-28.pdf.

Transmission Committee meeting. That presentation introduced the proposed objectives and principles, functions, and process for the AC Reviewer role. At the January 2026 meeting, the ISO also discussed the need to revise the TOA and OATT to incorporate the function, and provided a description of the changes. The ISO then engaged with the PTOs to develop revisions to the TOA to establish the ISO as the AC Reviewer and to provide the AC Reviewer with the authority necessary to review PTO Asset Condition Projects, request information concerning asset conditions that the PTOs would be required to provide, make filings with the Commission related to process and budget for the AC Reviewer role, and memorialize the threshold conditions on which ISO-NE agreed to serve as the AC Reviewer including, *inter alia*, an indemnification covenant for the role.

The ISO continued to develop the AC Reviewer design and the TOA and OATT revisions with the PTOs, the states, and stakeholders through a robust six-month stakeholder process. That extensive engagement culminated in the ACR Changes proposed in this filing. The ACR Changes received unanimous support from the New England states, PTOs, consumer advocates and other stakeholders at NEPOOL.

V. DESCRIPTION AND RATIONALE FOR THE ACR CHANGES

The AC Reviewer is a new function for the ISO that is separate and distinct from the ISO's existing roles and responsibilities under the TOA and OATT. Accordingly, revisions to the TOA and OATT are necessary to establish the function. To facilitate consideration of the proposed revisions, the Filing Parties provide a brief overview of the AC Reviewer function in Subsection A. Subsections B and C then describe the ACR Changes to the TOA and OATT, respectively, which incorporate the AC Reviewer function.

A. Overview of the AC Reviewer Function

Scope of AC Reviewer Role. The scope of PTO asset management projects and activities is extensive. Under the new function, the ISO as the AC Reviewer specified in the TOA will provide independent review of PTO Asset Monitoring and Evaluation Practices, Asset Condition Projects ("ACPs"), and ACP Programs.[54] As explained above, the AC Reviewer role is advisory only. Therefore, under this structure, the PTOs will continue to plan, develop, own, and maintain their Transmission Facilities, consistent with their rights and obligations under the TOA. As also noted, the AC Reviewer function is separate and distinct from other planning activities. Accordingly, the AC Reviewer

[54] Definitions for each of these concepts are incorporated in the TOA and OATT for purposes of the AC Reviewer function. As explained below, for purposes of the AC Reviewer function: Asset Monitoring and Evaluation Practices refer to PTO asset management practices that drive the identification of ACPs and ACP Programs; ACPs refer to projects driven by a need for reconstruction or replacement to minimize the risk of asset failure or meet regulatory compliance requirements (these projects do not involve system expansion); and ACP Programs refer to a collection of ACPs, which may not entail significant investments individually, but would when considered collectively.

function will not impact or change existing processes, such as significant adverse impact reviews under ISO-NE Tariff Section I.3.9, transmission cost allocation reviews under Schedule 12C of the OATT, or transmission revenue requirements under Attachment F of the OATT.

AC Reviewer Functions and Reporting Structure. The AC Reviewer will perform independent reviews and report its conclusions on ACPs and ACP Programs that the PTOs identify as meeting the definitions and thresholds for review under OATT, Attachment R.[55] The AC Reviewer's objectives will be to examine the submitted ACPs and ACP Programs to: (1) ensure that the PTO has sufficiently demonstrated the technical need for reconstruction or replacement of existing PTF; (2) ensure that cost-effectiveness is an integral part of the PTO's solution development; and (3) provide comprehensive reporting on its reviews and conclusions in a timely manner.

To meet these objectives, the AC Reviewer will perform three primary functions: (1) review and report on PTO Asset Monitoring and Evaluation Practices, identify variations and inefficiencies, and facilitate consideration of improvements and best practices; (2) review and report its conclusions on individual ACPs, including projects that implement CIP-014 mitigation plans, and ACP Programs that meet the thresholds specified in OATT, Attachment R; and (3) provide annual and periodic reporting to the PAC on various asset condition-related matters as specified in OATT, Attachment R.

As part of the implementation of the function, the ISO will establish a new group within its System Planning Department that will perform the work. The group will be under the Vice President, System Planning, and provide regular reporting to the Board of Director's System Planning and Reliability Committee ("SPARC") on the Asset Condition Process. This reporting structure allows the ISO to execute the function in a manner that leverages existing constructs and facilitates quick and cost-effective implementation. The structure relies on the existing independence of the ISO and the oversight of its management by the Board of Directors through regular and direct reporting on AC Reviewer matters. It also leverages existing capabilities to achieve the prompt implementation of the new function, such as, the structure for the RSP Process, which the ISO executes, independently, through an open and transparent stakeholder forum. The construct also enables future coordination with other regional planning activities.

Review Process. The AC Reviewer will perform its functions in accordance with the procedures in the new OATT, Attachment R, Asset Condition Review Process. Attachment R sets out roles and responsibilities of the AC Reviewer, the PTOs and the PAC; information requirements; criteria for review applicability; elements of the review process and key deliverables; and reporting requirements.

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[55] As discussed below, the thresholds are ACPs with costs greater than $25 million, regardless of whether they are part of an ACP Program, and ACP Programs with costs greater than or equal to $100 million, or between $25 and $100 million under certain circumstances.

Under the proposed OATT, Attachment R, individual ACPs and ACP Programs will complete a three-step review process: need review, solution and alternatives review, and reporting.[56] Under these steps, the AC Reviewer will examine and report on its conclusions as to whether the PTO sufficiently supported the asset condition need and whether the PTO sufficiently explored, developed, and established alternatives, and provide its conclusions on the PTO preferred solution for addressing the need. This construct allows for early engagement and an opportunity for course correction based on AC Reviewer and stakeholder input. The process also requires PTOs to notify the AC Reviewer of any significant changes to an ACP or ACP Program after completion of the review process for potential reevaluation by the AC Reviewer.

To ensure transparency and provide meaningful opportunity for engagement, the Asset Condition Review Process will be conducted through an open, transparent process, like the RSP Process, with the PAC serving as the primary forum for stakeholder input at multiple stages of the review process. The proposed OATT, Attachment R sets forth information provision requirements for the PTOs designed to enable the AC Reviewer to carry out the function and facilitate reporting on PTOs' Asset Monitoring and Evaluation Practices, non-CIP-014 ACPs,[57] and ACP Programs.

B. ACR Changes to Establish AC Reviewer Function and Related Requirements in the TOA

The TOA is the contract by which the PTOs have agreed to transfer operational authority and other rights and responsibilities with respect to their Transmission Facilities to the ISO. It is through the TOA that the ISO obtained authority over the PTOs' Transmission Facilities to satisfy Order No. 2000 minimum characteristics and functions of an RTO. As relevant here, under the TOA, there is a division of roles and responsibilities between the ISO and PTOs that distinguishes between expansion of the PTF system, which the ISO plans in accordance with the process in Attachment K of the OATT, and other transmission-related work. Further, under the TOA, the PTOs retain the right and obligation to own, operate, repair, and maintain their Transmission Facilities in accordance with applicable laws and Good Utility Practice, and to make decisions regarding their facilities' repairs and replacements.

The ACR Changes revise the TOA to establish the ISO as the AC Reviewer and to define the functions and limitations of the role, including the right to require that the PTOs provide all relevant information. The ACR Changes to the TOA also establish that the ISO will hold the filing rights for the review process and operating budget. Finally, the ACR Changes incorporate an indemnification covenant into the TOA for the ISO in connection

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[56] For clarity, while "reporting" is captured as a third step, the first two steps provide for the AC Reviewer and the PTO to make presentations on the needs and solutions and alternatives to the PAC for stakeholder review and feedback.

[57] Given the nature of the information, CIP-014 ACP information will be treated as confidential in accordance with the ISO's Information Policy. The AC Reviewer, however, will provide a summary of the reviews performed for each CIP-014 ACP.

with performance of its role as the AC Reviewer. Taken together, these revisions define the scope of the role and establish the requirements necessary for the ISO to execute the function independently and efficiently, while respecting the existing rights and obligations of the PTOs, as the equipment owners.

The TOA revisions, which are further described below, include a new "Whereas" clause, a new Section 2.08, and modifications to Sections 9.01, 9.06, and Schedule 1.01.

1. ISO Agreement to Serve as the AC Reviewer; Key Concept Definitions; Reporting Structure

The ACR Changes revise the TOA to reflect the ISO's agreement to assume the role of the AC Reviewer, subject to certain conditions specified in the TOA and in accordance with the Asset Condition Review Process in OATT, Attachment R. This agreement is reflected in a new "Whereas" clause, which provides:

> WHEREAS, the PTOs each undertake Asset Condition Projects ("ACP") and ACP Programs subject to their individual Asset Monitoring and Evaluation Practices, and the PTOs and the ISO have agreed that the ISO shall assume the role of Asset Condition Reviewer subject to certain requirements, all set forth in this Agreement, and in accordance with the process set forth in Attachment R of the ISO OATT.

The ACR Changes revise Schedule 1.01 of the TOA to incorporate the following concepts for use in the AC Reviewer context: Asset Condition Reviewer, Asset Condition Project, ACP Program, Asset Monitoring and Evaluation Practices, and Asset Condition Review Process. These are explained below.

The ACR Changes provide for "Asset Condition Reviewer" to be defined as the ISO. The Filing Parties submit that the ISO, with additional staff with the necessary knowledge, is the appropriate entity to provide oversight of PTO Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. At the outset, the ISO agreed to take on the AC Reviewer role in response to requests from the New England states, PTOs, and stakeholders.

The ISO is uniquely positioned to take on this role. The ISO is already an independent entity governed by an independent Board of Directors that oversees its operations. It also has relevant expertise from its operation of the New England Transmission System and the regional expansion planning process. For similar reasons, the Commission previously accepted Tariff rules that expanded the ISO's role to include serving as a technical expert for the New England states in their transmission procurement and funding efforts.[58]

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[58] *See ISO New England, Inc. New England Power Pool*, 188 FERC ¶ 61,010 (2024).

Next, the ACR Changes provide for "Asset Condition Projects" to be defined as:

> [A]ny project that involves the reconstruction or replacement of all or a portion of a PTO's existing PTF and HTF undertaken in accordance with Good Utility Practice to minimize the risk of asset failure based on assessment of asset condition, end-of-life milestones, or obsolescence. ACP also includes any enhancements or modifications to existing PTF and HTF to implement physical security plans required under NERC Reliability Standard CIP-014. ACP excludes reconstructions or replacements of PTO existing PTF and HTF that are operating and maintenance expenditures.

The proposed definition is consistent with Commission precedent delineating the scope of asset management projects and activities.[59] Consistent with that precedent, the proposed ACP definition includes projects that replace, reconstruct, modify or enhance existing PTO assets that are PTF and HTF to mitigate the risk of asset failure or to implement physical security plans in compliance with NERC Reliability Standard CIP-014. The definition does not include system expansion driven by needs identified pursuant to Attachment K of the OATT. The ACP definition is limited to Transmission Facilities that are PTF and HTF (which for purposes of the TOA and OATT are treated like PTF), because these are the PTO assets that may be eligible for Pool-Supported PTF treatment. The proposed definition also excludes work involving non-capital investment so that the review focuses on the areas of most value for the region. By way of example, under the proposed definition, projects, such as transmission tower replacements due to documented structural issues or transformer replacements due to degradation would constitute ACPs, but repairs, maintenance, or addition of new transmission lines would not.[60]

The ACR Changes define ACP Programs to mean:

> [A] collection of ACPs that address a common, documented asset condition need across multiple PTF and HTF of a similar type, class, vintage, design, manufacturer, or failure mode. An ACP Program has a known and defined scope and is limited to assets that share the same underlying condition-based drivers, including, but not limited to, asset condition assessments, end-of-life milestones, systemic deterioration, or equipment obsolescence.

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[59] *See* Cal. Pub. Utilities Comm'n, 164 FERC 61,161 (2018); *see also* PJM, Attachment M-3; MISO, Business Practice BPM 020. The Commission has noted previously that asset condition projects are not defined in the ISO-NE Tariff, but that New England Transmission Owner defined the term to mean: "projects involving replacement, reconstruction, modification, or incidental upgrade of existing transmission facilities based on the physical condition of the assets or the need to meet updated electrical safety codes or reliability standards such as those adopted by the North American Electric Reliability Corporation and/or the Northeast Power Coordinating Council, Inc." *See ISO New England Inc.*, 192 FERC ¶ 61,234 at n 6 (2025).

[60] *See* McBride/Dieng Testimony at 16-17.

An ACP Program covers a uniform solution for all assets included in a PTO program that addresses the same need across all the assets in the program and implements a common replacement or reconstruction approach appropriate for the identified condition-based need. This choice of including ACP Programs as subject to the AC Reviewer process is warranted to evaluate ACPs that do not necessarily involve significant expenditure on their own, but when considered collectively with other ACPs in the program, involve significant expenditure. Potential ACP Programs would include system-level programs, such as relay fleets with uniform end-of-life or obsolescence indicators, or breaker populations with systemic failure modes or unavailability of parts.[61]

The ACR Changes provide for "Asset Monitoring and Evaluation Practices," which includes:

> [A] PTO's asset monitoring and evaluation guides, procedures, processes, and practices that lead to the identification for the need, and development of, ACPs or ACP Programs, including, but not limited to any documentation covering strategy guides, inventories, inspections, risk assessment, and prioritization.

The proposed definition captures procedures and practices that each PTO employs to evaluate the need for an ACP or ACP Program, and to develop solutions to address identified needs. These include, for example, inspection and monitoring practices of assets, evaluation of risks, and prioritization of work.[62]

2. AC Reviewer Functions, Limitations, and Related Requirements

The ACR Changes revise the TOA to incorporate new Section 2.08, Review of Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. This new Section establishes: the functions and limits of the AC Reviewer role; new information provision requirements for the PTOs; "reasonable efforts" expectations for the PTOs to complete the review process before proceeding to construction and for the AC Reviewer to complete its project reviews in a timely manner; and the filing rights for the review process and operating budget. The proposed revisions are necessary to enable the ISO to execute the AC Reviewer function effectively and independently, while maintaining the PTOs' existing rights and obligations.

a. <u>Sections 2.08(a)-(b): AC Reviewer Functions and Limitations</u>

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61 *See* McBride/Dieng Testimony at 17.

62 *See id*. at 17-18.

In agreeing to take on the AC Reviewer role, the ISO identified threshold requirements, which set clear parameters for the role. The ACR Changes incorporate these requirements in Sections 2.08 and 9.01 of the TOA.

Specifically, Section 2.08(a) provides that "[s]ubject to indemnification in accordance with Section 9.01(e) and the limitations of the role set forth in this Section 2.08(b), the ISO shall serve as the Asset Condition Reviewer." Section 9.01(e) and, correspondingly, Section 9.06(a) require the PTOs to indemnify the ISO on matters specific to the AC Reviewer role. Given the potential liability that can result from asset condition decisions, and the ISO's lack of control over such projects, it is imperative that ISO-NE be shielded from the potential ramifications of decisions over which it has little to no control. The remaining limitations of the AC Reviewer role are captured in Section 2.08(b), which states:

> (i) the Asset Condition Reviewer role is solely advisory, (ii) the Asset Condition Reviewer shall not make decisions about whether to proceed with an ACP or ACP Program, and (iii) the Asset Condition Reviewer shall not make legal findings on or issue an opinion on the questions of whether Asset Monitoring and Evaluation Practices or the costs of any given ACP or ACP Program are prudent.

These limitations are necessary to ensure clarity in the respective roles of the ISO as the AC Reviewer and the PTOs. Under the new AC Reviewer function, the PTOs retain the right and obligation to own, repair, maintain, and replace their Transmission Facilities, and to make decisions regarding repairs and replacements. Simply, the ISO as the AC Reviewer is not assuming liability for that work. Further, in its capacity as the AC Reviewer, ISO will not make decisions as to whether to proceed with specific ACPs or ACP Programs, nor will it be a petitioning party in any proceeding concerning an ACP or ACP Program. Rather, it is anticipated that the New England states and stakeholders, using the information provided by the AC Reviewer, will make better-informed decisions about whether to participate in asset condition-related proceedings. Finally, the ISO as the AC Reviewer will not make legal findings or render opinions regarding prudency, in recognition of the fact that the ISO is not performing the role of a regulator with responsibility to conduct prudency reviews.

In Section 2.08(a) of the TOA, the ACR Changes incorporate the three primary functions of the AC Reviewer. These are:

> (i) Review and report on each PTO's Asset Monitoring and Evaluation Practices that are used to establish ACPs and ACP Programs, identify cases of variation among the PTO practices and with general industry practices, and identify and facilitate consideration of opportunities for improvements and best practices.
>
> (ii) Review and report on each PTO's ACPs and ACP Programs that meet the thresholds specified in Attachment R of the ISO OATT. This review

> consists of: examining and providing conclusions on whether the PTO adequately evaluated and provided sufficient evidence consistent with Good Utility Practice to establish the need for the ACP or ACP Program, and adequately explored alternative solutions to that need; and examining and providing conclusions on the preferred solution selected by the PTO and the PTO's rationale for the preferred solution.
>
> (iii) Prepare and issue annual and periodic reports to the Planning Advisory Committee[63] concerning the PTOs' Asset Monitoring and Evaluation Practices, ACPs, ACP Programs, and the Asset Condition Reviewer's performance and adherence to the timelines contained in Attachment R of the ISO OATT.

The above functions were informed by stakeholder feedback on the role description through the survey responses, the Asset Condition Process Guide, individual PTO interviews regarding their asset management processes, and consultation with NESCOE regarding its principles and objectives for the role. As discussed more fully below, the ISO, as the AC Reviewer, will perform these functions through the new OATT, Attachment R, Asset Condition Review Process.

The functions identified in Section 2.08(a) are designed to ensure that the main objectives of the AC Reviewer function are met. First, based on the Asset Condition Process Guide, ACPs and ACP Programs tend to arise from PTO implementation of Asset Monitoring and Evaluation Practices; therefore, for the function to succeed, it is critical that the AC Reviewer understand these practices as they lead to the initiation of ACPs or ACP Programs.

Second, the AC Reviewer will review each PTO's approach for identifying ACPs and identify cases of variation among PTO practices and with general industry practices. This review of individual ACPs and ACP Programs will be a core function of the AC Reviewer. Importantly, not every PTO ACP or ACP Program will be subject to review. Rather, only ACPs and ACP Programs that meet the thresholds established in OATT, Attachment R will be subject to review. For ACPs and ACP Programs triggering the review thresholds, the AC Reviewer will examine the asset condition that the PTO identified and confirm whether the PTO adequately evaluated and provided sufficient evidence to support the need for the ACP or ACP Program. The AC Reviewer also will examine and confirm whether the PTO adequately explored, developed, and established alternatives to address the identified need, and evaluate and provide its conclusions on the preferred solution that the PTO selects and its rationale.

Third, the AC Reviewer will identify and facilitate consideration of improvements and best practices for planning ACPs. Under this process, the AC Reviewer will regularly

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[63] Because Section 2.08 references the Planning Advisory Committee, the Filing Parties propose to add the term in Schedule 1.01 of the TOA and to define it as "the committee described in Attachment K of the ISO OATT."

report on potential improvements and best practice through briefings to the PAC with oversight of PTOs' Asset Monitoring and Evaluation Practices, ACPs, ACP Programs. Such improvements and best practices will include observations on the AC Reviewer's own performance and adherence to the timelines of the review process.

b. Section 2.08(c): Information Provision Requirements

Early in the development of the AC Reviewer process, it was recognized that the ISO will need access to PTO-equipment level information. Currently, however, the ISO does not have access to all the relevant information. The ACR Changes incorporate in Section 2.08(c) of the TOA information provision requirements for the PTOs. Specifically, Section 2.08(c) provides that:

> (c) Each PTO shall submit to the Asset Condition Reviewer for review, in such form, manner and detail as the Asset Condition Reviewer may reasonably prescribe, any ACP or ACP Program, including any supporting information, that meets the thresholds specified in Attachment R of the ISO OATT, and documentation associated with Asset Monitoring and Evaluation Practices. Information provided by the PTO to the Asset Condition Reviewer as part of the Asset Condition Review Process shall be subject to applicable provisions of the ISO Information Policy.

Based on the ISO's recent experience in the interim review process, information relating to PTO Asset Monitoring and Evaluation Practices, ACPs, ACP Programs can be voluminous and complex.[64] Based on the information the ISO reviewed through that process and presentations at the PAC, most of the information concerning PTO Asset Monitoring and Evaluation Practices, ACPs, or ACP Programs, except for information relating to CIP-014 ACPs, is neither Confidential Information nor Critical Energy Infrastructure Information.[65] The non-confidential nature of information relating to PTO Asset Monitoring and Evaluation Practices, non-CIP-014 ACPs, and ACP Programs will facilitate the AC Reviewer's review process and reporting to the PAC, increasing transparency and visibility into asset condition planning and helping better inform the states and stakeholders on the technical merits of ACPs. However, to the extent that confidential information is shared with the AC Reviewer, Section 2.08(c) of the TOA will require that the parties treat the information consistent with the applicable provisions in the ISO's Information Policy contained in Attachment D of the ISO Tariff.

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[64] *See* McBride/Dieng Testimony at 21.

[65] *See* ISO, Transmission Owner Asset Management, https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management.

c. Section 2.08(d): Reasonable Efforts for Review Process Completion

In Section 2.08(d), the ACR Changes provide for the PTOs to use reasonable efforts to complete the process before proceeding to construction, and for the ISO as the AC Reviewer to timely complete the review process. Specifically, Section 2.08(d) states:

> (d) Without abridging the rights established in Section 3.07, each PTO will make reasonable efforts to support the completion of the review of an ACP or ACP Program by the Asset Condition Reviewer before proceeding to construct the ACP or ACP Program. The Asset Condition Reviewer will use reasonable efforts to complete its review of an ACP or ACP Program in a timely manner, consistent with the timeframes specified in Attachment R of the ISO OATT.

As discussed above, the review process for ACPs and ACP Programs includes examination of the need as well as alternatives considered to address the need. Reconstruction or replacement of a PTO's Transmission Facilities may be driven by a variety of reasons, including, for example, "to protect its facilities from physical damage or to prevent injury or damage to persons or properties" or "take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law."[66] The establishment of the AC Reviewer function is not intended to limit a PTO's rights and obligations to proceed with a repair, maintenance, or replacement project when circumstances, such as emergency conditions, warrant immediate action. However, in the absence of such circumstances, the PTO should complete the process before proceeding to construct its preferred solution. Accordingly, as Section 2.08(d) provides, the PTOs agree to use reasonable efforts to complete the review process before proceeding with construction. Correspondingly, the ISO, as the AC Reviewer, agrees to use reasonable efforts to complete its review of ACPs and/or ACP Programs within the timeframes specified in the review process, which are discussed further below.

d. Section 2.08(e): Filing Rights for the Review Process and Budget

In Section 2.08(e), the ACR Changes establish the ISO's and PTOs' filing rights for Tariff provisions related to the AC Reviewer review process and operating budget. Section 2.08(e) of the TOA provides, in relevant part:

> (e) The ISO and the PTOs acting jointly shall file a new attachment establishing procedures for the ISO's advisory role as the Asset Condition Reviewer, which shall be designated as Attachment R of the ISO OATT. Further filings related to Attachment R of the ISO OATT shall be

[66] *See* TOA § 3.07(a)(v)-(vi).

jointly filed under Section 205 of the Federal Power Act by the ISO and the PTOs subject to the restrictions below.

(i) The ISO shall have unilateral right under Section 205 of the Federal Power Act to recover its expenses incurred as the Asset Condition Reviewer.

(ii) Any amendment to Attachment R of the ISO OATT proposing to modify either (i) the threshold criteria, including dollar amounts, for reviewability of ACPs and/or ACP Programs contained in Section 6(a) (or any successor provision) of Attachment R of the ISO OATT or (ii) any time period or deadline contained in Sections 6(b)-(c) and 7 (or any successor provision) of Attachment R of the ISO OATT shall require the mutual agreement of the PTOs and the ISO prior to any filing with the Commission.

(iii) To the extent the ISO and the PTOs cannot agree to any other amendment to Attachment R of the ISO OATT, then the ISO and PTOs acting jointly shall file the amendment with the Commission under Section 205 of the Federal Power Act and shall identify the areas of disagreement in such filing.

As discussed above, the TOA establishes the split of responsibilities between the ISO and the PTOs relative to the PTOs' Transmission Facilities and is the vehicle through which ISO was assigned rights to make filings with the Commission pursuant to Section 205 of the FPA. Under the TOA, the PTOs hold the filing rights with respect to the planning and management of ACPs and ACP Programs, including financial obligations and decisions related to physical modifications to their Transmission Facilities.

For the AC Reviewer function, the PTOs have voluntarily agreed to contractually share their rights to submit filings under Section 205 of the FPA with the ISO for revisions related to the Asset Condition Review Process in OATT, Attachment R. Under this arrangement, the ISO and PTOs may jointly file with the Commission, pursuant to FPA Section 205, revisions to either the threshold criteria for ACPs or ACP Programs or the timelines contained in OATT, Attachment R when there is agreement between the ISO and the PTOs. However, the ISO and PTOs may jointly file with the Commission, pursuant to FPA Section 205, all other revisions to OATT, Attachment R (except revisions over which the ISO has unilateral filing rights) for the Commission's consideration even in the event of a disagreement between the ISO and the PTOs. The Filing Parties believe this arrangement properly balances the ability of the ISO, as the AC Reviewer, to effectively and independently review the PTO's Asset Monitoring and Evaluation Practices, ACPs,

and ACP Programs, with the PTOs' right and obligation relating to management of their assets.[67]

C. ACR Changes to Incorporate New Attachment R to the OATT

The ACR Changes incorporate the Asset Condition Review Process—the process through which the AC Reviewer will carry out its functions—as a new attachment, designated as OATT, Attachment R. As explained in the McBride/Dieng Testimony, OATT Attachment R outlines how the ISO, as the AC Reviewer, will review the PTOs' Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs.[68] As proposed, OATT Attachment R is organized into sections covering: the purpose of the AC Reviewer function, definitions for key concepts used in OATT, Attachment R, AC Reviewer functions and limitations, role of the PAC in the review process, information provision requirements, the three-step process for the review of individual ACPs and ACP Programs and associated timelines, review of significant changes to preferred solutions following completion of the review process, annual and periodic reporting requirements, and publication of information on ACPs and ACP Programs. These provisions are described below in detail below.

Section 1: Introduction

Section 1 of OATT, Attachment R introduces the AC Reviewer procedures and its purpose and objectives. Specifically, Section 1:

- Describes the PTO's responsibility to identify and address asset conditions on the Transmission Facilities comprising PTF, which, for OATT purposes, include HTF. While the PTOs' responsibilities extend beyond the PTOs' PTF and HTF systems, as noted earlier, the AC Reviewer function is limited to these systems.

- Describes the responsibility of the ISO, as the AC Reviewer, to review each PTO's Asset Management and Evaluation Practices, ACPs, and ACP Programs, and to perform the functions listed in Section 3 of the attachment, with consultant support as needed.

- Establishes the key objectives the AC Reviewer must meet in performing its functions—namely, "examine each PTO's Asset Monitoring and Evaluation Practices and ACPs and ACP Programs that meet the applicable thresholds set forth in Section 6 . . . to ensure that the PTO has sufficiently demonstrated the technical need for reconstruction or replacement of existing PTF, to ensure that cost-

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[67] The Filing Parties note that under the existing allocation of filing rights under the TOA, the PTOs and the ISO share filing rights over certain provisions of the OATT, and they have moved forward revisions to those provisions successfully. For example, the PTOs and the ISO have submitted joint filings to revise Section II.49 and Schedules 22, 23, and 25 of the OATT.

[68] *See* McBride/Dieng Testimony at 23.

effectiveness is an integral part of the PTO's solution development, and to provide comprehensive reporting on its reviews and conclusions in a timely manner."

- Provides for the AC Reviewer to develop an Asset Condition Review Process Guide for implementation details and clarifies that OATT, Attachment R is the remaining document in the event of conflict with the guide.

- Provides for the AC Reviewer's cost of performing the functions to be recovered under Section IV.A, Schedule 1 (Recovery of ISO's Administrative Expenses), consistent with the allocation of asset condition-related costs the ISO has incurred to date.[69]

Section 2: Definitions

Section 2 incorporates key concepts defined in the TOA for completeness and consistency and adds definitions for additional terms used in OATT, Attachment R, but not in the TOA. These are: Asset Condition List, Base Alternative, and CIP-014.

The ACR Changes provide for "Asset Condition List" to be defined as "the list of ACPs and ACP Programs, and their associated cost estimates, identified by the PTOs in response to asset conditions needs." The Asset Condition List refers to the list that the ISO maintains and posts on its website. Currently, the ISO updates that list three times a year.

The proposed definition for "Base Alternative" is "the solution that addresses the PTO-identified primary need associated with an ACP or ACP Program, but does not include additional project scope, such as to address long-term cost efficiencies or to avoid revising the project location in the foreseeable future."[70] As discussed below, for the solution and alternative review, the PTOs will need to submit a Base Alternative and corresponding cost estimate. A key objective of the AC Reviewer is to ensure that cost-

[69] *See* 2026 ISO Budget Filing. The ISO's 2027 budget, which is currently under development, contemplates the establishment of the AC Reviewer, including estimated resource requirements. Because the addition of the AC Reviewer work represents a new function for the ISO, as part of the 2027 budget filing, the ISO plans to include conforming revisions to Schedule 1, Section IV.A of the Tariff to add language indicating that AC Reviewer related functions are included within the schedule. *See* ISO, ISO New England Proposed 2027 Operating and Capital Budgets Presentation (Aug. 7, 2026), *available at* https://www.iso-ne.com/static-assets/documents/100037/a07_bfs_2026_08_07_iso_proposed_budget_2027.pdf. The ISO's proposed conforming changes were reviewed by the Budget and Finance Subcommittee at its meeting on June 5, 2026, and unanimously supported by the Participants Committee at its meeting on August 6, 2026.

[70] *See* McBride/Dieng Testimony at 25, 39-40, and 41-42.

effectiveness is an integral part of the PTO's solution development. The Base Alternative will help inform the evaluation as to the cost-effectiveness of the solution.[71]

"CIP-014", as defined, refers to NERC's Reliability Standard CIP-014 pursuant to which the PTOs identify and protect critical transmission stations and substations. As discussed below, individual CIP-014 ACPs that meet certain threshold requirements will be subject to review under OATT, Attachment R.

Section 3: Functions of AC Reviewer; Role of PAC

Sections 3(a) and (b) of OATT, Attachment R incorporate the functions and limitations of the AC Reviewer, consistent with those specified in Sections 2.08(a) and (b) of the TOA. This helps ensure clarity and consistency with respect to the role. Section 3(c) describes the role of the PAC for purposes of the review process. Like its role in the context of the RSP Process in Attachment K of the OATT, the PAC will serve as the primary forum for stakeholder engagement and advisory input on PTO Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. The PAC will be engaged at multiple stages of each review. For CIP-014 ACPs, the PAC will be provided the AC Reviewer summaries that meet the confidentiality requirements given the nature of the information. For all other ACPs and ACP Programs, the PAC will review and have opportunity to provide feedback on the need review, solution and alternatives review, and draft reports. The PAC's role will be to provide its perspective and technical feedback, help identify concerns, inconsistencies, or additional considerations, and improve the quality and completeness of the review process.

Section 4 – Information Provision Requirements

Section 4 of OATT, Attachment R incorporates requirements and procedures for the PTOs' provision of information to the AC Reviewer, consistent with the requirements established in Section 2.08(c) of the TOA, and the Information Policy in Attachment D of the Tariff for the treatment of Confidential Information, such as information relating to CIP-014 ACPs. Section 4 also authorizes the AC Reviewer to "use the information received in the course of carrying out its functions to the extent necessary to perform the review of, and reporting on, the PTOs' Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs required in this Attachment R."

The Asset Condition Review Process Guide, which will be developed in consultation with the PAC and the PTOs, will provide details regarding information requirements, including a description of the standard information and templates required from the PTOs at each step of the process. This will facilitate the AC Reviewer reporting and sharing of information clearly and completely, consistent with the objectives of the function. Where information requested by the AC Reviewer is not provided by the PTO,

[71] *See id*.

the AC Reviewer will identify such instances in the reporting required under Sections 5 and 6 of OATT, Attachment R.

Section 5 – Review of PTO Asset Monitoring and Evaluation Practices

Section 5 of OATT, Attachment R addresses the AC Reviewer's first function. This provision describes the Asset Monitoring and Evaluation Practices that the AC Reviewer will review and the scope of that review. As reflected in this section, the AC Reviewer will review the PTOs' practices that lead to the initiation of ACPs or ACP Programs that would be subject to review under OATT, Attachment R. This may include documentation covering PTO asset monitoring and evaluation activities, such as asset inventories, condition assessments, inspections, criteria for need identification, prioritization, lifecycle cost analysis, and historical performance. To help ensure the reviews are current, Section 5 requires the PTOs to notify the AC Reviewer of any material changes to their Asset Monitoring and Evaluation Practices on an annual basis. As part of this function, the AC Reviewer also will review each PTO's approach for identifying ACPs and ACP Programs (*e.g.*, inspection regimes and findings interpretations, asset health indicators, useful life assumptions) and identify and facilitate consideration of improvements and best practices for PTO Asset Monitoring and Evaluation Practices.[72]

Section 6: Review of ACPs and ACP Programs

Section 6 covers a core function of the AC Reviewer, the individual review of ACPs and ACP Programs. Section 6 is divided into three subsections: Section 6(a), which specifies the applicability criteria for determining whether an ACP or ACP Program is subject to review under OATT, Attachment R, and the review transitions for existing and previously reviewed Asset Condition Projects; Section 6(b), which describes the review and reporting process applicable to ACP Programs and non-CIP-014 ACPs; and Section 6(c), which describes the review reporting process for CIP-014 ACPs.

Review Applicability Thresholds. Section 6(a) incorporates thresholds to determine whether an ACP or ACP Program is subject to review by the AC Reviewer to focus the review on where it adds value for the region.[73] In the development of this process, and to determine the threshold criteria, the ISO requested stakeholder feedback on a cost threshold ranging from $30 million to $100 million, and reviewed the data on the Asset Condition List and PTO forecast of upcoming asset conditions. Based on the stakeholder feedback received and data reviewed, the ISO arrived at a $25 million threshold, which would allow for a more expansive review of the region's upcoming ACPs based on the

[72] *See id*. at 27-28.

[73] *See id*. at 31-32.

PTOs' forecast, and align with thresholds some of the New England states use in their existing and proposed laws related to utility investments.[74]

Specifically, as proposed in Section 6(a)(i), the AC Reviewer will review all ACPs for which the PTO forecasts PTF costs greater than or equal to $25 million on an individual line or at a single station or substation over a period of five years or less. For clarity, any individual ACP that is greater than $25 million over five years or less, will be reviewed as an individual ACP regardless of whether it is a component of an ACP Program. Should this circumstance arise, the AC Reviewer will ensure an efficient review process by leveraging the findings of the review of the need and solution at the program level, and focusing on the differences between the individual ACP and the ACP Program containing such an element.[75] In addition, if the ACP or ACP Program comprises a mix of PTF and Non-PTF costs, the threshold will be based only on the PTF costs of the project.

Pursuant to Section 6(a)(ii), the AC Reviewer also will review all ACP Programs that meet either of the following criteria:

> (a) the PTO forecasts the proposed program will have PTF costs greater than or equal to $100 million, or
>
> (b) the ACP Program meets the following three conditions: (1) the ACP Program impacts fifteen percent or more of the PTO's PTF lines or substations; (2) the ACP Program includes PTO forecasted PTF costs greater than $ 5 million for work on any individual transmission line, station, or substation; and (3) the PTO forecasts the program will have PTF costs that, in total, are greater than or equal to $25 million over a period of five years or less.

The first criterion, for programs equal to or more than $100 million, serves as a backstop to ensure that ACP Programs with significant costs that may have been excluded from review for failure to meet one of the conditions for the second criterion are captured. The $100 million threshold helps balance the review of significant transmission programs and associated costs regardless of percentage of facilities impacted, while avoiding inclusion of routine or moderate size work. The second criterion uses an impact threshold approach designed to capture system-level programs, such as relay fleets with uniform end-of-life or obsolescence indicators, and screen out small or low-impact programs.

Finally, Section 6(a) provides for each of the review applicability thresholds, described above, to be subject to ongoing review. Specifically, the AC Reviewer, in consultation with the PTOs and the PAC, will re-evaluate the review thresholds based on impacts on major cost change drivers, such as inflation, supply chain issues, or review process inefficiencies. Should these reviews identify a need for updates to the thresholds,

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[74] *See id*. at 33-34.

[75] *See id*.

such updates would be reflected in an updated OATT, Attachment R that the ISO and PTOs would jointly file with the Commission under FPA Section 205.

Transition Provision. Recognizing the ACR Changes will be effective prospectively, Section 6(a) incorporates a review exemption for existing and previously reviewed ACPs and ACP Programs. Specifically, Section 6(a) excludes ACPs and ACP Programs from OATT, Attachment R review where they: (a) are presented to the PAC and meet the requirements for inclusion in the Asset Condition List as Proposed, Planned, Under Construction, In-Service, or Program prior to the proposed effective date of January 1, 2027, or (b) are undergoing review by the ISO under the interim process.[76]

Review and Reporting Processes. Sections 6(b) and 6(c) establish the review processes for individual ACP and ACP Programs, with Section 6(c) applying exclusively to individual CIP-014 ACPs. Both provisions incorporate the same three-step review process—needs review, solution and alternatives review, and reporting—and, with one exception, incorporate similar timelines for each phase of the process. Each step in the process involves information collection, analysis, and reporting. As designed, the process is structured, consistent, and provides for early engagement in the process to allow time for course correction based on feedback from AC Reviewer and stakeholders through the PAC. Detailed workflows depicting each step of the ACP and ACP Programs review processes under Sections 6(b) and 6(c), together with the associated timelines, are included as Figures 1 and 2 in the McBride/Dieng Testimony.[77]

As described in the McBride/Dieng Testimony, the Section 6(a) review process begins when the PTO notifies the AC Reviewer that it has identified an ACP or ACP Program that meets the applicable threshold in Section 6(a) of OATT, Attachment R. Upon receipt of the PTO's notification, the AC Reviewer will confirm that the ACP or ACP Program is subject to its review under OATT, Attachment R and provide notice to the PAC that a review has been initiated.

To initiate the AC Reviewer's need review, the PTO must provide the AC Reviewer with all the information and data necessary to support the review. The information submission requirements, including templates to facilitate the submittals, will be detailed in the Asset Condition Review Process Guide. The AC Reviewer will have five Business Days to evaluate the information submitted for completeness and commence the needs review upon confirming completeness.

During the need review, the AC Reviewer will determine and report its conclusions on whether the PTO sufficiently supported the identified need and report on its conclusions. The AC Reviewer will assess the validity of the need, urgency, and accuracy to confirm

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[76] *See supra* at note 49. The ACR Changes also incorporate in Section 9 of OATT, Attachment R definitions for the terms: Proposed, Planned, Under Construction, In-Service, or Program. The proposed definitions are consistent with those used in RSP Project List pursuant to Section 3.6 of Attachment K of the ISO OATT.

[77] *See* McBride/Dieng Testimony at 35-41.

there is a demonstrated need to replace or reconstruct the existing PTF equipment. As part of this review, the AC Reviewer may consider documented information, such as asset condition assessments based on inspections and testing, factors such as equipment failures, code requirements, age, obsolescence; and whether the life of the affected equipment could be extended. The AC Reviewer also may request additional information and consult with the PTO should it identify concerns, and should such consultation occur, the AC Reviewer will describe the consultation in its report. The AC Reviewer must make reasonable efforts to complete the need review within sixty days, unless the AC Reviewer and the PTO extend the deadline by mutual agreement. The need review will culminate with separate presentations on the need for the PAC. Stakeholders will be provided with a fifteen-day period to provide feedback on the need.

The PTO may initiate the solution and alternatives review following the stakeholder comment period on the need by submitting to the AC Reviewer all necessary information to support the review, including a Base Alternative and corresponding cost estimate. As with the need review, the AC Reviewer will have five Business Days to review the data for completeness and commence its review upon confirming completeness of the information provided. During the solution and alternatives review, the AC Reviewer will confirm whether the PTO adequately explored, developed, and established alternatives to address the need it identified, and evaluate and provide its conclusions on the PTO-selected preferred solution and rationale. As part of this review, the AC Reviewer may consider engineering feasibility, technical requirements, risk assessment, maintenance and operational impacts, project costs, and alignment with the PTO's asset management practice and industry standards. The AC Reviewer may request additional information or additional alternatives and consult with the PTO as needed. Should such consultation occur, the AC Reviewer will describe the consultation in its reporting. The AC Reviewer must make reasonable efforts to complete the solution and alternatives review in sixty days, unless there is a mutually agreed-to extension. The PTO and AC Reviewer will each present the solution and alternatives to the PAC and provide stakeholders with a fifteen-day comment period.

Following completion of the solution and alternatives review, the PTOs will post on the ISO's website for stakeholder comment a combined set of materials on the identified needs, solution, and alternatives, and the AC Reviewer will post its draft report describing its review, analysis, and rationale for its conclusions. Stakeholders will be provided with a fifteen-day comment period. The AC Reviewer will provide notice to the PTO when it has completed its review, and the process will be deemed complete when the AC Reviewer posts its final report on the ISO's website. The PTO may provide a written response to the AC Reviewer's conclusion.

Section 6(b) sets forth the same review process for CIP-014 ACPs, but the timeline for the need review is shorter (45 days) and there is less stakeholder engagement and information sharing given the nature of the data involving transmission infrastructure vulnerabilities and physical security plans. As Section 6(a) provides, information associated with the CIP-014 ACP, including the existence, name, location, exact number, and vulnerabilities will be treated as Confidential Information and will not be released

publicly. While the need review, solution and alternatives review, and reporting are the same as that for non-CIP-014 ACPs, the information considered and the deliverables differ. For example, during the need review, the AC Reviewer will confirm and provide its conclusions on the validity of the physical vulnerability establishing the need. Unlike the process for non-CIP-014 ACPs, the AC Reviewer will not make presentations on the need or solution and alternatives reviews. Rather, the AC Reviewer will post on the ISO's website a summary of the reviews it performed.

Section 7: Significant Changes to an ACP or ACP Program Preferred Solution Subsequent to Completion of the AC Reviewer Process

Section 7 of OATT, Attachment R sets forth a post review process. Specifically, Section 7 requires the PTOs to notify the AC Reviewer of significant changes to the PTO-selected solution for addressing the asset condition needs that occur after the completion of the review process. For purposes of the Asset Condition Review Process, significant changes would trigger reevaluation if: (1) the preferred solution is determined to be infeasible and a new solution must be selected, or (2) there is a material change to the design of the project. Within fourteen days of this notice, the AC Reviewer must engage in discussions with the PTO to discuss reevaluation. The AC Reviewer also will report to PAC the conclusions of discussions between the AC Reviewer and the PTO regarding changes to the solution or where a new solution must be pursued. Section 7 further provides that, if the significant change to the ACP or ACP Program is required to comply with the relevant state siting authority's directive, a reevaluation will not be required, but the PTO will be required to provide a summary of the changes directed to the AC Reviewer and PAC within thirty days of receiving the directive.

Section 8: Annual and Periodic Reporting

Section 8 of OATT, Attachment R covers the third function of the AC Reviewer. This provision requires the AC Reviewer to issue annual and periodic reports to PAC, covering a series of specified topics, including but not limited to: ACPs and ACP Programs reviewed during the given year, ACP and ACP Program forecasts forthcoming in the following year, status of the condition of existing transmission assets, regional cost trends, long-term expectations for upcoming projects, Asset Monitoring and Evaluation Practices variations and opportunities for improvements, industry trends, and Asset Condition Review Process improvements. Subject to the Commission approval of the ACR Changes and the operating budget, the AC Reviewer's first annual report would be scheduled for the first quarter of 2028.

As a final note regarding Section 8, one of the benefits of executing the AC Reviewer function through a new department within System Planning is that it can leverage the independence of the ISO. To that end, Section 8 requires the AC Reviewer to report on the Asset Condition Review Process to the Board's SPARC at least three times per year. Such presentation shall be made directly to SPARC and include information on the implementation and outcomes of the AC Reviewer function. Further, this direct reporting

to SPARC will facilitate the Board's oversight of ISO management and administration of the Tariff.

Section 9: Asset Condition List, Forecasts, and Information

Currently, the ISO and the PTOs develop and post on the ISO's website certain information regarding ACPs. This includes the ISO's Asset Condition List, PTOs' forecast of ACPs, and PTOs' databases providing information on age and condition of existing assets on their systems. The transparent sharing of data enables meaningful state and stakeholder engagement in asset condition planning. Section 9 of OATT, Attachment R captures these existing informational tools and imposes new requirements for the ISO and PTOs to develop, maintain, and post this information on the ISO's website. Specifically, Section 9 requires the ISO to maintain and post on its website the Asset Condition List reflecting ACPs and ACP Programs, including their status in the evaluation process, and to update this list periodically. Schedule 9 also requires the PTOs to develop and maintain for posting on the ISO's website a ten-year forecast of upcoming ACPs that are equal to or greater than five million dollars and ACP Programs that meet the applicable threshold in Section 6 of OATT, Attachment R, and to update this forecast annually. Finally, Section 6 requires the PTOs to develop and maintain for posting on the ISO's website major asset condition information, including age, asset identification and location, in-service status, structure type, and inspection frequency. This information transparency will provide regional stakeholders with increased visibility into PTO asset condition development efforts and better inform consideration regarding review process applicability.

VI. STAKEHOLDER PROCESS

The ISO worked with NEPOOL through the full NEPOOL Participant Processes to develop the framework for the AC Reviewer function and the ACR Changes establishing the function. During a period of six months, the ISO engaged in discussions with the New England PTOs, states, consumer advocates, and other stakeholders through the NEPOOL process to obtain their feedback, address their concerns, and achieve full consensus. Following this robust engagement, on June 22, 2026, the Transmission Committee unanimously (with two noted abstentions) recommended to the Participants Committee that it support the ACR Changes. At its meeting on August 6, 2026, the Participants Committee unanimously supported the ACR Changes. Based on these votes, NEPOOL strongly supports this filing and the ACR Changes proposed herein.

VII. REQUESTED EFFECTIVE DATE

The Filing Parties respectfully request that the Commission accept the ACR Changes as filed, without modifications or conditions, with an effective date of January 1, 2027. To permit the requested effective date, the Filing Parties request a waiver of the Commission's prior notice requirements to allow the ACR Changes to be effective more than 120 days after the date of filing.

Additionally, the Filing Parties respectfully request that the Commission issue an order within on or before October 17, 2026, which is sixty-one days after the date of this filing.[78] A prompt order is necessary to allow the ISO sufficient time to develop the resources needed to execute the AC Reviewer work prior to the effective date. As noted earlier, the ISO is establishing a new group within System Planning to perform the AC Reviewer work. Additionally, having the ACR Changes in place will help facilitate future coordination on other regional planning activities, such as "right-sizing" planning, which stakeholders have identified as essential to maximizing efficiency and reducing long-term costs, and is scheduled to commence later this year.[79]

VIII. 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.[80] However, the ACR Changes are not a traditional "rate," and the Filing Parties are not traditional investor-owned utilities. 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;
- Attachment 1 - Marked sections of the Tariff and TOA[81] reflecting the ACR Changes;
- Attachment 2 - Clean sections of the Tariff and TOA, reflecting the ACR Changes;
- Attachment 3 - McBride/Dieng Testimony; and
- Attachment 4 - 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 has been sent.

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[78] The Filing Parties have assigned an effective date of October 17, 2026 to one of the non-substantive e-Tariff records submitted with this filing (in metadata only) in order to effectuate Commission action by this date. The Filing Parties have also made ministerial edits to the metadata of such e-Tariff record to remove the name "Brookfield Renewable Trading and Marketing, LP," which was accidentally left when reserving the record for future use.

[79] *See* ISO New England, Inc., *2026 Annual Work Plan Update* at 6 (Apr. 9, 2026) (presentation to NEPOOL Participants Committee Meeting, *available at* https://www.iso-ne.com/static-assets/documents/100034/2026_awp_update_04_09_26_pc.pdf.

[80] 18 C.F.R. § 35.13.

[81] The marked and clean versions of the TOA are included in Part 2 of 2 of this filing.

35.13(b)(2) - The Filing Parties request that the ACR Changes become effective on January 1, 2027.

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 have 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 VI of this transmittal letter.

35.13(b)(5) - The reasons for this filing are discussed throughout this transmittal letter and in the McBride/Dieng Testimony.

35.13(b)(6) - The ISO's and PTO AC's approval of the ACR Changes is evidenced by this filing. The PTO AC reviewed and provided input on the ACR Changes within the PTOs' filing rights, and the PTO AC voted at its June 22, 2026 meeting, in accordance with the TOA and the Rate Design and Funds Disbursement Agreement among the PTOs, to support the ACR Changes. With respect to NEPOOL's support, as noted in Section V of this transmittal letter, the ACR Changes reflect the outcome of the Participant Processes required by the Participants Agreement, and is supported by 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.

IX. CONCLUSION

For the reasons stated herein, the Filing Parties respectfully request that the Commission accept the ACR Changes as filed, without condition, suspension, or hearing, to be effective on January 1, 2027.

Respectfully submitted,

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Attachment 1

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ATTACHMENT R

ASSET CONDITION REVIEW PROCESS

1. Introduction

The PTOs are responsible for identifying and undertaking ACPs and ACP Programs subject to their respective Asset Monitoring and Evaluation Practices to maintain the reliability and integrity of the existing PTF. This Attachment R sets forth the procedures for the review by the ISO as the Asset Condition Reviewer specified in the TOA of each PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. The Asset Condition Reviewer, supplemented by consultants as necessary, shall perform the functions described in Section 3 of this Attachment R in accordance with the procedures set forth in this Attachment R. In performing the functions, and subject to the limitations, set forth in Section 3 of this Attachment R, the Asset Condition Reviewer shall examine each PTO's Asset Monitoring and Evaluation Practices and ACP and ACP Programs that meet the applicable threshold set forth in Section 6 of this Attachment R to ensure that the PTO has sufficiently demonstrated the technical need for reconstruction or replacement of existing PTF, to ensure that cost-effectiveness is an integral part of the PTO's solution development, and to provide comprehensive reporting on its reviews and conclusions in a timely manner. A process guide containing detailed processes to fulfill the objectives and requirements of this Attachment R shall be developed by the Asset Condition Reviewer and made available on the ISO's website (the "Asset Condition Review Process Guide"). Nothing in the Asset Condition Review Process Guide shall expand the role of the Asset Condition Reviewer or the obligations of the PTOs set out in the TOA and this Attachment R. To the extent the Asset Condition Review Process Guide conflicts with this Attachment R, this Attachment R governs. The Asset Condition Reviewer's costs of performing the functions described in Section 3 of this Attachment R shall be recovered pursuant to Schedule 1 of Section IV.A of the Tariff.

2. Definitions

The definitions contained in this Section 2 are intended to apply in the context of the Asset Condition Review Process provided in this Attachment R. Capitalized terms in Attachment R that are not defined in this Section 2 shall have the meanings specified in Section I.2.2 of the Tariff.

Asset Condition Project ("ACP") shall have the meaning ascribed to it in the TOA and is provided here for reference. "ACP" is any project that involves the reconstruction or replacement of all or a portion of a PTO's existing PTF and HTF undertaken in accordance with Good Utility Practice to minimize the risk of

asset failure based on assessment of asset condition, end-of-life milestones, or obsolescence. ACP also includes any enhancements or modifications to existing PTF or HTF to implement physical security plans required under NERC Reliability Standard CIP-014. ACP excludes reconstructions or replacements of PTO existing PTF and HTF that are operating and maintenance expenditures.

Asset Condition List is the list of ACP and ACP Programs, and their associated cost estimates, identified by the PTOs in response to asset condition needs.

Asset Condition Project Program ("ACP Program") shall have the meaning ascribed to it in the TOA and is provided here for reference. "ACP Program" is a collection of ACPs that address a common, documented asset condition need across multiple PTF and HTF of a similar type, class, vintage, design, manufacturer, or failure mode. An ACP Program has a known and defined scope and is limited to assets that share the same underlying condition-based drivers, including, but not limited to, asset condition assessments, end-of-life milestones, systemic deterioration, or equipment obsolescence.

Asset Condition Review Process shall have the meaning ascribed to it in the TOA and is provided here for reference. "Asset Condition Review Process" is the procedures for the Asset Condition Reviewer's review of PTO Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs set forth in this Attachment R of the ISO OATT.

Asset Condition Reviewer is the ISO.

Asset Monitoring and Evaluation Practices shall have the meaning ascribed to it in the TOA and is provided here for reference. "Asset Monitoring and Evaluation Practices" are a PTO's asset monitoring and evaluation guides, procedures, processes, and practices that lead to the identification for the need, and development, of ACPs or ACP Programs, including, but not limited to any documentation covering asset strategy guides, inventories, inspections, risk assessment, and prioritization.

Base Alternative refers to the solution that addresses the PTO-identified primary need associated with an ACP or ACP Program, but does not include additional project scope, such as to address long-term cost efficiencies or to avoid revisiting the project location in the foreseeable future.

CIP-014 refers to NERC Reliability Standard CIP-014 requiring the identification and protection of critical transmission stations and substations.

3. Functions of the Asset Condition Reviewer; Role of the Planning Advisory Committee

(a) Subject to the limitations set forth in Section 3(b) of this Attachment R, the Asset Condition Reviewer shall perform the following functions:

i. Review and report on each PTO's Asset Monitoring and Evaluation Practices that are used to establish ACPs and ACP Programs, identify cases of variation among the PTO practices and with general industry practices, and identify and facilitate consideration of opportunities for improvements and best practices.

ii. Review and report on each PTO's ACP and ACP Program that meet the thresholds specified in Section 6 of this Attachment R. This review consists of: examining and providing conclusions on whether the PTO adequately evaluated and provided sufficient evidence consistent with Good Utility Practice to establish the need for the ACP or ACP Program, and adequately explored alternatives to that need; and examining and providing conclusions on the preferred solution selected by the PTO and the PTO's rationale for the preferred solution.

iii. Prepare and issue annual and periodic reports to the Planning Advisory Committee concerning the PTO's Asset Monitoring and Evaluation Practices, ACPs, ACP Programs, and the Asset Condition Reviewer's performance and adherence to the timelines contained in this Attachment R.

(b) The Asset Condition Reviewer performance of these functions shall be subject to the following limitations:

i. The Asset Condition Reviewer role is solely advisory.

ii. The Asset Condition Reviewer shall not make decisions about whether to proceed with an ACP or an ACP Program.

iii. The Asset Condition Reviewer shall not make legal findings on or issue an opinion on the questions of whether Asset Monitoring and Evaluation Practices or the costs of any given ACP or ACP Program are prudent.

(c) The Planning Advisory Committee established pursuant to Section 2 of Attachment K of Section II of the Tariff shall serve to review and provide input and comment on: (i) the process for review of Asset Management and Evaluation Practices, ACPs and ACP Programs; and (ii) the review, evaluations, conclusions, and reports concerning Asset Management and Evaluation Practices, including opportunities for improvements and best practices, ACPs, and

ACP Programs. Nothing herein shall be construed to change the Planning Advisory Committee's roles as advisory.

4. Information Provision Requirements

Each PTO shall provide to the Asset Condition Reviewer any information that the Asset Condition Reviewer reasonably deems necessary to perform the review of the PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs under this Attachment R. The Asset Condition Reviewer may use the information received in the course of carrying out its functions to the extent necessary to perform the review of, and reporting on, the PTOs' Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs required in this Attachment R. Information provided by the PTO to the Asset Condition Reviewer relating to the PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs shall be subject to applicable provisions of the ISO New England Information Policy. Details regarding the standard information the PTO is required to provide, including the timing, form, and manner in which such information is to be provided, will be described in the Asset Condition Review Process Guide. Where information requested by the Asset Condition Reviewer is not provided by a PTO, the Asset Condition Reviewer shall identify such instances in the reporting specified under Section 5 or 6 of this Attachment R.

5. Review of PTO Asset Monitoring and Evaluation Practices

The Asset Condition Reviewer shall review each PTO's Asset Monitoring and Evaluation Practices to the extent such Asset Monitoring and Evaluation Practices result in ACPs or ACP Programs that meet the applicability criteria described in Section 6(a) of this Attachment R. The Asset Condition Reviewer's review may include, but is not limited to, documentation covering the following: asset inventory and condition assessment; periodicity and methods of asset monitoring and inspection; prioritization and sequencing of inspection; approaches employed in reviews of inspection results; criteria for identifying when an asset condition need must be addressed; project prioritization criteria in the case of multiple projects, including condition, risk, cost analysis and comparison, and strategic importance; lifecycle cost analysis results; and asset historical performance. Each PTO shall notify the Asset Condition Reviewer of any material modifications to the PTO's Asset Monitoring and Evaluation Practices on an annual basis.

The Asset Condition Reviewer shall report to the Planning Advisory Committee on PTO Asset Monitoring and Evaluation Practices and identify variations in practices among the PTOs and industry. The Asset Condition Reviewer, in consultation with the PTOs and the Planning Advisory Committee,

shall identify and facilitate consideration of opportunities for improvement and best practices for PTO Asset Monitoring and Evaluation Practices.

6. Review of ACPs and ACP Programs

(a) Applicability. All ACPs and ACP Programs that meet the following thresholds are subject to review by the Asset Condition Reviewer:

i. ACPs that the PTO forecasts will have a PTF cost greater than or equal to twenty-five million dollars ($25 million) on an individual line or at a single station or substation over a period of five (5) years or less. For an ACP that has a mix of PTF and Non-PTF costs, the determining threshold shall be based on the PTO's forecasted PTF cost of the project.

ii. ACP Programs that (a) the PTO forecasts will have a PTF cost greater than or equal to one hundred million dollars ($100 million) over any period of five (5) years or less over the duration of the program, or (b) satisfy the following three conditions:

1. The ACP Program impacts fifteen percent (15%) or more of the PTO's PTF lines or substations;
2. The ACP Program includes PTO forecasted PTF costs greater than five million dollars ($5 million) associated with work on any individual transmission line or any individual transmission station or substation; and
3. The PTO forecasts that the ACP Program will have a PTF cost greater than or equal to twenty-five million dollars ($25 million) over a period of five (5) years or less.

For clarity, any individual transmission line, station or substation work that the PTO forecasts will have a PTF cost greater than or equal to twenty-five million dollars ($25 million) over five (5) years or less, regardless of whether it is part of an ACP Program, shall be considered to have met the threshold under Section 6(a)(i) and reviewed as an individual ACP.

The Asset Condition Reviewer, in consultation with the PTOs and Planning Advisory Committee, will review and identify the need for updates to the thresholds specified in this Section 6(a) based on impacts of major cost change drivers such as, but not limited to, inflation, supply chain issues, or Asset Condition Reviewer process efficiencies. Updates to the thresholds and any timelines for review shall be reflected in a revised Attachment R to be filed as set forth in Section 2.08(e) of the TOA.

Notwithstanding the foregoing, an ACP or ACP Program that the PTO has presented to the Planning Advisory Committee and meets the requirements to be included on the Asset Condition List with a status

of Proposed, Planned, Under Construction, In-Service, or Program prior to the effective date of this Attachment R shall not be subject to the applicable review process set forth in Section 6. Where the ISO has initiated the review of an ACP under the prior interim asset condition review process, the ACP shall also not be subject to the review processes set forth in Section 6.

Notwithstanding any other provision of this Attachment R, ACP Programs shall exclude ACPs undertaken to implement physical security plans required under CIP-014 ("CIP-014 ACP").

(b) Review Process Applicable to ACP Programs and Non-CIP-014 ACPs. Each PTO shall be responsible for identifying and notifying the Asset Condition Reviewer of any ACP or ACP Program that is expected to meet the thresholds specified in Section 6(a). The process for review by the Asset Condition Reviewer shall begin upon the Asset Condition Reviewer's receipt of the PTO's notification that it has identified an ACP or ACP Program that is expected to meet the thresholds specified in Section 6(a). The Asset Condition Reviewer shall confirm that the ACP or ACP Program is subject to its review, and notify the Planning Advisory Committee that an ACP or an ACP Program review has been initiated. The Asset Condition Reviewer review process for an ACP or ACP Program subject to review under this Section 6(b) shall consist of the following steps: (i) need review, (ii) solution and alternatives review, and (iii) reporting.

(i) **Review of Need.** Each PTO is responsible for identifying and establishing the need for an ACP or ACP Program. To initiate the Asset Condition Reviewer's review of the PTO-identified need, the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the need, including, but not limited to, all applicable technical data, condition assessments, maintenance history, and risk analysis, as described in the Asset Condition Review Process Guide. The Asset Condition Reviewer will evaluate the information and data submitted by a PTO for completeness within five (5) Business Days, and commence its review of the need upon confirming completeness.

During the need review, the Asset Condition Reviewer shall examine the need identified by the PTO and provide its conclusions to the PTO and the Planning Advisory Committee on whether the PTO adequately evaluated and provided sufficient evidence to establish the need for the ACP or ACP Program. In examining whether the PTO adequately evaluated and provided sufficient evidence to establish the need, the Asset Condition Reviewer may

consider, but is not limited to: condition assessments based on inspections and testing, including whether the inspections were consistent with expected approach, and results of the inspections confirm the stated need; factors such as equipment failures, code requirements, age, obsolescence, and spares availability; and whether the life of the affected equipment could be extended by other means. The Asset Condition Reviewer may consult with the PTO throughout the need review process and request additional information that it reasonably deems necessary during the conduct of the need review. If the Asset Condition Reviewer identifies any concerns during the conduct of the need review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and describe such consultation, including the PTO's response, in the Asset Condition Reviewer report specified in Section 6(b)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the need review within sixty (60) days from the date it commenced the need review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonably withheld. Thereafter, the Asset Condition Reviewer and the PTO shall each make separate presentations on the need to the Planning Advisory Committee for the Committee's review and feedback. The period of the Planning Advisory Committee review and feedback regarding need shall not exceed fifteen (15) days from the Committee meeting at which the Asset Condition Reviewer and PTO presented.

(ii) **Review of Preferred Solution and Alternatives.** Each PTO is responsible for exploring alternatives and selecting a preferred solution to address the PTO-identified need for an ACP or ACP Program. To initiate the Asset Condition Reviewer's solution and alternatives review following the conclusion of the Planning Advisory Committee's comment period provided for in Section 6(b)(i), the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the solution and alternatives, including corresponding cost estimates, as described in the Asset Condition Review Process Guide. For each ACP or ACP Program, the PTO shall also develop and provide to the Asset Condition Reviewer a Base Alternative and corresponding cost estimate. The Asset Condition Reviewer will evaluate the information submitted by a PTO for completeness within five (5) Business Days, and commence its solution and alternatives review upon confirming completeness.

During the solution and alternatives review, the Asset Condition Reviewer shall examine whether the PTO adequately explored, developed, and established alternatives to address the PTO-identified need; report its conclusions; and evaluate and provide its conclusions to the PTO and the Planning Advisory Committee on the PTO-selected preferred solution and rationale. In examining the solution and alternatives, the Asset Condition Reviewer may consider, but is not limited to: engineering feasibility, technical requirements, risk assessments, maintenance and operational impacts, project costs, alignment with PTO's Asset Monitoring and Evaluation Practices, and industry standards. The Asset Condition Reviewer may consult with the PTO throughout the solution and alternatives review process and request additional information or alternatives that it reasonably deems necessary during the conduct of the review. If the Asset Condition Reviewer identifies any concerns during the solution and alternatives review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and describe such consultation, including the PTO's response, in the Asset Condition Reviewer report specified in Section 6(b)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the solution and alternatives review within sixty (60) days from the date it commenced the review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonably withheld. Thereafter, the Asset Condition Reviewer and the PTO shall each make separate presentations on the solution and alternatives to the Planning Advisory Committee for the Committee's review and feedback. The period of Planning Advisory Committee review and feedback regarding the solution and alternatives shall not exceed fifteen (15) days from the Committee meeting at which the Asset Condition Reviewer and PTO presented.

Without abridging the rights established in Section 3.07 of the TOA, each PTO will make reasonable efforts to support the completion of the review of an ACP or ACP Program by the Asset Condition Reviewer before proceeding to construct the ACP or ACP Program.

(iii) **Reporting.** Each PTO shall provide for posting on the ISO's website a combined set of materials reporting on the need, solution, and alternatives for review and comment by the Planning Advisory Committee. The Asset Condition Reviewer shall post on the ISO's website a draft report on the reviews performed for each ACP or ACP Program for review and comment by the Planning Advisory Committee. The Asset Condition Reviewer report

shall include a description of the Asset Condition Reviewer's review, analysis, and rationale for its conclusions. The period for Planning Advisory Committee review and feedback on the draft report shall not exceed fifteen (15) days. Members of the Planning Advisory Committee may direct all such input on the reports to the PTO and the Asset Condition Reviewer. The Asset Condition Reviewer will promptly finalize and notify the PTO that it has completed its review and provide a summary of its conclusions. The PTO may provide a written response to the Asset Condition Reviewer's conclusions for posting on the ISO's website. The review process shall be deemed complete upon such notification, and the Asset Condition Reviewer will post its Asset Condition Reviewer final report on the ISO's website.

(c) Review Process Applicable to CIP-014 ACPs. Each PTO shall be responsible for identifying and notifying the Asset Condition Reviewer of any CIP-014 ACP that is expected to meet the threshold specified in Section 6(a)i. Notwithstanding any other provision to the contrary, information including, but not limited to, the existence, name, location, exact number, and vulnerabilities, associated with CIP-014 ACPs shall be treated as confidential in accordance with the ISO New England Information Policy and is not subject to public disclosure. The process for review by the Asset Condition Reviewer shall begin upon the Asset Condition Reviewer's receipt of the PTO's notification that it has identified a CIP-014 ACP that is expected to meet the threshold specified in Section 6(a)i. The Asset Condition Reviewer shall confirm that the CIP-014 ACP is subject to its review and notify the Planning Advisory Committee that a CIP-014 ACP review has been initiated. The Asset Condition Reviewer review process for CIP-014 ACP subject to review under this Section 6(c) shall consist of the following steps: (i) need review, (ii) solution and alternatives review, and (iii) reporting.

(i) **Review of Need.** Each PTO is responsible for identifying and establishing the need for a CIP-014 ACP. To initiate the Asset Condition Reviewer's review of the PTO-identified need, the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the need, including, but not limited to, all applicable vulnerability assessments and risk analysis, as described in the Asset Condition Review Process Guide. The Asset Condition Reviewer will evaluate the information and data submitted by a PTO for completeness within five (5) Business Days, and commence its review of the need upon confirming completeness.

During the need review, the Asset Condition Reviewer shall examine and provide its conclusions on the validity of the physical vulnerability that establishes the need for the

CIP-014 ACP. In examining whether the PTO adequately evaluated and provided sufficient evidence to establish the need, the Asset Condition Reviewer may consider, but is not limited to, the results of the vulnerability assessments. The Asset Condition Reviewer may consult with the PTO throughout the need review process and request additional information that it reasonably deems necessary during the conduct of the need review. If the Asset Condition Reviewer identifies any concerns during the conduct of the need review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and identify that a consultation took place in the Asset Condition Reviewer summary specified in Section 6(c)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the need review within forty-five (45) days from the date it commenced the need review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonably withheld. Due to the potential risks associated with revealing information related to CIP-014 stations or substations, the PTO and the Asset Condition Reviewer will not make presentations on the need to the Planning Advisory Committee.

(ii) **Review of Solution and Alternatives.** Each PTO is responsible for exploring alternatives and selecting a preferred solution to address the PTO-identified need for a CIP-014 ACP. To initiate the Asset Condition Reviewer's solution and alternatives review after the need review has been completed, the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the solution and alternatives, including corresponding cost estimates, as described in the Asset Condition Reviewer Process Guide. The Asset Condition Reviewer will evaluate the information submitted by the PTO for completeness within five (5) Business Days, and commence its solution and alternatives review upon confirming completeness.

During the solution and alternatives review, the Asset Condition Reviewer shall examine whether the PTO adequately explored, developed, and established alternatives to address the identified need. In examining the solutions and alternatives, the Asset Condition Reviewer may consider, but is not limited to: engineering feasibility, technical requirements, risk assessments, maintenance and operational impacts, project costs, alignment with PTO's physical security standards, and industry standards. The Asset Condition Reviewer may consult with the PTO throughout the solution and alternatives review process and request additional information that it reasonably deems necessary during the conduct of the review.

If the Asset Condition Reviewer identifies any concerns during the solution and alternatives review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and identify that a consultation took place in the Asset Condition Reviewer summary specified in Section 6(c)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the solution and alternatives review within sixty (60) days from the date it commenced the review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonable withheld. Due to the potential risks associated with revealing information related to CIP-014 stations or substations, the PTO and the Asset Condition Reviewer will not make presentations on the solution and alternatives review to the Planning Advisory Committee.

Without abridging the rights established in Section 3.07 of the TOA, each PTO will make reasonable efforts to support the completion of the review of a CIP-014 ACP by the Asset Condition Reviewer before proceeding to construct the CIP-014 ACP.

(iii) **Reporting.** The Asset Condition Reviewer shall post on the ISO's website a summary of the reviews performed for each CIP-014 ACP. The Asset Condition Reviewer will promptly finalize and notify the PTO that it has completed its review and provide a summary of its conclusions. The review process shall be deemed complete upon such notification.

7. Significant Changes to an ACP or ACP Program Preferred Solution Subsequent to Completion of the Asset Condition Reviewer Process.

Each PTO shall provide notice to the Asset Condition Reviewer if, following the completion of the Asset Condition Reviewer's review process described in Section 6 of this Attachment R, the ACP or ACP Program preferred solution that the PTO selected is determined to be infeasible and a new solution must be selected, or there is a material change to the design of the preferred solution. Within fourteen (14) days of such notice, the relevant PTO and the Asset Condition Reviewer shall meet to discuss whether reevaluation is necessary. The Asset Condition Reviewer will report on the conclusions of the discussions with the PTO to the Planning Advisory Committee. Changes to an ACP or ACP Program required to comply with a directive by a relevant state siting authority shall not trigger reevaluation under this Section 7, but the PTO will provide a summary of the directed changes to the Asset Condition Reviewer and the Planning Advisory Committee within thirty (30) days of such directive.

8. Annual and Periodic Reporting

Commencing in first quarter of 2028, the Asset Condition Reviewer shall prepare and issue an annual report to the Planning Advisory Committee covering items, such as:

- Discussion of ACPs and ACP Programs reviewed during the year
- Discussion of forecast of ACPs and ACP Programs to be forthcoming in the following year
- Observations on overall status of the conditions of the region's existing transmission assets
- Observations on regional cost trends
- Observations on long-term expectations for upcoming projects
- Observations on PTO Asset Monitoring and Evaluation Practices, inconsistencies among PTO and industry practices, and opportunities for improvements and best practices
- Discussion of industry trends on, for example, equipment, codes, supply change
- Improvements to Asset Condition Reviewer processes

The Asset Condition Reviewer may also issue periodic reports on these topics.

In addition, the Asset Condition Reviewer shall provide to the System Planning and Reliability Committee of the ISO Board of Directors reporting on the Asset Condition Review Process no less than three times per year.

9. Asset Condition List, Forecasts, and Information

The Asset Condition Reviewer shall maintain and post on the ISO's website a cumulative list reflecting the ACPs and ACP Programs. The Asset Condition List shall indicate the status of each ACP or ACP Program in the evaluation process. For purposes of the Asset Condition List, the following classifications shall be used to reflect the status of an ACP or ACP Program:

- "Concept" shall include an ACP that is under consideration to address an asset condition need that has been presented to the Planning Advisory Committee.
- "Proposed" shall include an ACP where the PTO has determined that the solution is appropriate to address the asset condition need and the solution has been presented to the Planning Advisory Committee.
- "Planned" shall include an ACP that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.
- "Under Construction" shall include an ACP that has received the approvals required under the Tariff and engineering and construction is underway.

- “In Service” shall include an ACP that has been placed in commercial operation.
- “Program” shall include an ACP Program.

The Asset Condition List will be updated by the ISO periodically.

The PTOs shall develop and maintain for posting on the ISO’s website a forecast of upcoming ACPs greater than or equal to five million dollars ($5 million) or ACP Programs that meet the applicability threshold detailed in Section 6(a)(ii) comprising the PTO’s projection of up to ten (10) years of asset condition needs on the PTF. At a minimum, the forecast shall include projects that are under development, under evaluation, and indicate the project status, anticipated solution scope, estimated costs, estimated start of construction date, estimated in service date, and the date the PTO plans to present the project at the Planning Advisory Committee. The forecast will be updated by the PTOs annually.

The PTOs shall also develop and maintain for posting on the ISO’s website major asset condition information. At a minimum, the information shall include age, asset identification and substation/location, original in-service year, structure/conductor type, information related to inspection frequency for transmission lines, underground cables, circuit breakers, transformers, and control houses.

Attachment 1

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ATTACHMENT R

ASSET CONDITION REVIEW PROCESS

1. Introduction

The PTOs are responsible for identifying and undertaking ACPs and ACP Programs subject to their respective Asset Monitoring and Evaluation Practices to maintain the reliability and integrity of the existing PTF. This Attachment R sets forth the procedures for the review by the ISO as the Asset Condition Reviewer specified in the TOA of each PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. The Asset Condition Reviewer, supplemented by consultants as necessary, shall perform the functions described in Section 3 of this Attachment R in accordance with the procedures set forth in this Attachment R. In performing the functions, and subject to the limitations, set forth in Section 3 of this Attachment R, the Asset Condition Reviewer shall examine each PTO's Asset Monitoring and Evaluation Practices and ACP and ACP Programs that meet the applicable threshold set forth in Section 6 of this Attachment R to ensure that the PTO has sufficiently demonstrated the technical need for reconstruction or replacement of existing PTF, to ensure that cost-effectiveness is an integral part of the PTO's solution development, and to provide comprehensive reporting on its reviews and conclusions in a timely manner. A process guide containing detailed processes to fulfill the objectives and requirements of this Attachment R shall be developed by the Asset Condition Reviewer and made available on the ISO's website (the "Asset Condition Review Process Guide"). Nothing in the Asset Condition Review Process Guide shall expand the role of the Asset Condition Reviewer or the obligations of the PTOs set out in the TOA and this Attachment R. To the extent the Asset Condition Review Process Guide conflicts with this Attachment R, this Attachment R governs. The Asset Condition Reviewer's costs of performing the functions described in Section 3 of this Attachment R shall be recovered pursuant to Schedule 1 of Section IV.A of the Tariff.

2. Definitions

The definitions contained in this Section 2 are intended to apply in the context of the Asset Condition Review Process provided in this Attachment R. Capitalized terms in Attachment R that are not defined in this Section 2 shall have the meanings specified in Section I.2.2 of the Tariff.

Asset Condition Project ("ACP") shall have the meaning ascribed to it in the TOA and is provided here for reference. "ACP" is any project that involves the reconstruction or replacement of all or a portion of a PTO's existing PTF and HTF undertaken in accordance with Good Utility Practice to minimize the risk of

asset failure based on assessment of asset condition, end-of-life milestones, or obsolescence. ACP also includes any enhancements or modifications to existing PTF or HTF to implement physical security plans required under NERC Reliability Standard CIP-014. ACP excludes reconstructions or replacements of PTO existing PTF and HTF that are operating and maintenance expenditures.

Asset Condition List is the list of ACP and ACP Programs, and their associated cost estimates, identified by the PTOs in response to asset condition needs.

Asset Condition Project Program ("ACP Program") shall have the meaning ascribed to it in the TOA and is provided here for reference. "ACP Program" is a collection of ACPs that address a common, documented asset condition need across multiple PTF and HTF of a similar type, class, vintage, design, manufacturer, or failure mode. An ACP Program has a known and defined scope and is limited to assets that share the same underlying condition-based drivers, including, but not limited to, asset condition assessments, end-of-life milestones, systemic deterioration, or equipment obsolescence.

Asset Condition Review Process shall have the meaning ascribed to it in the TOA and is provided here for reference. "Asset Condition Review Process" is the procedures for the Asset Condition Reviewer's review of PTO Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs set forth in this Attachment R of the ISO OATT.

Asset Condition Reviewer is the ISO.

Asset Monitoring and Evaluation Practices shall have the meaning ascribed to it in the TOA and is provided here for reference. "Asset Monitoring and Evaluation Practices" are a PTO's asset monitoring and evaluation guides, procedures, processes, and practices that lead to the identification for the need, and development, of ACPs or ACP Programs, including, but not limited to any documentation covering asset strategy guides, inventories, inspections, risk assessment, and prioritization.

Base Alternative refers to the solution that addresses the PTO-identified primary need associated with an ACP or ACP Program, but does not include additional project scope, such as to address long-term cost efficiencies or to avoid revisiting the project location in the foreseeable future.

CIP-014 refers to NERC Reliability Standard CIP-014 requiring the identification and protection of critical transmission stations and substations.

3. Functions of the Asset Condition Reviewer; Role of the Planning Advisory Committee

(a) Subject to the limitations set forth in Section 3(b) of this Attachment R, the Asset Condition Reviewer shall perform the following functions:

i. Review and report on each PTO's Asset Monitoring and Evaluation Practices that are used to establish ACPs and ACP Programs, identify cases of variation among the PTO practices and with general industry practices, and identify and facilitate consideration of opportunities for improvements and best practices.

ii. Review and report on each PTO's ACP and ACP Program that meet the thresholds specified in Section 6 of this Attachment R. This review consists of: examining and providing conclusions on whether the PTO adequately evaluated and provided sufficient evidence consistent with Good Utility Practice to establish the need for the ACP or ACP Program, and adequately explored alternatives to that need; and examining and providing conclusions on the preferred solution selected by the PTO and the PTO's rationale for the preferred solution.

iii. Prepare and issue annual and periodic reports to the Planning Advisory Committee concerning the PTO's Asset Monitoring and Evaluation Practices, ACPs, ACP Programs, and the Asset Condition Reviewer's performance and adherence to the timelines contained in this Attachment R.

(b) The Asset Condition Reviewer performance of these functions shall be subject to the following limitations:

i. The Asset Condition Reviewer role is solely advisory.

ii. The Asset Condition Reviewer shall not make decisions about whether to proceed with an ACP or an ACP Program.

iii. The Asset Condition Reviewer shall not make legal findings on or issue an opinion on the questions of whether Asset Monitoring and Evaluation Practices or the costs of any given ACP or ACP Program are prudent.

(c) The Planning Advisory Committee established pursuant to Section 2 of Attachment K of Section II of the Tariff shall serve to review and provide input and comment on: (i) the process for review of Asset Management and Evaluation Practices, ACPs and ACP Programs; and (ii) the review, evaluations, conclusions, and reports concerning Asset Management and Evaluation Practices, including opportunities for improvements and best practices, ACPs, and

ACP Programs. Nothing herein shall be construed to change the Planning Advisory Committee's roles as advisory.

4. Information Provision Requirements

Each PTO shall provide to the Asset Condition Reviewer any information that the Asset Condition Reviewer reasonably deems necessary to perform the review of the PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs under this Attachment R. The Asset Condition Reviewer may use the information received in the course of carrying out its functions to the extent necessary to perform the review of, and reporting on, the PTOs' Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs required in this Attachment R. Information provided by the PTO to the Asset Condition Reviewer relating to the PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs shall be subject to applicable provisions of the ISO New England Information Policy. Details regarding the standard information the PTO is required to provide, including the timing, form, and manner in which such information is to be provided, will be described in the Asset Condition Review Process Guide. Where information requested by the Asset Condition Reviewer is not provided by a PTO, the Asset Condition Reviewer shall identify such instances in the reporting specified under Section 5 or 6 of this Attachment R.

5. Review of PTO Asset Monitoring and Evaluation Practices

The Asset Condition Reviewer shall review each PTO's Asset Monitoring and Evaluation Practices to the extent such Asset Monitoring and Evaluation Practices result in ACPs or ACP Programs that meet the applicability criteria described in Section 6(a) of this Attachment R. The Asset Condition Reviewer's review may include, but is not limited to, documentation covering the following: asset inventory and condition assessment; periodicity and methods of asset monitoring and inspection; prioritization and sequencing of inspection; approaches employed in reviews of inspection results; criteria for identifying when an asset condition need must be addressed; project prioritization criteria in the case of multiple projects, including condition, risk, cost analysis and comparison, and strategic importance; lifecycle cost analysis results; and asset historical performance. Each PTO shall notify the Asset Condition Reviewer of any material modifications to the PTO's Asset Monitoring and Evaluation Practices on an annual basis.

The Asset Condition Reviewer shall report to the Planning Advisory Committee on PTO Asset Monitoring and Evaluation Practices and identify variations in practices among the PTOs and industry. The Asset Condition Reviewer, in consultation with the PTOs and the Planning Advisory Committee,

shall identify and facilitate consideration of opportunities for improvement and best practices for PTO Asset Monitoring and Evaluation Practices.

6. Review of ACPs and ACP Programs

(a) Applicability. All ACPs and ACP Programs that meet the following thresholds are subject to review by the Asset Condition Reviewer:

i. ACPs that the PTO forecasts will have a PTF cost greater than or equal to twenty-five million dollars ($25 million) on an individual line or at a single station or substation over a period of five (5) years or less. For an ACP that has a mix of PTF and Non-PTF costs, the determining threshold shall be based on the PTO's forecasted PTF cost of the project.

ii. ACP Programs that (a) the PTO forecasts will have a PTF cost greater than or equal to one hundred million dollars ($100 million) over any period of five (5) years or less over the duration of the program, or (b) satisfy the following three conditions:

1. The ACP Program impacts fifteen percent (15%) or more of the PTO's PTF lines or substations;
2. The ACP Program includes PTO forecasted PTF costs greater than five million dollars ($5 million) associated with work on any individual transmission line or any individual transmission station or substation; and
3. The PTO forecasts that the ACP Program will have a PTF cost greater than or equal to twenty-five million dollars ($25 million) over a period of five (5) years or less.

For clarity, any individual transmission line, station or substation work that the PTO forecasts will have a PTF cost greater than or equal to twenty-five million dollars ($25 million) over five (5) years or less, regardless of whether it is part of an ACP Program, shall be considered to have met the threshold under Section 6(a)(i) and reviewed as an individual ACP.

The Asset Condition Reviewer, in consultation with the PTOs and Planning Advisory Committee, will review and identify the need for updates to the thresholds specified in this Section 6(a) based on impacts of major cost change drivers such as, but not limited to, inflation, supply chain issues, or Asset Condition Reviewer process efficiencies. Updates to the thresholds and any timelines for review shall be reflected in a revised Attachment R to be filed as set forth in Section 2.08(e) of the TOA.

Notwithstanding the foregoing, an ACP or ACP Program that the PTO has presented to the Planning Advisory Committee and meets the requirements to be included on the Asset Condition List with a status

of Proposed, Planned, Under Construction, In-Service, or Program prior to the effective date of this Attachment R shall not be subject to the applicable review process set forth in Section 6. Where the ISO has initiated the review of an ACP under the prior interim asset condition review process, the ACP shall also not be subject to the review processes set forth in Section 6.

Notwithstanding any other provision of this Attachment R, ACP Programs shall exclude ACPs undertaken to implement physical security plans required under CIP-014 ("CIP-014 ACP").

(b) Review Process Applicable to ACP Programs and Non-CIP-014 ACPs. Each PTO shall be responsible for identifying and notifying the Asset Condition Reviewer of any ACP or ACP Program that is expected to meet the thresholds specified in Section 6(a). The process for review by the Asset Condition Reviewer shall begin upon the Asset Condition Reviewer's receipt of the PTO's notification that it has identified an ACP or ACP Program that is expected to meet the thresholds specified in Section 6(a). The Asset Condition Reviewer shall confirm that the ACP or ACP Program is subject to its review, and notify the Planning Advisory Committee that an ACP or an ACP Program review has been initiated. The Asset Condition Reviewer review process for an ACP or ACP Program subject to review under this Section 6(b) shall consist of the following steps: (i) need review, (ii) solution and alternatives review, and (iii) reporting.

(i) **Review of Need.** Each PTO is responsible for identifying and establishing the need for an ACP or ACP Program. To initiate the Asset Condition Reviewer's review of the PTO-identified need, the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the need, including, but not limited to, all applicable technical data, condition assessments, maintenance history, and risk analysis, as described in the Asset Condition Review Process Guide. The Asset Condition Reviewer will evaluate the information and data submitted by a PTO for completeness within five (5) Business Days, and commence its review of the need upon confirming completeness.

During the need review, the Asset Condition Reviewer shall examine the need identified by the PTO and provide its conclusions to the PTO and the Planning Advisory Committee on whether the PTO adequately evaluated and provided sufficient evidence to establish the need for the ACP or ACP Program. In examining whether the PTO adequately evaluated and provided sufficient evidence to establish the need, the Asset Condition Reviewer may

consider, but is not limited to: condition assessments based on inspections and testing, including whether the inspections were consistent with expected approach, and results of the inspections confirm the stated need; factors such as equipment failures, code requirements, age, obsolescence, and spares availability; and whether the life of the affected equipment could be extended by other means. The Asset Condition Reviewer may consult with the PTO throughout the need review process and request additional information that it reasonably deems necessary during the conduct of the need review. If the Asset Condition Reviewer identifies any concerns during the conduct of the need review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and describe such consultation, including the PTO's response, in the Asset Condition Reviewer report specified in Section 6(b)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the need review within sixty (60) days from the date it commenced the need review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonably withheld. Thereafter, the Asset Condition Reviewer and the PTO shall each make separate presentations on the need to the Planning Advisory Committee for the Committee's review and feedback. The period of the Planning Advisory Committee review and feedback regarding need shall not exceed fifteen (15) days from the Committee meeting at which the Asset Condition Reviewer and PTO presented.

(ii) **Review of Preferred Solution and Alternatives.** Each PTO is responsible for exploring alternatives and selecting a preferred solution to address the PTO-identified need for an ACP or ACP Program. To initiate the Asset Condition Reviewer's solution and alternatives review following the conclusion of the Planning Advisory Committee's comment period provided for in Section 6(b)(i), the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the solution and alternatives, including corresponding cost estimates, as described in the Asset Condition Review Process Guide. For each ACP or ACP Program, the PTO shall also develop and provide to the Asset Condition Reviewer a Base Alternative and corresponding cost estimate. The Asset Condition Reviewer will evaluate the information submitted by a PTO for completeness within five (5) Business Days, and commence its solution and alternatives review upon confirming completeness.

During the solution and alternatives review, the Asset Condition Reviewer shall examine whether the PTO adequately explored, developed, and established alternatives to address the PTO-identified need; report its conclusions; and evaluate and provide its conclusions to the PTO and the Planning Advisory Committee on the PTO-selected preferred solution and rationale. In examining the solution and alternatives, the Asset Condition Reviewer may consider, but is not limited to: engineering feasibility, technical requirements, risk assessments, maintenance and operational impacts, project costs, alignment with PTO's Asset Monitoring and Evaluation Practices, and industry standards. The Asset Condition Reviewer may consult with the PTO throughout the solution and alternatives review process and request additional information or alternatives that it reasonably deems necessary during the conduct of the review. If the Asset Condition Reviewer identifies any concerns during the solution and alternatives review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and describe such consultation, including the PTO's response, in the Asset Condition Reviewer report specified in Section 6(b)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the solution and alternatives review within sixty (60) days from the date it commenced the review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonably withheld. Thereafter, the Asset Condition Reviewer and the PTO shall each make separate presentations on the solution and alternatives to the Planning Advisory Committee for the Committee's review and feedback. The period of Planning Advisory Committee review and feedback regarding the solution and alternatives shall not exceed fifteen (15) days from the Committee meeting at which the Asset Condition Reviewer and PTO presented.

Without abridging the rights established in Section 3.07 of the TOA, each PTO will make reasonable efforts to support the completion of the review of an ACP or ACP Program by the Asset Condition Reviewer before proceeding to construct the ACP or ACP Program.

(iii) **Reporting.** Each PTO shall provide for posting on the ISO's website a combined set of materials reporting on the need, solution, and alternatives for review and comment by the Planning Advisory Committee. The Asset Condition Reviewer shall post on the ISO's website a draft report on the reviews performed for each ACP or ACP Program for review and comment by the Planning Advisory Committee. The Asset Condition Reviewer report

shall include a description of the Asset Condition Reviewer's review, analysis, and rationale for its conclusions. The period for Planning Advisory Committee review and feedback on the draft report shall not exceed fifteen (15) days. Members of the Planning Advisory Committee may direct all such input on the reports to the PTO and the Asset Condition Reviewer. The Asset Condition Reviewer will promptly finalize and notify the PTO that it has completed its review and provide a summary of its conclusions. The PTO may provide a written response to the Asset Condition Reviewer's conclusions for posting on the ISO's website. The review process shall be deemed complete upon such notification, and the Asset Condition Reviewer will post its Asset Condition Reviewer final report on the ISO's website.

(c) Review Process Applicable to CIP-014 ACPs. Each PTO shall be responsible for identifying and notifying the Asset Condition Reviewer of any CIP-014 ACP that is expected to meet the threshold specified in Section 6(a)i. Notwithstanding any other provision to the contrary, information including, but not limited to, the existence, name, location, exact number, and vulnerabilities, associated with CIP-014 ACPs shall be treated as confidential in accordance with the ISO New England Information Policy and is not subject to public disclosure. The process for review by the Asset Condition Reviewer shall begin upon the Asset Condition Reviewer's receipt of the PTO's notification that it has identified a CIP-014 ACP that is expected to meet the threshold specified in Section 6(a)i. The Asset Condition Reviewer shall confirm that the CIP-014 ACP is subject to its review and notify the Planning Advisory Committee that a CIP-014 ACP review has been initiated. The Asset Condition Reviewer review process for CIP-014 ACP subject to review under this Section 6(c) shall consist of the following steps: (i) need review, (ii) solution and alternatives review, and (iii) reporting.

(i) **Review of Need.** Each PTO is responsible for identifying and establishing the need for a CIP-014 ACP. To initiate the Asset Condition Reviewer's review of the PTO-identified need, the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the need, including, but not limited to, all applicable vulnerability assessments and risk analysis, as described in the Asset Condition Review Process Guide. The Asset Condition Reviewer will evaluate the information and data submitted by a PTO for completeness within five (5) Business Days, and commence its review of the need upon confirming completeness.

During the need review, the Asset Condition Reviewer shall examine and provide its conclusions on the validity of the physical vulnerability that establishes the need for the

CIP-014 ACP. In examining whether the PTO adequately evaluated and provided sufficient evidence to establish the need, the Asset Condition Reviewer may consider, but is not limited to, the results of the vulnerability assessments. The Asset Condition Reviewer may consult with the PTO throughout the need review process and request additional information that it reasonably deems necessary during the conduct of the need review. If the Asset Condition Reviewer identifies any concerns during the conduct of the need review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and identify that a consultation took place in the Asset Condition Reviewer summary specified in Section 6(c)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the need review within forty-five (45) days from the date it commenced the need review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonably withheld. Due to the potential risks associated with revealing information related to CIP-014 stations or substations, the PTO and the Asset Condition Reviewer will not make presentations on the need to the Planning Advisory Committee.

(ii) **Review of Solution and Alternatives.** Each PTO is responsible for exploring alternatives and selecting a preferred solution to address the PTO-identified need for a CIP-014 ACP. To initiate the Asset Condition Reviewer's solution and alternatives review after the need review has been completed, the PTO shall submit to the Asset Condition Reviewer all information and data that the Asset Condition Reviewer reasonably deems necessary to support the review of the solution and alternatives, including corresponding cost estimates, as described in the Asset Condition Reviewer Process Guide. The Asset Condition Reviewer will evaluate the information submitted by the PTO for completeness within five (5) Business Days, and commence its solution and alternatives review upon confirming completeness.

During the solution and alternatives review, the Asset Condition Reviewer shall examine whether the PTO adequately explored, developed, and established alternatives to address the identified need. In examining the solutions and alternatives, the Asset Condition Reviewer may consider, but is not limited to: engineering feasibility, technical requirements, risk assessments, maintenance and operational impacts, project costs, alignment with PTO's physical security standards, and industry standards. The Asset Condition Reviewer may consult with the PTO throughout the solution and alternatives review process and request additional information that it reasonably deems necessary during the conduct of the review.

If the Asset Condition Reviewer identifies any concerns during the solution and alternatives review, it shall consult with the PTO regarding the Asset Condition Reviewer's concerns, and identify that a consultation took place in the Asset Condition Reviewer summary specified in Section 6(c)(iii).

The Asset Condition Reviewer shall make reasonable efforts to complete the solution and alternatives review within sixty (60) days from the date it commenced the review. The Asset Condition Reviewer and the PTO may extend that date by mutual agreement, such agreement not to be unreasonable withheld. Due to the potential risks associated with revealing information related to CIP-014 stations or substations, the PTO and the Asset Condition Reviewer will not make presentations on the solution and alternatives review to the Planning Advisory Committee.

Without abridging the rights established in Section 3.07 of the TOA, each PTO will make reasonable efforts to support the completion of the review of a CIP-014 ACP by the Asset Condition Reviewer before proceeding to construct the CIP-014 ACP.

(iii) **Reporting.** The Asset Condition Reviewer shall post on the ISO's website a summary of the reviews performed for each CIP-014 ACP. The Asset Condition Reviewer will promptly finalize and notify the PTO that it has completed its review and provide a summary of its conclusions. The review process shall be deemed complete upon such notification.

7. Significant Changes to an ACP or ACP Program Preferred Solution Subsequent to Completion of the Asset Condition Reviewer Process.

Each PTO shall provide notice to the Asset Condition Reviewer if, following the completion of the Asset Condition Reviewer's review process described in Section 6 of this Attachment R, the ACP or ACP Program preferred solution that the PTO selected is determined to be infeasible and a new solution must be selected, or there is a material change to the design of the preferred solution. Within fourteen (14) days of such notice, the relevant PTO and the Asset Condition Reviewer shall meet to discuss whether reevaluation is necessary. The Asset Condition Reviewer will report on the conclusions of the discussions with the PTO to the Planning Advisory Committee. Changes to an ACP or ACP Program required to comply with a directive by a relevant state siting authority shall not trigger reevaluation under this Section 7, but the PTO will provide a summary of the directed changes to the Asset Condition Reviewer and the Planning Advisory Committee within thirty (30) days of such directive.

8. Annual and Periodic Reporting

Commencing in first quarter of 2028, the Asset Condition Reviewer shall prepare and issue an annual report to the Planning Advisory Committee covering items, such as:

- Discussion of ACPs and ACP Programs reviewed during the year
- Discussion of forecast of ACPs and ACP Programs to be forthcoming in the following year
- Observations on overall status of the conditions of the region's existing transmission assets
- Observations on regional cost trends
- Observations on long-term expectations for upcoming projects
- Observations on PTO Asset Monitoring and Evaluation Practices, inconsistencies among PTO and industry practices, and opportunities for improvements and best practices
- Discussion of industry trends on, for example, equipment, codes, supply change
- Improvements to Asset Condition Reviewer processes

The Asset Condition Reviewer may also issue periodic reports on these topics.

In addition, the Asset Condition Reviewer shall provide to the System Planning and Reliability Committee of the ISO Board of Directors reporting on the Asset Condition Review Process no less than three times per year.

9. Asset Condition List, Forecasts, and Information

The Asset Condition Reviewer shall maintain and post on the ISO's website a cumulative list reflecting the ACPs and ACP Programs. The Asset Condition List shall indicate the status of each ACP or ACP Program in the evaluation process. For purposes of the Asset Condition List, the following classifications shall be used to reflect the status of an ACP or ACP Program:

- "Concept" shall include an ACP that is under consideration to address an asset condition need that has been presented to the Planning Advisory Committee.
- "Proposed" shall include an ACP where the PTO has determined that the solution is appropriate to address the asset condition need and the solution has been presented to the Planning Advisory Committee.
- "Planned" shall include an ACP that has met the requirements for a Proposed project and has been approved by the ISO under Section I.3.9 of the Tariff.
- "Under Construction" shall include an ACP that has received the approvals required under the Tariff and engineering and construction is underway.

- “In Service” shall include an ACP that has been placed in commercial operation.
- “Program” shall include an ACP Program.

The Asset Condition List will be updated by the ISO periodically.

The PTOs shall develop and maintain for posting on the ISO’s website a forecast of upcoming ACPs greater than or equal to five million dollars ($5 million) or ACP Programs that meet the applicability threshold detailed in Section 6(a)(ii) comprising the PTO’s projection of up to ten (10) years of asset condition needs on the PTF. At a minimum, the forecast shall include projects that are under development, under evaluation, and indicate the project status, anticipated solution scope, estimated costs, estimated start of construction date, estimated in service date, and the date the PTO plans to present the project at the Planning Advisory Committee. The forecast will be updated by the PTOs annually.

The PTOs shall also develop and maintain for posting on the ISO’s website major asset condition information. At a minimum, the information shall include age, asset identification and substation/location, original in-service year, structure/conductor type, information related to inspection frequency for transmission lines, underground cables, circuit breakers, transformers, and control houses.

Attachment 3

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

ISO New England Inc., *et al.*	**)**	**Docket No. ER26-___-000**
	)	

JOINT TESTIMONY OF
ALAN MCBRIDE AND FATOU DIENG
ON BEHALF OF ISO NEW ENGLAND INC.

I. INTRODUCTION

Q: Please state your name, title and business address.

A: *Mr. McBride:* My name is Alan McBride. I am the Vice President of System Planning for ISO New England Inc. (the "ISO" or "ISO-NE"). My business address is One Sullivan Road, Holyoke, Massachusetts 01040-2841.

Ms. Dieng: My name is Fatou Dieng. I am a Manager with the Transmission Planning team within the System Planning Department at the ISO. My business address is One Sullivan Road, Holyoke, Massachusetts 01040-2841.

Q: Please describe your educational background and work experience.

A: *Mr. McBride:* I joined the ISO in June 2006 and, for the following four years, my primary responsibility was as Project Manager of New Generation Qualification for the Forward Capacity Market. In 2010, I became the Manager, Area Transmission Planning for northern New England, and continued in that position until 2015, when I became Director of Transmission Services. In that position, I was responsible for the oversight of the ISO's interconnection process for new Generating Facilities and Elective Transmission

Upgrades. In November 2019, my responsibilities were expanded to include the qualification of resources in the Forward Capacity Market, and in 2023, I also became responsible for our system modeling group. On August 1, 2024, I was promoted to Vice President of System Planning. My current responsibilities include oversight of the ISO's planning activities, including area transmission planning, resource adequacy, and interconnection and transmission services.

Before joining the ISO, I worked at Dynegy Inc. and then at Calpine Corporation. At both companies, I supported various transmission-related activities associated with the development, interconnection, and commercial operation of merchant generation facilities. Prior to joining Dynegy, I worked at Power Technologies Incorporated (now a division of Siemens Industries), where I conducted various transmission analysis studies, including the system impact studies of several proposed generating facilities. I have 30 years of experience in various aspects of power transmission system analysis and transmission services. I hold a Bachelor of Science degree in Electrical Engineering from University College Dublin, in Ireland, a Master's degree in Electric Power Engineering from Rensselaer Polytechnic Institute, and an M.B.A. degree from Purdue University.

Ms. Fatou: I have a Bachelor of Science degree in Electrical Engineering from the University of the District of Columbia and a Master of Science degree in Electrical Engineering from Kansas State University. In my current position of Manager, Transmission Planning, I coordinate regional transmission system planning, including the implementation of studies, such as Needs Assessments and Solution Studies under

Attachment K of the ISO OATT, which contains the Regional System Planning Process ("RSP Process"), as well as Proposed Plan Applications under Section I.3.9 of the Tariff. Prior to joining the ISO in 2025, I was at Eversource for almost seven years where I held the positions of Lead Engineer, Manager, and finally Director of Asset Management. Before that, I was a Section Manager of Transmission Planning at Burns & McDonnell. I have over 17 years of experience in transmission planning and transmission and distribution asset management in the New England region.

II. PURPOSE AND ORGANIZATION OF TESTIMONY

Q: What is the purpose of your testimony in this proceeding?

A: The purpose of our testimony is to explain the changes to the Transmission Operating Agreement ("TOA") and the Open Access Transmission Tariff ("OATT") in Section II of the ISO's Transmission, Markets and Services Tariff ("Tariff")[1] that are necessary to establish the Asset Condition ("AC") Reviewer role for the ISO. Under this new role, the ISO, as the AC Reviewer, will provide independent oversight of the Participating Transmission Owners' ("PTO") Asset Monitoring and Evaluation Practices, Asset Condition Projects ("ACPs"), and ACP Programs. These concepts are explained later in our testimony, but for context, they relate to PTO capital projects to replace or reconstruct aging, deteriorating, or obsolete transmission elements to maintain the integrity of the system.

[1] Capitalized terms used but not defined in this testimony are intended to have the meaning given to such terms in the TOA and the ISO Tariff.

More specifically, the ISO proposes to revise the TOA to: (1) define the main functions and limitations of the role, consistent with threshold requirements the ISO set in agreeing to take the role; (2) establish new information requirements; (3) detail AC Reviewer process expectations; and (4) confirm the ISO's filing rights related to the AC Reviewer process and budget. The ISO also proposes to revise the OATT to incorporate a new Attachment R, Asset Condition Review Process, through which the ISO, as the AC Reviewer, will examine each PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. For purposes of the testimony, these changes are referred to, collectively, as the "ACR Changes."

The ACR Changes reflect the consensus approach developed to address the New England states' and stakeholders' requests for independent oversight and scrutiny of PTO Asset Condition Projects. These changes come at a time of increased focus on energy affordability and provide for independent confirmation of technical needs for equipment replacements or reconstructions, and consideration of cost-effective solutions to address those needs.

Q: How is your testimony organized?

A: Our testimony is organized as follows: Section I introduces the witnesses; Section II describes the purpose and organization of the testimony; Section III provides relevant background regarding the development of Asset Condition Projects in New England, and the framework of the AC Reviewer function; and Section IV provides an overview of the

AC Reviewer function and describes the ACR Changes that incorporate the role in the TOA and OATT.

III. BACKGROUND

A. Development of Asset Condition Projects in New England

Q: Please describe the development of Asset Condition Projects in New England.

A: In New England, Asset Condition Projects generally refer to PTO capital projects to replace or reconstruct aging, deteriorating, or obsolete transmission elements, which are undertaken to maintain the integrity of the system.[2] These types of projects are generally referred to elsewhere as "asset management" projects. Under the TOA, which describes the division of responsibilities between the ISO and the PTOs relative to the PTOs' Transmission Facilities, the PTOs are responsible for physically operating, repairing, maintaining, and replacing their facilities. To meet these responsibilities, the PTOs monitor and evaluate their Transmission Facilities, and they undertake Asset Condition Projects to maintain the reliability and integrity of the system. Asset Condition Projects may be needed for a variety of reasons, such as to replace transmission infrastructure that has reached the end-of-useful life due to exposure or damage, or that consists of technology that has become unreliable or obsolete.

[2] *See* ISO, Transmission Owner Asset Management, https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management/ (last visited Aug. 6, 2026).

Because Asset Condition Projects do not involve system expansion, they are not subject to the Commission's planning requirements in Order Nos. 890[3] and 1000,[4] as is the case for regional transmission expansions that are planned by the ISO under the RSP Process in Attachment K of the OATT. Historically, the PTOs have identified asset condition needs, developed solutions to address the identified needs, and presented to the ISO's Planning Advisory Committee ("PAC") those solutions that exceed a cost threshold (*i.e.*, $5 million or greater for Pool Transmission Facilities ("PTF") costs).[5]

Q: Does the ISO have a role in the review of Asset Condition Projects?

A: To date, the ISO has had a limited role regarding Asset Condition Projects. Consistent with its responsibilities under the TOA and Section I.3.9 of the Tariff, the ISO reviews new or materially changed plans of PTO Transmission Facilities for any significant adverse effects upon transmission system stability, reliability, or operating characteristics resulting from such plans.[6] Pursuant to Schedule 12C of the OATT, the ISO also reviews PTO Transmission Cost Allocation applications to determine if any PTF Asset Condition Project costs should be "localized"—*i.e.*, excluded from the Pool-Supported PTF rate paid for by

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[3] *Preventing Undue Discrimination & Preference in Transmission Service*, Order No. 890, 118 FERC ¶ 61,119, *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh'g & clarification*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g & clarification*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

[4] *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2011), *order on reh'g & clarification*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g & clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

[5] The PTOs' presentations on Asset Condition Projects are available on the ISO website at https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management/.

[6] *See* ISO Tariff, Section I.3.9.

regional transmission customers.[7] The ISO also maintains an Asset Condition List that captures information the PTOs provide regarding Asset Condition Projects, along with cost information.[8] That list is available on the ISO's website, and is updated three times a year.

Q: What prompted the proposal to establish the AC Reviewer function for the ISO?

A: With the PTOs proposing a growing number of Asset Condition Projects to replace or reconstruct aging or deteriorating transmission infrastructure, investments in the asset condition category have increased. In 2023, the New England states and several stakeholders requested the PTOs' engagement in updating the process for Asset Condition Project planning to, among other things, provide greater transparency and opportunity to review and provide feedback regarding the development of Asset Condition Projects.[9] The New England states and some stakeholders argued that additional transparency and engagement was necessary to be able to understand these projects and have confidence in the associated investments.

In response, the PTOs, in collaboration with the states and stakeholders, undertook significant process enhancements to increase transparency regarding asset condition

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[7] *See* ISO OATT, Schedule 12C.

[8] The Asset Condition Lists are available on the ISO-NE website at https://www.iso-ne.com/system-planning/system-plans-studies/rsp/rsp-project-list-and-the-asset-condition-list.

[9] Memorandum from NESCOE to New England Transmission Owners (Feb. 8, 2023) ("NESCOE February 2023 Memo"), *available at* https://www.iso-ne.com/static-assets/documents/2023/02/2023_02_08_nescoe_asset_conditions_letter.pdf; Memorandum from NESCOE to New England Transmission Owners (July 14, 2023) ("NESCOE July 2023 Memo"), *available at* https://www.iso-ne.com/static-assets/documents/2023/07/2023_07_17_nescoe_asset_condition_request_netos.pdf.

investments, including the publication of a Joint New England Transmission Owners Asset Condition Process Guide.[10] The PTOs developed an Asset Condition Project forecast and asset condition databases for posting on the ISO website.[11] These process improvements resulted in increased transparency and visibility, thereby enabling more meaningful state and stakeholder engagement.

New England states' and stakeholders' interest in additional visibility at earlier stages for Asset Condition Projects led to requests for new opportunities to review and a strong desire to have an independent entity, such as the ISO, serve as a reviewer of the PTO Asset Condition Projects (*i.e.*, the AC Reviewer). Following preliminary discussions with the New England states and the PTOs, the ISO agreed to take on the AC Reviewer role, subject to the following conditions, which the New England states and transmission owners accepted:

- The TOs will indemnify ISO-NE for any liability related to the ISO's reviewer role on asset condition projects, except for ISO-NE's gross negligence or willful misconduct.
- The "Asset Condition Reviewer" role is advisory. It will not make decisions about whether to proceed with specific asset condition projects, nor will it be the petitioning party in any local, state or federal regulatory or siting proceeding concerning an asset condition project.
- The "Asset Condition Reviewer" will not make a legal finding on or issue an opinion on the question of whether the costs of any given asset condition project are prudent.[12]

[10] Joint New England Transmission Owner Asset Condition Process Guide at 2 (Oct. 23, 2024) ("Asset Condition Process Guide"), *available at* https://www.iso-ne.com/static-assets/documents/100018/acpg_v1.pdf.

[11] The PTOs' Asset Condition Projects forecast and databases are available on the ISO website at https://www.iso-ne.com/system-planning/transmission-planning/transmission-owner-asset-management/.

[12] *See generally* ISO New England, Inc., *Update on Asset Condition Project Process* (May 15, 2025) (ISO-NE memorandum to NEPOOL, NECPUC, and NESCOE), *available at* https://www.iso-ne.com/static-assets/documents/100023/iso_memo_acr_5_15_2025.pdf.

B. Development of the AC Reviewer Function

Q: Please describe the ISO's process for developing the AC Reviewer function.

A: The AC Reviewer is an entirely new function for the ISO. Establishing the ISO as the AC Reviewer has required significant time, resources, and stakeholder engagement. Recognizing the importance of this effort to the region's stakeholders, particularly the New England states and consumer advocates who are focused on energy affordability, the ISO prioritized this work in its Annual Work Plan for the remainder of 2025 and 2026, with the objective of filing the AC Reviewer proposal with the Commission in the third quarter of 2026 for implementation on January 1, 2027. To that end, in mid-2025, the ISO embarked on an extensive effort to define the scope, structure, resources, and responsibilities for the role, and identify the necessary revisions to its governing documents to support the role.

First, to address concerns about lack of oversight of Asset Condition Projects before 2027, the ISO began reviewing these projects in an interim capacity in parallel with the development of the new function; *i.e.*, the permanent function. In addition to serving as a bridge to the permanent role, the interim process allowed for exposure to voluminous, complex information associated with the projects subject to review, and informed the development of the permanent process and anticipated staffing and technical needs.

Next, the ISO engaged extensively with the PTOs, New England states, consumer advocates, and other stakeholders to inform the framework for the AC Reviewer permanent function. The ISO held discussions with stakeholders at the September 2025 NEPOOL Participants Committee and October 2025 PAC meeting. The ISO also issued a regional

survey for feedback on the AC Reviewer role on objectives for the role; governance and reporting structure; defined criteria for how ACPs are submitted, reviewed, and presented; actionable, cost-focused review outputs; stakeholder involvement, understanding, and confidence in asset development needs; and holistic system planning with other regional updates. Additionally, the ISO consulted the Asset Condition Process Guide, which summarizes the PTOs' existing asset condition programs, including processes employed to monitor and evaluate the conditions of existing assets, determine when asset replacements or reconstructions are necessary, and to design, plan, permit, and construct such Asset Condition Projects, and conducted individual PTO interviews on their asset management practices. The ISO also consulted NESCOE's principles and recommendations for an AC Reviewer, engaged consultants for input and perspective, and incorporated the lessons-learned from performing interim reviews.

These extensive engagements informed the initial framework for the AC Reviewer function that the ISO presented to stakeholders at the January 2026 NEPOOL Transmission Committee meeting. At that meeting, the ISO introduced the proposed objectives and principles, functions, and process for the AC Reviewer. The ISO also identified that TOA and OATT revisions would be required to incorporate the function and provided a description of the changes. In parallel with initiating stakeholder discussions on the initial framework at the Transmission Committee, the ISO engaged with the PTOs to develop revisions to the TOA to reflect the ISO as the AC Reviewer and to provide the AC Reviewer with the authority necessary to review PTO Asset Condition Projects, request information concerning asset condition that the PTOs would be required to provide, make

filings with the Commission related to the process and budget for the AC Reviewer role, and memorialize the threshold conditions on which ISO-NE agreed to serve as the AC Reviewer.

The ISO continued to develop the AC Reviewer design and the TOA and OATT revisions with the PTOs, the states, consumer advocates, and other stakeholders through a robust six-month stakeholder process. That extensive engagement culminated in the ACR Changes described in this testimony, which received unanimous support from the New England states, PTOs, consumer advocates and other stakeholders at NEPOOL.

Q: Please provide an overview of the AC Reviewer function.

A: The work undertaken to develop the AC Reviewer function revealed the extent of PTO asset management and activities, and the importance of clearly defining the scope of the function. Under the new function, the ISO as the AC Reviewer will provide independent review of PTO Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. As mentioned earlier, the ISO's threshold conditions provided for the AC Reviewer role to be advisory only. Therefore, under this structure, the PTOs will continue to plan, develop, own, and maintain their Transmission Facilities, consistent with their rights and obligations under the TOA. The AC Reviewer function is separate and distinct from other planning activities. Accordingly, the AC Reviewer function will not impact or change existing processes, such as significant adverse impact reviews under ISO-NE Tariff Section I.3.9, transmission cost allocation reviews under Schedule 12C of the OATT, or transmission revenue requirements under Attachment F of the OATT.

The AC Reviewer will perform independent reviews and report its conclusions on ACPs and ACP Programs that the PTOs identify as meeting the definitions and thresholds for review specified in the new OATT, Attachment R, Asset Condition Review Process. In conducting these reviews, the AC Reviewer will examine the submitted ACPs and ACP Programs to: (1) ensure that the PTO has sufficiently demonstrated the technical need for reconstruction or replacement of existing PTF; (2) ensure that cost-effectiveness is an integral part of the PTO's solution development; and (3) provide comprehensive reporting on its reviews and conclusions in a timely manner.

The AC Reviewer will have three primary functions designed to meet the stated objectives: (1) review and report on PTO Asset Monitoring and Evaluation Practices, identify variations and inefficiencies, and facilitate consideration of improvements and best practices; (2) review and report its conclusions on individual ACPs, including projects that implement CIP-014 mitigation plans, and ACP Programs that meet the thresholds specified in OATT, Attachment R; and (3) provide annual and periodic reporting to the PAC on various asset condition-related matters as specified in OATT, Attachment R.

The AC Reviewer will perform its functions in accordance with the procedures in the new OATT, Attachment R. As described later in this testimony, Attachment R sets out the roles and responsibilities of the AC Reviewer, the PTOs and PAC; information provision requirements; criteria for review applicability; elements of the review process and key deliverables; and reporting requirements. Under OATT, Attachment R, the AC Reviewer

will examine individual ACPs and ACP Programs and report on its conclusions as to whether the PTO sufficiently supported the asset condition need and whether the PTO sufficiently explored, developed and established alternatives, and provide its conclusions on the PTO preferred solution for addressing the need. To ensure transparency and provide meaningful opportunity for engagement, the AC Reviewer will conduct the review process through an open, transparent process, like the RSP Process, with the ISO's PAC serving as the primary forum for stakeholder input at multiple stages of the review process.

Q: Recognizing the AC Reviewer function is a new function distinct from other ISO activities, how does the ISO plan to perform the work?

A: Subject to the Commission's acceptance of the ACR Changes and budget, the ISO will establish a new group within the System Planning Department that will perform the work. The group will be led by a new director-level position that will report directly to the Vice President, System Planning, and will provide regular reporting to the Board of Director's System Planning and Reliability Committee ("SPARC") on the Asset Condition Review Process. This reporting structure allows the ISO to execute the function in a manner that leverages existing constructs and facilitates a quick and cost-effective implementation. The structure relies on the existing independence of the ISO, and the oversight of its management by the Board of Directors. It also leverages existing capabilities to achieve the prompt implementation of the new function, such as, the structure for the RSP Process, which the ISO executes, independently, through an open and transparent stakeholder forum. The construct also enables future coordination with other regional planning activities, such as right-sizing, which stakeholders have identified as a key priority.

An order from the Commission accepting the ACR Changes on or before sixty-one days after the date of this filing will afford the ISO the necessary time to develop the internal structure, including hiring additional staff with specialized skills and knowledge, and development of the internal documentation and processes to support the responsibility, prior to the proposed implementation date of January 1, 2027.

IV. DESCRIPTION OF THE ACR CHANGES

A. ACR Changes to the TOA Establishing AC Reviewer Function and Related Requirements

Q: What changes are being made to recognize the AC Reviewer function in the TOA?

A: The ACR Changes revise the TOA to establish the ISO as the AC Reviewer, and to define the functions and limitations of the role, including the right to require that the PTOs provide information. The ACR Changes to the TOA also establish that the ISO will hold filing rights for the review process and operating budget. Finally, the ACR Changes incorporate an indemnification covenant into the TOA for the ISO in connection with performance of its role as the AC Reviewer. Together, these changes define the scope of the role and establish the requirements necessary for the ISO to execute the function independently and efficiently, while respecting the existing rights and obligations of the PTOs, as the owners of the Transmission Facilities. The TOA revisions, which are described below, include: a new "Whereas" clause; new Section 2.08; and revisions to Sections 9.01 and 9.06, and Schedule 1.01.

Q: Please describe the ACR Changes to the TOA that reflect the ISO's agreement to serve as the AC Reviewer, and the scope of the role.

A: The ACR Changes revise the TOA to reflect the ISO's agreement to assume the role of the AC Reviewer in a new "Whereas" clause that recognizes the PTOs' responsibility to "undertake Asset Condition Projects ("ACP") and ACP Programs subject to their individual Asset Monitoring and Evaluation Practices," and the ISO's agreement to "assume the role of the Asset Condition Reviewer subject to certain requirements, all set forth in this Agreement, and in accordance with the process set forth in Attachment R of the ISO OATT." The ACR Changes also revise Schedule 1.01 of the TOA to incorporate the following concepts for use in the AC Reviewer context: Asset Condition Reviewer, Asset Condition Project, ACP Program, Asset Monitoring and Evaluation Practices, and Asset Condition Review Process.

Q: Please explain each of the concepts being incorporated in the TOA for the purposes of the AC Reviewer role.

A: For purposes of the AC Reviewer function, the ACR Changes introduce new terms in the TOA to ensure clarity with respect to the scope of the role and the associated responsibilities. We review each concept below.

- Asset Condition Reviewer: The ACR Changes introduce the term "Asset Condition Reviewer," which is defined as the ISO. The ISO believes that it is the appropriate entity to take on the function for the following reasons. First, the ISO agreed to take on the AC Reviewer role in response to requests from the New England states, PTOs, and stakeholders. Second, the ISO is uniquely positioned to take on this role. The ISO is already an independent entity governed by an independent Board of Directors that

oversees its operations. It also has relevant expertise from its operation of the New England Transmission System and the regional expansion planning process.

- Asset Condition Project: While the term Asset Condition Project is used in New England, it is not defined in the TOA or the Tariff. For purposes of the AC Reviewer function, the ACR Changes provide for ACP to be defined as follows:

> Any project that involves the reconstruction or replacement of all or a portion of a PTO's existing PTF and HTF undertaken in accordance with Good Utility Practice to minimize the risk of asset failure based on assessment of asset condition, end-of-life milestones, or obsolescence. ACP also includes any enhancements or modifications to existing PTF and HTF to implement physical security plans required under NERC Reliability Standard CIP-014. ACP excludes reconstructions or replacements of PTO existing PTF and HTF that are operating and maintenance expenditures.

This definition is consistent with Commission precedent delineating the scope of asset management projects and activities. The proposed definition includes projects that replace, reconstruct, modify or enhance existing PTO assets that are PTF and HTF to mitigate the risk of asset failure or to implement physical security plans in compliance with NERC Reliability Standard CIP-014. The definition does not include system expansion driven by needs identified pursuant to Attachment K of the OATT. The ACP definition is also limited to Transmission Facilities that are PTF and HTF (which for purposes of the TOA and OATT are treated like PTF), because these are the PTO assets that may be eligible for Pool-Supported PTF treatment. The proposed definition also excludes work involving non-capital investments so that the review focuses on the areas of most value for the region. By way of example, under the proposed definition, projects such as transmission tower replacements due to documented structural issues or transformer replacements due to degradation would constitute ACPs, but repairs, maintenance, or addition of new transmission lines would not.

- ACP Program: The ACR Changes define ACP Programs to mean:

> [A] collection of ACPs that address a common, documented asset condition need across multiple PTF and HTF of a similar type, class, vintage, design, manufacturer, or failure mode. An ACP Program has a known and defined scope and is limited to assets that share the same underlying condition-based drivers, including, but not limited to, asset condition assessments, end-of-life milestones, systemic deterioration, or equipment obsolescence.

An ACP Program covers a uniform solution for all assets included in a PTO program that addresses the same need across all the assets in the program and implements a common replacement or reconstruction approach appropriate for the identified condition-based need. This choice of including ACP Programs as subject to the AC Reviewer process is warranted in order to address the potential for an ACP to not necessarily involve significant expenditure on its own, but when considered collectively with other ACPs in the program, would involve significant expenditure. Potential ACP Programs could include system-level programs, such as replacements of relay fleets with uniform end-of-life or obsolescence indicators, or replacements of circuit breaker populations with systemic failure modes or parts unavailability.

- Asset Monitoring and Evaluation Practices: For purposes of the AC Review function, this concept includes:

> [A] PTO's asset monitoring and evaluation guides, procedures, processes, and practices that lead to the identification for the need, and development of, ACPs or ACP Programs, including, but not limited to any documentation covering strategy guides, inventories, inspections, risk assessment, and prioritization.

The proposed definition captures procedures and practices that each PTO employs to evaluate the need for an ACP or ACP Program, and to develop solutions to address

identified needs. These include, for example, inspection and monitoring practices of assets, evaluation of risks, and prioritization of work.

Q: The "Whereas" clause states that the ISO's assumption of the role is "subject to certain requirements." What are the requirements?

A: The ACR Changes incorporate in the TOA new Section 2.08, Review of Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs. This new section establishes: the functions and limitations of the AC Reviewer role, new requirements for the PTOs to provide information; "reasonable efforts" expectations for the PTOs to complete the review process before proceeding to construction and for the AC Reviewer to complete its project reviews in a timely manner; and the filing rights for the review process and operating budget. The proposed revisions are necessary to enable the ISO to execute the AC Reviewer function effectively and independently, while maintaining the PTOs' existing rights and obligations.

Q: Please describe the functions and limitations of the AC Reviewer role.

A: In agreeing to take on the AC Reviewer role, the ISO identified threshold requirements, which set clear parameters for the role. Consistent with the threshold requirements, Section 2.08(a) provides that "[s]ubject to indemnification in accordance with Section 9.01(e) and the limitations of the role set forth in this Section 2.08(b), the ISO shall serve as the Asset Condition Reviewer." Section 9.01(e) and, correspondingly, Section 9.06(a) require the PTOs to indemnify the ISO on matters specific to the AC Reviewer role.

Section 2.08(b) captures the remaining limitations of the AC Reviewer role. These are:

> (i) the Asset Condition Reviewer role is solely advisory, (ii) the Asset Condition Reviewer shall not make decisions about whether to proceed with an ACP or ACP Program, and (iii) the Asset Condition Reviewer shall not make legal findings on or issue an opinion on the questions of whether Asset Monitoring and Evaluation Practices or the costs of any given ACP or ACP Program are prudent.

These limitations are necessary to ensure clarity in the respective roles of the ISO as the AC Reviewer and the PTOs. Under the new AC Reviewer function, the PTOs retain the right and obligation to own, repair, maintain, and replace their Transmission Facilities, and to make decisions regarding repairs and replacements. Simply, the ISO as the AC Reviewer is not assuming liability for that work. Further, in its capacity as the AC Reviewer, the ISO will not make decisions as to whether to proceed with specific ACPs or ACP Programs, nor will it be a petitioning party in any proceeding concerning an ACP or ACP Program. Rather, it is anticipated that the New England states and stakeholders, using the information provided by the AC Reviewer, will make better-informed decisions about whether to participate in asset condition-related proceedings. Finally, the ISO as the AC Reviewer will not make legal findings or render opinions regarding prudency, in recognition of the fact that the ISO is not performing the role of a regulator with responsibility to conduct prudency reviews.

With these clear parameters, the ACR Changes incorporate, in Section 2.08(a), the three primary functions of the AC Reviewer, which are:

> (i) Review and report on each PTO's Asset Monitoring and Evaluation Practices that are used to establish ACPs and ACP Programs, identify cases of variation among the PTO practices and with general industry practices, and identify and facilitate consideration of opportunities for improvements and best practices.

(ii) Review and report on each PTO's ACPs and ACP Programs that meet the thresholds specified in Attachment R of the ISO OATT. This review consists of: examining and providing conclusions on whether the PTO adequately evaluated and provided sufficient evidence consistent with Good Utility Practice to establish the need for the ACP or ACP Program, and adequately explored alternative solutions to that need; and examining and providing conclusions on the preferred solution selected by the PTO and the PTO's rationale for the preferred solution.

(iii) Prepare and issue annual and periodic reports to the Planning Advisory Committee[13] concerning the PTOs' Asset Monitoring and Evaluation Practices, ACPs, ACP Programs, and the Asset Condition Reviewer's performance and adherence to the timelines contained in Attachment R of the ISO OATT.

Q: How were the AC Reviewer functions determined?

A: The proposed AC Reviewer functions were informed by stakeholder feedback on the role description through the survey responses, the Asset Condition Process Guide, individual PTO interviews regarding their asset management processes, and consultation with NESCOE regarding its principles and objectives for the role. These functions are designed to ensure that the main objectives of the AC Reviewer function are met. Later in our testimony, we describe the process through which the AC Reviewer will execute each function.

[13] Because Section 2.08 references the Planning Advisory Committee, the Filing Parties propose to add the term in Schedule 1.01 of the TOA and to define it as "the committee described in Attachment K of the ISO OATT."

Q: What information provision requirements do the ACR Changes incorporate in the TOA?

A: To carry out the AC Reviewer functions, the ISO will need access to PTO-equipment level information. Currently, however, the ISO does not have access to all of the relevant information. The ACR Changes incorporate in Section 2.08(c) of the TOA information provision requirements for the PTOs.

Based on the ISO's recent experience in the interim review process, information relating to PTO Asset Monitoring and Evaluation Practices, ACPs, ACP Programs can be voluminous and complex. Based on the information the ISO reviewed through that process and presentations at the PAC, most of the information concerning PTO Asset Monitoring and Evaluation Practices, ACP, or ACP Programs, except for information relating to CIP-014 ACPs, is neither Confidential Information nor Critical Energy Infrastructure Information. The non-confidential nature of information relating to PTO Asset Monitoring and Evaluation Practices, non-CIP-014 ACPs, and ACP Programs will facilitate the AC Reviewer's review process and reporting to the PAC, increasing transparency and visibility into asset condition planning and helping better inform the states and stakeholders on the technical merits of ACPs. However, to the extent that the confidential information is shared with the AC Reviewer, Section 2.08(c) of the TOA will require that the parties treat the information consistently with the applicable provisions in the ISO's Information Policy contained in Attachment D of the ISO Tariff.

Q: Do the ACR Changes incorporate any additional requirements related to the AC Reviewer function in the TOA?

A: Yes. The ACR Changes incorporate Section 2.08(d) to provide for the PTOs to use reasonable efforts to complete the process before proceeding to construction, and for the AC Reviewer to timely complete the review process. As noted earlier, reconstruction or replacement of a PTO's Transmission Facilities may be driven by a variety of reasons, including, for example, "to protect its facilities from physical damage or to prevent injury or damage to persons or properties" or "take whatever actions, consistent with Good Utility Practice, it deems necessary to fulfill its obligations under applicable Law."[14] The establishment of the AC Reviewer function is not intended to limit a PTO's rights and obligations to proceed with a repair, maintenance, or replacement project when circumstances, such as emergency conditions, warrant immediate action. However, in the absence of such circumstances, the PTO should complete the process before proceeding to construct its preferred solution. Section 2.08(d) reflects the PTOs' agreement to use reasonable efforts to complete the review process before proceeding with construction. Correspondingly, the ISO, as the AC Reviewer, agrees to use reasonable efforts to complete its review of ACPs and/or ACP Programs within the timeframes specified in the review process, which are discussed further below.

The ACR Changes also add Section 2.08(e), which describes the ISO's and PTOs' filing rights for Tariff provisions related to the AC Reviewer review process and operating budget. For the AC Reviewer function, the PTOs have voluntarily agreed to contractually

[14] *See* TOA, Section 3.07(a)(v)-(vi).

share their rights to submit filings under Section 205 of the FPA with the ISO for revisions related to the Asset Condition Review Process in OATT, Attachment R. The voluntary agreement achieved between the ISO and PTOs properly balances the ability of the ISO, as the AC Reviewer, to effectively and independently review the PTO's Asset Monitoring and Evaluation Practices, ACPs and ACP Programs, with the PTOs' right and obligation relating to management of their assets.

B. ACR Changes to the OATT Incorporating Attachment R, Asset Condition Review Process

Q: Please provide an overview of the new OATT, Attachment R.

A: OATT, Attachment R contains the procedures for the ISO, as the AC Reviewer, to carry out its functions. As proposed, OATT, Attachment R is organized into several sections covering: the purpose of the AC Reviewer function; definitions for key concepts used in OATT, Attachment R; AC Reviewer functions and limitations; role of the PAC in the review process; information provision requirements; three-step process for the review of individual ACPs and ACP Programs and associated timelines; review of significant changes to preferred solutions following completion of the review process; annual and periodic reporting requirements; and publication of information on ACPs and ACP Programs.

Q: Please describe each of the provisions in OATT, Attachment R.

A: The OATT, Attachment R sections provide as follows:

- **Section 1: Introduction** – Section 1 introduces the AC Reviewer procedures and its purpose and objectives. Specifically, this section describes the ISO's and PTOs' responsibilities—namely, the PTOs' responsibility to identify and address asset conditions on the Transmission Facilities comprising PTF system (which, for purposes of the TOA and OATT, include HTF), which are the elements on the New England Transmission System relevant to the AC Reviewer role, and the ISO's responsibility, as the AC Reviewer to review each PTO's Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs, and to perform the function of the AC Reviewer, with consultant support as needed. Additionally, Section 1 describes the key objectives of the AC Reviewer; which are to "examine each PTO's Asset Monitoring and Evaluation Practices and ACPs and ACP Programs that meet the applicable thresholds set forth in Section 6 . . . to ensure that the PTO has sufficiently demonstrated the technical need for reconstruction or replacement of existing PTF, to ensure that cost-effectiveness is an integral part of the PTO's solution development, and to provide comprehensive reporting on its reviews and conclusions in a timely manner." Section 1 also provides for the AC Reviewer to develop an Asset Condition Review Process Guide for implementation details and clarifies that OATT, Attachment R is the remaining document in the event of conflict with the guide. Finally, this section provides for the AC Reviewer's cost of performing the functions to be recovered under Section IV.A, Schedule 1 (Recovery of ISO's Administrative Expenses), consistent with the allocation of asset condition-related costs the ISO has incurred to date.
- **Section 2: Definitions** – Section 2 incorporates key concepts defined in the TOA for completeness and consistency and adds definitions for the following terms used in

OATT, Attachment R, but not in the TOA: Asset Condition List, Base Alternative, and CIP-014. Under Section 2, "Asset Condition List" is defined as the "the list of ACPs and ACP Programs, and their associated cost estimates, identified by the PTOs in response to asset conditions needs." The Asset Condition List refers to the list that the ISO maintains and posts on its website. Currently, the ISO updates that list three times a year.

Section 2 defines "Base Alternative" as "the solution that addresses the PTO-identified primary need associated with an ACP or ACP Program, but does not include additional project scope, such as to address long-term cost efficiencies or to avoid revising the project location in the foreseeable future." For example, for overhead lines, the Base Alternative may be limited to only replacing Category C structures, which is defined in Appendix C of the Asset Condition Process Guide as "[r]eplace as part of next planned structure replacement project or initiate planned replacement project if none currently scheduled",[15] and not replacing the conductor or shield wire if there is remaining useful life. As discussed below, for the solution and alternative review, the PTOs will need to submit a Base Alternative and corresponding cost estimate. A key objective of the AC Reviewer is to ensure that cost-effectiveness is an integral part of the PTO's solution development. The Base Alternative will help inform the evaluation as to the cost-effectiveness of the solution. Finally, Section 2 defines "CIP-014" as to NERC's Reliability Standard CIP-014 pursuant to which the PTOs identify and protect

[15] Asset Condition Process Guide, Appendix C: Consistent Structure Grading Categories for PAC Presentations at Table 1 (Nov. 1, 2024), *available at* acpg_v1_appendix_c.pdf.

critical transmission stations and substations. As discussed below, individual CIP-014 ACPs that meet certain threshold requirements will be subject to review under OATT, Attachment R.

- **Section 3: Functions of AC Reviewer; Role of PAC** – Sections 3(a) and (b) of OATT, Attachment R incorporate the functions and limitations of the AC Reviewer, consistent with those specified in Sections 2.08(a) and (b) of the TOA. This helps ensure clarity and consistency with respect to the role. Section 3(c) describes the role of ISO's PAC for purposes of the review process. Like its role in the context of the RSP Process in Attachment K of the OATT, the ISO's PAC will serve as the primary forum for stakeholder engagement and advisory input on PTO Asset Monitoring and Evaluation Practices, ACPs and ACP Programs. The PAC will be engaged at multiple stages of each review. For CIP-014 ACPs, the PAC will be provided with the AC Reviewer summaries that meet confidentiality requirements given the nature of the information. For all other ACPs and ACP Programs, the PAC will review and have opportunity to provide feedback on the need review, solution and alternatives review, and draft reports. PAC's role will be to provide its perspective and technical feedback, help identify concerns, inconsistencies, or additional considerations, and improve the quality and completeness of the review process.
- **Section 4**: **Information Provision Requirements** – This section incorporates requirements and procedures for the PTOs' provision of information to the AC Reviewer, consistent with the requirements established in Section 2.08(c) of the TOA. As reflected in the TOA, as part of the AC Reviewer function, there are no new confidentiality constructs created. Rather, the process relies on the Information Policy

in Attachment D of the Tariff for the treatment of Confidential Information, such as information relating to CIP-014 ACPs. Section 4 also authorizes the AC Reviewer to "use the information received in the course of carrying out its functions to the extent necessary to perform the review of, and reporting on, the PTOs' Asset Monitoring and Evaluation Practices, ACPs, and ACP Programs required in this Attachment R." The Asset Condition Review Process Guide, which will be developed in consultation with the PAC and the PTOs, will provide details regarding information requirements, including a description of the standard information and templates required from the PTOs at each step of the process. This will facilitate the AC Reviewer reporting and sharing of information clearly and completely, consistent with the objectives of the function. Where information requested by the AC Reviewer is not provided by the PTO, the AC Reviewer will identify such instances in the reporting required under Sections 5 and 6 of OATT, Attachment R.

- **Section 5: Review of PTO Asset Monitoring and Evaluation Practices** – Section 5 OATT, Attachment R covers the first AC Reviewer function. It describes the Asset Monitoring and Evaluation Practices that the AC Reviewer will review and the scope of that review. As reflected in this section, the AC Reviewer will review the PTOs' practices that lead to the initiation of ACPs or ACP Programs that would be subject to review under OATT, Attachment R. This may include documentation covering PTO asset monitoring and evaluation activities, such as asset inventories, condition assessments, inspections, criteria for need identification, prioritization, lifecycle cost analysis, and historical performance. As part of this review, the AC Reviewer will look for, *e.g.*: clearly documented asset monitoring and evaluation strategies, periodic

review of documents to maintain accuracy and relevance, consistent application of asset management standards, existence of comprehensive asset inventory, usage of asset condition metrics, consistent use of assessment criteria, tools, and processes, and documented process to address emergent replacements.

To help ensure the reviews are current, under this provision, the PTOs will notify the AC Reviewer of any material changes to their Asset Monitoring and Evaluation Practices on an annual basis. The AC Reviewer also will review each PTO's approach for identifying ACPs and ACP Programs (*e.g.*, inspection regimes and findings interpretations, asset health indicators, useful life assumptions) and identify and facilitate consideration of improvements and best practices for PTO Asset Monitoring and Evaluation Practices.

- **Section 6: Review of ACPs and ACP Programs** – Section 6 covers a core function of the AC Reviewer, the individual review of ACPs and ACP Programs. This section is divided into three subsections: Section 6(a), which specifies the applicability criteria for determining whether an ACP or ACP Program is subject to review under OATT, Attachment R, and the review transitions for existing and previously reviewed Asset Condition Projects; Section 6(b), which describes the review and reporting process applicable to ACP Programs and non-CIP-014 ACPs; and Section 6(c), which describes the review reporting process for CIP-014 ACPs. These are reviewed in more detail later in our testimony.
- **Section 7: Significant Changes to an ACP or ACP Program Preferred Solution Subsequent to Completion of the AC Reviewer Process** – Section 7 of OATT,

Attachment R requires the PTOs to notify the AC Reviewer of significant changes to the PTO-selected solution for addressing the asset condition needs that occur after the completion of the applicable review process in Section 6. Significant changes would trigger reevaluation if: (1) the preferred solution is determined to be infeasible and a new solution must be selected, or (2) there is a material change to the design of the project. Within fourteen days of the PTO's notice, the AC Reviewer must engage in discussions with the PTO regarding reevaluation. The AC Reviewer also will report to the PAC the conclusions of discussions between the AC Reviewer and the PTO regarding changes to the solution or where a new solution must be pursued. If the significant change to the ACP or ACP Program is required to comply with the relevant state siting authority's directive, a reevaluation will not be required, but the PTO will be required to provide a summary of the changes directed to the AC Reviewer and PAC within thirty days of receiving the directive.

- **Section 8: Annual and Periodic Reporting** – Section 8 of OATT, Attachment R covers the third function of the AC Reviewer. This section requires the AC Reviewer to issue annual and periodic reports to PAC covering a series of specific topics, including but not limited to: ACPs and ACP Programs reviewed during the given year, ACP and ACP Program forecasts forthcoming in the following year, status of conditions of existing transmission assets, regional cost trends, long-term expectations for upcoming projects, Asset Monitoring and Evaluation Practices variations and opportunities for improvements industry trends, and Asset Condition Review Process improvements. Subject to the Commission approval of the ACR Changes and the

operating budget, the ISO anticipates issuing the AC Reviewer's first annual report in the first quarter of 2028.

We further note that one of the benefits of executing the AC Reviewer function through a new department within System Planning is that it can leverage the independence of the ISO. To that end, Section 8 also requires the AC Reviewer to report on the Asset Condition Review Process to SPARC at least three times per year. Further, this direct reporting to SPARC will facilitate the Board's oversight of ISO management and administration of the Tariff.

- **Section 9: Asset Condition List, Forecasts, and Information** – Currently, the ISO and the PTOs develop and post on the ISO's website certain information regarding ACPs. This includes the ISO's Asset Condition List, PTOs' forecast of ACPs, and PTOs' database providing information on age and condition of existing assets on their systems. The transparent sharing of data enables meaningful state and stakeholder engagement in asset condition planning. Section 9 captures these existing informational tools and imposes new requirements for the ISO and PTOs to develop, maintain, and post this information on the ISO's website. Specifically, Section 9 requires the ISO to maintain and post on its website the Asset Condition List reflecting ACPs and ACP Programs, including their status in the evaluation process, and to update this list periodically. Schedule 9 also requires the PTOs to develop and maintain for posting on the ISO's website a ten-year forecast of upcoming ACPs that are equal to or greater than five million dollars and ACP Programs that meet the applicable threshold in Section 6 of OATT, Attachment R, and to update this forecast annually. Finally,

Section 9 requires the PTOs to develop and maintain for posting on the ISO's website major asset condition information, including age, asset identification and location, in-service status, structure type, and inspection frequency. This information transparency will provide regional stakeholders with increased visibility into PTO asset condition development efforts and better inform consideration regarding review process applicability.

Q: Please describe the review applicability thresholds for determining whether an individual ACP or ACP Program is subject to review by the AC Reviewer under Attachment R.

A: The review requirements contained in Section 6 of OATT, Attachment R would apply commencing January 1, 2027, subject to the Commission's acceptance of the ACR Changes and operating budget. As of that date, ACPs and ACP Programs that meet the applicable threshold specified in Section 6(a) of OATT, Attachment R will be subject to review by the AC Reviewer under either Section 6(b) or 6(c). The ACR Changes incorporate thresholds to determine whether an ACP or ACP Program is subject to review by the AC Reviewer to focus the review on where it adds value for the region.

As proposed in Section 6(a)(i), the AC Reviewer will review all ACPs for which the PTO forecasts PTF costs greater than or equal to $25 million on an individual line or at a single station or substation over a period of five years or less. For clarity, any individual ACP that is greater than $25 million over five years or less, will be reviewed as an individual ACP regardless of whether it is a component of an ACP Program. Should this circumstance

arise, the AC Reviewer will ensure an efficient review process by leveraging the findings of the review of the need and solution at the program level, and focusing on the differences between the individual ACP and the ACP Program containing such an element. In addition, if the ACP or ACP Program comprises a mix of PTF and Non-PTF costs, the threshold will be based only on the PTF costs of the project.

Pursuant to Section 6(a)(ii), the AC Reviewer also will review all ACP Programs that meet either of the following criteria: (a) the PTO forecasts the proposed program will have PTF costs greater than or equal to $100 million, or (b) the ACP Program meets the following three conditions: (1) the ACP Program impacts fifteen percent or more of the PTO's PTF lines or substations; (2) the ACP Program includes PTO forecasted PTF costs greater than $5 million for work on any individual transmission line, station, or substation; and (3) the PTO forecasts the program will have PTF costs that, in total, are greater than or equal to $25 million over a period of five years or less.

The first criterion, for projects equal to or more than $100 million, serves as a backstop to ensure that ACP Programs with significant costs that may have been excluded from review for failure to meet one of the conditions for the second criterion are captured. The $100 million threshold helps balance the review of significant transmission programs and associated costs regardless of percentage of facilities impacted, while avoiding inclusion of routine or moderate size work. The second criterion uses an impact threshold approach designed to capture system-level programs, such as replacement of relay fleets with

uniform end-of-life or obsolescence indicators, and screen out small or low-impact programs.

Q: How did the ISO arrive at these thresholds?

A: In the development of this process and to determine the threshold criteria, the ISO first requested stakeholder feedback on a cost threshold ranging from $30 million to $50 million. The ISO received feedback on cost thresholds ranging from $20 million to $100 million as well as guardrails, such as periodic reviews. The ISO also considered ACPs on the ISO's October 2025 Asset Condition Project List with in-service dates of 2025 and beyond, totaling 134 projects (excluding projects with "concept" or "cancelled" status) to determine how many of those projects would have been subject to review. The ISO also considered the PTOs August 2025 forecast of upcoming ACPs (excluding those indicating "presented to PAC"). These totaled 121 projects, 60 of which remained with costs greater than $25 million or to be determined. Based on stakeholder feedback and the data reviewed, the ISO arrived at the $25 million threshold, which accounted for approximately 50% of the Asset Condition List projects considered and of the PTO projected forecast for 2026 and beyond. The ISO determined that the $25 million threshold would allow for a more expansive review of the region's upcoming ACPs based on the PTOs' forecast, while still focusing the effort on the more significant projects. Based on stakeholder comments, this threshold would also align with thresholds used in some New England states' existing or proposed laws related to utility investments.

As a further note, consistent with stakeholder feedback, Section 6(a) provides for each of the review applicability thresholds, described above, to be subject to ongoing review.

Specifically, the AC Reviewer, in consultation with the PTOs and the PAC, will periodically reevaluate the review thresholds based on impacts on major cost change drivers, such as inflation, supply chain issues, or review process inefficiencies. Should these reviews identify a need for updates to the thresholds, such updates would be reflected in an updated OATT, Attachment R that the ISO and PTOs would jointly file with the Commission under FPA Section 205.

Because the ACR Changes are prospective, Section 6(a) excludes ACPs and ACP Programs from OATT, Attachment R review where they: (a) are presented to the PAC and meet the requirements for inclusion in the Asset Condition List as Proposed, Planned, Under Construction, In-Service, or Program prior to the proposed effective date of January 1, 2027, or (b) are undergoing review by the ISO under the interim process.

Q: Applying the proposed review applicability thresholds for ACP Programs, please provide examples of ACP Programs that would be subject to, or excluded from, review by the AC Reviewer under Attachment R.

A: The proposed review applicability thresholds are intended to screen out routine, lower-cost, or dispersed investments that are not large, system-wide, or concentrated on major individual assets. An example of ACP Programs that would not be subject to the AC Reviewer process are programs that would replace aging battery systems, station service panels, and DC systems across a 10% of PTOs total substations where the per facility spend would be less than $1 million and the total spend does not exceed $100 million over 5 years. Another example would be a hypothetical program to install online monitoring

devices such as transformer Dissolved Gas Analysis monitors or circuit breaker condition sensors. Such monitors would be installed selectively on critical assets, the per unit cost would be relatively low, and the total expenditure would not exceed $100 million over 5 years.

Q: Please provide an overview of the processes for evaluating individual ACP and ACP Programs?

A: The ACR Changes incorporate the review processes for individual ACP and ACP Programs in Sections 6(b) and 6(c) of OATT, Attachment R, with Section 6(c) applying exclusively to individual CIP-014 ACPs. At a high level, both provisions incorporate the same three-step review process (*i.e.*, need review, solution and alternatives review, and reporting), and similar timelines for each phase of the processes. Each step in the process involves information collection, analysis, and reporting. Overall, the processes are structured, consistent, and provide for early engagement to allow course correction based on feedback from AC Reviewer and stakeholder through the PAC.

To facilitate consideration of the ACR Changes, detailed workflows depicting each step of the Section 6(b) review process applicable to ACP Programs and non-CIP-014 ACPs and Section 6(c) review process applicable to CIP-014 ACPs are shown in Figures 1 and 2, below.

Figure 1
Section 6(b) Review Process

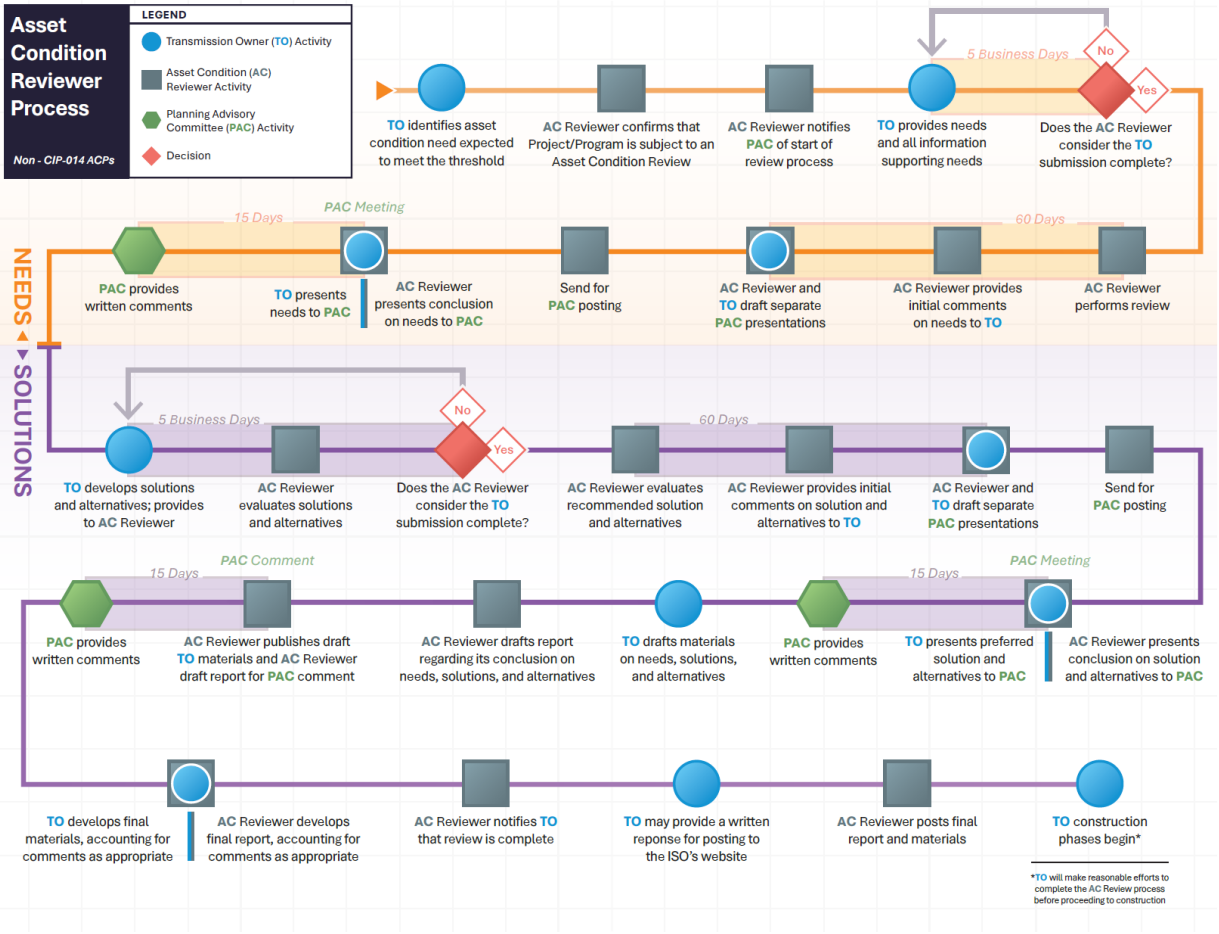
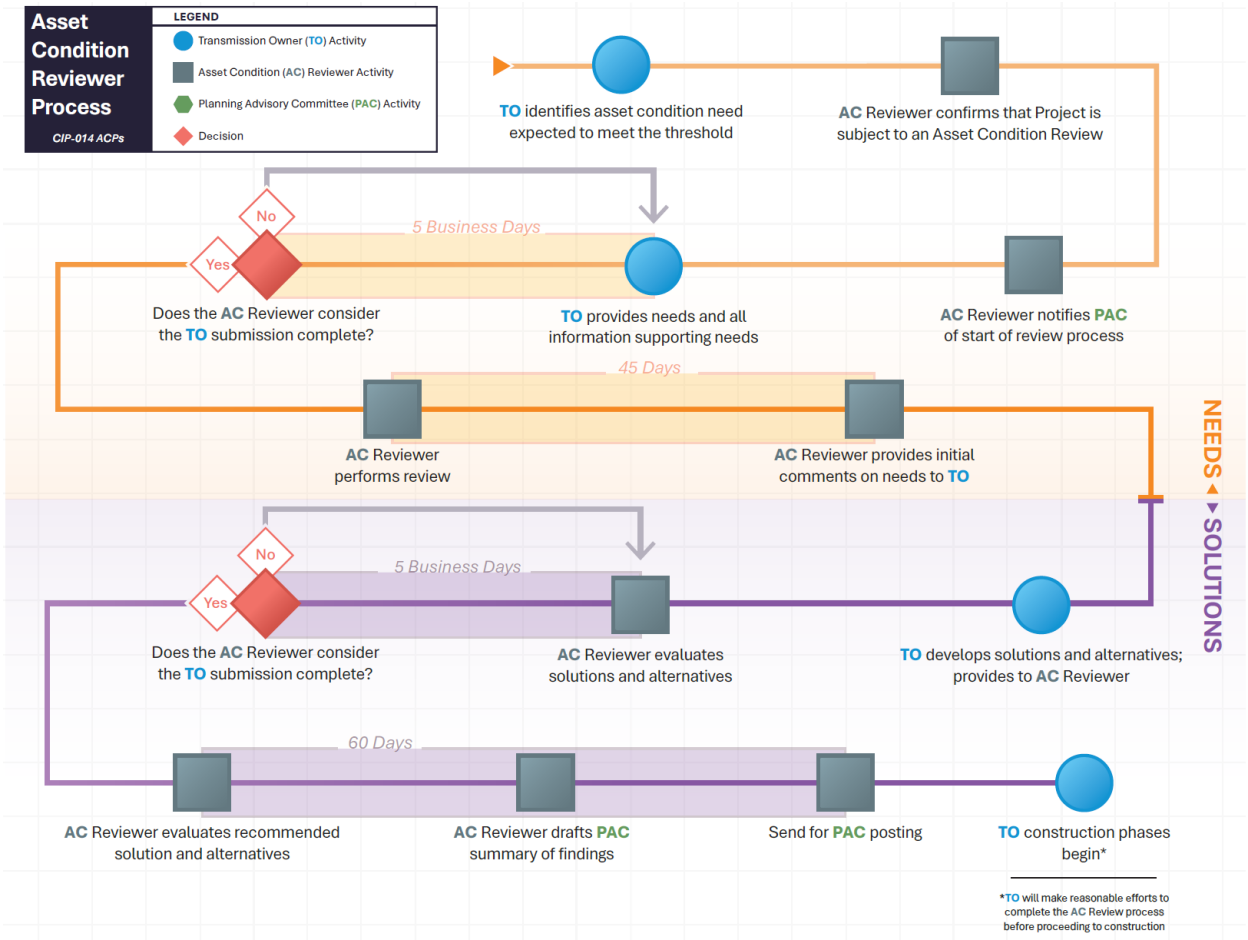


Figure 2
Section 6(c) Review Process



As reflected in **Figure 1**, the Section 6(a) review process begins when the PTO notifies the AC Reviewer that it has identified an ACP or ACP Program that meets the applicable threshold in Section 6(a) of OATT, Attachment R. Upon receipt of the PTO's notification, the AC Reviewer will confirm that the ACP or ACP Program is subject to its review under OATT, Attachment R and provide notice to the PAC that a review has been initiated.

To initiate the AC Reviewer's need review, the PTO must provide the AC Reviewer with all the information and data necessary to support the review, including all applicable

technical data, condition assessments, maintenance history, and risk analysis. The information submission requirements, including templates to facilitate the submittals, will be detailed in the Asset Condition Review Process Guide to be developed by the AC Reviewer in consultation with the PTOs and PAC. The AC Reviewer will have five Business Days to evaluate the information submitted for completeness of the information provided by the PTO and commence the need review upon confirming completeness.

During the need review, the AC Reviewer will evaluate the need identified by the PTO to determine whether the PTO sufficiently supported identified need and report on its conclusions. The AC Reviewer will assess the validity of the need, urgency, and accuracy to confirm there is a demonstrated need to replace or reconstruct the existing PTF equipment. As part of this review, the AC Reviewer may consider documented information, such as asset condition assessments based on inspections and testing, factors such as equipment failures, code requirements, age, obsolescence; and whether the life of the affected equipment could be extended. The AC Reviewer also may request that the PTO provide it with additional information and consult with the PTO. Section 6(b)(i) provides for the AC Reviewer to consult with the PTO if it identifies concerns during the conduct of the need review, and to describe such consultation and the PTO's response in the AC Reviewer reporting under Section 6(b)(iii). The AC Reviewer must make reasonable efforts to complete the need review within sixty days, unless the AC Reviewer and the PTO extend the deadline by mutual agreement, with such agreement not to be unreasonably withheld. The AC Reviewer's need review will culminate with separate PTO

and AC Reviewer presentations on the need for the PAC. Stakeholders will be provided with a fifteen-day period to provide feedback on the need.

The PTO may initiate the solution and alternatives review following the stakeholder comment period on the need by submitting to the AC Reviewer all necessary information to support the review, including solution and alternatives (including the Base Alternative) and corresponding cost estimates. As with the need review, the AC Reviewer will have five Business Days to review the data for completeness of the information provided by the PTO and commence its review upon confirming completeness.

During the solution and alternatives review, the AC Reviewer will confirm whether the PTO adequately explored, developed, and established alternatives to address the need it identified, and evaluate and provide its conclusions on the PTO-selected preferred solution and rationale. As part of this review, the AC Reviewer may consider engineering feasibility, technical requirements, risk assessment, maintenance and operational impacts, project costs, and alignment with the PTO's asset management practice, and industry standards. The AC Reviewer may request additional information or additional alternatives and consult with the PTO as needed. Section 6(b)(ii) also provides for the AC Reviewer to consult with the PTO if it identifies concerns during the conduct of the solution and alternatives review, and to describe such consultation and the PTO's response in the AC Reviewer reporting under Section 6(b)(iii). The AC Reviewer must make reasonable efforts to complete the solution and alternatives review within sixty days, unless there is a mutually agreed-to extension. The solution and alternatives review will culminate with

separate presentations on the solution and alternatives for the PAC, and stakeholders will be provided with a fifteen-day period to provide feedback.

Following completion of the solution and alternatives review, the PTOs will post on the ISO's website a combined set of materials on the identified need, solution, and alternatives, and the AC Reviewer will post its draft report describing its review, analysis, and rationale for its conclusions. Stakeholders will be provided with a fifteen-day comment period. Following the stakeholder comment period, the AC Reviewer will provide notice to the PTO when it has completed its review. The AC Reviewer process will be considered complete when the AC Reviewer posts its final report on the ISO's website. While not required, the PTO may provide a written response to the AC Reviewer's conclusion.

As **Figure 2** illustrates, Section 6(b) contains the same review process for CIP-014 ACPs, but the need review timeline is shorter—45 days—and there is less stakeholder engagement and information sharing given the nature of the information, which relates to transmission infrastructure vulnerabilities and physical security plans. As Section 6(a) provides, information associated with the CIP-014 ACP, including the existence, name, location, exact number, and vulnerabilities will be treated as Confidential Information under the ISO's Information Policy, and not be subject to public disclosure. While the need review, solution and alternatives review, and reporting are the same as that for non-CIP-014 ACPs, the information considered and the deliverables differ. For example, during the need review, the AC Reviewer will confirm and provide its conclusions on the validity of the physical vulnerability establishing the need. Unlike the process for non-CIP-014 ACPs,

the AC Reviewer will not make presentations on the need or solution and alternatives reviews. Rather, the AC Reviewer will post on the ISO's website a summary of the reviews it performed.

Q: A key objective of the AC Reviewer function is to "ensure that cost-effectiveness is an integral part of the PTO's solution development." Please explain and provide an example of how the AC Reviewer will meet this objective.

A: The AC Reviewer will ensure that cost-effectiveness is an integral part of project development by requiring the evaluation of multiple feasible alternatives for each ACP. As mentioned earlier, for every ACP or ACP Program, the PTO must provide a Base Alternative that addresses only the demonstrated asset condition need, providing a benchmark against which more expansive alternatives can be evaluated.

The AC Reviewer will assess whether the PTO's preferred solution is the most cost-effective option by reviewing, as appropriate, lifecycle costs, including capital, maintenance, monitoring, and future replacement costs. The AC Reviewer may also request that the PTO consider additional alternatives that it reasonably deems necessary during the conduct of the review, including, for example, asset life extension, deferred replacement with enhanced monitoring, targeted component replacement, or the application of newer technologies where appropriate.

In addition, the AC Reviewer will benchmark the preferred solution scope against similar projects at peer utilities to identify opportunities for Good Utility Practice solutions.

Through this process, the AC Reviewer will confirm that the PTO's preferred alternative adequately addresses the identified need while doing so in the most cost-effective way.

Q: Do the deadlines in the review process provide adequate time for the AC Reviewer to complete the applicable reviews?

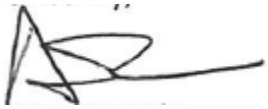
A: In addition to serving as a bridge to the permanent AC Reviewer role, the interim process allowed for exposure to voluminous, complex information associated with Asset Condition Projects subject to review. This helped informed the ISO's proposed timelines for each step of the process, which should allow for AC Reviewer to conduct the reviews effectively. Should the AC Reviewer need additional time to complete its review, Sections 6(b) and 6(c) provide for the reasonable efforts deadlines to be extended by mutual agreement of PTO and the AC Reviewer, and such agreement is not to be unreasonably withheld.

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes.

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

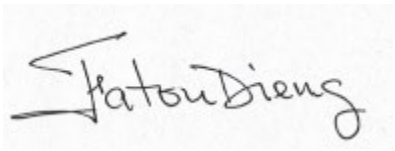
Executed on August 17, 2026.



Alan McBride
Vice President, System Planning

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

Executed on August 17, 2026.



Fatou Dieng
Manager, Transmission Planning

Attachment 4

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