OCTOBER 8, 2026

ISO New England's 2027 Annual Work Plan (AWP)



2026 Leadership Transition and Strategic Planning



- With ISO New England's leadership transition this year, its Board of Directors and senior team are actively updating the organization's Strategic Plan through 2032
  - The ISO will discuss progress on the development of its future strategic priorities at both the Open Board and Participants Committee meetings in November 2026
- While the ISO may take initial steps in 2027 on some identified strategic initiatives, the organization is committed in the year ahead to the work outlined in this AWP, much of which involves completing the development and implementation of large projects already in progress
  - Any items coming out of the ISO's Strategic Plan that may target 2027 stakeholder discussions would be reflected in the 2027 AWP Update and reviewed with stakeholders in the spring
- Other new opportunities identified in the Strategic Plan for the next 5-7 years that are anticipated to become projects in future Annual Work Plans would be discussed with stakeholders through the AWP development process for the applicable year

Regional Focus on Plan Is Essential

The ISO strives to support regional reliability and policy goals in a coordinated manner



- Anchors and implementations will utilize the majority of ISO resources in 2027 and beyond due to their breadth
  - Upfront agreement on priority work, including NEPOOL and state priorities, is intended to keep listed projects and schedules on track
  - Increased or expanded stakeholder requests, regional policy interests, and new issues can affect project schedules of planned efforts
  - Unknown timing and topics of Federal Energy Regulatory Commission (FERC) actions (orders, notices of proposed rulemaking) and policy directives can shift priorities
- Note that the AWP identifies key initiatives and not the full ISO workload; the ISO's annual budget incorporates the full volume of ISO work and resourcing, including initiatives in the AWP as well as:
  - Work on smaller projects or projects nearing completion
  - Work to implement projects already through design, stakeholder, and regulatory phases
  - Work representing the ISO's extensive day-to-day operations related to running the grid, markets, IT infrastructure, and its organization

2027 Objectives and Highlights



- **Anchor Projects and Related Core Implementations** are the highest priority initiatives across the ISO for innovating, securing, and advancing a reliable, cost-effective electric power system
  - **Capacity Auction Reforms:** Preparing and conducting the activities to run the 2028 auctions; developing conforming changes and assessing refinements
  - **Large Load Integration**: Complying with FERC's Large and Co-Located Loads Show Cause Order and developing related resource adequacy enhancements
  - **Operating Reserves Demand Curve**: Developing a dynamic ORDC for existing real-time reserves to address operational uncertainties resulting from continued growth in PV, intermittent resources, and variability in real-time net load
  - **Asset Condition Reviewer**: Setup and implementation of the new independent review of Transmission Owners' asset condition project proposals for refurbishing aging transmission facilities; developing refinements and conforming changes
  - **Order No. 1920:** Complying with FERC's regional and interregional directives for transmission planning and cost allocation; developing rules for **right-sizing**
  - **IT Implementation of Major Initiatives:** Developing the software and systems needed for implementing CAR and nGEM Single Interval Improvements
- **Notable Initiatives** target modernization, efficiency, and risk management across markets, planning, operations, and software structures

ANCHOR PROJECTS

Highest priority initiatives in 2027

Multi-Functional Anchor Project

Restructuring capacity auction timing and accreditation methods

- **Capacity Auction Reforms (CAR)**
  - CAR reforms for seasonal auctions and resource accreditation (CAR-SA) are on track to be filed by end of 2026 for a Q2 2027 effective date (*see* the stakeholder schedule on slides 18-22 of this September 2026 NEPOOL Markets, Reliability, and Transmission Committees presentation)
  - Throughout 2027, the ISO will be preparing and conducting the activities to run the truncated 2028 summer auction and 2028-2029 winter auction
    - Consistent with the approach taken for major initiatives, preparations are expected to include conforming changes to rules and procedures and continued shaping of processes needed to implement the first auction
    - Any compliance requirements that FERC may issue in its CAR-SA order would also be addressed

Multi-Functional Anchor Project

Restructuring capacity auction timing and accreditation methods

- **Capacity Auction Reforms (CAR), cont'd**
  - As is typical following a foundational filing for a major initiative, the ISO will conduct further assessments to scope potential follow-on adjustments to the foundational design
  - The ISO is currently considering further assessments of areas that have been previously identified with stakeholders through discussion and feedback such as:
    - **Modeling** assessments of resource outage characteristics (e.g., correlated events such as ambient air conditions, EFORd calculations and representations of partial outage states), intermittent resource performance and load correlation, and storage modeling (e.g., continuing to study storage modeling and accreditation in other regions, software modeling capabilities, and how changes in the resource mix may impact accreditation)
    - **Mitigation** assessments, such as pivotal supplier test revisions (*see* the Internal Market Monitor's 2025 Annual Market Report) and other updates
    - **Gas constraint** assessments, such as potential adjustments (e.g., gas constraint parameters) based on experience and data, and continued assessment of the interactions between firm supply and the gas constraint in the market clearing process
    - **Balancing ratio cap** assessments under the new accreditation structure that evaluate design options and their practical tradeoffs between maintaining strong performance incentives for overperformers and preventing resource performance obligations from exceeding their maximum capability while ensuring resources with equivalent CSO have the same obligations
  - In 2027, the ISO will begin scoping and prioritizing the assessments to develop a fuller plan for scheduling assessments to be undertaken in 2027, which would be discussed with stakeholders as part of the 2027 AWP Update process in Q1/Q2; assessments after 2027 would be discussed in future work plans
  - Future assessments and enhancements are expected to evolve as market experience is gained

Multi-Functional Anchor Project

Large load integration compliance and enhancements

- **New England Large Loads Show Cause Order Compliance and Resource Adequacy Enhancements for Large Load Integration**
  - On June 18, 2026, FERC issued a show cause order instituting a proceeding under Section 206 of the Federal Power Act (EL26-72-000) related to the integration of large loads and co-located load arrangements
  - On Aug. 14, 2026, FERC accepted the ISO's and PTO's joint 90-day abeyance request as allowed in the June order; the ISO will submit by Nov. 16, a Section 205 filing that addresses the order's five categories of reform
  - Additionally, the show cause order required submission of an informational report on resource adequacy; the ISO provided notice in its July 20, 2026, report filed with FERC that it is developing resource adequacy-related provisions to address large load interconnections and adverse reliability risks
    - **Bring Your Own New Generation [Capacity]**: Resolve various potential issues to ensure that each large load's expected usage is aligned with its incremental new capacity
    - **Separate Large Loads from the Installed Capacity Requirement in the Capacity Market**: Complementary to the Bring Your Own New Generation requirement, new large loads would not be included in the regional capacity requirements as these loads would be responsible for their own capacity
  - Stakeholder discussions are underway (*see* meeting materials), with a Participant Committee vote planned for Nov. 12, 2026, on compliance-related provisions
  - Related and conforming changes, such as to Operating Procedures, Planning Procedures, and additional resource adequacy components, will be discussed through Q1/Q2 2027, with implementation timeframes to be determined

Multi-Functional Anchor Project

Addressing operational uncertainty through markets

- **Dynamic Operating Reserves for a Changing System**
  - The ISO has identified the system's continued need for flexible response capabilities to address operational uncertainties resulting from the region's growth in PV and wind intermittent power resources, and the increasing variability in the system's real-time net load (*see* the March 2026 ISO memorandum to the NEPOOL Markets Committee)
  - The ISO is assessing and developing a dynamic Operating Reserves Demand Curve (ORDC) for incremental quantities of existing real-time reserve products (10- and 30-minute reserves), in amounts that vary during the operating day based on the system's near-term potential ramping needs
    - Probabilistic Real-Time Ramp Needs: As part of this effort, the ISO is developing dynamic methods to account for real-time system ramping needs (*see related* Probabilistic Forecasting on slide 19)
  - The ISO plans to review a proposed cost impact analysis approach for feedback and input at the start of the stakeholder process
  - Discussions are targeted to begin in Q2 2027, changed from previous estimates due to other time-bound initiatives in the early 2027 time period, with a filing anticipated no earlier than Q4 2027 for a potential 2028 effective date

Planning Anchor Project

AC Reviewer setup and implementation

- **Advancing Asset Condition Reviewer Role**
  - The ISO is developing a new function to provide oversight of Participating Transmission Owners' (PTO) Asset Monitoring and Evaluation Practices, Asset Condition Projects (ACPs), and ACP Programs
    - In close coordination with the states and stakeholders, the ISO developed this advisory role and robust process for additional, independent review of PTO asset condition projects
    - Proposed revisions to the Transmission Operating Agreement and the Open Access Transmission Tariff of the ISO Transmission, Markets and Services Tariff revisions were jointly filed by the ISO and Participating Transmission Owners Administrative Committee (PTO AC) on August 17, 2026
    - Subject to FERC acceptance, the proposed effective date is January 1, 2027
  - In 2027, work will focus on running the new process with ongoing setup to further develop processes
    - Drafts of the Asset Condition Review Process Guide will be shared with stakeholders starting in Q4 2026

Planning Anchor Project

Transmission planning compliance

- **FERC Order No. 1920, 1920-A, 1920-B Compliance**
  - Stakeholder discussions began in September 2026 on compliance reforms for this suite of FERC Orders (*see* the NEPOOL Transmission Committee presentation for an overview of the requirements and stakeholder schedule)
  - The ISO is proposing to call the Order No.1920 process the Future Scenario Planning process; discussions are expected to include:
    - Proposal for switching from the sponsorship competitive solicitation model to a construction-bid model
      - Note that a separate Section 205 filing would be required to similarly change the competitive model used for reliability, system efficiency, and LTTP RFPs; additional discussions will occur during the LTTP Lessons Learned process starting in Q4 2026 at the Planning Advisory Committee (*see related* LTTP Enhancements on slide 15)
    - Requirements for considering whether selecting transmission facilities that incorporate alternative transmission technologies are more efficient or cost-effective than selecting new regional transmission facilities or upgrades to existing transmission facilities
    - Requirements for transmission right-sizing (*see* Transmission Right-Sizing on next slide)
  - Regional and interregional compliance filings are due June 2027 for a 2029 effective date

Planning Anchor Project

Transmission planning compliance and enhancements

- **Transmission Right-Sizing**
  - Stakeholder discussions at the NEPOOL Transmission Committee are expected to begin in Q4 2026 on Tariff changes that would allow consideration of increasing the size of transmission equipment to account for potential future uses
  - These rule changes would seek to:
    - Satisfy the Order No. 1920 requirements for the ISO to consider whether selecting transmission facilities that incorporate right-sizing is more efficient or cost-effective than planned asset condition projects in the 10-year forecast
    - Provide a path for consideration of right-sizing asset condition projects
    - Address the desire by regional stakeholders and the ISO to incorporate right-sizing considerations into transmission planning processes
  - The ISO anticipates completing this initiative in time to be able to reference these new rules in the Order No. 1920 compliance filing
  - After approval of the Tariff rules, the right-sizing process and input considerations would be developed and discussed at the Planning Advisory Committee for incorporation into the Transmission Planning Guides

Technology Anchor/Implementation Projects

IT development and implementation of market and reliability initiatives to manage an exponentially complex future grid

- **nGEM Real-Time Market Clearing Engine: Single Interval Improvements**
  - The ISO is working in 2027 to move the Unit Dispatch System (UDS) and Location Marginal Pricing Calculator (LMPC) functions to the nGEM MCE, scheduled for completion in 2028
- **CAR Software and Systems Implementation**
  - The ISO is developing the software and systems changes needed to implement the Capacity Auction Reforms, including auditing, settlement and financial assurance, as well as new software systems to support the resource adequacy assessment process, the capacity qualification process, and new auction clearing mechanisms; *see* participant training and readiness resources

NOTABLE INITIATIVES

Other key initiatives identified for 2027

Notable Multi-Functional Initiatives

2026 NEPOOL Priority Continued

- **Surplus Interconnection Service (Surplus IS) Part 1: Proposed Changes to Interconnection Rules to Resolve Gaps**
  - In July 2026, the ISO published its stakeholder-requested gap analysis of existing interconnection rules to determine the need for and scope of potential solutions that would improve access and use of Surplus IS; the analysis was structured in two parts: Part 1) interconnection rules and Part 2) market participation
  - The ISO plans to develop changes to the interconnection rules as recommended in Part 1; stakeholder discussions are anticipated to begin in Q4 2026 or Q1 2027
    - Timing depends on progress of time-bound initiatives, including CAR, Large Load Show Cause compliance, and conducting the first Order No. 2023 Cluster Study
- **Surplus IS Part 2: Analysis of Market Rules and Operational Considerations**
  - The ISO plans to more thoroughly assess potential market participation gaps for Surplus resources as well as operational considerations that were initially identified in the 2026 stakeholder-requested gap analysis; the assessment will inform the scope and timing of potential solutions
  - Stakeholder discussions of the assessment are targeted to begin in Q2 2027, after the CAR-SA order has been received to ensure the assessment aligns with the new capacity market rules or takes into account potential changes as directed by FERC

Notable Planning Initiatives

Transmission planning improvements

- **Longer-Term Transmission Planning Enhancements**
  - In Q4 2026, the ISO plans to discuss with stakeholders lessons learned from implementing the Longer-Term Transmission Planning (LTTP) to conduct the first Competitive Solicitation for LTTP Solution (2025 LTTP RFP)
    - Discussions are expected to include consideration of switching from the sponsorship competitive solicitation model to a construction-bid model, in alignment with the Order No. 1920 proposal (*see related* Order No, 1920 Compliance on slide 11)
  - Following the lessons-learned exercise, and after filing its Order No. 1920 compliance, the ISO expects to develop enhancements to the LTTP process; stakeholder discussions are targeted to begin in Q3 2027

Notable Planning Initiatives, cont'd

Generator interconnection enhancements

- **Order No. 2023 Interconnection Process Reforms Follow-On Enhancements**
  - In Q4 2026, the ISO plans to discuss with stakeholders lessons learned from implementing the Order No. 2023 Transitional Cluster Study
  - Following, the ISO expects to develop further enhancements to the Cluster Study rules and ensure resources entering and proceeding through Clusters are meeting the expectations for readiness; stakeholder discussions on enhancements are targeted to begin in Q2 or Q3 2027

Notable Operations Initiative

Dispatch adjustments for improved storage-resource compatibility

- **Enhancements for Storage Real-Time Dispatch and BESS Dispatch Compatibility, NEPOOL Priority Request for the 2027 AWP**
  - Stakeholders have requested an assessment of potential dispatch compatibility solutions, including updates to the Unit Dispatch System (UDS), to fully reflect the operating characteristics of fast-ramping storage resources in the ISO's real-time dispatch framework
    - Battery Energy Storage Systems (BESS) can respond nearly instantaneously and are concerned that premature ramping dispatch could result in inefficient use of their limited-energy capability
  - The ISO plans to address this request in two distinct but complementary work streams
    - First, in Q4 2026, the ISO will discuss with stakeholders its assessment of and plans for adjusting the existing UDS Look Ahead by year's end
    - Second, in 2027, the ISO expects to continue its assessment of the issues and identification of potential solutions related to the timing and ramping of dispatch signals, which it anticipates discussing with stakeholders in Q3

Notable Technology & Security Initiatives

Implementing sophisticated technologies and security applications to support a changing resource mix and mitigate risks

- **Probabilistic Forecasting**
  - In 2027, the ISO will continue development of an Uncertainty Quantification model and framework to provide more accurate, probabilistic forecasts of key operational parameters on day-ahead and intra-day timeframes, such as system net load and hourly capacity margin
    - The model considers uncertainty sources such as wind and solar generation, load, forced outages, and interchange schedules
  - Near-term objectives are to enhance risk-informed operational planning and reliability assessments over operational-horizon timeframes
  - Intra-day probabilistic forecasts of net load and related uncertainties will be incorporated into the Dynamic Operating Reserves proposal to be discussed in 2027 (*see related* ORDC initiative on slide 9)

Notable Technology & Security Initiatives, cont'd

Implementing sophisticated technologies and security applications to support a changing resource mix and mitigate risks

- **Inverter-Based Resource (IBR) Integration & Modeling:** In 2027, the ISO will continue its multi-year effort to design and implement an electromagnetic transient (EMT) model management process and repository. The ISO will also advance EMT simulation capabilities, including cloud-based computing, small-signal analysis, and full New England system modeling, and apply these capabilities to support planning and operational decision-making.
- **Synchrophasor and Advanced Measurements:** In a 2027 joint effort with the TOs, the ISO will develop enhancements to its production-grade synchrophasor system within the CIP environment by expanding external PMU data exchange and establishing operational procedures to support real-time grid awareness and decision-making; additional priorities include defining measurement requirements for large loads, assessing next-generation measurement capabilities such as point-on-wave (POW) data infrastructure, and developing analytical tools to assess resource dynamic performance during grid events and support compliance evaluations.
- **Integrated Market Simulator (IMS)**: In 2027, the ISO expects to introduce multiple interval dispatch and pricing function into the IMS, implement and benchmark the energy storage model with production system per FERC Order No. 841, and deploy IMS in a cloud environment for IMM usage and market design evaluation.

Notable Technology & Security Initiatives, cont'd

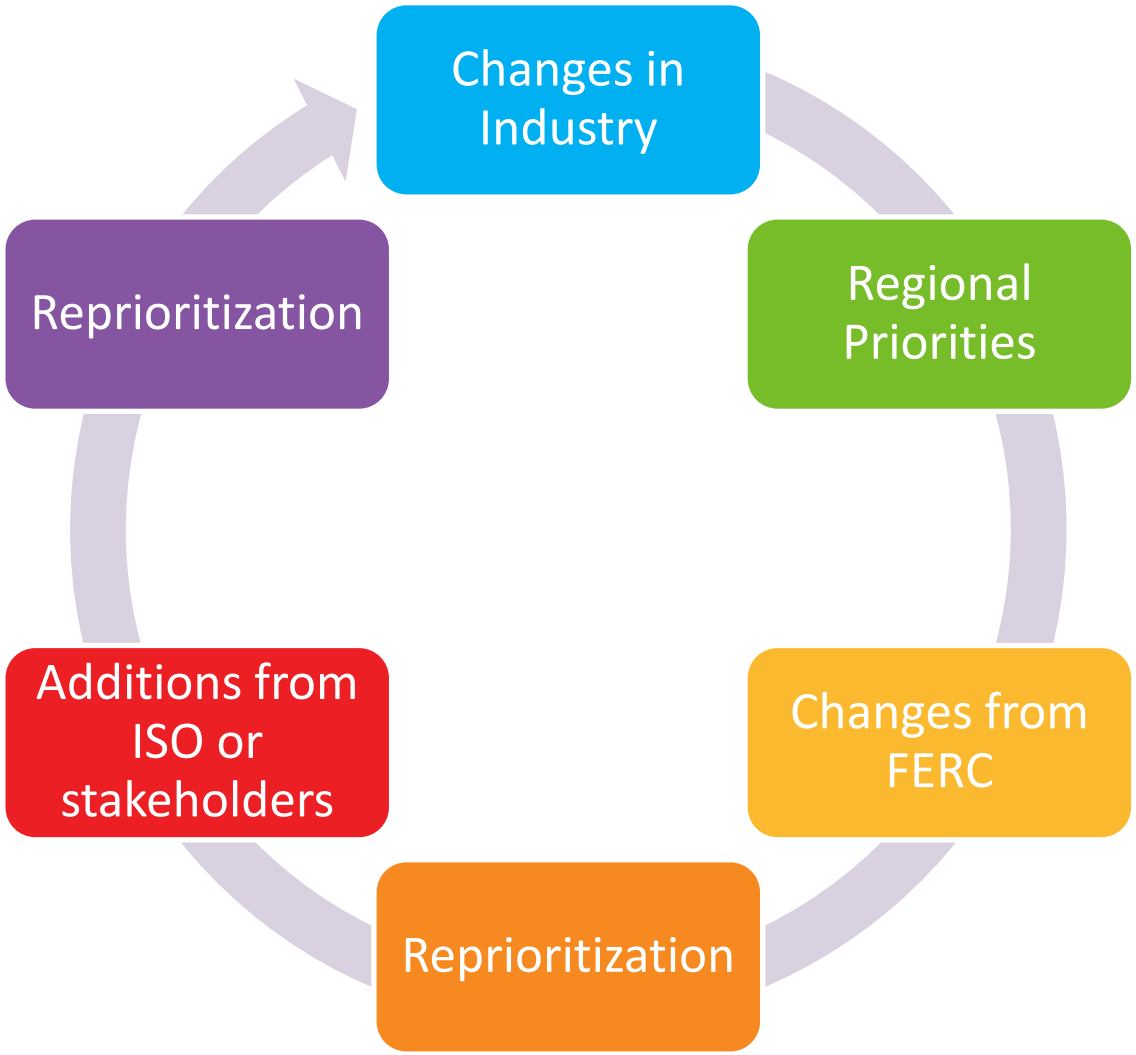
Implementing sophisticated technologies and security applications to support a changing resource mix and mitigate risks

- **Artificial Intelligence**: The ISO will be scaling AI usage over the coming years to develop and optimize advanced technologies, maintain and support new and improved tools for planning, system operations, and market operations; strengthen forecasting, modeling, and simulation analytics and capabilities; and bolster cyber defense
- **Cloud Computing:** The ISO's transition to a cloud environment continues to be a major effort over the next several years to minimize technology infrastructure maintenance costs, speed deployment of software, increase scalability and flexibility, and enable faster computing performance needed to reliably operate a modern system as resource data grows
- **Cyber Security:** The ISO has made significant cyber security investments to date and over the next several years will continue to invest in improved monitoring, detection, and recovery tools to keep pace with increasingly sophisticated attack threats

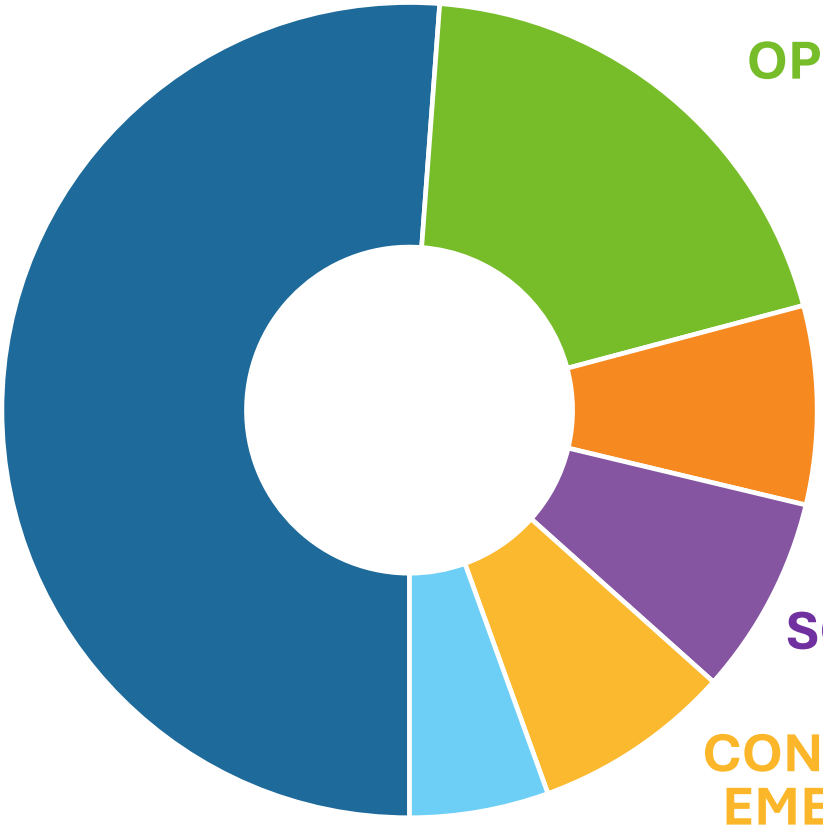
WORK PLAN PRIORITIZATION

Prioritization Process

- The ISO adjusts its priorities as needed to best maintain reliable operations, robustly plan for a changing grid, and ensure competitive wholesale markets
- Planned projects are impacted as scopes shift or new projects emerge



Markets/Operations Project Priorities Include:



CAPACITY AUCTION REFORMS

OPERATING RESERVES DEMAND CURVE

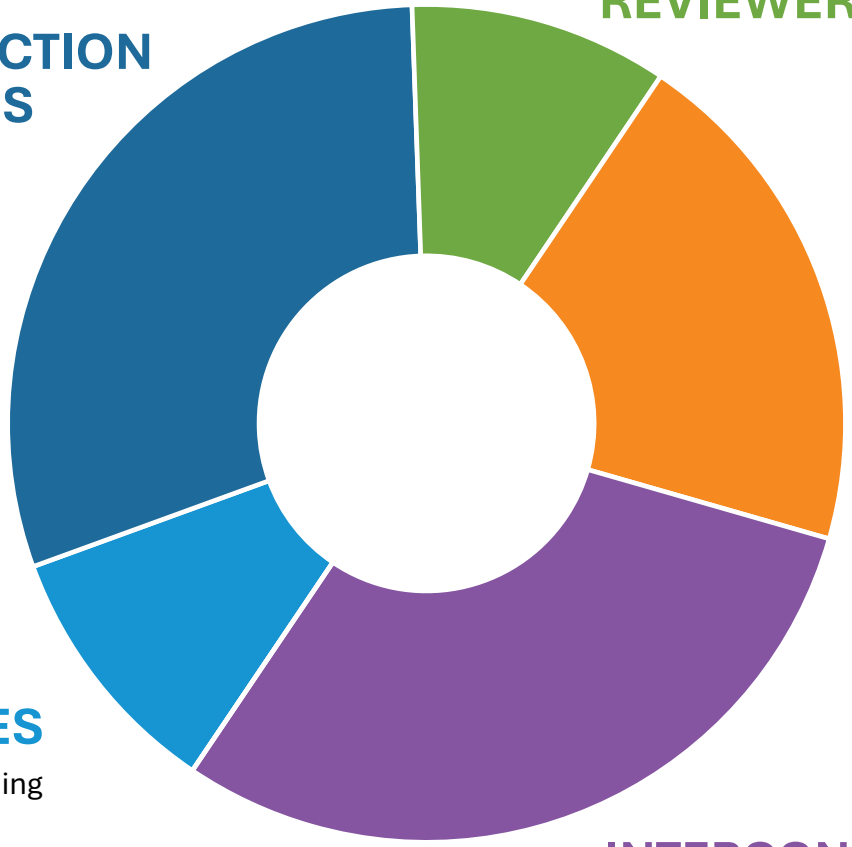
LARGE LOADS RESOURCE ADEQUACY

SURPLUS INTERCONNECTION SOLUTION ASSESSMENT

CONFORMING AND EMERGING WORK

DISPATCH ENHANCEMENTS

Planning Project Priorities Include:



- Annual Economic and Planning study processes
- Continued long-term load forecast methodology improvements for CELT 2027 forecast cycle

Capital Project Priorities Include:

nGEM SINGLE INTERVAL IMPROVEMENTS

INFRASTRUCTURE ENHANCEMENTS

- Settlement Market System Technology Upgrade
- Total Transfer Capability Utility (TTCU) Implementation for Resource Outage Coordination
- Market Info System to Cloud
- 2027 Issue Resolution Projects
- GridOS Connect
- Tie Line Telemetry Replacement
- DASI Benchmark Calculation Enhancements

SOFTWARE AND SYSTEMS IMPLEMENTATIONS

- Capacity Auction Reforms – Large volume of change and new functionality
- Order No. 2222 Customer and Asset Management (CAMS) enhancements
- MW Dependent Fuel Price Adjustment (Dynegy Compliance) (Q4 2027 implementation)



AI, CLOUD COMPUTING, CYBER SECURITY

IBR MODELING/INTEGRATION, SYNCHROPHASOR ENHANCEMENTS, IMS

2027 AWP	Q1	Q2	Q3	Q4
Multi-Functional (Markets, Planning, Operations)	**Capacity Auction Reforms: Implementation, Conforming Changes, & Follow-On Work**			
	Large Loads: Compliance and RA		Further FERC Compliance TBD	
		Operating Reserves Demand Curve		
	Surplus IS P1 Solutions & P2 Assessment			
Planning	**Asset Condition Reviewer Setup and Implementation**			
	Order No. 1920 Compliance		Further FERC Compliance TBD	
	Transmission Right-Sizing			
	LTTP Lessons Learned		LTTP Tariff Updates	
		Order No. 2023 Process Enhancements		
Operations			Dispatch Enhancements Part 2	
Technology	**nGEM Single Interval Improvements**			
	CAR Systems and Software Implementations			
	IBR Modeling, Synchrophasor Enhancements, IMS, Probabilistic Forecasting			
	Artificial Intelligence, Cloud Computing, Cyber Security			

Approximate Stakeholder Discussion Timing

Initiatives in **bold** are Anchor Projects