

Discussion of the ISO's Draft 2020 Annual Work Plan



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2020 Objectives and Highlights

- The 2020 work plan is primarily focused on developing a market-based solution to improve the region's energy-security needs
 - The ISO plans to provide an updated schedule of the work remaining to meet the April 15, 2020 filing deadline
- In parallel, the ISO continues to enhance its cyber-security systems
- The ISO will also assess its first Order 1000 competitive transmission proposals
- Further discussion is needed on stakeholder requests for assessment of market frameworks
 - The ISO has received requests from NESCOE, NEPGA, and other participants to allocate time for this effort



NOTABLE INITIATIVES



Cyber-Security

- Cyber-security remains an important priority
- 2020 cyber-security initiatives include:
 - Enhancing network security
 - Building of a new network to safeguard control center communications
 - Complying with all NERC reliability standards, including:
 - CIP-012 (communications between control centers) and CIP-013 (supply chain risk management)
 - Implementing an Identity and Access Management system that automates and secures access to CIP and non-CIP assets, and going forward, will serve as a foundation for the ISO's cyber-security program

Order 1000: RFP Implementation

- The ISO expects to issue the region's first request for proposal (RFP) for a competitively developed transmission solution for greater Boston in late 2019
 - Much of 2020 is expected to be spent administering this RFP
 - Administration includes: reviews of the submitted solutions, associated costs, and other evaluation factors, until the ISO selects the preferred solution
- In January 2020, the ISO will initiate its second iteration of the Public Policy process



Energy Security Improvements (ESI)

- Into 2020, the ISO will continue making progress on the following: proposed core ancillary services design, impacts of the proposed ancillary services, a forward market construct, and a conceptual framework for mitigation
- Initial evaluation of ESI-related changes for areas such as, Net Commitment Period Compensation and Financial Assurance, would occur after 2020
 - This work would be evaluated and sequenced after the completion of the core ESI stakeholder and regulatory process

Early Sunset of Chapter 2

- Currently, the Chapter 2 (Retain Resources for Fuel Security) Tariff rules are in effect for FCAs 13, 14, and 15, and sunset following FCA 15
- As the ISO has noted in various forums, it anticipates that Chapter 3 will be in place in 2024
- In addition to feedback received from stakeholders about concerns over Chapter 2, the ISO also seeks to bolster confidence in wholesale markets
- As a result, the ISO plans to sunset Chapter 2 following FCA 14
 - The ISO intends to initiate this project in Q4 2019, with a FERC filing by January 2020
 - The ISO will seek FERC approval of this change ahead of the FCA 15 retirement deadline

FCM Parameter Review

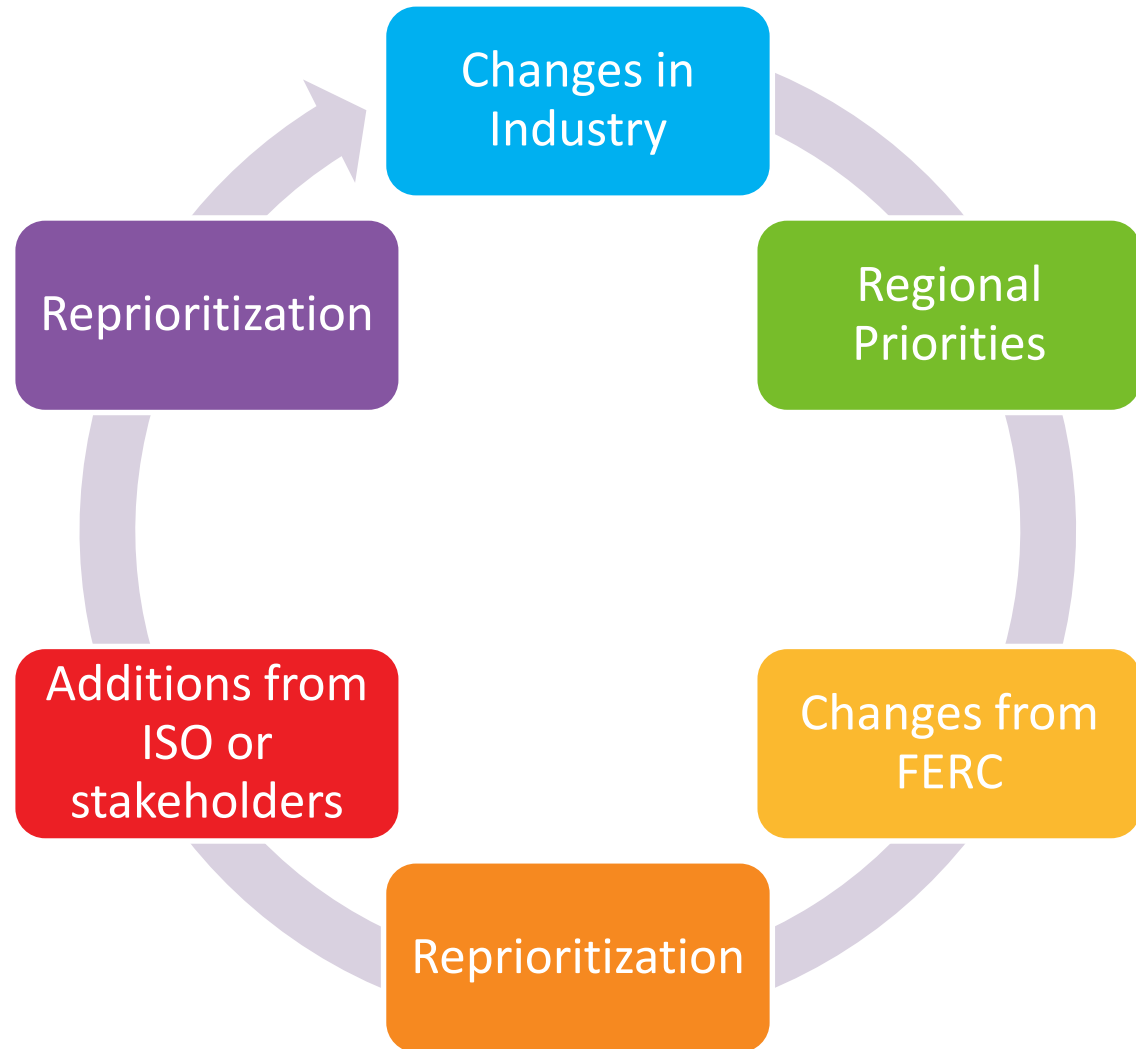
- The FCA 16 auction process includes review and recalculation of:
 - Cost of New Entry (CONE)
 - Net CONE
 - Offer Review Trigger Prices
 - Dynamic De-List Bid Threshold and
 - Capacity Performance Payment Rate
- The FCA 16 auction process begins in early 2021 and culminates with the Forward Capacity Auction in February 2022 for the 2025-2026 Capacity Commitment Period
- Current plan anticipates stakeholder review and filing of the updated parameters beginning in Q2 2020
 - The interdependency of ESI revenues and FCM parameters will require further discussion on this project's timing

WORK PLAN PRIORITIZATION

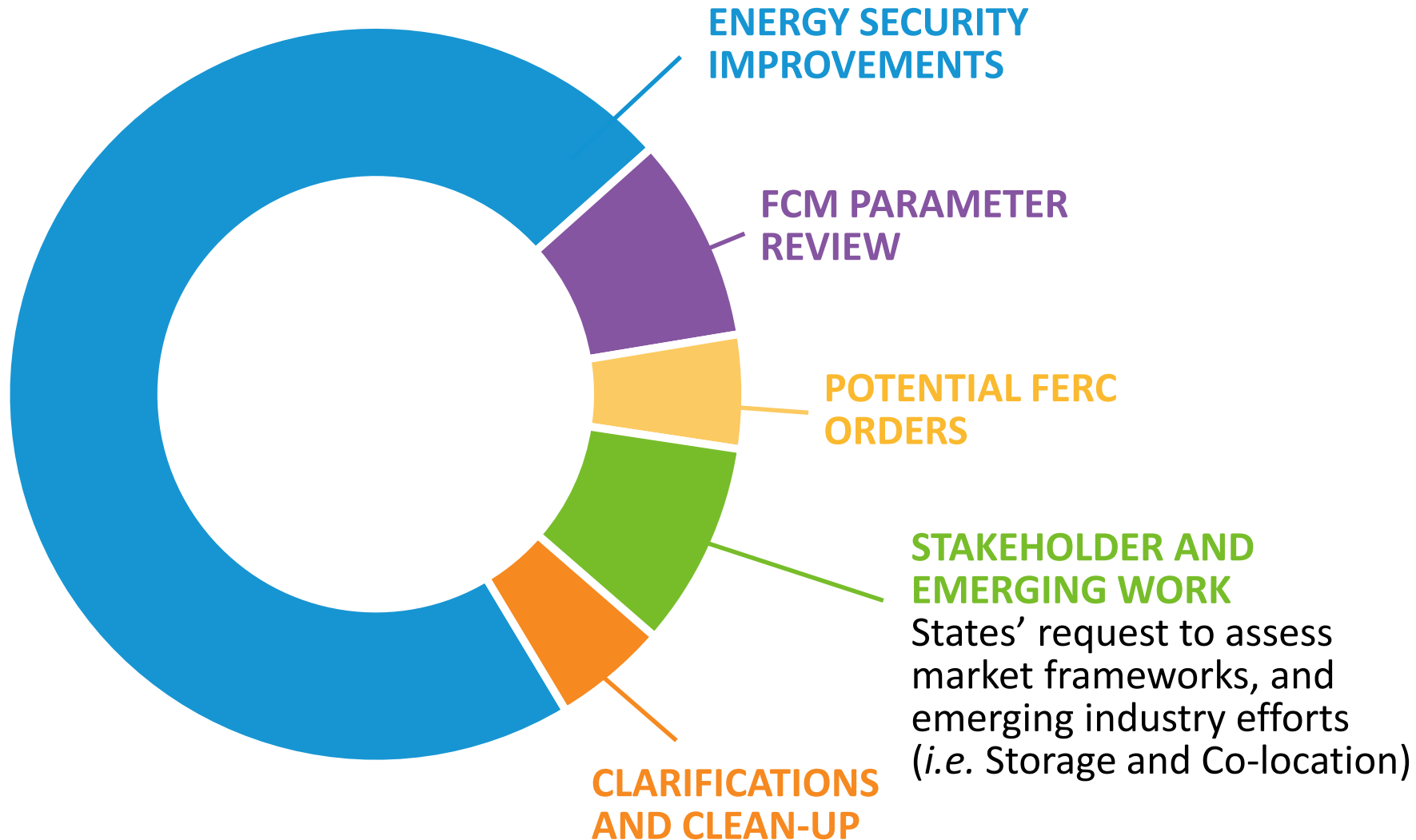


Prioritization Process

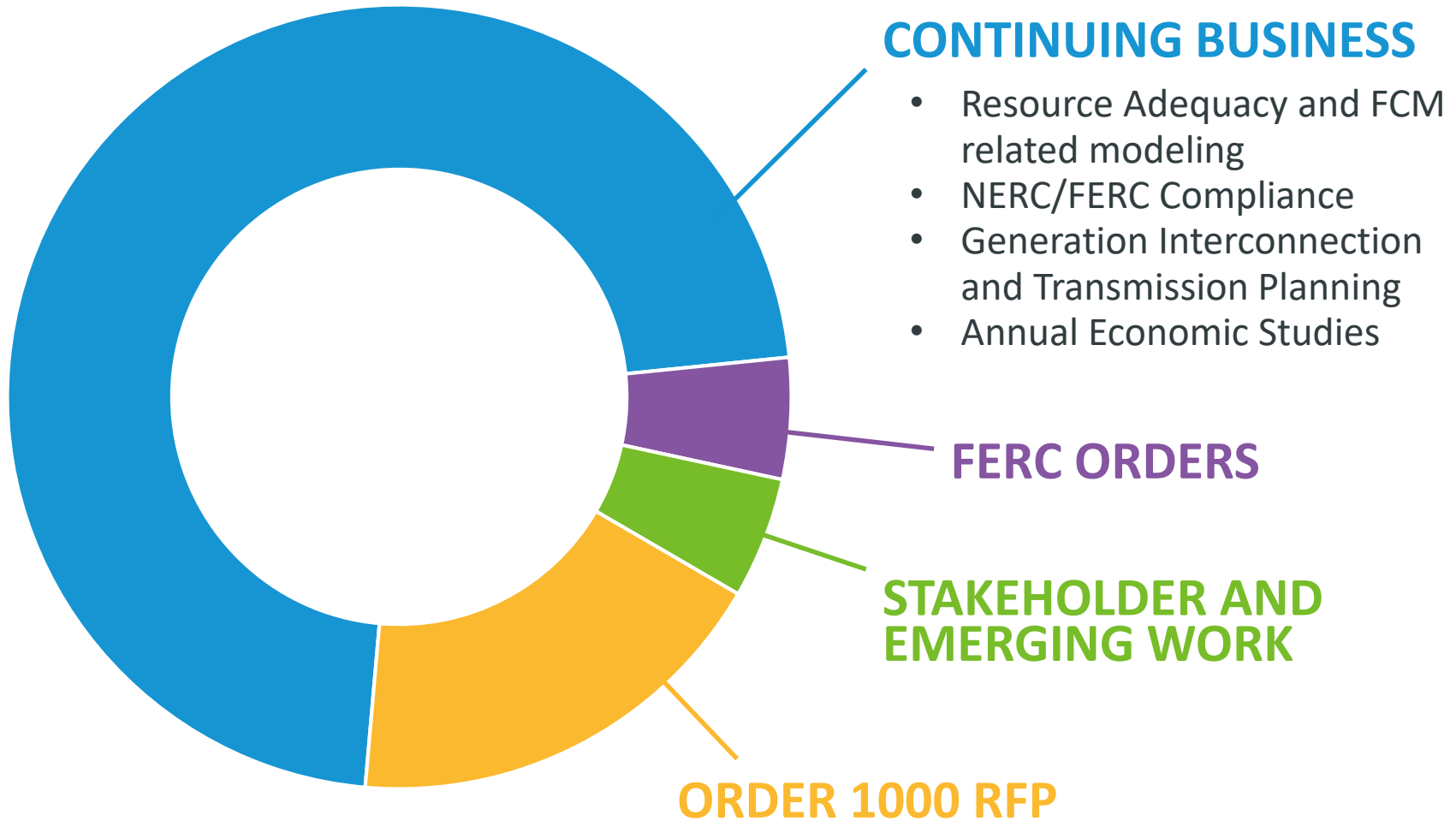
- The ISO adjusts its priorities as needed to best maintain reliable operations, robustly plan for a changing grid, and ensure competitive wholesale markets
- Planned projects are impacted as scopes shift or new projects emerge



Markets-Related Priorities Include:



Planning/Operations Priorities Include:



Capital Project Priorities Include:

