

# Response to the New England States' Vision Statement and Advancing the Vision Report

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*Meeting with New England States*



ISO New England Board of Directors



# Introduction

- The ISO Board of Directors has directed management to prioritize transmission planning studies and market pathways analysis in support of the states' clean energy vision
- The board is also pursuing targeted governance and communications enhancements, consistent with its independence and oversight role and with the need to focus on transmission and market priorities
- The board remains committed to working with the states and NEPOOL to achieve the region's goals for a clean energy system that is reliable and efficient



# Our Commitment to the Clean Energy Transition Is Explicitly Included in Our Vision Statement

## Mission: *What we do*

Through collaboration and innovation, ISO New England plans the transmission system, administers the region's wholesale markets, and operates the power system to ensure reliable and competitively priced wholesale electricity

## Vision: *Where we're going*

To harness the power of competition and advanced technologies to reliably plan and operate the grid as the region transitions to clean energy



*The ISO's **Vision** for the future represents our long-term intent and guides the formulation of our Strategic Goals.*



# ISO Plays a Unique Role in the Region

## Independence

- The independent role of the ISO was central to the creation of competitive wholesale electricity markets and planning the bulk electric transmission system in New England

## Filing Market Rules with FERC

- Granting the ISO primary responsibility to file market rules with FERC was central to the Commission's vision for the ISO becoming a Regional Transmission Organization, and remains a key aspect of the ISO's independence



# ISO Plays a Unique Role in the Region, cont.

## Transmission for Reliability

- The ISO has primary responsibility for identifying reliability needs and approving the projects in the transmission plan for the region
  - The board votes on the Transmission Project List in the Regional System Plan, following input from stakeholders and the states through the Planning Advisory Committee

## Transmission for Public Policy

- The ISO tariff has provisions to enable transmission planning for public policy
  - The *states play a key role* in determining whether studies are needed, but to date, have not exercised the need for such studies
- The states' Vision foresees large-scale transmission investment to enable clean energy
  - This will require *increasing levels of input and decision-making from state regulators and policymakers* with the ISO playing a technical role to support the states



# States and ISO Have Overlapping Objectives

- The states have **clean-energy mandates** – and we are supportive of the states in those efforts
- The ISO has a **reliability mandate** and a **mandate to administer competitive wholesale markets** for the resources needed for a reliable system – and we know that the states recognize the importance of reliability and have continued to express support for competitive markets
- There is an overarching need to ensure a reliable power system throughout the clean energy transition



## ACTIVITIES TO FURTHER THE STATES' VISION

*ISO Board and Management are committed to working with the states to achieve a reliable and efficient clean energy future for New England*

# ISO New England Is Aligned with the States on the Clean Energy Transition

## Transmission Planning

- 2050 Transmission Study
- Cluster Studies to Interconnect Offshore Wind on Cape Cod
- Transition Planning for the Clean Energy Transition – Pilot Study
- Future Grid Reliability Study
- Storage as a Transmission Solution

## Wholesale Market Design

- Pathways analysis of a forward clean energy market and net carbon pricing, and a hybrid of the two concepts
- Elimination of the Minimum Offer Price Rule (MOPR)
- Revisit ancillary service design
- Enable distributed energy resource aggregations to participate in the wholesale market (Order 2222)

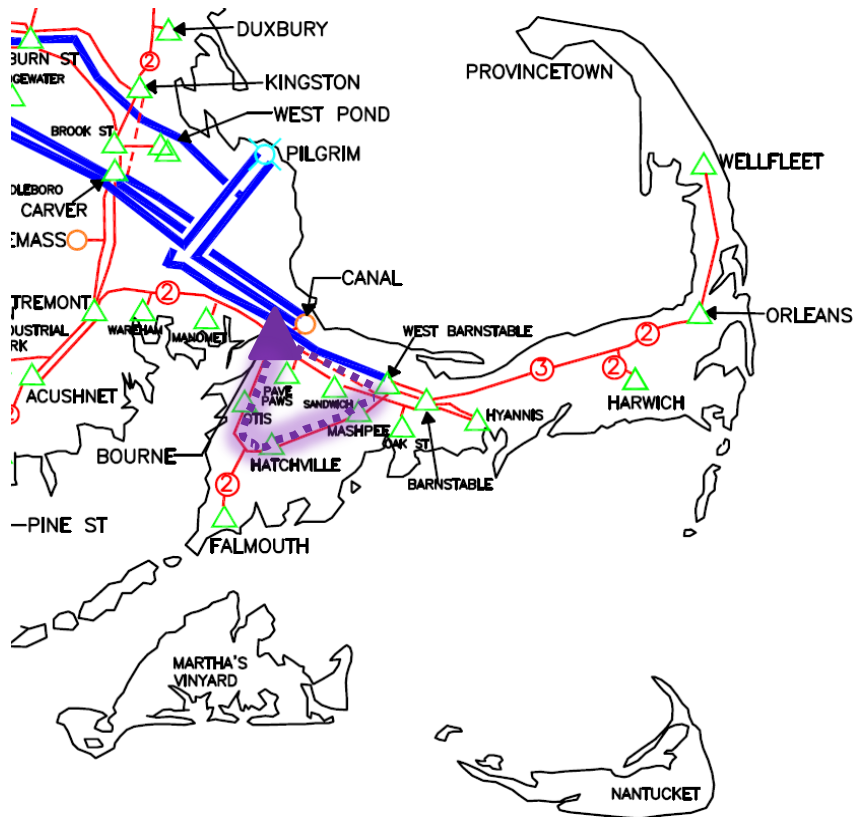




# 2050 Transmission Study Is a Direct Response to the States' 2020 Vision Statement

- At the states' request, the ISO is leading a high-level transmission study to look at scenarios to **reliably and cost-effectively incorporate clean energy and distributed energy resources by 2050**
  - This is referred to as the “2050 Transmission Study”
    - Primary focus is the year 2050, but also looking at 2035 and 2040
  - Study is intended to look beyond the current, 10-year planning horizon
  - The ISO is working with NESCOE to develop study assumptions and the study scope; further discussions with stakeholders will take place at the Planning Advisory Committee
  - Study will include high-level cost estimates to help the states evaluate different transmission scenarios
  - The ISO is working with NESCOE to draft corresponding changes to the ISO tariff to enable this type of transmission study on a recurring basis

# The ISO Initiated the Cape Cod Resource Integration Study to Increase Integration of Offshore Wind



- 1,600 MW of offshore wind on Cape Cod have completed System Impact Studies and can interconnect immediately
- 3,260 MW of additional generation are seeking to interconnect on the Cape
  - Previous studies by the ISO have identified that without transmission upgrades the ability to interconnect offshore wind is limited
- The ISO initiated the Cape Cod Resource Integration Study (CCRIS) to identify infrastructure upgrades to enable the interconnection of approximately 1,200 MW of additional offshore wind
  - The ISO has initiated a second CCRIS to support the interconnection of additional wind

# Other Planning Initiatives

- **Transmission Planning for the Clean Energy Transition**

- The ISO is conducting a pilot study to proactively plan for growing levels of Distributed Energy Resources (DERs), renewable resources, including offshore wind, imports via HVDC transmission interconnections, and energy storage
  - Study will aid in developing assumptions for use in future Needs Assessments, and will explore reliability concerns that may arise
  - Focus is the current, 10-year planning horizon for reliability needs
  - The ISO presented initial results in summer 2021; further results are coming this fall

- **Future Grid Reliability Study**

- The ISO is conducting a study of how the power system could operate in **2040** under current energy and environmental policies
  - NEPOOL requested the study; stakeholders, including NESCOE, developed the scenarios
  - The ISO presented initial results in June; further results are coming this fall
  - Using 2040 aligns with interim years in the 2050 Transmission Study

- **Storage as a Transmission Solution**

- Beginning in Q1 2022, the ISO will initiate discussions of proposed tariff changes to consider storage as a transmission asset for the purposes of implementing solutions to Needs Assessments or Public Policy Transmission Studies

# Market Design for the Clean Energy Future

- **Analysis of Pathways to a Future Grid**

- The ISO is working with regional stakeholders to evaluate potential wholesale market frameworks that reflect states' policies
  - Analysis includes a regional net carbon price, a Forward Clean Energy Market, and a hybrid of the two concepts
- Study results are expected in Q2 2022

- **Elimination of the MOPR**

- The ISO is developing a proposal with input from stakeholders to address the dual objectives of allowing sponsored resources to clear and maintaining competitive capacity pricing that can attract merchant entry when needed to maintain resource adequacy

- **Ancillary Service Markets**

- With the evolving power system, it will be necessary to enhance ancillary services to ensure the markets produce a reliable next-day operating plan
- In 2022, the ISO will be refocusing efforts on proposals to co-optimize reserves in the day-ahead energy markets



# Market Design for the Clean Energy Future, cont.

- **Integration of Distributed Energy Resource Aggregations (DERAs)**
  - The ISO plans to file its proposal with FERC in February 2022 to integrate DERAs into the wholesale markets, pursuant to Order 2222
- **Enhancements to Resource Capacity Accreditation (RCA)**
  - To assist with ensuring a reliable and clean energy future, the ISO is working with the states and NEPOOL to improve the methodology for determining resource capacity ratings in order to reflect the evolving resource mix



# ISO-NE Board Review of Governance Practices

- The states' review of ISO/RTO governance practices reflects that ISO-NE is comparable to peer organizations
- The Nominating & Governance Committee and the board of directors have reviewed current practices in light of the states' recommendations, have met with the states, and are making changes that are consistent with the ISO's core requirement for *independence* and its role as an *oversight board*, and that can be achieved without impeding the organization's focus on the states' markets and transmission goals

Governance Structure and  
Practices in the FERC-  
Jurisdictional ISOs/RTOs  
February 2021

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**EXETER**  
ASSOCIATES, INC.

# Annual Open Meeting of the Board

- The board of directors will hold an annual open meeting:
  - The meeting will be focused on the wholesale electricity markets, in even-numbered years beginning in 2022
  - The meeting will be focused on system planning, in odd-numbered years beginning in 2023
    - Potentially linked to the biennial Regional System Plan public meeting
  - *This would be in addition to meetings the board holds with the states and NEPOOL sectors throughout the year*

# Board Committee Charter Revisions

- The Board Markets Committee and System Planning and Reliability Committee have updated their charters to ensure that the committees' work is conducted consistent with the ISO's Vision, which emphasizes the company's role in utilizing competitive markets and planning processes, and advanced technologies, to facilitate a reliable transition to clean energy (*Committee charters are posted on the ISO web*)
- The board of directors and committees do evaluate costs and consumer impact in discussions on ISO proposals and, as the next section explains, the board looks forward to having further conversations with the states on this topic



# Enhancements to Board Communications

- Distribute the CEO's monthly board reports directly to the states
  - ISO staff can look for areas to enhance summaries
  - States also have opportunities to ask questions of the CEO about board activities at monthly NEPOOL Participants Committee meetings
- Additional board discussions with the states
  - The board proposes to add plenary or liaison meetings where necessary to discuss consumer implications of an ISO proposal
  - If the states have a majority position on an ISO proposal, the board is willing to meet with the states to discuss their position, and management will include consideration of a state majority position in filings to FERC

# Leadership Role for the New England States on a Regional Clean Energy Market Design

- The ISO's analysis of Pathways to a Future Grid is targeted for completion in April 2022
- Should the Pathways results lead to consensus from the states on a viable option, we will look to state regulators and policymakers to provide increasing levels of input and decision-making to establish a clean energy market



# Enhancing Communication of Technical Information to Non-Technical Audiences

- Existing communications seek to deliver technical information to technical as well as non-technical audiences, such as:
  - Regional Electricity Outlook (the “REO”)
  - ISO Newswire
  - ISO-to-Go mobile app
  - ISO Express data portal
  - State and regional profiles
  - Regional System Plan: executive summary and public meeting
  - Consumer Liaison Group: presentations, summaries, annual report
  - ISO101 Online and special session for public officials
- Management can also meet with the states to review existing documents to identify additional reasonable needs for enhanced communications with non-technical audiences

# Equity and Environmental Justice

- The board and management understand this is an important issue and offer to be a resource to the states on matters related to the regional power system as they evaluate equity and environmental justice issues
- External Affairs is available to be the initial point of contact



# Conclusion

- ISO New England, the New England states and regional stakeholders have a **long history of collaboration** to ensure the region has a reliable transmission system, a comprehensive system planning process, and wholesale electricity markets that are consumer-focused, competitive and deliver the electricity the region needs today and in the future
- The board's role is to **provide advice to and oversight of** management, including to ensure they have the right talent and resources needed to fulfill the organization's mission and vision
- We believe the ISO is **well positioned to support the clean energy transition** and we look forward to continuing to work with the states, NEPOOL and other stakeholders on this endeavor