Gordon van Welie
President and Chief Executive Officer

June 11, 2025

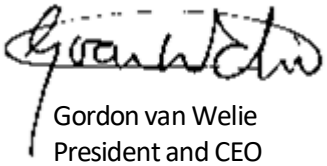
The Honorable Robert E. Latta
Chairman
Subcommittee on Energy
2125 Rayburn House Office Bldg.
Washington, D.C. 20515-6115

Dear Chairman Latta:

Thank you again for the opportunity to appear before the House Subcommittee on Energy on March 25, 2025, and I appreciate the opportunity to respond to the questions below.

Please be in touch with any further questions or if I can provide additional information.

Sincerely,



Gordon van Welie
President and CEO
ISO New England

cc: The Honorable Kathy Castor, Ranking Member, Subcommittee on Energy

The Honorable Scott Peters

The Honorable Robert E. Latta (OH-05)

1. *As stated in President Trump's Executive Order "Removing Barriers to American Leadership in Artificial Intelligence" (AI EO) on January 23, 2025 "It is the policy of the United States to sustain and enhance America's global AI dominance in order to promote human flourishing, economic competitiveness, and national security." President Trump has made it clear that he wants the US to be the global leader in AI and unleash American energy. How does ISO New England plan to ensure sufficient supply of energy to meet the needs of data centers in a timely manner?*

Response:
The New England region is not currently seeing the same growth in data centers or other large loads as other regions across the country. This is due to a variety of factors, including the generally high cost of electricity in the region. However, ISO New England does have several planning tools available that could be deployed to prepare for the potential growth of data centers in our region. ISO New England annually releases a long-term load forecast that sets out the 10-year projections of electric energy usage and seasonal peak demand in New England. This forecast allows the ISO to determine the region's future resource adequacy requirements; evaluate the reliability and economic performance of the electric power system; plan needed transmission improvements; and coordinate maintenance and outages of generation and transmission infrastructure assets. As part of this study work, the ISO's load forecasting team also tracks relevant trends in energy usage, such as changes in transportation and heating electrification, to study their potential impacts on state and regional electric energy and demand. While the New England region is not currently seeing the same growth in these large loads, these analytical tools could be used by the ISO, regional regulators, transmission owners, and market participants to plan and respond to potential data center development in New England. Transmission planning is only one component of the regional response. Market participants must develop new supply to support the increased demand, Transmission Owners must be able to support the interconnection of additional loads, and state and federal regulators have jurisdiction over both the interconnections of large loads and the cost impacts on regional consumers. The issue of how best to accomplish the latter point is currently before the FERC.

2. *Accurate and transparent electricity load forecasting is a linchpin of modern economic development. States rely on these forecasts to plan new industrial parks, data centers, and manufacturing hubs, while utilities use them to schedule grid expansions and major infrastructure investments. Despite the vital role of load forecasts in spurring economic growth, practices vary widely among states, utilities and RTO/ISOs, often leading to inconsistent data, misaligned investment signals, and unnecessary risk for both utilities, and both large and residential customers. Recent inconsistencies underscore how a patchwork of forecasting methodologies can exacerbate speculation in large load interconnection requests, inflate demand projections, and drive-up costs. These issues cross both state and federal jurisdictions and regional differences.*
    a. *What steps is ISO New England taking to ensure its load forecasting is transparent, predictable and correctly anticipating future capacity and infrastructure needs to power AI infrastructure?*
    b. *What, if any, barriers exist to increased transparency on potential load growth from AI?*

Response:
The ISO regularly consults with state policymakers, utilities, and other stakeholders to ensure our load forecasting is anticipating future demands on the bulk electric power system. For example, the NEPOOL Load Forecast Committee provides input on the development of the long-term load forecast. The long-term load forecast process is also discussed at multiple working groups, including the Distributed Generation Forecast Working Group and Energy Efficiency Forecast Working Group, as well as the Planning Advisory Committee meetings throughout the year. These discussions serve as a forum to ensure that our load forecasts are capturing emerging load trends in our region. The ISO regularly engages with state policymakers to understand the potential impact of their policies on electric demand, including electrification initiatives and other drivers of the need for additional resources and infrastructure. One challenge to identifying potential load growth from AI is that the predictability of related loads does not follow traditional economic trends.

3. *How can RTOs accelerate transmission expansion to support load growth without creating excessive costs for ratepayers?*

Response:
ISO New England, working with the states and regional stakeholders, has facilitated the development of $13 billion in new transmission infrastructure since 2002. The open and transparent planning process identifies cost-effective transmission projects to meet reliability standards. In addition, the ISO is currently working with the states to facilitate new transmission development through a first-of-its-kind regional solicitation. In May 2024, the ISO filed Phase 2 of the Longer Term Transmission Planning (LTTP) tariff changes with the Federal Energy Regulatory Commission (FERC), which would create a new process to give the New England states greater control in achieving their energy policies and goals. On July 9, 2024, the FERC accepted that filing. The changes create a new process that will operate in addition to current transmission planning protocols. ISO New England issued a request for proposals (RFP) on March 31, 2025, in accordance with Phase 2.

Phase 2's cost allocation guidelines include additional metrics for evaluating a potential transmission project. Since they help power flow from locations that are more suited to larger renewable resources (e.g., offshore wind, rural solar farms) to more densely populated areas, large transmission projects may offset the need to build new generating resources or operate existing generating resources in those densely populated areas. The new filing allows the ISO to include these regional benefits in its evaluation process.

4. *From a siting and permitting perspective, what do you see as the challenges and barriers to constructing sufficient transmission infrastructure needed for reliable, safe, affordable, and timely delivery of power?*
    a. *What role, if any, should Congress and FERC play in siting and permitting for regional or interregional transmission?*

Response:
As the regional grid operator, ISO New England has no authority over siting processes or permits. However, we have observed regional challenges similar to other parts of the country, such as local opposition to specific projects and supply-chain-related challenges. These issues can complicate the speed and ability to develop transmission infrastructure in New England. Congress and FERC play important roles in setting the

framework for regional and interregional transmission planning, such as through the reforms embodied in FERC Order 1920. Siting and permitting of transmission are under the jurisdiction of the states, and this has proven to work well in New England. As is evidenced by the recent agreement on a Long Term Transmission Planning protocol, and the request to issue an RFP to strengthen the transmission corridor from New Hampshire to Maine, the states are working collaboratively in the best interests of the region.

5. *Regarding planning for transmission, what specific impediments have you identified to current state, regional, and interregional planning for transmission projects?*
    a. *What are examples of impediments you have identified and what is necessary for system planners to overcome these impediments?*
    b. *What reforms do you recommend to improve state, regional, and interregional planning to overcome these impediments?*

Response:
As mentioned above, ISO New England has implemented Phase 2 of its Longer Term Transmission Planning (LTTP) process. In any discussion of transmission development, it is important to have an established cost allocation mechanism. Through LTTP Phase 2, the ISO has implemented a consensus-based cost allocation mechanism that has the support of the New England states. We believe this new process represents a significant and innovative enhancement, which will help overcome certain impediments to transmission planning and development in our region.

6. *In the last Congress and the previous administration, there was a lot of talk about transmission policy reform.*
    a. *How does your organization plan transmission in your region and with other regions? What should Members understand about the nature of transmission planning as it exists today?*
    b. *Does a top-down approach, through FERC, serve the interests of utilities and grid operators that are already expending tremendous time and engineering resources on design new transmission?*

Response:
ISO New England has a robust process for planning transmission to address reliability needs. We are implementing a new process to plan transmission to address state policy objectives. We are also actively engaged with the New England states on potential interregional transmission expansion. We conduct transmission planning in New England in an open process through the Planning Advisory Committee (PAC). While the ISO plays an important role in identifying needs and performing technical analyses, the states have jurisdiction over transmission siting, and early participation of the states in the regional planning process is common and essential. Given the unique policy objectives of the different states and the different topologies of the transmission system, it is important to allow for regional differences in transmission planning.

7. *What would be your top priority or need from states, FERC or Congress to assist you in meeting new demand —especially if we need even more power than projected? Are you equipped today to meet increased future demand at the pace needed and to maintain affordability and competitive rates?*

Response:
As I stated in my testimony, the ISO and the states have a joint and complementary role to play in achieving resource adequacy. The ISO needs to design and implement effective market designs to produce efficient pricing/incentives to retain and develop resources and ensure that the transmission system is robust (including implementing interconnection queue reforms). In particular, the ISO is proposing reforming the capacity market to implement a prompt, seasonal capacity auction with marginal capacity accreditation. It is essential that the region complete the design and regulatory process in time to implement the new market in 2028, and we need the support of the states, the market participants, and the FERC to achieve this goal. The New England states can expand various financial hedging arrangements that they have directed retail utilities to employ in the past to protect consumers against undue price volatility in both the energy and capacity markets. The combination of the competitively determined reference price for capacity in the ISO's prompt capacity auction and financial hedging arrangements between wholesale buyers and sellers help incent the development of new supply to meet the resource adequacy standard. Moreover, the states can address barriers to entry for resources participating in wholesale electricity markets. In addition, the states could do more to encourage demand response by increasing the deployment of advanced metering and variable retail rate designs. I believe our region will be equipped to meet future demands on the bulk electric power system if the states, the ISO, and the FERC can work together to ensure regional resource adequacy through a stable wholesale market supported by adequate retail consumer rate protections (using familiar financial hedging arrangements) overseen by state-level regulatory agencies. The pace of electricity demand growth and resource retirements will be key factors in determining the need for new energy resources and infrastructure.

The Honorable Kathy Castor (FL-14)

1. *One of our greatest challenges today is getting new sources of electricity on the grid as quickly as possible in this new era of increasing electricity demand. Interconnection processes – while critical to maintaining the reliability of the grid – can also take far too long under the current framework.*

   On March 17, FERC Commissioner David Rosner wrote a letter to each of you detailing new opportunities to streamline the interconnection process. In a recent study by the Midcontinent Independent System Operator (MISO), an automated process was able to nearly replicate in ten days the results of an interconnection study that took nearly two years to conduct.
   a. *Please describe your experience with interconnection automation technologies to date and the prospects for further deploying them going forward.*
   b. *Please describe how FERC and Congress can each support such innovation.*

Response:
ISO New England is in the process of implementing important new interconnection reforms as directed by FERC. These changes build on the ISO's recent enhancements to the study process and are intended to expedite the interconnection process. The ISO continually evaluates the potential opportunity for further improvements to the interconnection process that are suitable for this region. The ISO is in favor of automating processes where it is practicable and is currently evaluating a number of different software tools. The "develop or buy" decision will be based on our assessment of our needs, the cost of the third-party tools, and our ability to develop in-house tools and capabilities.

The Honorable Scott Peters (CA-52)

1. *Have you experienced permitting delays that this committee should better understand? What are some key/important examples?*
2. *What laws (on permitting specifically, but also planning, siting, interconnection, cost allocation, etc.) should be changed/amended/improved with regard to permitting?*

Response:
As the regional grid operator, ISO New England has no authority over siting or permitting of energy infrastructure.

3. *What are your specific challenges when it comes to planning and cost allocating high voltage transmission lines?*

Response:
There is agreement on cost allocation for new transmission to address state policy objectives, and there is a longstanding cost allocation mechanism to develop transmission for regional reliability. There are provisions within the ISO planning process for elective transmission projects whereby the project developer secures funding for the project outside of regional cost allocation mechanisms. There are also provisions within the ISO planning process for the states to identify alternative cost allocation mechanisms.