Improving Transmission Planning Outcomes in New England

FERC Order 1920 Compliance and Longer-Term Transmission Planning

The Federal Energy Regulatory Commission's (FERC's) landmark Transmission Planning and Cost Allocation Order (Order 1920 and Order 1920-A) requires Regional Transmission Organizations such as ISO New England, the region's grid operator, to conduct long-term regional transmission planning.[1] The Order also requires that transmission providers facilitate significant state involvement throughout the compliance and planning process.

Compliance plans were originally due in June 2025. However, in light of the region's focus on harnessing its newly-approved Longer-Term Transmission Planning (LTTP) process,[2] ISO-NE, NESCOE, and the Transmission Owners filed a joint extension, which FERC approved. Compliance stakeholder discussions are scheduled to begin around September 2026, and the compliance filing is due in June 2027. The implementation of the Order, i.e., commencing Long-Term Scenario development, should begin in late 2027, pending FERC approval.[3] This timeline allows ISO-NE and the states to conduct the region's first request for proposals under LTTP and to select an awardee before turning their efforts to Order 1920 compliance. With transmission planning process reforms unfolding, this explainer explores central questions regarding:

1. why improved transmission planning matters;
2. how states can plan and procure longer-term transmission *now* under LTTP;
3. how states can ensure strong compliance and implementation of Order 1920; and
4. how ISO-NE's LTTP differs from Order 1920.

[1] For a full summary of Order 1920 and 1920-A, see here: https://advancedenergyunited.org/hubfs/2025%20Folder/FERC's%20Transmission%20Planning%20and%20Cost%20Allocation%20Reforms.pdf

[2] A summary of ISO-NE's LTTP process can be found here: https://blog.advancedenergyunited.org/topic/wholesale-markets/page/2

[3] In their request, ISO-NE proposes to shorten the implementation period which would commence longer-term transmission scenario studies from two years to four months. The net effect of postponing the compliance filing deadline two years and shortening the implementation period would be a 4-month delay.

Why Improved Transmission Planning Matters

Significant investment in our outdated transmission grid is needed to maintain reliability and bring new, affordable clean energy online. According to a recent ISO-NE study, nearly half of transmission lines in New England will be overloaded by 2050, and the region will need approximately double the amount of existing transmission capacity. Presently, the majority of transmission spending goes toward piecemeal upgrades, such as asset condition and local projects.[4] These projects focus on the near-term to meet immediate reliability needs at the expense of building larger, interstate transmission that would deliver regional benefits and more efficiently build the grid we need. Fixing the current, poorly coordinated, just-in-time approach to transmission buildout and helping states get more value from holistic thinking and longer-term transmission spending is what led FERC to issue Order 1920. FERC Order 1920 further strengthens transmission planning and cost allocation by imposing firm requirements and explicitly directs Transmission Providers like ISO-NE to make final decisions.

While ISO-NE scored a C+ on a 2023 scorecard for regional transmission planning,[5] the ISO recently turned a corner in its regional transmission planning practices. In July 2024, FERC approved the region's Phase 2 of its Longer-Term Transmission Planning (LTTP) process. LTTP includes (1) the region's first longer-term transmission planning outlook that leverages a multi-value planning approach; (2) a competitive solicitation process to procure least-cost transmission solutions; and (3) a solidified cost allocation agreement to pay for transmission solutions. In December 2024, states officially requested that ISO-NE issue the first RFP under LTTP to procure transmission solutions to strengthen north-south regional interfaces and unlock renewable energy resources in Maine.

LTTP marks a big step forward for the region and is currently underway—several years before Order 1920 will take effect—and therefore offers a means for procuring transmission solutions that can tackle reliability concerns, affordability, and state policy requirements in tandem. However, there are still opportunities for improvement in this newly approved LTTP process and important differences between LTTP and Order 1920 which will likely see them kept separate.

The biggest difference between LTTP and Order 1920 (see comparison table page 5) is that LTTP bestows states with the final authority over whether to proceed with any project, whereas Order 1920 grants ISO-NE sole discretion over whether to proceed with transmission development. A major advantage of LTTP lies in prioritizing states' autonomy and harnessing

[4] Letter from New England States Committee on Electricity, to ISO-NE Planning Advisory Committee at 3 (Feb. 8, 2023), https://www.iso-ne.com/static-assets/documents/2023/02/2023_02_08_nescoe_asset_conditions_letter.pdf ("NESCOE February 2023 Letter")

[5] Transmission Planning & Development Regional Report Card, Americans for a Clean Electric Grid (2023).

consensus, which may deliver better alignment between transmission project development and state policies.

Conversely, one of Order 1920's advantages is ensuring that the entity ultimately responsible for planning and operating the grid (ISO-NE) is able to move forward with transmission projects that will bring net reliability and cost benefits to the region. While Order 1920 requires robust state consultation and involvement, it, therefore, avoids a potential scenario in which misalignment or disagreement amongst the states prevents the region from moving forward with necessary and beneficial transmission projects. As a result, this may afford more stability and certainty over whether projects get selected and built longer-term. Therefore, Order 1920 will be at a minimum an important backstop mechanism should beneficial transmission project development stall or be impeded under LTTP.

How can States Promote Better Transmission Planning Now?

Participate in the Ongoing LTTP RFP Processes

- Proactively leverage the newly codified Longer-Term Transmission Planning (LTTP) process by guiding the first RFP for transmission needs under the LTTP through to completion. Proceed with projects ISO-NE selects as awardees under RFP when benefits outweigh costs.
- Ensure the state has staff and resources dedicated to facilitating future iterations of LTTP, including: (1) leading the assessment of public policies driving transmission needs; (2) continuing longer-term, multi-scenario-based planning exercises; and (3) maintaining an ongoing list of priority transmission needs and periodically assessing when to request additional RFPs.

Urge ISO-NE to adopt the following improvements to its LTTP process:

- Improve the competitiveness of solicitations for transmission solutions by (1) allowing bidders to submit partial solutions and (2) revisiting requirements that preclude merchant transmission developers from offering solutions on incumbent Transmission Owners' lines.
- Enhancing transmission benefit evaluation criteria by exploring the incorporation of additional benefits such as health impacts, GHG emissions, and environmental justice.

- Expand the purview of LTTP to include identifying interregional transmission needs by including inter-regional transmission enhancements in planning and scenario development.
- Add an explicit requirement in the tariff for project bidders and ISO-NE to explain their evaluation of Grid Enhancing Technologies when assessing the cost-effectiveness of solutions.
- Request and require periodic, multi-scenario longer-term transmission studies and planning processes to mirror Order 1920, instead of ad-hoc study requests.

Implement Strong Oversight for Local and Asset Condition Projects

- Transform the oversight and approval processes for transmission projects by completing the ongoing reforms at the ISO-NE Planning Advisory Committee for local, supplemental, and asset condition projects to improve transparency, accountability, and cost containment measures that ensure that transmission needs are addressed holistically by regionally planned, competitively bid lines whenever possible.
- Integrate project right-sizing practices into the regional transmission planning exercises and procurements by identifying when regional projects can address opportunities to right-size certain transmission lines.

How Can States Maximize FERC Order 1920 for New England?

Ensure Strong *Compliance with* Order 1920:

- Communicate to key stakeholders and the public the importance of strong, holistic, forward-looking regional transmission planning to ensure a reliable energy transition at least cost.
- Create an advisory group of critical stakeholders to help navigate RTO compliance and understand alignment with state goals, comprised of groups representing clean energy, the environment, consumers, environmental justice, and impacted communities.
- Proactively lead during state engagement period (starts roughly September 2026) by pursuing the default cost allocation methodology used under LTTP). Refrain from invoking the optional extension for the state engagement period to avoid delay.

- Ensure clear, specific provisions detailing the process and role of the state (e.g. consulting ISO-NE on needs assessments and scenario development) are included in compliance filing.
- Expand interregional transfer capabilities and planning coordination by steering compliance in a manner that complements FERC's open proceeding looking at interregional transfer capability requirements.
- Codify a requirement for ISO-NE to publicly publish an explanation of why it does not proceed with a project in the event a project has a cost-benefit ratio exceeding 1.0 and is supported by state majority.

Ensure Strong *Implementation of* Order 1920:

- Apply the default and supplemental cost allocation methodologies from LTTP Phase 2 for Order 1920 compliance processes.
- Engage scrupulously during consultations that FERC requires ISO-NE to afford states on scenario development planning inputs and needs assessments to produce multiple roadmaps that help to identify the most reliable, least-cost, clean energy future. If necessary, request that ISO-NE conduct additional scenarios to inform cost allocation.
- Engage meaningfully and provide input to ISO-NE, transmission utilities, and developers on ISO-NE's study analyses and project evaluations.
- Assuming ISO-NE keeps LTTP as a separate process in the tariff (instead of conforming LTTP to comply with Order 1920), ensure stringent implementation of Order 1920 such that the region does not fall behind on meeting its future transmission needs.
- Defend Order 1920 at FERC and in the courts so that it remains in place for years to come.

How does ISO-NE's LTTP Compare to Order 1920?

Issue	FERC Order 1920 + Order 1920A	ISO-NE LTTP *(Current Rules)*
Long-term Regional Planning	Long-term planning horizon (20 years), transmission provider reassesses needs every 5 years and must consult states during multi-scenario planning process development. States can provide input on required scenarios, and can request additional scenarios or data to inform cost allocation.	States will specify the range of scenarios, drivers, inputs, assumptions, and timeframes as needed.
Need Identification	Transmission Provider is ultimately responsible for deciding transmission needs by using the seven factors listed in the Order; states provide disclosure and input. (P 409).	States are ultimately responsible for deciding transmission needs driven by public policies.
Factors & Benefit Evaluation	Mandatory consideration of each of the seven benefits (P 720). Must create transparent evaluation process and selection criteria using benefit-cost ratios, net benefits, least regrets, weighted benefits, and/or some other method; can propose additional qualitative and quantitative criteria; must maintain a minimum benefit-cost ratio of 1.25 to 1.	Mandatory consideration of a variety of factors and five financial benefits (S. 16.4 (h)); project Benefit-to-Cost ratio must be 1.0 or higher; optional supplemental process to advance projects that fall beneath the ratio of 1.0.
Project Selection	Project selection is up to the transmission provider, and selection of any project is not required; decisions must be explained in detail.	ISO-NE is responsible for selecting a preferred solution through a competitive RFP. Through NESCOE, states can terminate the process after ISO has selected a preferred solution.

Cost Allocation	Must have at least one *ex-ante* cost allocation method(s) on file. Six month "engagement period" during compliance process allows states to develop and finalize an ex-ante method(s) and/or a State Agreement Process, whereby states can develop an alternative cost allocation after project(s) selection. Transmission providers must (1) file states' preference (even if they propose a different *ex ante* method(s)) and (2) participate during the six month "engagement period," prior to compliance filings.	Default option assigns costs based on load ratio share across all New England states; supplemental process can be used for projects that fall short of 1.0 ratio.
Grid-Enhancing Technologies (GETs)	Must consider dynamic line ratings, advanced power flow controls and conductors, and transmission switches for newly upgraded facilities.	No explicit requirement to consider GETs but are reviewed when included in proposals that ISO-NE evaluates.
Local and Interregional Planning	Must increase transparency of local planning inputs; must evaluate right-sizing lines; right of first refusal (ROFR) for right-sizing projects; requires integration and coordination of existing interregional transmission plans.	Separate reforms underway to improve right-sizing and oversight of local projects; no explicit ROFR but de facto ROFR for projects upgrading incumbent transmission owners' existing lines/rights of way.