memo

To: NEPOOL Transmission Committee

From: ISO New England Inc.

Date: October 22, 2026

Subject: Review of Jurisdiction and Price-Based Re-Dispatch Mechanism Concepts for Large Load Transmission Customers Electing Non-Firm Transmission Service on Behalf of Large Loads

At the October 14, 2026 Transmission Committee meeting, ISO New England Inc. (ISO-NE) was asked to consider: (1) whether, in light of the Federal Energy Regulatory Commission's (FERC) October 9, 2026 Order on PJM's Interim Resource Adequacy Service (IRAS) proposal,[1] its proposed price-based re-dispatch mechanism for large loads voluntarily receiving non-firm transmission services raises jurisdictional concerns; and (2) whether, in light of FERC's orders on PJM's proposals related to co-located loads, large loads voluntarily electing to take non-firm transmission service may be curtailed only when there are emergency conditions.

As fully explained below, ISO-NE believes that its proposed price-based re-dispatch mechanism for Large Load Transmission Customers electing non-firm transmission service on behalf of Large Loads addresses FERC's concerns in the Show Cause Order issued to ISO-NE on June 18, 2026[2] and aligns with the framework that FERC developed for large loads as described in the ISO-NE Large Load Show Cause Order.

I. ISO-NE's Proposal is Consistent with the Jurisdictional Framework Described in the ISO-NE Large Load Show Cause Order

a. In its Section 205 Proposal to Integrate Large Loads to the Transmission System, ISO-NE Must Address the ISO-NE Large Load Show Cause Order

In the ISO-NE Large Load Show Cause Order issued on June 18, 2026, among other things, FERC preliminarily found that "ISO-NE's Tariff appears to be unjust and unreasonable because it does not include transmission services that reflect "Eligible Customers taking

[1] *PJM Interconnection, L.L.C.*, 197 FERC ¶ 61,019 (2026) (PJM IRAS Order)

[2] *ISO New England Inc.,* 195 FERC ¶ 61,215 (2026) (ISO-NE Large Load Show Cause Order). On June 18, 2026, FERC also issued a Show Cause Order related to large loads to PJM. *See PJM Interconnection, L.L.C.,* 195 FERC ¶ 61,211 (2026) (PJM Large Load Show Cause Order).

transmission service on behalf of flexible large loads **that are willing** and able to limit their use of the transmission system under certain conditions."[3] FERC also found that "Eligible Customers taking transmission service on behalf of [large loads] should be **allowed to choose** a transmission service that aligns with their use of the transmission system and therefore aligns the charges for service with the benefits received."[4] These, among others, are the FERC findings that ISO-NE must address in its Section 205 proposal for the integration of large loads to the transmission system.

b. ISO-NE's Price-Based Re-Dispatch Proposal Addresses the ISO-NE Large Load Show Cause Order's Finding Related to Flexible Loads

In response to FERC's findings related to flexible large loads, as part of its Section 205 filing to address the ISO-NE Large Load Show Cause Order, ISO-NE is proposing to provide non-firm transmission service options (known as Non-Firm Contract Demand Service and Interim Contract Demand Service) to Large Load Transmission Customers on behalf of flexible large loads[5] "that are willing and able to limit their energy withdrawals from the transmission system under certain conditions."[6] To provide these voluntary, non-firm transmission services, ISO-NE is proposing to use a price-based re-dispatch mechanism. [7] Under this mechanism, the Large Load Transmission Customer (*i.e.*, the Load Serving Entity) will register a Large Load as a Dispatchable Asset Related Demand (DARD) so that all or a portion of the Large Load Transmission Customer's non-firm transmission service will be re-dispatched when the Large Load's applicable Locational Marginal Price exceeds a Non-Firm Large Load Redispatch Price.[8] The mechanism does not raise jurisdictional concerns for ISO-NE with respect to the ISO-NE Large Load Show Cause Order because it focuses on

[3] ISO-NE Large Load Show Cause Order at P 102 (emphasis added).

[4] *Id*. (emphasis added).

[5] In the ISO-NE Large Load Show Cause Order, FERC concluded that it "has exclusive jurisdiction over the rates, terms, and conditions of interstate transmission service to Eligible Customers on behalf of large loads connecting to the transmission system, and the practices directly affecting the provision of such interstate transmission of electricity." ISO-NE Large Load Show Cause Order at P 45. Accordingly, the ISO-NE proposal for the integration of large loads includes definitions of Large Load Eligible Customer and Large Load Transmission Customer. Specifically: **Large Load Eligible Customer** is the Eligible Customer that submits an application for Firm Contract Demand Service or Non-Firm Contract Demand Service on behalf of a Large Load; **Large Load Transmission Customer** is the Large Load Eligible Customer that has completed the large load service application and study procedures set forth in Sections II.58 and II.60 of the OATT, and executed a Large Load Transmission Service Agreement and receives Firm Contract Demand Service, Interim Contract Demand Service, or Non-Firm Contract Demand Service on behalf of a Large Load.

[6] ISO-NE Large Load Show Cause Order at P 3 n.12.

[7] In the ISO-NE Large Load Show Cause Order, FERC considered comments it had received in an Advanced Notice of Proposed Rulemaking related to large loads, and FERC noted commenters' arguments that flexible large loads can quickly and verifiably adjust their consumption in response to system conditions or price signals. ISO-NE Large Load Show Cause Order at P 101.

[8] The proposed price-based re-dispatch mechanism does not require submission of a demand bid for the large load. Rather, the Large Load Eligible Customer has the option to submit a bid and, if it does not, then then ISO-NE will schedule the large load's consumption in the energy markets based on its forecasted demand, transmission services and the Non-Firm Large Load Re-Dispatch Price.

providing non-firm transmission service, places requirements on the Large Load Transmission Customer, and addresses potential reliability concerns. Moreover, the mechanism can be implemented in a timely manner and provides a manageable framework for daily operations.

c. ISO-NE's Price-Based Re-Dispatch Proposal is Fundamentally Different from PJM's IRAS Proposal

On October 9, 2026 FERC issued the PJM IRAS Order. As proposed, IRAS would be a load reduction service that **requires** large loads to take Network Integration Transmission Service (NITS)[9] (i.e., **a firm transmission service**). Under IRAS, to the extent a large load had not brought "new capacity," its demand quantity would be counted toward a possible IRAS eligibility MW quantity for the Electric Distributor zone/area. To the extent an IRAS action would be called, the applicable Electric Distributor would have been afforded the ability to choose which NITS load in its territory should be reduced.[10] In the PJM IRAS Order, FERC found that this element of PJM's design appears to exceed FERC's jurisdiction by dictating which retail customers taking firm transmission service must be curtailed by the Electric Distributor.[11]

In comparison to PJM's IRAS proposal, ISO-NE's price-based re-dispatch proposal is for curtailment of a **voluntary, non-firm transmission service assigned to a Large Load Transmission Customer**, meaning that the Large Load Transmission Customer (on behalf of the large load) has voluntarily chosen a transmission service that reflects its commercial and operational reality of serving a Large Load that is willing and able to limit its use of the transmission system under certain conditions. This squarely addresses FERC's findings in the ISO-NE Large Load Show Cause Order and, importantly, results in the curtailment of a wholesale transmission service associated with a specific Large Load conducted pursuant to the voluntary agreement of the Large Load Transmission Customer on behalf of the Large Load. Consequently, ISO-NE's price-based re-dispatch proposal does not raise jurisdictional concerns for ISO-NE based on the framework that FERC developed as described in the ISO-NE Large Load Show Cause Order.

Notably, in the PJM IRAS Order, citing the PJM Large Loads Order, FERC stated that the non-firm transmission services proposed in the PJM Large Loads Order (specifically Non-Firm Contract Demand transmission service) demonstrate a concept that PJM could consider as another possible avenue to achieve some of the aims of PJM's proposed IRAS framework.[12]

---

[9] NITS is equivalent to ISO-NE's Regional Network Service (RNS). RNS is not available to Large Load Transmission Customers under ISO-NE's proposal.

[10] Under PJM's design, large loads would be compensated for providing IRAS.

[11] *See* PJM IRAS Order at P 81. FERC also held that PJM's compensation approach, in which "retail customers will be paid by other retail customers for what PJM describes as a wholesale capacity service," also appears to be non-jurisdictional. *Id.* at P 82.

[12] PJM IRAS Order at P 111. FERC also noted that Non-Firm Contract Demand transmission service is affirmatively a *voluntary* option, while the product or service under IRAS is not.

FERC would not have offered this guidance if it believed such approach would be non-jurisdictional.

II. ISO-NE's Price-Based Redispatch Proposal Aligns with the ISO-NE Large Load Show Cause Order's Description of the Conditions Under Which Non-Firm Transmission Services May Be Limited

In the ISO-NE Large Load Show Cause Order, FERC preliminarily found that "ISO-NE's Tariff appears to be unjust and unreasonable because it does not include transmission services that reflect Eligible Customers taking transmission service on behalf of flexible large loads that are willing and able to limit their use of the transmission system **under certain conditions**."[13] In other words, the ISO-NE Show Cause Order does not impose a limitation that flexible large loads can only be curtailed during emergency conditions. In fact, in its order on PJM's co-located load compliance filing, FERC found PJM's proposal to curtail non-firm co-located loads during non-emergency conditions to be just and reasonable.[14]

In addition, in the ISO-NE Large Load Show Cause Order, FERC stated that the new transmission services for large loads "represent a fundamental paradigm shift" and "grid operators must also be careful not to implement changes that create unforeseen reliability risk."[15] Accordingly, ISO-NE carefully considered the potential reliability impact of non-firm Large Loads, and developed the proposed price-based redispatch mechanism to balance the need to rapidly integrate Large Loads to the transmission system while maintaining reliability, and in a way that reflects the transmission service that the Large Load Transmission Customer **voluntarily** requests. ISO-NE's proposed price-based re-dispatch mechanism achieves this balance by integrating Large Loads into electronic dispatch as DARD assets. This approach will allow the use of existing operational tools for streamlined implementation while ensuring that withdrawals from Large Load Transmission Customers voluntarily taking non-firm transmission service on behalf of Large Loads are automatically adjusted under system conditions that could signal reliability risk without manual calculations or real-time decision making.

---

[13] ISO-NE Large Load Show Cause Order at P 102 (emphasis added).

[14] In compliance with FERC's Show Cause Order related to Co-Located Loads (issued to PJM on December 18, 2025), PJM proposed that it may curtail Interim NITS or Non-Firm Contract Demand transmission service prior to dispatching the Pre-Emergency Load Response Program or in response to a transfer capability shortage as a result of system reliability conditions. In the PJM Co-Location Compliance Order, FERC found PJM's curtailment proposal to be just and reasonable because it is consistent with how PJM's non-firm point to point service is curtailed. In particular, FERC found just and reasonable PJM's proposal to curtail the non-firm transmission services before PJM initiated pre-emergency procedures, including demand response capacity resources. *See PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,217 (2025).

[15] ISO-NE Large Load Show Cause Order at P 10

In conclusion, ISO-NE is confident that its proposed price-based redispatch mechanism for Large Load Transmission Customers voluntarily receiving non-firm transmission service allows for the streamlined integration of Large Loads to the transmission system while maintaining system reliability. ISO-NE also believes its proposal, which can be implemented in a timely manner and is manageable in daily operations, is aligned with the ISO-NE Large Load Show Cause Order, including the jurisdictional framework and reflecting Large Load Transmission Customers' elected levels of transmission service.

ISO-NE looks forward to continuing to work with stakeholders on its proposal to address the ISO-NE Large Load Show Cause Order in a Section 205 filing that will be submitted to FERC in mid-November 2026.