Memorandum

To: ISO Board of Governors

From: Neil Millar, Vice President, Transmission Planning and Infrastructure Development

Date: July 8, 2026

Re: **Decision on interconnection service capacity and deliverability retention for non-operating generating facilities**

This memorandum requires ISO Board of Governors action.

EXECUTIVE SUMMARY

Management requests the ISO Board of Governors' approval to add tariff language requiring owners of existing generating facilities that are, or will be, offline for a year or more, to take certain actions to return to service within a reasonable amount of time in order to retain deliverability and interconnection service capacity. The policy changes and tariff language are necessary to ensure efficient use of both interconnection service capacity and deliverability. Releasing unused capacity will also result in more accurate transmission study results, which could lower overall costs for projects in the interconnection study process.

> ***Moved, that the ISO Board of Governors approves the interconnection service capacity and deliverability retention for non-operating generating facilities proposed changes, as described in the memorandum dated July 8, 2026; and***
>
> ***Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposal, including any filings that implement the overarching initiative policy but contain discrete revisions to incorporate Commission guidance in any initial ruling on the proposed tariff amendment.***

DISCUSSION AND ANALYSIS

Previously, language existed in the Reliability Requirement Business Practice Manual stating that generators that did not generate for three years would lose their deliverability and interconnection service capacity. In 2025, FERC found the language

was not supported by the ISO tariff, leading the ISO to remove the language from the business practice manual. As a result, the ISO currently lacks a mechanism to require such generators to timely return to service, effectively tying up unused transmission capacity and deliverability needed for other generators.

Offline resources continue to be modeled in interconnection service capacity and deliverability studies. However, holding deliverability for non-operating resources leads to inaccurate study results, including the identification of potentially unnecessary network upgrades. This, in turn, increases costs for interconnection customers and ultimately load. This policy will ensure that offline generators that intend to return to service do so within a reasonable amount of time or permanently retire, and thus release capacity and deliverability which can then be used by other generators.

POSITIONS OF THE PARTIES

The policy went through the standard ISO stakeholder process. The proposal received two stakeholder comments in support of the policy change and no comments opposing the policy change.

CONCLUSION

Management recommends approval of the proposal to add tariff language supporting a time limit and other requirements for the retention of interconnection service capacity and deliverability for offline generators.