FINAL

A meeting of the NEPOOL Participants Committee was held beginning at 10:00 a.m. on Friday, January 4, 2013 at the DoubleTree Hotel Boston/Westborough, 5400 Computer Drive, Westborough, MA pursuant to notice duly given. A quorum determined in accordance with the Second Restated NEPOOL Agreement was present and acting throughout the meeting. Attachment 1 identifies the members, alternates, and temporary alternates attending the meeting.

Mr. Calvin Bowie, Chair, presided and Mr. David Doot, Secretary, recorded. Mr. Bowie welcomed the members, alternates and guests who were present, including Mr. Chris Wilson of the ISO Board, Ms. Sarah Hofmann who was attending for the first time in her capacity as Executive Director of NECPUC, as well as the state representatives in attendance.

Mr. Bowie noted that the Committee was meeting for the first time in Westborough, and planned to meet in Framingham for the next meeting. He explained that these venues reflected the initiative to schedule Participants Committee meetings outside of Boston in an ongoing effort to further minimize the overall costs associated with meetings, both to NEPOOL and to individual members (through, for example, lower costs for lodging, parking, and, for many, travel). He asked that members provide feedback after those meetings outside Boston with respect to the location, amenities, travel, and overall experience associated with the venues to help the Officers decide on future meeting venues.

APPROVAL OF NOVEMBER 9 AND DEECEMBER 7, 2012 MEETING MINUTES

Mr. Doot referred the Committee to the preliminary minutes for the November 9, 2012 special meeting and December 7, 2012 annual meeting, as circulated in advance of the meeting. Following motion duly made and seconded, the preliminary minutes for the November 9 and December 7 meetings were unanimously approved, with an abstention noted by the New Hampshire Office of Consumer Advocate (NH OCA).

CONSENT AGENDA

Mr. Doot referred the Committee to the Consent Agenda that was circulated in advance of the meeting. Following motion duly made and seconded, the Consent Agenda was unanimously approved without comment.

REPORT OF THE ISO CHIEF EXECUTIVE OFFICER

Mr. van Welie referred the Committee to the summaries of the ISO Board and Board Committee meetings that had occurred since the December 7 meeting, circulated in advance of the meeting, and explained he would have more to discuss later in the meeting concerning the 2013 Work Plan (Work Plan). There were no questions on the Board meeting summaries and no further report from Mr. van Welie.

REPORT OF THE ISO CHIEF OPERATING OFFICER

Dr. Vamsi Chadalavada, ISO Chief Operating Officer, reviewed highlights from the January COO report, which included data only through December 25, 2012, and was circulated in advance of the meeting and posted on the ISO website. Focusing specifically on report highlights, he stated that, with December temperatures 4% higher than average in the major load centers (Hartford and Boston) in December: (i) natural gas prices were 11.4% lower and oil prices were 0.7% higher than November 2012 average values; (ii) Real-Time Hub LMPs were 28.4% lower than November 2012 averages; (iii) Net Commitment Period Compensation (NCPC), totaling $6.3 million, was $3.7 million lower than November 2012 NCPC; (iv) first contingency payments, totaling $3.3 million, were $6 million lower than November's first contingency payments; (v) second contingency payments totaled $104,000, which was lower than the $1.9 million in November; and (vi) voltage support payments continued to be high and totaled $2.9 million, down $442,000 from November. He reported that, based on a 50/50 load forecast, the lowest Winter Operable Capacity Margin was projected for the week beginning January 19, with the lowest 90/10 Winter Operable Capacity Margin projected for the week beginning January 5, 2013.

Dr. Chadalavada reported that, during the week of the January meeting, New England was experiencing fairly cold temperatures, with gas prices in the $12-$18 MMBtu range. These high prices resulted in a higher utilization of the Portland/Northern natural gas pipeline and Canaport LNG facilities than experienced in prior winters. However, having avoided a prolonged cold snap, and with peak load remaining steady in the 20,000 to 20,500 MW range, the region remained short of the amount anticipated by the 90/10 peak load forecast (22,500 MW). He indicated that, due to the high price of natural gas, all of the coal units had recently been dispatched in merit order.

Dr. Chadalavada then highlighted a slide illustrating a pronounced spike in Real-Time LMPs on December 18, 2012. He explained that the price spike was attributable to a 1,750 MW deficit on the system, caused by loads 400-500 MW over forecasted levels and the loss of a 300 MW unit. He noted that, otherwise, and more consistently than in November, December LMPs generally tracked the price of natural gas.

In response to questions, Dr. Chadalavada indicated that increased voltage payments were attributable to transmission-related activities in West/Central Massachusetts, and were expected to continue through the remainder of 2013. He also indicated that, during 2013 and into 2014, the ISO hoped to address the impact on Real-Time price formation of additional supplemental reserve commitment by the ISO.

Also in response to questions, Dr. Chadalavada addressed the factors contributing to the recent increase in Minimum Generation (MinGen) Emergencies and Warnings, particularly the relationship between under-forecasted load and resource commitment. He explained that, most often during the morning ramp (12:00 a.m. to 3:00 a.m., but often continuing to 7:00 a.m. during the Winter Period), and less often but also during the afternoon peak for the same reasons, units being committed early in the day to ensure availability later in the day produced energy in excess of that actually required. In those circumstances, he added, the operators were required to follow a series of established procedural steps calling, if need be, on a combination of resources to relieve the MinGen conditions. He clarified that, while circumstances would be evaluated and addressed on a case-by-case basis, operators would generally begin by curtailing hourly external import transactions, and then proceed to curtail self-schedules submitted after the close of the Re-Offer Period (including those submitted by wind resources). That combination of curtailments often cured MinGen conditions. If not, the ISO would take further actions, including asking all resources to go to their Economic Minimum Limits, and in more extreme conditions, to their Emergency Minimum Limits. Dr. Chadalavada noted the role that system flexibility played in creating and addressing these conditions. He confirmed that supplemental commitment choices being made earlier in the day, as well as lower-than-forecasted loads, particularly when temperatures were milder than projected, were contributing to increased MinGen Warnings and Emergencies. He committed to address at a subsequent meeting whether the increased level of MinGen Warnings and Emergencies could be expected to continue in 2013.

2013 BUSINESS PRIORITIES / WORK PLAN

Mr. van Welie referred the Committee to the presentation of the 2013 Work Plan, as circulated in advance of the meeting and posted on the ISO website. In introductory remarks, he indicated that the Work Plan was a detailed reflection of the 2013 ISO budget supported by the Committee at the October 2012 meeting, sequenced in a way that reflected the ISO's view of the relative priorities and proposed timing for those activities. He encouraged members to provide feedback as to whether the Work Plan accurately reflected and ordered the anticipated activities. He acknowledged that the Work Plan was aggressive and would require the region to be systematic and organized in its execution, particularly with respect to items addressing the strategic issues that had been under discussion at a conceptual level for the prior 12-24 months. He noted that, unlike prior years where the work plan discussion reflected comments received following an initial presentation to the Officers and NECPUC and NESCOE representatives, the Work Plan was being presented to the Committee without reflecting feedback from that leadership group, which had only just been received the day before, reflecting the urgency of many tasks identified in the Work Plan. Mr. van Welie reported that in response to feedback received the prior day from the Officers, and NECPUC and NESCOE representatives, the ISO would revise the presentation to identify the source driving each activities' inclusion in the Work Plan (e.g. FERC order, NERC standard, ISO-initiated activity, stakeholder-initiated activity) and would try to identify each activity's relative impact from a markets and reliability standpoint.

Planning/Operations-Related Activities

Dr. Chadalavada began reviewing the Work Plan by noting that activities on the summary slides colored in green represented those on which operating dollars would be spent; those in blue, capital dollars; and those in orange identified the work items included in the strategic initiatives previously discussed. He then highlighted the following key planning/operations-related development priorities:

- Regional Energy-Efficiency Initiative efforts
- FERC Order 1000 Compliance
- Generator Interconnection Studies / Review of Generator Interconnection Process
- Natural Gas Study Phase II (quantifying duration of risk, non-peak winter days, including alignment with NESCOE gas study)
- Gas-Electric Coordination (particularly maintenance scheduling)
- NERC Standards/Tariff Compliance (training of system operating personnel)

- Review and Update Planning Procedures (finalizing transmission planning manual version 1 and revisions thereto)
- Modeling Capacity Zones

Members then commented and asked clarifying questions concerning the Work Plan's planning/operations-related activities. An End User representative commended the ISO for its work on the Energy Efficiency forecasting, which had become a national model and was on a trajectory to save the region a lot of money. He urged continued investment in refinements to Energy Efficiency forecasting, particularly reflecting experiences and efforts ongoing in other regions around the country.

In response to a member's question concerning the ISO's reliance on the NESCOE gas study, Dr. Chadalavada clarified that the ISO and NESCOE studies would be independent of each other, conducted by different vendors, and independently managed. Should, however, the ISO identify data or information from the earlier NESCOE study that it might find helpful to further explore in connection with its study, the ISO planned to approach those conducting the NESCOE study for further information. In this spirit of cooperation, Dr. Chadalavada hoped that the earlier NESCOE study would prove helpful to better pace and inform the ISO's gas study.

A member asked how the strategic initiative of aligning planning and markets was incorporated in the Work Plan, if at all. Dr. Chadalavada explained that, although the projected timeframe for fully addressing that initiative was still a few years away (to coincide with FCA10), two of the highlighted activities – (1) the modeling of capacity zones, and (2) finalizing the inputs to the transmission planning process - would help with the alignment of planning and markets.

In response to a question as to which planning/operations-related activities might be passed over or deferred, if necessary, Dr. Chadalavada indicated his expectation that an unavoidable additional effort, such as to address a FERC mandate, would likely result in a slow down in the pace of work and potential inefficiencies with respect to a wide array of activities, rather than lead to an abrupt halt to activities on a specific priority/activity. Referring to the interregional planning and transmission cost allocation components of Order 1000 compliance, Mr. Doot urged the ISO to ensure communications with PJM and NYISO permitted the time and opportunity for meaningful consideration of any stakeholder-identified alternatives to the approach being jointly developed by those system operators.

Markets-Related Activities

Dr. Chadalavada then highlighted the following key and interrelated markets-related development priorities:

- FCM Performance Incentives
- Intra-Day Offers (2013 Q2 filing; 2014 Q2 implementation, with primary development by outside vendor Alstom), and NCPC Payments and Cost Allocation revisions (to be developed internally by the ISO)
- Intra-Day Reserves

Dr. Chadalavada emphasized the interdependency of these activities, noting the importance of the sequencing of the priorities, with delays in one activity expected to impact and cascade into others, all of which highlighted the delicate balancing act presented and urgency of the 2013 efforts. Mr. van Welie added that the ISO’s corporate goals for 2013 include many of the market design projects, particularly those included in strategic planning initiatives.

Members then commented and asked clarifying questions concerning the Work Plan’s markets-related activities. In response to questions, Dr. Chadalavada confirmed that, if need be, the market assessments, rather than the market design projects, would be the first to be delayed. He clarified that the FCM Cost Allocation project identified on the summary slide was a carry over from past years and related to load reconstitution and cost allocation. He indicated that the priority of FCM Cost Allocation was subordinate to that of the strategic initiatives identified, though it would need to be addressed given its relationship to outstanding FERC directives. Addressing improvements to Real-Time Reserve Constraint Penalty Factors (RCPFs), Dr. Chadalavada clarified that "improvements" was intended to capture the development of additional triggers to reflect new products, rather than further increases to existing RCPF triggers.

Members expressed concern with certain descriptions and timing associated with a number of the markets-related activities. Members of the Supplier and End User Sectors identified concerns with the description for the Merchant Transmission Market Implications projects, asking for clarification of types of projects and characteristics that had led the ISO to identify the potential for market changes and how such efforts might interact with the Order 1000 and public policy-related projects. Generation Sector representatives highlighted concerns related to project sequencing, including the potential adverse effects on fast-responding resources if negative bid pricing was implemented prior to sub-hourly settlements, and concerns with the adverse effect that additional Market Rule changes related to reserve products that anticipate out-of-market actions by operators might have on LMPs and market price signals. An AR Sector representative requested that, if possible, the Wind Dispatch Rules and Intra-Day Offers projects be developed in parallel rather than in series so that the economic impacts of intra-day offers on wind resources could be more fully understood. Another AR Sector representative expressed concerns regarding the timing of the FCM Performance Incentives project, in which demand resources (DR) could not knowledgably participate without an understanding first of the reserve market opportunities for DR. He asked whether the Intra-Day Offers project would include an opportunity for intra-day offers by DR. In response, Dr. Chadalavada noted that participation of DR in the Real-Time Reserve Market was scheduled for implementation in 2016, well ahead of when FCM Performance Incentives were planned to go into effect in 2018. He also offered to discuss separately the ISO's thoughts on the interaction between the Reserve Market design changes and FCM Performance Incentives and whether the scope of work for the Intra-Day Offers project could be expanded to include DR intra-day offers.

In response to questions concerning whether and how implementation of Long-Term Financial Transmission Rights (LFTRs) and the consideration of a demand curve for FCM were included in the presentation, Dr. Chadalavada indicated that LFTR efforts were on-going and, subject to confirmation, might be specifically reflected in a revised presentation. He also explained that the FCM demand curve, as well as some of the other unresolved FCM issues, were expected to be considered in connection with the FCM Performance Incentives project. He added, though, that consideration of these topics might delay the overall efforts, which was of particular concern to the ISO and could influence the sequencing of activities in 2013 or beyond.

Capital Project Priorities

Having exceeded the time allotted for the Work Plan discussion, discussion of the Capital Project priorities, as well as any additional and follow-up questions on the planning/operations and markets-related activities, was deferred to the February meeting.

DAY-AHEAD ENERGY MARKET AND RESERVE ADEQUACY ASSESSMENT TIMELINE REVISIONS

Ms. Allison DiGrande, Chair of the Markets Committee, introduced the Markets Committee's proposed Market Rule changes to modify the Day-Ahead Energy Market (DAM) and Reserve Adequacy Assessment (RAA) timelines. By way of background, she recounted that the ISO had indicated that it wanted to complete the DAM schedule sooner so that gas-fired generators could make arrangements before the gas nomination deadline passed, which would allow the ISO to have better information about the availability of resources early enough to permit it to commit alternative long lead-time resources if needed. Therefore, the ISO proposed changes that included moving the DAM bid deadline to 9:00 a.m. and completing the initial RAA by 4:00 p.m. (ISO Proposal). She described the eight-month Markets Committee process to consider the ISO Proposal and alternatives to that Proposal. She reported that, at its December 11-12, 2012 meeting, the Markets Committee voted on proposed changes to the DAM and RAA timelines, including several amendments to the ISO Proposal and she briefly described those proposed amendments and the Markets Committee votes. She confirmed that an amendment to the ISO Proposal as proposed by Exelon, that set the DAM bidding deadline at 10:00 a.m., the Re-Offer Period from 1:30 p.m. to 2:00 p.m., and had the initial RAA completed by 5:00 p.m., was ultimately recommended by the Market Committee for Participants Committee support (MC-Recommended Proposal) with a vote of 84.8%. She said the ISO Proposal was also voted at the ISO's request, but only received 43.05% support, which did not satisfy the 60% vote required for a Markets Committee recommendation. She indicated that, per normal processes, the Markets Committee recommendation that the Participants Committee approve the MC-Recommended Proposal should be presented to the Participants Committee as the main motion to consider proposed revisions to the DAM and RAA timelines. Ms. DiGrande concluded by noting that the ISO still planned to ask for a Participants Committee vote on the unamended ISO Proposal

The following main motion pertaining to the MC-Recommended Proposal was duly made and seconded:

> RESOLVED, that the Participants Committee supports revisions to Market Rule 1, Appendices A and F to Market Rule 1, and Section I.2.2 (Definitions), and the deletion of Appendix H to Market Rule 1, as recommended by the Markets Committee and circulated to this Committee in advance of this meeting, together with such non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve; and
>
> FURTHER RESOLVED, that the Participants Committee authorizes and instructs NEPOOL Counsel, in consultation with the NEPOOL Officers,

> to assemble, prepare and include in filings with the Federal Energy Regulatory Commission such supporting materials (including, if and as appropriate, expert testimony) to support the Market Rule changes if passage of this motion results in a jump ball filing under Section 11.1.5 of the Participants Agreement.

A Supplier Sector representative questioned whether changes to the status quo were justified and invited Committee members, if they were so inclined, to express their own views on the same. Other Supplier and Generation Sector members concurred that the concerns identified as reasons to change the Market Rules may not warrant such dramatic changes in the DAM, explaining that the ISO proposed such changes based on reliability concerns that really were market concerns that could and should be addressed through effective administration of the markets and possible improvements to price transparency in the markets. Most members, however, acknowledged that changes were nonetheless certain given the ISO's strong desire to move the timelines earlier to address its concerns, and explained why they preferred the MC-Recommended Proposal, including, among other reasons, that NEPOOL needed to send a strong message to FERC of the significant Market Participant concerns with the ISO Proposal.

A number of members, representing multiple NEPOOL Sectors, explained that while the MC-Recommended Proposal may not have been the ideal solution for various/varied reasons, it was a reasonable balancing of competing concerns and was most certainly preferable to the ISO Proposal, which they explained would create problems in the markets. On that note, the Exelon representative that sponsored the MC-Recommended Proposal, while expressing a strong preference for a DAM and RAA schedule closer to bidding at 12:00 p.m. and having an initial RAA at 6:00 p.m., made clear its appreciation for the time currently required by the ISO to accomplish its tasks and for that reason supported the MC-Recommended Proposal as a solution that would allow the ISO to access more long-time lead resources based on the initial RAA schedule, while still ensuring for the DAM market DAM bids and offers that reflect the greater liquidity in the gas markets. In support of the same, a member of the Supplier Sector explained that the MC-Recommended Proposal preserved many of the benefits of the current market structure and also addressed ISO's concerns in ensuring reliability by moving the completion of the initial RAA from the currently effective time of 10:00 p.m. to 5:00 p.m.

Other members noted their concerns about the potentially significant commercial and market efficiency impacts that would occur as the result of the 9:00 a.m. DAM bidding deadline. Some argued that, of all the proposals presented for Participants Committee consideration, 9:00 a.m. was the worst of all options because of the lack of liquidity and price discovery in the gas market before, and including at, that time. That opinion was shared by a number of members, including the EquiPower representative, who advocated for an alternative to the MC-Recommended Proposal that would establish a DAM bidding deadline of 5:00 a.m., similar to the New York markets. Those members, along with many others in the Generation and Supplier Sectors, expressed concern that the 9:00 a.m. deadline would result in an upward pressure on gas prices assumed in the DAM bids, especially on tight days, because without adequate knowledge and transparency on the price of gas, Market Participants would expect high risk premiums and reflect that expectation in their bids. Market Participants would also have to submit offers into the DAM without adequate knowledge and transparency on the price of gas. Discussing the economic impacts of the ISO Proposal, another Participant, this time from the End User Sector, also agreed that 9:00 a.m. bid deadline may raise costs to consumers due to Market Participants adding premiums to their daily bids/offers in the DAM, and would result in the potential disruption in the ability to use the bilateral markets to hedge against this increased risk.

Those members who instead expressed support or a preference for the ISO Proposal, explained generally that they were doing so in deference to the ISO's articulation of the operational and reliability needs and their conclusion that they did not have sufficient basis to disagree with those articulated needs. Members who expressed this overall sentiment were mainly representatives from the Transmission and End User Sectors. A NESCOE representative also expressed support for the ISO Proposal out of that same respect and deference, but also made clear that NESCOE would not oppose the MC-Recommended Proposal if it were supported by the Participants Committee.

In response to members' comments and concerns, Dr. Chadalavada, for the ISO, clarified that the ISO Proposal was not the result of a scientifically driven approach, but reflected the ISO's best judgment at that time based on its analysis and experience. He explained it was the ISO's conclusion that its proposal best balanced a number of important variables, including: gas nomination timelines for pipelines, gas market trading hours, generators' concern with liquidity in the market, reliability concerns, and the ISO's actual experiences concerning capacity availability given the gas markets. He also noted the ISO's commitment to revisit these changes with stakeholders in the next year and, in any case, the ISO would reevaluate if the results were contrary to expectations (i.e., if market impacts were severe, if reliability was not improved, if further improvements were made on the processing timing itself, etc.).

In final comments, the Exelon representative emphasized the concerns that many expressed with the DAM and RAA timelines proposed by ISO and summarized the purpose and importance to Market Participants of the MC-Recommended Proposal.

After this discussion, but before the Participants Committee vote on the MC-Recommended Proposal, the following two amendments were offered for the Committee's consideration, both of which were offered as motions to amend the MC-Recommended Proposal.

EquiPower Amendment

The EquiPower representative reviewed a motion to amend the main motion so as to provide that the DAM bidding deadline would occur at 5:00 a.m., the Re-Offer Period would take place from 8:30 a.m. to 9:30 a.m., and the initial RAA would be completed by 12:30 p.m. (EquiPower Amendment). He explained that by closing the DAM at 8:30 a.m., gas units would be notified of their DAM commitment in time to buy and schedule gas to meet that commitment. He further noted that the EquiPower Amendment proposed to complete the initial RAA by 12:30 p.m., which would provide the ISO with even more time than under its proposed schedule to access long lead-time resources in order to increase assurance of reliable Real-Time operations.

Following motion duly made and seconded, the EquiPower Amendment was voted and failed by a show of hands.

Brookfield Amendment

The Brookfield representative reviewed for the Committee a motion to amend the main motion to change the deadlines in such a way as to ensure that the Re-Offer Period (which in the MC-Recommended Proposal and ISO Proposal was 30 minutes) would last at least one hour, as identified in the materials circulated in advance of the meeting (Brookfield Amendment). A member of the Publicly Owned Entity Sector asked the Brookfield representative whether this amendment also proposed to move the RAA timelines, given that would extend the Re-Offer Period for at least one hour. In response, the Brookfield representative clarified that this amendment did not propose to change any timing in the DAM or RAA schedule other than the duration of the Re-Offer Period.

An Alternative Resources member expressed support for the Brookfield Amendment, noting his view that the currently proposed 30-minute window between the clearing of the DAM and close of the Re-Offer Period may not afford enough time for some demand resources to make re-offers and that the additional time, as proposed by Brookfield, would be an improvement to the MC-Recommended Proposal.

Following motion duly made and seconded, the Brookfield Amendment was voted and failed to pass with a 44.19% Vote in favor, with many abstentions (Generation – 17.1%; Transmission – 0%; Supplier – 10.26%; Alternative Resources – 14.5%; Publicly Owned Entity – 0%; and End User – 2.33%). (See Vote 1 on Attachment 2).

Vote on Main Motion

Without further discussion, the main motion was then voted and was approved with a 70.16% Vote in favor (Generation – 17.1%; Transmission – 4.27%; Supplier – 16.3%; Alternative Resources – 10.97%; Publicly Owned Entity – 17.1%; and End User – 4.41%). (See Vote 2 on Attachment 2).

Vote on the ISO Proposal

Mr. Bowie explained that, per the requirements of the Participants Agreement, the ISO was entitled to a vote on the unamended ISO Proposal and would accept without the need for a motion and a second the ISO's request for such a vote. Before consideration of that resolution to approve the ISO Proposal, the TransCanada representative raised a concern that the EquiPower Amendment was offered as a motion to amend the MC-Recommended Proposal and not as a motion to amend the ISO Proposal. His concern was that Participants would not have a meaningful way to signal their preference for the EquiPower-proposed DAM bidding deadline of 5:00 a.m. over the ISO Proposal. As a result, he asked whether the question could be placed informally before the Committee so that members could signal their preferences as between the 5:00 a.m. and 9:00 a.m. proposals. Mr. Doot reminded the Committee that procedurally the ISO Proposal was on the table and the ISO was entitled to a vote on its Proposal with any amendments that it found acceptable. He stated further his understanding, which the ISO confirmed, that the ISO would consider the EquiPower-proposed timelines as an acceptable amendment if they enjoyed sufficient support to minimize or avoid litigation. Under that circumstance, Mr. Doot indicated that the Chair could, if he wished, allow the question to be put to the members without being out of order or exposing the Committee to expansive precedent that could create future procedural challenges. At the direction of the Chair, and without objection, the Committee members were asked to indicate, by a show of hands, whether they preferred or opposed 5:00 a.m. over 9:00 a.m. Mr. Doot indicated that the show of hands demonstrated that the Committee would not support a proposal based on a 5:00 a.m. over a 9:00 a.m. DAM bidding deadline. The ISO confirmed that it would not consider this change to be an acceptable amendment to the ISO Proposal.

Accordingly, the Committee considered the following motion:

> RESOLVED, that the Participants Committee supports revisions to Market Rule 1, Appendices A and F to Market Rule 1, and Section I.2.2 (Definitions), and the deletion of Appendix H to Market Rule 1, as recommended by the ISO and circulated to this Committee in advance of this meeting, together with such non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

The ISO-supported proposal was voted and failed with a 56.44% Vote in favor, again with many abstentions noted. (Generation – 3.8%; Transmission – 17.1%; Supplier – 0.85%; Alternative Resources – 3.53%; Publicly Owned Entity – 17.1%; and End User – 14.05%). (See Vote 3 on Attachment 2).

Based on the Committee's support for the MC-Recommended Proposal, Mr. Doot indicated that a "jump ball" filing was likely and that NEPOOL Counsel would work with the Officers and interested members to assemble, prepare and include in filings with the FERC such supporting materials (including, if and as appropriate, expert testimony) to support the Participants Committee-supported Proposal (the NEPOOL Proposal).

LITIGATION REPORT

Mr. Doot referred the Committee to the Litigation Report that had been circulated in advance of the meeting and noted that the report continued to reflect a high level of activity. He highlighted that the FERC had accepted on December 31, 2012, but subject to refund, the proposed Tariff revisions for the recovery of the ISO's 2013 administrative costs to become effective January 1, 2013. He explained that the FERC order established and encouraged settlement judge procedures, and could lead to a hearing if settlement proved unsuccessful. He indicated the expectation that Administrative Law Judge Michael J. Cianci, Jr. would be designated as the Settlement Judge for the proceeding, with a first settlement conference to be held during the third week of January. In response to questions, he confirmed that NEPOOL Counsel would participate in the settlement proceedings and would keep the Committee informed of developments.

With respect to the FCM redesign proceeding, Mr. Doot referred the Committee to the summary of pleadings filed in response to the ISO's December 3 compliance filing that had been circulated with the additional materials for the meeting. He indicated that, although NEPOOL would not be taking a substantive position in the proceeding as a result of the outcome of the November 2 meeting, NEPOOL counsel would continue to monitor the proceeding and to provide updates to the Committee when and as appropriate.

NEPOOL Counsel Patrick Gerity summarized two complaints filed at the end of 2012. One complaint was to further reduce the Transmission Owners' return on equity, already the subject of ongoing litigation. The second complaint was filed by NESCOE and proposed an alternative renewables exemption from the Minimum Offer Price Rule that was included in the ISO's recent FCM filing. He explained that, NESCOE requested that the complaint proceeding be consolidated with the proceeding to consider the ISO's December FCM filing, which was pending before the FERC. Mr. Gerity noted that responses to and any comments on the NESCOE complaint were due on or before January 17, 2013. He also noted that the settlement judge procedures established in the Information Policy Pipeline Information-Sharing Changes proceeding had been terminated in mid-December following an unsuccessful settlement conference. Subsequently, the ISO requested expedited rehearing and clarification of the December 7, 2012 order accepting but setting the changes for settlement judge procedures, and the New England Power Generators Association had proposed an interim solution to allow the changes to go into effect for the winter period, each of which were pending before the FERC. Anyone with comments or questions on the Litigation Report was encouraged to contact NEPOOL Counsel.

COMMITTEE REPORTS

Mr. Joel Gordon, Budget and Finance Subcommittee (Subcommittee) Chairman, reported that the next meeting of the Subcommittee would be held January 18, 2013 at 10:00 a.m., with materials to be posted a week ahead of the meeting. He highlighted that the Subcommittee would at that meeting reinitiate efforts to address and structure financial arrangements to mitigate the risk of, and thereby enable, LFTRs in New England, efforts which he expected to continue at each Subcommittee meeting through at least June. He encouraged all those interested to participate.

OTHER BUSINESS

Mr. Doot referred the Committee to the NEPOOL calendar for January and February, highlighting upcoming meetings and events. He reported that the next New England Gas-Electric Focus Group meeting was scheduled for January 23 at the DoubleTree Hotel Boston/Westborough. Looking to February, Mr. Doot reminded the Committee that the next regularly-scheduled meeting of the Participants Committee would be February 1 at the Sheraton Framingham Hotel & Conference Center.

There being no further business, the meeting adjourned at 2:40 p.m.

Respectfully submitted,

____

David T. Doot, Secretary

ATTACHMENT 1

**MEMBERS AND ALTERNATES PARTICIPATING IN
JANUARY 4, 2013 PARTICIPANTS COMMITTEE MEETING**

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
511 Plaza LP	End User	William P. Short III	Gus Fromuth	
Ashburnham Municipal Light Plant	Publicly Owned		Gary Will	
Bangor Hydro-Electric Company	Transmission		Stacy Dimou (tel)	
Boylston Municipal Light Department	Publicly Owned		Gary Will	
BP Energy Company	Supplier			Nancy Chafetz
Brookfield Energy Marketing Inc. / CSC	Supplier	Nicolas Bossé	Jose Rotger	
Calpine Energy Services, LP	Supplier	John Flumerfelt		
Central Maine Power Company	Transmission	Eric Stinneford (tel)		
Cianbro Companies	End User	Gus Fromuth		
Chicopee Municipal Lighting Plant	Publicly Owned		Gary Will	
Concord Municipal Light Plant	Publicly Owned		Gary Will	
Connecticut Municipal Electric Energy Coop.	Publicly Owned	Brian Forshaw		Gary Will
Connecticut Office of Consumer Counsel (CT OCC)	End User			Paul Peterson
Conservation Law Foundation (CLF)	End User	Seth Kaplan		
Conservation Services Group (CSG)	AR	Doug Hurley		
Consolidated Edison Energy, Inc.	Supplier	Jeff Dannels		
Corinth Wood Pellets LLC	End User	Gus Fromuth		
CP Energy Marketing (US) Inc. (Capital Power)	Supplier	Michelle Gardner		
DC Energy, LLC	Supplier	Bruce Bleiweis (tel)		
Dominion Energy Marketing, Inc.	Generation	Ronald Hart (tel)		
Dragon Products Company LLC	End User	Gus Fromuth		
Dynegy Marketing and Trade, LLC	Supplier			William Fowler
Elektrisola, Inc.	End User	Gus Fromuth		
Energy America, LLC	Supplier	Ron Carrier		Nancy Chafetz
EnerNOC, Inc.	AR	Herb Healy		
Entergy Nuclear Power Marketing, Inc.	Generation	Marc Potkin		
EP Energy Massachusetts, LLC	Generation	M.Q. Riding (tel)		
EquiPower Resources Management, LLC	Generation	Jim Ginnetti	William Fowler	
Exelon New England Holdings / Constellation	Supplier	Steve Kirk	William Fowler	
Fairchild Semiconductor Corporation	End User	Gus Fromuth		
First Wind Energy Marketing, Inc.	AR			Bob Stein
Food City, Inc.	End User	Gus Fromuth		
Generation Group Member	Generation	Dennis Duffy	Abby Krich (tel)	
Granite Ridge/Merrill Lynch	Supplier		William Fowler	
Groton Electric Light Department	Publicly Owned		Gary Will	
Great Bay Energy IV LLC	Supplier			Eugene Franco
H.Q. Energy Services (U.S.) Inc.	Supplier		Robert Stein	
Hardwood Products Company	End User		Gus Fromuth	
Harvard Dedicated Energy Limited	End User	Mary Smith		Roger Borghesani
Hess Corporation	Supplier		Marji Philips (tel)	Nancy Chafetz
Holden Municipal Light Department	Publicly Owned		Gary Will	
Hudson Light and Power Department	Publicly Owned		Gary Will	
Hull Municipal Lighting Plant	Publicly Owned		Gary Will	
Industrial Energy Consumer Group	End User	Donald Sipe		Herb Healy
IPR-GDF SUEZ Energy Marketing North America	Generation			Joe Dalton
Ipswich Municipal Light Department	Publicly Owned		Gary Will	
Integrys Energy Services Inc.	Supplier			Nancy Chafetz
JPMorgan Chase	Supplier	Robert O'Connell (tel)		
Kimberly-Clark Corporation	Supplier			Vicki Karandrikas (tel)
Linde Energy Services	Supplier			Vicki Karandrikas (tel)
Littleton (NH) Water & Light Department	Publicly Owned		Craig Kieny	
Long Island Lighting Company (LIPA)	Supplier	William Killgoar		

ATTACHMENT 1

MEMBERS AND ALTERNATES PARTICIPATING IN
JANUARY 4, 2013 PARTICIPANTS COMMITTEE MEETING

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Macquarie Energy, LLC	Supplier			Nancy Chafetz
Maine Public Advocate Office (ME OPA)	End User			Paul Peterson
Maine Skiing, Inc.	End User	Donald Sipe		Herb Healy
Mansfield Municipal Electric Department	Publicly Owned		Gary Will	
Marblehead Municipal Light Department	Publicly Owned		Gary Will	
Marden’s Inc.	End User	Gus Fromuth		
Mass. Attorney General's Office	End User	Fred Plett	P. Tarmey	
Mass. Municipal Wholesale Electric Company (MMWEC)	Publicly Owned	Gary Will		
Mercuria Energy America Inc.	Supplier			Nancy Chaftez
Middleborough Gas and Electric Department	Publicly Owned		Gary Will	
Middleton Municipal Electric Department	Publicly Owned		Gary Will	
Millennium Power Partners	Generation		Ken Dell Orto	
MoArk, Inc.	End User	Gus Fromuth		
New England Building Materials	End User	Gus Fromuth		
New England Power Company (National Grid)	Transmission	Timothy Brennan		
New Hampshire Office of Consumer Advocate (NH OCA)	End User	Paul Peterson		
NextEra Energy Resources, LLC	Generation	Fernandno DaSilva		
NU / NSTAR	Transmission	James Daly	Calvin Bowie	Joe Staszowski
NRG Power Marketing, Inc.	Generation	Peter Fuller		
PalletOne of Maine	End User	Gus Fromuth		
Paxton Municipal Light Department	Publicly Owned		Gary Will	
Peabody Municipal Light Plant	Publicly Owned		Gary Will	
PowerOptions, Inc.	End User	Cindy Arcate (tel)		Paul Person
PPL EnergyPlus (PPL)	Supplier		Sharon Weber (tel)	
Praxair, Inc.	End User			Vicki Karandrikas (tel)
Princeton Municipal Light Department	Publicly Owned		Gary Will	
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
RJF-Morin Brick LLC	End User	Gus Fromuth		
Rowley Municipal Lighting Plant	Publicly Owned		Gary Will	
Rumford Paper Company	End User	Donald Sipe		Herb Healy
Russell Municipal Light Dept	Publicly Owned		Gary Will	
Shipyard Brewing LLC	End User	Gus Fromuth		
Shrewsbury Electric & Cable Operations	Publicly Owned		Gary Will	
Small Distributed Generation Group Member	AR	Doug Hurley		
Small Load Response Group Member	AR	Doug Hurley		
Small Renewable Generation Group Member	AR	Erik Abend (tel)		
South Hadley Electric Light Department	Publicly Owned		Gary Will	
St. Anselm College	End User	Gus Fromuth		
St. Joseph Health Services of Rhode Island	End User		Gus Fromuth	
Sterling Municipal Electric Light Department	Publicly Owned		Gary Will	
Taunton Municipal Light Department	Publicly Owned		Brian Forshaw	
Templeton Municipal Lighting Plant	Publicly Owned		Gary Will	
Texas Retail, LLC	Supplier	Chris Hendrix (tel)		
The Energy Consortium	End User		Mary Smith	
TransCanada Power Marketing Ltd.	Generation		Mike Hachey	
Union of Concerned Scientists (UCS)	End User	Paul Peterson		
United Illuminating Company, The (UI)	Transmission		Alan Trotta	
Utility Services Inc.	End User			Paul Peterson
Vermont Electric Cooperative	Publicly Owned	Craig Kieny		
Vermont Electric Power Company, Inc. (VELCO)	Transmission	Frank Ettori	Bill Ryan (tel)	Mark Sciarrotta
Vermont Energy Investment Corporation	AR		Doug Hurley	
Vermont Public Power Supply Authority (VPPSA)	Publicly Owned	David Mullett		

MEMBERS AND ALTERNATES PARTICIPATING IN
JANUARY 4, 2013 PARTICIPANTS COMMITTEE MEETING

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Vitol, Inc.	Supplier	Joe Wadsworth		
Wakefield Municipal Gas and Light Department	Publicly Owned		Gary Will	
West Boylston Municipal Lighting Plant	Publicly Owned		Gary Will	
Westerly Hospital	End User		Gus Fromuth	
Westfield Gas & Electric Light Department	Publicly Owned		Gary Will	
ZTECH, LLC	End User		Gus Fromuth	

ATTACHMENT 2

VOTES TAKEN AT
JANUARY 4, 2013 PARTICIPANTS COMMITTEE MEETING

TOTAL

Participant Name	VOTE 1	VOTE 2	VOTE 3
GENERATION	17.10	17.10	3.80
TRANSMISSION	0.00	4.27	17.10
SUPPLIER	10.26	16.30	0.86
ALTERNATIVE RESOURCES	14.50	10.97	3.53
PUBLICLY OWNED ENTITY	0.00	17.10	17.10
END USER	2.33	4.41	14.05
% IN FAVOR	**44.19**	**70.15**	**56.44**

GENERATION SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3
Dominion Energy Marketing, Inc.	A	F	O
Entergy Nuclear Power Marketing LC	A	F	O
EP Energy Massachusetts LLC	F	F	O
EquiPower Resources Management	A	A	O
Generation Group Member	A	F	A
IPR-GDF SUEZ Energy Marketing NA	A	A	F
Millennium Power Partners	A	F	O
NextEra Energy Resources, LLC	F	F	O
NRG Power Marketing, LLC	A	A	F
TransCanada Power Marketing Ltd.	A	A	O
IN FAVOR (F)	2	6	2
OPPOSED (O)	0	0	7
TOTAL VOTES	2	6	9
ABSTENTIONS (A)	8	4	1

TRANSMISSION SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3
Bangor Hydro-Electric Company	O	A	F
Central Maine Power Company	O	A	F
New England Power Company	O	O	F
NU / NSTAR	O	O	F
The United Illuminating Company	O	O	F
Vermont Electric Power Company	O	F	F
IN FAVOR (F)	0	1	6
OPPOSED	6	3	0
TOTAL VOTES	6	4	6
ABSTENTIONS (A)	0	2	0

ALTERNATIVE RESOURCES SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3
Renewable Generation Sub-Sector			
First Wind Energy Marketing	A	F	O
Small RG Group Member	A	F	O
Distributed Generation Sub-Sector			
Conservation Services Group	A	A	A
Small DG Group Member	A	F	O
Load Response Sub-Sector			
EnerNOC, Inc.	F	F	O
Vermont Energy Investment Corp.	A	O	F
Small LR Group Member	A	A	A
IN FAVOR (F)	1	4	1
OPPOSED	0	1	4
TOTAL VOTES	1	5	5
ABSTENTIONS (A)	6	2	2

SUPPLIER SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3
BP Energy Company	A	F	O
Brookfield Energy Marketing Inc. / CSC	S	S	S
Brookfield Energy Marketing Inc.	F	A	O
Cross-Sound Cable Co.	F	F	O
Calpine Energy Services	A	A	F
Consolidated Edison Energy, Inc.	F	F	O
CP Energy Marketing (US) Inc.	A	F	O
DC Energy, LLC	A	O	O
Dynegy Marketing and Trade, LLC	A	F	O
Energy America, LLC	A	F	O
Exelon / Constellation	A	F	O
Granite Ridge/Merrill Lynch Commodities	A	F	O
Great Bay Energy IV, LLC	A	A	O
H.Q. Energy Services (U.S.) Inc.	O	F	O
Hess Corporation	A	F	A
Integrys Energy Services, Inc.	A	F	A
JP Morgan Ventures Energy	O	F	O
Kimberly-Clark Corporation	A	F	A
Linde Energy Services, Inc.	A	F	A
LIPA	A	F	O
Macquarie Energy, LLC	A	F	O
Mercuria Energy America, inc.	A	F	O
PPL EnergyPlus, LLC	A	F	O
PSEG Energy Resources & Trade LLC	F	F	O
Texas Retail, LC	A	F	O
Vitol Inc.	A	F	O
IN FAVOR (F)	3.0	20.3	1.0
OPPOSED	2.0	1.0	19.0
TOTAL VOTES	5.0	21.3	20.0
ABSTENTIONS (A)	19.0	2.7	4.0

VOTES TAKEN AT
JANUARY 4, 2013 PARTICIPANTS COMMITTEE MEETING

PUBLICLY OWNED ENTITY SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3
Ashburnham Municipal Light Plant	O	F	A
Boylston Municipal Light Department	O	F	A
Chicopee Municipal Lighting Plant	O	F	A
Concord Municipal Light Plant	O	F	A
Conn. Municipal Electric Energy Coop.	O	F	F
Groton Electric Light Department	O	F	A
Holden Municipal Light Department	O	F	A
Hudson Light and Power Department	O	F	A
Hull Municipal Lighting Plant	O	F	A
Ipswich Municipal Light Department	O	F	A
Littleton (NH) Water & Light Dept.	A	F	A
Mansfield Municipal Electric Dept.	O	F	A
Marblehead Municipal Light Dept.	O	F	A
Mass. Municipal Wholesale Electric Co.	O	F	A
Middleborough Gas and Electric Dept.	O	F	A
Middleton Municipal Electric Dept.	O	F	A
Paxton Municipal Light Department	O	F	A
Peabody Municipal Light Plant	O	F	A
Princeton Municipal Light Department	O	F	A
Rowley Municipal Lighting Plant	O	F	A
Russell Municipal Light Department	O	F	A
Shrewsbury's Electric & Cable Ops	O	F	A
South Hadley Electric Light Dept.	O	F	A
Sterling Municipal Electric Light Dept.	O	F	A
Taunton Municipal Lighting Plant	O	F	A
Templeton Municipal Lighting Plant	O	F	A
Vermont Electric Cooperative	A	F	A
Vermont Public Power Supply Authority	O	F	A
Wakefield Municipal Gas & Light Dept.	O	F	A
West Boylston Municipal Lighting Plant	O	F	A
Westfield Gas & Electric Light Dept.	O	F	A
IN FAVOR (F)	0	31	1
OPPOSED	29	0	0
TOTAL VOTES	29	31	1
ABSTENTIONS (A)	2	0	30

END USER SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3
511 Plaza, LP	O	O	F
Cianbro Companies	O	O	F
Connecticut Office of Consumer Counsel	A	O	F
Conservation Law Foundation	A	F	A
Corinth Wood Pellets, LLC	O	O	F
Dragon Products Company	O	O	F
Elektrisola, Inc.	O	O	F
Fairchild Semiconductor Corporation	O	O	F
Food City, Inc.	O	O	F
Hardwood Products Company	O	O	F
Harvard Dedicated Energy Limited	A	F	O
Industrial Energy Consumer Group	F	F	O
Maine Public Advocate Office	A	O	F
Maine Skiing, Inc.	F	F	O
Marden's Inc.	O	O	F
Mass. Attorney General's Office	O	O	F
MoArk, LLC	O	O	F
New England Building Materials, LLC	O	O	F
NH Office of Consumer Advocate	A	O	F
PalletOne of Maine	O	O	F
PowerOptions, Inc.	A	O	F
Praxair, Inc.	A	F	A
RJF – Morin Brick LLC	O	O	F
Rumford Paper Company	F	F	O
St. Anselm College	O	O	F
St. Joseph Health Services of RI	O	O	F
Shipyard Brewing Co., LLC	O	O	F
The Energy Consortium	A	F	O
Union of Concerned Scientists	F	F	A
Utility Services Inc.	A	A	A
Westerly Hospital, The	O	O	F
Z-TECH, LLC	O	O	F
IN FAVOR (F)	3	8	23
OPPOSED	19	23	5
TOTAL VOTES	22	31	28
ABSTENTIONS (A)	10	1	4