

FINAL

A meeting of the NEPOOL Participants Committee was held via teleconference at 9:30 a.m. on Friday, May 3, 2013. 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 who participated in the teleconference meeting.

Mr. Calvin Bowie, Chair, presided and Mr. David Doot, Secretary, recorded. Mr. Bowie welcomed those on the teleconference, including members, alternates and guests, and reviewed appropriate protocol for the teleconference meeting.

APPROVAL OF MINUTES

Mr. Bowie reported that the consideration of the preliminary minutes of the April 5 meeting had been deferred to the June 7 meeting.

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 with an abstention noted by Cross-Sound Cable, which it attributed to concerns with Consent Agenda Item No. 2 (Conforming Manual/Operating Procedure Changes for Day-Ahead Energy Market Timing).

REPORT OF THE ISO CHIEF EXECUTIVE OFFICER

Mr. Gordon van Welie, ISO Chief Executive Officer, referred the Committee to the summaries of the ISO Board and Board Committee meetings that had occurred since the April 5

meeting, which were circulated in advance of the meeting. 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 (COO), referred the Committee to the May COO Report, which was circulated in advance of the meeting and posted on the ISO website. He explained that the report reflected data only through April 24, 2013. Summarizing that data, he noted that in April: (i) natural gas prices were 3.4% lower and oil prices were 2.7% lower than March 2013 average values; (ii) Real-Time Hub LMPs were 23% lower than March 2013 averages; (iii) Net Commitment Period Compensation (NCPC), totaling \$5.9 million, was \$947,000 lower than March 2013 NCPC; (iv) first contingency payments totaled \$1.8 million, which was \$4.0 million lower than March first contingency payments; (v) second contingency payments totaled \$3.8 million, which was \$3 million higher than the \$792,000 in March; and (vi) voltage support payments totaled \$286,000, up \$144,000 from March. He reported that the lowest 50/50 and 90/10 Operable Capacity Margin for Spring was projected for the week beginning May 25; for Summer, the week beginning June 1. He highlighted that, consistent with the experience of recent summers, capacity margins, for both 50/50 and 90/10 load forecast levels, were negative when considering the Capacity Supply Obligation (CSO) of internal resources and the capacity contracts available on the external ties. Should negative margins come to pass, Dr. Chadalavada indicated that OP4 procedures would be triggered, which he believed would make available sufficient MWs to eliminate any actual negative margin. He added that Resource offers at Seasonal Claimed Capability, rather than at just the CSO level, could, as it had in past summers, also help ameliorate negative margins.

Dr. Chadalavada reported that the Algonquin pipeline had major maintenance scheduled for the first two weeks of June and that Spectra, the owner of Algonquin, posted a maintenance notice, including limitations that might require New England resources to source gas from the east and north. He said that the new 345 kV transmission line in the Springfield area significantly improved the Connecticut and Springfield area import capacity and the new 345 kV transmission line in Rhode Island was expected in-service prior to the summer, which would improve import capability into Rhode Island. He reported that the New England East-West Solution (NEEWS) interstate reliability project received siting approval from Connecticut on January 2, 2013. Addressing remaining approvals needed for that project, he reported that the Rhode Island Public Utilities Commission made a recommendation to the Rhode Island Energy Facility Siting Board on April 8, 2013 to approve the project and that, in Massachusetts, site hearings were tentatively scheduled to begin in August. He concluded his presentation noting that the compliance filing required by the FERC on Tariff rules for modeling eight Capacity Zones for the eighth Forward Capacity Auction (FCA8) was filed on March 14 and a FERC response to that filing was expected relatively soon. He also stated that, in preparation for FCA8, the ISO was conducting on-going training for Participants for both de-list and new qualification package submittals.

Members then asked clarifying questions and offered comments on the COO report. A Supplier representative questioned the likely duration and magnitude of 2nd contingency payments. Dr. Chadalavada explained that those payments were the result of transmission outage work on both the 115 and 345 kV systems. In Maine, the impact would be limited in the summer and would resume again in the fall. He did not have available, and indicated it would be difficult to project, any values for future second contingency payments, since those values were

impacted by so many uncontrollable variables (e.g. weather and outages). He stated also that, in the spring, there was reduced generation in Maine due to maintenance. Looking forward to the fall, he indicated that, in the following 2-3 months, the ISO would be better able to project expected transmission outages. In response to a member's question, Dr. Chadalavada reported that the ISO expected the lower SEMA upgrades, which had been scheduled to be in service June 1, to instead be in service later that summer.

A member of the Publicly Owned Entity Sector asked for clarification on the statement that gas prices were considerably higher than a year ago and asked how much of that price increase was due to the commodity itself and how much was attributable to delivery into New England. Dr. Chadalavada stated the ISO looked at, and reported only on, the aggregate total. Another member suggested that both factors were causing the increase in the region's gas prices.

An End User representative asked how much longer work on the Maine Power Reliability Program (MPRP) would impact operations. Dr. Chadalavada stated that there would be MPRP-related outages through 2013, that work on the project was at its peak, and significant efforts would continue for the next 12-18 months. He noted his expectation that the impact of the MPRP-related outages would mute over time and work on the project should conclude in 2015.

In response to another question, Dr. Chadalavada confirmed that the highest exposure for shortages during the summer period, which was projected to occur at the beginning of June, was due in large part to the scheduled Algonquin maintenance outage during that timeframe as discussed earlier in his report. He indicated also that the ISO had been advised the prior day that, contrary to expectations, Sable Island would not be back in-service for the summer at full capability, and he cautioned members that that fact had not been reflected into the analysis contained in the COO report.

Dr. Chadalavada reported that the FERC recently approved the NEPOOL jump-ball proposal to advance the Day-Ahead bidding and RAA timelines. The ISO had intended to implement that change on May 14, but due to Participants requests for additional time, the ISO had decided to implement the changes on May 23. He stated that, to ease the transition, the ISO had also set up the changes in its sandbox environment so that Participants could test their ISO interfaces with the new timeline. He said that a notice of the implementation had been posted, formal notice had been sent to Market Participants, and the ISO was working with the NYISO to ensure New York market participants also were notified of the change. Mr. Raymond Hepper, ISO General Counsel, reported that the formal notice required by the FERC order accepting the NEPOOL proposal, would be filed the following week.

COMMITTEE REPORTS

There were no committee reports.

OTHER BUSINESS

Mr. Doot referred the Committee to the calendar for May and June which was available on the NEPOOL website. He reported that the next Participants Committee meeting was scheduled for June 7 at the Colonnade Hotel in Boston, MA. He reminded the Committee of the summer meeting on June 25-27 in Newport, RI and encouraged Participants to register and make their reservations through the NEPOOL website on or before the May 23 deadline for reservations at the negotiated NEPOOL rate. He reminded those interested that the ISO/New York ISO Energy Conference would be held the following week, May 9-10, in Boston, and that the NECA Annual Energy Conference was scheduled for May 20-21 in Groton, CT.

LITIGATION REPORT & 2013 ISO BUDGET SETTLEMENT AGREEMENT

Mr. Doot referred the Committee to the Litigation Report that had been circulated in advance of the meeting. He encouraged members with questions on the content of the report, or suggestions with respect to its format or level of detail, to contact either Mr. Patrick Gerity or him.

Mr. Doot reviewed with the Committee the public information concerning the status of settlement efforts in the ISO 2013 Budget proceedings. He reminded the Committee that, in October 2012, NEPOOL voted overwhelmingly in support of the ISO Administrative and Capital Budgets, and the ISO subsequently filed them with the FERC. Following that filing, some New England state agencies objected to the Budgets and sought a FERC order either reducing the Budgets or setting the matter for hearings. The FERC approved the Capital Budget without change or condition, but concluded with respect to the Administrative Budget that the ISO had not adequately justified that Budget and set that Budget for evidentiary hearings, with a suggestion that the matter be considered in settlement discussions. With the assistance of a FERC Settlement Judge, and following discovery and multiple days of confidential settlement discussions, parties to the contested Budget proceedings had reached an agreement in principle. He reported that a preliminary settlement agreement was prepared and circulated confidentially along with information about the proposed settlement to voting members and alternate members of the NEPOOL Participants Committee, which was a party to each of the two Budget proceedings. Mr. Doot indicated that the Committee would need to go into Executive Session to discuss the confidential proposed settlement agreement and asked that only voting members and alternates (or their designates) and representatives of parties in the FERC proceedings that were among the potential settling parties remain on the phone.

**DISCUSSIONS ON CONFIDENTIAL SETTLEMENT PROPOSAL TO RESOLVE ISO
2013 BUDGET PROCEEDINGS****Executive Session Discussion**

After all guests and representatives of entities that were not parties to the 2013 Budget proceedings dropped off the call, the Committee then went into Executive Session to discuss the proposed settlement agreement. Members asked questions on the confidential draft settlement agreement and no member expressed opposition to the settlement.

Report following Executive Session

The Committee came out of Executive Session. Mr. Doot announced that, based on discussion in Executive Session, a decision was made to schedule a special Participants Committee teleconference meeting, following the required notice, in order to allow NEPOOL to vote on a final form of the settlement agreement and to authorize NEPOOL to enter into that settlement agreement. He indicated that a notice of the special meeting would be circulated once a time on the busy NEPOOL calendar had been identified.

There being no further business, the meeting adjourned at 10:40 a.m.

Respectfully submitted,

David T. Doot, Secretary

**MEMBERS AND ALTERNATES PARTICIPATING IN
MAY 3, 2013 PARTICIPANTS COMMITTEE TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Ashburnham Municipal Light Plant	Publicly Owned		Gary Will	
Associated Industries of Massachusetts	End User			Roger Borghesani
Bangor Hydro-Electric Company	Transmission		Stacy Dimou	
Boylston Municipal Light Department	Publicly Owned		Gary Will	
BP Energy Company	Supplier			Nancy Chafetz
Brookfield Energy Marketing/Cross-Sound Cable	Supplier			Jose Rotger
Chicopee Municipal Lighting Plant	Publicly Owned		Gary Will	
Cianbro Companies	End User	Gus Fromuth		
Citigroup Energy Inc.	Supplier	Barry Trayers		
Concord Municipal Light Plant	Publicly Owned		Gary Will	
Connecticut Mun. Electric Energy Coop. (CMEEC)	Publicly Owned	Brian Forshaw		
Conservation Law Foundation	End User	Seth Kaplan		
Consolidated Edison Energy, Inc.	Supplier	Jeff Dannels		
Corinth Wood Pellets LLC	End User	Gus Fromuth		
CP Energy Marketing (US) Inc.	Supplier			Colleen Walsh
DC Energy, LLC	Supplier	Bruce Bleiweis		
Dominion Energy Marketing, Inc.	Generation	Ronald Hart		
Dragon Products Company LLC	End User			
Dynege Marketing and Trade, LLC	AR			William Fowler
Elektrisola, Inc.	End User		Gus Fromuth	
Energy America, LLC	Supplier			Nancy Chafetz
EnerNOC, Inc.	AR	Herb Healy		
Entergy Nuclear Power Marketing LLC	Generation	Marc Potkin		
EquiPower Resources Management, LLC	Generation		William Fowler	
Essential Power Massachusetts, LLC	Generation			William Fowler
Exelon Generation Company	Supplier		William Fowler	
Fairchild Semiconductor Corp.	End User	Gus Fromuth		
First Wind Energy Marketing, Inc.	AR			Bob Stein
Food City, Inc.	End User	Gus Fromuth		
Galt Power, Inc.	Supplier	Nancy Chafetz		
Garland Manufacturing Company	End User	Gus Fromuth		
GDF SUEZ Energy Marketing NA, Inc.	Generation	Thomas Kaslow		
Generation Group Member	Generation		Abby Krich	Bob Stein
Granite Ridge/Merrill Lynch	Supplier		William Fowler	
Groton Electric Light Department	Publicly Owned		Gary Will	
H.Q. Energy Services (U.S.) Inc.	Supplier		Robert Stein	
Hammond Lumber Company	End User	Gus Fromuth		
Hardwood Products Company	End User		Gus Fromuth	
Harvard Dedicated Energy Limited	End User			Roger Borghesani
Hess Corporation	Supplier			Nancy Chafetz
High Liner Foods (USA) Inc.	End User		William P. Short III	
Holden Municipal Light Department	Publicly Owned		Gary Will	
Holyoke Gas & Electric Department	Publicly Owned			Gary Will
Hudson Light and Power Department	Publicly Owned		Gary Will	
Hull Municipal Lighting Plant	Publicly Owned		Gary Will	
Ipswich Municipal Light Department	Publicly Owned		Gary Will	
Integrus Energy Services Inc.	Supplier			Nancy Chafetz
Kimberly-Clark Corporation	Supplier			Vicki Karandrikas

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LaBree's Inc.	End User		Gus Fromuth	
Linde Energy Services	Supplier			Vicki Karandrikas
Littleton (NH) Water & Light Department	Publicly Owned		Craig Kieny	
Long Island Lighting Company (LIPA)	Supplier	William Killgoar		
Mansfield Municipal Electric Department	Publicly Owned		Gary Will	
Marblehead Municipal Light Department	Publicly Owned		Gary Will	
Marden's Inc.	End User	Gus Fromuth		
Massachusetts Attorney General's Office	End User	Fred Plett		
Mass. Municipal Wholesale Electric Co. (MMWEC)	Publicly Owned	Gary Will		
Merchants Plaza, LLC	End User	Gus Fromuth		
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, LLC	End User	Gus Fromuth		
New England Power Company	Transmission	Timothy Brennan		
New Hampshire Industries	End User	Gus Fromuth		
New Hampshire Office of Consumer Advocate	End User	Paul Peterson		
NextEra Energy Resources, LLC	Generation	Fernando DaSilva		
NU / NSTAR	Transmission	James Daly	Calvin Bowie	Joe Staszowski
NRG Power Marketing, LLC	Generation	Peter Fuller		
PalletOne of Maine	End User	Gus Fromuth		
Parkview Adventist Medical Center	End User	Gus Fromuth		
Paxton Municipal Light Department	Publicly Owned		Gary Will	
Peabody Municipal Light Plant	Publicly Owned		Gary Will	
PowerOptions, Inc.	End User	Cynthia Arcate		
PPL EnergyPlus	Supplier		Sharon Weber	
Praxair, Inc.	End User			Vicki Karandrikas
Princeton Municipal Light Department	Publicly Owned		Gary Will	
Provisional Group Member – LR Sub-Sector	AR	Brad Swalwell		
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
Rowley Municipal Lighting Plant	Publicly Owned		Gary Will	
Russell Municipal Light Department	Publicly Owned		Gary Will	
Shipyards Brewing LLC	End User	Gus Fromuth		
Shrewsbury Electric & Cable Operations	Publicly Owned		Gary Will	
Small Renewable Generation Group Member	AR	Erik Abend		
South Hadley Electric Light Department	Publicly Owned		Gary Will	
St. Anselm College	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	
The Energy Consortium	End User	Roger Borghesani		
TransCanada Power Marketing Ltd.	Generation		Mike Hachey	
Union Leader	End User		Gus Fromuth	
Union of Concerned Scientists	End User		Paul Peterson	
United Illuminating Company, The	Transmission		Alan Trotta	
Utility Services Inc.	End User			Paul Peterson
Vermont Electric Cooperative (VEC)	Publicly Owned	Craig Kieny		

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Vermont Electric Power Company, Inc.	Transmission	Francis Etori	Bill Ryan	
Vermont Public Power Supply Authority	Publicly Owned	David Mullett		
Vitol Inc.	Supplier	Joseph 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
Z-TECH LLC	End User		Gus Fromuth	