FINAL

A meeting of the NEPOOL Participants Committee was held at The Hyatt Regency Newport Hotel, Newport, Rhode Island, on Tuesday, June 25, Wednesday, June 26, and Thursday, June 27, 2013, pursuant to notice duly given. A quorum determined in accordance with the Second Restated NEPOOL Agreement was present and acting throughout the meeting. All motions acted on at the meeting were voted on Thursday, June 27. Attachment 1 identifies the members, alternates, and temporary alternates attending the meeting and voting that day.

Mr. Calvin Bowie, Chair, presided and Mr. David Doot, Secretary, recorded for all three days.

JUNE 25, 2013 SESSION

The June 25, 2013 session began at 1:15 p.m., following morning meetings among the Sectors, ISO Board and New England regulators. Mr. Bowie welcomed the members, alternates and guests who were present, noting the attendance by representatives of the New England State Commissions (the States), the FERC, and members of the ISO Board. He then introduced Chairman Elia Germani, of the Rhode Island Public Utility Commission (RI PUC), who he stated was retiring in the next several days.

Chairman Germani, who, with varied references to RI’s storied history and current events, welcomed everyone to RI and to the summer meeting. He expressed his appreciation over the years to NEPOOL, to the State Regulators, to the ISO Board, and to his colleagues in Rhode Island, particularly those at the RI PUC, where he served as the Chairman for 13 years.

Mr. Bowie presented Chairman Germani with a framed resolution on behalf of the Participants Committee, which read as follows:

RESOLUTION OF APPRECIATION

Elia Germani

WHEREAS, Mr. Elia Germani has been a valued participant in the New England stakeholder process for many years, both as the Chairman of the Rhode Island Public Utilities Commission (RIPUC) since 2000 and President of the New England Conference of Public Utility Commissioners in 2009-2010; and

WHEREAS, Elia has conscientiously ensured that he is aware of and current on NEPOOL matters and has provided helpful input on such matters for consideration by ISO New England, Market Participants and other State Regulators in New England; and

WHEREAS, Elia has made participation by the RIPUC with NEPOOL a priority, thereby playing an invaluable and most appreciated role in improving and maintaining good relations among NEPOOL members and the New England States; and

WHEREAS, Elia has earned great admiration and respect for his role in the evolution of New England's electric industry; and

WHEREAS, having made enduring and valuable contributions to our region and our industry for many years, Elia's service as the Chairman of the RIPUC is drawing to a close.

NOW, *THEREFORE*, the Participants Committee of the New England Power Pool, on behalf of the NEPOOL Participants, hereby expresses its gratitude for the opportunity to work with Elia during his many years of collegial collaboration with NEPOOL and wishes him many years of good health, fortune and happiness.

Mr. Bowie then presented Chairman Germani with an engraved plaque, which read as follows:

ELIA GERMANI

In appreciation for your insightful, entertaining,
and enduring communications with NEPOOL
2000 - 2013
As Chairman of the RI PUC
& Past-President of NECPUC

Presented June 25, 2013

Vice Chairman John Betkoski of the Connecticut Public Utility Regulatory Authority (CT PURA) and President of the New England Conference of Public Utilities Commissioners (NECPUC) then offered opening remarks, noting that NECPUC viewed the Summer Meeting as a partnership among NEPOOL, NECPUC, NESCOE, the ISO, and the ISO Board. He expressed his appreciation to Chairman Germani for his dedication to the RI PUC and to New England over the years and for his long-standing friendship.

2014/2015 ISO-NE BUDGET PRIORITIES & PERSPECTIVES

Mr. Doot introduced and reviewed the background on the budget review process that was agreed to in connection with the settlement resolving the 2013 FERC budget proceedings (Budget Settlement), and explained that the panel discussion of the 2014/2015 ISO Budgets was in furtherance of that process. Mr. Joel Gordon, Chairman, NEPOOL Budget & Finance Subcommittee (Subcommittee), moderated the panel discussion. He introduced Mr. Phil Shapiro, Chairman of the ISO Board Audit & Finance Committee, who reviewed the role of the Board in the budget process. Mr. Shapiro identified the other members of the Audit & Finance Committee--Ms. Vickie VanZandt and Mr. Paul Levy. He stated that Committee met several times, as recently as the prior day, and would continue to meet regularly in order to get feedback from the ISO on budget discussions with stakeholders. He stated the Committee was considering two budget scenarios, and cautioned that the budget information that the Participants were reviewing at the Summer Meeting may not be what the Subcommittee would review in August or what the Participants Committee would be asked to support in the Fall. Mr. Shapiro provided examples of matters that could materially impact the budget, including initiatives to address 2014/2015 Winter reliability and the recent order on the region’s Order 755 Regulation Market compliance filing.

Mr. Robert Ludlow, ISO Vice President, Chief Financial & Compliance Officer, began the panel discussion and reviewed the 2014 and 2015 ISO Operating Budget presentation included with the materials posted in advance of the meeting, noting highlights from the following two Operating Budget scenarios:

(1) Status Quo Scenario Budget

- Cost reductions from previous year's budget;
- Increases to fund non-discretionary costs;
- Costs of maintaining competitive compensation;
- Requires a year-over-year increase for 2014 of 4.1%;
- Requires a year-over-year increase for 2015 of 3.3% (starting with 2014 Measured Growth Budget);

and

(2) Measured Growth Scenario Budget

- Includes the Status Quo Scenario Budget and additional delineated new activities;
- Increase over the Status Quo Scenario Budget for 2014 is 3.7%;
- Increase over the Status Quo Scenario Budget for 2015 is estimated at 3.2%;
- Options to be considered by stakeholders;
- Reflects intended implementation of a new market for Winter 2014/2015;
    - Similarities to Forward Capacity Market Performance Incentive (FCM PI);
    - Intended to be in place until FCM PI is implemented;
- Measured Growth Scenario Budget presented does not include estimated funding for new market project;
    - Estimates to be provided as ISO progresses to proposed 2014 Budgets and reaches final program design;
- Scenario Budget is presented as a range based on early projections of level of effort on options that could result from stakeholder process.

Mr. Ludlow said that the ISO would work through the summer on the proposed 2014 Budgets reflecting those two Scenarios. The proposed Budgets would be reviewed at the August 23 Subcommittee meeting and, per the budget review process agreed upon in the Budget Settlement, the ISO also would review those proposed Budgets with the state agencies on August 26, and with the Participants Committee at its September 13 meeting, leading to an expected vote by the Participants at the October 4 Participants Committee meeting, and a subsequent vote by the ISO Board at its October meeting. He stated that the ISO intended to file the 2014 Budgets with the FERC by October 15, requesting a January 1, 2014 effective date.

Mr. Ludlow reviewed a chart summarizing a 2014 Status Quo Scenario Budget, which represented an increase of $5.5 million over the 2013 budget, highlighting the impacts of the following components:

- Compensation increases;
- Medical & pension plan cost changes;
- New backup control center;
- Computer services and inflationary increases; and
- Other changes/efficiencies.

For the 2014 Measured Growth Scenario Budget, which represented an additional $5 million over the 2014 Status Quo Budget, Mr. Ludlow reviewed a chart summarizing budget allowances for the following key components:

- Order 1000 implementation;
- Intra-Day Offers;
- Cyber security risks;
- Increased cost of impact analysis; and
- IT asset management.

Members asked clarifying questions on the 2014 Scenario Budgets. In response to questions, Mr. Ludlow explained that the proposed Winter 2014/2015 market would be included in the proposed Measured Growth Budget to be presented to the stakeholders in August, but was not at that point reflected in that Budget since there was not a sufficient basis to reasonably estimate the costs to implement that market.

Mr. Ludlow indicated that Measured Growth assumed different and additional efforts than those that had been included in the Status Quo Budget and that the answer as to whether efforts beyond what was already required by pending commitments and initiatives was included depended on whether the particular commitments or initiatives were reflected in the Status Quo Budget.

Mr. Ludlow then provided a high-level overview of the 2015 Status Quo Scenario Budget, which represented a $4.7 million increase over the 2014 Status Quo Budget. He reported that increases from 2014 projections reflected net additions in staff and other funding, and efficiency gains were being analyzed and would be reflected, as appropriate, in the August presentations. He stated that the figures for FERC Order 1000 compliance and cyber security risks were estimates pending further determination of requirements, and the ISO would continue to review and firm up estimates as additional information became available.

Mr. Ludlow then reviewed the 2014 Capital Budget of $28 million. He stated the Capital Budget reflected current priorities and available capital to fund those priorities. He stressed that the ISO was under pressure to complete a number of capital projects with limited funds.

Mr. Gordon next spoke, providing for context more detail on the background to the Budget Settlement. He stated that the ISO filed the 2013 ISO Budget of $160.2 million with the FERC in October 2012, which was a $13.3 million increase (8.8%) over the 2012 ISO Budget, which followed budget increases of $7.6 million in 2011 and $9.6 million in 2010. He reported that, since 2009, the ISO Budget had increased 28% and the number of full-time ISO employees had increased by 100. He reminded the Committee that some of the States and consumer advocates protested the 2013 ISO Budgets, that the Operating Budget was set for hearing, and the Budget Settlement Agreement resolved the protest, in part by making the following changes in 2013:

- $2.25 million reduction in the Operating Budget;
- $600,000 reduction in the Capital Budget;
- A move from a Defined Benefit Pension Plan to a Defined Contribution Pension Plan; and
- A requirement that the ISO "rely to the greatest extent possible on use of its current employees to meet its future objectives."

Mr. Gordon explained that, following the review procedures also worked out in the Budget Settlement, the proposed 2014 Budget had been discussed at the NECPUC Symposium for feedback from the state regulators, and that the Subcommittee would review the proposed 2014 Budgets in specific detail, followed by a Participants Committee vote and a filing with the FERC. He stated the purpose of the panel discussion was to explore the scenario budgets given the ISO's mission, its obligations, and its resources to meet those obligations.

Mr. Gordon introduced the following additional presenters on the panel: Ms. Elin S. Katz, Consumer Counsel, Office of Consumer Counsel, State of Connecticut (CT OCC); Mr. Jesse Reyes, Assistant Attorney General, Division Chief Office of Ratepayer Advocacy, Massachusetts Attorney General's Office (MA AG); Mr. Jose Rotger, Manager, Regulatory & ISO/RTO Affairs, ESAI Power, LLC (the CSC representative); and Mr. Gary Will, Business & Regulatory Strategy, Massachusetts Municipal Wholesale Electric Company (MMWEC).

Mr. Will explained that MMWEC had a long standing interest and involvement in ISO budget issues in the NEPOOL stakeholder process and MMWEC had advocated for that process to be as open and as transparent as possible. In 2002, MMWEC participated in a FERC proceeding that resulted in a FERC order directing the ISO to provide quarterly data on its capital spending on the implementation of Standard Market Design. As a result of the efforts by MMWEC and others in a 2006 FERC budget proceeding regarding the ISO's use of budget funds to engage in legislative and lobbying activities, the FERC directed the ISO to present a monthly report on its website of ISO meetings with public officials. Mr. Will expressed that MMWEC favored the 2013 Budget Settlement in that it promoted additional openness and transparency in the budget process, emphasized the production of detailed information on budget variance items, including variances from similar expenditures in prior years. He said MMWEC welcomed the expanded scrutiny by the States.

Ms. Katz said the CT OCC was one of the leaders in the protests in the 2013 ISO Budget proceedings at the FERC and had been involved in the ISO budget process since 2004. She stated that those in government and in industry were unable to receive or advocate for annual budget increases of 7% or more, especially sustained over many years, and passed down for the most part to ratepayers. She emphasized that, while the ISO was doing a good job, there had to be some additional cost containment to reflect the state of the economy and the realities facing businesses and government. She added that the CT OCC was pleased with the process changes that made it incumbent on all stakeholders to participate robustly in the process, and Connecticut was making an effort to do that.

Mr. Reyes began by noting that the MA AG in past years had litigated the ISO budgets. He stated that, since becoming a member of NEPOOL, the MA AG had someone assigned to cover all the Subcommittee meetings and reviewed the ISO budget just as they would when examining any other utility request for revenues. He reported that the ISO met with the MA AG to respond to its questions regarding the 2013 Budget, and while the MA AG had not identified anything unreasonable, there remained areas of the budget that could be sharpened, especially in the area of project cost assignment. He acknowledged that there was a need for budgets to take into consideration increasing federal and state mandates, but there needed to be deliberate ISO effort to minimize year-to-year cost increases.

Mr. Rotger expressed support for the ISO Budget. He recounted that, when the ISO began operations as NEPOOL's contractor, the ISO budget was $80 million, but had since doubled to $160 million. He expressed his view that the move toward industry restructuring had been unquestionably complex and the financial and personnel growth of the ISO had reflected that complexity, though at great expense. He noted that participants in the New England Market understood the need to support the ISO's efforts, and agreed with the other panelists that there was a need for continued oversight, but warned that cutting the ISO's Work Plan in a sequester-like approach, particularly where the majority of the ISO budget was for payroll, to pay employees to perform at very high-levels in extremely complex markets, would do great damage to the New England Markets.

Mr. Gordon then posed the following questions for panelist and Committee consideration:

(1) When the ISO began as a separate entity, did the region miss an opportunity to create a structure that provides more regulatory oversight?

(2) Does the NEPOOL governance process with six voting Sectors provide a meaningful oversight capability or dilute that oversight to such a level that we do not have the ability to manage the levels as we otherwise could?

Ms. Katz identified as a structural issue the pressure on the ISO to undertake additional initiatives and to respond to FERC directives without regard to cost containment. One of the efforts of the States had been to push for additional regulatory oversight that would be more akin to that applied to traditional public utilities in a rate case framework.

Mr. Reyes said the agencies rely on regulated utilities' management as a self-regulating power to control costs through the stakeholder process, and the agencies should be more engaged in the budget process and participate in the Subcommittee meetings. He acknowledged that a 3-hour line-by-line examination of an ISO budget was not appropriate for a Subcommittee meeting, but was the appropriate level of detail to ensure comprehensive budget review.

Mr. Rotger opined that NEPOOL provided strong oversight when ISO was NEPOOL's contractor, but suggested that NEPOOL oversight may have waned since the region transitioned to the RTO arrangements. He suggested that stakeholders likely assumed and relied on FERC budget oversight. He agreed that the region would benefit from closer attention by all stakeholders in the NEPOOL process.

Mr. Will also concurred with the remarks, suggesting that the need for additional discussion around the budget and the budget process was indicative of insufficient structural protections and the need for additional ISO budget oversight and scrutiny.

Mr. Ludlow responded that, to the extent stakeholders wished to modify the process so as to improve the transparency of budget development, the ISO would be willing to support that effort and share the necessary information with everyone in the region. He stated that the ISO believed in transparency, both in its markets and in its budgeting process.

The observation was made that the region had a $6 billion market and numerous Technical Committee meetings and working groups that fill the monthly calendar and stakeholders were asked to consider how much more time should be spent on ISO budget issues given the size of ISO administrative expenses relative to the markets the ISO was administering and the potential financial impact of any problem with ISO administration of the markets.

A member asked that the region consider whether cost reductions could be achieved through changes in operations and scaling back or refocusing of efforts, including, for example: regional system planning conducted on a two-year cycle instead of an annual cycle; a reduction in the number of FERC filings; and simplification of the markets in order to reduce the need for continual maintenance and revision. Another member observed that the ISO budget was largely a function of the Work Plan. In response, the suggestion was made that the region consider whether certain efforts could be postponed or scaled back.

Concluding the panel discussion, Mr. Ludlow expressed appreciation for the discussion. He presented the challenges of longer-term and shorter-term forecasting faced by the ISO, noting by way of example, that the ISO had not envisioned itself at its current size when projecting ahead the decade before, nor had it fully envisioned the efforts that would be required to respond to Order 1000. He reiterated that, to the extent that stakeholders wanted to make changes to the budget process to increase its transparency, the ISO looked forward to working collaboratively to that end and to the engagement of all stakeholders in the process. Mr. Shapiro agreed that the discussion had been beneficial, and noted that one of his take-aways from the Sector meetings earlier that morning was that none of the ISO’s constituents were satisfied that the ISO was doing anything perfectly. He was confident that, notwithstanding the complex issues facing the region, the quality and the depth of the ISO’s staff would continue to provide and improve the value to the region.

Prior to the next discussion, Mr. Bowie reported that the ISO had issued a press release that day announcing the election of the ISO Board slate, which had been endorsed by the Participants Committee at its May meeting, comprised of Ms. Vickie VanZandt, Mr. Raymond Hill, and the newest ISO Board member, Mr. Barney Rush, who would replace Mr. David Vitale in October. He introduced Mr. Rush to the Committee and wished Mr. Vitale, whose fourth and final term was coming to a close, the very best. Mr. Rush expressed appreciation to the Committee and to the ISO Board for his election.

UPDATE ON 2013/2014 WINTER RELIABILITY PROJECT

Mr. Doot reminded the Committee that it would be asked at the June 27 session to vote on a Markets Committee-recommended proposal to address Winter 202013/2014 reliability concerns (Winter 2013/2014 Proposal). In preparation for that discussion and vote, Mr. Sebastian Lombardi, NEPOOL Counsel, provided background on the stakeholder process and a brief overview of the Winter 2013/2014 Proposal.

Mr. Lombardi reviewed that, since March, the ISO, stakeholders, and state regulators had been actively engaged in a stakeholder process with the NEPOOL Markets and Reliability Committees to develop short-term solutions that could be implemented in time for Winter 202013/2014 to address the reliability and operational challenges associated with New England's increasing dependence on natural gas. He reported that more than twenty proposals had been presented and discussed, including expanded use of demand response (DR), requests for proposal (RFPs) to procure firm fuel supply, market and price formation changes, additional reserves, dual-fuel incentives, liquefied natural gas (LNG) solutions, and other "fuel neutral" solutions. The ISO proposed a set of solutions for dual-fuel, DR and oil-fueled assets, as well as changes to the market monitoring rules. At its June 13, 2013 meeting, the Markets Committee considered the ISO's proposal and voted on the ISO's proposed revisions as modified by a Participant amendment. That amendment, which provided that certain dual-fuel units would be eligible to replenish an initial block of oil inventory during the program (December 1, 2013 - February 28, 2014) with a replenishment block, was recommended by the Markets Committee, accepted by the ISO, and included in the Winter 2013/2014 Proposal.

Mr. Lombardi briefly described the Markets Committee-recommended Winter 2013/2014 Proposal, explaining that the proposal focused on the procurement of incremental energy from oil-fired, dual-fuel, and DR resources. Under the proposed program, the ISO would review offers received by Market Participants and award a MWh allotment to eligible resources of up to 2.4 million MWh (or roughly 4.2 million barrels of oil). He stated the ISO would select bids based on factors relevant to the assets, including:

- cost ($$/MWh) of providing oil storage and DR services;
- historical availability and performance;
- ability to respond within the Operating Day to contingencies and other changed conditions;
- diversity of location and sensitivity to North/South and East/West constraints;
- dual-fuel capability; and
- replenishment capability.

Oil-fired generators and dual-fuel units receiving awards would be required to establish a specified amount of oil inventory for the winter in exchange for an “as bid” monthly payment. In order to be compensated, such assets would need to satisfy certain inventory requirements by December 1, and as the winter period progressed, the ISO would monitor the fuel inventories of program participants in order to ensure that the fuel purchased under the program was used for the intended purpose. Mr. Lombardi further stated that all eligible dual-fuel units must demonstrate an ability to switch to oil in five hours or less, and noted that the Winter 2013/2014 Proposal also included a replenishment mechanism for certain dual-fuel units.

Mr. Lombardi explained that the proposal included a new DR program (also to run from December 1 through February 28, 2014) for new assets (including aggregations of end users) and additional capacity from existing assets would be mapped to a Real-Time Demand Response Resource. Similar to eligible oil-fired and dual-fuel units, DR program participants would be compensated using their "as bid" price. All eligible Market Participants under the Winter 2013/2014 Proposal would also be subject to certain non-performance charges.

To implement the Proposal, the ISO expected to file Market Rule changes with the FERC on June 28, that the bid submittal window would also open on June 28, and under the proposed timetable, the bidding window would then close on July 30. He stated that after the FERC issued an order on the June 28 filing, the ISO would issue awards to selected bidders and then submit a second filing to seek FERC approval of the selected Market Participant bids. If the ISO received the necessary approval from FERC by November 1, the program would begin as scheduled on December 1, 2013.

The Committee then commented on the Winter 2013/2014 Proposal. A Publicly Owned Entity representative stressed the importance of doing something for the Winter 2013/2014 period and expressed his view that the current proposal was much improved from its original iteration. A Transmission Sector representative expressed support for the Proposal and appreciation to the ISO for its efforts, but hoped for a different cost allocation methodology and a more fuel-neutral approach for future Winter periods.

Another Transmission Sector representative indicated he would propose an amendment to the Winter 2013/2014 Proposal at the June 27 session that would enable NEPOOL to support the overall proposal, but not take any position on the cost allocation issue, instead allowing the FERC to decide whether program costs would be allocated to Regional Network Load or Real-Time Load Obligations (RTLO). An End User representative supported that approach to cost allocation, explaining that there had been insufficient consideration of cost allocation issues and related FERC precedent and market impacts. A Supplier Sector representative made clear that the load serving entities (LSEs) she represented would not support such an amendment since they felt strongly that allocating costs to Regional Network Load for Winter 2013/2014 was the right thing to do since her clients already had load under contract when they became aware that the ISO was seeking to implement this winter program.

In response to a member's question regarding the ISO's intended plan for Winter 2014/2015, Dr. Vamsi Chadalavada, ISO Senior Vice President and Chief Operating Officer, stated that for future winters, to the extent that the ISO pursued a winter security program, the ISO would likely propose an approach ensuring "firm energy" procurement, participation in which would be open to all resources. Explaining that it takes time and money for participation in such programs, the member asked the ISO when it would begin the process with stakeholders to consider such an approach. Dr. Chadalavada responded that the ISO planned to finish the discussion around the FCM PI proposal by the end of the year and to base the proposal for Winter 2014/2015 around the final FCM PI proposal. The ISO planned to propose Market Rules for such a proposal as early as the second quarter of 2014.

Some Supplier Sector representatives indicated opposition to the Winter 2013/2014 Proposal because, in their view, the challenges being addressed were market-related price-formation problems, and not reliability problems. Some of those members also noted concern with the prospect of a continued out-of-market action for the following Winter without allowing intra-day reoffers and hourly pricing to take effect.

A Generation Sector representative stated that he would offer an amendment to the Winter 2013/2014 Proposal that was separate from the fuel inventory solution. He noted his company was encouraged that in future Winters the ISO seemed to be looking at a solution set that would be more consistent with a market-based approach and would be fuel-neutral and defined by resource performance. He expressed concern with the current out-of-market approach, and stated that, while such an approach may be necessary for Winter 2013/2014, he was more encouraged by what may be developed for future Winters.

One member asked that the FERC filing (1) make clear that this out-of-market action would be a one-winter program and (2) preview potential solutions that might be proposed for future Winters. Dr. Chadalavada responded that the ISO's filing letter would state that the Winter 2013/2014 program would expire at the end of February 2014 and would indicate that stakeholders and the ISO would explore different approaches to address future winter reliability issues.

Mr. Michael Harrington, Commissioner, New Hampshire Public Utilities Commission (NHPUC), reported that the NHPUC did not support the ISO's initial proposal, but in light of the substantial changes that had been made since then, the NHPUC supported the proposal before the Committee as the best plan given the short time-frame to implement a program in time for the next Winter period. While the NHPUC would support the proposed program for one winter, he urged the region to be more proactive going forward, so it would not be so limited in its options to address regional challenges.

Mr. Jeff Bentz, Director of Analysis, New England States Committee on Electricity (NESCOE), explained that the States believed that the Winter 2013/2014 project was inextricably linked with the issue before the FERC in the NEPGA complaint proceeding regarding resource performance obligations. He explained it was very difficult for the States to make a reasonable judgment on what consumers should have to buy incrementally when it was not clear what level of performance was already being paid for by consumers. Mr. Bentz stated, nonetheless, that other States would also support the Winter 2013/2014 Proposal as a one-year program, but made clear that customers should not be put in the same position again.

Expressing support for the Winter 2013/2014 Proposal, an End User representative opined that the Proposal was a rational solution to a difficult and defined problem. He asked that the ISO be careful with consumers' money and not assume that perfect theory makes great markets. He expressed appreciation to the ISO for its efforts and encouraged the Committee to support the Proposal.

A Publicly Owned Entity representative stated his belief that the Proposal was a rational response to the unfortunate circumstance of having to deal with reliability concerns that manifested from inefficient markets and markets that were not providing the right incentives. He stated he would support the Winter 2013/2014 Proposal on a one-time basis in order to allow the region to focus on efforts to solve the longer-term challenges.

AR Sector representatives expressed regret over the circumstances confronting the region, but expressed appreciation to the ISO for including the AR Sector in its consideration of potential solutions, and for including DR as part of the Winter 2013/2014 Proposal. They thanked the ISO for its cost estimate to consumers, but expressed concern that there was no cap on the total program costs.

Dr. Chadalavada concluded by acknowledging the challenges faced and burdens of the additional stakeholder meetings to address those challenges. He was pleased that, as so often was the case when the region faced particularly difficult problems, the region worked together to identify and craft solutions that were diverse, feasible, practical, and intended to advance regional reliability for the upcoming winter. He expressed appreciation to everyone for their efforts throughout the process.

FUEL DIVERSITY PANEL PREVIEW

Before concluding the session, Mr. Doot provided a preview of the Fuel Diversity panel discussion scheduled for the meeting session the following day. He explained the region's policy makers, the States, and the FERC had sought regional dialogue on the fuel diversity issue. He asked the Committee to provide initial thoughts for consideration by the panel members.

Mr. van Welie explained the ISO's perspective that fuel diversity should not be an explicit objective of wholesale market design for the region. He said that the ISO sought to ensure that energy was delivered when needed and the most economic resources to provide that service in both the forward markets and in the Real-Time and Day-Ahead Energy Markets were chosen. He acknowledged the possibility of planning for resource diversity and appreciated the States weighing in and, in particular, their efforts to encourage renewable energy on the System. He referenced the States' coordinated procurement efforts, like those for more imported hydro powered energy, as examples of mechanisms available to the region, particularly through the state regulators, to influence the region's fuel diversity. Mr. van Welie concluded by emphasizing that the ISO did not consider fuel diversity as a specific responsibility of the ISO, but rather focused on having available sufficient resources to meet its responsibility to ensure system reliability.

Ms. Heather Hunt, NESCOE Executive Director, explained the States' perspective. She referred to NESCOE's rehearing request on the renewables exemption (EL13-34). She said the States were interested in having the conversation and hearing from Market Participants on how to accommodate those state requirements within the market construct.

Members then offered high-level comments on the fuel diversity issues for the panel discussion. A member suggested that for the market to work it must reasonably account for externalities and allow for full and fair competition by all resources. Another member indicated the right approach was to identify the necessary performance criteria and let the market meet those criteria. He expressed his opinion that the market would more efficiently address the risks that might underlie the push for fuel diversity. In response to a member's question, Mr. van Welie identified a recent NERC report recommending that RTOs should begin planning for gas availability. The ISO was trying to ensure that the gas availability would be priced by the market, which was the idea behind performance incentives. He stated his view that the bigger issue was that 5,000-6,000 MW of gas-fired resources were connected to a single pipe coming into New England, and it was unclear how to address that vulnerability, although more storage in the region would help.

Before adjourning the session, Mr. Bowie reminded the Committee that Rhode Island Governor Lincoln Chafee would address the Committee at the start of the Wednesday, June 26 session at 8:30 a.m. Mr. Bowie expressed appreciation to the ISO Board for staying for the remainder of the day's session.

The June 25 session adjourned at 4:30 p.m.

JUNE 26, 2013 SESSION

The meeting was reconvened at 8:30 a.m. on June 26, 2013. Opening the June 26, 2013 session, Mr. Bowie introduced the Honorable Lincoln Chafee, Governor of Rhode Island who, with references to Rhode Island's colonial past, warmly welcomed everyone to Rhode Island and to the summer meeting. Governor Chafee thanked NEPOOL for holding its summer meeting in Newport for the second year in a row. He introduced Ms. Marion Gold, Commissioner of the Rhode Island Office of Energy Resources, whom he indicated would be attending the morning session. During his remarks, Governor Chafee commended National Grid for its storm response efforts in the wake of Super Storm Sandy and Winter Storm Nemo. Referencing the NEPOOL panel discussion to follow on fuel diversity, Governor Chafee briefly discussed his interest in bringing electricity generated by large-scale hydropower projects into Rhode Island. He closed his remarks by wishing NEPOOL a successful meeting.

FUEL DIVERSITY PANEL DISCUSSION

Mr. Joseph Fagan, NEPOOL Counsel, moderated a panel discussion regarding "Fuel Diversity: Is It Needed or Wanted? If so, How Do We Secure?" The panel included the following presenters: Dr. Robert Ethier, ISO Vice President, Market Development; Ms. Ann Berwick, Chair, Massachusetts Department of Public Utilities (MA DPU); Commissioner Harrington; Ms. Judith Lagano, Vice President, Asset Management, NRG Energy-East Region; Mr. Joseph Dominguez, Senior Vice President, Governmental & Regulatory Affairs and Public Policy, Exelon Corporation; and Mr. Kurt Adams, Executive Vice President, Chief Development Officer, FirstWind. Mr. Fagan introduced the panel topic by observing how the region's increased reliance on natural gas had given rise to a healthy debate on fuel diversity, and asked the panel whether such reliance was prudent public policy.

Dr. Ethier addressed the attendees indicating that the goals of fuel diversity should be threefold: (1) to improve reliability; (2) to provide for cost stability; and (3) to reduce the environmental impact of electric generation. He stated that the ISO was agnostic over choice of fuel, and believed the market should determine those choices. He opined that the system in place in New England did a good job achieving fuel diversity.

Chair Berwick explained that any discussion of fuel diversity must address climate change. She asserted that the region should not rely on one energy source, especially if that source was natural gas, given the environmental impacts associated with its use. Chair Berwick remarked that, until the energy markets take into account the cost of carbon, subsidized fossil fuels would always be favored. Citing the initiatives of the Patrick Administration, she said there should be greater use of climate-friendly fuel sources, such as wind, solar and hydro, in order to meet climate change goals.

In his remarks, Commissioner Harrington began by asking whether the goal should be diversity or deliverability, and whether there was a policy that could encourage or mandate fuel diversity. Commissioner Harrington listed fuel sources, from fossil fuels to renewables and imports, identified some of the problems associated with each one, and explained his lack of optimism about whether diversity could be achieved.

Ms. Lagano presented the fuel diversity conundrum as a security issue. In her view, diversification meant that the region would be less vulnerable to fuel risk and to catastrophic weather events. She expressed her preference for a market-oriented approach with priorities set at the local-level, and in that spirit, told the audience that the challenge was to think in terms of resource diversity, and that nothing should be viewed as being off the table. In this regard, she mentioned distributed solar generation and electric vehicles as part of the mix of possible diverse fuel resources.

For his part, Mr. Dominguez sounded a note of caution regarding the ability of policymakers to choose the right fuel source. Using the recent policy push to encourage the development of new nuclear units, he observed how the challenges that the nuclear sector of the energy industry was facing in the wake of low natural gas prices highlighted the difficulty in successfully engineering pre-determined outcomes. In that regard, he responded to Chair Berwick's advocacy to ensure consideration of climate change by observing that the quantification of environmental externalities was extremely difficult, and that the market should be the ultimate arbiter of how much diversity was achieved.

Finally, Mr. Adams offered the insight that policymakers, including the ISO, could not pick and choose among market outcomes. Noting the relevance and timeliness of the panel discussion, Mr. Adams observed that New England was particularly well-served by the continued dialogue taking place on key issues such as fuel diversity between state representatives and industry participants.

The panel and the audience then exchanged views and comments during the post-panel discussion. Two broad themes emerged: (1) the perception that the ISO, in its winter assessment, was actually choosing one fuel source, oil, over all others, and that, as a result, the most likely short-term outcome was that oil would be favored over all other fuel sources; and (2) in response to Chair Berwick's urging that a price be placed on carbon, there was a fulsome discussion concerning how such a price could be achieved.

REGULATOR REACTION ROUNDTABLE

Mr. Doot invited the State Commissioners in attendance to offer their reactions to Tuesday's and Wednesday's discussions and introduced Mr. Harold Blinderman, NEPOOL Counsel, to moderate the discussion. Mr. Blinderman, in turn, introduced Chairman Germani (RI PUC); Chair Berwick (MA DPU); Vice Chairman Betkoski (CT PURA); Commissioner Harrington (NHPUC); and Commissioner Paul Roberti (RI PUC).

Mr. Blinderman initiated the dialogue by noting that the purpose of the panel was to provide each of the State Commissioners the opportunity to comment on the Sector Group meetings, the budget and fuel diversity panels, the discussion on winter operations, and interactions with Market Participants.

Overall, the regulators expressed appreciation for the meetings with individual Sectors, noting that they found the meetings this year to be especially well-organized, informative and useful. As to individual comments, Chairman Germani began with thanks for the ISO's and stakeholders' continued efforts on behalf of the industry, explaining that the electric industry played a crucial role in society. He reminded the Committee that the legacy to be left depended on first-rate education of our youth, an issue that he suggested must command the attention of all if the many challenges the we all face were to be solved. Chair Berwick explained that she remained passionately committed to ensure the region worked hard to address climate change and appreciated the chance to share those views. Vice Chairman Betkoski reiterated on behalf of NECPUC his appreciation for the dialogue and explained on behalf of the CT PURA that the region must work hard to contain the ISO costs and ensure careful stewardship of consumer dollars. Commissioner Harrington urged again that ISO and the region focus hard on addressing the root causes of underlying market issues holistically, hopefully minimizing the need to address individual symptoms in a crisis environment. Commissioner Roberti began by expressing appreciation for the opportunity to work with Chairman Germani, and for the invaluable public service he had provided to Rhode Island and the region more generally. He went on to explain that many consumers were under extraordinary financial stress and New England must work hard to reduce costs for those consumers, highlighting specifically things that might be done to take better advantage of low-cost gas in other areas of the country.

Mr. Bowie concluded the session by thanking the panelists for their well received comments and feedback on the Summer Meeting.

The June 26 session adjourned at 12:05 p.m.

<u>JUNE 27, 2013 SESSION</u>

The meeting was reconvened at 8:00 a.m. on June 27, 2013. Mr. Bowie again welcomed the guests who were present and Mr. Doot confirmed there was a quorum.

REPORT OF THE ISO CHIEF EXECUTIVE OFFICER

Mr. van Welie asked for questions on the Board and Board Committee reports posted in advance of the meeting. There were none. He thanked the Committee for providing written comments to the Board in advance of the Sector meetings and for its feedback at those meetings. He said the Board found the discussions useful. Providing high-level reflections and observations of these meetings, he noted that two years ago the region was exploring whether it had correctly identified the reliability issues facing the region and was in the process of defining the various strategic issues. He stated the ISO had since determined that the region must improve economic incentives in the marketplace, particularly by improving wholesale electricity market price formation. Addressing the capacity market, he stated there remained a gap and a debate over how the region should move forward, which would be a topic of discussion over the following six months.

Mr. van Welie noted that the ISO had much on its plate. In 2013, the ISO had added to an already full Work Plan the Winter 2013/2014 Project, with additional focus on the following three to four winters ahead of implementing performance incentives in the capacity market (FCM PI). He reported that the FERC had recently issued an order on the regulation market changes proposed in response to Order 755 and directed implementation of the regulation market changes in 180 days, which would, if unchanged, preclude the region from meeting its other commitments as currently scheduled. He said the ISO was uncertain whether it could execute all of the required work on that schedule, and urged the Committee to consider that uncertainty as various market design changes work their way through the Committee process.

Mr. Doot asked for feedback on the format of the Sector meetings and whether it needed to be adjusted for future meetings. There was no suggestion that a change in format was yet necessary or desirable. The End User Sector Vice-Chair asked whether the ISO could share the summary of questions/discussion items the Board received prior to those meetings. Mr. van Welie indicated that the Board received a summary of all the Sectors' questions/items in one document. Another member stated that he did not believe the Committee should receive information provided by other Sectors, as each Sector was entitled to its own private meeting. Others expressed a desire for a formal feedback process from the ISO Board in order to see commonality of messages delivered from the Sectors and more detailed responses from the Board. Mr. van Welie stated that the feedback process has been done before, and the Board would be very careful in responses, and questioned the utility of such a process, particularly given the high level at which the Board approached Market Rule issues. He concluded by affirming that the Board was willing to be as flexible as possible in its meetings with the Sectors.

JOINT IMM/EMM MARKET MONITOR REPORT

Internal Market Monitor (IMM) Report

Mr. David LaPlante, ISO IMM reviewed his presentation of the 2012 Annual Report and quarterly report for the first quarter of 2013 (Q1 2013) that was posted in advance of the meeting. He highlighted the following wholesale market outcomes in 2012 relative to 2011:

- Prices were the lowest since standard market design was implemented in 2003;
- Natural gas prices decreased by 19.5%;
- Coal prices decreased by 16%;
- Energy consumption decreased by 0.9%;
- Energy market total costs were $4.8 billion;
- Wholesale market total costs were $6.2 billion; and
- Average energy costs were $37.42 MWh, down from $48 MWh in 2011.

He reported that Q1 2013 total costs in the wholesale market were $3 billion, already half of what they were for all of 2012, largely driven by high gas prices in Winter 2012/2013. He reviewed the January 21-28 Cold Snap event, noting:

- Low temperatures in New England contributed to increased demand for natural gas, which, in turn, contributed to increased natural gas prices.
- Electric prices appropriately reflected the higher fuel costs.
- The System performed well, reliably serving all electric loads and maintaining required reserves.
- Electric generation from oil-fired resources was higher than in prior periods, primarily due to oil being cheaper than natural gas.

- There were four instances of gas units failing to follow dispatch instructions.
- The IMM conducted a simulation to determine if suppliers increased their prices above marginal cost. Based on that, the IMM concluded that the prices reasonably reflected market conditions. The relatively small difference between the "benchmark case" and the "as offered case" indicated that market participants did not significantly increase prices by offering above marginal cost.

Several members expressed their views that the market had not performed competitively, noting the ISO's out-of-market actions, price formation deficiencies, and during the Cold Snap, Day-Ahead demand clearing only 85% of load, pushing the remaining 15% into the Real-Time market. They noted that these issues were not in the Market Reports but members suggested that they should have been. Mr. LaPlante responded that the Real-Time prices seemed to be consistent with costs and the markets were functioning reasonably well, noting there were problems and always room for improvement. He added that the ISO was looking at the Day-Ahead and Real-Time issue and would publish a report with the results later in the year.

Mr. LaPlante highlighted events of the February 8-10, 2013 Storm Nemo event, noting that oil was the marginal fuel for that entire period, which was fairly unusual; on February 8-9, the implied heat rate was 8,000 Btu/kWh, however, which was lower than the typical oil steam unit; and the implied heat rate went back to normal levels on February 10-11. He stated that uplift from the Storm NEMO was split 50/50 between first contingency uplift and local uplift, with most in the SEMA/RI areas, and that total uplift was $45 million in contrast to total uplift of $87 million in 2012.

Mr. LaPlante highlighted the increased use of the consultation process to address intra-day gas price variation, which the IMM began in November 2012. He explained that the IMM used the Intercontinental Exchange's (ICE) Next-Day gas price as a default in calculating generator Reference levels, which worked well during periods when gas prices were relatively stable, but less well during Winter periods when the same-day price could be noticeably higher than the next-day price. He reported that, as a result, the IMM received many requests to use higher gas prices in calculating reference levels, primarily from units that did not expect to clear Day-Ahead but wanted to establish the Real-Time price in case they were called during the Reserve Adequacy Analysis (RAA) process. Citing the number of requests received during the first quarter, Mr. LaPlante expressed his view that the consultation process contributed directly to generators providing electricity when called and at prices reflecting system conditions.

Referring back to 2012, he reported that prices were consistent with those expected of a competitive market, the market was structured competitively, and energy prices reflected short-run marginal costs. He reviewed structural measures of energy market competitiveness, noting that the Herfindahl-Hirschman Index (HHI) was in the 700 range and has been for a number years, which meant, on a system-wide basis, that it was difficult for generators to manipulate the energy price. The Residual Supply Index (RSI) confirmed that, on a system-wide basis, there were pivotal suppliers only 0.8% of the time. Regarding price-based measures, he reported the market-wide median gross margin was 30% in 2012; if people had offered based on their costs then the margin would have been 29.4%, versus 31.6 % actually, suggesting that the prices and costs were consistent.

Addressing Forward Capacity Auctions (FCA), Mr. LaPlante said FCA6 was uneventful and cleared at the floor price, again with a large amount of surplus. FCA7 was the first FCA to model import constrained capacity zones -- NEMA-Boston and Connecticut were modeled, with NEMA-Boston clearing at $14.99 kW-month for new resources and $6.66 kW-month for existing resources (due to the presence of a pivotal supplier in the auction). He noted that the surplus for FCA7 dropped a bit, with a 10% calculated surplus in Connecticut and a 15% surplus in NEMA-Boston.

Mr. LaPlante reported that the IMM had four open referrals before the FERC prior to the implementation of automated mitigation in April 2012. The IMM made eight additional non-public referrals, including a multi-unit referral on gas availability, following that change. The FERC had since closed four. In Q1 2013, the IMM made an additional six non-public referrals, each of which were ongoing at that time.

Mr. LaPlante concluded his presentation by reviewing the following recommendations that were discussed and addressed in numerous follow up questions:

- Implement market functionality to allow resources to offer hourly and update incremental supplier offers within the Operating Day to reflect changes in fuel costs during the Operating Day.
- Develop additional forward markets so any resources committed by the ISO for reliability reasons would have a financial obligation to provide Energy.
- Change the markets so that resources with a capacity obligation that fail to meet their obligations when dispatched lose a portion of their monthly capacity payment.
- Make the Locational Forward Reserve Market (LFRM) product a 24 x 7 product when intra-day reserves are implemented to provide incentives for LFRM resources to make arrangements for fuel in the overnight hours.
- Work with the natural-gas fired generators to improve how they report availability during the hours after the close of the evening nomination cycle.
- Develop a sloped capacity demand curve for use in the market-pricing mechanism.
- Review rules defining limited-energy generator (LEG) resources to determine whether they need to be revised to prevent fossil-fueled generators from withholding output.
- Revise the Market Rules so that Real-Time NCPC charges are not inappropriately allocated to virtual transactions.
- Cease identifying bidders when announcing results of Financial Transmission Rights auction.
- Require an unrelated party, such as a distribution utility, to submit or verify the meter data for demand response resources.
- Modify the Tariff to define facility shutdowns and meter malfunctions as situations constituting a forced outage or unavailability for demand-response assets, during which assets would be ineligible for compensation.

External Market Monitor (EMM) Report

Dr. David B. Patton, Ph.D, President of Potomac Economics, the ISO's EMM, presented highlights from the EMM's 2012 Markets Report which had been posted in advance of the session. He reported that overall energy prices fell 22% from 2011 to 2012, primarily due to a decrease in natural gas prices. He stated energy prices were tracking natural gas prices closely, which indicated that the market was performing competitively. In response to a question as to why offers systematically were slightly higher than costs, he said that the cost measurement did not include all costs and it was difficult to capture risks in the cost estimates for generating units. Further, some of the major maintenance expenses and estimates of how often the units would run were difficult to factor into cost estimates.

Dr. Patton noted that average load fell by 1% in 2012, with increases in imports from neighboring Control Areas and from nuclear generation. He reviewed a chart summarizing operating reserve constraints and clearing prices in each quarter of 2011 and 2012, including:

- System-level 10-minute spinning reserve requirement bound most frequently, but slightly less frequently than in 2011;
- 30-minute reserve prices in local areas were almost identical to those in other areas because the local reserve requirements were rarely binding; and
- clearing prices from all reserve types rose from 2011 because:
    - Reserve Constraint Penalty Factor (RCPF) for the system-level 30-minute reserve rose from $100 to $500/MWh on June 1, 2012; and
    - System-level 30-minute reserve requirements rose in July 2012, consistent with the 25% increase in System-level 10-minute requirements.

Reviewing virtual trading and uplift allocation, Dr. Patton reported the overall volume of virtual scheduling had decreased since 2010. He explained that, in May 2010, the ISO deployed a software solution to correct an inconsistency in loss modeling at certain locations that had motivated a large share of the nodal trading. He reported that virtual trading also decreased because of smaller differences between Day-Ahead and Real-Time prices. He noted FERC enforcement actions against virtual traders in a number of markets had likely increased the perceived regulatory risks associated with virtual trading. He explained NCPC charges to virtual trades remained high in 2012 because the reduction in virtual trading reduced the base of deviations to which costs were allocated. He reported in 2012 the virtual traders netted a $5 million profit, not including NCPC charges, indicating that virtual trades generally improved price convergence. He noted, however, that, overall, virtual trading was unprofitable when NCPC charges were factored in, resulting in an overall net loss of $4 million by such traders.

Dr. Patton concluded his presentation by reviewing the following recommendations with respect to the energy and capacity markets and addressing numerous follow up questions:

- Develop pricing changes to allow the costs of fast-start units and operator actions to maintain reliability (e.g., export curtailments) to be reflected in Real-Time prices.
- Develop pricing changes to allow the costs of deployed DR resources to be reflected in prices when they are needed to avoid a shortage.
- Develop provisions to coordinate the physical interchange between New York and New England in Real-Time.
- Modify allocation of “economic” NCPC charges to make it more consistent with “cost causation” principles.
- Modify inputs to the *ex post* pricing process to improve consistency with *ex ante* prices.
- Provide suppliers with the flexibility to modify their offers closer to Real-Time to reflect changes in marginal costs.
- Permit the ISO to vary the quantity of replacement reserves in the operating day to improve consistency between market outcomes and ISO reliability needs.
- Consider introducing Day-Ahead Operating Reserve markets that are co-optimized with the Day-Ahead Energy Market.
- Replace the current capacity requirement (i.e., vertical demand curve) with sloped demand curve that recognizes the value of additional capacity.
- Evaluate the interaction of the Rationing Election and the Capacity Commitment Period Election to determine whether they will promote efficient investment and FCM outcomes over the long-term.

ENFORCEMENT & COMPLIANCE REPORT

Mr. Matthew Goldberg, ISO Director of Reliability & Operations Compliance, referred the Committee to a presentation that had posted in advance of the meeting highlighting compliance efforts in and impacting the region. He highlighted the amount of work over the last year, largely related to new Reliability Standards development, including efforts associated with the following five FERC dockets:

1. Version 5 Critical Infrastructure Protection (CIP) Standards (RM13-5)
2. Transmission Planning Standards (RM12-1)
3. Generator Requirements at Transmission Interface (RM12-16)
4. New Definition of Bulk Electric System (RM12-6)
5. Geomagnetic Disturbance Order (RM12-22)

With respect to NERC's reliability assurance initiative, Mr. Goldberg explained that NERC was seeking to develop risk-based compliance monitoring approaches to maximize reliability benefits, improve deficiencies, and encourage effective internal controls at Registered Entities. He reported that NERC would be discussing its next steps in a series of workshops, including those on: July 10 (Regional Entity Pilot Programs and Guidance on Internal Controls); and July 23 (Self-Reports and Enhancements to the Find, Fix, and Track Reporting Process).

Mr. Goldberg concluded his report by reviewing some New England-specific issues, noting that the ISO continued to take action to address lessons learned from the September 2, 2010 event and to work with NPCC on providing guidance for how certain Standards apply in the context of the New England Market and Control Area.

APPROVAL OF JUNE 7, 2013 MINUTES

Mr. Doot referred the Committee to the preliminary minutes for the June 7, 2013 Participants Committee meeting that had been circulated in advance of the meeting. Following motion duly made and seconded, the preliminary minutes were unanimously approved as circulated.

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 MMWEC. The MMWEC representative explained that his abstention was due to concerns that the changes in Consent Agenda Item #2 (FCA Objective Function) did not sufficiently ensure efforts to minimize consumer costs.

OP11 REVISIONS RELATED TO RETIREMENT OF OP11 APPENDIX A

Mr. Doot referred the Committee to the materials posted in advance of the meeting regarding revisions to Operating Procedure No. 11 (OP11). He explained that OP11 provided details regarding the administration of the Black Start Service program and the revisions reflected the fact that an appendix to OP11 had been retired because its contents had been moved into Master/Local Control Center Procedure No. 18. He reported that the Reliability Committee unanimously recommended at its June 18, 2013 meeting that the Participants Committee support the revisions, and that this matter would have been on the Consent Agenda but for the timing of the Reliability Committee vote and the ISO's need to implement the change before the next Participants Committee meeting.

The following motion was duly made, seconded, and unanimously approved:

> RESOLVED, that the Participants Committee supports the proposed revisions to OP-11 as distributed to the Participants Committee before the meeting together with such further non-substantive changes as may be approved by the Chair and Vice-Chair of the Reliability Committee.

ORDER 676-G REVISIONS TO OATT SCHEDULE 24

Mr. Doot referred the Committee to materials posted in advance of the meeting regarding revisions to Schedule 24 of the ISO-NE Open Access Transmission Tariff (OATT) proposed in response to the requirements of FERC Order 676-G that adopted certain North American Energy

Standards Board (NAESB) standards. He reported that the Transmission Committee unanimously recommended at its June 14, 2013 meeting that the Participants Committee support the revisions, and that the item would have been on the Consent Agenda but for the timing of the Transmission Committee vote.

The following motion was duly made and seconded:

> RESOLVED, that the Participants Committee supports the proposed revisions to Schedule 24 of the ISO-NE OATT, as recommended by the Transmission Committee at its June 14, 2013 meeting, together with such further non-substantive changes as may be approved by the Chair and Vice-Chair of the Transmission Committee.

A member noted that a number of the Participants he represented would oppose the proposed revisions to Schedule 24 and that he had not been present at the June 14 Transmission Committee meeting to register his concerns. He stated the reasons for the opposition were very technical and referred the Committee to the Protests of the Northeast Energy Efficiency Partnerships that were discussed in Order 676-G and in ongoing opposition in both the NAESB and FERC processes.

The motion was voted and approved, with opposition noted by CSG and VEIC, and abstentions by IECG, Maine OPA, Maine Skiing, NHOCA, PowerOptions, and the AR Sector's Small RG Group Member.

WINTER 2013/2014 RELIABILITY PROJECT

Ms. Allison DiGrande, Markets Committee Chair, referred the Committee to the materials posted in advance of the meeting regarding the revisions to Market Rule 1 to address Winter 2013/2014 reliability concerns (Winter 2013/2014 Proposal) that the Markets Committee recommended to the Participants Committee for its support and that were described by NEPOOL Counsel during the June 25 session. She summarized that the Proposal focused on the procurement of incremental energy from oil-fired, dual-fuel, and DR resources. Under the

Proposal, the ISO would review offers received by Market Participants and award a megawatt hour (MWh) allotment to eligible resources for up to 2.4 million MWh (or roughly 4.2 million barrels of oil). She said that the Proposal reflected the modification made by a Participant's amendment at the Markets Committee under which certain dual-fuel units would be eligible to replenish their initial block of oil inventory during the period from December 1, 2013 through February 28, 2014. She stated that the amendment was recommended by the Markets Committee at its June 13 meeting by a vote of 66.5%, accepted by the ISO, and was accordingly included in the Proposal. She summarized the motions to amend the Proposal that were considered at the June 13 Markets Committee meeting, but not accepted, and indicated that several of those proposed amendments would be offered again at this meeting.

Ms. DiGrande reported that, since the June 13 meeting, there had been discussion of the potential effects on the program if the FERC were to be late in issuing its order on the Proposal. She stated that the ISO added provisions to Attachment K to clarify the ISO bid selection procedures in the absence of material FERC approvals. Mr. Doot explained that the Officers concluded that the Committee should decide whether the changes to address regulatory delay should be accepted as an amendment to what the Markets Committee recommended be approved by the Participants Committee.

The following motion was duly made and seconded:

> RESOLVED, that the Participants Committee supports the new Appendix K to Market Rule 1 and Appendix K Bid Sheet, and revisions to Appendix A to Market Rule 1 to implement the winter 2013/2014 reliability proposal, as recommended by the Markets Committee and circulated to this Committee in advance of this meeting, together with any changes agreed to by the Participants Committee at this meeting and such non-substantive changes as may be approved by the Chair and Vice-Chair of the Markets Committee.

In response to a member's question as to whether there was an end point if the delays went far enough, Ms. DiGrande stated that ISO Counsel made clear that if the FERC took so long to act that the Proposal was not able to go into effect for the Winter, there would need to be further discussions, but that there was nothing specific in the Tariff language to address that remote possibility.

A motion to amend the main motion was then duly made, seconded, and accepted without objection to clarify that if the ISO had not received all necessary material FERC approvals by November 1, the ISO shall, for each day that a FERC order was delayed, take the following actions for affected assets: delay the start of the program; and push back program dates (other than the termination date).

Members were then asked to comment on the Proposal, as amended, and note whether they planned to offer amendments. Representatives of GDF Suez, Exelon, and National Grid stated they would offer amendments. An End User representative stated the Participants for whom he voted would abstain on the Proposal due to the uncertainty of how the Proposal would impact End Users. The Dominion representative stated Dominion would not offer an amendment in light of the recent FERC order on its cost recovery filing and the joint ISO and NEPOOL request for an extension of time to submit the required compliance filing. In response to Dominion's observation, Mr. Doot reported that the Market Rule changes to comply with the recent FERC order would be considered by the Markets Committee in July for a vote at the August 2, 2013 Participants Committee meeting.

GDF Suez Amendment

The GDF Suez representative made a motion to amend the main motion (GDF Suez Amendment), which was duly seconded, to penalize LSEs that did not clear sufficient load in the Day-Ahead Energy Market to meet their forecasted demand. He stated that GDF Suez believed that Day-Ahead Energy Market prices were not reflective of the true market value of energy and, in the winter when there was significant under-clearing of demand in the Day-Ahead Market, that under-clearing often coincided with off-hours in which scheduling gas, particularly in large volumes, was increasingly difficult. He thanked the ISO for pursuing changes as part of the wholesale markets plan to improve Real-Time prices and in supporting changes to the allocation of costs, but expressed concern that some of those changes would not happen soon enough to help the region in the upcoming winter or the following winter. He expressed his view that action was needed in the short-run to provide as good a fix as possible.

Several members expressed opposition to the GDF Suez Amendment, noting that the GDF Suez concerns were legitimate but needed to be addressed in the long-term, and not necessarily for the 2013/2014 Winter period, and that the proposed solutions were not necessarily the right fix. They indicated a desire, however, to continue discussions going forward.

On behalf of the ISO, Dr. Ethier stated that the ISO did not support the GDF Suez Amendment. He acknowledged the concerns driving the GDF Suez Amendment, but said the ISO believed that price formation was important and was the identified solution to the problem.

The Committee then voted and failed to approve the GDF Suez Amendment by a show of hands, with the vote outcome very similar to the reported vote outcome at the June 13 Markets Committee meeting.

Exelon Amendment

The Exelon representative then offered and explained a motion to amend the main motion (Exelon Amendment), which was duly seconded, to substitute a uniform clearing price compensation structure (expressed in $/MWh) for the proposal to pay Market Participants based on “as bid” prices.

In opposition to the Exelon Amendment, the observation was made that, if this were a large market mechanism in a large market, the Exelon Amendment might be justified and supportable; here, however, the Exelon Amendment should not be supported as there was not a market for oil storage, the solution proposed was out-of-market, and there was a narrow list of competitors and competitive bids from which to draw. Other members expressed support for the Exelon Amendment, stating that the value of the service being provided was consistent among all the suppliers and they should all be paid a uniform price.

The Committee then voted and failed to approve the Exelon Amendment by a show of hands vote, again with the vote outcome very similar to the reported vote outcome at the June 13 Markets Committee meeting.

National Grid Amendment

The National Grid representative offered a motion to amend the main motion (National Grid Amendment), which was duly seconded, to substitute an "A/B option" on program cost allocation for the proposal to allocate charges and refunds based on Monthly Regional Network Load (RNL). He stated National Grid strongly believed this was an important issue based on cost causation and benefit pay principles, and that costs like this must be allocated to those most directly involved and most directly benefiting from the solution being proposed.

Members then commented on the National Grid Amendment. Several members indicated support for the Amendment. One member who supported the Amendment explained that he opposed the RNL allocation even though it might result in lower costs for his company than using an RTLO allocator, since RTLO was a better allocator. Another member supporting the Amendment claimed its acceptance would result in greater support for the Market Rule changes.

Several LSE representatives expressed opposition to the Amendment, explaining that the load they were obligated to serve was under contract long before they had found out about the change. They explained that, if these unanticipated changes were allocated to LSEs, the next time a contract for load goes out, the perception of risk would be materially increased and there would be a bigger risk premium in future bids. Other members opposed the assignment of such costs to RTLO of pump storage facilities since such resources would be penalized for pumping to provide reliability service when needed. Mr. Bentz stated that the States continued to support the ISO Proposal, with Commissioner Harrington emphasizing his support for the Proposal on a one-time only basis.

Mr. Hepper, ISO Counsel, commented that the ISO viewed the allocation issue, as the States and others had reiterated, as the very small exception to an important broader rule. The ISO had laid out the reasons why it had concluded the exception should apply here and believed that the costs of this interim program should go to Regional Network Load.

Mr. Doot reviewed from a process perspective that the proposal before the Committee was to change the Market Rules, which brought with it the possibility of a jump ball, particularly with respect to cost allocation. The ISO had indicated that it was going to file the proposal seeking allocation to Regional Network Load. The National Grid Amendment would effectively eliminate NEPOOL organizationally from presenting arguments on one side or the other, and the ISO and others would make their arguments to the FERC. He stated that, while there may be arguments that the FERC should be free to choose between Option A or Option B, without regard to whether one the other was reasonable or unreasonable, the ISO would take the position that, because NEPOOL did not take any position at all, there could be no jump ball review on the cost allocation issue and the FERC could only reject the ISO's proposal if it found it to be unjust and unreasonable. A member requested that, irrespective of the outcome, that the filing indicate that there were strong objections by certain parties, there were abstentions based on that, and those parties should feel free to vote on the main motion knowing that their rights to address the cost allocation piece in the FERC proceeding had been preserved.

Following final comments by the National Grid representatives, the National Grid Amendment was voted and failed to pass with a 35.43% Vote in favor. (Generation - 0%; Transmission - 17.1%; Supplier - 0.713%; Alternative Resources - 0%; Publicly Owned Entity - 0.518%; and End User - 17.1%). (See Vote 1 on Attachment 2).

The once-amended main motion was then voted and approved with a 85.62% Vote in favor (Generation - 17.1%; Transmission - 13.68%; Supplier - 7.77%; Alternative Resources - 14.5%; Publicly Owned Entity - 17.1%; and End User - 15.47%). (See Vote 2 on Attachment 2).

CFTC-RELATED CHANGES TO FINANCIAL ASSURANCE POLICY

Mr. Gordon referred the Committee to the materials posted in advance of the meeting proposing changes to the ISO New England Financial Assurance Policy (FAP) in response to conditions set out in the final order issued by the U.S. Commodities Futures Trading Commission (CFTC) granting the ISO an exemption from certain CFTC rules implemented by the Dodd Frank Act (CFTC Order). In order to meet those CFTC conditions, Mr. Gordon reported, the FAP would be revised to require each Market Participant to certify (by September 15, 2013) that it is either an "appropriate person" or "eligible contract participant" under the Commodities Exchange Act (CEA) or a "person … in the business of (i) generating, transmitting or distributing electric energy, or (ii) providing electric energy services that are necessary to support the reliable operation of the transmission system." He added that Participants relying on a letter of credit from an eligible bank to establish its qualification as an appropriate person or eligible contract participant would have to provide that letter of credit in the form already included in the FAP, and in an amount of at least $5 million. Mr. Gordon reported that the Subcommittee discussed the proposed changes at its May 10 and June 3 meetings and, at its June 10 meeting, recommended the changes for Participants Committee support without objection.

The following motion was duly made and seconded:

> RESOLVED, that the NEPOOL Participants Committee supports the changes to the ISO New England Financial Assurance Policy to meet the condition of the Commodity Futures Exchange Commission's (CFTC) order granting an exemption from certain provisions of CFTC regulation for certain transactions in the New England Markets, as circulated to the Committee and discussed at this meeting, together with such further non-substantive changes as the Chief Financial Officer of ISO New England and the Chairman of the Budget and Finance Subcommittee may approve.

Committee members then asked clarifying questions and commented on the proposal. In response to a question, Mr. Hepper confirmed that the ISO viewed members of the AR Sector providing demand response, energy efficiency, and renewable and distributed generation as "in the business of (i) generating, transmitting or distributing electric energy, or (ii) providing electric energy services that are necessary to support the reliable operation of the transmission system."

A Market Participant End User (MPEU) representative identified a concern that, as proposed, the FAP changes would materially and adversely impact the ability, as a threshold matter, of a number of Market Participants in the End User and Supplier Sectors to participate in the New England Markets. He noted that those concerns, and proposed amendments to address those concerns, had been more fully articulated in a memorandum that had been circulated earlier that day and posted on the NEPOOL website. He explained his view that the proposed amendments were more consistent with, and would reduce regulatory and compliance risk associated with, the CFTC Order. By way of example, he highlighted the alternative method proposed to set the threshold for, and treatment of, letters of credit in the establishment of appropriate person status. Urging Participants to support the proposed amendments, he moved, and it was duly seconded, to amend the main motion, as proposed in the memorandum circulated earlier that day, to reflect revisions to the provisions related to additional customer eligibility requirements, particularly for Market Participants eligible as "appropriate persons."

Mr. Hepper acknowledged the concerns raised and proceeded to review pertinent background to the CFTC Order, noting that comments submitted in response to the CFTC's draft order, including the ISO's comments, raised in large measure, the concerns raised by the MPEU representative. He explained that the ISO had requested that the exemption cover transactions involving all Participants that meet the FAP's minimum eligibility and financial assurance requirements. Mr. Hepper noted, however, that the CFTC specifically declined in the CFTC Order to extend the exemption as broadly requested. Instead the CFTC required that transactions subject to the exemption be between "appropriate persons" that meet the specific criteria identified in the Order. He explained that the risk of going beyond the exemption could be invalidating the exemption.

A number of members, while noting the importance of the issues raised by the MPEU representatives, and a willingness to subsequently consider alternatives that would permit participation by smaller entities in a manner acceptable under the CFTC Order, indicated that that preserving the exemption granted was critically important, and they would not support taking any action that could jeopardize that exemption.

For additional clarification, Mr. Patrick Gerity, NEPOOL Counsel, read excerpts from the CFTC Order addressing the CFTC refusal to extend the exemption to transactions involving all Market Participants meeting FAP eligibility requirements and the CFTC clarification that market participants could meet the "appropriate person" definition by demonstrating a net worth exceeding $1 million, total assets exceeding $5 million, or by providing an unlimited guaranty or other support in the form of an appropriate-person issued "letter of credit or keepwell, support, or other agreement," which, if in the form of a letter of credit, the ISO indicated would have to be at least $5 million.

Following further discussion, the motion to amend was voted and, by a show of hands, determined to have failed.

Without further discussion, the unamended main motion was then voted and approved, with opposition noted by each of the Large MPEUs represented by Freedom Logistics, and abstentions by Cargill Power Markets, Citigroup Energy, CT OCC, DC Energy, Edison Mission, IECG, Maine Skiing, Powerex, Twin Cities Power, and Vitol.

STATE SALES TAX-RELATED CHANGES TO BILLING POLICY

Mr. Gordon referred the Committee to the materials posted in advance of the meeting regarding the addition of a specific reference to state sales tax and related charges in the Billing Policy's description of "Non-Hourly Charges." He explained that the change was precipitated by the requirement that the ISO collect state sales tax on certain sales of electricity in the New England Market as a result of its status as the central counterparty for such transactions. The additional reference would make clear that state sales tax and related charges would be subject to the payment default and suspension provisions of the Billing Policy. Mr. Gordon reported that the Subcommittee had recommended without objection support for the Billing Policy clarification at its June 3 meeting.

The following motion was duly made, seconded, and unanimously approved:

> RESOLVED, that the NEPOOL Participants Committee supports the change to the ISO New England Billing Policy to add a reference to state sales tax and related charges to the definition of "Non-Hourly Charges," as circulated to the Committee and discussed at this meeting, together with such further non-substantive changes as the Chief Financial Officer of ISO New England and the Chairman of the Budget and Finance Subcommittee may approve.

ORDER 1000 INTERREGIONAL COMPLIANCE

Mr. Donald Gates, Transmission Committee Chair, referred the Committee to the materials posted in advance of the meeting regarding Order 1000 Interregional Compliance. He explained that the proposed compliance was accomplished partly through revisions to the ISO Tariff, and partly through amendments to an agreement among ISO-NE, NYISO and PJM, known as the Northeastern Planning Protocol (Protocol). The Transmission Committee, at its June 20, 2013 meeting, voted in two separate votes to recommend Participants Committee support for the revisions to the ISO Tariff and the Protocol. The vote to recommend support for the ISO Tariff revisions passed by a show of hands, with no opposition and three abstentions noted. The vote to recommend support for the Protocol also passed by a show of hands, with no opposition and two abstentions noted.

The following motion to approve the Tariff revisions was duly made, seconded, and approved, with opposition noted by UCS; and abstentions by NextEra and PSEG:

> RESOLVED, that the Participants Committee supports the Order No. 1000 Interregional Revisions to the ISO-NE Tariff, in compliance with Order No. 1000, as distributed to the committee prior to the meeting together with such further non-substantive changes as may be approved by the Chair and Vice-Chair of the Transmission Committee.

Mr. Eric Runge, NEPOOL Counsel, explained that the revisions to the Protocol would be considered separately in that changes to the Protocol were not covered by the understandings in the Participants Agreement. He reported that the ISO, NYISO, and PJM planned to file the Protocol changes with the FERC, and the changes were being presented to NEPOOL for an advisory vote given that much of the substance of the interregional planning provisions are contained in the Protocol, even though the ISO had not asked for such a vote.

The following motion was duly made, seconded, and unanimously approved, with an abstention noted by NextEra:

> RESOLVED, that the Participants Committee supports the revisions to the Northeastern Planning Protocol, in compliance with Order No. 1000, as distributed to the committee prior to the meeting. together with such further non-substantive changes as may be approved by the Chair and Vice-Chair of the Transmission Committee.

NEPOOL RESPONSE TO JUNE 20 FERC ORDER ON REVISED ORDER 755 COMPLIANCE FILING

Mr. Doot explained that the FERC had issued an order on June 20 in response to the ISO's filing to comply with FERC Order 755 directives. The FERC accepted the ISO's compliance proposal in substance, subject to a further compliance filing, but rejected the ISO's proposed implementation date of January 1, 2015. In rejecting the ISO's requested effective date, the FERC directed the ISO to comply with Order 755 within 180 days (or by December 17, 2013). Mr. Doot noted that NEPOOL has previously and unanimously supported the ISO's proposed Order 755 compliance changes. In supporting comments to the FERC, NEPOOL indicated that it did not take a position on the proposed implementation timing itself, but urged the FERC not to issue an order that would require the ISO to change the order of planned initiatives reflected in the 2013-2014 Work Plan (Work Plan).

Since the FERC's June 20 Order, Mr. Doot explained that the ISO had indicated that it could not achieve compliance within the directed 180 days and therefore would submit a request for rehearing. NEPOOL would typically not take a position on a request for rehearing unless authorized by the Committee. Mr. Doot further noted that the ISO had asked NEPOOL to support the ISO's request for rehearing on this matter.

Mr. Hepper added that the ISO recognized a Committee member's concern with any delay in implementation of the Order 755 compliance changes, and in recognition of that concern, the ISO had proposed Regulation Market opportunity cost changes as an interim step to transition to full market design. The inclusion of those opportunity cost changes would go into effect on July 1, 2013.

In requesting NEPOOL support for its rehearing request, Mr. Hepper explained that the implementation timeframe directed by the June 20 Order would affect the timing of other projects and that the ISO had been put in a position where it would very likely have to delay other key priorities to comply, including efforts to address Energy Offer Flexibility Changes. He reiterated also that, even if the ISO assigned all of its resources to this matter, it still would be unable to meet the 180-day implementation compliance deadline because of the sequence of internal/external processes and the critical path nature of certain pieces. Also, having to move more resources to the regulation market project would cause many of the ISO's resources to move from other important regional projects, like the offer flexibility changes and the Coordinated Transaction Scheduling (CTS) initiative with NYISO.

Mr. Doot then suggested the following form of resolution for the Committee's consideration:

> RESOLVED, that the Participants Committee supports ISO New England requesting the FERC to reconsider its June 20 order in Docket No. ER12-1643 with respect to the required timing of the implementation of the Revised Order 755 compliance changes and instructs NEPOOL Counsel to submit the necessary materials to the FERC reflect this support.

One member asked whether the ISO had a new date for implementation in mind. In response, Mr. Doot explained that by supporting this resolution, NEPOOL would really be supporting the request that the ISO not be required to implement the Order 755 compliance changes within a specified timeframe that would upset the priorities that the region have already identified in the Work Plan. Mr. Hepper further noted that the ISO was working through the issue of timing to see how quickly these Order 755 changes could be implemented, without upsetting other projects.

With no further clarifying comments, the form of resolution suggested by NEPOOL Counsel was duly made and seconded.

A member expressed his trepidation with the motion, remarking that he was generally concerned when NEPOOL supported a majority position when there was an opposing minority view and thus urged NEPOOL Counsel to strive to narrowly focus its support for the ISO's request for rehearing on the ramifications of the FERC-issued deadline on the Work Plan and other initiatives. In opposition to NEPOOL supporting ISO's request for rehearing, the Beacon Power representative stated that, while he understood the ISO's resource constraints and the importance of implementing other priority projects, Beacon would be unable to support this motion.

In supporting comments, another member expressed his concern that meeting the Order 755 compliance deadline would potentially delay other important changes that would add a lot of risk to generators and potential increased costs to consumers. A NESCOE representative also said NESCOE supported the ISO's request for rehearing and would submit a narrowly-tailored filing to FERC to stress the potential for the current deadline and limited implementation timeframe to constrain other regional priorities.

The Committee then considered and approved the motion, with an opposition by the AR Small DG Group Member and abstentions by EnerNOC, CLF, CT OCC, NH OCA, AR Small RG Group Member, and the AR LR Provisional Group Member.

LITIGATION REPORT

Mr. Doot referred the Committee to the Litigation Report that had been posted in advance of the meeting, noting the continued high level of activity, including developments concerning the FERC's order on the region's Revised Order 755 Compliance Filing that had just been discussed in more detail. In addition, Mr. Gerity highlighted the filing of requests for rehearing and/or clarification of the FERC's order on the region's Order 1000 compliance filing, activity in the complaint proceeding initiated by the New England Power Generator Association, and the September 25, 2013 technical conference announced by the FERC to consider RTO/ISO centralized capacity markets. Mr. Gerity reported that the FERC had approved earlier that day the settlement agreement that resolved the issues raised in the ISO 2013 budget proceedings.

COMMITTEE REPORTS / OTHER BUSINESS

Mr. Doot referred the Committee to the NEPOOL calendar posted on the NEPOOL website for July and August. He drew attention to the August Budget & Finance Subcommittee meetings, including the August 23 meeting to consider the ISO's 2014 budgets that had been discussed earlier in the meeting. He highlighted the Technical Committee summer meetings scheduled for July and August and reported that the August 2 Participants Committee meeting would be held at the Radisson Hotel in Manchester, New Hampshire. Mr. Doot concluded by thanking the NEPOOL team for their tireless efforts planning and facilitating the Committee's 12th Annual Meeting.

There being no further business, the meeting adjourned at 2:05 p.m.

Respectfully submitted,

____

David T. Doot, Secretary

ATTACHMENT 1

MEMBERS AND ALTERNATES PARTICIPATING IN THE PARTICIPANTS COMMITTEE JUNE 25-27, 2013 SUMMER MEETING

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Ashburnham Municipal Light Plant	POE		Gary Will	
Associated Industries of Massachusetts	End User			Paul Peterson
Bangor Hydro-Electric Company	Transmission		Stacy Dimou	
Boylston Municipal Light Department	POE		Gary Will	
BP Energy Company	Supplier			Nancy Chafetz
Brookfield Energy Marketing/Cross-Sound Cable (CSC)	Supplier	Nicolas Bosse	Jose Rotger	
Calpine Energy Services, L.P.	Supplier	John Flumerfelt		
Cargill Power Markets, LLC	Supplier			Joe Wadsworth
Central Maine Power Company	Transmission		Sue Clary (tel)	
Cianbro Companies	End User	Gus Fromuth		
Chicopee Municipal Lighting Plant	POE		Gary Will	
CitiGroup Energy Inc.	Supplier			Joe Wadsworth
Competitive Energy Services, LLC	Supplier			Glen Poole
Concord Municipal Light Plant	POE		Gary Will	
Connecticut Municipal Electric Energy Coop.	POE	Brian Forshaw	Drew Rankin	
Connecticut, State of, Office of Consumer Counsel	End User	Elin Katz		Paul Peterson
Conservation Law Foundation (CLF)	End User		N. Jonathan Peress	
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		Coleen Walsh
DC Energy, LLC	Supplier			Joe Wadsworth
Dominion Energy Marketing, Inc.	Generation	Ronald Hart (tel)		
Dragon Products Company LLC	End User	Gus Fromuth		
Dynegy Marketing and Trade, LLC	Supplier	Dean Ellis		William Fowler
Edison Mission Marketing and Trading	Supplier			Joe Wadsworth
Elektrisola, Inc.	End User	Gus Fromuth		
Energy America, LLC	Supplier	Ron Carrier		Nancy Chafetz
EnerNOC, Inc.	AR	Herb Healy		Greg Geller
Entergy Nuclear Power Marketing, LLC	Generation	Marc Potkin		
EP Energy Massachusetts, LLC	Generation	M.Q. Riding		
EquiPower Resources Management, LLC	Generation	Jim Ginnetti	William Fowler	
Exelon New England Holdings / Constellation	Supplier	Steve Kirk	William Fowler	Daniel Allegretti
Fairchild Semiconductor Corporation	End User	Gus Fromuth		
First Wind Energy Marketing, Inc.	AR	Carter Scott		Bob Stein
Freedom Logistics LLC	Supplier	Howard Plante (tel)		
Food City, Inc.	End User	Gus Fromuth		
Galt Power, Inc.	Supplier	Nancy Chafetz		
Generation Group Member	Generation		Abby Krich	
Granite Ridge/Merrill Lynch	Supplier		William Fowler	
Great Bay Energy IV, LLC	Supplier		Eugene Franco (tel)	
Groton Electric Light Department	POE		Gary Will	
H.Q. Energy Services (U.S.) Inc.	Supplier	Louis Guilbault	Robert Stein	
Hardwood Products Company	End User		Gus Fromuth	
Harvard Dedicated Energy Limited	End User			Paul Peterson
Hess Corporation	Supplier		Marji Philips	Nancy Chafetz
Holden Municipal Light Department	POE		Gary Will	
Holyoke Gas & Electric Department	POE			Gary Will
Hudson Light and Power Department	POE		Gary Will	
Hull Municipal Lighting Plant	POE		Gary Will	

MEMBERS AND ALTERNATES PARTICIPATING IN
THE PARTICIPANTS COMMITTEE
JUNE 25-27, 2013 SUMMER MEETING

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Industrial Energy Consumer Group	End User	Donald Sipe		
IPR-GDF SUEZ Energy Marketing North America	Generation	Thomas Kaslow		
Ipswich Municipal Light Department	POE		Gary Will	
Integrys Energy Services Inc.	Supplier			Nancy Chafetz
Kimberly-Clark Corporation	Supplier			Elizabeth Trinkle (tel)
Linde Energy Services	Supplier			Elizabeth Trinkle (tel)
Littleton (NH) Water & Light Department	POE		Craig Kieny	
Long Island Lighting Company (LIPA)	Supplier	William Killgoar		
Macquarie Energy, LLC	Supplier	Christi Nicolay (tel)		Nancy Chafetz
Maine Public Advocate Officer	End User			Paul Peterson
Maine Skiing, Inc.	End User	Donald Sipe		
Mansfield Municipal Electric Department	POE		Gary Will	
Marblehead Municipal Light Department	POE		Gary Will	
Marden's Inc.	End User	Gus Fromuth		
Massachusetts Attorney General's Office (MA AG)	End User	Fred Plett	Patrick Tarmey	
Mass. Municipal Wholesale Electric Company (MMWEC)	POE	Gary Will		
Mercuria Energy America, Inc.	Supplier			Nancy Chafetz
Middleborough Gas and Electric Department	POE		Gary Will	
Middleton Municipal Electric Department	POE		Gary Will	
Millennium Power Partners	Generation		Ken Dell Orto	
MoArk, LLC	End User	Gus Fromuth		
Moose River Lumber	End User	Gus Fromuth		
New Brunswick Power Generation Corporation	Supplier	Rick McGivney		
New England Building Materials	End User	Gus Fromuth		
New England Power Company	Transmission	Timothy Brennan		
New Hampshire Electric Cooperative (NHEC)	POE		Steve Kaminski	
New Hampshire Office of Consumer Advocate (NH OCA)	End User	Paul Peterson	Sarah Jackson	
NextEra Energy Resources, LLC	Generation	Fernando DaSilva		
NU/NSTAR\	Transmission	James Daly	Calvin Bowie	Joseph Staszowski
NRG Power Marketing, Inc.	Generation	Peter Fuller	Judith Lagano	
PalletOne of Maine	End User	Gus Fromuth		
Paxton Municipal Light Department	POE		Gary Will	
Peabody Municipal Light Plant	POE		Gary Will	
Powerex	Supplier			Joe Wadsworth
PowerOptions	End User			Paul Peterson
Praxair, Inc.	End User			Elizabeth Trinkle (tel)
Princeton Municipal Light Department	POE		Gary Will	
Provisional Group Member – Generation Sector	Generation		Robert Stein	
Provisional Group Member – Load Response Sub-Sector	AR	Brad Swalwell (tel)		
Provisional Group Member – Transmission Sector	Transmission	Steve Conant		
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
RJF-Morin Brick Company, Inc.	End User	Gus Fromuth		
Robbins Lumber, Inc.	End User		Gus Fromuth	
Rowley Municipal Lighting Plant	POE		Gary Will	
Shipyard Brewing LLC	End User	Gus Fromuth		
Shrewsbury Electric & Cable Operations	POE		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	POE		Gary Will	

MEMBERS AND ALTERNATES PARTICIPATING IN THE PARTICIPANTS COMMITTEE JUNE 25-27, 2013 SUMMER MEETING

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
St. Anselm College	End User	Gus Fromuth		
St. Joseph Health Services of Rhode Island	End User		Gus Fromuth	
Sterling Municipal Electric Light Department	POE		Gary Will	
Taunton Municipal Light Department	POE		Brian Forshaw	
Templeton Municipal Lighting Plant	POE		Gary Will	
Texas Retail, LLC	Supplier	Chris Hendrix		
The Energy Council of Rhode Island	End User			Paul Peterson
TransCanada Power Marketing Ltd.	Generation		Mike Hachey	
Twin Cities Power	Supplier			Joe Wadsworth
Union of Concerned Scientists (UCS)	End User	Paul Peterson		
United Illuminating Company, The	Transmission	Rich Peters	Alan Trotta	
Utility Services Inc.	End User			Paul Peterson
Vermont Electric Cooperative	POE	Craig Kieny		Brian Forshaw
Vermont Electric Power Company, Inc.	Transmission	Francis Ettori		
Vermont Energy Investment Corporation	AR		Doug Hurley	
Vermont Public Power Supply Authority	POE	David Mullett		Brian Forshaw
Verso Maine Energy LLC	Generation	Glenn Poole		
Vitol Inc.	Supplier	Joe Wadsworth		
Wakefield Municipal Gas and Light Department	POE		Gary Will	
West Boylston Municipal Lighting Plant	POE		Gary Will	
Westerly Hospital	End User		Gus Fromuth	
Westfield Gas & Electric Light Department	POE		Gary Will	
ZTECH, LLC	End User		Gus Fromuth	

VOTES TAKEN AT
JUNE 25-27, 2013 PARTICIPANTS COMMITTEE SUMMER MEETING

TOTAL

Participant Name	VOTE 1	VOTE 2
GENERATION	0.00	17.10
TRANSMISSION	17.10	13.68
SUPPLIER	0.71	7.77
ALTERNATIVE RESOURCES	0.00	14.50
PUBLICLY OWNED ENTITY	0.52	17.10
END USER	17.10	15.47
% IN FAVOR	35.43	85.62

GENERATION SECTOR

Participant Name	VOTE 1	VOTE 2
Dominion Energy Marketing, Inc.	O	F
Entergy Nuclear Power Marketing LLC	A	A
EquiPower Resources Management, LLC	O	F
Essential Power Massachusetts, LLC	O	F
GDF SUEZ Energy Marketing North America	O	A
Generation Group Member	O	F
Millennium Power Partners	O	A
NextEra Energy Resources, LLC	O	F
NRG Power Marketing, LLC	O	F
TransCanada Power Marketing Ltd.	O	F
Verso Maine Energy LLC	O	F
IN FAVOR (F)	0	8
OPPOSED (O)	10	0
TOTAL VOTES	10	8
ABSTENTIONS (A)	1	3

TRANSMISSION SECTOR

Participant Name	VOTE 1	Vote 2
Bangor Hydro-Electric Co.	F	F
Central Maine Power Co.	F	F
New England Power Co.	F	O
The United Illuminating Co.	F	A
NU / NSTAR	F	F
Vermont Electric Power Co.	F	F
IN FAVOR (F)	5	4
OPPOSED	0	1
TOTAL VOTES	5	5
ABSTENTIONS (A)	0	1

SUPPLIER SECTOR

Participant Name	VOTE 1	VOTE 2
BP Energy Company	O	O
Brookfield Energy Marketing Inc./CSC	O	O
Calpine Energy Services	O	F
Cargill Power Markets, LLC	O	O
Citigroup Energy Inc.	O	O
Competitive Energy Services, LLC	--	F
Consolidated Edison Energy, Inc.	O	O
CP Energy Marketing (US) Inc.	O	A
DC Energy, LLC	O	O
Dynegy Marketing and Trade, LLC	O	F
Edison Mission Marketing and Trading	O	O
Energy America, LLC	O	F
Exelon Generation Company	O	F
Freedom Logistics LLC	F	F
Galt Power, Inc.	O	F
Granite Ridge/Merrill Lynch Commodities	O	F
Great Bay Energy IV LLC	O	O
H.Q. Energy Services (U.S.) Inc.	O	F
Hess Corporation	O	A
Integrys Energy Services, Inc.	O	F
Kimberly-Clark Corporation	A	A
Linde Energy Services, Inc.	A	A
LIPA	O	A
Macquarie Energy, LLC	A	A
Mercuria Energy America, Inc.	A	O
Powerex	O	O
PSEG Energy Resources & Trade LLC	O	A
Twin Cities Power	O	O
Vitol Inc.	O	O
IN FAVOR (F)	1	10
OPPOSED	23	12
TOTAL VOTES	24	22
ABSTENTIONS (A)	4	7

VOTES TAKEN AT
JUNE 25-27, 2013 PARTICIPANTS COMMITTEE SUMMER MEETING

PUBLICLY OWNED ENTITY SECTOR

Participant Name	VOTE 1	VOTE 2
Ashburnham Municipal Light Plant	O	F
Boylston Municipal Light Department	O	F
Chicopee Municipal Lighting Plant	O	F
Concord Municipal Light Plant	O	F
Conn. Municipal Electric Energy Coop.	O	F
Groton Electric Light Department	O	F
Holden Municipal Light Department	O	F
Holyoke Gas & Electric Department	O	F
Hudson Light and Power Department	O	F
Hull Municipal Lighting Plant	O	F
Ipswich Municipal Light Department	O	F
Littleton (NH) Water & Light Department	O	F
Mansfield Municipal Electric Dept.	O	F
Marblehead Municipal Light Dept.	O	F
Mass. Municipal Wholesale Electric Co.	O	F
Middleborough Gas and Electric Dept.	O	F
Middleton Municipal Electric Dept.	O	F
New Hampshire Electric Cooperative	F	F
Paxton Municipal Light Department	O	F
Peabody Municipal Light Plant	O	F
Princeton Municipal Light Department	O	F
Rowley Municipal Lighting Plant	O	F
Russell Municipal Light Department	O	F
Shrewsbury's Electric & Cable Ops	O	F
South Hadley Electric Light Dept.	O	F
Sterling Municipal Electric Light Dept.	O	F
Taunton Municipal Lighting Plant	O	F
Templeton Municipal Lighting Plant	O	F
Vermont Electric Cooperative	O	F
Vermont Public Power Supply Authority	O	F
Wakefield Municipal Gas & Light Dept.	O	F
West Boylston Municipal Lighting Plant	O	F
Westfield Gas & Electric Light Dept.	O	F
IN FAVOR (F)	1	33
OPPOSED	32	33
TOTAL VOTES	33	33
ABSTENTIONS (A)	0	0

END USER SECTOR

Participant Name	VOTE 1	VOTE 2
Cianbro Companies	F	F
Connecticut Office of Consumer Counsel	F	F
Conservation Law Foundation	F	O
Corinth Wood Pellets, LLC	F	F
Dragon Products Company	F	F
Elektrisola, Inc.	F	F
Fairchild Semiconductor Corporation	F	F
Food City, Inc.	F	F
Hardwood Products Company	F	F
Harvard Dedicated Energy Limited	F	A
Industrial Energy Consumer Group	A	F
LaBree’s Inc.	F	F
Maine Public Advocate Office	F	A
Maine Skiing, Inc.	A	F
Marden’s Inc.	F	F
Mass. Attorney General's Office	F	F
MoArk, LLC	F	F
NH Office of Consumer Advocate	F	A
PalletOne of Maine	F	F
PowerOptions, Inc.	F	A
Praxair, Inc.	A	A
St. Anselm College	F	F
Shipyard Brewing Co., LLC	F	F
The Energy Consortium	F	A
Union of Concerned Scientists	A	O
Utility Services Inc.	A	A
Westerly Hospital	F	F
Z-TECH, LLC	F	F
IN FAVOR (F)	23	19
OPPOSED	0	2
TOTAL VOTES	23	21
ABSTENTIONS (A)	5	7

ATTACHMENT 2

VOTES TAKEN AT
JUNE 25-27, 2013 PARTICIPANTS COMMITTEE SUMMER MEETING

ALTERNATIVE RESOURCES SECTOR

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