

FINAL

A meeting of the NEPOOL Participants Committee was held beginning at 10:00 a.m. on Friday, September 11, 2015 at the Seaport Hotel and World Trade Center, Boston, MA. A quorum determined in accordance with the Second Restated NEPOOL Agreement was present and acting throughout the meeting. Attachment 1 identifies the members, alternates, and temporary alternates attending the meeting.

Mr. Joel Gordon, Chairman, presided and Mr. David Doot, Secretary, recorded.

VOTE ON SLATE OF CANDIDATES FOR ISO BOARD

The Committee began the meeting with members agreeing to go into Executive Session to consider a proposed slate of candidates for election to the ISO Board. Members were reminded that the reason for consideration of the slate in Executive Session was to maintain the identity of the candidates being considered for membership on the ISO Board in confidence until there was a final ISO Board decision on the slate. That slate, which was identified in a confidential package of materials that was circulated to the members and alternates of the Committee in advance of the meeting, was presented on behalf of the Joint Nominating Committee (JNC) by Mr. Barney Rush, with comments from the Participants Committee Officers who were members of the JNC. Following that presentation, Mr. Rush and all ISO representatives and all guests present left the meeting.

EXECUTIVE SESSION

The slate was then discussed among the voting representatives. Following discussion in Executive Session, the following motion was duly made, seconded and voted by written ballot per prior agreement of the Participants Committee:

RESOLVED, that the Participants Committee endorses the slate of candidates for the ISO Board that has been recommended by the Joint Nominating Committee and presented to the Participants Committee in Executive Session at this meeting.

GENERAL SESSION

Following the tabulation of the written ballots, the Committee came out of Executive Session and was rejoined by ISO representatives and guests.

Mr. Gordon welcomed the members, alternates and guests who were present. He recognized with appreciation, Chairperson Margaret Curran, President of the New England Conference of Public Utilities Commissioners (NECPUC), stating this was her last meeting as NECPUC President, as her term was ending at the end of the month and to Mr. Edward McNamara, whose NECPUC term was also ending.

Mr. Gordon also announced that the motion to endorse the slate of candidates for election to the ISO Board passed with a vote exceeding the 70% of the aggregate Sector Voting Shares required under the Participants Agreement. Mr. Gordon reminded the Committee that the ISO Board would vote on the Committee-endorsed confidential slate at its September Board meeting, and again urged Participants to keep the identity of the slate confidential until the ISO Board announced publicly the election of the slate. He indicated that a copy of the ISO announcement would be circulated to the Committee following its issuance.

Then, acknowledging the timing of this meeting, the Committee held a moment of silence in recognition and honor of those that lost their lives on September 11, 2001 and to their loved ones.

APPROVAL OF MINUTES OF AUGUST 7, 2015 MEETING

Mr. Gordon referred the Committee to the preliminary minutes of the August 7, 2015 meeting that had been circulated and posted in advance of the meeting. Following motion duly

made and seconded, the preliminary minutes of the August 7, 2015 meeting were unanimously approved with an abstention noted by Marble River.

CONSENT AGENDA

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

WINTER SEASONAL CLAIMED CAPABILITY FOR MONTHLY RECONFIGURATION AUCTIONS PROPOSAL

Mr. Gordon reported that this item was being considered earlier on the agenda, as it would have been on the Consent Agenda, but for the timing of the Markets Committee recommendation. He referred the Committee to the materials circulated in advance of the meeting regarding revisions to Market Rule 1 to allow a resource's Qualified Capacity used in monthly reconfiguration auctions during the Winter delivery period to be updated from the value established for the applicable third Annual Reconfiguration Auction (ARA3). He reported that the revisions were proposed by NRG Power Marketing LLC (NRG) at the September 2-3, 2015 Markets Committee meeting, and recommended unanimously for approval Participants Committee approval, with several abstentions noted.

The following motion was duly made and seconded:

RESOLVED, that the Participants Committee supports revisions to Market Rule 1 to allow a resource's Qualified Capacity used for monthly reconfiguration auctions in the winter delivery period to be updated from the value established for the applicable third Annual Reconfiguration Auction, as recommended by the Markets Committee at its September 2-3, 2015 meeting, and as circulated to this Committee in advance of the meeting, together with such non-substantive changes as may be agreed to after the meeting by the Chair and Vice-Chair of the Markets Committee.

The Committee considered and unanimously approved the motion with an abstention noted by Energy America. Mr. Gordon expressed appreciation to the Committee and the ISO for working together through the stakeholder process. He reported that the ISO and NEPOOL would jointly file the proposed Market Rule 1 changes with the FERC on September 14, requesting an October 13 effective date, which would allow the revisions to be effective for the December ARA3 for the 2016/17 Capacity Commitment Period.

REPORT OF THE ISO CHIEF EXECUTIVE OFFICER

Mr. Gordon van Welie, ISO Chief Executive Officer (CEO), referred the Committee to the written summaries of the ISO Board and Board Committee meetings that had occurred since the last Participants Committee meeting, which were circulated and posted in advance of the meeting. There were no questions or comments on the ISO Board summaries.

REPORT OF THE ISO CHIEF OPERATING OFFICER

Dr. Vamsi Chadalavada, ISO Chief Operating Officer (COO), referred the Committee to the September COO report addressing August operations, which was circulated in advance of the meeting and posted on the NEPOOL and ISO websites. Focusing on highlights, he stated that, in August: (i) Energy Market value was \$425 million, up \$52 million from July 2015, and up \$46 million from August 2014; (ii) natural gas average prices were 19.1% higher than July 2015 average prices; (iii) Real-Time Hub locational marginal prices (LMPs) on average were 39% higher than July 2015 LMPs; (iv) average (peak hour) Day-Ahead cleared physical Energy, as a percentage of forecasted load, was 98.2% in August 2015, down from 99% in July 2015; and (v) Net Commitment Period Compensation (NCPC) totaled \$5.6 million (1.7% of the total Energy Market value), up \$475,000 from July 2015 and down \$104,000 from August 2014. Of that \$5.6 million in NCPC, he reported that \$4.5 million was for first contingency payments (down

\$472,000 from July) and \$1.1 million for second contingency payments (up \$871,000 from July 2015), which were almost all incurred on one day in Northeastern Massachusetts (NEMA).

Voltage support payments for August were \$12,000, down \$147,000 from July.

Turning to highlights of the Forward Capacity Market (FCM), Dr. Chadalavada reported the following: Installed Capacity Requirement (ICR) development discussions were continuing at the Power Supply Planning Committee (PSPC), with a FERC filing planned on or before November 10; new resource qualification packages were being reviewed by the Internal Market Monitor (IMM) and System Planning, with Qualification Determination Notifications (QDNs) to be sent to Participants by September 25; permanent and static de-list bids also were being reviewed by the IMM with those QDNs to be sent to Participants also by September 25; and the Non-Price Retirement Request window was open and would close on October 12, with no significant retirement requests received to date.

Dr. Chadalavada then referred the Committee to an update from the 2014/15 Winter Reliability Program, which he stated would be included in each monthly report until all results of the Program had been reported. He said there was no change from the prior month.

Updating the Committee on system operations, Dr. Chadalavada reported that Action 1 was taken under Operating Procedure No. 4 (Action During a Capacity Deficiency) (OP-4) on September 9. The Action was declared late in the day, when load had been forecasted to be about 23,800 MW but actual loads trended 400-500 MW higher than forecast. He said that, at 16:36, the region lost about 400-500 MW of supply across the HQ Phase II tie due to a transmission contingency, which required the ISO to have a short-duration reserve deficiency that ISO operators properly addressed through OP-4 Action 1. He said that an OP-4 Action letter would be circulated to Participants Committee members and alternates. In response to clarifying questions regarding the event, Dr. Chadalavada stated that the loads and dew points were trended

higher than forecasted and it was a combination of the 400-500 MW of extra load for that region, compounded by the loss of Phase II, that caused the reserve deficiency.

Dr. Chadalavada was asked to identify the impact of solar energy on peak loads. He explained that there was a material impact on the peaks and that the ISO was studying the issue to assess the magnitude of that impact, as reflected in the 2016 Work Plan. The ISO expected to have some data analyzed by the second quarter of 2016, with that analysis to be reflected in the subsequent load forecasts. He said that load forecasts needed to be considered in two parts: (1) the short-term forecast to be used for operations; and (2) the long-range forecast to be used by planning both for calculating ICR and for transmission planning purposes.

In follow up to a request from the prior month's report, Dr. Chadalavada continued to decline to identify the load levels within NEMA that generally result in higher out-of-merit commitments, pending legal advice as to the timing and content of any permissible disclosure. Regarding a statement concerning, and the ISO's operational plan to deal with, a forecasted capacity deficiency in NEMA in 2016/17, Dr. Chadalavada stated that was still a work in progress. He explained in response that, with the delayed in-service dates for the Footprint Salem Harbor project, the ISO had identified that NEMA will have a deficiency of about 200 MW that the ISO needed to address with local transmission owners.

Dr. Chadalavada reported that, beginning that week, and continuing through the end of October, Participants should expect several gas pipeline maintenance outages. Pipelines were expected to all be back in-service for the Winter Period. He estimated that limited natural gas transportation could reduce by up to 3,500 MW the natural gas-fired capacity available to meet demand in September, and by as much as 4,500-5,500 MW during October. He expected that would result in the need to call on production from oil and coal-fired units.

2016/17 BUSINESS PRIORITIES / WORK PLAN

Mr. Gordon referred the Committee to the 2016/17 Draft Work Plan and related business priorities materials circulated in advance of the meeting. He explained that discussion of the following year's Work Plan had been accelerated in 2015 as part of the initiative to align the annual business planning process more closely with the approval of the ISO's budgets covering those periods. He stated that the Work Plan reflected significant input provided by NEPOOL through the business priorities efforts recently concluded, including the input that was provided to the Sector Vice-Chairs during June and July, and the ISO's meaningful response to that input.

Reviewing the process, Mr. Gordon stated that, following the discussion of business priorities with regulators and the ISO at the NECPUC Symposium and the Participants Committee June Summer Meeting, NEPOOL Officers solicited input from each of their Sectors and then worked together to prepare the 2016 NEPOOL Business Priorities memorandum. With that memorandum in hand, the Officers met with ISO management in August to discuss NEPOOL's business priorities in an effort to ensure that the ISO work plan reflected those priorities. Following that meeting, the ISO prepared its Draft Work Plan. He noted that he also shared the 2016 NEPOOL Business Priorities memorandum with leadership of both the New England States Committee on Electricity (NESCOE) and NECPUC. In response to the NEPOOL memorandum and the ISO Draft Work Plan, NESCOE prepared and shared with the ISO and NEPOOL its reaction and suggestions. He said that the Officers met with ISO management and representatives of NESCOE and NECPUC on September 1 to discuss an earlier draft of the ISO's Work Plan. With input from NEPOOL and NESCOE, the ISO adjusted its Work Plan and it had been circulated to the entire NEPOOL membership for broader input and discussion. He noted that the ISO 2016 Operating and Capital Budgets would be discussed at this meeting as well. He said the Participants Committee would vote on those Budgets at the October 2

Participants Committee meeting, but had not voted previously, and there were no plans this year for a vote, on the ISO's Work Plan.

Ms. Heather Hunt, NESCOE Executive Director, referred the Committee to NESCOE's preliminary comments on the Draft Work Plan circulated with the meeting materials in advance of the meeting. She expressed appreciation to the ISO for the States' opportunity to provide comments on the Work Plan, and to NEPOOL for its efforts to identify its business priorities to be considered concurrently with the ISO's draft Work Plan. She stated that NESCOE provided its written comments before the organizations could discuss together the economic study that NEPOOL indicated it was seeking in its priorities. She said NESCOE was working on a white paper that would explore the various regulatory mechanisms available to the States to help realize their policy preferences and directives. Following that white paper, NESCOE expected to do a scenario analysis, and would communicate closely with NEPOOL and the ISO to maximize the value of the various analyses that were contemplated. Ms. Rachel Goldwasser, NECPUC Executive Director, echoed appreciation for NECPUC being included in the business planning process that NEPOOL pushed to occur earlier in the year. She said NECPUC found the process to be helpful, thoughtful and engaging. She stated that NECPUC looked forward to continuing the accelerated process going forward.

Mr. Gordon stated that this was the first time that NEPOOL had not only moved up the Work Plan discussion, but had tried independently and proactively to identify NEPOOL's priorities for consideration in the ISO's Work Plan. He encouraged Committee members to provide him or any of the NEPOOL Officers their ideas for improvement or ways to make the process more transparent.

Planning / Operations Activities

Dr. Chadalavada then reviewed the draft 2016 Work Plan circulated in advance of the meeting. He highlighted several of the key Planning / Operations activities, including:

- Annual Economic Study
 - ◆ Review potential impacts of emerging public policy directives on performance of the New England markets and power system.
 - ◆ Study scope definition efforts, with NEPOOL and the States to help shape, to be completed before the end of the first quarter (Q1) 2016. 2016 Economic Study requests must be submitted by April 1, 2016.
- Capacity Zones Modeling
 - ◆ Overview of the expected power system topology for the 2020/21 Capacity Commitment Period (FCA11) to be presented by the ISO in November 2015, and would include a review of existing zones, discussion of relevant constraints, and factors that could trigger the use of these zones in FCA11.
 - ◆ Existing capacity deliverability standard (Overlapping Impact Test) to be reviewed with stakeholders the in December 2015.
 - ◆ Regional transfer limits would be updated in Q1 2016.
 - ◆ Any changes or updates to Capacity Zones for FCA11 would be identified in Q1/Q2 2016, with FCA11 zonal requirements to be determined in Q2/Q3 2016.
 - ◆ Following discussion on zonal requirements for FCA11, ISO to continue dialogue with stakeholders on potential for persistence of zones for FCA12 and beyond.
 - ◆ Members expressed appreciation to the ISO for responding positively to the feedback provided by NEPOOL concerning the timing and process for Capacity Zones modeling. They explained that earlier identification of potential Capacity Zones would be very helpful to the market.
- Generator Interconnection Improvements
 - ◆ The ISO planned to work with stakeholders to improve the interconnection process by Q1 2016. The objective of any improvements would be to reduce the time to complete system impact studies for new inverter-based generators and to address the Interconnection Queue backlog, particularly for generators in weak areas of the system (Northern and Western Maine).
 - ◆ Address curtailment and performance issues in system operations for inverter-based generators and ensure the region satisfies modeling and performance requirements being introduced by new NERC standards.
 - ◆ He said that the ISO planned to make a presentation on generator interconnection issues and the overlapping impact test in December 2015. Responding to questions on the generator interconnection improvements, he committed to review with the NEPOOL Officers the appropriate forum for

presenting these issues and any suggested changes. Mr. Doot clarified that, as reported in the Litigation Report, more general issues of generator interconnection process improvement nationwide had been raised with the FERC, but that the issue for discussion under the Work Plan was to focus specifically on New England's needs and processes.

- Regional System Plan (RSP) 2016
 - ◆ In response to stakeholder feedback, the ISO planned to change the RSP cycle to a biennial rather than an annual process, with no RSP planned for 2016.
 - ◆ Data contained in the RSP would continue to be available to stakeholders consistent with current data release schedules (annually, quarterly, etc.).
 - ◆ To support the timing change, the ISO planned to review related Tariff changes with the Transmission Committee and file them at FERC in Q4 2015/early 2016.

Related to key activities identified by Dr. Chadalavada in the meeting, a member expressed appreciation for the ISO's efforts to clarify cyber security issues being considered by the national and regional reliability organizations and in trying to work through those issues both to ensure avoidance of any unnecessary costs and proper compensation to those who would be required to incur incremental costs to satisfy cyber security reliability standard issues.

Market Design – FCM Related

Dr. Chadalavada then reviewed key FCM-related market design activities, including:

- Resource Retirement Reforms
 - ◆ The ISO would propose changes to the rules related to resource retirements, including modifications to the non-price retirement and permanent de-list bid structure, as well as the timing for submitting information available to the markets.
 - ◆ Stakeholder process was underway, with a FERC filing targeted for the end of 2015 and implementation targeted for FCA11.
- Treatment of Resources Retained for Reliability
 - ◆ The ISO would evaluate modifications for treatment of resources retained for reliability.
 - ◆ Stakeholder process would not begin until after the Resource Retirement Reforms project was completed and implementation would be targeted for no earlier than FCA12.

- Zonal Demand Curves
 - ◆ The ISO was developing a revised zonal demand curve proposal for FCA11, including conforming changes to FCA pricing rules.
 - ◆ Stakeholder process was expected to begin in Q3 2015, with a FERC filing targeted for Q2 2016 and implementation targeted for FCA11.
- Reconfiguration Auctions & CSO Bilaterals under Zonal Demand Curves
 - ◆ Reconfiguration auction (RA) and CSO Bilateral rules to be developed upon completion of Zonal Demand Curve changes.
 - ◆ Stakeholder process expected to begin in Q1 2017, with the first annual RA for the Capacity Commitment Period beginning June 2020.
- FCM Qualification Modifications and Clarifications
 - ◆ ISO was developing changes to aspects of the FCA and reconfiguration auction qualification processes, including minor qualification changes for resources, expanding those MWs eligible to satisfy reconfiguration and bilateral requirements, reducing resource size requirements, and identifying miscellaneous qualification-related clarifications.
 - ◆ Stakeholder process expected to begin by Q4 2015, with a FERC filing targeted for Q1 2016 and implementation targeted for 2016.
- Auction Format Evaluation
 - ◆ As requested by NEPOOL, the ISO was planning to evaluate the FCA's descending clock auction format and alternatives. Evaluation would include the impacts of the format, timing and review of de-list bids and supply offers.
 - ◆ Initial scoping discussion expected to occur in Q4 2015, with next steps to be determined based on that discussion.

Market Design – Price Formation

Turning to price formation activities, Dr. Chadalavada reviewed the following key activities:

- Sub-hourly Real-Time Settlement
 - ◆ The ISO was developing sub-hourly settlement for Real-Time markets (Energy, Reserves, and Regulation) for generation and Dispatchable Asset Related Demand and External Transactions to align settlement and dispatch frequency (5-minute basis).
 - ◆ Stakeholder process underway, with a FERC filing targeted for Q1 2016 and implementation targeted for Q1/Q2 2017.
- Day-Ahead Reserve Market
 - ◆ The ISO was evaluating design changes to the Day-Ahead Market to procure and price Operating Reserves in co-optimized Day-Ahead Energy and Reserve Markets.

- ◆ Stakeholder process expected to begin in Q4 2016 and timing of implementation to be evaluated during proposal development (but not expected to occur before Q1 2019).

Dr. Chadalavada stated, in response to a question as to whether and when the ISO planned to address the issue of multi-hour system ramp pricing, which was in the 2015 Work Plan, the ISO's view that the Day-Ahead co-optimization of Reserves would produce more direct reliability benefits, especially during the winter period. He clarified that activity concerning multi-hour system ramp pricing was still planned, but that it was being delayed to occur later than the time covered by the Work Plan.

Dr. Chadalavada concluded his presentation by cautioning that, regardless of how thorough and thoughtful all were in assembling the Work Plan, certain changes in circumstances beyond the control of the ISO, NEPOOL or the States could materially impact the Plan. He cited by way of example the potential impact of a Supreme Court ruling on demand resource integration (*EPSA v. FERC, et al*). He stated the Work Plan could not realistically identify the level of activity that would be required under all possible scenarios and some scenarios would have the potential to impact the timing of the consideration and implementation of some of the priority items discussed. He added that, as it had always done in the past, the region would have to adjust the Work Plan, if and as needed, to respond to all requirements later imposed by regulators.

In response to a comment that the NCPC cost allocation project was not listed in the next six quarters, Dr. Chadalavada stated that primary focus was on the 3 major market-related activities: sloped zonal demand curves, resource retirement reforms, and the Day-Ahead co-optimization of Reserves, with some projects unfortunately pushed back as a result.

Mr. Doot noted that, throughout discussions of the Work Plan, there had been repeated questions as to whether more work could be planned or accomplished if the ISO expanded its

resources. The ISO had consistently responded that the critical path was largely dictated by the availability of personnel the most knowledgeable and necessary to ensuring that the various changes all fit together appropriately, and adding more resources was not likely to materially change the schedule for priority items.

REPORT ON 2016 ISO OPERATING AND CAPITAL BUDGETS AND 2016 NESCOE BUDGET

Mr. Kenneth Dell Orto, Budget & Finance Subcommittee Chair, referred the Committee to the 2016 ISO Operating and Capital Budgets (2016 ISO Budgets) materials circulated in advance of the meeting. He outlined the following stakeholder process for review of the 2016 ISO Budgets that was followed in accordance with the 2013 ISO Budget settlement:

- Presentation and discussion with Regulators at the 2015 NECPUC Symposium;
- Presentation and discussion at the Participants Committee Summer Meeting in June;
- Management review of feedback from the stakeholder meetings and the ISO Board and incorporation of initiatives into the 2016 ISO Budgets;
- Presentation and discussion of updates to the proposed 2016 ISO Budgets at the August 26 Budget & Finance Subcommittee meeting;
- Meeting between ISO and state representatives on August 27 and the States' submission of written questions for review by the ISO; and
- Presentation and discussion at the September 11 Participants Committee meeting.

He explained that a final NEPOOL vote was scheduled for the October 2 Participants Committee meeting.

Mr. Robert Ludlow, ISO Chief Financial & Compliance Officer, then continued discussion on the review process. He reported that, on September 25, the ISO would share with NEPOOL the projected impact on the rates across the various ISO Administrative Tariff schedules. Under the process agreed to in settlement, the States had until September 25 to provide comments to the ISO, and the ISO had until October 8 to respond to those comments.

He indicated that the ISO would post on its website all of the States' questions received on the 2016 Budget proposal and answers thereto. The ISO Board, with the benefit of NEPOOL's October vote and all of the other input received, would then consider and vote on the 2016 ISO Budgets in mid-October, with a Tariff filing shortly thereafter and a FERC order on that filing by the end of December 2015.

Mr. Ludlow explained that the proposed 2016 ISO Operating Budget was largely consistent with the budget that was discussed in June. He highlighted key costs drivers of the budget changes from the prior year, including the following: cyber security, market monitoring, licensing costs, and other inflationary increases. He summarized that the proposed 2016 ISO Operating Budget (excluding depreciation and the true-up for past years) was 3.9% (or \$7 million) higher than the 2015 Operating Budget. He stated that the final 2016 Operating and Capital Budgets would reflect the results of the ongoing priorities and work plan discussions with stakeholders. He reported that, in total, the 2016 ISO revenue requirement would be 9.6% higher than in 2015, 5.7% of which was attributable to a smaller year-end true-up -- the 2014 revenue requirement true-up included in the 2016 revenue requirement, would be a \$0.6 million reduction versus the \$9.8 million 2013 true-up reduction that was included in the 2015 revenue requirement.

Turning to the 2016 Capital Budget, Mr. Ludlow reviewed that the proposed budget was \$1 million below the 2015 Capital Budget, and maintained spending at \$27 million for major projects in development, including: wind integration, FCA10, divisional accounting, and zonal load forecast.

Turning to the 2016 NESCOE Budget, Mr. Dell Orto referred the Committee to the NESCOE materials posted in advance of the meeting. He reported that the total NESCOE Budget for 2016 was \$2.2 million. He said that the 2016 NESCOE Budget was presented at the

August 26 Subcommittee meeting and was consistent with NESCOE's previously approved 5-year *pro forma* budget. He reported that the proposed Schedule 5 rate of collections for 2016 would be \$0.00290 per kW times Monthly Regional Network Load.

Mr. Gordon re-emphasized that the 2016 Budgets would be voted at the October 2 Committee meeting. He urged members to raise any questions or concerns in advance of the vote directly with Messrs. Dell Orto and/or Ludlow. He stated that, if needed, another Subcommittee meeting would be scheduled to consider any additional questions or concerns raised.

In response to a question, Mr. Ludlow confirmed that there would be no change in how the 2016 NESCOE Budget would be collected under ISO Schedule 5 from prior years. In response, the MMWEC representative indicated that his company, as it had done in the past, would oppose the 2016 NESCOE Budget because of its long-standing position that states should be paying those costs and not transmission customers under the ISO Tariff.

REVISIONS TO ISO-NE OPERATING PROCEDURE NO. 14

Mr. Donald Gates, NEPOOL Reliability Committee Chair, referred the Committee to the materials circulated in advance of the meeting regarding revisions to ISO Operating Procedure No. 14 (OP-14 Revisions). He stated that OP-14 specifies, among other things, technical requirements for generators in the ISO's market system. The OP-14 Revisions were designed to address how distributed generation would be treated, and included some other clean-up changes to defined terms. The focus of the OP-14 Revisions was to provide for the aggregation of "dispersed power resources" (i.e., distributed generation) that are connecting to the existing system through a common point of interconnection for the purpose of determining whether a 5 MW threshold (used to determine whether certain OP-14 requirements will apply to the

resources) is reached. By requiring the aggregation of dispersed power resources, more distributed generation would become operationally visible to the ISO, which was the reason cited by the ISO for the OP-14 Revisions.

Mr. Gates reported that the ISO presented the OP-14 Revisions to the Reliability Committee at multiple meetings and for a vote at that Committee's August 18, 2015 meeting. The Reliability Committee voted to recommend Participants Committee support for the Revisions based on a show of hands, with numerous oppositions and abstentions noted. Prior to the vote on the OP-14 Revisions, SunEdison proposed an amendment to those Revisions that would have allowed for the aggregation of distributed power resources of affiliates only. That motion to amend failed with a vote of approximately 54% in favor. Mr. Gordon noted that SunEdison planned to present its proposed amendment to the Participants Committee for consideration and vote. SunEdison had also raised the issue of whether the OP-14 Revisions should be filed with the FERC as changes to rates, terms and conditions of service.

The following motion was duly made and seconded:

RESOLVED, that the Participants Committee supports the proposed OP-14 Revisions, as recommended by the Reliability Committee and as reflected in the materials distributed to the Participants Committee for its September 11, 2015 meeting, together with such non-substantive changes as may be agreed to after the meeting by the Chair and Vice-Chair of the Reliability Committee.

The Committee then discussed the Proposal. The SunEdison representative stated that, while his company supported the ISO's reliability objective, he thought there must be alternative means to achieve that objective without over-burdening small, unaffiliated distributed generation (DG). He believed the OP-14 Revisions would unnecessarily burden small DG. He then described SunEdison's amendment, which allowed for the aggregation of DG under 5 MW only for affiliated facilities. He also thought that this issue could benefit from further discussion

among Participants and with the ISO before a vote and sought more time to explore a solution. Another representative of the Alternative Resources Sector said he shared SunEdison's concerns and thought that a deferral of the vote might be appropriate. Representatives then stated they would offer a motion to defer if needed. A member asked whether the ISO would agree to a short deferral to try to resolve this issue. In response, Mr. Raymond Hepper, ISO Counsel, noted that the Participants Agreement provided generally for a one-month deferral of action on a proposal and that the ISO would not object to such a deferral here. A Publicly Owned Entity representative noted his Sector's opposition to the ISO proposal because of its effect on generating facilities that would otherwise be Settlement-Only Resources under the Tariff. He thought there should be further discussion of what was needed and then inclusion of those requirements in the Market Rules. Also, from a process standpoint, the representative questioned whether the OP-14 Revisions would be a change in rates, terms and conditions of the Tariff through an Operating Procedure. A representative in support of the deferral asked the ISO to consider operational issues and whether there was a better way to address them and expressed his hope that the ISO would change the way it was proposing to get the needed operational visibility. Another representative questioned whether the OP-14 Revisions would even address the desired operational needs and recommended that Participants and the ISO look further for a better solution, noting her plans to meet and discuss these issues with the ISO in the near future. A Generation representative expressed his company's concerns about the burdens the ISO's proposal would put on DG. Several members stated they would not oppose the deferral, but suggested the need for a broader discussion of the 5 MW threshold for Settlement-Only Resource eligibility in light of increased DG on the system and encouraged DG representatives to identify a way to get the ISO the needed information. Noting timing challenges, Mr. Hepper said the ISO would not object to the OP-14 Revisions being deferred to the November 6 Participants

Committee meeting to give everyone more time to work on a solution. He added that the ISO needed an additional opportunity to discuss internally how else it might obtain the data it needs.

Mr. Gordon then asked if there was any objection to deferring this item to the November Participants Committee meeting. No objection was raised and, by acclamation, consideration of the motion was deferred to the November 6 Participants Committee meeting pending further ISO and Technical Committee consideration of concerns in connection with the proposed changes.

REMOVAL OF REVIEW BOARD ARRANGEMENTS

Mr. Doot referred the Committee to the materials circulated in advance of the meeting to approve for balloting proposed amendments to the NEPOOL Agreement (a proposed 129th Agreement Amending the New England Power Pool Agreement (129th Agreement)) and to the Participants Agreement (Amendment No. 9, and together with the 129th Agreement, the Amendments) to eliminate the Review Board arrangements. He reviewed that the status of the Review Board had been a topic of discussion over the past several years, since the Review Board had not been called on for any matters for more than six years, and questions arose every year in connection with NEPOOL Budget discussions, why NEPOOL continued to incur expenses for the Review Board. At the direction of the NEPOOL Officers, NEPOOL Counsel worked with the Budget & Finance Subcommittee and the Review Board Liaison Committee to identify appropriate amendments to the governing documents for the elimination of the Review Board. He stated that if the Amendments were approved in balloting, the only reference to the Review Board would be in those provisions that would continue to provide for indemnification of the Review Board Members for losses incurred as a result of service on the Review Board. He reported that the Amendments were proposed to become effective on January 1, 2016. He stated the Review Board Liaison Committee and the Budget & Finance Subcommittee both considered the Amendments without comment or objection.

Mr. Doot reported that, in response to NEPOOL Counsel's request for feedback on the proposed Amendments, a request was made that NEPOOL consider adding or retaining some form of alternative dispute resolution (ADR) mechanism to resolve disputes regarding NEPOOL Generation Information System (GIS) rules and implementation. He stated that, unlike Market Rules and Tariff provisions, GIS matters were not subject to the jurisdiction of the FERC (which resolved disputes over all Tariff changes). Likewise, GIS matters were not subject to the general ADR provisions set forth in the ISO Tariff. Accordingly, if the Review Board arrangements were removed, there would be no specifically identified ADR provisions for Participants to resolve disputes on GIS matters.

He requested Committee guidance on whether it wished to consider a GIS-specific ADR mechanism, and, if so, how it would like to identify such a mechanism. Mr. Doot clarified that this issue was not raised in opposition to the elimination of the Review Board, nor was a delay sought on its elimination, but rather the request was to address this matter if the Committee decided to support eliminating the Review Board. He noted that an ADR mechanism specifically tailored for GIS-related disputes could be accomplished separately and possibly included within the GIS rules rather than in the Restated NEPOOL Agreement.

The following motion was duly made and seconded:

RESOLVED that the Participants Committee authorizes and directs the Balloting Agent (as defined in the Second Restated NEPOOL Agreement) to circulate ballots for the approval of changes to the Second Restated NEPOOL Agreement and Participants Agreement (that remove the NEPOOL Review Board), together with such non-material changes therein as the Chair of the Review Board Liaison Committee may approve, to each Participant for execution by its voting member or alternate on this Committee or such Participant's duly authorized officer.

In response to the request for guidance on a specifically-tailored GIS ADR mechanism, members expressed support for, and opposition to, consideration of such a mechanism. Those

supporting consideration thought it important to continue to have, or at least consider having, a mechanism for a last review by an independent body, as is available with matters subject to FERC jurisdiction. Those opposing consideration expressed reservations that an ADR mechanism to meet or exceed the ability of the Participants Committee to address grievances with respect to GIS matters could be identified and preferred instead to terminate the process with Participants Committee consideration. Emphasizing that all possible outcomes remained on the table, Mr. Gordon announced that he had asked Mr. Dell Orto, and Mr. Dell Orto had agreed, to lead efforts to develop a recommendation for Participants Committee consideration at a later meeting.

The Committee then considered and approved the resolution to ballot the Amendments, with an opposition by EnerNOC and an abstention by Marble River, noted. Mr. Gordon urged Participants to promptly return their ballots, which were circulated at the meeting and by e-mail to members and alternates.

LITIGATION REPORT

Mr. Doot referred the Committee to the September 9 Litigation Report that had been circulated and posted the day before the meeting. He highlighted the continued high level of activity, particularly in a month that is traditionally the FERC's quietest. He indicated that the agenda for the FERC open meeting the following week included consideration of matters related to the Winter Reliability Program jump ball and the requests for rehearing on a number of other winter operations issues. Mr. Hepper clarified that FERC had noticed those proceedings in connection with a winter readiness report that it had requested of all the ISOs/RTOs, and that the jump ball decision, he expected, would be issued no later than Monday, September 14, which was the date jointly requested for that order. It was also noted that FERC was planning to issue a general order concerning price formation at that meeting.

COMMITTEE REPORTS

Officers from each of the Technical Committees reported on the schedule for Committee meetings in September. Ms. Allison DiGrande reported that the Markets Committee was continuing discussions on resource retirement issues and would be starting discussions on zonal demand curves. Mr. Jose Rotger reported that the Transmission Committee was scheduled to discuss on September 24 in Westborough interconnection queue issues, changes to Schedule 22 and 23 and the generator interconnection process, and changes to Attachment K related to the resource retirement provisions to eliminate price retirement. Mr. Stein reported that the Reliability Committee was scheduled to review at its September 15 meeting the ISO's presentation of the reliability aspects of proposed changes to resource retirements. Mr. Dell Orto reported that the next Budget & Finance Subcommittee meeting was scheduled for October 9 as a teleconference meeting.

OTHER BUSINESS

Mr. Doot reminded members that the next Participants Committee meeting was scheduled for October 2 at the Colonnade Hotel in Boston. He stated that the November 6 meeting with the ISO Board and Sector breakout meetings was scheduled at the Hilton Logan Hotel in Boston. He asked that the Sectors meet to provide any questions, agenda topics, and supporting materials for the ISO Board in advance of the Sector meetings. He reported the 2015 Annual Meeting was scheduled for December 4 at the Colonnade Hotel. He reminded the Committee of the 2016 Officer Elections and to consider their Sector Vice-Chairs for that election over the next several weeks.

There being no further business, the meeting adjourned at 12:23 p.m.

Respectfully submitted,

David T. Doot, Secretary

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN THE
SEPTEMBER 11, 2015 MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
American PowerNet Management	Supplier			Mary Smith
Ashburnham Municipal Light Plant	Publicly Owned			Chung Liu
Associated Industries of Massachusetts	End User			Roger Borghesani
Belmont Municipal Light Department	Publicly Owned		Phil Smith	
Boylston Municipal Light Department	Publicly Owned			Chung Liu
BP Energy Company	Supplier			Nancy Chafetz (tel)
Brookfield Energy Company	Supplier	Aleksander Mitreski		
Calpine Energy Services, LP	Supplier	John Flumerfelt	Brett Kruse	
Central Maine Power Company	Transmission		Sue Clary (tel)	
Chester Municipal Electric Light Department	Publicly Owned	Phil Smith		
Chicopee Municipal Lighting Plant	Publicly Owned			Chung Liu
Citigroup Energy Inc.	Supplier	Barry Trayers (tel)		
CLEAResult Consulting, Inc.	AR	Doug Hurley		
Concord Municipal Light Plant	Publicly Owned		Phil Smith	
Connecticut Municipal Electric Energy Coop.	Publicly Owned	Brian Forshaw		
Conservation Law Foundation	End User	Jerry Elmer		
Consolidated Edison Energy, Inc.	Supplier	Jeff Dannels		
CPV Towantic, LLC	Generation	Daniel Pierpont		
Danvers Electric Division	Publicly Owned		Phil Smith	
Dominion Energy Marketing, Inc.	Generation	Jim Davis		
DTE Energy Trading, Inc.	Supplier			Nancy Chafetz (tel)
Dynergy Marketing and Trade, LLC	Supplier			Bill Fowler
Emera Maine	Transmission	Jeff Jones (tel)	Jose Rotger	Stacy Dimou Andrew McCullough
Energy America, LLC	Supplier			Nancy Chafetz (tel)
EnerNOC, Inc.	AR	Herb Healy		
Entergy Nuclear Power Marketing, LLC	Generation		Ken Dell Orto	
Essential Power, LLC	Generation	M.Q. Riding (tel)	Bill Fowler	
Eversource Energy	Transmission	James Daly		Dave Errichetti (tel)
Exelon Generation Company	Supplier	Steve Kirk	Bill Fowler	
Galt Power, Inc.	Supplier	Nancy Chafetz (tel)		
GDF SUEZ Energy Marketing NA, Inc.	Generation	Thomas Kaslow		
Generation Group Member	Generation	Dennis Duffy	Abby Krich	Bob Stein
Georgetown Municipal Light Department	Publicly Owned		Phil Smith	
Granite Ridge/Merrill Lynch	Supplier		Bill Fowler	
Groton Electric Light Department	Publicly Owned			Chung Liu
Groveland Electric Light Department	Publicly Owned		Phil Smith	
H.Q. Energy Services (U.S.) Inc.	Supplier	Louis Guilbault	Bob Stein	
Harvard Dedicated Energy Limited	End User	Mary Smith		Roger Borghesani Paul Peterson
High Liner Foods (USA) Incorporated	End User		William P. Short III	
Hingham Municipal Lighting Plant	Publicly Owned		Phil Smith	
Holden Municipal Light Department	Publicly Owned			Chung Liu
Hudson Light and Power Department	Publicly Owned			Chung Liu
Hull Municipal Lighting Plant	Publicly Owned			Chung Liu
Industrial Energy Consumer Group	End User	Don Sipe		
Ipswich Municipal Light Department	Publicly Owned			Chung Liu
Jericho Power, LLC	AR		Phil Smith	
Long Island Lighting Company (LIPA)	Supplier		William Killgoar	
Littleton (MA) Electric Light & Water Department	Publicly Owned		Phil Smith	

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PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Littleton (NH) Water & Light Department	Publicly Owned		Craig Kienny (tel)	
Maine Public Advocate Office	End User			Paul Peterson
Maine Skiing, Inc.	End User	Don Sipe		
Mansfield Municipal Electric Department	Publicly Owned			Chung Liu
Marblehead Municipal Light Department	Publicly Owned			Chung Liu
Marble River, LLC	Supplier			Steve Garwood
Massachusetts Attorney General's Office (MA AG)	End User	Fred Plett	Christina Belew (tel)	
Mass. Development Finance Agency	Publicly Owned		Phil Smith	
Mass. Municipal Wholesale Electric Company (MMWEC)	Publicly Owned		Chung Liu	
Merrimac Municipal Light Department	Publicly Owned		Phil Smith	
Middleborough Gas and Electric Department	Publicly Owned			Chung Liu
Middleton Municipal Electric Department	Publicly Owned		Phil Smith	
National Grid	Transmission	Timothy Brennan	Timothy Martin	
New Hampshire Electric Cooperative (NHEC)	Publicly Owned		Steve Kaminski (tel)	Brian Forshaw
New Hampshire Office of Consumer Advocate (NH OCA)	End User	Paul Peterson		
NextEra Energy Resources, LLC	Generation	Michelle Gardner		
Noble Americas Gas & Power Corp.	Supplier		Becky Merola	
NRG Power Marketing LLC	Generation	Dave Cavanaugh (tel)	Peter Fuller	
Pascoag Utility District	Publicly Owned		Phil Smith	
Paxton Municipal Light Department	Publicly Owned			Chung Liu
Peabody Municipal Light Plant	Publicly Owned			Chung Liu
PowerOptions, Inc.	End User	Cindy Arcate		
Princeton Municipal Light Department	Publicly Owned			Chung Liu
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
Repsol Energy North America Company	Supplier		Nancy Chafetz (tel)	
Rowley Municipal Lighting Plant	Publicly Owned		Phil Smith	
Russell Municipal Light Dept	Publicly Owned			Chung Liu
Shrewsbury Electric & Cable Operations	Publicly Owned			Chung Liu
Small Load Response Group Member	AR	Doug Hurley		
Small Renewable Generation Group	AR	Erik Abend (tel)		
South Hadley Electric Light Department	Publicly Owned			Chung Liu
Sterling Municipal Electric Light Department	Publicly Owned			Chung Liu
Stowe Electric Department	Publicly Owned		Phil Smith	
SunEdison (First Wind Energy Marketing, Inc.)	AR	John Keene		Bob Stein
Tangent Energy Solutions	Provisional Member	Brad Swalwell (tel)		
Taunton Municipal Light Department	Publicly Owned		Phil Smith	
Templeton Municipal Lighting Plant	Publicly Owned			Chung Liu
The Energy Consortium	End User	Roger Borghesani	Mary Smith	Paul Peterson
TransCanada Power Marketing Ltd.	Generation			Dan Congel (tel)
Union of Concerned Scientists	End User		Francis Pullaro (tel)	
United Illuminating Company	Transmission	Christian Belcheck		
Utility Services, Inc.	End User			Paul Peterson
Vermont Electric Cooperative	Publicly Owned	Craig Kienny (tel)		
Vermont Energy Investment Corporation	AR		Doug Hurley	
Vermont Public Power Supply Authority	Publicly Owned	David Mullett		
Vitol Inc.	Supplier	Joe Wadsworth		
Wakefield Municipal Gas and Light Department	Publicly Owned			Chung Liu
Wallingford DPU Electric Division	Publicly Owned		Phil Smith	
Wellesley Municipal Light Plant	Publicly Owned		Phil Smith	
West Boylston Municipal Lighting Plant	Publicly Owned			Chung Liu

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SEPTEMBER 11, 2015 MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Westfield Gas & Electric Light Department	Publicly Owned		Phil Smith	