

FINAL

A meeting of the NEPOOL Participants Committee was held beginning at 10:00 a.m. on Friday, March 2, 2018, at the Hilton Logan Boston Hotel, Boston, Massachusetts, pursuant to notice duly given. A quorum determined in accordance with the Second Restated NEPOOL Agreement was present and acting throughout the meeting. Attachment 1 identifies the members, alternates, and temporary alternates attending the meeting.

Mr. Thomas Kaslow, Chair, presided and Mr. David Doot, Secretary, recorded.

APPROVAL OF FEBRUARY 2, 2018 MEETING MINUTES

Mr. Kaslow referred the Committee to the preliminary minutes for the February 2, 2018 teleconference meeting, as circulated in advance of the meeting. Following motion duly made and seconded, the preliminary minutes of the February 2 teleconference meeting were unanimously approved without change.

CONSENT AGENDA

Mr. Kaslow 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.

FINANCIAL ASSURANCE POLICY DEFINED TERMS AND CLEAN-UP CHANGES

Mr. Kaslow referred the Committee to the materials posted in advance of the meeting concerning conforming and clean-up changes to the ISO Financial Assurance Policy (FAP). He explained that one of the proposed changes conformed the FAP to the change to the definition of “Commercial Capacity” in Section I.2.2. of the Tariff, part of the FCM Enhancements II project changes that had just been supported as part of the Consent Agenda (Agenda #2). The other changes updated cross-references and reflected conforming changes consistent with Market Rule changes to become effective June 1, 2018. He reported that the Budget & Finance

Subcommittee discussed these changes and there were no objections by Subcommittee members to the changes.

The following motion was duly made and seconded:

RESOLVED, that the Participants Committee supports the clean-up changes to the ISO Financial Assurance Policy, 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 & Finance Subcommittee may approve.

In response to a member's question, counsel for the ISO reported that the ISO planned to file the package of FCM enhancement changes, including the clean-up changes to the FAP, with the FERC by April and to request a June 1, 2018 effective date.

The Committee then voted and unanimously approved the motion.

ISO CEO REPORT

Mr. Gordon van Welie, ISO Chief Executive Officer (CEO), referred the Committee to the summaries of the ISO Board and Board Committee meetings that had occurred since the February 2 meeting, which had been circulated and posted in advance of the meeting. There were no questions or comments on the summaries.

ISO COO REPORT

Dr. Vamsi Chadalavada, ISO Chief Operating Officer (COO), referred to the March COO report and an update on the 2018 Work Plan, which were circulated in advance of the meeting and posted on the NEPOOL and ISO websites. He said the March COO report reflected data through February 21, 2018. During that time: (i) Energy Market value was \$342 million, down \$998 million from January 2018 and up \$38 million from February 2017; (ii) average natural gas prices were 67% lower than average prices in January 2018; (iii) average Real-Time Hub LMPs (\$41.83/MWh) were 61% lower than January 2018 LMPs; (iv) average daily (peak hour) Day-

Ahead cleared physical Energy, as a percent of forecasted load, was 98.7% in February, down from 99% in January 2018; and (v) daily Net Commitment Period Compensation (NCPC) for February (based on data through February 20, 2018) totaled \$1.5 million, down \$18.7 million from January 2018 and down \$5.6 million from February 2017. Commenting on what he recalled to be one of the lowest NCPC percentages in some time, he said that February NCPC was 0.4% of total Energy Market value, comprised of (a) \$1.5 million in first contingency payments, which were down \$5.6 million from February 2017, and (b) no second contingency payments, compared to \$1.7 million the prior month.

Reviewing highlights, he noted that New England recorded its warmest ever winter temperature on February 21, 2018 -- 73°F. He referenced the results of the twelfth Forward Capacity Auction (FCA12), which was held February 5-6, 2018. He said that the auction results, which were filed with the FERC on February 28, would be presented and discussed fully at the March and April Reliability Committee meetings. He said that the March 15 Planning Advisory Committee (PAC) meeting would include a presentation of FCA13 zonal boundary determinations and an update on the 2018 long-term load, photovoltaic, and energy efficiency forecasts.

Dr. Chadalavada received a number of questions on how FCA12 price formation was impacted by the De-List Bids from Mystic 7 & 8 that were rejected for reliability reasons. He explained that, had the ISO captured or modeled this highly localized transmission constraint as a nested zone, the Rest-of-Pool clearing price would have been exactly the same as the FCA12 clearing price (\$4.631/kW-mo.). In response to a follow-up hypothetical question, he stated that if the constraint identified had not existed (i.e., if the ISO had accepted Mystic 7 & 8 De-List Bids), supply would have been decreased and the Rest-of-Pool price would have been higher than the FCA12 clearing price. He committed to have recirculated the ISO's conceptual paper

from 2012, which had described the effect of local zones, and by extension resources retained for reliability reasons, on Pool-wide capacity pricing.

Dr. Chadalavada then discussed the next FCA (FCA13), reporting that retirement and permanent De-List Bids were due March 23, and that processes were underway to set ICR and related values. He said that many training sessions were scheduled for the second quarter related to FCA13 qualification and participation. He separately reported that the 2017-18 Winter Reliability Program finished on March 1.

Updating members on the ISO's 2018 Work Plan, Dr. Chadalavada referred to information circulated on the topic and highlighted three significant projects that would go live on June 1, 2018: (1) Pay-for-Performance (PFP); (2) Price Responsive Demand Full Integration; and (3) FCM improvements (including introduction of sloped zonal demand curves into Annual Reconfiguration Auctions associated with FCA11). He said that implementation of the Balance of Planning Period (BoPP) Project had been further delayed, with implementation scheduled for no later than fourth quarter 2019. He explained that the delay was driven by regulatory challenges and practical limits on when the work might be accomplished without delaying higher priority items. He committed the ISO to work to accomplish the changes sooner if possible. He flagged that hourly offers associated with imports were scheduled to be implemented on September 1, 2018. He said that the ISO was accelerating its exploration of Market Rule changes to address delays in commercial operation of new resources that cleared in an FCA, and planned to bring potential reforms to the rules governing non-commercial capacity resources to the Markets Committee for discussion beginning in the second quarter of 2018. He further noted that the Markets Committee would receive a memorandum on this topic from the ISO Markets Development team that would outline proposed next steps.

In response to a member's question, Dr. Chadalavada reported that discussion of potential changes to address Interconnection Reliability Operating Limit (IROL) compensation-related issues would begin during the next quarter with the Reliability Committee or Transmission Committee. Specifics as to where and how those issues would be addressed would be reflected in later notices.

Dr. Chadalavada acknowledged an expressed concern that potential changes to the allocation of uplift costs to deviations continued to be deferred as a regional business priority, which the questioner asserted impeded potential imports when uplift was projected to be high, but noted the complexity of the issue and that a workable solution had not yet been identified.

On other issues raised by members, Dr. Chadalavada committed the ISO to report back to the Committee on the expected date for posting the final Maine Resource Integration Study (which would open the window for the first Cluster System Impact Study applications). He said that under the current Work Plan (and prior to FERC's issuance of its final rule on energy storage participation in RTO/ISO markets (Order 841)), the ISO was planning to implement by December 2018 identified enhancements for energy storage participation in the Energy Market. Markets Committee discussions on these proposed Market Rule changes would begin in April 2018. In the meantime, the ISO would work with NEPOOL to highlight any gaps between the ISO's proposed changes and Order 841's requirements.

NEPOOL INPUT TO THE ISO ON GRID RESILIENCE COMMENTS IN DOCKET NO. AD18-7

Mr. Kaslow referred the Committee to materials circulated and posted in advance of the meeting, including the memorandum from the NEPOOL Officers concerning several important points for the ISO to consider as it prepared its comments in the Grid Resilience proceeding and its presentation overview. He expressed appreciation to the ISO for the outline of its filing.

Dr. Chadalavada reviewed the presentation circulated and posted in advance of the meeting, which outlined the substance of the ISO's planned March 9 filing. He noted considerable alignment between the ISO's planned filing and comments provided by the Officers. He explained that the ISO would identify resilience and reliability challenges it was experiencing but would not offer solutions. Rather, it would ask that the FERC provide the region until the end of the second quarter of 2019 to work through any potential solutions. As Mr. van Welie had signaled to members during the February teleconference meeting, the ISO would focus its comments on fuel security, as informed by its experiences during winter 2017-18.

A number of members expressed their disagreement with the Operational Fuel-Security Analysis (Report) and the conclusions that reasonably could or should be drawn from that Report. They argued the Report was biased and presented an unreasonably pessimistic and unverified view of the future that failed to acknowledge changes that would take place through the markets that would lessen if not eliminate legitimate fuel security concerns. Other members questioned whether ISO should take additional actions similar to the recently concluded Winter Program in light of the information in the Report, and urged that discussion occur sooner rather than later at the Markets Committee.

Dr. Chadalavada and Mr. van Welie responded to those comments and criticisms on the Report, explaining the ISO's conclusions and acknowledging that many more scenarios had been requested and could show different results. They explained that the Report was not intended to identify quantitative probabilities of any particular scenario occurring. They went on to say that the ISO's studies and experiences all indicated to the ISO an increasing risk that outages would occur because of fuel constraints. They both acknowledged that others may have different views, but Mr. van Welie said that the ISO had a responsibility to offer its best judgement, which

it did in the Report. The ISO would continue to reference the Report as a tool to inform policy makers, regulators and industry participants about resilience and reliability risks to New England.

Dr. Chadalavada noted that the ISO had received requests for over 350 additional scenarios/assumptions from stakeholders and was working to identify a feasible grouping of scenarios that stakeholders could rely on in making their observations about regional fuel security. Further, he noted that PFP changes would be in effect for FCA13 and the ISO did not want to interfere with signals from PFP by imposing additional out-of-market solutions. The ISO explained that, if events unfolded under existing rules in ways that threatened reliability or fuel security, the ISO had and would employ tools to reduce reliability risks, either by taking out-of-market action in dispatch or by relying on its Exigent Circumstances authority to propose and file emergency changes to existing Market Rules.

The Chairman noted that, whatever the future might bring, the region needed to determine, as a policy matter, the solution it believed appropriate for the circumstances. There was agreement and ISO commitment to spend time at the Markets Committee to explore whether further Market Rule changes might be necessary to minimize such risks to the region. Dr. Chadalavada said the ISO was committed to work with stakeholders in the NEPOOL process on the issues and was working to finalize additional scenario analyses in April to support further discussion.

Responding to concerns that press was describing the Report as representing reasonable predictions of the future, Mr. van Welie stated that reporters had the same information as members and the ISO could not control what the press chooses to emphasize in covering that information. However, the ISO did believe that the trends the Report suggested could compromise reliability if solutions were not implemented. He clarified that the ISO's concerns

did not relate to price volatility, but rather to concerns that the region might not have the fuel it needs, when and where it is needed, to maintain reliability.

Mr. Doot noted that, in addition to providing the ISO input for its consideration in finalizing its comments to the FERC, members also needed to provide to the NEPOOL Officers and counsel their views on what NEPOOL should include in its responsive comments. Members were urged to provide that input to the Officers or to NEPOOL counsel over the next month.

LITIGATION REPORT

Mr. Doot referred the Committee to the February 28 Litigation Report that had been circulated and posted in advance of the meeting. He noted that, since the Report was finalized, the FERC had approved without change or condition the joint filing by the ISO and NEPOOL of changes that established a new capacity market bilateral transaction, an Annual Reconfiguration Transaction (ART), and made other changes to the FCM rules. He also referred to the FERC's approval of the Peak Energy Rent (PER) settlement agreement, which left unresolved issues regarding the appropriate application of the settlement language for FCA9. Mr. Doot further noted the issuance of the FERC's final rules on energy storage and frequency response, which would be addressed at the Markets Committee and Transmission Committee, respectively. The Committee also was reminded that comments on the FCA12 results filing were due by April 13, 2018.

COMMITTEE REPORTS

Mr. William Fowler reported that the Markets Committee was scheduled to meet March 6 to review and consider Market Rule changes proposed in response to the FERC's PER settlement order, noting that materials had been circulated and posted. He asked that comments on the proposed changes be provided if possible in advance of that meeting. He said that the FERC order required the ISO to file the proposed changes late in March, which would be after the

Markets Committee consideration but before the next Participants Committee meeting. The Participants Committee would have an opportunity to consider the changes at its next meeting.

Mr. Robert Stein reported that the Reliability Committee was scheduled to meet March 13-14 and would continue review of what assumptions for the determination of Installed Capacity Requirements (ICR) should be evaluated and possibly changed for FCA13 and FCA14, and to review the ISO's decision to reject for reliability reasons the Mystic Units' FCA12 De-List Bids.

Mr. José Rotger reported that the Transmission Committee was scheduled to meet March 27 by teleconference. The March 27 agenda would include a review of Order 842, the FERC's final rule on primary frequency response requirements. He stated the Transmission Committee was likely to schedule extra meetings in April and May to review Tariff changes arising out of the ongoing settlement proceeding addressing formula rates and rate protocols for regional and local network service.

OTHER BUSINESS

Mr. Kaslow reported that the April 6 Participants Committee meeting was likely to be a teleconference meeting. He urged members to pay attention to notices. He said that, if an in-person was needed, it would be held at the Doubletree Hilton North Shore Hotel in Danvers, MA.

There being no further business, the meeting adjourned at 12:10 p.m.

Respectfully submitted,

David T. Doot, Secretary

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
MARCH 2, 2018 MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
AR Small Load Response (LR) Group Member	AR-LR	Doug Hurley	Brad Swalwell (tel)	
AR Small Renewable Generation (RG) Group Member	AR-RG	Erik Abend (tel)		
Ashburnham Municipal Light Plant	Publicly Owned		Brian Thomson (tel)	
AVANGRID: CMP/UI	Transmission	Eric Stinneford (tel)		
Belmont Municipal Light Department	Publicly Owned		Dave Cavanaugh (tel)	
Block Island Power Company	Supplier	Dave Cavanaugh (tel)		
Boylston Municipal Light Department	Publicly Owned		Brian Thomson (tel)	
BP Energy Company	Supplier			Nancy Chafetz
Braintree Electric Light Department	Publicly Owned			Dave Cavanaugh (tel)
Brookfield Energy Marketing	Supplier	Aleksandar Mitreski		
Calpine Energy Services, LP	Supplier		Brett Kruse (tel)	Bill Fowler
Chester Municipal Light Department	Publicly Owned		Dave Cavanaugh (tel)	
Chicopee Municipal Lighting Plant	Publicly Owned		Brian Thomson (tel)	
CLEARresult Consulting, Inc.	AR-DG	Doug Hurley		
Competitive Energy Services, LLC	Supplier			Glenn Poole
Concord Municipal Light Plant	Publicly Owned		Dave Cavanaugh (tel)	
Connecticut Municipal Electric Energy Coop. (CMEEC)	Publicly Owned	Brian Forshaw		
Conn. Office of Consumer Counsel	End User			Dave Thompson (tel)
Conservation Law Foundation	End User	David Ismay		
Consolidated Edison Energy, Inc. (ConEd)	Supplier	Jeff Dannels		
CPV Towantic, LLC	Generation	Dan Pierpont (tel)		
Cross-Sound Cable Company (CSC)	Supplier		Jose Rotger	
Danvers Electric Division	Publicly Owned		Dave Cavanaugh (tel)	
Direct Energy Business, LLC	Supplier	Ron Carrier		Nancy Chafetz
Dominion Energy Generation Marketing, Inc.	Generation	Michael Purdie (tel)		
DTE Energy Trading, Inc.	Supplier			Nancy Chafetz
Dyegy Marketing and Trade, LLC	Supplier			Bill Fowler
Emera Maine	Transmission	Lisa Martin (tel)		
Emera Energy Services	Transmission	Sandi Hennequin (tel)		Bill Fowler
Enerwise Global Technologies Inc d/b/a CPower Corp.	AR		Herb Healy (tel)	
Entergy Nuclear Power Marketing, LLC	Generation	Ken Dell Orto (tel)		Bill Fowler
Eversource Energy	Transmission	James Daly	Cal Bowie	Vandan Divatia
Exelon Generation Company	Supplier		Bill Fowler	
FirstLight Power Resources Management	Generation	Tom Kaslow		
Galt Power, Inc.	Supplier	Nancy Chafetz		
Generation Group Member	Generation	Dennis Duffy	Abby Krich	Bob Stein
Georgetown Municipal Light Department	Publicly Owned		Dave Cavanaugh (tel)	
Great River Hydro, LLC	AR-RG			Bill Fowler
Groton Electric Light Department	Publicly Owned		Brian Thomson (tel)	
Groveland Electric Light Department	Publicly Owned		Dave Cavanaugh (tel)	
H.Q. Energy Services (U.S.) Inc.	Supplier		Bob Stein	Abby Krich
Harvard Dedicated Energy Limited	End User		Mike Macrae	Paul Peterson Doug Hurley
High Liner Foods (USA) Incorporated	End User		William P. Short III	
Hingham Municipal Lighting Plant	Publicly Owned		Dave Cavanaugh (tel)	
Holden Municipal Light Department	Publicly Owned		Brian Thomson (tel)	
Holyoke Gas & Electric Department	Publicly Owned		Brian Thomson (tel)	
Hull Municipal Lighting Plant	Publicly Owned		Brian Thomson (tel)	
Ipswich Municipal Light Department	Publicly Owned		Brian Thomson (tel)	

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
MARCH 2, 2018 MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Littleton (MA) Electric Light and Waster Department	Publicly Owned		Dave Cavanaugh (tel)	
Long Island Lighting Company (LIPA)	Supplier		William Killgoar (tel)	
Mansfield Municipal Electric Department	Publicly Owned		Brian Thomson (tel)	
Marblehead Municipal Light Department	Publicly Owned		Brian Thomson (tel)	
Massachusetts Attorney General's Office (MA AG)	End User	Fred Plett	Christina Belew (tel)	Rebecca Tepper
Mass. Municipal Wholesale Electric Company	Publicly Owned	Brian Thomson (tel)		
Mercuria Energy America, Inc.	Supplier			Nancy Chafetz
Merrimac Municipal Light Department	Publicly Owned		Dave Cavanaugh (tel)	
Middleborough Gas & Electric Department	Publicly Owned		Brian Thomson (tel)	
Middleton Municipal Electric Department	Publicly Owned		Dave Cavanaugh (tel)	
National Grid	Transmission	Tim Brennan (tel)	Tim Martin	
Nautilus Power, LLC	Generation		Bill Fowler	
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		
NRG Power Marketing LLC	Generation		Pete Fuller	
Pascoag Utility District	Publicly Owned		Dave Cavanaugh (tel)	
Paxton Municipal Light Department	Publicly Owned		Brian Thomson (tel)	
Peabody Municipal Light Department	Publicly Owned		Brian Thomson (tel)	
PowerOptions, Inc.	End User			Paul Peterson
Princeton Municipal Light Department	Publicly Owned		Brian Thomson (tel)	
Reading Municipal Light Department	Publicly Owned			Brian Forshaw
Repsol Energy North America Company	Gas Industry Part.		Nancy Chafetz	
Rowley Municipal Lighting Plant	Publicly Owned		Dave Cavanaugh (tel)	
Russell Municipal Light Dept.	Publicly Owned		Brian Thomson (tel)	
Shrewsbury Electric & Cable Operations	Publicly Owned		Brian Thomson (tel)	
South Hadley Electric Light Department	Publicly Owned		Brian Thomson (tel)	
Sterling Municipal Electric Light Department	Publicly Owned		Brian Thomson (tel)	
Stowe Electric Department	Publicly Owned		Dave Cavanaugh (tel)	
Taunton Municipal Lighting Plant	Publicly Owned		Dave Cavanaugh (tel)	
Templeton Municipal Lighting Plant	Publicly Owned		Brian Thomson (tel)	
Texas Retail, LLC	Supplier	Chris Hendrix (tel)		
The Energy Consortium	End User			Paul Peterson, Fred Plett Doug Hurley
Utility Services Inc.	End User			Paul Peterson
Vermont Electric Power Company	Transmission	Frank Etori		
Vermont Energy Investment Corporation	AR-LR		Doug Hurley	
Vermont Public Power Supply Authority	Publicly Owned			Brian Forshaw
Verso Energy Services LLC	Generation	Glenn Poole		
Wakefield Municipal Gas & Light Department	Publicly Owned		Brian Thomson (tel)	
Wallingford DPU Electric Division	Publicly Owned		Dave Cavanaugh (tel)	
Wellesley Municipal Light Plant	Publicly Owned		Dave Cavanaugh (tel)	
West Boylston Municipal Lighting Plant	Publicly Owned		Brian Thomson (tel)	
Westfield Gas & Electric Department	Publicly Owned		Dave Cavanaugh (tel)	
Wheelabrator North Andover Inc.	AR-RG	Bill Fowler		