

FINAL

A meeting of the NEPOOL Participants Committee was held via teleconference beginning at 10:00 a.m. on Friday, January 4, 2019, 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 who participated in the teleconference meeting.

Ms. Nancy Chafetz, Chair, presided and Mr. David Doot, Secretary, recorded.

APPROVAL OF DECEMBER 7, 2018 MEETING MINUTES

Ms. Chafetz referred the Committee to the preliminary minutes of the December 7, 2018 annual meeting as circulated and posted in advance of the meeting. Following motion duly made and seconded, the preliminary minutes of the December 7 meeting were unanimously approved without change.

CONSENT AGENDA

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

Before presentation of the ISO's reports, Ms. Chafetz reported that the ISO Operating Procedure No. 24 (OP-24) changes that had been deferred from the December 7 Committee meeting were being further deferred to the February Committee meeting. The ISO intended to present updates to its proposal at the January Reliability Committee meeting.

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 December 7 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), reviewed highlights from the January COO report, which was circulated in advance of the meeting and posted on the NEPOOL and ISO websites. He noted that the monthly report reflected data through December 27, 2018. He summarized the following: (i) Energy Market value was \$492 million, down \$111 million from November 2018 and \$364 million from December 2017; (ii) average natural gas prices in December were 4% lower than in November; (iii) average Real-Time Hub LMPs (\$44.55/MWh) were 19.7% lower than November LMPs; (iv) average daily (peak hour) Day-Ahead cleared physical Energy, as a percent of forecasted load, was 98% in December, up from 97.6% in November (minimum value for the month was 92.6% on December 3); and (v) daily Net Commitment Period Compensation (NCPC) for December (based on data through December 26, 2018) totaled \$3 million, down \$1.6 million from November 2018 and \$4 million from December 2017. December 2018 NCPC was 0.6% of the total Energy Market value and was comprised of (a) \$2.1 million in first contingency payments, down \$1.8 million from November, and (b) \$0.9 million in second contingency payments, up \$291,000 from November. The NCPC payments were mostly in Maine due to a planned 5-day transmission line outage and in Northeast Massachusetts/Boston (NEMA) for one day of substation work. Both transmission outages were complete and no further work was planned for those facilities in January.

He highlighted that FCA13 would begin February 4 and will include the first substitution auction under the new CASPR (Competitive Auctions with Sponsored Policy Resources) design. He reported that there were many new project proposals in the ISO's interconnection queue, which now had over 20,000 MW of proposed resources. He referred to the OP-21 Report, which was published earlier in the week. He noted that the 21-day forecast in that Report projected moderate to mild winter conditions with a mean temperature of 31-32°F or higher across 19 of the 21 days and forecasted temperatures in the 20s for the last two days.

Dr. Chadalavada explained in response to follow-up questions that the 21-day forecast was an aggregation of the data from numerous commercial services. The forecast reflected the ISO's best projection, with lower confidence in the accuracy of forecasts more than five days out, as weather could change fairly rapidly. Also in response to questions, he said that the relatively low NCPC payments were primarily the result of mild weather, with very few forced outages on the system. He committed to provide the Committee additional information in the next monthly report about the resource enrolled in the Price Responsive Demand (PRD) Energy Market.

Dr. Chadalavada then responded to questions that had been submitted in advance of the meeting, noting the following:

- 1) The reported temporary load drop of 600 MW on December 5, 2018 at 10:30 a.m. was the result of inaccurate load reporting attributed to the temporary loss communications with a remote terminal unit (RTU). Load reporting was corrected as soon as communications with that RTU were reestablished.
- 2) The mid-December derating of the New Brunswick Interface was the result of an outage on the Orrington-Cooper Mill Line 388 to replace some structures.
- 3) Planned Transmission Outages. From March 1 to May 19, 2019 there would be an outage of the 398 Line, a key interface between New York and New England. During that outage, imports into New England from New York would be limited to 700 MW, and the outage was expected to consistently reduce the total transfer capabilities as reported both for New York and New England Control Areas. There was a planned outage of Line 3001 that would reduce the import capability on the New Brunswick Interface from 1,000 MW down to 400 MW. Actual outage dates were still tentative but the outage would likely occur in mid-March to early April. The New Brunswick Interface would also be de-rated to reflect an outage of the Point Lepreau nuclear station in New Brunswick which was scheduled for early April through early May.
- 4) The ISO would provide, at a subsequent Participants Committee meeting, more information about the market software outage that occurred July 12-13, 2018, which had created market inefficiencies. The ISO would explain the circumstances and the reason that there was not a transition to the back-up control center during that outage.

Dr. Chadalavada then referred the Committee to the January 3 ISO memorandum that was circulated by the ISO in advance of the meeting and reflected the ISO's desire to seek an extension from the FERC to delay to November 15, 2019, the Chapter 3 filing which the FERC had ordered to be made on or before July 1, 2019. He said the ISO needed more time to more fully develop

and explain its proposal, and to engage with stakeholders on the proposal and associated analyses. He reported the ISO's assessment that the requested extension would not delay the plan to implement the proposed market changes in time for FCA15.

Committee members then provided preliminary feedback on the ISO proposal. Members of multiple Sectors expressed preliminary support because the delay as proposed would not delay the planned implementation date and would provide more time to consider alternatives and to address questions and concerns with the proposal presented to date. Others sought an ISO commitment during the four-month extension to work through the specific details of a seasonal or annual forward procurement component of the design, in addition to the conceptual Multi-Day Ahead Market (MDAM) proposal. Dr. Chadalavada stated that the ISO would not make that kind of commitment until after it had a better understanding and analysis of the MDAM and Energy Inventory Reserve Constraint (EIRC) proposal and their market implications. He acknowledged that the extension would allow more time to explore a proposed forward market mechanism but the ISO would not commit to any particular outcome at that time. In response to member questions as to why delaying final market design decisions would not extend the planned implementation date, Dr. Chadalavada explained that the timing of the market design would depend on key details being completed. Were a July filing to be submitted, it would not have those necessary design details. A July filing, with the resulting FERC process, could delay the completion of the details, while a November filing would allow the ISO more time to work on the key details. The ISO needed time to address the overall complexity of design, and to define necessary performance requirements and vendor specifications, which the ISO would not be in a position to begin until 2020.

Continuing with comments, some members in the Generation Sector expressed support for the extension, which would provide more time to work through many issues that must be resolved so the market can meaningfully respond to the proposed changes. Other members in that Sector

opined that the delay might not be needed if the ISO simplified its proposal to remove the MDAM and focused instead just on the EIRC and a forward procurement mechanism.

In response to these and other observations concerning the schedule, the ISO opined that the delay would not compress the FERC process to consider Chapter 3 changes that the ISO would be implementing in 2024. The ISO concurred that the additional time would allow the opportunity to explore technical details and respond to questions and concerns already raised in the stakeholder process. The ISO needed to work through how MDAM would impact the overall design. An ISO representative noted that the design and implementation schedule may be more impacted by EIRC, which it would design to optimize and maintain energy inventory over multiple days, than MDAM.

The Committee discussed process, noting a reply to an ISO request for extension generally would be required within five days of the filing. Ms. Maria Gulluni, ISO Counsel, committed that the ISO in its filing, which it planned to make in mid-January, would include a request for a 15-day comment period in order to give NEPOOL more time to comment. It would ask for a FERC order later in February so that the ISO could modify the stakeholder schedule and establish target dates for particular deliverables. Mr. van Welie noted also that the ISO would need, later in 2019, and ahead of a final FERC order on any proposal, to determine whether and when to commit development resources.

In response to a member suggestion that the requested delay extend to the end of 2019, Dr. Chadalavada explained that the chosen date balanced the need to progress quickly and efficiently and avoid potentially reduced efficiency and effectiveness following Thanksgiving and through year's end.

On behalf of the States, Ms. Heather Hunt, NESCOE Executive Director, reported that preliminary feedback was supportive of some delay to provide more opportunity for analysis and discussion. A state representative, also expressing support, noted that additional time would allow

the ISO to respond to the States' questions, with those responses potentially assisting in the formulation of a final product and providing the chance for a more productive stakeholder process.

Concluding the preliminary discussion on this matter, Ms. Chafetz reported that members would have the opportunity to discuss the matter again at the January Markets Committee meeting, although not necessarily for a vote. She planned to seek a Participants Committee vote on the proposal at the February meeting, which would permit time for the submission of NEPOOL comments communicating NEPOOL's institutional position within the planned 15-day comment period. She informed the Committee that, in response to Participant questions and concerns, the ISO had agreed that it would file any NEPOOL-supported alternative to either its Chapter 2B or Chapter 3 proposals as a jump ball.

Turning to the planned schedule for NEPOOL consideration of Chapter 2B, Ms. Chafetz reported that the March 1 Participants Committee meeting had been moved to March 13. That delay was to provide the opportunity for an additional Markets Committee meeting to continue to work through the Chapter 2B issues. With the change in schedule, the Markets Committee vote would be planned for its March 5-6 meeting, and Participants Committee consideration to follow on March 13.

LITIGATION REPORT

Mr. Doot referred the Committee to the January 2 Litigation Report that had been circulated and posted in advance of the meeting. He highlighted the following:

- 1) The FERC issued an order in the Mystic cost-of-service agreement (COS Agreement) proceeding on December 20, 2018 (Mystic COS Order). Requests for rehearing would be due January 22. As requested by the officers, NEPOOL counsel would summarize the Mystic COS Order in further detail. Mr. Doot added that Exelon had until the end of the day (January 4) to indicate whether it wished to proceed under the COS Agreement.

Ms. Gulluni reported that Exelon had committed to participate in FCA13 provided the COS Agreement was amended to provide Mystic an option to terminate the COS Agreement for FCA14 (the ISO already had that option if it concluded before then that the units were not needed for reliability). The ISO explained that Mystic's decision on

- whether to participate in FCA14 would be sometime in or before January 2020, following further FERC action on the COS Agreement as contemplated by the Mystic COS Order. The ISO's decision concerning its option to retain Mystic for FCA14 (based on an updated reliability assessment) would be completed earlier in accordance with ISO planning procedures.
- 2) The U.S. Court of Appeals for the District of Columbia (DC Circuit) remanded back to the FERC its order approving the Tariff process for reviewing and filing Retirement De-List Bids. Some generators argued that those bids were rate filings that the resource owners should have the right to control under applicable law. The Court in its remand required the FERC to clarify its Resource Retirement Reforms Orders by February 1, 2019.
 - 3) The FERC approved contested Market Rule changes that re-imposed on Market Participants market requirements associated with any delay in commercial operation of new resources.
 - 4) Vineyard Wind had submitted a waiver request to have its proposed offshore wind facility in federal waters eligible to qualify for the Renewable Technology Resource (RTR) exemption. This issue was discussed at a prior Participants Committee meeting and comments on the waiver request were due that day (January 4).

COMMITTEE REPORTS

Mr. William Fowler, Markets Committee Vice-Chair, reported that the Markets Committee was scheduled to meet on January 8-9 in Westborough.

Mr. Robert Stein, Reliability Committee Vice-Chair, reported that the Reliability Committee was scheduled to meet on January 17 in Westborough. He noted that Operating Procedure No. 24 (OP-24), which was deferred from the December Participants Committee meeting, was on the agenda for a presentation and vote on an amended ISO proposal that would be considered at the February Participants Committee meeting. He added that Planning Procedure No. 10 (PP-10) would also be considered and voted at that meeting.

Mr. José Rotger, Transmission Committee Vice-Chair, reported that the Transmission Committee was scheduled to meet on January 23 in Westborough. The primary topic would be a presentation on the cost-containment provisions being discussed in PJM as part of the PJM Competitive Transmission Solicitation process, which would be presented by LS Power representatives. He reminded the Committee that NESCOE had requested that NEPOOL consider this issue and encouraged all those interested to attend.

Mr. Ken Dell Orto, Budget & Finance Subcommittee Chairman, reported on a planned teleconference meeting for January 24. He said the main agenda item would be a Participant proposal to expand permissible forms of additional financial assurance beyond cash (BlackRock) and letters of credit, which would be a continuation of a discussion begun in November. The January discussion would resume with the proponents returning with an updated presentation of their proposal. He encouraged participation by all interested members.

OTHER BUSINESS

Mr. Doot reported that the February 1 Participants Committee meeting, if in person, would be at the Colonnade Hotel in Boston. He stated that the February meeting might be a teleconference meeting and encouraged Participants to pay attention to notices. He noted that the March 13 meeting would be at the Colonnade Hotel.

There being no further business, the meeting adjourned at 11:37 a.m.

Respectfully submitted,

David T. Doot, Secretary

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
JANUARY 4, 2019 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
AR Small Load Response (LR) Group Member	AR-LR	Doug Hurley	Brad Swalwell	
AR Small Renewable Generation (RG) Group Member	AR-RG	Erik Abend		
Ashburnham Municipal Light Plant	Publicly Owned		Brian Thomson	Brian Forshaw
AVANGRID: CMP/UI	Transmission		Alan Trotta	
Belmont Municipal Light Department	Publicly Owned		Dave Cavanaugh	
Block Island Power Company	Supplier	Dave Cavanaugh		
Boylston Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
BP Energy Company	Supplier			Nancy Chafetz
Braintree Electric Light Department	Publicly Owned			Dave Cavanaugh
Brookfield Energy Marketing	Supplier	Aleks Mitreski		
Chester Municipal Light Department	Publicly Owned		Dave Cavanaugh	
Chicopee Municipal Lighting Plant	Publicly Owned		Brian Thomson	Brian Forshaw
CLEARresult Consulting, Inc.	AR-DG	Doug Hurley	Tamera Oldfield	
CPV Towantic, LLC	Generation	Daniel Pierpont		
Competitive Energy Services, LLC	Supplier			Glenn Poole
Concord Municipal Light Plant	Publicly Owned		Dave Cavanaugh	
Connecticut Municipal Electric Energy Coop.	Publicly Owned	Brian Forshaw		
Connecticut Office of Consumer Counsel	End User		Joe Rosenthal	Dave Thompson
Conservation Law Foundation (CLF)	End User	David Ismay		
Consolidated Edison Energy, Inc. (ConEd)	Supplier	Jeff Dannels		
Cross-Sound Cable Company (CSC)	Supplier		José Rotger	
Danvers Electric Division	Publicly Owned		Dave Cavanaugh	
Direct Energy Business, LLC	Supplier			Nancy Chafetz
Dominion Energy Generation Marketing, Inc.	Generation	Michael Purdie		
DTE Energy Trading, Inc.	Supplier			Nancy Chafetz
Dynergy Marketing and Trade, LLC	Supplier			Bill Fowler
Elektrisola, Inc.	End User		Gus Fromuth	
Emera Energy Services Subsidiaries (Emera Energy)	Transmission	Sandi Hennequin		Bill Fowler
Enel X North America, Inc.	AR-LR		Herb Healy	
Entergy Nuclear Power Marketing, LLC	Generation	Ken Dell Orto		Bill Fowler
Environmental Defense Fund	End User	Liz Delaney		
Eversource Energy	Transmission	James Daly	Cal Bowie	Vandan Divatia
Exelon Generation Company	Supplier	Steve Kirk	Bill Fowler	
Fairchild Semiconductor Corporation	End User	Gus Fromuth		
FirstLight Power Resources Management	Generation	Tom Kaslow		
Galt Power, Inc.	Supplier	Nancy Chafetz		
Generation Group Member	Generation		Abby Krich	Bob Stein
Georgetown Municipal Light Department	Publicly Owned		Dave Cavanaugh	
Great River Hydro, LLC	AR-RG			Bill Fowler
Groton Electric Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Groveland Electric Light Department	Publicly Owned		Dave Cavanaugh	
H.Q. Energy Services (U.S.) Inc.	Supplier		Bob Stein	Abby Krich
Harvard Dedicated Energy Limited	End User		Michael Macrae	Paul Peterson
High Liner Foods (USA) Incorporated	End User		William P. Short III	
Hingham Municipal Lighting Plant	Publicly Owned		Dave Cavanaugh	
Holden Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Holyoke Gas & Electric Department	Publicly Owned		Brian Thomson	Brian Forshaw
Hull Municipal Lighting Plant	Publicly Owned		Brian Thomson	Brian Forshaw

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
JANUARY 4, 2019 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Industrial Energy Consumer Group (IECG)	End User	Kevin Penders		
Ipswich Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Jericho Power LLC (Jericho)	AR-RG		Jim d'Andrea	
Littleton (MA) Electric Light and Waster Department	Publicly Owned		Dave Cavanaugh	
Littleton (NH) Water & Light Department	Publicly Owned		Craig Kieny	
Long Island Lighting Company (LIPA)	Supplier		William Killgoar	
Maine Power LLC	Supplier	Jeff Jones		
Maine Skiing, Inc.	End User	Kevin Penders		
Mansfield Municipal Electric Department	Publicly Owned		Brian Thomson	Brian Forshaw
Marblehead Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Mass. Attorney General's Office	End User	Christina Belew	Sarah Bresolin Silver	
Mass. Bay Transportation Authority	Publicly Owned		Dave Cavanaugh	
Mass. Municipal Wholesale Electric Company	Publicly Owned	Brian Thomson		Brian Forshaw
Merrimac Municipal Light Department	Publicly Owned		Dave Cavanaugh	
Middleborough Gas & Electric Department	Publicly Owned		Dave Cavanaugh	
Middleton Municipal Electric Department	Publicly Owned		Dave Cavanaugh	
National Grid	Transmission		Tim Martin	
Nautilus Power, LLC	Generation		Bill Fowler	
New Hampshire Electric Cooperative	Publicly Owned			Brian Forshaw
New Hampshire Office of Consumer Advocate (NH OCA)	End User	Paul Peterson		
NextEra Energy Resources, LLC	Generation	Michelle Gardner		
North Attleborough Electric Department	Publicly Owned		Dave Cavanaugh	
NRG Power Marketing LLC	Generation		Pete Fuller	
Pascoag Utility District	Publicly Owned		Dave Cavanaugh	
Paxton Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Peabody Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
PowerOptions, Inc.	End User	Cindy Arcate		
Princeton Municipal Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
Reading Municipal Light Department	Publicly Owned			
Repsol Energy North America Company	Gas Industry Part.		Nancy Chafetz	
Rowley Municipal Lighting Plant	Publicly Owned		Dave Cavanaugh	
Russell Municipal Light Dept.	Publicly Owned		Brian Thomson	Brian Forshaw
Saint Anselm College	End User	Gus Fromuth		
Shipyards Brewing LLC	End User	Gus Fromuth		
Shrewsbury Electric & Cable Operations	Publicly Owned		Brian Thomson	Brian Forshaw
South Hadley Electric Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Sterling Municipal Electric Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Stowe Electric Department	Publicly Owned		Dave Cavanaugh	
Sunrun Inc.	AR-DG	Chris Rauscher		
Taunton Municipal Lighting Plant	Publicly Owned		Dave Cavanaugh	
Templeton Municipal Lighting Plant	Publicly Owned		Brian Thomson	Brian Forshaw
The Energy Consortium	End User			Paul Peterson
Utility Services Inc.	End User			Paul Peterson
Vermont Electric Cooperative	Publicly Owned	Craig Kieny		
Vermont Electric Power Company	Transmission	Frank Ettori		
Vermont Energy Investment Corp (VEIC)	AR-LR		Doug Hurley	
Vermont Public Power Supply Authority	Publicly Owned			Brian Forshaw

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
JANUARY 4, 2019 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Verso Energy Services LLC	Generation	Glenn Poole		
Village of Hyde Park (VT) Electric Department	Publicly Owned		Dave Cavanaugh	
Vitol Inc.	Supplier	Joe Wadsworth		
Wakefield Municipal Gas & Light Department	Publicly Owned		Brian Thomson	Brian Forshaw
Wallingford DPU Electric Division	Publicly Owned		Dave Cavanaugh	
Wellesley Municipal Light Plant	Publicly Owned		Dave Cavanaugh	
West Boylston Municipal Lighting Plant	Publicly Owned		Brian Thomson	Brian Forshaw
Westfield Gas & Electric Department	Publicly Owned		Dave Cavanaugh	
Wheelabrator/Calpine	AR-RG	Brett Kruse		Bill Fowler
Z-TECH, LLC	End User		Gus Fromuth	