



New England Power Pool 2005 Annual Report

December 2, 2005



Donald J. Sipe
Chair

December 2, 2005

2005 marks the first full calendar cycle for NEPOOL as a stakeholder advisory body under the New England RTO arrangements. As part of the RTO realignment, the NEPOOL participants have voluntarily relinquished a certain measure of prerogative and authority in reliance upon the expectation, embodied in our governing documents, that their interests and ideas concerning the proper structure and function of the markets would be meaningfully addressed in the implementation of policy. Ideally, we sought an organizational vehicle for conducting the public's business in a manner that maximized decision-making on the merits, without succumbing to the Ivory Tower fallacy that those determining the "public interest" should not dirty their hands with the interests of the public. Whether, or to what degree, these expectations have been met under the current stakeholder arrangements, is a question we each must answer for ourselves.

In my own view, we have done tolerably well in the face of some pretty daunting logistical and substantive challenges, at maintaining and enhancing a meaningful role for Participants in the development of the market. As I come to the end of my term as Chair, however, I am less concerned with debating our success than with re-examining our aspirations. For if we continue to believe that the goal we sought was the correct one, then any difficulties we may have experienced should only inspire us to further refinements in our process; a prospect I, for one, do not foreclose. If on the other hand, our experience has led us to conclude that we have erred in our objectives, then further commitment to NEPOOL or its reform would seem both unprofitable and ill-advised.

For my part, I originally sought the office of Chair because I believed the continuation and strengthening of the stakeholder process was essential to the proper functioning of these markets. After two years, I leave with the same conviction. That conviction has its roots in my own admittedly idiosyncratic view of the moral implications of economic decision-making; heretical views I usually have the good sense not to air publicly among the devotees of Adam Smith. But on this occasion, I ask your indulgence to explain.

My objective as Chair has been to keep NEPOOL engaged and relevant in the discussions and decisions around market policy, because I believe such involvement is in the public interest. During my term I have striven, with the help of the other officers, to make our process more inclusive. For those of you who know me, you realize this is a polite way of saying that I have tried to co-opt everyone in sight into compulsory, constructive dialogue. We have faced institutional, legal, historic and practical barriers in striving toward this objective, yet the response of the regulatory community at both the State and Federal level has been positive and our ISO has proven a worthy partner in these efforts.

I believe the continuation of this effort is the only responsible course for all of us. Further, I believe the RTO reforms have removed most legitimate objections formerly offered to engagement in our processes. To take only one example, the RTO Reforms have eliminated the former procedural impediments to timely resolution of issues. The ISO's practice of good faith consultation with Participants, even in situations of emergency, has demonstrated that our processes can be used efficiently and with benefit even under extreme time pressures. For the conduct of

business in less time sensitive situations, the timelines we have adopted and the checks and balances within the structure have, in my view, proven both sufficiently flexible and robust to promote meaningful dialogue. In the normal course of business, this is what we should expect. While we all can acknowledge the occasional crisis that cuts off debate, a state of perpetual emergency evinces either a lack of common foresight or the neglect of its admonitions. In this, and many other ways, I believe the RTO reforms have made most excuses for avoiding our consultative processes bad ones.

My belief in the worth of our process has less to do with exalted conceptions about “the marketplace of ideas” than with my own innate confidence that compulsory discussion brings out the merits of people and allows ideas to acquire those merits by proxy. I am convinced that if you force a lot of people to discuss something face to face, and maybe even get to know one another, empathy and decency begin to loom larger in the calculus, for we are wired that way. Purely Machiavellian tendencies, while real, are a recessive trait brought about by inbreeding among the like-minded, in splendid isolation from the consequences their ideas may inflict upon others. The infamous traders in the California energy crisis who joked about the plight of Grandma Millie were, I am sure, never inconvenienced in their professional lives by having to explain personally to Millie the redeeming virtues of forcing her to choose between prescription drugs and the light bill. Likewise, consumers who assume it ought to be possible to guarantee “delivery yesterday, at half price, in any amount desired”, would often rather not discuss the details of attracting capital, making a payroll, maintaining equipment, and providing a service.

I am persuaded that wisdom is a form of temperament, not a collection of information. It is rare in individuals because, at a minimum, it requires the discipline to suspect any resolution perfectly commensurate with one’s personal self interest is just a bit too convenient. I believe that the NEPOOL process demands a bit of that discipline from all involved and that it is the right kind of forum and the right sort of organization to assure that we are, on occasion, collectively better than our ideas and more noble than our ideals.

For the most part, I think we have done well in organizing ourselves as we have, and that we may yet do better by continuing to insist upon the discipline of compulsory discussion. If we persist, I’m assured we will be compensated for our efforts and inconvenience by the continuing improvement of the markets and the enjoyment along the way of what is, after all, some pretty good company.

Very truly yours,

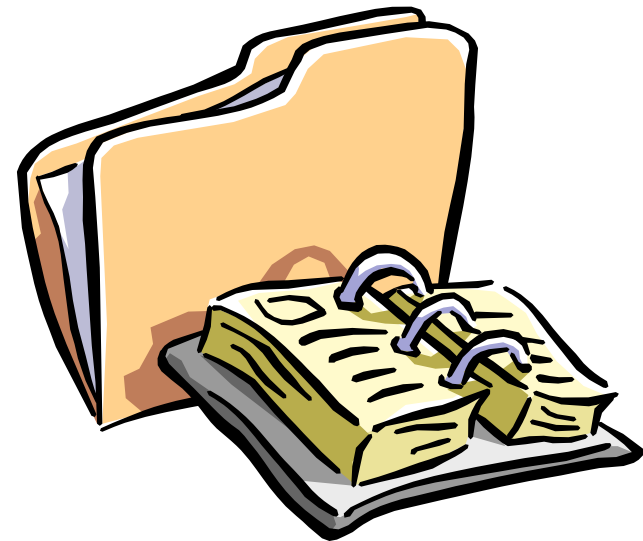
A handwritten signature in cursive script, reading "Donald J. Sipe". The signature is written in dark ink and is positioned above the printed name.

Donald J. Sipe

A Year of Change and Accomplishment



- Changing Role of the New England Power Pool (NEPOOL)
- Changing Role of ISO New England Inc. (ISO-NE)
- Active Stakeholder Process
- Key Legal Proceedings



Historic Role of NEPOOL



- Established in 1971 as a voluntary association of market participants
- Benefits:
 - ▶ Regional economic dispatch
 - ▶ Coordinated reliability
 - ▶ Lowered installed reserve requirements
- Established and filed in 1996 transmission and market rules
- Formed ISO-NE in 1997 to administer and oversee transmission system and markets
- Refined since 1997 with assistance from ISO-NE transmission and market rules



Current Role of NEPOOL



- Provide cooperative stakeholder process and separate stakeholder-run organization with the following objectives:
 - ▶ Create and sustain open, non-discriminatory and competitive wholesale electricity marketplace
 - ▶ Provide market rules which allow voluntary participation at fair compensation, subject to regulation
 - ▶ Provide access to competitive markets within New England and to neighboring regions
 - ▶ Provide for an equitable allocation of costs, benefits and responsibilities among market participants
 - ▶ Allow informed participation and encourage ongoing market improvements
 - ▶ Assure bulk power supply system conforms to proper reliability standards



NEPOOL Goals



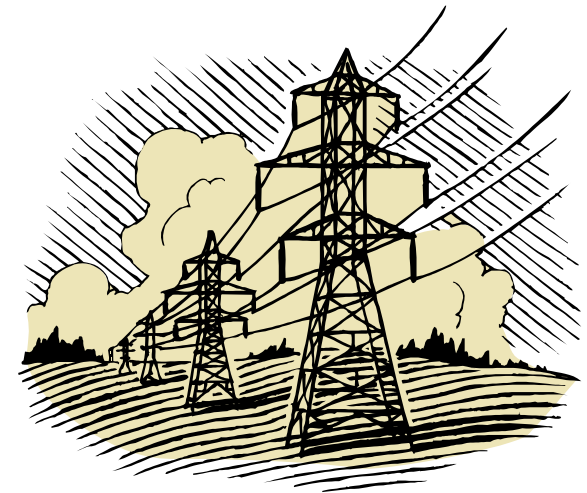
- Ensure Participants opportunities for meaningful input into regional decision making
- Provide forums designed to maximize consensus among all stakeholders
- Communicate and advocate for NEPOOL-supported issues
- Clearly articulate, define and limit unresolved issues
- Monitor and enforce Participants' rights under RTO arrangements



NEPOOL's Broad Membership

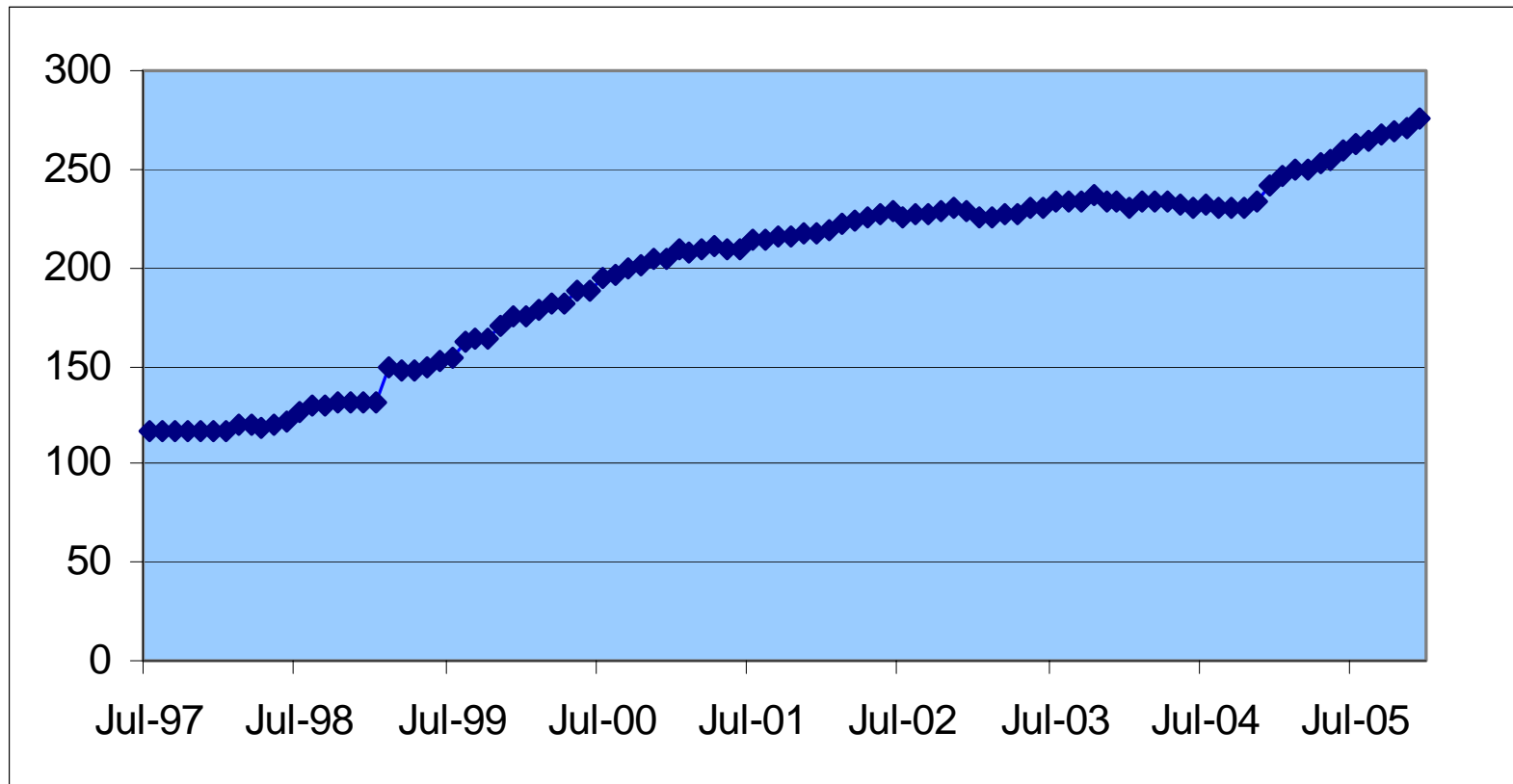


- NEPOOL has more than 270 members:
 - ▶ Generating Companies (56)
 - ▶ Transmission and Distribution Companies (23)



- ▶ Publicly Owned Entities (46)
- ▶ Suppliers and Marketers (96)
- ▶ Demand Response Providers (6)
- ▶ End Users (46)

NEPOOL's Membership Growth



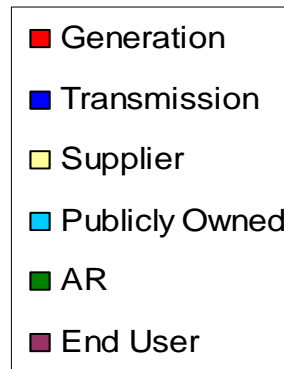
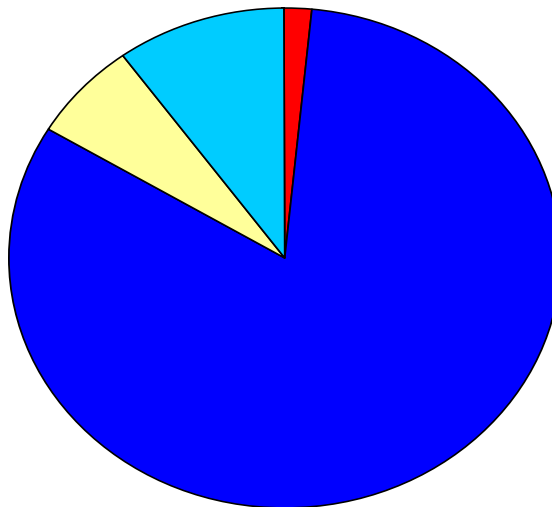
December 2, 2005

NEPOOL Voting



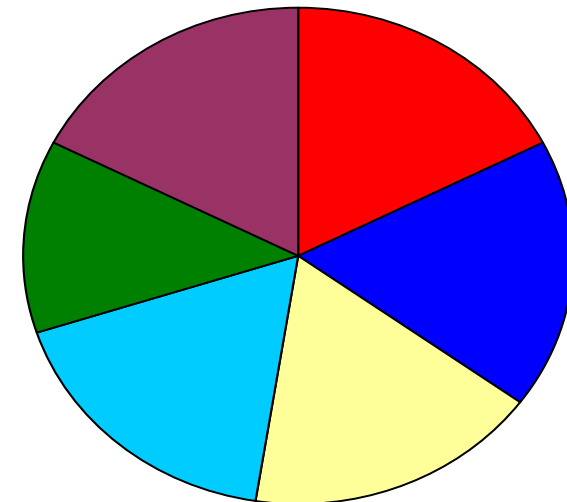
- Voting Percentages

1997



Generation	1.65
Transmission	81.87
Supplier	6.39
Publicly Owned	10.09

2005



Generation	17.47
Transmission	17.47
Supplier	17.47
Publicly Owned	17.47
Alt Resources	12.67
End User	17.47

ISO-NE



- **1997 (Then)**

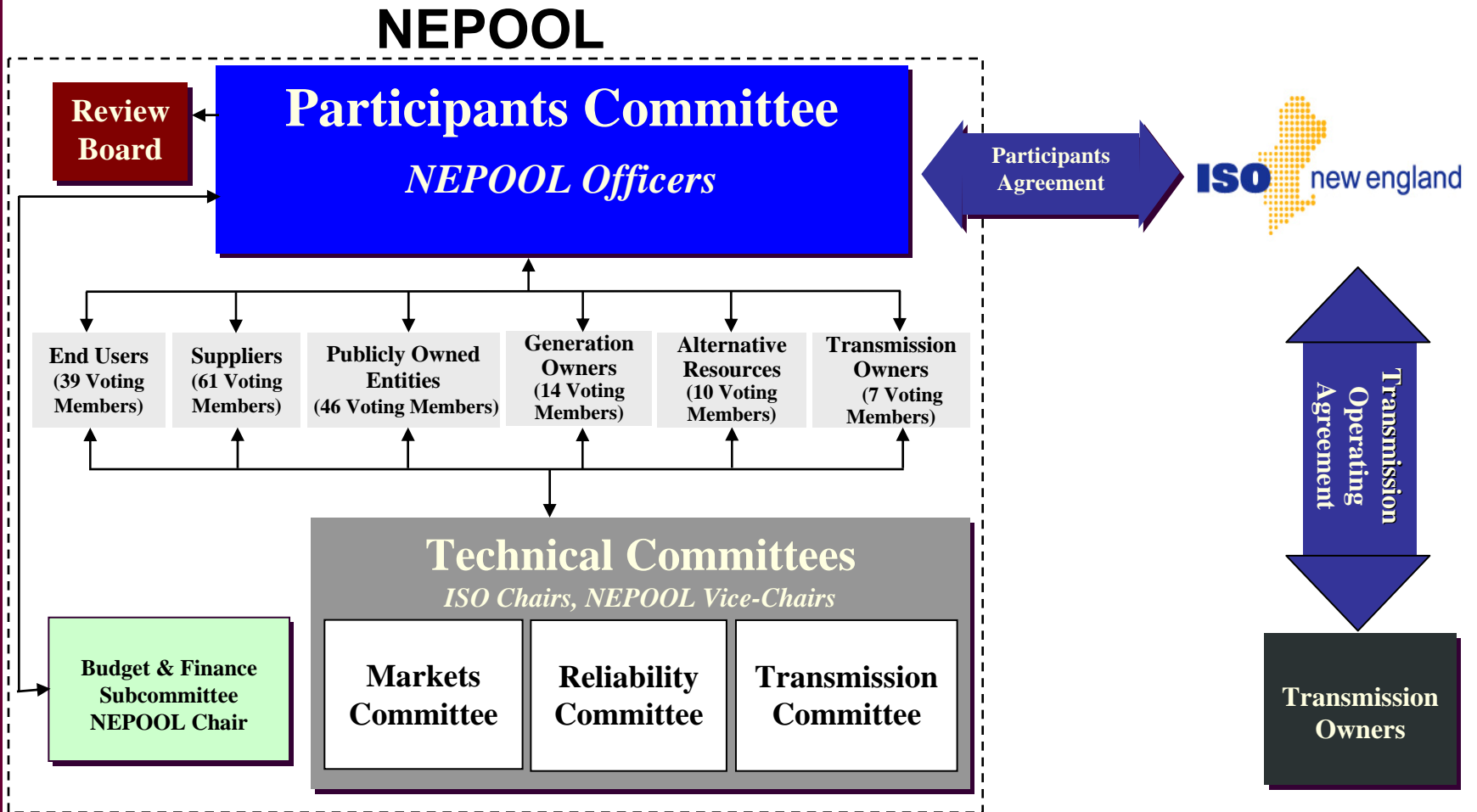
- ▶ Began as a service provider
- ▶ Dispatched system to ensure short-term reliability
- ▶ Assisted in development of and administered NEPOOL Tariff and market rules
- ▶ Coordinated and consolidated participants long-term plans



- **2005 (Now)**

- ▶ Transformed into a Regional Transmission Organization (RTO)
- ▶ Dispatches system to ensure short-term reliability
- ▶ Develops and files changes to its Tariff, including the ISO-NE Market Rules (subject to the provisions of the Participants Agreement)
- ▶ Develops and publishes regional system plan

NEPOOL Stakeholder Process



December 2, 2005

NEPOOL's Active Membership

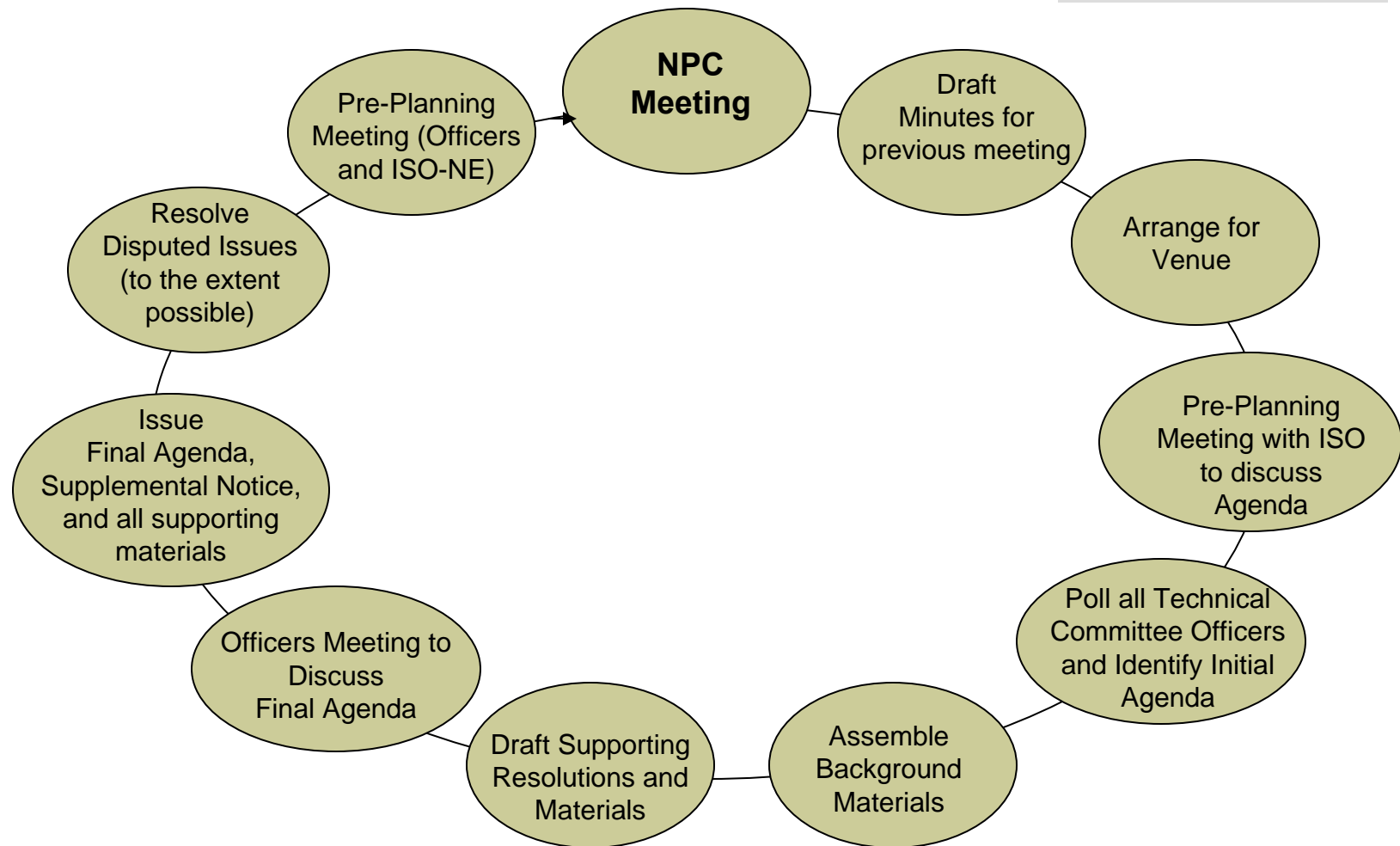


- NEPOOL Principal Committees have been extremely active in 2005

Committee	Meeting Days	Votes
Participants Committee	13	71
Markets Committee	52	81
Transmission Committee	21	20
Reliability Committee	25	88

* as of 12/2/2005

NPC Meeting Preparations



NEPOOL's Active Membership



Markets Committee

- Considered and voted Ancillary Services Market (“ASM”) Phase I and II
 - ▶ Including over six months of meetings in 2005 on Phase II, which adds a locational component to the Forward Reserve Market
- Considered and voted Winter Action Plan for 2005/2006
 - ▶ Reviewed and approved market rule changes designed to enhance system reliability in light of anticipated fuel shortages
- Approved Demand Response Reserves Pilot Program
- Approved Minimum Generation Emergency Charges and Credits
- Reinstated Information Policy Working Group
- Joint meeting with NYISO on Intra-Hour Transaction Scheduling between NYISO and ISO-NE
- Other efforts, including market monitoring issues, RMR issues, Seams issues

NEPOOL's Active Membership



Reliability Committee

- Considered and voted cost allocation for over \$600 million of new transmission in New England, including major Reliability Upgrades for SWCT, NEMA Boston and Northwest Vermont
- Considered and voted on system impact of dozens of Proposed Plans to modify or build new transmission and generation facilities in New England
- Considered and voted numerous changes to Operating Procedures and Planning Procedures, including addition of a new OP 21 (winter emergency)
- Considered and voted coordination agreements between ISO-NE and system operators for New York, New Brunswick and Quebec
- Initiated review of Tariff provisions (including I.3.9/I.3.10) and Planning Procedures for Proposed Plans

NEPOOL's Active Membership



Transmission Committee

- Considered and voted all amendments to Tariff to implement RTO arrangements
- Considered and voted development of new arrangements to integrate Non-PTF ties into RTO (including Highgate, Phase I/II and MEPCO)
- Considered and voted comprehensive Tariff and TOA amendments in response to FERC Orders on Generator Interconnection rules, including those for large, small and wind generators
- Initiated comprehensive review of Schedule 2 to the Tariff (reactive power schedule)

NEPOOL's Active Membership



- Other Committees, Working Groups and Task Forces were active in 2005
 - ▶ Budget & Finance Subcommittee
 - ▶ Review Board Liaison Committee
 - ▶ Information Policy Working Group
 - ▶ GIS Operating Rules Working Group
 - ▶ Operations Audit Steering Committee
 - ▶ Transmission Settlement Subcommittee
 - ▶ Power Supply Planning Committee
 - ▶ IC Steering Committee
 - ▶ Membership Subcommittee
 - ▶ Planning Advisory Committee
 - ▶ IC Stakeholder Process Working Group
 - ▶ Demand Response Working Group
 - ▶ Voltage Task Force
 - ▶ Stability Task Force
 - ▶ Meter Reader Working Group
 - ▶ HUB Analysis Working Work
 - ▶ Data Communications Task Force
 - ▶ Environmental Planning Committee
 - ▶ System Design Task Force
 - ▶ Load Forecast Committee
 - ▶ OASIS Working Group

NEPOOL's Active Membership



Budget & Finance Subcommittee

- Worked with the ISO to prioritize and assist with ongoing extensive revisions to Financial Assurance and Billing Policies, including changes to:
 - ▶ Reduce over-collateralization and administrative burden
 - ▶ Lower cost of collateral
 - ▶ Improve Market Participants' accounting processes
 - ▶ Reduce FTR default exposure
 - ▶ Enhance transparency
- Assisted the ISO in its investigation of proposed clearinghouse payment arrangements
- Expanded acceptable alternative collateral to include U.S. Treasuries
- Working through post-settlement negotiations with the ISO and other parties with regard to ISO Tariff Schedule 3 as it is applied to exports

NEPOOL's Active Membership



Review Board Liaison Committee

- Revised rules of procedure to reflect accelerated timeframes for appeals under RTO arrangements
- Conducted search for and proposed 2 member slate elected by Participants Committee at summer meeting
- Met quarterly with Review Board

Information Policy Working Group

- Proposed revisions to the Information Policy to implement process for appeal of information release decisions
- Re-visited issue of time lag for release of bid data

NEPOOL's Active Membership



GIS Operating Rules Working Group

- Use of the GIS software to establish a generation certificate system for RECs produced within the Northern Maine Independent System Administrator Control Area
- New Active Accounts
 - ▶ 2004 – 26 new accounts
 - ▶ 2005 – 16 new accounts
- Renewable Generators added
 - ▶ 2004 - 37 new units (12 NEPOOL and 25 Behind-the-Meter)
 - ▶ 2005 - 13 new units (4 NEPOOL and 9 Behind-the-Meter)
- Pending changes include automatic entry of emissions data for zero-emission generators and simplified Certificate transfer procedures

NEPOOL's Active Membership



Operations Audit Steering Committee

- Completed operations audit
- Developing recommendation for going-forward process to interact with the ISO

Transmission Settlement Subcommittee

- Developed final NEPOOL rate filing and related adjustments

NEPOOL's Active Membership



Power Supply Planning Committee

- Development of 2005/2006 HQICC values
- Development of 2005/2006 IC Requirements values

IC Steering Committee

- Organized to undertake comprehensive review of issues concerning IC Requirements Values and HQ ICCs

Membership Subcommittee

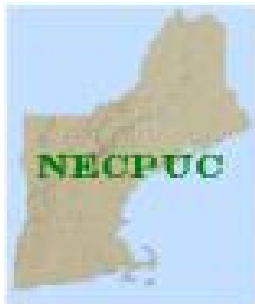
- Approved 43 applications and 11 terminations
- Developed affidavit as alternative demonstration of due authorization
- Revised Standard Membership Conditions, Waivers and Reminders

Enhanced Communications with Regulators



- **FERC**

- ▶ Meetings with FERC Commissioners
 - Attendance by Chairman Wood and Commissioner Brownell at Participants Committee meeting
- ▶ Periodic communications with NEPOOL Officers
- ▶ Regular attendance by FERC staff at Participants Committee meetings



- **NECPUC and Other State Representatives**

- ▶ Meetings with NECPUC members
- ▶ Increased participation in Participant Processes
- ▶ Attendance at NEPOOL Principal and other committee meetings

Legal Proceedings



- 78 active legal proceedings in 2005
 - ▶ 30 resolved entirely within the Participant Process
 - ▶ 22 resolved or in on-going hearings or settlement proceedings
 - ▶ 20 contested but resolved through hearings on the papers
 - ▶ 6 rulemaking proceedings
- Decreasing number of proceedings were resolved entirely within the Participant Processes, including:
 - ▶ ITS Pilot Program Design
 - ▶ Negative FTR Bids
 - ▶ Start-Up Fee Treatment
 - ▶ Surplus Transmission Congestion Revenue Allocation
 - ▶ Changes to NCPC Credit Eligibility
 - ▶ Order 2003-C Changes
 - ▶ Incremental improvements to the Financial Assurance Policies
 - ▶ Demand Responses Reserve Pilot Program



Legal Proceedings



- Substantial growth in the number of proceedings requiring hearings and/or settlement proceedings
- Proceedings set for hearing but resolved through settlement in 2005 include:
 - ▶ Day-Ahead Market Resettlement
 - ▶ Cold Weather Event Procedures
 - ▶ 2005/2006 HQICC values
 - ▶ ISO's 2005 Administrative Costs Budget
 - ▶ Reduced lag in recovery of new transmission costs in RNS rates



Legal Proceedings



- Proceedings contested but resolved through or in the midst of paper hearing
 - ▶ Winter Package Market Rule Changes
 - ▶ 2005/2006 IC Requirement Values
 - ▶ 2006/2007 HQICCs
 - ▶ Real-Time RMR Charges
 - ▶ Partial De-Listing
 - ▶ Reference Price Calculations
 - ▶ Day-Ahead Load Response Program
 - ▶ Min Gen Emergency Charges & Credits



Contested Proceedings are Resource Intensive



- LICAP

- ▶ 24 days of hearings
- ▶ 45 witnesses filed testimony
- ▶ Hundreds of interrogatories
- ▶ 21 witnesses deposed
- ▶ Briefs
- ▶ Reply briefs
- ▶ Briefs on exceptions
- ▶ Settlement judge with more than two dozen scheduled days of meetings

In sheer complexity, the New England proposal exceeds just about anything tried before.

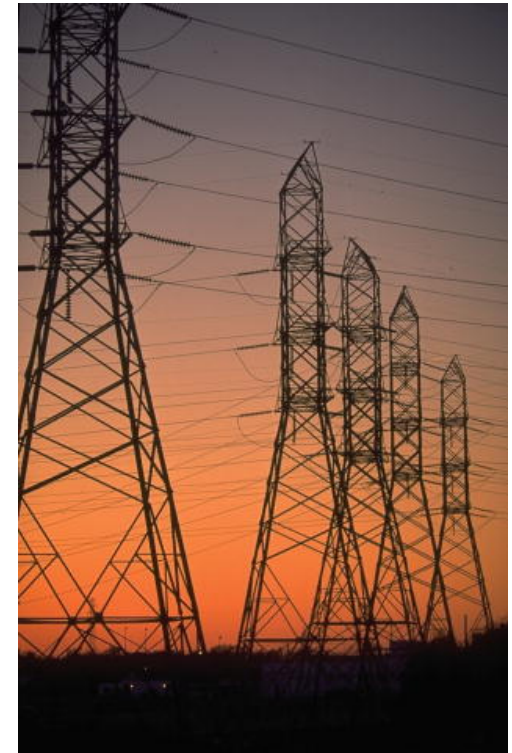
- Public Utilities Fortnightly Jan. 2005



Contested Proceedings are Resource Intensive



- TO ROE under RTO arrangements
 - ▶ 6 days of hearings
 - ▶ 12 witnesses
 - ▶ Numerous depositions and interrogatories
 - ▶ Briefs
 - ▶ Reply briefs
 - ▶ Briefs on exceptions



Contested Proceedings are Resource Intensive



- RMR Agreements
 - ▶ 10 FERC dockets active during 2005 covering 5,987 MW*
 - ▶ 2 resolved through settlement (Salem Harbor, Mirant Kendall)
 - ▶ 2 rejected (Mystic 7, 8, and 9)
 - ▶ 1 pending Commission action (NRG)
 - ▶ 1 proceeding to trial following termination of settlement judge proceedings (PSEG)
 - ▶ 4 subject to on-going settlement judge proceedings
 - ▶ 20 days of settlement conferences
- Connecticut Representatives' Complaint
 - ▶ Proposed amendments requiring all RMR Resources or resources determined to be needed for reliability in CT to apply for cost-of-service compensation



*Summer Net Capability – 2005 CELT Report

Contested Proceedings are Resource Intensive



- Cold Snap Settlement
 - ▶ 5 days of settlement discussions
 - ▶ Participants Committee supported settlement
- 2005 ISO Budget



- ▶ Schedule 3 rate design accepted subject to evidentiary hearing
- ▶ 4 days for pre-hearing conference, oral arguments, and technical/settlement conferences

2005 NEPOOL Officers



Participants Committee

- **Chair** Donald J. Sipe (End User)
- **Vice-Chairs**
 - Peter D. Fuller (Generation)
 - Mary Ellen Paravalos (Transmission)
 - Brian E. Forshaw (Publicly Owned)
 - Daniel W. Allegretti (Supplier)
 - Thomas E. Atkins (Alternative Resources)
- **Secretary** David T. Doot
- **Ass't Secretary** Paul N. Belval

2005 NEPOOL Officers



Technical Committee Participant Officers

- **Markets** Eric N. Stinneford (Transmission)
- **Reliability** Dorothy J. Capra (Generation)
- **Transmission** Robert R. Stein (Supplier)
- **Budget & Finance** Roger W. Bacon (Publicly Owned)
Daniel W. Allegretti (Supplier)

NEPOOL Counsel

Day, Berry & Howard LLP

COUNSELLORS AT LAW



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Lynn Fountain	(860) 275-0144	lmfountain@dbh.com
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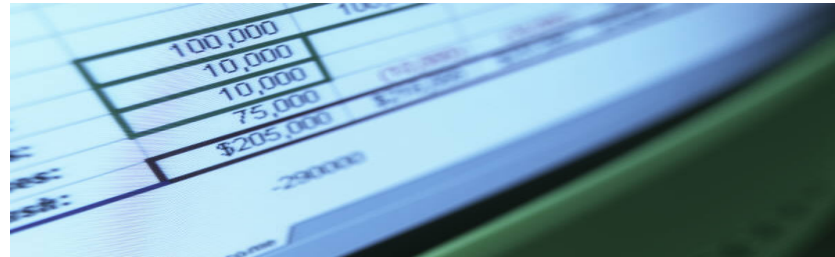
¹ NEPOOL Administrator ² Paralegal

³ Legal Administrative Assistant

Background Information



- Participant List
- 2005 Budget
- List of agreements with websites
- List of FERC proceedings



NEPOOL Participants



AIG Energy Inc.
Amerada Hess Corporation
American Electric Power Service Corporation
ANP Funding I, LLC
Appalachian Power Company
Ashburnham Municipal Light Plant
Associated Industries of Massachusetts
Bangor Hydro-Electric Company
Bank of America, N.A.
Barclays Bank PLC
Bear Swamp Power Company LLC
Belmont Municipal Light Department
BJ Energy, LLC
Black Oak Capital, LLC
Black Oak Energy, LLC
Blackstone Hydro, Inc.
BOC Energy Services, Inc.
Boralex Stratton Energy Inc.
Boston Edison Company
Boston Generating, LLC
Boylston Municipal Light Department
BP Energy Company
Braintree Electric Light Department
Brascan Energy Marketing Inc.
Burlington Electric Department
Calpine Energy Services, LP
CAM Energy Products, LP
Cambridge Electric Light Company
Canal Electric Company
Cape Light Compact
Cargill Power Markets, LLC
Central Maine Power Company
Central Vermont Public Service
Chicopee Municipal Lighting Plant
CinCap IV, LLC
CinCap V, LLC
Cincinnati Gas & Electric Company, Inc., The
Cinergy Capital & Trading, Inc.
Cinergy Services, Inc.
Citadel Energy Products LLC
Citigroup Energy Inc.
Citizens Communications Company
CMS Marketing Services and Trading
Columbus Southern Power Company
Commonwealth Electric Company
Concord Municipal Light Plant
Connecticut Jet Power LLC
Connecticut Light and Power Company, The

December 2, 2005

NEPOOL Participants



Connecticut Municipal Electric Energy Cooperative
Connecticut Resources Recovery Authority
Conservation Services Group, Inc.
Consolidated Edison Co. of New York, Inc.
Consolidated Edison Development, Inc.
Consolidated Edison Energy, Inc.
Consolidated Edison Solutions, Inc.
Constellation Energy Commodities Group, Inc.
Constellation NewEnergy, Inc.
ConsumerPowerline (Webenergy.net)
Coral Power, LLC
Cross-Sound Cable Company, LLC
D.E. Shaw Plasma Power, L.L.C.
Danvers Electric Division
DC Energy, LLC
Dennis Beverage Company, Inc.
Dennis Energy Company
Devon Power LLC
Dighton Power Associates Limited Partnership
Dominion Energy Marketing, Inc.
Dominion Marketing I, Inc.
Dominion Marketing II, Inc.
Dominion Marketing III, Inc.
Dominion Nuclear Connecticut, Inc.

Dominion Retail, Inc.
DTE Energy Trading, Inc.
Duke Energy Marketing America, L.L.C.
Duke Energy North America LLC
Duke Energy Trading and Marketing, LLC
Dynergy Power Marketing, Inc.
Edison Mission Marketing & Trading, Inc.
El Paso Marketing, LP
Elliot Health System
Emera Energy Services, Inc.
Emera Energy U.S. Subsidiary No. 1 Inc.
Energy America, LLC
Energy Management, Inc.
Energy New England LLC
EnerNOC, Inc.
Entergy Nuclear Generation Company
Entergy Nuclear Vermont Yankee, LLC
Epic Merchant Energy, LP
ESI Northeast Energy GP, Inc.
Exelon Generation Company, LLC
Exelon New Boston, LLC
Exelon New England Holdings, LLC
Fairchild Semiconductor Corporation
Fairchild Energy, LLC

NEPOOL Participants



Fitchburg Gas and Electric Light Company
Florida Power & Light Company
FPL Energy Maine Hydro, LLC
FPL Energy Maine, Inc.
FPL Energy Mason, LLC
FPL Energy Power Marketing, Inc.
FPL Energy Seabrook, LLC
FPL Energy Wyman IV, LLC
FPL Energy Wyman, LLC
FPL Energy LLC
Gas Recovery Systems, LLC
Gexa Energy LLC
Granite Ridge Energy, LLC
Granite State Electric Company
Great Bay Power Marketing, Inc.
Green Mountain Power
Groton Electric Light Department
H.Q. Energy Services (U.S.) Inc.
Harvard Dedicated Energy Limited
Hingham Municipal Lighting Plant
Holden Municipal Light Department
Holyoke Gas & Electric Department
Holyoke Water Power Company
Hudson Light and Power Department

Hull Municipal Lighting Plant
Indeck Energy-Alexandria, LLC
Indeck Maine Energy, LLC
Indiana Michigan Power Company
Industrial Energy Consumer Group
Industrial Power Services Corporation
Ipswich Municipal Light Department
J & L Electric
J. Aron & Company
J.F. Gray & Associates, LLC
J.P. Morgan Ventures Energy Corporation
JPMorgan Chase Bank, N.A.
Kennebec River Energy, LLC
Kentucky Power Company
LaBree's, Inc.
LaBree's Energy, LLC
Lake Road Generating Company, L.P.
Lehman Brothers Commodity Services Inc.
Lincoln Paper and Tissue, Inc.
Linde Gas LLC
Littleton (MA) Electric Light Department
Littleton (NH) Water and Light Department
Long Island Lighting Company d/b/a LIPA
Lowell Cogeneration Co. Limited Partnership

December 2, 2005

NEPOOL Participants



Lowell Power LLC
LP&T Energy LLC
Maine Health & Higher Educational Facilities Authority
Maine Skiing, Inc.
Mansfield Municipal Electric Department
Marblehead Municipal Light Department
Marden's, Inc.
Massachusetts Bay Transportation Authority
Massachusetts Electric Company
Massachusetts Municipal Wholesale Electric Company
Massachusetts Port Authority
Massachusetts. Public Interest Research Group, Inc.
Mead Oxford Corporation
Merchants Plaza, LLC
Merchants Plaza Energy, LLC
Merrill Lynch Commodities, Inc.
Middleborough Gas and Electric Department
Middleton Municipal Electric Department
Middletown Power LLC
Milford Power Company, LLC
Milford Power Limited Partnership
Millennium Power Partners, LP
Mirant Americas Energy Marketing, LP
Mirant Canal, LLC

Mirant Energy Trading, LLC
Mirant Kendall, LLC
Mirant New England, LLC
Mohawk River Funding IV, LLC
Montville Power LLC
Morgan Stanley Capital Group, Inc.
Morin Brick Company, Inc.
Morin Energy, LLC
Narragansett Electric Company
New England Power Company
New England Wire Technologies Corporation
New Hampshire Electric Cooperative, Inc.
New Hampshire Industries, Inc.
New Hampshire Office of Consumer Advocate
New York State Electric & Gas, Inc.
North Attleborough Electric Department
Northeast Generation Company
Northeastern Power, LLC
Northern States Power Company
Norwalk Power LLC
Norwood Municipal Light Department
NRG Power Marketing Inc.
NYSEG Solutions, Inc.
Ohio Power Company

December 2, 2005

NEPOOL Participants



Old Town Lumber Company, Inc.
Order of St. Benedict of New Hampshire, d/b/a St. Anselm College
Parkview Adventist Medical Center
Parkview AMC Energy, LLC
Pascoag Utility District
Paxton Municipal Light Department
Peabody Municipal Light Plant
Pinpoint Power, LLC
Powerex Corp.
PowerOptions, Inc.
PPL EnergyPlus Co.
PPL Maine, LLC
PPL Wallingford Energy, LLC
PPM Energy, Inc
Praxair, Inc.
PSEG Energy Resources & Trade LLC
PSEG Energy Technologies Inc.
Public Service Company of New Hampshire
Rainbow Energy Marketing Corporation
Reading Municipal Light Plant
Rentricity Inc.
Richard Silkman
Ridgewood Maine Hydro Partners, L.P.
Ridgewood Rhode Island Generation, LLC
Ritchie Energy Products, L.L.C.
Rochester Electric Light & Power
Rowley Municipal Light Plant
Rumford Power Associates Limited Partnership
Saracen Energy, LP
Saracen Merchant Energy, LP
Select Energy Inc.
Select Energy New York, Inc.
Sempra Energy Solutions
Sempra Energy Trading Corp.
Seneca Energy II, LLC
SESCO Enterprises, LLC
Shrewsbury's Electric Light Department
Somerset Power LLC
South Hadley Electric Light Department
Split Rock Energy, LLC
Sprague Energy Corp.
SR Energy, LLC
State of Connecticut, Office of Consumer Counsel
State of Maine, Office of the Governor
Sterling Municipal Electric Light Department
Strategic Energy, Limited Partnership
SUEZ Energy Marketing NA, Inc.

December 2, 2005

NEPOOL Participants



SUEZ Energy Resources NA, Inc.
Susquehanna Energy Products, LLC
Taunton Municipal Lighting Plant
TCPL Power Ltd.
Templeton Municipal Lighting Plant
Texas Instruments Incorporated
The Energy Consortium
The Energy Council of Rhode Island
Tiverton Power Associates Limited Partnership
TransAlta Energy Marketing (U.S.) Inc.
TransCanada Energy Ltd.
TransCanada Power Marketing Ltd.
TransEnergie U.S. Ltd.
TXU Energy Trading Company LP
UBS AG, acting through its London Branch
Union of Concerned Scientists, Inc.
United Illuminating Company, The
Unitil Energy Systems, Inc.
UNITIL Power Corp.
UPC Wind Management, LLC
Vermont Electric Cooperative
Vermont Electric Power Company, Inc.
Vermont Marble Company

Vermont Public Power Supply Authority
Vermont Yankee Nuclear Power Corporation
Wakefield Municipal Gas and Light Department
WebGen Systems Inc.
Wellesley Municipal Light Plant
West Boylston Municipal Lighting Plant
The Westerly Hospital
Westerly Hospital Energy Company, LLC
Western Massachusetts Electric Company
Westfield Gas & Electric Light Department
Wheelabrator North Andover, Inc.
Williams Power Company, Inc.
Worcester Trading, Inc.
WPS Energy Services Inc.
Z-TECH, LLC

2005 NEPOOL Costs



Participant Expenses*

Legal Fees and Disbursements	\$4,198,700
Independent Financial Advisor Fees and Disbursements	105,000
Committee Meeting Expenses	500,000
Review Board Compensation	215,000
Review Board Administrative and Support Expense	95,000
Review Board Insurance	<u>87,000</u>
Subtotal	\$5,200,700
NEPOOL Membership Fees	(\$1,040,000)
TOTAL Participant Expenses	\$4,160,700

* Allocated pursuant to 2d RNA Section 14.2 (2/2005 – 12/2005) and RNA Section 19.2 (1/205-2/2005)

Estimated NEPOOL 2005 Costs

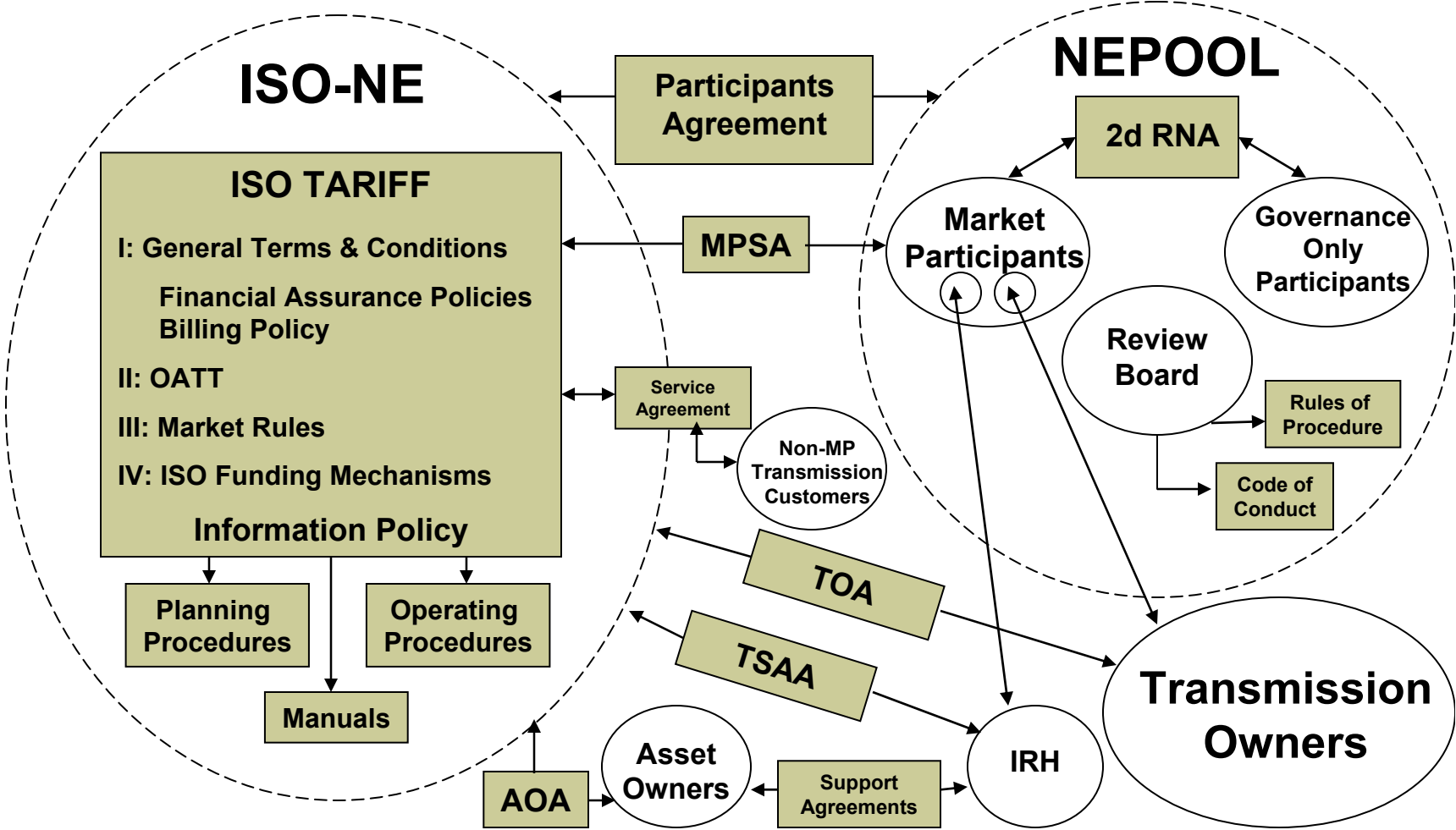


Other Expenses

Generation Information System ¹	\$1,500,000 ¹
Credit Insurance Premium ²	310,000 ²
Load Response ³	<u>600,000 ³</u>
Total For Other Expenses	\$2,410,000

- 1 Paid by "GIS Participants" under Allocation of Costs Related to Generation Information System, which was approved by the Participants Committee on June 21, 2002.
- 2 Paid by Participants based on the sum of all charges and remittances in the preceding calendar year under Section V of the Financial Assurance Policy for Market Participants.
- 3 Costs allocated based on Real-Time load obligations in applicable zone as set forth in Section 7 of Appendix E to Market Rule 1. Approximate Load Response Expenses as of December 1, 2005.

Operative Documents

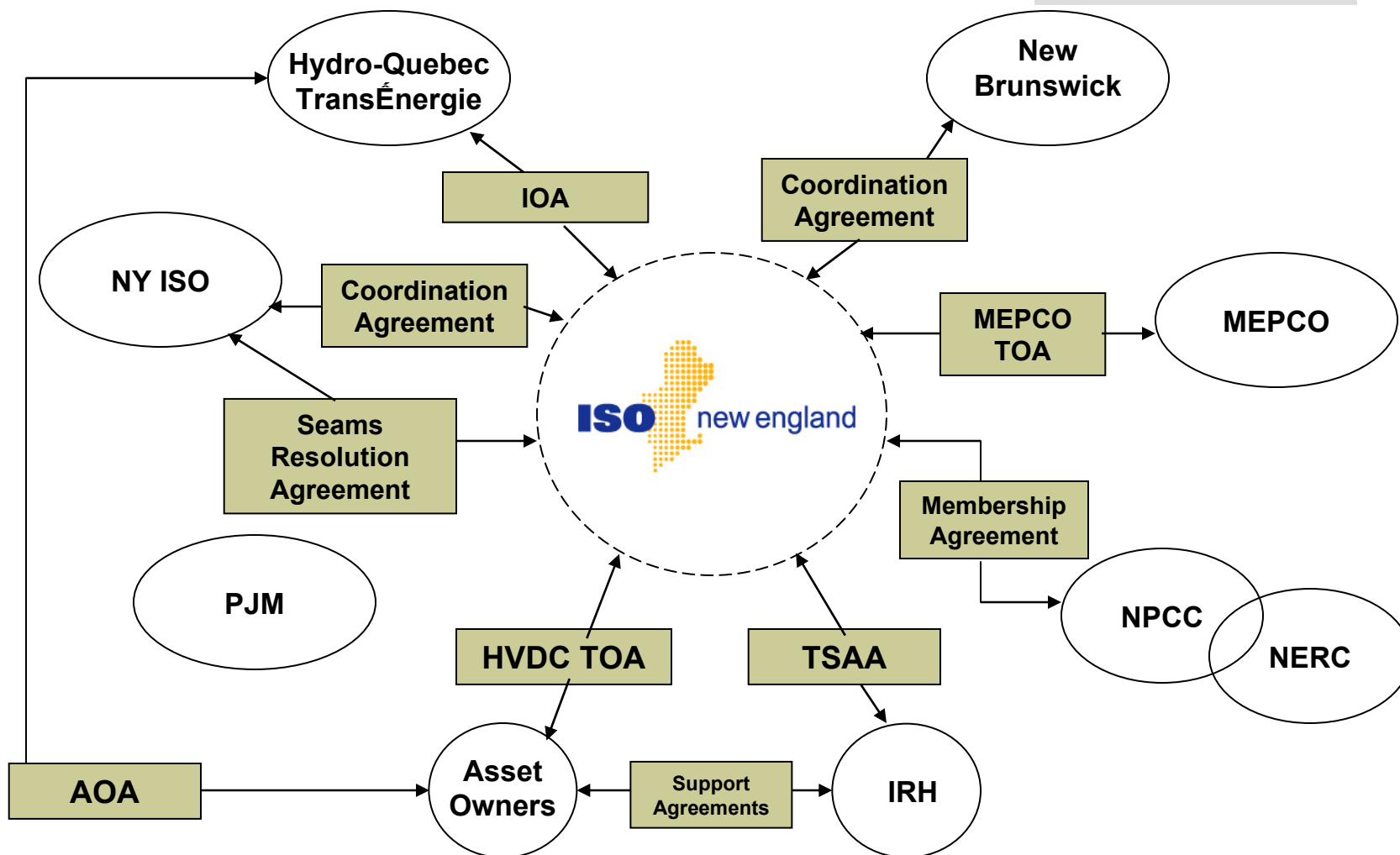


Operative Documents



- Second Restated NEPOOL Agreement (2d RNA)
 - ▶ (http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/rvwbrd/prps/index.html)
- Participants Agreement (PA)
 - ▶ http://www.iso-ne.com/regulatory/part_agree/index.html
- Market Participants Service Agreement (MPSA)
 - ▶ http://www.iso-ne.com/regulatory/tariff/attach_a/index.html
- ISO Tariff (Tariff)
 - ▶ <http://www.iso-ne.com/regulatory/tariff/index.html>
- Transmission Owners Agreement (TOA)
 - ▶ <http://www.iso-ne.com/regulatory/tariff/index.html>
- Planning Procedures (PPs)
 - ▶ http://www.iso-ne.com/rules_proceeds/isone_plan/index.html
- Operating Procedures (OPs)
 - ▶ http://www.iso-ne.com/rules_proceeds/operating/index.html
- Manuals
 - ▶ http://www.iso-ne.com/rules_proceeds/isone_mnls/index.html
- Review Board Rules of Procedure and Code of Conduct
 - ▶ http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/rvwbrd/prps/index.html

Operative Documents



December 2, 2005

Operative Documents



- Phase I/II HVDC Transmission Operating Agreement (HVDC TOA)
 - ▶ http://www.iso-ne.com/regulatory/toa/hvdc_toa.pdf
- Phase I/II HVDC-TF Transmission Service Administration Agreement (TSAA)
 - ▶ http://www.iso-ne.com/regulatory/toa/phase_I-II_hvdc-tf_tsaa.pdf
- MEPCO Transmission Operating Agreement (MEPCO TOA)
 - ▶ http://www.iso-ne.com/regulatory/toa/mepco_toa.pdf
- New Brunswick Coordination Agreement
 - ▶ <http://www.iso-ne.com/regulatory/ferc/filings/2005/jun/New%20Brunswick%20Agreement%206-7-05.pdf>
- Interconnection Operators Agreement (IOA) ISO-NE-HQ TransEnergie
 - ▶ http://www.iso-ne.com/regulatory/ferc/filings/2005/mar/attachment_403_31_05.pdf
- Asset Owners Agreement (AOA)
 - ▶ http://www.iso-ne.com/regulatory/ferc/filings/2005/mar/attachment_5.04_01_05.pdf
- NYISO Coordination Agreement
 - ▶ http://www.iso-ne.com/rules_proceeds/isone_mnls/index.html
- Interregional Coordination and Seams Issue Resolution Agreement
 - ▶ http://www.iso-ne.com/regulatory/ferc/filings/2004/jun/rt04_2_06_22_04.pdf

FERC Proceedings



EL04-112	RSC Formation	EL05-150	CT Representatives complaint requesting FERC to amend Market Rule 1 so that all electric generation facilities that have been designated as an RMR Resource or are otherwise determined by the ISO as necessary for reliability in Connecticut must apply to must apply to the ISO for cost-of-service compensation
EL05-39	ANP Complaint challenging NEPOOL's adoption of new OP20 and changes to OP5 resulting from the ISO's Cold Snap Proposal	ER02-2330	Quarterly SMD Reports
EL05-56	CT DPUC Complaint challenging the use of historic test year data in calculating the PTF capital addition cost component of the Attachment F formula	ER03-345	Semi-Annual Status Reports on Load Response Programs
EL05-61	ConEd Complaint challenging the portions of Market Rule 1 and Manual 20 relating to the conduct of monthly UCAP Deficiency Auctions	ER03-563-049	Reports on progress made in the siting, permitting and construction of transmission and generation upgrades in the New England Control Area
EL05-89	Maine PUC Complaint challenging TO's ROE under NEPOOL Tariff	ER04-157-004	RTO ROE Proceeding
EL05-91	FERC investigation into continued just and reasonableness of ISO Schedule 3	ER04-433-004	111th Agreement (Tariff Schedule 22 Compliance Amendments)
EL05-119	NRG Complaint challenging the ISO's rejection of a portion of RBAs seeking adjustment to NRG's payments under the NRG RMR Agreements	ER04-798	DAM Resettlement
EL05-147	Milford Complaint challenging the ISO's rejection of a portion of three RBAs seeking adjustment to Milford's payments under the Milford RMR Agreement	ER04-841	Salem Harbor RMR
		ER04-1255-001	Day-Ahead Load Response Program
		ER05-26	Mirant RMR
		ER05-52	2005/2006 HQICCs
		ER05-134/135	2005 ISO Budgets

FERC Proceedings



ER05-163	Milford RMR	ER05-767	Reference Price Calculations
ER05-231	PSEG RMR	ER05-795	ASM Phase I
ER05-267	109th Agreement (Mirant Kendall Repowering Project)	ER05-811	Financial Assurance Policy Amendments Permitting US Treasury Obligations as a Form of Financial Assurance
ER05-403	110th Agreement (Financial Assurance Policy Changes)	ER05-870	Min Gen Emergency Charges & Credits
ER05-361	ITS Pilot	ER05-903	ConEd RMR
ER05-374	RTO implementation filing	ER05-945	Modified Rating Requirement for Credit Insurance Company
ER05-439	Real-Time RMR Charges	ER05-973	ISO's Capital Projects Report - 2005 Q1
ER05-459	112th Agreement	ER05-1022	Surplus Transmission Congestion Revenue Allocation
ER05-492	Negative FTR Bids	ER05-1086	New Brunswick Coordination Agreement
ER05-508	Cold Weather Procedures (Appendix H)	ER05-1179	Berkshire RMR
ER05-531	Partial De-Listing	ER05-1220	Start Up Fee Treatment in Determination of Operating Reserve Credits
ER05-594	113th Agreement (US Gen Compensation)	ER05-1250	Phase I/II HVDC-TF IOA and AOA
ER05-588	114th Agreement (Review Board Composition)	ER05-1283	2005/2006 Power Year Rate Filing
ER05-611	Bridgeport RMR	ER05-1304/5	Mystic RMRs
ER05-680	ISO's Capital Projects Report - 2004 Q4	ER05-1342	Order 2003-C Changes
ER05-715	2005/2006 IC Requirements	ER05-1343	ISO's Capital Projects Report - 2005 Q2
ER05-730	MEPCO Operating Agreement		
ER05-747	Forward Reserve Market Clarifications and Partial De-Listing Mitigation		

FERC Proceedings



ER05-1343	ISO's Capital Projects Report - 2005 Q2	RT04-2-011	Order 2003 Compliance Filing
ER05-1353	Changes to NCPD Credit Eligibility	RT04-2-010	RTO 60-day compliance filing
ER05-1450	Demand Response Reserve Pilot Program	RT04-2-012	RTO 90-day compliance filing
ER05-1531	2006/2007 HQICCs	ID-3938-001	Pignatelli Application
ER06-17	Lag in Recovery of New Transmission Costs in RNS Rates	RM04-12	NOPR on Accounting and Financial Reporting for Public Utilities Including RTOs
ER06-69	Re-instating MTF language	RM05-4	NOPR on Interconnection for Wind Energy and Other Alternative Technologies
ER06-89	Winter Package		
ER06-94	ISO 2006 Budget	RM05-10	NOPR on Imbalance Provisions for Intermittent Resources Assessing the State of Wind Energy in Wholesale Electricity Markets
ER06-97	2006 Capital Budget		
ER06-118	NRG RMR		
ER06-191	Small Interconnection Compliance Filing	RM05-16	NOI on Generator Run Status Information
ER06-193	Schedule 22 Improvements LGIA LGIP	RM05-25	NOPR on Preventing Undue Discrimination and Preference in Transmission Services
RT04-2-008	Compliance Filing Describing Role of Review Board Under RTO Arrangements	RM05-30	NOPR on Electric Reliability Organization and Electric Reliability Standards
RT04-2-009	Report of Compliance with respect to a revised Seams Agreement, and compliance changes to the TOA, RTO Tariff, and ISO-NE Information Policy		