

FINAL

Pursuant to notice duly given, a meeting of the NEPOOL Participants Committee was held via teleconference beginning at 10:00 a.m. on Thursday, August 5, 2021. 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.

Mr. David Cavanaugh, Chair, presided and Mr. David Doot, Secretary, recorded.

APPROVAL OF JUNE 24, 2021 MEETING MINUTES

Mr. Cavanaugh referred the Committee to the preliminary minutes of the June 24, 2021 meeting, as circulated and posted in advance of the meeting. Following motion duly made and seconded, the preliminary minutes of that meeting were unanimously approved as circulated, with an abstention by Mr. Michael Kuser's alternate noted.

CONSENT AGENDA

Mr. Cavanaugh 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 as circulated, with an abstention on behalf of Mr. Kuser's alternate recorded.

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 June 24, 2021 Participants Committee meeting, which had been circulated and posted in advance of the meeting. There were no questions or comments on the summaries.

ISO COO REPORT

July Report (June data) Update

Dr. Vamsi Chadalavada, ISO Chief Operating Officer (COO), began by briefly highlighting a few items from his report circulated in early July, which covered the full month of June. He reported that load forecasting was impacted by two heatwaves in June. The first heatwave, which ran from June 5 to June 9, had a 15 to 17 degrees Fahrenheit (°F) departure from mean temperatures. During this time, the load forecasts were reasonably accurate except on June 9, when the peak temperature was under-forecasted by approximately 5°F. The second heatwave, which resulted in even higher temperatures, took place from June 28 to June 30. During this time temperatures again ran 15 to 17°F higher than the mean. The weather forecasts during this time were more accurate, resulting in a more accurate load forecasts. Dr. Chadalavada then clarified the peak load numbers for June reflected in the July report. He explained that peak load was initially reported as 25,159 MW, but was subsequently increased to 25,726 MWs to reflect data from revenue quality meters settlement-only generation. Reflecting on reported uplift, he noted that higher uplift occurred when insufficient generation in the east cleared during time of high loads and/or gas prices, resulting in out-of-merit dispatch and costs. Finally, he reported that the aggregate show of interest for FCA16 totaled 16,200 MWs (5,800 MW of supply, 9,900 MW of imports, and 530 MW of demand resources), just 1,000 MW shy of the show of interest for FCA15.

August Report (July data)

Referring the Committee to his August report, which had been circulated and posted in advance of the meeting, Dr. Chadalavada noted that the data in the report was through July 28, 2021, unless otherwise noted. The report highlighted the following: (i) Energy Market value for July 2021 was \$427 million, down \$51 million from the updated June 2021 value of \$478

million and up \$100 million from July 2020; (ii) July 2021 average natural gas prices were 14% higher than June average prices; (iii) average Real-Time Hub Locational Marginal Prices (LMPs) for July (\$36.04/MWh) were 0.6% higher than June averages; (iv) average July 2021 natural gas prices and Real-Time Hub LMPs over the period were up 99% and 60%, respectively, from July 2020 average prices; (v) average Day-Ahead cleared physical energy during peak hours as percent of forecasted load was 100.6% during July (up from 99.1% in June), with the minimum value for the month (96.2%) on July 4; and (vi) Daily Net Commitment Period Compensation (NCPC) payments for July totaled \$2.7 million, which was down \$1.2 million from June 2021 and up \$0.9 million from July 2020. July NCPC payments, which were 0.6% of total Energy Market value, were comprised of: (a) \$2.1 million in first contingency payments (down \$0.6 million from June); (b) \$331,000 in second contingency payments (down \$850,000 from June), and (c) \$276,000 in distribution payments (up \$245K from June).

Dr. Chadalavada noted that Future Grid Reliability Study results were presented at the July Planning Advisory Committee (PAC) meeting, and the remaining results were expected to be presented in September.

Responding to questions about upcoming transmission outages, Dr. Chadalavada noted potential outages later in the year on lines 312/393 and 354, both of which were expected to impact the New England/New York interface limits and result in uplift charges. The requests for both outages were being analyzed and Dr. Chadalavada committed to provide an update at the September meeting.

LITIGATION REPORT

Mr. Doot referred the Committee to the August 3 Litigation Report that had been circulated and posted in advance of the meeting. He highlighted the following:

(i) three FERC administrative and rulemaking proceedings addressing, respectively, resource adequacy, hybrid resources and transmission interconnection and planning. He noted that the advanced notice of proposed rulemaking (ANOPR) on transmission interconnection and planning (Transmission ANOPR) had generated a fair amount of questions and would be discussed at the next Transmission Committee meeting; and

(ii) activity in the proceeding initiated by the filing concerning treatment in Regional Network Load of behind-the-meter generation that had been submitted jointly on July 1 by the ISO and the Participating Transmission Owners Administrative Committee.

COMMITTEE REPORTS

Markets Committee (MC). Mr. William Fowler, the MC Vice-Chair, reported that a three-day meeting would be held August 10-12, with a potential fourth day on August 31. Discussion would focus on the region's response to Order 2222 and Minimum Offer Price Rule (MOPR) reform issues.

Reliability Committee (RC). Mr. Robert Stein, the RC Chair, reported that the scheduled August 17 RC meeting would include discussion on FCA16 Retirement and De-List Bids and certain Order 2222 issues.

Transmission Committee (TC). Mr. José Rotger, the TC Vice-Chair, reported that the scheduled August 24 TC meeting would include: (i) continued discussion on a stakeholder proposal to eliminate from Schedule 11 of the Tariff operating and maintenance (O&M) charges for network upgrades associated with generation interconnections; (ii) information on ISO-proposed changes to Attachment K, which would include changes to the regional system planning process and changes relative to lessons learned from the Order 1000 transmission

request for proposals (RFP) process, and (iii) an overview by NEPOOL counsel of the Transmission ANOPR and consideration of any NEPOOL response thereto.

Budget & Finance Subcommittee. Mr. Thomas Kaslow, the Subcommittee Chair, announced that the Subcommittee would hold two meetings in August, one on August 9 to review the preliminary 2022 ISO and NESCOE budgets, and one on August 26 to take up ongoing issues before the Subcommittee, including nodal clearing of FTRs.

Membership Subcommittee. Ms. Sarah Bresolin, the Subcommittee Chair, announced that the next meeting of the Subcommittee, which was scheduled for August 16, would include consideration and discussion of potential changes to the characterization of the Fuels Industry Participant membership category (which had expanded to include a few trade association members). Ms. Bresolin reminded Participants that Subcommittee materials, including an expected straw proposal with respect to the Fuels Industry Participant arrangements, would be available on the Subcommittee's NEPOOL website page. She welcomed Participants with any questions or concerns about the straw proposal or other Subcommittee matters to forward those to her or to NEPOOL counsel.

ADMINISTRATIVE MATTERS

Mr. Cavanaugh noted that the Pathways Study meeting scheduled for August 23 had been cancelled, with a next meeting tentatively scheduled for September 23 (date and time to be subsequently confirmed). In addition, the October NPC meeting was tentatively being planned as an in-person meeting. He said that all Participants would receive a questionnaire to support meeting planning and logistics and to receive feedback for restoring in-person NEPOOL meetings.

Finally, he referred to the notice from NEPOOL counsel that balloting of the Waiver Agreement, which allows for the temporary Participants Agreement waivers required to seat the four-person slate of candidates for election to the ISO Board of Directors endorsed by the Participants Committee at its July 21 meeting, was successfully completed and the Agreement was unanimously approved. He said that notice of that Agreement would be filed with the FERC. A final vote by the ISO Board of Directors to approve the Waiver Agreement and elect the slate was expected to be taken at the Board's meeting in September.

NESCOE ADVANCING THE VISION REPORT

After a brief recess, Mr. Cavanaugh introduced Ms. Heather Hunt, NESCOE Executive Director, along with Mr. Phil Bartlett, Chair, Maine Public Utilities Commission; Mr. Matt Nelson, Chair, Massachusetts (MA) Department of Public Utilities; Ms. June Tierney, Commissioner, Vermont Department of Public Service (VT DPS); and Mr. Patrick Woodcock, MA Commissioner and Undersecretary of Energy.

Ms. Hunt began by referring to the "*Report to the Governors: Advancing the Vision*" (Report), which had been circulated and posted in advance of the meeting. The Report followed the October 2020 issuance of both the New England States' Vision Statement and the Statement on Electricity System Reform issued by five of the six governors (the New Hampshire governor was not a signatory to the latter Statement, reflecting primarily differences in clean energy mandates between New Hampshire and the other New England states). She summarized the process undertaken prior to the Report, including a number of issue-specific technical sessions that were held in early 2021, expressing thanks to all those who participated in those sessions.

Ms. Hunt first highlighted the Report's market design recommendations, which included moving a forward clean energy market (FCEM)-style construct to the next level of detail to help

the States further inform their thinking, as well as continuing work on the elimination of the MOPR and other market adjustments such as energy and ancillary services. The Commissioners in follow up reflected on the importance of taking a holistic approach to ensuring clean energy resources can be integrated into the clean energy transition effectively. Also stressed was the importance of market-based goals and other market elements, including energy and ancillary services. Members noted the FERC's initiative to define a grid services framework through Order 2222 and otherwise.

Ms. Hunt next highlighted the recommendation focused on conducting transmission analysis over a long-term horizon consistent with the Vision Statement and in furtherance of state policies or mandates. In Fall 2020, based on this recommendation, the ISO agreed to conduct a 2050 transmission study, which was expected to be brought to stakeholders for comment in the near term. Further, Ms. Hunt highlighted the importance of an associated timely reform to the ISO's transmission planning tariff to make proactive, long-term scenario-based analysis of state mandates and policies a routine planning practice. She noted that the FERC's recently-released Transmission ANOPR incorporated many of the objectives included in the Vision Statement. She also highlighted the FERC's establishment of the joint federal-state task force on electric transmission which, as noted in the Litigation Report, included the nominations of New England Commissioners Riley Allen (VT PUC) and Chairman Nelson, with work likely to begin in the late Fall. Commissioners noted the challenges, but nevertheless the need, to produce analysis of transmission infrastructure to meet long-term goals and mandates on a low-cost basis.

Turning to the Report's third area of recommendations, highlighting ISO governance and the assessment of governance practices used by other regional transmission operators, Ms. Hunt

noted that the Report offered a list of recommendations that would enhance the ISO's transparency and accountability. Commissioners augmented that summary, noting the importance of the ISO's governance changing in order to be more responsive to rapidly evolving state mandates and energy policy changes. The States sought more collaborative partnering with the ISO to achieve common goals.

Turning to equity and environmental justice, Ms. Hunt shared the recommendation to create an Ad Hoc State Work Group on Equity and Environmental Justice in Energy Infrastructure, comprised of New England state officials with policy, permitting, siting, and regulatory authorities and regional partners, and included ISO and NEPOOL Sector representatives. The Commissioners recognized that equity and environmental justice was a new and evolving initiative that required a fundamental shift in how challenges were defined and addressed and that needed to be tackled together with the ISO and stakeholders.

Members were invited then to ask questions and comment on the Report, beginning with the theme of equity and environmental justice. That discussion highlighted the importance of including such considerations in all planning discussions and finding new ways to provide transparency for such discussions and to facilitate input on environmental and social equity issues from those who are historically under-represented. The Commissioners said that the region had an imperative to ensure that environmental and equity issues become part and parcel of engineering and economic thinking going forward. Continuing, the Commissioners expressed the view that the process for considering such issues needed to ensure communities would be engaged and to provide clear understanding of when, where and how to provide meaningful input. There was acknowledgement that the changes to the current legal frameworks for considering such issues that most directly impact environmental justice and equity were under

development at both the state and federal levels, and those frameworks also need to be incorporated into regional processes.

On the topic of governance, Ms. Hunt noted the ISO's report that the governance recommendations had been referred to the ISO's Nominations and Governance Committee and were reportedly to be taken up by that Committee and the Board in August. The States expected the Board would issue a response thereafter but did not know whether the ISO Board would need additional time beyond its August meeting. Thus, the next steps by the States on the governance initiative would follow the ISO Board response.

As to the discussion on the other topics, the Committee was referred to ongoing discussions in the Technical Committees of the States' recommendations.

IMM 2020 ANNUAL MARKETS REPORT

Dr. Jeffrey McDonald, the ISO's Internal Market Monitor (IMM) and Vice President of Market Monitoring, was introduced to summarize the IMM's 2020 Annual Markets Report. Dr. McDonald began by providing an overview of the New England markets' performance in light of the record low natural gas prices, the impact of the COVID-19 pandemic on electricity demand, and the region's mild 2020 winter. As referenced in his presentation, Dr. McDonald reported that New England saw record low energy prices, as well as wholesale costs that decreased by more than \$1 billion from 2019. He also reported that the system was relatively incident free in 2020, experiencing no shortage events and a few instances of operator intervention.

Dr. McDonald referred to a chart in his presentation that showed prices during the past year were insufficient to support new investment. The IMM's analysis, which was updated from prior reports to include Regional Greenhouse Gas Initiative (RGGI) prices, showed that the wholesale markets were not providing enough revenues to make it profitable enough to build the

hypothetical CONE (Cost of New Entry) reference unit. Dr. McDonald clarified, in response to a question, that such results did not show that markets were not working. Rather, it reflected that, during the current times of surplus, new investment was not encouraged by the markets. He added that there could be a problem if this situation persisted over the long-term when supply and demand were more balanced.

Dr. McDonald presented on how CO₂ costs for certain resources increased their production costs. Specifically, RGGI increased costs by \$2.88/MWh and the Massachusetts Global Warming Solutions Act produced a \$3.08/MWh increase. In response to stakeholders' requests, Dr. McDonald committed to report on how the Massachusetts program impacted dispatch order. He also noted the IMM's findings about the impact on demand due to the increase of energy efficiency and behind-the-meter photovoltaic solar resources, observing that energy efficiency had the most pronounced load reducing impact.

Dr. McDonald concluded his presentation by offering the IMM's analysis of the competitiveness of the markets, which included a summary of mitigation measures taken in 2020. He highlighted the low occurrences of market power, as well as the low mitigation instances resulting from the potential for market power. Dr. McDonald also noted that, although the system as a whole was competitive in FCA15, there were a large number of pivotal suppliers (with potential market power), as determined by the pivotal supplier test, in the Southeast New England zone. In response to this observation, Dr. McDonald engaged stakeholders in a dialogue concerning the pivotal supplier test as it is used in the descending clock auction, as well as a brief conversation on changing the auction to a sealed-bid auction.

Upon completing his presentation, the Committee requested that Dr. McDonald provide his opinions on the removal of the MOPR from the ISO Tariff. Dr. McDonald and the

Committee, with input from the Markets Committee officers and numerous stakeholders scheduled to present at the August 10–12, 2021 Markets Committee meeting, agreed to find time for that discussion at that August meeting.

Briefly summarizing his views at the request of a member, Dr. McDonald noted that the proposal from Potomac Economics had interesting features that, when combined with Effective Load Carrying Capability (ELCC), could maintain price formation even though public funds would be allowed to compete with private investment. Thus, in retaining price formation, the Potomac Economics proposal and ELCC could help coordinate entry and exit of resources, which, according to Dr. McDonald, was a key desired function of capacity markets. Dr. McDonald, however, was clear that he needed more time to review the Potomac Economics proposal before offering any opinion as to whether he supports it. He stated that he would be more fully prepared to discuss that proposal at the upcoming Markets Committee meeting.

There being no other business, the meeting adjourned at 2:20 p.m.

Respectfully submitted,

David Doot, Secretary

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN THE AUG 5, 2021 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Advanced Energy Economy	Fuels Industry Participant	Caitlin Marquis		
American Petroleum Institute	Fuels Industry Participant	Paul Powers		
Ampersand Energy Partners LLC	Supplier			Julia Frayer
AR Large Renewable Generation (RG) Group Member	AR-RG	Alex Worsley		
AR Small Load Response (LR) Group Member	AR-LR			Doug Hurley
Ashburnham Municipal Light Plant	Publicly Owned Entity		Brian Thomson	
Associated Industries of Massachusetts (AIM)	End User			Mary Smith
AVANGRID: CMP/UI	Transmission		Alan Trotta	
Belmont Municipal Light Department	Publicly Owned Entity		Dave Cavanaugh	
Block Island Utility District	Publicly Owned Entity	Dave Cavanaugh		
Borrego Solar Systems Inc.	AR-DG	Liz Delaney		
Boylston Municipal Light Department	Publicly Owned Entity		Brian Thomson	
BP Energy Company	Supplier			José Rotger
Braintree Electric Light Department	Publicly Owned Entity			Dave Cavanaugh
Brooks, Dick	End User	Dick Brooks		
Calpine Energy Services, LP	Supplier	Brett Kruse		Bill Fowler
Castleton Commodities Merchant Trading	Supplier			Bob Stein
Central Rivers Power	AR-RG		Dan Allegretti	
Chester Municipal Light Department	Publicly Owned Entity		Dave Cavanaugh	
Chicopee Municipal Lighting Plant	Publicly Owned Entity		Brian Thomson	
CLEARresult Consulting, Inc.	AR-DG	Tamera Oldfield		
Concord Municipal Light Plant	Publicly Owned Entity		Dave Cavanaugh	
Connecticut Municipal Electric Energy Coop.	Publicly Owned Entity	Brian Forshaw		
Conservation Law Foundation (CLF)	End User	Phelps Turner		
CPV Towantic, LLC (CPV)	Generation	Joel Gordon		
Cross-Sound Cable Company (CSC)	Supplier		José Rotger	
Danvers Electric Division	Publicly Owned Entity		Dave Cavanaugh	
Dominion Energy Generation Marketing	Generation	Mike Purdie	Weezie Nuara	
DTE Energy Trading, Inc.	Supplier			José Rotger
Dynergy Marketing and Trade, LLC	Supplier			Bill Fowler
Emera Energy Services	Supplier			Bill Fowler
ENGIE Energy Marketing NA, Inc.	AR-RG	Sarah Bresolin		
Environmental Defense Fund	End User	Jollette Westbrook		
Eversource Energy	Transmission	James Daly	Dave Burnham	Vandan Divatia
Excelerate Energy LP	Fuels Industry Participant	Gary Ritter		
Exelon Generation Company	Supplier	Steve Kirk	Bill Fowler	
FirstLight Power Management, LLC	Generation	Tom Kaslow		
Galt Power, Inc.	Supplier	José Rotger		
Generation Group Member	Generation	Dennis Duffy	Abby Krich	
Georgetown Municipal Light Department	Publicly Owned Entity		Dave Cavanaugh	
Great River Hydro	AR-RG			Bill Fowler
Groton Electric Light Department	Publicly Owned Entity		Brian Thomson	
Groveland Electric Light Department	Publicly Owned Entity		Dave Cavanaugh	
H.Q. Energy Services (U.S.) Inc. (HQUS)	Supplier		Bob Stein	
High Liner Foods (USA) Incorporated	End User		William P. Short III	
Hingham Municipal Lighting Plant	Publicly Owned Entity		Dave Cavanaugh	
Holden Municipal Light Department	Publicly Owned Entity		Brian Thomson	
Holyoke Gas & Electric Department	Publicly Owned Entity		Brian Thomson	
Hull Municipal Lighting Plant	Publicly Owned Entity		Brian Thomson	
Industrial Energy Consumer Group	End User	Alan Topalian		
Ipswich Municipal Light Department	Publicly Owned Entity		Brian Thomson	
Jericho Power LLC (Jericho)	AR-RG	Mark Spencer	Nancy Chafetz	
Littleton (MA) Electric Light and Water Department	Publicly Owned Entity		Dave Cavanaugh	

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN THE AUG 5, 2021 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Littleton (NH) Water & Light Department	Publicly Owned Entity		Craig Kiemy	
Long Island Power Authority (LIPA)	Supplier		Bill Killgoar	
Maine Power LLC	Supplier	Jeff Jones		
Maine Public Advocate's Office	End User	Drew Landry		
Maine Skiing, Inc.	End User	Alan Topalian		
Mansfield Municipal Electric Department	Publicly Owned Entity		Brian Thomson	
Maple Energy LLC	AR-LR		Luke Fishback	Doug Hurley
Marblehead Municipal Light Department	Publicly Owned Entity		Brian Thomson	
Mass. Attorney General's Office (MA AG)	End User	Tina Belew	Ben Griffiths	
Mass. Bay Transportation Authority	Publicly Owned Entity		Dave Cavanaugh	
Mass. Municipal Wholesale Electric Company	Publicly Owned Entity	Brian Thomson		
Mercuria Energy America, LLC	Supplier			José Rotger
Merrimac Municipal Light Department	Publicly Owned Entity		Dave Cavanaugh	
Michael Kuser	End User		Jason York	
Middleborough Gas & Electric Department	Publicly Owned Entity		Dave Cavanaugh	
Middleton Municipal Electric Department	Publicly Owned Entity		Dave Cavanaugh	
National Grid	Transmission	Tim Brennan	Tim Martin	
Nautilus Power, LLC	Generation	Dan Pierpont	Bill Fowler	
New Hampshire Electric Cooperative	Publicly Owned Entity	Steve Kaminski		Brian. Forshaw; Dave Cavanaugh; Brian Thomson
New England Power Generators Association (NEPGA)	Fuels Industry Participant	Bruce Anderson	Dan Dolan	
NextEra Energy Resources, LLC	Generation	Michelle Gardner		Gabe Hollis
North Attleborough Electric Department	Publicly Owned Entity		Dave Cavanaugh	
Norwood Municipal Light Department	Publicly Owned Entity		Dave Cavanaugh	
Pascoag Utility District	Publicly Owned Entity		Dave Cavanaugh	
Paxton Municipal Light Department	Publicly Owned Entity		Brian Thomson	
Peabody Municipal Light Department	Publicly Owned Entity		Brian Thomson	
Princeton Municipal Light Department	Publicly Owned Entity		Brian Thomson	
PSEG Energy Resources & Trade LLC (PSEG)	Supplier		Eric Stallings	
Reading Municipal Light Department	Publicly Owned Entity		Dave Cavanaugh	
Rowley Municipal Lighting Plant	Publicly Owned Entity		Dave Cavanaugh	
Russell Municipal Light Dept.	Publicly Owned Entity		Brian Thomson	
Shrewsbury Electric & Cable Operations	Publicly Owned Entity		Brian Thomson	
Small RG Group Member	AR-RG	Erik Abend		
South Hadley Electric Light Department	Publicly Owned Entity		Brian Thomson	
Sterling Municipal Electric Light Department	Publicly Owned Entity		Brian Thomson	
Stowe Electric Department	Publicly Owned Entity		Dave Cavanaugh	
Taunton Municipal Lighting Plant	Publicly Owned Entity		Dave Cavanaugh	
Templeton Municipal Lighting Plant	Publicly Owned Entity		Brian Thomson	
The Energy Consortium	End User	Bob Espindola	Mary Smith	
Vermont Electric Cooperative	Publicly Owned Entity	Craig Kiemy		
Vermont Electric Power Company (VELCO)	Transmission	Frank Ettori		
Vermont Energy Investment Corp (VEIC)	AR-LR		Doug Hurley	
Vermont Public Power Supply Authority	Publicly Owned Entity			Brian Forshaw
Village of Hyde Park (VT) Electric Department	Publicly Owned Entity		Dave Cavanaugh	
Wakefield Municipal Gas & Light Department	Publicly Owned Entity		Brian Thomson	
Wallingford DPU Electric Division	Publicly Owned Entity		Dave Cavanaugh	
Wellesley Municipal Light Plant	Publicly Owned Entity		Dave Cavanaugh	
West Boylston Municipal Lighting Plant	Publicly Owned Entity		Brian Thomson	
Westfield Gas & Electric Department	Publicly Owned Entity		Dave Cavanaugh	
Wheelabrator North Andover Inc.	AR-RG		Bill Fowler	