

**FCM Working Group**  
**August 21, 2009**  
**DoubleTree Westborough Hotel, Westborough, MA**  
**Meeting Notes**

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Introduction

- Tri-Chairs welcomed everyone to the third FCMWG meeting. Ms. Anne George, ISO New England Tri-Chair, stated that today's meeting included presentations from Mr. Tom Austin, Maine Public Utilities Commission, Mr. Bob Ethier for ISO New England, Mr. Robert Stoddard on behalf of the New England Power Generators Association, and Mr. Paul Peterson, Synapse Energy Economics.

Presentation by Tom Austin

- Mr. Austin gave his presentation to the FCMWG, which focused on his observations regarding the Forward Capacity Market a few years after its inception. He noted that his observations were personal and did not reflect any formal positions taken by the Maine Public Utilities Commission or NECPUC, although he had discussed his issues with both entities. Among the issues addressed in his presentation included the Alternative Price Rule.
- There were several questions and discussions had regarding the information in Mr. Austin's presentation, including issues regarding market power mitigation and demand response.

Presentation by Bob Ethier

- Mr. Ethier next gave his presentation to the FCMWG, which gave a high-level review of the long-run entry and exit dynamics in the Forward Capacity Market and the implications for costs and prices. Mr. Ethier noted that ISO-NE had provided similar information previously before the FERC.
- Mr. Ethier stated that overall the capacity market will naturally produce low and high-priced years based on market behavior. Mr. Ethier further stated that the Alternative Price Rule is designed to address the impact of out-of-market actions on this market, which left unaddressed could increase price volatility and ultimately increase costs for consumers over the long-run.
- There were many questions and discussions on Mr. Ethier's presentation among FCMWG members.

Presentation by Robert Stoddard

- Mr. Stoddard described for the FCMWG the consequences to the region of lower prices in the capacity market and the importance of setting the right long-term price signals. Mr.

Stoddard also explained generally the entry and exit decisions that generators make in response to the price signals in the capacity market and responded to several of the points made earlier by Mr. Austin.

- The FCMWG discussed the information presented by Mr. Stoddard, including the issues around the Alternative Price Rule.

#### Presentation by Paul Peterson

- Mr. Peterson presented information to the FCMWG regarding pricing in the FCM through 2013 and concluding that certain prices may be sufficient to secure adequate capacity resources based on the surplus capacity and insufficient de-listing of resources to date.
- There was discussion among FCMWG members regarding the information in Mr. Peterson's presentation

#### Conclusion/Next Steps

- In preparation for the next meeting on August 31st, Ms. George asked for members to provide any language, proposals, framework on changes they would propose to the Alternative Price Rule. Ms. George also mentioned that ISO will make a presentation on the market-related LSR/TSA/Zones issues at that meeting.
- Commissioner Roberti noted that the states would be working together to try and come up with something to present at the following meeting.
- It was noted that the next meeting on August 31, 2009 would be held at the DoubleTree Hotel in Westborough, Mass.