

RTO Responsiveness and Governance Working Group
February 23, 2009
Doubletree Hotel, Westborough, MA
Meeting No. 4 Notes

Summary Outline of Outstanding Issues/Agenda Items and Status

- ISO mission statement and cost/economic analysis (*set for March 3 agenda, assuming receipt of materials*)
- Representation of consumer interests on the ISO Board (*set for March 3 agenda, assuming receipt of materials*)
- Stakeholder process refinements, e.g., enhanced voting provisions (*set for March 3 agenda, assuming receipt of materials*)
- Evaluation metrics (*set for March 3 agenda, assuming receipt of materials*)
- Process enhancements to allow ratepayers/load/end users to better participate in stakeholder process and with ISO-NE (*set for March 9 agenda, assuming receipt of materials*)
- Transparency issues, e.g., meeting minutes, ISO actions (*set for March 9 agenda, assuming receipt of materials*)

Summary Outline of Action Items/Items to Be Posted and Status

- Informing sharing document from External Affairs at ISO New England

ISO Mission Statement and Cost/Economic Analysis

- ISO referred the group to the revised mission statement it posted for the meeting and noted that such revisions were discussed with and supported by the ISO board.
- There was discussion on the revisions proposed by ISO. Counsel for ISO noted that ISO did not want to change the body of the mission statement, given all the past work negotiating this language, and had instead added a paragraph addressing the concerns raised by the working group.
- A participant asked what was meant in the revisions by the term “major ISO initiative.” ISO clarified that there are no specific parameters in place to determine what would constitute a major ISO initiative under the proposed revisions.
- Another participant stated that the ISO revised language was responsive to most of the concerns that the group has heard, however, he suggested to tie in the concept of

cost-effectiveness with a reference to both electric consumers and asset owners or an ability to attract capital. In response to further questions on this by the ISO, the Participant agreed to put together language that would accomplish this objective.

- There was another suggestion to add language suggesting that ISO perform its functions at lowest reasonable cost. Counsel for ISO indicated that ISO had a lot of discussions on the proposed language and that ISO would object to language suggesting that it is charged with least cost planning. There were further discussions from Participants that they did not think the suggestion of including lowest reasonable cost was the same as least cost planning. Counsel for ISO further stated that including language requiring ISO to determine the lowest reasonable cost would have ISO charged with finding non-transmission alternatives to transmission as part of its planning process and that is not the role that ISO should play.
- There was a suggestion to have a stand-alone mission statement, in addition to including the mission statement as part of the Participants Agreement.
- A participant reiterated his view that it is not the ISO's role to determine the lowest reasonable cost non-transmission alternatives as part of the regional system planning process and that, while ISO may have a role in soliciting information, it is ultimately up to the regulators to decide what to support.
- There was further discussion on the need to consider non-transmission alternatives that could meet reliability needs earlier in the regional planning process.
- There was discussion on adding the term "cost impacts" to the ISO's proposed language as opposed to just impacts and whether such adjective would be necessarily restrictive. ISO indicated that it kept the language somewhat vague, while still trying to add enough specificity, in order to capture what folks were thinking about.
- The group was requested to submit any further languages on the ISO mission statement no later than Wednesday, February 26.

Process Enhancements to Allow Ratepayers/Load/End Users to Better Participate in Stakeholder Process and with ISO-NE

- Kevin Conroy, on behalf of the New England ratepayer advocates, described his proposal to establish a regional consumer advocate to facilitate the participation of ratepayer advocates and end users in the stakeholder process, which he characterized as complicated and time-consuming. Mr. Conroy noted that he has heard questions already regarding how the New England Regional Consumer Advocate ("NERCA") would relate to NESCOE and that he was open to exploring different governance forms to accomplish his objectives.
- A participant asked whether the two proposals offered by Mr. Conroy, NERCA and consumer representation on the ISO board, were exclusive of each other. Mr. Conroy

stated that both were being offered today as conversation starters and that both could be implemented.

- Some participants noted their support for the proposals offered by Mr. Conroy as improving the ability of end users to have their voice heard in the stakeholder process. Other participants noted concerns with having multiple parties involved in the stakeholder process with similar interests and raised questions about the costs involved in establishing a mechanism such as NERCA.
- A participant stated that it was important to see what NESCOE becomes before the region decides what else it should add to the mix. Another participant stated that it was important to understand whether NERCA would just be involved in information gathering and monitoring or whether it would be an advocacy organization. Several participants noted that there are existing NEPOOL participants that already advocate on behalf of the consumers.
- Other participants raised questions about whether NESCOE could provide the needed consumer voice. One participant noted that if NERCA were to act as an advocacy organization it would probably have a budget similar to NESCOE. The point was made that NESCOE has a restricted role in the NEPOOL process.
- ISO indicated that, if you could improve the interactions among the organizations and the information sharing that is done, particularly between ISO and the ratepayer advocates, you could go a long way towards alleviating some of the concerns raised by Mr. Conroy. ISO further indicated that it would put together a document regarding this information sharing for the group to consider.
- Mr. Conroy noted that he wanted to hear more feedback from the group, including ISO, on the proposal to include more consumer representation on the ISO board. Counsel for ISO stated that the ISO was here to listen to those suggestions but that ISO wanted to understand the proposal more before it takes a position on that issue.
- Other participants indicated their opposition to instituting any changes in the ISO board composition or qualifications at this time, for reasons that included concerns about the independence of the board. Some participants noted that if the qualifications of ISO board members were to change to require consumer interests that they would also want their interests represented on the ISO board.
- There was discussion on the role NERCA would play on cost allocation issues and whether NERCA would be able to weigh in on those issues.
- Some participants indicated that if the ratepayers were willing to fund NERCA that they would not oppose it.
- The proponents of NERCA agreed to get back to the group with more information on scope, funding and budget.

- Counsel for NEPOOL noted the issues involved in establishing NESCOE and stated that a NERCA proposal would probably have to deal with similar concerns and would most likely not be ready in time for the April compliance filing.

Conclusion/Next Steps

- Ms. George asked the group whether there were any remaining proposal or issues to discuss with respect to the items listed on the agenda for the meeting. The group confirmed that there are no issues to discuss other than those listed on the agenda.
- Mr. Conroy noted that the ISO board has made an offer to invite ratepayer advocates to ISO board meetings in response to his proposal made to the group at an earlier meeting on the subject of the role of the states in the stakeholder process.
- Some participants stated that they wanted to discuss transparency issues around ISO board meetings and committed to drafting a proposal for the group's consideration.
- It was noted that the meeting on March 13 had been moved to March 9.
- A participant noted that a proposal would be made for further discussion by the group with respect to the reporting of NEPOOL votes.
- Another participant stated that he would follow-up with ISO and possibly draft a proposal regarding evaluation metrics.
- The group agreed that, given the limited time available to the group, future discussions must be supported by written proposals.