

**RTO Responsiveness and Governance Working Group**  
**February 5, 2009**  
**Courtyard Marriott, Marlborough, MA**  
**Meeting No. 3 Notes**

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Summary Outline of Outstanding Issues/Agenda Items and Status

- ISO Mission Statement (*set for Feb 23 agenda*)
- Cost/economic analysis (*set for Feb 23 agenda*)
- Process enhancements to allow ratepayers/load/end users to better participate in stakeholder process and with ISO-NE (*set for Feb 23 agenda*)
- Representation of consumer interests on the ISO Board (*set for Feb 23 agenda*)
- Role of the States, including consumer advocates, NESCOE and NECPUC, in stakeholder process (*set for further discussion on Feb 23, time permitting*)
- Transparency issues, e.g., meeting minutes, ISO actions (*set for further discussion on Feb 23, time permitting*)
- Stakeholder process refinements, e.g., NEPOOL Review Board, sector membership qualifications and voting, enhancing minority representation (*set for further discussion on Feb 23, time permitting*)
- Evaluation metrics (*item will probably be taken up as we get closer to the end*)

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

- Customer survey information (*posted on Feb 12*)
- NEPOOL Sector membership and voting information (*posted on Feb 13*)
- Redline of CMEEC-proposed mission statement (*posted in Jan. 30 and Feb. 23 meeting materials*)

Synapse Presentation on Updating the ISO Mission Statement

- Paul Peterson from Synapse Energy Economics, Inc. gave a presentation on updating the ISO mission statement to address cost and efficiency issues (presentation posted with meeting materials).
- A participant asked Mr. Peterson to clarify whether he was aiming to update the ISO mission statement to address costs and efficiencies in regional planning stages or whether there were

specific areas that he wanted to target. In response, Mr. Peterson clarified that he thinks the region needs to address the overall costs of the bulk power system. Mr. Peterson stated his belief that the regional markets need to operate within a specific range, with reliability concerns acting as a floor and cost measures acting as a ceiling and that the ISO mission statement should be revised to allow for improvements to the bulk power system within this range.

- Another Participant stated his concerns with relying too much on ISO to control the costs of the bulk power system and stated that everyone in the region has a role in controlling costs.

#### Discussion of Role of the States, including consumer advocates, NESCOE and NECPUC, in stakeholder process

- Heather Hunt, Executive Director of NESCOE, described NESCOE involvement in the stakeholder process in the short time she has held her position. Ms. Hunt directed the group to the NESCOE term sheet, which was posted with the meeting materials, for further information about NESCOE's objectives and functions.
- Bill Nugent, Executive Director of NECPUC, described NECPUC involvement in the stakeholder process. Mr. Nugent noted that NECPUC has been around for a significant time and has a fairly broad charge in terms of the type of issues that it addresses. Mr. Nugent stated that NECPUC was still working to coordinate handling of issues with NESCOE, although noted that so far there has been no conflicts between the two organizations. Mr. Nugent said that the NECPUC agendas are largely driven by what is happening in the states, down at FERC, and with ISO. Upon request, Mr. Nugent stated that it was still too early to tell how productive NECPUC's semi-annual meetings with the ISO board would be, although he thought so far members were pleased with how they were proceeding. Mr. Nugent also stated that he thinks most states would agree that ISO is responsive to their needs.
- Another NECPUC member noted that coordination with ISO and NECPUC has clearly improved and that NECPUC is much more involved with ISO and NEPOOL, which has helped to narrow issues of concern or disagreement. A second NECPUC member stated that she agreed that working within the stakeholder process helped to get issues on the table and narrow areas of disagreement, although she had not yet figured out what impact NECPUC has on ISO and the stakeholder process.
- Kevin Conroy, Massachusetts Attorney General, on behalf of the New England Ratepayer and Consumer Advocates, described his interest in building on the coordination model among NECPUC, NEPOOL and ISO to include those public entities in each New England state that are directly responsible for representing the interests of ratepayers. Along those lines, Mr. Conroy noted a number of proposals to establish reporting and meeting requirements between ISO and the New England Ratepayer and Consumer Advocates (such proposals were posted with the meeting materials). Other New England Ratepayer and Consumer Advocates noted their support for Mr. Conroy's proposals.

- Some participants noted that most of the real work in the stakeholder process is done at the committee level, rather than directly with the ISO board and that the region may be better served by remaining more open and transparent rather than giving subgroups multiple opportunities to have private meetings with the ISO board.
- Other participants stated that they did not always have ample opportunities to participate at the committee level due to resource concerns and that they welcomed the opportunity to meet separately with the ISO board.
- There was discussion as to whether and to what extent the meetings that NECPUC has with the ISO board could overlap with what the New England Ratepayer and Consumer Advocates were proposing. Mr. Conroy clarified that if NECPUC wanted its own meeting with the ISO board, his agency would not press to join such meeting; however, he would be fine having a meeting with the ISO board at the same time as the Massachusetts DPU.
- Some participants stated that while they understood Mr. Conroy's concerns, they questioned whether simply expanding the stakeholder processes already in place would help to meet the needs expressed.
- Mr. Conroy clarified that if ISO is reporting that it is responsive to the states, it also has to include the New England Ratepayer and Consumer Advocates in its definition of what it considers to be the states. ISO stated that it would need to think further about what was being proposed.
- The item was tabled for further discussion at a later time by Mr. Conroy and the ISO.

Stakeholder process refinements, e.g., NEPOOL Review Board, sector membership qualifications and voting, enhancing minority representation

- A participant stated that he wanted the group to discuss NEPOOL sector membership definitions prior to exploring the issues around the NEPOOL Review Board or other minority protection mechanisms.
- Another participant raised a concern with the sector membership criteria. The history of the NEPOOL sectors was reviewed with the Committee. A participant noted that any change to the sector membership requirements would require a change to the Participants Agreement.
- A participant asked about the history of the proxy restriction in the Participants Agreement in the End User Sector. Another participant explained the history behind this restriction.
- A participant stated his belief that the issues around the sector membership definitions were only symptoms of a larger problem, which concerned trying to align the allocation of stakeholder votes with certain issues in a manner that made sense or was reasonable given the issues that are being voted on. This participant stated it was nearly impossible to get this right, so rather than focus on trying to change the voting allocations it was more feasible to

provide greater transparency on what the voting reflects. He suggested having additional information provided on every NEPOOL vote.

- Another participant raised concerns that he expressed as two separate issues, one was to refine the sector membership criteria and the other was to examine whether it makes sense to allow every sector to vote on every issue, e.g., the Installed Capacity Requirement.
- In response to the suggestions regarding increased information on NEPOOL votes, another participant stated that PJM has been providing this information on an informational basis for some time but that more recently as part of its Order 719 efforts, PJM has been examining whether to make its votes confirmed by other factors, such as asset ownership. This participant stated that he did not think this was the path NEPOOL should be going down.
- Another participant raised the suggestion of having more narrowly-defined sectors than just the existing six (6) sectors.
- A participant asked whether reforming the end user sector or having a separate consumer interest sector would help to address concerns that consumer interests are not being heard in the stakeholder process. In response, Mr. Conroy noted that his office was working on process improvements to allow end users and ratepayers to better participate in the stakeholder process and that such proposal would be discussed by this group at the meeting on February 23. Mr. Conroy stated his concerns that many folks in the industry are left out of this process.
- Mr. Nugent clarified on behalf of NECPUC that the state commissions currently participate in NEPOOL as non-voting members and, for the most part, that is welcomed by NECPUC in order to prevent any bias such voting could cause in other proceedings.
- A participant asked whether the Participants Agreement would need to be changed in order to allow for the additional information on NEPOOL votes to be presented.

#### Transparency issues, e.g., meeting minutes, ISO actions

- A participant stated that it was difficult to follow the actions of some NEPOOL subgroups and that it would be beneficial to see attendance and meeting minutes for all subgroup meetings.
- Another participant stated that while she understood that confidential materials would not be disclosed, it would be helpful to see ISO board meeting minutes or at least a summary of agenda items. ISO was unable to commit on this request during the meeting. There was a discussion of the pros and cons of making the ISO board meetings public.
- A participant asked whether all issues need to go through the stakeholder process or whether some items could be addressed through other mechanisms, such as posting of written comments.

### Conclusion/Next Steps

- Ms. George proposed for the group to take up the mission statement and cost/economic analysis items again at the meeting on February 23, 2009.
- Ms. George noted that ISO would come back to the group at the next meeting on some of the proposals that were raised at this meeting.