

RTO Responsiveness and Governance Working Group
March 23, 2009
Doubletree Hotel, Westborough, MA
Meeting No. 6 Notes

Summary Outline of Outstanding Issues/Agenda Items and Status

- Process enhancements to allow ratepayers/load/end users to better participate in stakeholder process and with ISO-NE (*set for further discussion on March 30 agenda*)
- Stakeholder process refinements, e.g., sector membership qualifications and voting, enhancing minority representation (*set for further discussion on March 30 agenda*)
- ISO Mission Statement, including cost/economic analysis (*no further discussions planned, other than any further comments from ISO-NE*)
- Representation of consumers interests on the ISO Board (*no further discussions planned*)
- Transparency issues, e.g., meeting minutes, ISO actions (*no further discussions planned*)
- Role of the States, including consumer advocates, NESCOE and NECPUC, in stakeholder process (*no further discussion planned*)
- Evaluation metrics (*no further discussion planned*)

Introduction

- Dave Doot, NEPOOL Counsel, outlined the NEPOOL Participant Process going forward for any changes that come out of the RTO Responsiveness and Governance Working Group between this meeting and the April 3, 2009 Participants Committee meeting, including the treatment of any amendments to the Participants Agreement. Mr. Doot clarified that anything that comes out of this group would not be binding but that we would prepare a proposal based on the broadest level of support to recommend to the Participants Committee. Mr. Doot stated that any Participant of NEPOOL has the authority and right to propose any alternatives for consideration by NEPOOL and that NEPOOL Counsel will work with anyone that wishes to propose any alternatives to the Participants Committee.

ISO Mission Statement, including cost/economic analysis

- ISO stated that it had posted a slightly different proposal to change the ISO Mission Statement, which maintains the same cost-effectiveness language but adds some additions in response to proposals by Connecticut and Maine. ISO clarified that the provisions regarding the non-enforceability of the ISO objectives have been removed.
- A participant stated that he thinks the non-enforceability of the ISO objectives should have been maintained. Another participant responded that he thought it was appropriate for ISO to remove that language and further stated that on the language proposed by ISO in general, he had questions as to whether the draft captured all of the entities affected by the actions ISO takes.
- A participant stated his belief that the cost-effectiveness language does nothing more than preserve the status quo and allows the ISO to justify excessive reliability at the expense of customers. This participant stated that the ISO is out of touch with consumers, not responsive to customer costs, and has not shown itself to be responsive to those concerns as part of this working group process. This participant clarified that instead of cost-effective the language should be lowest reasonable cost.
- Another participant disagreed with the notion that ISO had exclusive control over the region's reliability standard and noted that such standards have been around for decades.
- ISO stated that the language proposed was intended to be broad enough to allow ISO to serve all of New England although noted that ISO's ability to assure that it get the lowest reasonable cost to the consumer is related to how the state regulate retail rates. ISO further stated that it designed the language to give the region information that it will need to make whatever arguments necessary, including whether certain entities want less reliable systems, which is not a decision that ISO can make.
- A participant noted that the FERC required RTOs/ISOs under Order 719 to be responsive ultimately to the customers that pay for the service and stated his belief that if the FERC did not think ISO has jurisdiction in this area that the FERC would not have delegated this to the ISO.
- Another participant stated whether the language could be revised to read that ISO would strive to be cost-effective in a just and reasonable manner, although noted that he was not sure if it would meet the concerns of all.
- A participant asked whether the language could be clarified to be applied to all of the functions that ISO performs. This participant also stated that decisions made by ISO and the stakeholders in the NEPOOL process have a significant impact on the ultimate decisions made by state regulators and that it should be a collective objective of all in the region to try and achieve the lowest reasonable cost for consumers.

- There was further discussion on the language regarding the beneficiaries of these objectives, with ISO noting that such language was drafted to not be over or under inclusive and that ISO has different contractual responsibilities to the various stakeholders and ratepayers in New England.
- There was discussion on the document posted in earlier meetings regarding an economic impact analysis. The group confirmed that this information does not need to go to the PC although folks can continue to talk about it. The drafter of the document noted that he thought it was a good starting point.
- ISO indicated that there was valuable information in that document but that it was struggling with how to put together a one-size-fits-all framework.

Process enhancements to allow ratepayers/load/end users to better participate in stakeholder process and with ISO-NE

- Kevin Conroy, Massachusetts Attorney General, explained his proposal, which was distributed to the group, to provide for a consumer liaison to help move information from ISO to consumers. Mr. Conroy noted that such proposal would be a replacement for his earlier NERCA proposal.
- Mr. Conroy clarified that it was not his intent that this liaison would be an advocate, that the liaison would attend those stakeholder meetings with some effect on ratepayers in order to produce a report of information that would be distributed to all end users in a transparent manner. It would be up to the individual end users to decide when and how to advocate. Mr. Conroy stated that this liaison would be a point of contact at the ISO on a lot of these issues.
- ISO stated that under this proposal this would be part of the ISO's routine budget and would not be a separate schedule like NESCOE.
- Mr. Conroy clarified that this liaison would not have a vote or a proxy for any end users and that its information would be posted for all to see.
- There was further discussion on the details regarding the consumer liaison position at ISO, including the lines between advocacy and reporting of information.
- A participant noted that the costs of this would be kept down if this was a position within ISO.
- ISO indicated that it had some further questions on this and that ISO would be prepared with a more detailed response at the next meeting.
- Mr. Conroy indicated that he was open to ideas on how to make this work.

- A participant stated his concerns that you could not simultaneously help your members and remain transparent at the same time and noted that it may be more effective to work on NESCOE instead and see if that organization could meet the needs identified.
- Another participant noted that value in working outside of ISO in the long run to help advocacy and greater participation.
- A participant noted support among consumer groups in Massachusetts for this liaison and his belief that this was an evolutionary proposal that could change over time. This participant stated that this proposal was a challenge to the consumer community to come forward to participate in a more meaningful fashion.
- It was noted that the ISO control room used to have a point of contact for participants to contact directly with concerns or questions.
- A participant questioned whether this proposal was simply a vehicle for certain consumers to avoid paying a NEPOOL membership fee.
- Mr. Conroy stated that it was very difficult for end users to participate in the end user sector and in the NEPOOL process.
- Mr. Conroy further stated that the information that ISO already puts out from the external affairs department, which was formalized in a written document to this group already, is the type of information he was looking for, although in more detail and specifically for end users and their advocates.
- A participant stated that it was more valuable to educate end users as part of our internal regional processes than at the FERC and further that this proposal fills the apparent void of information in a manner similar to what ISO already does for the regulator community.
- ISO noted that the consumer liaison would be bound by the ISO code of conduct and such person would not replace the existing customer service functions already at ISO.

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

- Proponents of the proposals posted from the Maine Public Utilities Commission and the Massachusetts Attorney General explained their proposals to increase transparency in ISO board matters.
- ISO explained in detail for the purpose of educating the group how the ISO board works, including how its committees function and how closely the ISO board interacts with ISO management.

- There was discussion regarding how and in what manner ISO posts information on the ISO website regarding ISO board meetings and whether to open ISO board meetings.
- ISO indicated that it did not have any further information on the proposals at this time.

Representation of consumers interests on the ISO Board

- Mr. Conroy noted that his office did not need to debate his earlier proposal to have two seats on the ISO board with a consumer advocate background, since it was his impression that such proposal does not have consensus, but that he wants to think further about alternative proposals regarding adding a seat to the joint nominating committee that selects the ISO board members.

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

- A proponent of the proposal regarding potential changes to NEPOOL voting structures noted that he had received a lot of feedback on his proposal and that he would like to take time at the next meeting to discuss.
- Dave Doot, NEPOOL Counsel, noted that there is not present any other technical committee to get through this and that the next step is to take feedback and to decide whether to advance it for a vote at the next PC meeting on April 3 or take other actions.

Conclusion/Next Steps

- It was noted that the meeting on March 30 was the last meeting for this group. The agenda for that meeting would consist of the process enhancements for ratepayers item, including the consumer liaison position, and the stakeholder process refinements. ISO also stated that it would provide some further reaction to the language changes in the ISO Mission Statement.