



memo

To: NEPOOL Participants Committee

From: Ray Hepper, General Counsel

Date: March 27, 2009

Subject: Order No. 719 – Proposed Changes to Governing Documents

The purpose of this memo is to inform you of various changes proposed by ISO New England as a result of discussions had with a working group established to address responsiveness of ISO New England. This working group was established following the Federal Energy Regulatory Commission's issuance of Order No. 719. Each of the proposed changes is outlined below.

Mission Statement

First, the ISO proposes to revise language concerning the ISO objectives that appears, in identical form, in the ISO Tariff, Market Participant Services Agreement, and Participants Agreement. These objectives have been recast as a mission and, as proposed, require the ISO to strive to be cost effective in all aspects of its operations and functions and to provide information that will allow all stakeholders to consider the cost implications of ISO activities. The ISO has also agreed to delete the existing provision that precluded an independent cause of action based on the objectives. A blackline against the existing objectives is attached.

Board Transparency

In light of the stakeholders' desire for more information concerning ISO Board activities, the ISO also proposed changes to the Participants Agreement to require the posting of ISO Board Committee meeting agendas, in addition to agendas of full Board meetings. As much of the substantive work of the ISO Board occurs at the Committee level, we believe that this will give stakeholders additional insight into the Board's decision-making.

We have also clarified in the related provision of the Participants Agreement that stakeholders may submit written materials to a Committee or the Board. A blackline of the changes to the relevant sections of the Participants Agreement is attached.

In addition, in his monthly Chief Executive Officer report, Gordon van Welie will also more explicitly summarize Board activities in the prior month. This does not require a change to the governing documents.

March 27, 2009

Page 2

Consumer Representation

Consumer representatives participated extensively in the working group processes and made clear that they would like focused staff attention from the ISO. Accordingly, the ISO has committed to consumer representatives to have an identified staff person who will be specifically responsible as one of his or her key priorities to assist in communications with consumer advocates, organized consumer groups and interested end users. This staff person will tap into the resources of the ISO to help consumer representatives navigate the stakeholder processes and understand key issues. This ISO employee will also serve as a conduit for reporting to management and the Board regarding consumers' concerns and priorities. A summary of our proposal for this "liaison" is attached. Establishment of this position does not require changes to the governing documents.

Consumers also indicated that they would like representation on the Board of Directors. Therefore, we would like to offer the commitment of our Board to work to maintain this expertise on the Board. A memo from the Chairman of the ISO New England Board on this topic is attached.

I will attend the April 3 meeting in the event that you have any questions or comments, and look forward to our discussions.