

**ISO CHIEF EXECUTIVE OFFICER REPORT
ON ISO BOARD MATTERS
AT AUGUST 6, 2010 NEPOOL PARTICIPANTS COMMITTEE MEETING**

Mr. Gordon van Welie summarized that since the last update at the Summer Meeting, the Markets Committee met twice and the Nominating and Governance Committee and SPARC each met once.

Board Markets Committee

Mr. van Welie reported that the Board Markets Committee met on June 25 and again on July 15. At the June 25 meeting, the Committee met for the sole purpose of considering the feedback received from stakeholders at the NEPOOL Summer Meeting regarding the Company's FCM proposal. Directors reviewed the feedback from each of the NEPOOL sectors as well as the state regulators. Following a detailed discussion, the Committee agreed to continue to support the Company's proposed FCM design changes, but noted that stakeholders had raised important considerations. Mr. van Welie reviewed that the Committee asked management to outline the process going forward and the opportunities for stakeholders to provide feedback, and asked that management continue to ensure that all Board members are advised of the range of views expressed by stakeholders. At the meeting on July 15, the Committee received its regular reports on market monitoring, the FCM project, market seams and the work of the NEPOOL Markets Committee. During the market monitors' reports, the Committee discussed the impact of demand resource activations in June. During the NEPOOL Markets Committee report, the Committee discussed the presentation on cost-impact analysis and also discussed the stakeholder-proposed rule change regarding the netting of capacity and forward reserve payments. He reviewed that in addition to receiving its reports, the Committee again discussed

details of the Company's FCM proposal and the other submissions made to FERC in the paper hearing process.

Nominating and Governance Committee

Mr. van Welie reported that the Nominating and Governance Committee met on July 15 to discuss the 2011 schedule for the Board and Committees. The full Board will review the proposed schedule in September. He stated that, as always, we are working with NEPOOL counsel and NECPUC to include joint meetings in that schedule.

System Planning and Reliability Committee (SPARC)

Mr. van Welie reported that SPARC met on July 15. The Committee reviewed the draft Executive Summary for the 2010 Regional System Plan and discussed the upcoming September public meeting. The Committee then reviewed FERC's NOPR on cost allocation and transmission planning and discussed proposed comments on the NOPR. He reviewed that the Committee discussed in detail the portions of the NOPR requiring inclusion of policy directives in planning. Next, the Committee received a detailed update on the Interstate component of the NEEWS project and a general update on various other transmission projects and studies.