

INITIAL AGENDA

1. To approve the draft minutes of the Participants Committee meetings held on November 6, December 11, and December 22, 2009. Preliminary minutes of the November 6 meeting are included with this notice, and we will undertake to circulate the preliminary minutes for the December 11 and 22 meetings tomorrow. **Please provide us with any comments on the draft minutes on or before 12:00 p.m. Thursday, December 31, 2009.**
2. To adopt and approve all actions recommended by the Technical Committees set forth on the Consent Agenda included with this notice. **In accordance with the Participants Committee Bylaws, if you wish to remove any of the recommended actions from the Consent Agenda, you must so indicate by notifying the Secretary on or before noon on Thursday, December 31, 2009.**
3. To receive an ISO Chief Executive Officer Report.
4. To receive an ISO Chief Operating Officer Report.
5. To consider and take action on NESCOE's plan to convert to a Connecticut Nonprofit Corporation from a Massachusetts Limited Liability Company. Background materials and a draft resolution will be included with the supplemental notice.
6. To consider and take action on a proposed amendment to the definition of Related Person in the Second Restated NEPOOL Agreement and Participants Agreement to reduce to 6 months from the current 12 months the time period during which an individual would be deemed a Related Person to his/her former employer. Background material and a draft resolution will be circulated with the supplemental notice.
7. To receive a report on current matters relating to regional wholesale power and transmission arrangements that are pending before the regulators and the courts.
8. To receive reports from committees and subcommittees.
9. To transact such other business as may properly come before the meeting.

PRELIMINARY

A special meeting of the NEPOOL Participants Committee was held at 10:00 a.m. on Friday, November 6, 2009 at The Colonnade Hotel, 120 Huntington Avenue, Boston, MA, pursuant to notice duly given. A quorum determined in accordance with the Second Restated NEPOOL Agreement was present and acting throughout the meeting. Attachment 1 identifies the members, alternates, and temporary alternates attending the meeting.

Mr. Robert Stein, Chair, presided and Mr. David Doot, Secretary, recorded. Mr. Stein welcomed the members, alternates and guests who were present.

Mr. Stein began the meeting by noting that the special meeting was solely to address the Design Basis Document proposed by the ISO following the efforts of the Forward Capacity Market Working Group (the FCMWG DBD or DBD). He reported that there would be a large number of proposed amendments to that draft document. He urged that members not lose sight of the fact that, while a number of issues remained, many difficult issues were agreed upon. He asked that members continue to work on these issues collegially.

FORWARD CAPACITY MARKET WORKING GROUP DESIGN BASIS DOCUMENT (FCMWG DBD)

Mr. Doot referred the Committee to the materials circulated in advance of the meeting relating to the FCMWG DBD. He noted that a revised draft of the FCMWG DBD, marked to show changes from the draft considered by the FCMWG on November 4, was circulated on November 5, the evening before the meeting. Copies of that draft were distributed to those at the meeting and the draft was posted on the ISO website. He explained that the Committee likely would be voting ultimately on a version of the FCMWG DBD with numerous amendments, some of which may or may not be acceptable to the ISO. Accordingly, the ISO would likely be

seeking a vote also on a version of the FCMWG DBD as circulated for the meeting, as amended by only those changes agreeable to the ISO.

Ms. Michelle Gardner, NEPOOL Counsel, reviewed the format and changes to the FCMWG DBD. She explained that the “alternative language” sections in prior drafts of the FCMWG DBD were (1) re-cast as proposed amendments, (2) labeled and named, and (3) set off in boxed text in the draft. She explained that the proposed amendments were all included within the document where they would appear if approved. She explained that, in response to input and suggestions at the last meeting of the FCMWG, the ISO had clarified some of the language, and those clarifications were marked as changes in the draft, with the exception of Section 4.C., the Special CONE provisions, where completely new ISO-proposed language was not so marked. Ms. Gardner also explained that alternative language in the prior draft that had been designated as First Wind alternative language had been accepted by the ISO in an amended format and was reflected in a new Section 9 of the FCMWG DBD. Section 9 was marked to show changes between the language accepted by the ISO and the language previously circulated as the First Wind alternative language.

Before proceeding to a main motion and beginning the process of motions to amend, the representatives of Brookfield and the ISO noted that there was agreement to include in the ISO-proposed FCMWG DBD, which would be the topic of the original main motion, the amendment identified as the “Brookfield-1 Amendment”, but with Section 10.B rewritten to read in its entirety as follows: “The issues identified in 10.A will be addressed in the NEPOOL stakeholder process.”

Mr. Doot clarified that, by including the Brookfield-1 and the First Wind alternative language in the DBD, there was no intent to suggest the ISO was changing or should change

priorities for its overall efforts. Rather, those two additions to the DBD were an acknowledgment that the identified issues still needed to be addressed. He indicated that any representation to the FERC concerning those two additions would so indicate. It was clarified further and confirmed by the ISO that the agreement to consider the identified issues was not intended to suggest that any changes necessarily would be made, and that the further deliberations on those two points could result in a decision not to make any changes to the Market Rules.

Mr. Stein then introduced Ms. Cynthia Marlette to the Committee. He explained that she had been asked to assist as a neutral in the efforts of the FCMWG and had also recently completed her service as the General Counsel of the FERC. He expressed on behalf of both the FCMWG and NEPOOL appreciation to her and her team for their assistance in advancing the efforts of the FCMWG to achieve consensus where possible.

Ms. Marlette explained that her experiences with the FCMWG provided her a new appreciation for large stakeholder processes. She acknowledged that there remained differences among stakeholders and with the ISO on important matters, but highlighted the substantial progress that had been made in resolving and narrowing issues. She reminded members that, when she began the FCMWG effort, there was not even agreement that there was a problem. In contrast, the FCMWG efforts appeared to produce broad (albeit not uniform) consensus that changes to FCM were appropriate, including a continuation of a price floor at least for some period of time. She urged the Committee not to view the Participants Committee meeting to vote on the FCMWG DBD as the end of the process but instead as a framework for working on improvements to FCM. She stressed that the Participants Committee meeting provided an opportunity to resolve and put behind the group some of the less divisive issues so that there

would be more opportunity in the future to address the more challenging and difficult issues. She framed the decision for the members that day to be a decision on which of the remaining issues, if any, would be better resolved through voluntary agreement at that time rather than through litigation at the FERC and in the courts. She reminded the Committee that, when a filing is made with the FERC in February 2010, it would be viewed against the backdrop of the report of the ISO's Market Monitor (INTMMU) released earlier in 2009 that identified flaws in the FCM design. She said that the FERC relied heavily on the market monitors in its effort to ensure just and reasonable rates and it would take very seriously a market monitor's recommendation on how to fix the flaws that had been identified. Whether there was consensus or not, the FERC, in her view, would seek solutions that appropriately reflect at least the following: (1) FERC's priority to support renewable power participation in the marketplace; (2) FERC's priority to support demand-side participation in the wholesale market; (3) the need to ensure reliability, including local reliability; and (4) the desire to minimize the use of out-of-market Reliability-Must-Run (RMR) Agreements. She explained further that FERC had the obligation to ensure just and reasonable rates, which would include a requirement here for comparable treatment of both new and existing capacity. She indicated that a solution that failed reasonably to acknowledge the needs and interests of any one Sector would enjoy far less deference than a proposal that was broadly accepted across Sectors. She expressed her view that the stakeholders would be very well-served in trying to reach consensus given the resources that would be required in, and costs of, litigation.

Mr. Stein indicated after some preliminary discussion that the Committee would take up first a proposed amendment that appeared to be acceptable to all of the members, and would then take up the collective changes proposed as a package by Load, which were identified as the

Collective NGrid Amendment. A member of the Supplier Sector asked that one of the changes included in the Collective NGrid Amendment, the proposed revision to Section 7.F of the FCMWG DBD, be voted separately from the package. Mr. Stein confirmed that, if the collective changes passed, there would be an opportunity to vote separately to reverse individual changes that comprised the Collective NGrid Amendment. The proponents of the Collective NGrid Amendment were asked to consider whether they were willing to remove that one item from the proposed collective package.

Original Main Motion -- The ISO-Proposed FCMWG DBD

To begin the formal voting process on the FCMWG DBD, the following original main motion was duly made and seconded:

RESOLVED, that the Participants Committee supports the FCM Working Group Design Basis Document as circulated in advance of the meeting, with (i) a new Section 10 added consistent with the Brookfield-1 Amendment but with Section B revised to read “The issues identified in 10.A will be addressed in the stakeholder process” and (ii) “static” inserted immediately before the phrase “de-list bids from non-pivotal suppliers” in Section 6.B, together with any further changes agreed to by the Committee at this meeting (FCMWG DBD); it being understood that a vote in favor of this motion reflects a commitment by that Participant to work in good faith toward the completion and approval of Market Rule and Tariff revisions consistent with the FCMWG DBD in the NEPOOL Participant Processes.

First Motion to Amend -- The NGrid-2 (Stand-Alone) Amendment

The NGrid representative then offered the following first amendment to the main motion, which was duly made and seconded, to replace Section 3.B of the FCMWG DBD with the following provision:

- B. If the Forward Capacity Auction stops at the floor price for that auction and the capacity remaining in the auction at that time exceeds the Installed Capacity Requirement relevant to that auction, individual resources may

choose to either (1) pro rate its cleared MWs and be paid the full floor price for that auction or (2) leave its cleared MWs to take on a capacity supply obligation but have its payments prorated. Options (1) and (2) above shall be administered in manner consistent with the current provisions of Section III.13.2.7.3(b) [of the ISO Tariff]. Market Rules, if any, to address the compensation for individual resources that have been denied for reliability reasons the ability to pro rate their cleared MWs will be addressed in the NEPOOL Participant Processes.

The ISO explained that, if this amendment passed, it would not be one of the changes that the ISO would include in the version of the DBD on which it would seek a vote. Following clarifying questions, the Committee voted and unanimously approved the NGrid-2 Amendment.

Second Motion to Amend -- The Collective NGrid Amendment

The NGrid representative then presented and summarized the Collective NGrid Amendment, which would amend the once-amended main motion to revise Sections 3.A, 6.B, 7.C.i, 7.E, and 7.F of the FCMWG DBD. He stated that he did not want to have the Section 7.F revisions considered separately, and those proposed changes would be included as part of the Collective NGrid Amendment. After this introduction, he offered the second motion to amend the main motion, which was duly made and seconded, to revise Sections 3.A, 6.B, 7.C.i, 7.E, and 7.F of the FCMWG DBD, in accordance with the proposed changes identified as the “Collective NGrid Amendment” that were circulated in advance of the meeting with changes as noted at the meeting.

A member of the Publicly Owned Entity Sector described that Sector’s view of the Collective NGrid Amendment. He referenced the fact that the last auction ended with over 5,000 MW remaining in the auction. Members of his Sector wanted to prevent capacity prices from collapsing during the current surplus of generation, and were concerned that the opportunities for dynamic de-listed bids may not be sufficient to prevent prices from going too low. He explained

that the standards used currently for reliability assessments of de-list bids were different than the standards used in setting zonal pricing. Members of the Publicly Owned Entity Sector supported the proposal to better conform the reliability assessments with the ISO's transmission security analysis (TSA). As to expressed concerns with potential loopholes that would limit the applicability of the alternative price rule (APR), he explained that his Sector would support a reasonable carry-forward rule.

The Honorable Paul Roberti, who was a Tri-Chair of the FCMWG and a Commissioner of the Rhode Island Public Utilities Commission (RI PUC), reported that there was agreement among four of the six New England states -- CT, NH, RI, and VT-- to support the FCMWG DBD proposed by the ISO and the Collective NGrid Amendment. He reminded the Committee that State regulators had asked for the working group process and for a neutral to assist in that process. He reported that the States were fully engaged, and had worked hard and constructively to address many of the issues with FCM that had been identified by the INTMMU. Commissioner Roberti opined that the FCMWG DBD reflected the enhancements that were necessary to keep the market moving forward. He stated that it was difficult for the States to agree to a floor price, particularly given the excess capacity that was apparent in the first three auctions. He reported that four of the States, nonetheless, did agree, in recognition of a desire to protect existing resources and demand resources and to provide stability to the Market Participants in general. Commissioner Roberti said that the road to electric restructuring was long and would not end with the votes taken at the meeting. He concluded by reiterating that four of the New England States supported the FCMWG DBD with the Collective NGrid Amendment and encouraged others to support those Amendments as well.

The representative of International Power America (IPA) stated that the Collective NGRID Amendment had both good and bad elements in it from her company's perspective, but one section that was particularly objectionable was the proposed Section 7.F. She characterized that Section as imposing capacity obligations on de-listed Resources. Accordingly, if the version of the DBD ultimately presented for final vote by the Committee included language that sought to obligate de-listed Resources, IPA would oppose the language and seek an amendment to remove it. The proponents of Section 7.F as reflected in the Collective NGrid Amendment confirmed that Section 7.F did acknowledge an expectation that Resources without a Capacity Supply Obligation would perform if asked and able, which were not believed to be unreasonable given the Resources' interconnection to the grid and participation in the regional markets. The GDF SUEZ representative characterized Section 7.F as a simple taking, and indicated that GDF SUEZ would be opposed. He went on to remind the members that Calpine filed testimony previously to ensure the capacity product was fairly defined, and that Section 7.F sought to undermine the definition of the product. He complained that he was not able to vote separately on this proposed insert.

Several members sought and received clarification that the intent of Section 7.F of the Collective NGrid Amendment was to ensure that the ISO would call first on all Resources with Capacity Supply Obligations prior to calling on Resources without such obligations. In response to criticism of the proposed Amendment, the NGrid representative stated the Amendment was not intended to lower the ICR for the region by counting on Resources without Capacity Supply Obligations and that that this particular item was not in any way intended to revise the Energy Market Offer Requirements and that resources without a CSO would still not be required to offer into the Day-Ahead or Real-Time Energy Markets. It was suggested, given the expressed intent,

that the ISO be restricted to calling on these Resources just during OP7 events rather than OP4 events where there was not yet an emergency. After further discussions among the Committee regarding the reference to OP4 events in this language, the NGrid representative stated that he would be willing to strike that reference in order to avoid any confusion. The Committee agreed to change the language of the Amendment ~~by striking the following highlighted language~~ “to strike the reference to OP4 events such that the new sentence now reads “Resources without a Capacity Supply Obligation, to the extent they are available to the ISO to provide energy, shall be obligated to provide energy if requested by the ISO to address and/or avoid an emergency”.” after the ISO has called on all resources with a Capacity Supply Obligation.”

The EnerNOC representative then stated the position generally of the demand response providers. He stated that their strong preference was to exclude the provisions of Section 7.F from the Collective NGrid Amendment, but not if that would preclude the passage of other more important changes that could be supported by NEPOOL. Given the insistence that the Collective NGrid Amendment include the understandings in Section 7.F, he stated that EnerNOC would support the Amendment because it could not support the FCMWG DBD without other changes included in the Amendment.

The representative of the NH OCA and CT OCC expressed the view that the FCMWG DBD with the Collective NGrid Amendment was an appropriate resolution of the FCMWG process, but warned of his view that problems would remain with the Forward Capacity Market. He stated the FCMWG DBD with the Collective NGrid Amendment provided an appropriate interim solution while further FCM improvements could be sought in the stakeholder process. Agreeing, the CLF representative then noted specifically the need to further address the issue of

payments to Resources in a location when, as in the most recent auction, a Resource in that location has its bid to de-list rejected for reliability reasons.

Prior to the vote on this second motion to amend, Mr. Doot confirmed that, if the Collective NGrid Amendment failed, it would not be out of order for there to be another motion to amend the main motion by making all of the same requested changes other than Section 7.F. The second motion to amend, which was referred to as the Collective NGRID Amendment, was then voted and passed with a vote of 67.13% in favor (Generation - 0%; Transmission – 16.97%; Supplier- 1.06%; Alternative Resources – 15.17%; Publicly Owned Entity – 16.97%; and End User – 16.97%). (See Vote 1 on Attachment 2).

Third Motion to Amend – The NextEra-1 Amendment

The Committee turned next to a motion that would further amend the FCMWG DBD to include the changes identified as the NextEra-1 Amendment. A NextEra representative referred the Committee to the Amendment in the materials circulated in advance of the meeting and explained that the NextEra-1 Amendment would replace Section 1 in its entirety with the language proposed in the Amendment. He explained that the INTMMU Report reflected the INTMMU's statement that APR was included in the FCM design in order to prevent out-of-market (OOM) Resources from producing artificially low auction prices. Further summarizing that report, he stated that the INTMMU was concerned that, due to the relatively small need for new generation, buyers had the ability and incentive to exploit the capacity market's price sensitivity by building large capacity with the support of bilateral contracts, and then offering that new capacity into a forward capacity auction at an uncompetitively low price. He stated that NextEra concluded that the APR proposed by the ISO failed to address the INTMMU's

concerns, and might indeed exacerbate those concerns. He then summarized the details of the NextEra-1 Amendment and encouraged the Committee to support that Amendment.

The third motion to amend the previously amended main motion, which was duly made and seconded, was then offered to replace Section 1 in its entirety with the following:

1. APR Trigger. The APR should be triggered when any of the following conditions arises:
 - a. New OOM Capacity clears an FCA;
 - b. a De-List Bid or Non-Price Retirement Request is rejected for reliability reasons; or
 - c. there is a positive amount of Carried Forward Excess OOM Capacity.
2. General APR Pricing Rule. The FCA Capacity Clearing Price is reset upwards to the lower of (a) \$0.01 below the price at which there were sufficient offers from resources, excluding current-year OOM Capacity, Carried Forward Excess OOM Capacity, and De-List Bids rejected for reliability reasons, or (b) CONE.
 - a. “Between” Resources Rule. Any Existing Generating Capacity Resource or Existing Demand Resource with a cleared De-List Bid that was priced below the reset Capacity Clearing Price has the option to reinstate the de-listed capacity. If any capacity is reinstated under this rule, the Capacity Clearing Price will be reduced so that the total capacity revenues are unchanged.
3. Carried Forward Rule. OOM Capacity will be carried forward as Carried Forward Excess OOM Capacity using the following rule (which is parallel to the NYISO rule approved in FERC Docket No. EL07-39):

The length of time (in Commitment Periods) that new OOM Capacity is subject to the Carried Forward Rule shall be based on the following formula: (1) new OOM Capacity plus all surplus capacity, divided by (2) the average annual growth in ICR for the three years preceding the current FCA Commitment Periods. If the foregoing calculation extends mitigation to part of a Commitment Period, the new OOM Capacity shall remain as OOM for the entire Commitment Period.

While OOM Capacity cleared in the first three FCAs would not be included in the Carried Forward Excess OOM Capacity for the purposes of triggering the APR, such OOM should be included in the Carried Forward Excess OOM Capacity for purposes of determining the varying length of time that new OOM Capacity is subject to the Carried Forward Rule. Carried Forward

Excess OOM Capacity would no longer be carried forward after the number of years determined by the rule above.

Several members who had or were proposing Resources for the region stated their support for the NextEra-1 Amendment. A member of the Supplier Sector opined that the APR was the key reason for the need to change FCM and that an appropriate APR was critical to the long-run success of FCM. He expressed appreciation for the changes to the APR proposed by the ISO, since he considered them to be improvements, but concluded that the changes were not enough. He stated that it was reasonable to expect that future, near-term capacity additions would be the result of OOM activity designed to meet States' policy goals. Unless the FCM provided some confidence that the market might clear in the future without interference from OOM Resources, it would not achieve the intended goals. He explained that the NextEra-1 Amendment went much further to try to correct the market and achieve a well-functioning market. He encouraged the Committee to support the NextEra-1 Amendment. Other members representing Participants in the Supplier and Generation Sectors expressed their strong support for the NextEra-1 Amendment as an improvement that had a reasonable chance of making FCM sustainable. Others supporting the Amendment referred the Committee to solutions in PJM and New York that they viewed as consistent with the NextEra-1 Amendment. They explained their view that the Amendment addressed deficiencies in the ISO's proposed changes to APR. Some members who supported the Amendment expressed disappointment that there was not more active engagement on the APR issue during the FCMWG to resolve the identified problems. Another supporter of the Amendment in the Generation Sector explained that existing units must evaluate constantly whether and how much to invest in maintaining Resources in the region, and

inadequate revenues from FCM would create a real concern that Resources would no longer be able or willing to make investments to maintain or improve their availability.

The third motion to amend the previously amended main motion to include the NextEra-1 Amendment was then voted and failed with a vote of 31.06% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 12.12%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 2 on Attachment 2).

Fourth Motion to Amend – The GDF SUEZ-1 Amendment

The GDF SUEZ representative then referred the Committee to the changes identified as the GDF SUEZ-1 Amendment in the materials circulated in advance of the meeting. He stated that the GDF SUEZ-1 Amendment sought to include Resources other than just new supply Resources as OOM Resources for purposes of determining whether to make APR price adjustments. Specifically, he identified the potential situation where a significant investment might be made to increase tie capability with an external Control Area, but that transfer capability would not be used for purposes of a new import resource, which would be considered in the APR mechanism as drafted, but would instead be reflected as an increase in tie benefits, which would appear in the market as a reduction in auction demand. The proposed Amendment would extend the OOM categories to include those particular tie benefit megawatts which would be attributed to an expansion of an external interface.

The fourth motion to amend the previously amended main motion was then duly made and seconded so as to (i) add to the DBD the following new Section 1.B.iii(4)(e):

- (e) In addition to the items listed above, the amount of Out-of-Market would also include tie benefit megawatts attributed to expansion of external interface capability.

and (ii) add a new sentence to the end of Section 1.C.iii as follows:

For purposes of this APR-2, the Item 1.B.iii(4)(e) category of megawatts included in the Carried Forward Excess OOM Capacity will reflect the tie benefits calculated for the current FCA.

A member of the Transmission Sector expressed his opposition to the motion to amend. He explained his view that tie benefits do not compete as a capacity resource and that the FERC had already concluded as much. In no event, he asserted, should tie benefits be treated as an OOM Resource.

After further discussion, the fourth motion to amend the previously amended main motion to include the language identified as the GDF SUEZ-1 Amendment was then voted and failed with a vote of 27.88% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 10.91%; Alternative Resources – 0%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 3 on Attachment 2).

Fifth Motion to Amend – The Mirant-1 Amendment

A Mirant representative then referred the Committee to a proposed amendment to the FCMWG DBD that was identified as the “Mirant-1 Amendment” in materials that were circulated in advance of the meeting. She expressed Mirant’s appreciation for new language from the ISO in Section 2.C, where the ISO proposed to provide an explanation of the reasons for categorizing capacity as OOM. She explained that the Mirant-1 Amendment would require the ISO to provide additional detail about Resources whose offers below 0.75 CONE were not considered to be OOM. On behalf of the ISO, Mr. Robert Ethier indicated that the ISO was not opposed to, and in fact supported, providing more information, but was not prepared to agree to the specific language contained in the Mirant-1 Amendment, which the ISO understood would be required or expected to be reflected in Market Rule language. He stated that the ISO had drafted

the language in the FCMWG DBD to parallel current language in the Market Rules without any intention of limiting the scope of the discussion. He added that final language in the Market Rules would need to be sensitive to the Information Policy requirements. Mr. Ethier then confirmed that the ISO would, in lieu of the changes proposed in the Mirant-1 Amendment, agree to reflect in Section 2.C of the FCMWG DBD the commitment to discuss both units that were OOM and units bidding below 0.75 CONE that were concluded not to be OOM, and similar types of information. Mirant indicated that the clarification to its proposed amendment was acceptable to it.

Thereafter, the following motion to amend the previously amended main motion was duly made and seconded to change the second sentence of Section 2.C as follows:

Such reporting could include an explanation of the reasons for categorizing capacity as out-of-market and in-market and, to the extent possible, identifying the components of the offer which were deemed out-of-market and in-market and components of the bid which not deemed out-of-market.

Mr. Doot explained that, given the ISO's acceptance of the language proposed in this Amendment, the language if accepted would be considered to be part of both the amended DBD to be voted and the version of the FCMWG DBD acceptable to the ISO.

All members speaking about this motion to amend expressed their support. Members who were broadly representative of load indicated they fully supported increased transparency in information from the ISO. They would be interested in working on suitable Market Rule language to reflect that support. Mr. Michael Harrington stated that the New England Conference of Public Utilities Commissioners (NECPUC) did not have a position either way on the proposal, but in his capacity with the New Hampshire Public Utilities Commission (NHPUC)

could indicate that the NHPUC supported more transparency and he believed the other New England State regulators would also.

Following further discussion and clarification, the changes to the DBD reflected in the fifth motion to amend (which also changed the Mirant-1 Amendment) were agreed to by the ISO and accepted unanimously by the Committee.

Sixth Motion to Amend – The Generators-1 Amendment

Mr. Peter Fuller then referred the Committee to a proposed change to the FCMWG DBD that was identified as the Generators-1 Amendment in the materials circulated in advance of the meeting. He explained that this Amendment was not being sponsored by any individual Participant, but reflected a proposal developed by a broad consensus of generation-owning Participants. He further explained that the Amendment proposed to revise Section 3.A to provide a basis and mechanism for achieving a price collar for both a floor and a ceiling, as outlined in the Generators-1 Amendment, which, beginning with the 2013/14 Capacity Commitment Period, would then be adjusted by the Handy-Whitman Index.

Mr. Fuller then offered the sixth motion to amend the previously amended main motion, which was duly made and seconded, so as to revise Section 3.A of the DBD to read as follows:

- A. Starting with the 2013/2014 Capacity Commitment Period and continuing until new capacity is needed ($\text{Net ICR} - \text{Existing Qualified Capacity} \geq 0$), there shall be a price collar with a floor of 0.6 times Original CONE (\$7.50/kW-mo) and a ceiling of 1.4 times Original CONE. Adjust Original CONE by Handy-Whitman Index of Public Utility Construction Costs in years when it is not updated by new entry.

A member commented that the Generators-1 Amendment provided for a longer floor because of the inclusion of the language “continuing until new capacity is needed.” He explained that one of the shortfalls in the three-year period reflected in the proposed FCMWG

DBD was that the approximately 1,800 MW of OOM capacity has already been cleared in the first three auctions, and that level of OOM capacity would require more than three years to be absorbed. The Generators-1 Amendment was intended to help to address that shortfall.

The sixth motion to amend the previously amended main motion so as to include the DBD changes identified in the Generators-1 Amendment was then voted and failed with a vote of 32.96% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 10.60%; Alternative Resources – 5.39%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 4 on Attachment 2).

The Seventh Motion to Amend – The Mirant-2 Amendment

Referring to the proposed amendment identified in the materials circulated in advance of the meeting as Mirant 2-Amendment, Mr. Doot explained that the Amendment, if passed, would need to be reconciled with the second motion to amend (the Collective NGrid Amendment) which had already been voted and passed.

A Mirant representative then reviewed the Mirant-2 Amendment, which proposed use of a Handy-Whitman five-year average rather than a three-year average as previously proposed. He explained that the data in the Handy-Whitman Report reflected different categories of generation-- steam thermal, steam thermal with nuclear, steam thermal with hydro, and others. The escalators most appropriate seemed to be those for steam thermal, which included turbo machinery and a number of other elements in power generation equipment and were the most stable over the years. The five-year average provided, in Mirant's opinion, better smoothing of the average, and reduced the volatility that some were concerned would result from a shorter-term rolling average.

The seventh motion to amend the previously amended main motion, which was identified as the Mirant-2 Amendment, was then duly made and seconded so as to replace the last sentence in Section 4.B of the FCMWG DBD with the following:

- B. Thereafter, CONE will be adjusted by a rolling five-year average of the Handy-Whitman Index of Public Utility Construction Costs in years when it is not updated by new entry.

A NextEra representative clarified that the Mirant-2 Amendment was proposing solely to adopt the five-year average to allow for a more stable floor. He explained NextEra would be offering a further motion to amend so as to apply the escalator from an earlier period, resulting in a higher floor price.

This seventh motion to amend the previously amended motion so as to change the FCMWG DBD to include the Mirant-2 Amendment was then voted and failed with a vote of 29.54% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 10.60%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 5 on Attachment 2)

The Eighth Motion to Amend – The NextEra-2 Amendment

A representative of NextEra then referred the Committee to the change identified in the materials circulated in advance of the meeting as the NextEra-2 Amendment. He explained that the purpose of the Amendment was to apply a rolling five-year average of the Handy-Whitman Index for “Total Plant-All Steam Generation” for the North Atlantic Region in FCA4, in order to permit inflationary effects to be recognized in FCA4. The FCMWG DBD already proposed to use a rolling three-year average of the Handy-Whitman Index in FCA5 and subsequent auctions and this Amendment would treat FCA4 similarly.

The eighth motion to amend the previously amended main motion was then duly made and seconded so as to replace the first sentence in Section 4.B in the DBD so that it would read as follows:

- B. For the Forward Capacity Auction associated with the 2013/2014 Capacity Commitment Period, CONE will be based on the outcome of CONE from the 2012/2013 Forward Capacity Auction (\$4.918/kW-month) adjusted by the rolling five-year average of the Handy-Whitman Index of Public Utility Construction Costs for “Total Plant-All Steam Generation” for the North Atlantic Region.

Without further discussion, the eighth motion to amend the previously amended main motion to reflect in the DBD the language identified in the NextEra-2 Amendment was then voted and failed with a vote of 32.96% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 10.60%; Alternative Resources – 5.39%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 6 on Attachment 2).

The Ninth Motion to Amend – Special Cone Provision “Friendly” Amendment

Before proceeding to the proposed amendments to Section 4.C (Special Cone Provisions), Ms. Gardner reminded the Committee of changes to Section 4.C that had not been fully marked from the prior draft.

A NextEra representative then referred the Committee to proposed amendments to FCMWG DBD Section 4.C that were identified as the “NextEra 3-Amendment” in the materials that were circulated in advance of the meeting. He noted NextEra’s concern with the proposed reference in the DBD that suggested it was adopting “recommendations in the INTMMU Report.” Specifically, NextEra was concerned that, without an amendment, the DBD language could be read to imply that the level at which dynamic bidding should occur should be at a lower level from that discussed in the INTMMU Report. Further, the reference to “recommendations” was ambiguous and not easily identified. NextEra proposed that that Section 4.C be removed

from the FCMWG DBD and the underlying issue that the language sought to address, instead, be considered in the stakeholder process.

The ninth motion to amend the previously amended main motion so as to delete Sections 4.C.i and 4.C.ii from the FCMWG DBD was then duly made and seconded.

In response to this motion to amend, Mr. Ethier stated that the ISO's intent in proposing replacement of the previous Section 4.C.i was to better capture the essence of what was in the previous draft of the FCMWG DBD through the reference the INTMMU Report, not to suggest that the level at which dynamic bidding should occur could or should be lowered. The ISO did not necessarily object to removal of the language, but going forward, the ISO planned to address the underlying issues with or without the language.

In light of the ISO's response, a number of members offered suggestions on how to bridge the remaining gap between the NextEra concerns and the ISO's stated intent. Based on those recommendations and upon further discussion, NextEra agreed to revise its ninth motion such that it would propose to amend the previously amended main motion to revise Section 4.C as follows:

- i. In any round of the Forward Capacity Auction in which prices are below 0.80 times CONE or such other value as determined in the NEPOOL stakeholder process, whichever is greater, if any, any Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource (but not any Self-Supplied FCA Resource) may submit a Dynamic De-List Bid.
- ii. The Internal Market Monitoring Unit will review each offer from New Generating Capacity Resources, New Import Capacity Resources, and New Demand Resources below 0.75 times CONE or such other value as determined in the NEPOOL stakeholder process, whichever is greater, if any, to determine whether the offer is consistent with the long run average costs of that resource net of expected net revenues other than capacity revenues.

Following further discussion, the revised ninth motion to amend the previously amended main motion so as to include in the DBD the revised language above, which was referred to as the Special Cone Provision Friendly Amendment, was agreed to by the ISO and accepted unanimously by the Committee.

The Tenth Motion to Amend – The Calpine-1 Amendment

The Calpine representative then referred the Committee to the changes identified as the Calpine-1 Amendment in the materials circulated in advance of the meeting. He stated that the amendment sought to create two capacity zones for Maine, with the second zone to exist north of the Orrington interface, rather than one zone as proposed by the ISO. He explained this change would ensure that a maximum capacity limit (MCL) would be calculated for the Orrington constraint. He asserted that, unless changed, the FCMWG DBD would permit the ISO to ignore the Orrington constraint as an MCL in an FCA and also to ignore the internal Orrington constraint in the tie benefit analysis, despite the fact that the Orrington interface in operation was a significantly constraining element. Accordingly, the Calpine-1 Amendment sought to create a second zone that would exist north of the Orrington interface and thereby trigger the calculation of an MCL for that export limit, and permit the ISO to continue to ignore the Orrington South limit. He asserted that, should the Calpine-1 Amendment not be accepted, the Orrington South limit would be enforced in the tie benefit analysis, presumably through lower tie benefits.

The tenth motion to amend the previously amended main motion, to adopt the Calpine-1 Amendment by inserting into the DBD the following Section 6.A.ii and to renumber the remaining subsections to reflect that insertion, was duly made and seconded:

- ii. Maine shall be modeled as two Capacity Zones (one zone north of the Orrington interface and another zone south of that interface).

The Dynegy representative, noting for the record that it would split its vote with Calpine on this motion, pointed out that the issue was addressed but not supported by the Reliability Committee. Mr. Fowler, Vice-Chair of the Reliability Committee, clarified that the Reliability Committee input was received by way of a straw vote rather than through formal action.

The tenth motion to amend the previously amended main motion, which was identified as the Calpine-1 Amendment, was then voted and failed with a vote of 17.37% in favor (Generation – 11.31%; Transmission – 0%; Supplier- 6.06%; Alternative Resources – 0%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 7 on Attachment 2).

The Eleventh Motion to Amend – The PSEG/NRG-1 Amendment

The NRG representative then referred the Committee to the proposed changes to the FCMWG DBD that were identified as the PSEG/NRG-1 Amendment in the materials circulated in advance of the meeting. He explained the purpose of this Amendment was to modify the rules for modeling constraints between zones so that those constraints would be monitored and modeled at all times for all auctions (all primary auctions, annual reconfiguration auctions, etc.). He asserted that modeling all the zones all the time would eliminate the complexity and difficulty of testing each time around for the particular supply demand circumstances.

The eleventh motion to amend the previously amended main motion was then duly made and seconded so as to revise Section 6.B of the DBD to read as follows,:

- B. All Capacity Zones identified pursuant to Section 6.A will be modeled at all times. Capacity price separation will be allowed within potentially constrained Capacity Zones based on any or all of the following:
 - i. Permanent de-list bids or non-price retirement requests;
 - ii. De-list bids of any kind submitted by a supplier that is non-pivotal in the Capacity Zone;
 - iii. De-list bids of any kind submitted by a supplier with a 5% or less share of total qualified capacity in the Capacity Zone;

- iv. De-list bids of any kind from a supplier with a single resource in the Capacity Zone; and
- v. Static de-list bids reviewed by FERC.

Ms. Gardner noted for the record that the ISO had indicated before the meeting that Section 6.B of its proposed FCMWG DBD would include “static” before the phrase “de-list bids from non-pivotal suppliers.” However, because of previously approved amendments, that change was no longer applicable to the main motion pending before the Committee (although it would become relevant to any vote the ISO might request on its proposed FCMWG DBD). Mr. Ethier added that the correction to the ISO-proposed FCMWG DBD was consistent with discussion during the FCMWG efforts. He then clarified, in response to a member’s questions related to the correction, that the ISO would model separate zones in advance of a FCA when there was a reasonable chance that if enough of the static and permanent de-list bids were accepted, a separate capacity zone would be created; however, the question of whether a separate zone would be created was based on the de-list bids that cleared, and could not be known until the FCA itself.

In response to questions, the NRG representative contrasted the PSEG/NRG-1 Amendment to that proposed in the FCMWG DBD, explaining that, whereas the current FCM rules and the FCMWG DBD would continue to limit the determination of whether a capacity zone should be modeled based on an evaluation of identified types of de-list bids, the PSEG/NRG-1 Amendment would eliminate that test, and provide that, similar to LMP modeling in the energy market, all de-list bids and all constraints would be modeled and monitored going into an auction, with price setting in a local area defined later based on whatever de-lists happen.

Mr. Ethier contended that the ISO's proposal to change the balance struck in the FCM Settlement Agreement (designed to protect against the exercise of market power) would occur in a more measured way than, and was therefore preferable to, the PSEG/NRG-1 Amendment.

The eleventh motion to amend the previously amended main motion to reflect in the DBD the changes identified in the PSEG/NRG-1 Amendment was then voted and failed with a vote of 32.27% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 13.33%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 8 on Attachment 2).

The Twelfth Motion to Amend – The PSEG-1 Amendment

The Committee turned to a proposal to change the DBD to include the language reflected in the PSEG-1 Amendment. The PSEG representative referred the Committee to the Amendment in the materials circulated in advance of the meeting and stated that the PSEG-1 Amendment would limit the frequency with which a zone would be modeled. He explained that a zone would be modeled if the supply inside that zone *plus* import capability was less than 125% of the local sourcing requirement (LSR). The Amendment would permit a Resource that de-lists as part of an auction to set the auction's clearing price, effectively extending to a zone the same rules used on a Pool basis, with the necessary protections to avoid potential market power concerns. He stated that de-list bids that would have the ability to set a clearing price for an auction would be expanded by the Amendment to include the following Resources: those that submit permanent de-lists bids; those of non-pivotal suppliers; those of suppliers that have market share of 5% or less; those of a single unit supplier; and static de-lists bids that are approved by the INTMMU and the FERC before the auction starts. He explained that these are

the same types of de-list bids from Resources that could set the clearing price for the entire Pool if an auction were more constrained than experienced to date.

The twelfth motion to amend the previously amended main motion was then duly made and seconded so as to reflect the following changed language to Section 6.B of the DBD, which was referred to in the PSEG-1 Amendment:

- B. The ISO will model a new Capacity Zone when the in-zone capacity plus import capability is equal to or less than 125% of the LSR for that zone. Capacity price separation will be allowed within potentially constrained Capacity Zones based on any or all of the following:
 - i. Permanent de-list bids;
 - ii. Non-pivotal supplier de-list bids of any kind;
 - iii. De-list bids submitted from supplier with a 5% or less market share in the zone (even if supplier would be pivotal in the FCM);
 - iv. De-list bids from single unit supplier if greater than 5%; and
 - v. Static de-list bids reviewed by FERC.

Without further discussion, the twelfth motion to amend the previously amended main motion to reflect the changes in the DBD of the PSEG-1 Amendment was then voted and failed with a vote of 32.27% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 13.33%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 9 on Attachment 2).

The Thirteenth Motion to Amend – The NRG-1 Amendment

The NRG representative then referred the Committee to the changes identified as the NRG-1 Amendment in the materials circulated in advance of the meeting. Noting two instances in the first three auctions where a de-list bid was rejected for reliability reasons, he described the Amendment as triggering the modeling of a Capacity Zone for three subsequent Capacity Commitment Periods where a de-list bid, non-price retirement request, or bilateral transaction was rejected for reliability reasons. He explained that the NRG-1 Amendment was designed as a

backstop to other auction mechanisms, to create the potential for price separation in zones where reliability requirements were not fully reflected in an auction's local requirements. He noted further that, notwithstanding incremental improvements to the calculation of local requirements proposed in the FCMWG DBD, a backstop mechanism was warranted, particularly in light of the ISO's retained rights to conduct reliability reviews.

The thirteenth motion to amend the previously amended main motion was duly made and seconded so as to include in the DBD the changes identified as the NRG-1 Amendment, amending Section 6.B of the DBD as follows,:

- B. If a de-list bid or non-price retirement request is rejected for reliability reasons in any Forward Capacity Auction, the affected Capacity Zone shall be modeled in the Forward Capacity Auctions and Annual Reconfiguration Auctions associated with the subsequent three Capacity Commitment Periods. If a bilateral transaction is rejected for reliability reasons, the Capacity Zone containing the resource seeking to shed its obligation shall be modeled in the Forward Capacity Auctions and Annual Reconfiguration Auctions associated with the subsequent three Capacity Commitment Periods.

In response to a member's question, the NRG representative confirmed that the Amendment referred to *any* type of de-list bid. The thirteenth motion to amend the previously amended main motion to include the NRG-1 Amendment was then voted and failed with a vote of 32.27% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 13.33%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 10 on Attachment 2).

The Fourteenth Motion to Amend – The NRG-2 Amendment

The NRG representative then reviewed for the Committee proposed changes to the FCMWG DBD that were identified in the materials circulated in advance of the meeting as the NRG-2 Amendment. He explained that the Amendment proposed a set of three changes which addressed some of the same areas as elements of the NGrid Collective Amendment passed earlier

in the meeting. The purpose of the Amendment, he summarized, was to clarify and reaffirm the basis on which capacity would become obligated, based on whether or not it would be compensated as a FCM Resource. He explained that the Amendment did not prohibit consideration of other mechanisms to obligate Resources, but explicitly did not give permission for any such mechanisms, as he read the NGrid Collective Amendment passed earlier in the day to do.

He then offered the fourteenth motion to amend the previously amended main motion, which was duly made and seconded, to include the DBD changes identified in the NRG-2 Amendment as follows:

(i) Revise Section 7.C.i so that would reads as follows:

- i. In performing this analysis the remaining system is assumed to have resources equal to the allocated share of the probabilistic ICR, or the amount of resources obligated to offer energy to the New England system for the Capacity Commitment Period in question, whichever is greater;

(ii) Revise Section 7.E so that it would reads as follows:

- E. The LSR will be determined for each potential zone as the higher of the amount needed to meet the LSR or the TSA requirement for that zone;

(iii) Delete Sub-Section 7.E.iii in its entirety; and

(iv) Revise Section 7.F so that it would reads as follows:

- F. Since no zonal model is likely to be able to adequately reflect all potential local reliability issues, ISO shall retain the right to reject de-list bids and bilateral transactions for reliability reasons. Given the current market rules, which assign obligation to participate in the energy markets solely through receipt of a capacity supply obligation, ISO shall retain the right to analyze resource de-list bids and bilateral exchanges of capacity supply obligation and to reject those that endanger the reliability of the system.

In response to questions concerning Section 7.F, Mr. Mark Karl confirmed that the ISO retained the right to reject a de-list bid from an interconnected Resource, which by definition would have a Capacity Supply Obligation in a FCA before being affirmatively permitted to de-list or transfer its obligation.

Following further discussion, explanation, and clarification, the fourteenth motion to amend the previously amended main motion to include the NRG-2 Amendment in the FCMWG DBD was then voted and failed with a vote of 32.27% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 13.33%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 11 on Attachment 2).

The Fifteenth Motion to Amend – The GDF SUEZ-2 Amendment

The GDF SUEZ representative then referred the Committee to the changes identified as the GDF SUEZ-2 Amendment in the materials circulated in advance of the meeting. He explained that the GDF SUEZ-2 Amendment proposed a set of three changes to Section 8 of the FCMWG DBD. Specifically, the GDF SUEZ-2 Amendment would: (1) identify the DR issues that GDF SUEZ has previously raised in language in Section 8.A; (2) seek a commitment to consider those issues, and where the changes were approved to have them filed in sufficient time to be implemented by the fourth Capacity Commitment Period; and (3) assure that where the resultant solutions do not address the identified issues, that GDF SUEZ and others would have the opportunity to address those unresolved issues at the FERC in the docket considering other changes. He added that there was already a commitment in the FCMWG DBD to have such discussions, but the Amendment added more specificity as to the issues that would be included in the discussion, the timing of what would happen following the discussion, and the opportunity to comment at the FERC once something was filed.

The fifteenth motion to amend the previously amended main motion was then duly made and seconded to make the changes reflected in the GDF SUEZ-2 Amendment which would revise Section 8 of the DBD in its entirety to read as follows:

8. Demand Resources.

- A. The issues regarding the rights and obligations applicable to Demand Resources in the Forward Capacity Market, including but not limited to obligations (e.g., participation in the energy markets as price-responsive demand), enforcement of performance obligations, and net payments, as well as applicability of Peak Energy Rent deductions, will be addressed in the NEPOOL Participant Processes. The following issues presented to the FCMWG regarding Demand Resources include (“Identified DR Issues”):
- i. Comparability in day ahead and real time energy market obligations (including monitoring and mitigation of operational constraints);
 - ii. Comparability in the application of Peak Energy Rent deductions;
 - iii. Reconstitution of coincident peak loads to reflect FCM-related DR activation;
 - iv. Comparable reliance on DR in long and short term system operations planning (including LTOCM and STOCM evaluations under OP5);
 - v. Comparable consequences for physical withholding (i.e., election to continue uninterrupted electric service); and
 - vi. Addressing required differences in capacity products through tiered FCA capacity products.
- B. The NEPOOL Participant Processes for the Identified DR Issues will be addressed in sufficient time to facilitate implementation for the fourth Commitment Period (FCA4).
- C. The ISO acknowledges that the Identified DR Issues are appropriately within the scope of issues identified in any interventions to ISO’s Section 205 filing of changes arising from the Item 8.B discussions whether or not the changes address the respective Identified DR Issues.

Following clarifying questions and comments, the fifteenth motion to amend the previously amended main motion, which would revise the FCMWG DBD as indicated in the GDF SUEZ-2 Amendment, was voted and failed with a vote of 35.90% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 16.97%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 12 on Attachment 2).

The Sixteenth Motion to Amend – The IPA-1 Amendment

The IPA representative referred the Committee to a proposed amendment to the FCMWG DBD that was identified as the IPA-1 Amendment in the materials that were circulated in advance of the meeting. She noted that the then-effective Market Rules for calculating Peak Energy Rent (PER) provided for the use of the least expensive of an oil or gas index. She explained IPA's view that the FCM Settlement language required the use of the marginal fuel. IPA believed that it was a mistake to use the "lower-of" instead of the "higher-of" in the Market Rules, since the "lower-of" units would already be running in the bid stack. So stated IPA's view that the lower-of instead of the higher-of, they believe the words "lower of" should be changed to "greater of."

Thereafter, the sixteenth motion to amend the previously amended main motion was then duly made and seconded so as to change the DBD as identified as the IPA-1 Amendment, adding the following new Section 11 on PER Proxy Units,:

11. PER Proxy Unit.

- A. Section III.13.7.2.7.1.1.1(b) [of the ISO Tariff] states that "The PER Proxy Unit shall be indexed to the marginal fuel, which shall be the lower of ultra low-sulfur No. 2 oil measured at New York Harbor plus a seven percent markup for transportation or day-ahead gas measured at the Algonquin City Gate, as determined on a daily basis." By definition, "marginal" should be the most expensive, not least expensive; this rule as written could force oil-burning plants to operate at a loss, even when they are on dispatch in the real-time market. Accordingly, the word "lower" shall be corrected to read "greater" in Section III.13.7.2.7.1.1.1(b) [of the ISO Tariff].

In response to questions, the ISO expressed its view that the current Market Rules properly reflected what was required by the FCM Settlement Agreement.

Following further clarification, the sixteenth motion to amend the previously amended main motion to include the IPA-1 Amendment in the DBD was then voted and failed with a vote

of 31.99% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 13.05%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 13 on Attachment 2).

The Seventeenth Motion to Amend – The IPA-2 Amendment

The IPA representative then referred the Committee to the second IPA proposed changes to the FCMWG DBD which were identified as the IPA-2 Amendment in the materials circulated in advance of the meeting. She explained that the IPA-2 Amendment would undo the change to Section 7.F that had been approved earlier in the day as part of the NGrid Collective Amendment, restoring the language proposed by the ISO in the November 5 draft of the FCMWG DBD.

The seventeenth motion to amend the previously amended main motion to reflect in the DBD the changes identified in the IPA-2 Amendment was then duly made and seconded, discussed, voted and failed with a vote of 35.90% in favor (Generation – 16.97%; Transmission – 0%; Supplier- 16.97%; Alternative Resources – 1.97%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 14 on Attachment 2).

The Eighteenth Motion to Amend – The MPUC-1 Amendment

The Committee turned finally to the last set of proposed changes to the FCMWG DBD that were identified as the MPUC-1 Amendment in the materials circulated in advance of the meeting. On behalf of the Maine Public Utilities Commission (MPUC), Mr. Thomas Austin explained that the Amendment would add a new Section 11 to the FCMWG DBD to sunset Sections 1 and 2 of the FCMWG DBD. He indicated that the MPUC and the ISO had been working towards mutually acceptable language to be added to the filing letter to address the MPUC's concerns. If there was agreement between the ISO and the MPUC on that language, he

explained, the MPUC would not need to offer its Amendment for a vote by the Committee. In response, however, the ISO indicated that it was not yet in a position to agree to the proposed filing letter language.

Accordingly, the eighteenth motion to amend the previously amended main motion was duly made and seconded, so as to reflect the MPUC-1 Amendment by adding a new Section to the FCMWG DBD to sunset Sections 1 and 2 of the FCMWG DBD as follows.:

11. Sunset Provision for Sections 1 and 2.

All Market Rules that are accepted or approved by the Federal Energy Regulatory Commission that implement Sections 1 and 2 of this design basis document shall expire at the conclusion of the Sixth Forward Capacity Auction associated with the 2016/2017 Capacity Commitment Period. Further recommendation to continue in the interim, and starting immediately, the existing process of analyzing and modifying the provisions in Sections 1 and 2. This analysis will include ISO making its best efforts to estimate the costs and benefits of potential changes.

The eighteenth and final motion to amend the amended main motion to include the MPUC-1 Amendment in the DBD was then voted and failed with a vote of 25.85% in favor (Generation – 0%; Transmission – 11.31%; Supplier- 0%; Alternative Resources – 0%; Publicly Owned Entity – 0%; and End User – 14.54%). (See Vote 15 on Attachment 2).

Vote on the Amended Main Motion

The amended main motion, as amended by the NGrid-1 Amendment (Collective NGrid Amendment) and the NGrid-2 Amendment (Stand-Alone Amendment), as well as by the Mirant and Special Cone Provision “Friendly” Amendments, was then voted and passed with a vote of 69.06% in favor (Generation – 0%; Transmission – 16.97%; Supplier – 2.99%; Alternative Resources – 15.17%; Publicly Owned Entity – 16.97%; and End User – 16.97%). (See Vote 16 on Attachment 2). (Attachment 3 to these minutes includes a copy of the FCMWG DBD

compiled following the meeting to reflect the amended DBD as voted and supported by NEPOOL).

Vote on the ISO-Proposed FCMWG DBD with Accepted Amendments

The ISO then requested, pursuant to Section 11.1.3 of the Participants Agreement, that the Committee also vote on the version of the FCMWG DBD that it was prepared at that time to support. The ISO explained the version it wanted voted was the DBD without the NGrid-1 Amendment (Collective NGrid Amendment) and the NGrid-2 Amendment (Stand-Alone Amendment), and with the changes the ISO found acceptable – the Mirant and Special Cone Provision “Friendly” Amendments. A motion to vote that version was then duly, made, seconded, voted and failed with a vote of 3.64% in favor (Generation – 0%; Transmission – 0%; Supplier – 3.64%; Alternative Resources – 0%; Publicly Owned Entity – 0%; and End User – 0%). (See Vote 17 on Attachment 2). (Attachment 4 to these minutes includes a copy of the ISO-proposed FCMWG DBD, compiled after the meeting, to reflect the version as voted).

There being no further business, the special meeting was adjourned at 4:30 p.m.

Respectfully submitted,

David T. Doot, Secretary

**MEMBERS AND ALTERNATES PARTICIPATING IN
NOVEMBER 6, 2009 SPECIAL PARTICIPANTS COMMITTEE MEETING**

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
511 Plaza LP	End User	William P. Short III (tel)	Gus Fromuth	Jesse Reyes
Ashburnham Municipal Light Plant	Publicly Owned		Gary Will	
Associated Industries of Massachusetts	End User			Paul Peterson
Bangor Hydro-Electric Company	Transmission			Stacy Dimou
Belmont Municipal Light Department	Publicly Owned			Gary Will
BG Dighton Power, LLC	Generation		William Fowler	
Boston Generating, LLC	Generation	John Reese	William Fowler	
Boylston Municipal Light Department	Publicly Owned		Gary Will	
BP Energy Company	Supplier			Nancy Chafetz
Braintree Electric Department	Publicly Owned		John Coyle (tel)	
Brookfield Energy Marketing Inc.	Supplier	Nicolas Bosse		Joel Gordon
Caithness New England Services Company, LLC	Generation		Kenneth Bekman	
Central Maine Power Company	Transmission	Eric Stinneford		
Cianbro Companies	End User	Gus Fromuth		Jesse Reyes
Chicopee Municipal Lighting Plant	Publicly Owned		Brian Forshaw	
Comverge, Inc.	AR			Herb Healy
Concord Municipal Light Plant	Publicly Owned		Gary Will	
Connecticut Municipal Electric Energy Coop.	Publicly Owned	Brian Forshaw		
Connecticut, State of, Office of Consumer Counsel	End User			Paul Peterson
Conservation Law Foundation	End User	Seth Kaplan		
Conservation Services Group	AR	Doug Hurley		
Consolidated Edison Energy, Inc.	Supplier		Kenneth Bekman	
Constellation Energy Commodities Group, Inc.	Supplier	Dan Allegretti (tel)		
Corinth Wood Pellets LLC	End User	Gus Fromuth		Jesse Reyes
CPower, Inc.	AR	Janette Dudley (tel)		
Cross-Sound Cable Company, LLC	Supplier	Jose Rotger (tel)		
Danvers Electric Division	Publicly Owned			Gary Will
Dennis Beverage	End User	Gus Fromuth		Jesse Reyes
Dominion Energy Marketing, Inc.	Generation	Ronald Hart		
Dragon Products Company LLC	End User	Gus Fromuth		Jesse Reyes
Dynergy Power Marketing, Inc.	Supplier	Glenn Haake		Thomas Kaslow
Elektrisola, Inc.	End User		Gus Fromuth	Jesse Reyes
Energy America, LLC	Supplier			Nancy Chafetz
EnerNOC, Inc.	AR	Herb Healy		
Entergy Nuclear Power Marketing, Inc.	Generation			William Fowler
Exelon Generation Company, LLC	Supplier	William Fowler		
Fairchild Semiconductor Corporation	End User	Gus Fromuth		Jesse Reyes
Food City, Inc.	End User	Gus Fromuth		Jesse Reyes
Garland Manufacturing Company	End User	Gus Fromuth		Jesse Reyes
Gas Recovery Systems, LLC	AR		Doug Hurley	
GDF SUEZ Energy Marketing NA, Inc.	Supplier		Thomas Kaslow	
Georgetown Municipal Light Department	Publicly Owned			Gary Will
Generation Group Member	Generation		Dennis Duffy	Mitch Jacobson
Granite Ridge/Merrill Lynch	Supplier		William Fowler	
Groton Electric Light Department	Publicly Owned		Gary Will	
H.Q. Energy Services (U.S.) Inc.	Supplier	Louis Guilbault	Robert Stein	
Hammond Lumber Company	End User	Gus Fromuth		Jesse Reyes

**MEMBERS AND ALTERNATES PARTICIPATING IN
NOVEMBER 6, 2009 SPECIAL PARTICIPANTS COMMITTEE MEETING**

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Hardwood Products Company	End User		Gus Fromuth	Jesse Reyes
Harvard Dedicated Energy Limited	End User	Mary H. Smith		Paul Peterson
Hess Corporation	Supplier			Nancy Chafetz
Hingham Municipal Light Department	Publicly Owned		John Coyle (tel)	
Holden Municipal Light Department	Publicly Owned		Gary Will	
Holyoke Gas & Electric Department	Publicly Owned			Gary Will
Hudson Light and Power Department	Publicly Owned		Gary Will	
Hull Municipal Lighting Plant	Publicly Owned		Gary Will	
Ipswich Municipal Light Department	Publicly Owned		Gary Will	
Integrays Energy Services Inc.	Supplier			Nancy Chafetz
International Power America (ANP Funding I)	Generation	Dorothy Capra		
Kimberly-Clark Corporation	Supplier			Vicki Karandrikas (tel)
LaBree's Inc.	End User		Gus Fromuth	Jesse Reyes
Lavalley Lumber Co.	End User	Gus Fromuth		Jesse Reyes
Linde Energy Services	Supplier			Vicki Karandrikas (tel)
Littleton (MA) Electric Light & Water Dept.	Publicly Owned			Gary Will
Littleton (NH) Water & Light Department	Publicly Owned			Brian Forshaw
Long Island Lighting Company (LIPA)	Supplier	William Killgoar		
Luminescent Systems	End User		Gus Fromuth	Jesse Reyes
Maine Woods Pallet Company	End User	Gus Fromuth		Jesse Reyes
Mansfield Municipal Electric Department	Publicly Owned		Gary Will	
Marblehead Municipal Light Department	Publicly Owned		Gary Will	
Marden's Inc.	End User	Gus Fromuth	Jesse Reyes	
Massachusetts Attorney General's Office	End User	Jesse S. Reyes	David Cetola	
Mass. Municipal Wholesale Electric Company	Publicly Owned	Gary Will		
Merchant's Plaza, LLC	End User	Gus Fromuth		Jesse Reyes
Middleborough Gas and Electric Department	Publicly Owned		Gary Will	
Middleton Municipal Electric Department	Publicly Owned		Gary Will	
Millennium Power Partners	Generation		Ken Dell Orto	
Mirant Energy Trading, LLC	Generation	Philip Smith		
NAEA Energy Massachusetts LLC	Generation	Kenneth Bekman		
New England Power Company	Transmission	Timothy Brennan		
New Hampshire Electric Cooperative	Publicly Owned		Brian Forshaw	
New Hampshire Office of Consumer Advocate	End User	Paul Peterson		
NextEra Energy Resources, LLC	Generation	Fernando DaSilva		
North Attleborough Electric Department	Publicly Owned		Mark V. Magyar (tel)	
Northeast Utilities System Companies	Transmission	Joseph Staszowski	Calvin Bowie	
NRG Power Marketing, Inc.	Generation	Peter Fuller		
NSTAR Electric Company	Transmission	James Daly		
Old Town Lumber	End User			
PalletOne of Maine	End User	Gus Fromuth		Jesse Reyes
Pascoag Utility District	Publicly Owned		John P. Coyle (tel)	Gary Will
Paxton Municipal Light Department	Publicly Owned			Gary Will
Peabody Municipal Light Plant	Publicly Owned		Gary Will	
Pepco Energy Services, Inc.	Supplier			Nancy Chafetz
PowerOptions, Inc.	End User	Cindy Arcate		Paul Peterson
PPL EnergyPlus	Supplier		Sharon Weber	

**MEMBERS AND ALTERNATES PARTICIPATING IN
NOVEMBER 6, 2009 SPECIAL PARTICIPANTS COMMITTEE MEETING**

PARTICIPANT NAME	SECTOR	MEMBER NAME	ALTERNATE NAME	PROXY
Praxair, Inc.	End User			Vicki Karandrikas (tel)
Princeton Municipal Light Department	Publicly Owned		Gary Will	
Provisional Group Member – Generation Sector	Generation		Ken Dell Orto	
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
Quality Egg of New England, LLC	End User	Gus Fromuth		Jesse Reyes
Reading Municipal Light Plant	Publicly Owned			
Robbins Lumber, Inc.	End User		Gus Fromuth	Jesse Reyes
Rowley Municipal Lighting Plant	Publicly Owned		Gary Will	
Shell Energy North America (US), L.P.	Supplier		John Brodbeck (tel)	
Shrewsbury Electric & Cable Operations	Publicly Owned		Gary Will	
Small Distributed Generation Group Member	AR	Doug Hurley		
Small Load Response Group Member	AR	Doug Hurley		
South Hadley Electric Light Department	Publicly Owned		Gary Will	
St. Anselm College	End User	Gus Fromuth		Jesse Reyes
St. Joseph Health Services of Rhode Island	End User		Gus Fromuth	Jesse Reyes
Sterling Municipal Electric Light Department	Publicly Owned		Gary Will	
Taunton Municipal Light Department	Publicly Owned		Brian Forshaw	
Templeton Municipal Lighting Plant	Publicly Owned		Gary Will	
The Energy Consortium	End User		Mary Smith	Paul Peterson
The Energy Council of RI	End User			Paul Peterson
TransCanada Power Marketing, Ltd.	Generation		Michael Hachey	
Union of Concerned Scientists	End User		Paul Peterson	
United Illuminating Company, The	Transmission		Laurie Lombardi	
Vermont Electric Cooperative	Publicly Owned			Brian Forshaw
Vermont Electric Power Company, Inc.	Transmission		Kirk Shields (tel)	
Vermont Energy Investment Corporation	AR		Doug Hurley	
Wakefield Municipal Gas and Light Department	Publicly Owned		Gary Will	
West Boylston Municipal Lighting Plant	Publicly Owned		Gary Will	
Westerly Hospital	End User		Gus Fromuth	Jesse Reyes
Westfield Gas & Electric Light Department	Publicly Owned			Gary Will
Whole Foods Market Group, Inc.	End User	Gus Fromuth		Jesse Reyes
ZTECH, LLC	End User		Gus Fromuth	Jesse Reyes

**VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING**

TOTAL

SECTOR	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6	VOTE 7	VOTE 8	VOTE 9	VOTE 10	VOTE 11	VOTE 12	VOTE 13	VOTE 14	VOTE 15	VOTE 16	VOTE 17
GENERATION	0.000	16.967	16.967	16.967	16.967	16.967	11.311	16.967	16.967	16.967	16.967	16.967	16.967	16.967	0.000	0.000	0.000
TRANSMISSION	16.967	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	11.311	16.967	0.000
SUPPLIER	1.060	12.119	10.907	10.604	10.604	10.604	6.060	13.331	13.331	13.331	13.331	16.967	13.051	16.967	0.000	2.994	3.636
AR	15.167	1.971	0.000	5.386	1.971	5.386	0.000	1.971	1.971	1.971	1.971	1.971	1.971	1.971	0.000	15.167	0.000
PUBLICLY OWNED ENTITY	16.967	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16.967	0.000
END USER	16.967	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	14.543	16.967	0.000
% IN FAVOR	67.127	31.057	27.874	32.957	29.542	32.957	17.371	32.269	32.269	32.269	32.269	35.904	31.989	35.904	25.854	69.061	3.636

Vote 1: Collective NGrid Amendment
Vote 2: NextEra-1 Amendment
Vote 3: GDF SUEZ-1 Amendment
Vote 4: Generators-1 Amendment
Vote 5: Mirant-2 Amendment
Vote 6: NextEra-2 Amendment

Vote 7: Calpine-1 Amendment
Vote 8: PSEG/NRG-1 Amendment
Vote 9: PSEG-1 Amendment
Vote 10: NRG-1 Amendment
Vote 11: NRG-2 Amendment
Vote 12: GDF SUEZ-2 Amendment

Vote 13: IPA-1 Amendment
Vote 14: IPA-2 Amendment
Vote 15: MPUC-1 Amendment
Vote 16: Amended Main Motion
Vote 17: ISO-Proposed FCMWG DBD with
Accepted Amendments

VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

GENERATION

Participant Name	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10	Vote 11	Vote 12	Vote 13	Vote 14	Vote 15	Vote 16	Vote 17
BG Dighton Power, LLC	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
Boston Generating, LLC	O	F	F	A	F	F	A	F	F	F	F	F	F	F	O	O	O
Caithness New England	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
NAEA Energy Massachusetts	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
Dominion Energy Marketing	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
Entergy Nuclear Power	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
Generation Group Member	--	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
International Power America	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
Millennium Power Partners	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
Mirant Energy Trading, LLC	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
NextEra Energy Resources	O	F	F	F	F	F	F	F	F	F	F	F	F	F	O	O	O
NRG Power Marketing, LLC	O	F	F	F	F	F	F	F	F	F	F	F	F	F	O	O	O
TransCanada Power Marketing	O	F	F	F	F	F	O	F	F	F	F	F	F	F	O	--	--
Provisional Member Group	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	--	--
IN FAVOR (F)	0	13	13	12	13	13	2	13	13	13	13	13	13	13	0	0	0
OPPOSED (O)	12	0	0	0	0	0	1	0	0	0	0	0	0	0	13	11	11
TOTAL VOTES	12	13	13	12	13	13	3	13	13	13	13	13	13	13	13	11	11
ABSTENTIONS (A)	0	0	0	1	0	0	10	0	0	0	0	0	0	0	0	0	0

TRANSMISSION

Participant Name	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10	Vote 11	Vote 12	Vote 13	Vote 14	Vote 15	Vote 16	Vote 17
Bangor Hydro-Electric Co.	F	O	O	O	O	O	O	O	O	O	O	O	O	A	F	A	A
Central Maine Power Company	F	O	O	O	O	O	O	O	O	O	O	O	O	A	F	A	O
New England Power Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	A	F	O
The United Illuminating Co.	F	O	O	O	O	O	O	O	O	O	O	O	O	A	A	F	O
Northeast Utilities System Co.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
NSTAR Electric Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	A	F	O
Vermont Electric Power Co.	F	O	O	O	O	O	O	O	O	O	O	O	O	A	A	F	--
IN FAVOR (F)	7	0	0	0	0	0	0	0	0	0	0	0	0	0	2	5	0
OPPOSED (O)	0	7	7	7	7	7	7	7	7	7	7	7	7	3	1	0	5
TOTAL VOTES	7	7	7	7	7	7	7	7	7	7	7	7	7	3	3	5	5

VOTES TAKEN AT NOVEMBER 6, 2009

SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

ATTACHMENT 2

ABSTENTIONS (A)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	2	1
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VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

SUPPLIER

Participant Name	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10	Vote 11	Vote 12	Vote 13	Vote 14	Vote 15	Vote 16	Vote 17
BP Energy Company	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Brookfield Energy Marketing	O	F	F	F	F	F	O	F	F	F	F	A	F	F	O	O	O
Consolidated Edison Energy	O	F	F	F	F	F	A	F	F	F	F	A	F	F	O	O	A
Constellation Energy Comm. Grp	O	F	F	F	F	F	O	F	F	F	F	A	A	F	O	O	O
Cross Sound Cable Company	O	A	A	A	A	A	A	A	A	A	A	A	A	F	O	A	A
Dynergy Power Marketing./Calpine	O	F	F	F	F	F	S	F	F	F	F	A	F	F	O	O	O
<i>Dynergy (when split)</i>							O										
<i>Calpine (when split)</i>							F										
Energy America, LLC	O	O	O	O	O	O	A	O	O	O	O	A	O	F	O	O	F
Exelon Generation, LLC	O	F	F	F	F	F	A	F	F	F	F	A	F	F	O	O	O
GDF SUEZ Energy Marketing	O	F	F	F	F	F	F	F	F	F	F	A	F	F	A	O	O
Granite Ridge	O	F	F	F	F	F	A	F	F	F	F	A	F	F	O	O	O
H.Q. Energy Services (U.S.)	O	F	O	F	F	F	O	F	F	F	F	A	F	F	O	O	A
Hess Corporation	O	O	O	O	O	O	A	A	A	A	A	A	A	F	O	A	F
Integrus Energy Services, Inc.	O	O	O	O	O	O	A	O	O	O	O	A	O	F	O	O	F
Kimberly-Clark Corporation	A	A	A	O	O	O	A	A	A	A	A	A	A	A	A	F	O
Linde Energy Services, Inc.	A	A	A	O	O	O	O	A	A	A	A	A	A	A	A	F	O
LIPA	O	A	A	A	A	A	A	A	A	A	A	A	A	F	O	O	A
Pepco Energy Services, Inc.	F	O	O	O	O	O	A	O	O	O	O	A	O	A	O	F	A
PPL EnergyPlus, LLC	O	F	F	F	F	F	A	F	F	F	F	F	F	F	O	O	O
PSEG Energy Resources & Trade	O	F	F	F	F	F	F	F	F	F	F	F	F	F	O	O	O
Shell Energy North America	--	--	--	--	--	--	A	F	F	F	F	F	F	F	O	O	O
IN FAVOR (F)	1	10	9	10	10	10	2.5	11	11	11	11	3	10	16	0	3	3
OPPOSED (O)	15	4	5	6	6	6	4.5	3	3	3	3	0	3	0	16	14	11
TOTAL VOTES	16	14	14	16	16	16	7	14	14	14	14	3	13	16	16	17	14
ABSTENTIONS (A)	3	5	5	3	3	3	13	6	6	6	6	17	7	4	4	3	6

VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

ALTERNATIVE RESOURCES

Participant Name	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10	Vote 11	Vote 12	Vote 13	Vote 14	Vote 15	Vote 16	Vote 17
Renewable Generation																	
Gas Recovery Systems, Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
Small RG Group Member	A	F	A	F	F	F	A	F	F	F	F	F	F	F	A	F	A
Distributed Generation																	
Small DG Group Member	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
Load Response																	
Comverge, Inc.	F	A	A	F	A	F	A	A	A	A	A	A	A	O	A	F	O
Conservation Services Group	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
CPower, Inc.	F	A	A	A	A	A	A	A	A	A	A	A	A	O	O	F	O
EnerNOC, Inc.	F	A	A	F	A	F	A	A	A	A	A	A	A	O	A	F	O
Vermont Energy Investment Corp.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
Small LR Group Member	F	A	A	A	A	A	O	O	O	O	O	O	O	O	O	F	O
IN FAVOR (F)	8	1	0	3	1	3	0	1	1	1	1	1	1	1	0	9	0
OPPOSED (O)	0	4	4	4	4	4	5	5	5	5	5	5	5	8	6	0	8
TOTAL VOTES	8	5	4	7	5	7	5	6	6	6	6	6	6	9	6	9	8
ABSTENTIONS (A)	1	4	5	2	4	2	4	3	3	3	3	3	3	0	3	0	1

VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

END USER

Participant Name	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10	Vote 11	Vote 12	Vote 13	Vote 14	Vote 15	Vote 16	Vote 17
511 Plaza, LP	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Associated Industries of MA	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Cianbro Companies	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
CT Office of Consumer Counsel	F	O	O	O	O	O	O	O	O	O	O	O	O	O	A	A	O
Conservation Law Foundation	F	O	O	O	O	O	A	O	O	O	O	O	O	A	A	F	O
Corinth Wood Pellets, LLC	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Dennis Beverage	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Dragon Products Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Elektrisola, Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Fairchild Semiconductor Corporation	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Food City, Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Garland Manufacturing Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Hammond Lumber Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Hardwood Products Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Harvard Dedicated Energy Limited	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
LaBree's Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Lavalley Lumber Co.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Maine Woods Pellet Company	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Marden's Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Mass. Attorney General's Office	F	O	O	O	O	O	O	O	O	O	O	O	O	O	A	F	O
Merchants Plaza LLC	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
NH Office of Consumer Advocate	F	O	O	O	O	O	O	O	O	O	O	O	O	O	A	F	O
PalletOne of Maine	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
PowerOptions, Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
Praxair, Inc.	A	A	A	O	O	O	A	A	A	A	A	A	A	A	A	F	O
Quality Egg of New England	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Robbins Lumber	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
St. Anselm College	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
St. Joseph Health Services of RI	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
The Energy Consortium	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
The Energy Council of RI	F	O	O	O	O	O	O	O	O	O	O	O	O	O	O	F	O
Union of Concerned Scientists	F	O	O	O	O	O	A	O	O	O	O	O	O	A	A	F	O
Westerly Hospital, The	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Whole Foods Market Group, Inc.	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
Z-TECH, LLC	F	O	O	O	O	O	O	O	O	O	O	O	O	O	F	F	O
IN FAVOR (F)	33	0	0	0	0	0	0	0	0	0	0	0	0	0	24	33	0
OPPOSED (O)	0	33	33	34	34	34	31	33	33	33	33	33	33	31	4	0	34
TOTAL VOTES	33	33	33	34	34	34	31	33	33	33	33	33	33	31	28	33	34
ABSTENTIONS (A)	2	2	2	1	1	1	4	2	2	2	2	2	2	4	7	2	1

VOTES TAKEN AT NOVEMBER 6, 2009
SPECIAL NEPOOL PARTICIPANTS COMMITTEE MEETING

Forward Capacity Market
Design Basis Document
FCMWG DBD AS APPROVED BY PARTICIPANTS COMMITTEE

Capitalized terms used but not defined in this Design Basis Document are intended to have the meanings given to such terms in the ISO New England Inc. Transmission, Markets, and Services Tariff. "COST of New Entry" or "CONE" is defined in Market Rule 1.

1. Alternative Price Rule (APR) Trigger and Pricing Mechanism.

A. General Provisions

- i. Overview. There will be three distinct Alternative Price Rule ("APR") triggers in the revised FCM rules, referred to below as APR-1, APR-2, and APR-3:
 - (1) APR-1 is a slightly revised version of the Alternative Price Rule as it currently exists in the FCM rules, which applies where new capacity is required. The pricing provisions in the currently-effective Alternative Price Rule will apply without change when APR-1 is triggered.
 - (2) APR-2 is a new trigger that will apply where no new capacity is required, and is designed to account for past excess out-of-market capacity, as described in the INTMMU Report and discussed among the FCMWG. The pricing provisions in the currently-effective Alternative Price Rule will apply without change when APR-2 is triggered.
 - (3) APR-3 is a new trigger that will apply where no new capacity is required, and is designed to account for rejected de-list bids, an issue identified in the development of the original FCM rules, which must be addressed in a filing with FERC by May 17, 2010 (pursuant to Section III.13.2.5.2.5(f)) and which has been discussed among the FCMWG.
 - ii. General Pricing Rule. A general rule will be included in the revised FCM rules stating that in no case will the application of any of the three APR mechanisms result in lowering the Capacity Clearing Price that otherwise results from the Forward Capacity Auction.
 - iii. The three APR mechanisms are non-overlapping, such that only one of the APR mechanisms could be triggered in each Capacity Zone in any FCA.
- B. **APR-1**. This is a slightly revised version of the Alternative Price Rule as it currently exists in the FCM rules. Changes to the current rule are shown in **red text**.

**PARTICIPANTS COMMITTEE-SUPPORTED
FCMWG DBD**

Attachment 3

- i. **Trigger.** APR-1 is triggered if in a Capacity Zone, all of the following conditions are met:
 - (1) (New Capacity Required + **Cleared Permanent De-List Bids**) > 0;
 - (2) there is not Inadequate Supply; and
 - (3) Out-of-Market Capacity > (New Capacity Required + **Cleared Permanent De-List Bids**).
- ii. **Pricing.** No change to the pricing provisions in the current Alternative Price Rule. If APR-1 is triggered in a Capacity Zone, then the Capacity Clearing Price in that Capacity Zone shall be, generally, the lesser of: (a) \$0.01 below the price at which the last new resource that is not Out-of-Market Capacity to withdraw did so; or (b) CONE.
- iii. **Definitions.**
 - (1) **New Capacity Required.** No change to the definition of New Capacity Required as it exists in the current FCM rules, at Section III.13.2.4(b)(i). (Note that in the definition of New Capacity Required, at Section III.13.2.4(b)(i), existing MWs associated with accepted Non-Price Retirement Requests have been excluded from the total quantity of existing capacity.) (Also note that New Capacity Required can be a negative value.)
 - (2) **Cleared Permanent De-List Bids.** **The MW quantity of Permanent De-List Bids clearing in the instant FCA.**
 - (3) **Inadequate Supply.** No change to the definition of Inadequate Supply as it exists in the current FCM rules, at Section III.13.2.8.1.
 - (4) **Out-of-Market Capacity.** The amount of Out-of-Market Capacity shall be the sum of the amounts listed below. Three of these amounts are unchanged from the current FCM rules; the fourth is an additional source of Out-of-Market Capacity.
 - (a) **ISO RFPs.** No change to the definition of ISO RFPs as it exists in the current FCM rules, at Section III.13.2.7.8.2(b)(i).
 - (b) **Certain New Capacity Offers.** No change to the definition of Certain New Capacity Offers as it exists in the current FCM rules, at Section III.13.2.7.8.2(b)(ii).

**PARTICIPANTS COMMITTEE-SUPPORTED
FCMWG DBD**

Attachment 3

(c) New Self-Supplied FCA Resources. No change to the definition of New Self-Supplied FCA Resources as it exists in the current FCM rules, at Section III.13.2.7.8.2(b)(iii).

(d) Permanent De-List Bids and Non-Price Retirement Requests rejected for Reliability Reasons. The MW quantity of Permanent De-List Bids and Non-Price Retirement Requests Rejected for reliability reasons in the instant FCA will be included in the calculation of Out-of-Market Capacity.

C. **APR-2.** This is a new trigger that will cover situations where no new capacity is required, and is designed to account for past excess out-of-market capacity. These provisions will be entirely new in the FCM rules, and so nothing below is shown in red versus black text. Note that New Capacity Required can be a negative value.

i. Trigger. APR-2 is triggered if in a Capacity Zone, all of the following conditions are met:

(1) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids}) \leq 0$;

(2) there is not Inadequate Supply; and

(3) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids} + \text{Carried Forward Excess OOM Capacity}) > 0$.

ii. Pricing. Same pricing provisions as the current Alternative Price Rule. If APR-2 is triggered in a Capacity Zone, then the Capacity Clearing Price in that Capacity Zone shall be, generally, the lesser of: (a) \$0.01 below the price at which the last new resource that is not Out-of-Market Capacity to withdraw did so; or (b) CONE.

iii. Definitions. All definitions are the same as those discussed above in description of APR-1, except for Carried Forward Excess OOM Capacity, which is a new term introduced for use in determining whether APR-2 is triggered.

(1) Carried Forward Excess OOM Capacity. Values associated with the instant FCA are denoted with a subscript “t” and values associated with the immediately previous FCA are denoted with a subscript “t-1”. In no case will Carried Forward Excess OOM Capacity be less than zero.

(a) If $(\text{New Capacity Required}_{t-1} + \text{Cleared Permanent De-List Bids}_{t-1}) > 0$, then $\text{Carried Forward Excess OOM Capacity}_t = \text{Out-of-Market Capacity}_{t-1} - (\text{New Capacity Required}_{t-1} + \text{Cleared Permanent De-List Bids}_{t-1})$.

(b) If $(\text{New Capacity Required}_{t-1} + \text{Cleared Permanent De-List Bids}_{t-1}) \leq 0$, then $\text{Carried Forward Excess OOM Capacity}_t = \text{Out-of-Market Capacity}_{t-1} +$

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$\min[\text{Carried Forward Excess OOM Capacity}_{t-1}, (0 - (\text{New Capacity Required}_{t-1} + \text{Cleared Permanent De-List Bids}_{t-1}))]$

In the calculation of Carried Forward Excess OOM Capacity, past excess Out-of-Market Capacity shall not carry forward for more than four years (hence it will apply in no more than five auctions). The amount of Carried Forward Excess OOM Capacity associated with the 2010/2011, 2011/2012, and 2012/2013 Capacity Commitment Periods shall be considered zero.

D. **APR-3.** This is a new mechanism that will apply where no new capacity is required and where APR-2 does not apply, and is designed to account for rejected de-list bids. These provisions will be entirely new in the FCM rules, and so nothing is shown in red versus black text.

i. Trigger. APR-3 is triggered if in a Capacity Zone, all of the following conditions are met:

(1) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids}) \leq 0$;

(2) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids} + \text{Carried Forward Excess OOM Capacity}) \leq 0$;

(3) there is not Inadequate Supply; and

(4) one or more Non-Price Retirement Request, Permanent De-List Bid, Static De-List Bid, Export Bid, Administrative Export De-List Bid, or Dynamic De-List Bid was rejected for reliability reasons pursuant to Section III.13.2.5.2.5.

ii. Pricing. At FCA prices at or below 0.6 times CONE, if APR-3 is triggered in a Capacity Zone, the Capacity Clearing Price in that Capacity Zone will be determined by the intersection of the aggregate supply curve as described in Section III.13.2.3.3 and a demand curve where each price / quantity pair results in the same total costs as the price at which the trigger condition (described below) is met multiplied by the quantity demanded at that price. The trigger condition shall be when the excess capacity remaining in the FCA in that Capacity Zone is less than or equal to the total quantity of capacity associated with all Non-Price Retirement Requests, Permanent De-List Bids, Static De-List Bids, Export Bids, Administrative Export De-List Bids, or Dynamic De-List Bids rejected for reliability reasons pursuant to Section III.13.2.5.2.5. (Note that this pricing provision will not be applied in FCAs for which there is a floor price as described in Section 3.A below.)

iii. Definitions. All definitions are the same as those discussed above.

2. Certain New Capacity Offers and New Import Capacity Offers.

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- A. *[Deleted]*
- B. Section III.13.1.1.2.6 states that the INTMMU “shall determine whether the offer is consistent with the long run average costs of that resource net of expected net revenues other than capacity revenues.” “[E]xpected net revenues” are revenues that are factored into substantiating a resource’s capacity market offer, and which appropriately reduce a resource’s offer in the capacity market.
- i. Expected net revenues excludes revenues that are available only to a particular resource or set of resources, revenues that are only for New but not Existing resources, and revenues from sources that are not tradable. Such revenues also excludes, without limitation, revenues from contracts pursuant to state RFP arrangements that are exclusive to the contract holder and are not tradable property rights, system benefit charge expenditures that are not widely available, and revenues from power purchase agreements in which the capacity value has already been embedded.
 - ii. Expected net revenues includes revenues that are available to all resources or resources of a particular type. Such revenues include, without limitation, items such as production tax credits or investment tax credits that are available only to new renewable resources or property tax abatements or credits unless they are demonstrated not to be available to all resources. Such revenues include revenues that are derived from tradable sources. Such revenues include, without limitation, revenues from items such as RECs available to all renewable resources or CO2 emission allowance endowments available generally to new resources.
- C. Stakeholders will consider in the NEPOOL Participant Process changes to Section III.13.8.1 (“Filing of Certain Determinations Made By the ISO Prior to the Forward Capacity Auction and Challenges Thereto”) that would require reporting of certain information regarding offers from new resources submitted at prices below 0.75 times CONE. Such reporting could include an explanation of the reasons for categorizing capacity as out-of-market and in-market and, to the extent possible, identifying the components of the offer which were deemed out-of-market and in-market and components of the bid which not deemed out-of-market.

3. Pricing Agreements.

- A. For the Forward Capacity Auctions associated with the 2013/2014, 2014/2015, and 2015/2016 Capacity Commitment Periods, there shall be a floor price of 0.6 times CONE and a price ceiling of 1.4 times CONE, with CONE as described in Section 4.B below.¹

¹ Please note that, as indicated at the meeting, the drafters made revisions to the NGrid-1 Amendment to more closely mirror the ISO proposal in Sections 3.A and 4B without substantively altering the NGrid-1 Amendment.

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- B. If the Forward Capacity Auction stops at the floor price for that auction and the capacity remaining in the auction at that time exceeds the Installed Capacity Requirement relevant to that auction, individual resources may choose to either (1) pro rate its cleared MWs and be paid the full floor price for that auction or (2) leave its cleared MWs to take on a capacity supply obligation but have its payments prorated. Options (1) and (2) above shall be administered in manner consistent with the current provisions of Section III.13.2.7.3(b). Market Rules, if any, to address the compensation for individual resources that have been denied for reliability reasons the ability to pro rate their cleared MWs will be addressed in the NEPOOL Participant Processes.

4. Cost of New Entry (“CONE”) Readjustments.

- A. Starting with the Forward Capacity Auction associated with the 2013/2014 Capacity Commitment Period, each Capacity Zone modeled in a Forward Capacity Auction shall have a Forward Capacity Auction Starting Price equal to \$15/kW-month, which shall be adjusted annually using a rolling three-year average of the Handy-Whitman Index of Public Utility Construction Costs, or higher if deemed appropriate by the ISO.
- B. For the Forward Capacity Auction associated with the 2013/2014 Capacity Commitment Period, CONE shall be \$4.92/kW-month, resulting in a floor price of \$2.95/kW-month and a ceiling price of \$6.89/kW-month. Thereafter, CONE will be adjusted by a rolling three-year average of the Handy-Whitman Index of Public Utility Construction Costs in years when it is not updated by new entry.
- C. Special CONE Provisions
- i. In any round of the Forward Capacity Auction in which prices are below 0.80 times CONE or such other value as determined in the NEPOOL stakeholder process, whichever is greater, if any, any Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource (but not any Self-Supplied FCA Resource) may submit a Dynamic De-List Bid.
 - ii. The Internal Market Monitoring Unit will review each offer from New Generating Capacity Resources, New Import Capacity Resources, and New Demand Resources below 0.75 times CONE or such other value as determined in the NEPOOL stakeholder process, whichever is greater, if any, to determine whether the offer is consistent with the long run average costs of that resource net of expected net revenues other than capacity revenues.

5. Price Guarantee.

- A. A New Generating Capacity Resource and a New Demand Resource may elect, during the qualification process, to have the Capacity Supply Obligation and the Capacity Clearing Price applicable to an offer that clears in the Forward Capacity Auction continue

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to apply after the Capacity Commitment Period associated with the Forward Capacity Auction in which the offer clears, for up to five (5) to ten (10) additional and consecutive Capacity Commitment Periods, in whole Capacity Commitment Period increments only, with the exact number of Capacity Commitment Periods to be further discussed in the NEPOOL Participant Process.

6. Capacity Zones.²

- A. Except as noted below, modeled Capacity Zones will be the same as the existing energy market zones.
 - i. To accommodate the clearing order mechanics of the descending clock Forward Capacity Auction, the modeled Rest-of-Pool Capacity Zone will comprise the New Hampshire zone and the Western Massachusetts zone.
 - ii. Prior to developing local (zonal) capacity requirements (described in Section 7 below), transfer limits must be calculated between each modeled Capacity Zone and the adjacent modeled Capacity Zone (consistent with the clearing order). In the event a discrete transfer limit cannot be determined, which could result from multiple interconnections between zones, the modeled Capacity Zone with the indeterminate limit will be consolidated into the modeled Rest-of-Pool Capacity Zone.
 - iii. In the event transmission limitations develop such that intra-zonal constraints must be modeled in the FCM, any necessary subdivision of an energy zone into one or more modeled Capacity Zones will respect the energy zone boundaries and, to the extent possible, the state retail electric service territories.
 - iv. To maintain modeled Capacity Zone stability, modeled Capacity Zones will only be modified in response to material changes in system topology that significantly impact capacity resource substitutability. A system topology change that causes interface limits to change by a significant amount should trigger a review of the modeled Capacity Zones.
- B. Permanent De-List Bids and Non-Price Retirement Requests will be allowed to trigger modeling of and price formation in the Capacity Zones.
- C. The ISO will provide notice of any change to modeled Capacity Zones prior to the qualification deadline for each annual FCA.

² Note that certain items in Sections 6 and 7 have been addressed by the Reliability Committee at its October 22, 2009 meeting (notice of actions has been posted with the FCMWG October 23 meeting materials). In addition, note that the FCMWG Design Basis Document does not include certain related issues such as: Tie Benefits (see Reliability Committee Issues List, Issue 1) and Reliability Review Criteria (see Reliability Committee Issues List, Issue 2).

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- A. The Installed Capacity Requirement (ICR) used to determine the procurement of capacity in the FCM will continue to be set based on the probabilistic resource adequacy criterion of 1 day in ten years loss of load expectation (0.1 day/yr. LOLE).
- B. Local requirements shall be calculated for each potential zone identified in the zonal formation process. For the purposes of this Design Basis Document, the following term definitions shall apply:
 - i. Local Resource Adequacy Requirement (LRA) shall refer to the local zonal capacity requirement calculated using probabilistic modeling techniques focused on ensuring the zone meets the one-day-in-ten reliability standard.
 - ii. Transmission Security Analysis (TSA) shall refer to the local zonal capacity requirement calculated using deterministic transmission load flow analyses focused on ensuring the zone will have sufficient resources to securely operate the transmission system following selected contingency events.
 - iii. Local Sourcing Requirement (LSR) shall refer to the quantity purchased in the Forward Capacity Market on behalf of the zones modeled in that market.
 - iv. For each potential zone, both a LRA and a TSA requirement shall be calculated.
- C. The analyses in support of the development of the LRA requirements are probabilistic, in which proxy units are removed from the potential capacity zone in question to determine the minimum amount of capacity which must be located in the potential zone to meet the one-day-in-ten standard.
 - i. In an effort to find the proper balance between additional reliability and additional capacity market costs for consumers, recognizing that the probability that some amount of the remaining interconnected resources will still be offering into the energy market is certainly not zero, the calculation of the probabilistic local RA requirement/LSR will include and recognize the reliability contribution expected from some amount of the remaining interconnected resources. Initially, such amount will be zero. After the completion of the first two Capacity Commitment Periods, (and then after each subsequent commitment period), based on the actual demonstrated offers into the energy market, the ISO shall update the initial amount assumed to properly reflect in the calculation of the probabilistic local RA requirement the reliability contribution of interconnected de-listed/surplus capacity.
- D. The TSA requirement for each potential capacity zone shall be developed through a series of transmission load flow studies targeted at determination of the performance of

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the system under stressed conditions, and development of a resource requirement sufficient to allow the system to operate through the stressed situation.

- i. The TSA shall be calculated at the level of the identified potential Capacity Zones.
 - ii. While the TSA for each potential capacity zone shall be set at a level sufficient to cover most reasonably anticipated events, it will not be set at a level high enough to guarantee that every combination of obligated resources within the zone will meet system needs simply by summing to the TSA amount.
- E. Set the zonal local purchase for constrained zones equal to the higher of the zonal probabilistic RA requirement and the zonal TSA. However, to the extent the zonal Transmission Security Analysis requirement continues to exceed the Resource Adequacy requirement (i.e., the 1 in 10 LOLE criteria), the ISO commits to work with stakeholders to implement, as appropriate, any alternative solutions (e.g., enhancements to the Locational Forward Reserve Markets, DR solutions, enhancements to the Regional System Planning process; etc.) which might prove more effective and efficient for the markets and customers in the long-run.
- i. In the event a potential zone or zones fail the test for modeling in the FCA and are aggregated into a larger Rest-of-Pool zone, the FCM purchase requirement for the resulting Rest-of-Pool Zone shall equal the sum of the total share of ICR allocated to each of the zones making up the Rest-of-Pool zone.
 - ii. Notwithstanding aggregation into the Rest-of-Pool Zone, both the LRA and TSA requirements of any identified potential zone must still be met, and this requirement shall be met prior to the commitment period in question through rejection of de-list bids and/or subsequent bilateral trades of capacity obligation.
 - iii. In the event operational obligations are assigned to resources through means other than the receipt of a capacity supply obligation, the higher-of requirement could be dropped from the local capacity requirement set in the FCM market. In that event, the LSR would be set equal to the LRA of the zone. This statement affirms that both RA and TSA needs must be met with obligated resources by the start of the relevant FCM commitment period.
- F. Resources without a Capacity Supply Obligation, to the extent they are available to the ISO to provide energy, shall be obligated to provide energy if requested by the ISO to address and/or avoid an emergency after the ISO has called on all resources with a Capacity Supply Obligation. More detail will be needed on compensation to the resource for providing energy. The relevant sections of the Market Rules are III.13.6.2.1.1. and III.13.6.4.
- G. Enhance the Regional System Plan Process to consider:

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- i. The impact of proposed transmission topology changes on zonal configuration and requirements.
- ii. Identification of emerging issues that may require changes in zonal configuration.
- iii. Identification of effective solutions to local security and reliability needs.
- iv. Projections of zonal configurations under alternate expansion strategies.

8. Demand Resources.

- A. The issues regarding the rights and obligations applicable to Demand Resources in the Forward Capacity Market, including but not limited to obligations (e.g., participation in the energy markets as price-responsive demand), enforcement of performance obligations, and net payments, as well as applicability of Peak Energy Rent deductions, will be addressed in the NEPOOL Participant Processes.

9. Permitting Greater Competition between New Internal Generating Resources and Imports.

- A. Under existing rules, new, commercial internal generating capacity cannot use the interconnection space currently set aside for capacity imports including situations where the interconnection space would otherwise go unused for the Commitment Period. Changes to the Forward Capacity Market design will be considered through the stakeholder process to permit use of the overlapping impact interconnection space that is currently set aside for imports by both imports and new internal generators (including the ability for new internal generators to qualify for Forward Capacity Market sales using interconnection space that would otherwise be left unused).

10. Import Capacity Resources.

- A. The issues presented to the FCMWG regarding Import Capacity Resources include: (i) enhancement of the capability of an Import Capacity Resource to acquire a Capacity Supply Obligations from an Import Capacity Resource that cleared on another interface and/or from an internal Capacity Resources and (ii) allow for capacity wheel-through where ISO New England acts as the intervening control area e.g. a transaction from the Québec Control Area that flows across ISO New England and sinks into the New York ISO.
- B. The issues identified in 10.A will be addressed in the NEPOOL stakeholder process.

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Capitalized terms used but not defined in this Design Basis Document are intended to have the meanings given to such terms in the ISO New England Inc. Transmission, Markets, and Services Tariff. "COST of New Entry" or "CONE" is defined in Market Rule 1.

1. Alternative Price Rule (APR) Trigger and Pricing Mechanism.

A. General Provisions

- i. Overview. There will be three distinct Alternative Price Rule ("APR") triggers in the revised FCM rules, referred to below as APR-1, APR-2, and APR-3:
 - (1) APR-1 is a slightly revised version of the Alternative Price Rule as it currently exists in the FCM rules, which applies where new capacity is required. The pricing provisions in the currently-effective Alternative Price Rule will apply without change when APR-1 is triggered.
 - (2) APR-2 is a new trigger that will apply where no new capacity is required, and is designed to account for past excess out-of-market capacity, as described in the INTMMU Report and discussed among the FCMWG. The pricing provisions in the currently-effective Alternative Price Rule will apply without change when APR-2 is triggered.
 - (3) APR-3 is a new trigger that will apply where no new capacity is required, and is designed to account for rejected de-list bids, an issue identified in the development of the original FCM rules, which must be addressed in a filing with FERC by May 17, 2010 (pursuant to Section III.13.2.5.2.5(f)) and which has been discussed among the FCMWG.
 - ii. General Pricing Rule. A general rule will be included in the revised FCM rules stating that in no case will the application of any of the three APR mechanisms result in lowering the Capacity Clearing Price that otherwise results from the Forward Capacity Auction.
 - iii. The three APR mechanisms are non-overlapping, such that only one of the APR mechanisms could be triggered in each Capacity Zone in any FCA.
- B. **APR-1**. This is a slightly revised version of the Alternative Price Rule as it currently exists in the FCM rules. Changes to the current rule are shown in **red text**.
- i. Trigger. APR-1 is triggered if in a Capacity Zone, all of the following conditions are met:

(1) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids}) > 0;$

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- (2) there is not Inadequate Supply; and
 - (3) Out-of-Market Capacity > (New Capacity Required + Cleared Permanent De-List Bids).
- ii. Pricing. No change to the pricing provisions in the current Alternative Price Rule. If APR-1 is triggered in a Capacity Zone, then the Capacity Clearing Price in that Capacity Zone shall be, generally, the lesser of: (a) \$0.01 below the price at which the last new resource that is not Out-of-Market Capacity to withdraw did so; or (b) CONE.
- iii. Definitions.
- (1) New Capacity Required. No change to the definition of New Capacity Required as it exists in the current FCM rules, at Section III.13.2.4(b)(i). (Note that in the definition of New Capacity Required, at Section III.13.2.4(b)(i), existing MWs associated with accepted Non-Price Retirement Requests have been excluded from the total quantity of existing capacity.) (Also note that New Capacity Required can be a negative value.)
 - (2) Cleared Permanent De-List Bids. The MW quantity of Permanent De-List Bids clearing in the instant FCA.
 - (3) Inadequate Supply. No change to the definition of Inadequate Supply as it exists in the current FCM rules, at Section III.13.2.8.1.
 - (4) Out-of-Market Capacity. The amount of Out-of-Market Capacity shall be the sum of the amounts listed below. Three of these amounts are unchanged from the current FCM rules; the fourth is an additional source of Out-of-Market Capacity.
 - (a) ISO RFPs. No change to the definition of ISO RFPs as it exists in the current FCM rules, at Section III.13.2.7.8.2(b)(i).
 - (b) Certain New Capacity Offers. No change to the definition of Certain New Capacity Offers as it exists in the current FCM rules, at Section III.13.2.7.8.2(b)(ii).
 - (c) New Self-Supplied FCA Resources. No change to the definition of New Self-Supplied FCA Resources as it exists in the current FCM rules, at Section III.13.2.7.8.2(b)(iii).
 - (d) Permanent De-List Bids and Non-Price Retirement Requests rejected for Reliability Reasons. The MW quantity of Permanent De-List Bids and Non-Price Retirement Requests Rejected for reliability reasons in the instant FCA will be included in the calculation of Out-of-Market Capacity.

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C. **APR-2.** This is a new trigger that will cover situations where no new capacity is required, and is designed to account for past excess out-of-market capacity. These provisions will be entirely new in the FCM rules, and so nothing below is shown in red versus black text. Note that New Capacity Required can be a negative value.

- i. Trigger. APR-2 is triggered if in a Capacity Zone, all of the following conditions are met:
- (1) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids}) \leq 0$;
 - (2) there is not Inadequate Supply; and
 - (3) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids} + \text{Carried Forward Excess OOM Capacity}) > 0$.
- ii. Pricing. Same pricing provisions as the current Alternative Price Rule. If APR-2 is triggered in a Capacity Zone, then the Capacity Clearing Price in that Capacity Zone shall be, generally, the lesser of: (a) \$0.01 below the price at which the last new resource that is not Out-of-Market Capacity to withdraw did so; or (b) CONE.
- iii. Definitions. All definitions are the same as those discussed above in description of APR-1, except for Carried Forward Excess OOM Capacity, which is a new term introduced for use in determining whether APR-2 is triggered.
- (1) Carried Forward Excess OOM Capacity. Values associated with the instant FCA are denoted with a subscript “t” and values associated with the immediately previous FCA are denoted with a subscript “t-1”. In no case will Carried Forward Excess OOM Capacity be less than zero.
 - (a) If $(\text{New Capacity Required}_{t-1} + \text{Cleared Permanent De-List Bids}_{t-1}) > 0$, then Carried Forward Excess OOM Capacity_t = Out-of-Market Capacity_{t-1} - (New Capacity Required_{t-1} + Cleared Permanent De-List Bids_{t-1}).
 - (b) If $(\text{New Capacity Required}_{t-1} + \text{Cleared Permanent De-List Bids}_{t-1}) \leq 0$, then Carried Forward Excess OOM Capacity_t = Out-of-Market Capacity_{t-1} + min[Carried Forward Excess OOM Capacity_{t-1}, (0 - (New Capacity Required_{t-1} + Cleared Permanent De-List Bids_{t-1}))]

In the calculation of Carried Forward Excess OOM Capacity, past excess Out-of-Market Capacity shall not carry forward for more than four years (hence it will apply in no more than five auctions). The amount of Carried Forward Excess OOM Capacity associated with the 2010/2011, 2011/2012, and 2012/2013 Capacity Commitment Periods shall be considered zero.

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- D. **APR-3.** This is a new mechanism that will apply where no new capacity is required and where APR-2 does not apply, and is designed to account for rejected de-list bids. These provisions will be entirely new in the FCM rules, and so nothing is shown in red versus black text.
- i. Trigger. APR-3 is triggered if in a Capacity Zone, all of the following conditions are met:
- (1) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids}) \leq 0$;
 - (2) $(\text{New Capacity Required} + \text{Cleared Permanent De-List Bids} + \text{Carried Forward Excess OOM Capacity}) \leq 0$;
 - (3) there is not Inadequate Supply; and
 - (4) one or more Non-Price Retirement Request, Permanent De-List Bid, Static De-List Bid, Export Bid, Administrative Export De-List Bid, or Dynamic De-List Bid was rejected for reliability reasons pursuant to Section III.13.2.5.2.5.
- ii. Pricing. At FCA prices at or below 0.6 times CONE, if APR-3 is triggered in a Capacity Zone, the Capacity Clearing Price in that Capacity Zone will be determined by the intersection of the aggregate supply curve as described in Section III.13.2.3.3 and a demand curve where each price / quantity pair results in the same total costs as the price at which the trigger condition (described below) is met multiplied by the quantity demanded at that price. The trigger condition shall be when the excess capacity remaining in the FCA in that Capacity Zone is less than or equal to the total quantity of capacity associated with all Non-Price Retirement Requests, Permanent De-List Bids, Static De-List Bids, Export Bids, Administrative Export De-List Bids, or Dynamic De-List Bids rejected for reliability reasons pursuant to Section III.13.2.5.2.5. (Note that this pricing provision will not be applied in FCAs for which there is a floor price as described in Section 3.A below.)
- iii. Definitions. All definitions are the same as those discussed above.

2. Certain New Capacity Offers and New Import Capacity Offers.

- A. *[Deleted]*
- B. Section III.13.1.1.2.6 states that the INTMMU “shall determine whether the offer is consistent with the long run average costs of that resource net of expected net revenues other than capacity revenues.” “[E]xpected net revenues” are revenues that are factored into substantiating a resource’s capacity market offer, and which appropriately reduce a resource’s offer in the capacity market.
- i. Expected net revenues excludes revenues that are available only to a particular resource or set of resources, revenues that are only for New but not Existing resources, and revenues from sources that are not tradable. Such revenues also excludes, without limitation,

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revenues from contracts pursuant to state RFP arrangements that are exclusive to the contract holder and are not tradable property rights, system benefit charge expenditures that are not widely available, and revenues from power purchase agreements in which the capacity value has already been embedded.

- ii. Expected net revenues includes revenues that are available to all resources or resources of a particular type. Such revenues include, without limitation, items such as production tax credits or investment tax credits that are available only to new renewable resources or property tax abatements or credits unless they are demonstrated not to be available to all resources. Such revenues include revenues that are derived from tradable sources. Such revenues include, without limitation, revenues from items such as RECs available to all renewable resources or CO2 emission allowance endowments available generally to new resources.
- C. Stakeholders will consider in the NEPOOL Participant Process changes to Section III.13.8.1 (“Filing of Certain Determinations Made By the ISO Prior to the Forward Capacity Auction and Challenges Thereto”) that would require reporting of certain information regarding offers from new resources submitted at prices below 0.75 times CONE. Such reporting could include an explanation of the reasons for categorizing capacity as out-of-market and in-market and, to the extent possible, identifying the components of the offer which were deemed out-of-market and in-market and components of the bid which not deemed out-of-market.

3. Pricing Agreements.

- A. For the Forward Capacity Auctions associated with the 2013/2014, 2014/2015, and 2015/2016 Capacity Commitment Periods, there shall be a floor price of 0.6 times CONE, with CONE as described in Section 4.B below.
- B. If the Forward Capacity Auction stops and the capacity remaining in the auction at that time exceeds the ICR relevant to that auction, payments to individual resources shall be prorated based on the total number of MWs of capacity clearing in the Forward Capacity Auction (receiving a Capacity Supply Obligation for the associated Capacity Commitment Period). Resources will not have the option of prorating their cleared MWs after the Forward Capacity Auctions associated with the 2013/2014, 2014/2015, and 2015/2016 Capacity Commitment Periods. ISO will investigate whether it can allow resources to de-list below the floor price of 0.6 times CONE prior to determining the Capacity Clearing Price and if it can do so, it will allow such submittals, otherwise, ISO will permit resources to prorate their cleared MWs consistent with the rules governing such prorating in Market Rule 1 effective as of the date of this Design Basis Document until such time as it is able to allow resources to de-list below the floor price of 0.6 times CONE prior to determining the Capacity Clearing Price.

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4. Cost of New Entry (“CONE”) Readjustments.

- A. Starting with the Forward Capacity Auction associated with the 2013/2014 Capacity Commitment Period, each Capacity Zone modeled in a Forward Capacity Auction shall have a Forward Capacity Auction Starting Price equal to \$15/kW-month, which shall be adjusted annually using a rolling three-year average of the Handy-Whitman Index of Public Utility Construction Costs, or higher if deemed appropriate by the ISO.
- B. For the Forward Capacity Auction associated with the 2013/2014 Capacity Commitment Period, CONE shall be \$4.918/kW-month. Thereafter, CONE will be adjusted by a rolling three-year average of the Handy-Whitman Index of Public Utility Construction Costs in years when the Capacity Clearing Price is set administratively (e.g., by APR-1, APR-2, APR-3, or any applicable floor price).
- C. Special CONE Provisions
 - iii. In any round of the Forward Capacity Auction in which prices are below 0.80 times CONE or such other value as determined in the NEPOOL stakeholder process, whichever is greater, if any, any Existing Generating Capacity Resource, Existing Import Capacity Resource, or Existing Demand Resource (but not any Self-Supplied FCA Resource) may submit a Dynamic De-List Bid.
 - iv. The Internal Market Monitoring Unit will review each offer from New Generating Capacity Resources, New Import Capacity Resources, and New Demand Resources below 0.75 times CONE or such other value as determined in the NEPOOL stakeholder process, whichever is greater, if any, to determine whether the offer is consistent with the long run average costs of that resource net of expected net revenues other than capacity revenues.

5. Price Guarantee.

- A. A New Generating Capacity Resource and a New Demand Resource may elect, during the qualification process, to have the Capacity Supply Obligation and the Capacity Clearing Price applicable to an offer that clears in the Forward Capacity Auction continue to apply after the Capacity Commitment Period associated with the Forward Capacity Auction in which the offer clears, for up to five (5) to ten (10) additional and consecutive Capacity Commitment Periods, in whole Capacity Commitment Period increments only, with the exact number of Capacity Commitment Periods to be further discussed in the NEPOOL Participant Process.

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- A. Except as noted below, modeled Capacity Zones will be the same as the existing energy market zones.
 - i. To accommodate the clearing order mechanics of the descending clock Forward Capacity Auction, the modeled Rest-of-Pool Capacity Zone will comprise the New Hampshire zone and the Western Massachusetts zone.
 - ii. Prior to developing local (zonal) capacity requirements (described in Section 7 below), transfer limits must be calculated between each modeled Capacity Zone and the adjacent modeled Capacity Zone (consistent with the clearing order). In the event a discrete transfer limit cannot be determined, which could result from multiple interconnections between zones, the modeled Capacity Zone with the indeterminate limit will be consolidated into the modeled Rest-of-Pool Capacity Zone.
 - iii. In the event transmission limitations develop such that intra-zonal constraints must be modeled in the FCM, any necessary subdivision of an energy zone into one or more modeled Capacity Zones will respect the energy zone boundaries and, to the extent possible, the state retail electric service territories.
 - iv. To maintain modeled Capacity Zone stability, modeled Capacity Zones will only be modified in response to material changes in system topology that significantly impact capacity resource substitutability. A system topology change that causes interface limits to change by a significant amount should trigger a review of the modeled Capacity Zones.
- B. Permanent de-list bids, static de-list bids from non-pivotal suppliers, and Non-Price Retirement Requests will be allowed to trigger modeling of and price formation in the Capacity Zones.
- C. The ISO will provide notice of any change to modeled Capacity Zones prior to the qualification deadline for each annual FCA.

7. Local (Zonal) Capacity Requirement.

- A. The Installed Capacity Requirement (ICR) used to determine the procurement of capacity in the FCM will continue to be set based on the probabilistic resource adequacy criterion of 1 day in ten years loss of load expectation (0.1day/yr. LOLE).

³ Note that certain items in Sections 6 and 7 have been addressed by the Reliability Committee at its October 22, 2009 meeting (notice of actions has been posted with the FCMWG October 23 meeting materials). In addition, note that the FCMWG Design Basis Document does not include certain related issues such as: Tie Benefits (see Reliability Committee Issues List, Issue 1) and Reliability Review Criteria (see Reliability Committee Issues List, Issue 2).

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- B. Local requirements shall be calculated for each potential zone identified in the zonal formation process. For the purposes of this Design Basis Document, the following term definitions shall apply:
- i. Local Resource Adequacy Requirement (LRA) shall refer to the local zonal capacity requirement calculated using probabilistic modeling techniques focused on ensuring the zone meets the one-day-in-ten reliability standard.
 - ii. Transmission Security Analysis (TSA) shall refer to the local zonal capacity requirement calculated using deterministic transmission load flow analyses focused on ensuring the zone will have sufficient resources to securely operate the transmission system following selected contingency events.
 - iii. Local Sourcing Requirement (LSR) shall refer to the quantity purchased in the Forward Capacity Market on behalf of the zones modeled in that market.
 - iv. For each potential zone, both a LRA and a TSA requirement shall be calculated.
- C. The analyses in support of the development of the LRA requirements are probabilistic, in which proxy units are removed from the potential capacity zone in question to determine the minimum amount of capacity which must be located in the potential zone to meet the one-day-in-ten standard.
- i. In performing this analysis the remaining system is assumed to have resources equal to the allocated share of the probabilistic ICR, or the amount of resources obligated to offer energy to the New England system for the Capacity Commitment Period in question, whichever is greater. Notwithstanding the above, ISO will re-evaluate the LRA calculation based on actual participation of un-obligated resources in the energy markets during the first three Capacity Commitment Periods.
- D. The TSA requirement for each potential capacity zone shall be developed through a series of transmission load flow studies targeted at determination of the performance of the system under stressed conditions, and development of a resource requirement sufficient to allow the system to operate through the stressed situation.
- i. The TSA shall be calculated at the level of the identified potential Capacity Zones.
 - ii. While the TSA for each potential capacity zone shall be set at a level sufficient to cover most reasonably anticipated events, it will not be set at a level high enough to guarantee that every combination of obligated resources within the zone will meet system needs simply by summing to the TSA amount.

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- E. The LSR will be determined for each potential zone as the higher of the amount needed to meet the LRA or the TSA requirement for that zone.
- i. In the event a potential zone or zones fail the test for modeling in the FCA and are aggregated into a larger Rest-of-Pool zone, the FCM purchase requirement for the resulting Rest-of-Pool Zone shall equal the sum of the total share of ICR allocated to each of the zones making up the Rest-of-Pool zone.
 - ii. Notwithstanding aggregation into the Rest-of-Pool Zone, both the LRA and TSA requirements of any identified potential zone must still be met, and this requirement shall be met prior to the commitment period in question through rejection of de-list bids and/or subsequent bilateral trades of capacity obligation.
 - iii. In the event operational obligations are assigned to resources through means other than the receipt of a capacity supply obligation, the higher-of requirement could be dropped from the local capacity requirement set in the FCM market. In that event, the LSR would be set equal to the LRA of the zone. This statement affirms that both RA and TSA needs must be met with obligated resources by the start of the relevant FCM commitment period.
- F. Since no zonal model is likely to be able to adequately reflect all potential local reliability issues, ISO shall retain the right to require specific resources to participate in the energy markets. Given the current market rules, which assign obligation to participate in the energy markets solely through receipt of a capacity supply obligation, ISO shall retain the right to analyze resource de-list bids and bilateral exchanges of capacity supply obligation and to reject those that endanger the reliability of the system. In the event a proposal is offered to meet all or a portion of local reliability needs through alternate means, ISO requires that any such structure assure that the resulting procurement obligates sufficient resource participation in the energy markets to meet reliability needs. In the event the obligation to participate in the markets is assigned through means other than assignment of a capacity supply obligation, ISO shall retain the right to require participation in the energy markets through whatever other means may be applicable in that alternate structure.
- G. Enhance the Regional System Plan Process to consider:
- i. The impact of proposed transmission topology changes on zonal configuration and requirements.
 - ii. Identification of emerging issues that may require changes in zonal configuration.
 - iii. Identification of effective solutions to local security and reliability needs.
 - iv. Projections of zonal configurations under alternate expansion strategies.

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8. Demand Resources.

- A. The issues regarding the rights and obligations applicable to Demand Resources in the Forward Capacity Market, including but not limited to obligations (e.g., participation in the energy markets as price-responsive demand), enforcement of performance obligations, and net payments, as well as applicability of Peak Energy Rent deductions, will be addressed in the NEPOOL Participant Processes.

9. Permitting Greater Competition between New Internal Generating Resources and Imports.

- A. Under existing rules, new, commercial internal generating capacity cannot use the interconnection space currently set aside for capacity imports including situations where the interconnection space would otherwise go unused for the Commitment Period. Changes to the Forward Capacity Market design will be considered through the stakeholder process to permit use of the overlapping impact interconnection space that is currently set aside for imports by both imports and new internal generators (including the ability for new internal generators to qualify for Forward Capacity Market sales using interconnection space that would otherwise be left unused).

10. Import Capacity Resources.

- A. The issues presented to the FCMWG regarding Import Capacity Resources include: (i) enhancement of the capability of an Import Capacity Resource to acquire a Capacity Supply Obligations from an Import Capacity Resource that cleared on another interface and/or from an internal Capacity Resources and (ii) allow for capacity wheel-through where ISO New England acts as the intervening control area e.g. a transaction from the Québec Control Area that flows across ISO New England and sinks into the New York ISO.
- B. The issues identified in 10.A will be addressed in the NEPOOL stakeholder process.

CONSENT AGENDA

From the notice of actions of the Reliability Committee meeting dated December 16, 2009, which has been previously circulated:¹

1. Support the following Hydro-Quebec Interconnection Capability Credits (“HQICC”) values for the Second Annual Reconfiguration Auction for the 2011/2012 Capability Year:

2011/2012 Capability Year and Month	HQICC Values in MWs
June 2011	911
July 2011	911
August 2011	911
September 2011	911
October 2011	911
November 2011	911
December 2011	911
January 2012	911
February 2012	911
March 2012	911
April 2012	911
May 2012	911

The motion to recommend Participants Committee support was approved with 1 opposition (in the Supplier Sector) and 6 abstentions (in the Publicly Owned Entity Sector).

2. Support the following megawatt values that represent the New England Installed Capacity Requirement, Connecticut and NEMA/BOSTON Local Sourcing Requirements and Maine Maximum Capacity Limit for the ~~Second~~^{first} Annual Reconfiguration Auction for the 2011/2012 Capability Year:

2011/2012 Capability Year	MW
New England Installed Capacity Requirement	32,652
Connecticut Local Sourcing Requirement	5,666
NEMA/BOSTON Local Sourcing Requirement	1,956
Maine Maximum Capacity Limit	3,140

The motion to recommend Participants Committee support was approved with 1 opposition (Supplier Sector) and 5 abstentions (1 in each of the Generation, Transmission, Supplier, Publicly Owned Entity, and End User Sectors).

¹ Reliability Committee Notices of Actions are also posted on the ISO website at: http://www.iso-ne.com/committees/comm_wkgrps/relbty_comm/relbty/actions/index.html.

From the notice of actions of the Transmission Committee meeting dated December 15, 2009, which has been previously circulated:²

3. Support changes to Attachment E of Part II of the ISO Tariff (List of Local Networks) required to reflect (i) the transfer of the 88.22889% undivided interest of Florida Power & Light Company – New England Division (FPL-NED) in the Seabrook Transmission Substation (STS) assets to a new company to be named New Hampshire Transmission Company, LLC, (a subsidiary of US Transmission Holding, Inc., a company wholly owned by FPL Group) (NHT), and to permit NHT to become eligible to recover the cost of owning and operating the STS pursuant to the terms and conditions of the ISO Tariff, effective June 1, 2010 provided necessary approvals are received for that date, and (ii) name changes resulting from the January 1, 2007 internal corporate reorganization of NSTAR Electric Company.

The motion to recommend Participants Committee support was unanimously approved, with 1 abstention in the Transmission Sector.

² Transmission Committee Notices of Actions are also posted on the ISO website at:
http://www.iso-ne.com/committees/comm_wkgrps/trans_comm/tariff_comm/actions/index.html.