

**ISO CHIEF EXECUTIVE OFFICER REPORT  
ON ISO BOARD MATTERS  
AT JUNE 23, 2010 NEPOOL PARTICIPANTS COMMITTEE MEETING**

Mr. Gordon van Welie summarized that, since his last update on June 4, the Compensation and Human Resources Committee, System Planning and Reliability Committee (SPARC), and the full Board each met once, and the Markets Committee met twice. In addition, the Board met with the NEPOOL sectors and NECPUC on June 22, 2010, in conjunction with the NEPOOL Participants Committee summer meeting.

**Compensation and Human Resources Committee**

Mr. van Welie reported that the Compensation and Human Resources Committee met on June 21, 2010. He reviewed that the Committee discussed the structure of the Company's Long-Term Incentive Plan, and also approved a *pro forma* restatement of the Company's pension plans. He stated that the Committee conducted its annual review of its charter and determined that the Committee is in compliance with the charter's terms, and also discussed the successful resolution of negotiations with the union representing Control Room employees. He said that the Committee then went into executive session to review the Company's plans for management succession. Mr. van Welie noted that this is an annual exercise that follows a great deal of work internally to ensure that the Company has succession plans in place for management and other critical technical resources. Last, he reviewed that the Committee discussed the significant risks to ISO-NE that are within the scope of the oversight of this Committee. He explained that discussion was in preparation for the October Board meeting, at which time all committees will report on this topic as part of the Board's risk management exercise.

### **Board Markets Committee**

Mr. van Welie reported that the Board Markets Committee met on June 8 and again on June 21. At the June 8 meeting, he noted that the Committee reviewed in detail an early draft of the ISO's positions on FERC's FCM Order. He stated these positions were ultimately presented to stakeholders on June 15. Reporting further, he explained that, on June 21, the Committee received its regular reports on market monitoring activity, reliability costs, market seams, the NEPOOL Markets Committee, and the FCM project. Mr. van Welie reported that during the market monitoring and reliability costs reports, the Committee discussed the relatively warm weather during May and its impact on market and system operations. In addition to the regular reports by the Board Markets Committee, he noted that the Committee reviewed the final draft of the External Market Monitor's Annual Markets Report and conducted the annual review of the Committee's charter.

### **System Planning and Reliability Committee (SPARC)**

Mr. van Welie reported that SPARC met on June 21 and reviewed the draft Executive Summary for the 2010 Regional System Plan (RSP) and discussed the upcoming September public meeting. He stated that SPARC agreed on a revised RSP meeting format that features a brief summary of the RSP followed by two panel discussions and a keynote speech. He reported that the SPARC agreed that the first panel should focus on state planning initiatives and non-transmission alternatives and the second panel should discuss drivers of the future grid. He said that SPARC then received an update on the Demand Resource Integration Project, including a briefing on how demand resources are dispatched and monitored by the Control Room, and they also received a report on the status of Kleen Energy, Vermont Yankee and Northfield Mountain.

### **Full Board**

Mr. van Welie reported that the Board met on June 21 and received reports from the various Committees of the Board. He stated that he also presented a report to the Board that focused on the budget scenarios and the business plan that were shared with the Participants Committee ahead of the meeting and were to be discussed later in the meeting. He reviewed that the Board spent the rest of its meeting reviewing the topics that had been identified ahead of the meeting for discussion with stakeholders. In particular, Mr. van Welie reported that the Board spent significant time reviewing the important issues in the FCM hearing and positions of various stakeholders. Last, he said that the Board reviewed the 2009 Form 990 and approved the proposed pro forma restatement of the Company's pension plans.