



David T. Doot  
Secretary

May 27, 2010

VIA ELECTRONIC MAIL

**TO: MEMBERS AND ALTERNATES OF THE NEPOOL PARTICIPANTS COMMITTEE**

**RE: Supplemental Notice of June 4, 2010 NEPOOL Participants Committee Meeting**

Pursuant to Section 6.6 of the Second Restated New England Power Pool Agreement, supplemental notice is hereby given that the NEPOOL Participants Committee will be held on **Friday, June 4, 2010, at 10:00 a.m. at the Seaport Hotel and Conference Center, One Seaport Lane, Boston, MA.** The Participants Committee meeting will be held in the Seaport Ballroom in the Seaport Hotel (not in the WTC building), for the purposes set forth on the attached agenda. For your information, this meeting is recorded, as are all the NEPOOL Participants Committee meetings.

Directions to the Seaport Hotel are included with this notice. Rooms at the Seaport Hotel for the June 4, 2010 meeting are available at the rate of \$199.00 per night, on a first-come, first-served basis **until next Monday, May 31, 2010.** If you wish to take advantage of these arrangements, please contact the hotel directly (1-800-262-0680) and reference the "NEPOOL Participants Committee" block of rooms.

We hope you have already made your reservations for the Participants Committee Summer Meeting, which will be held at The Water's Edge Resort and Spa, Westbrook, CT ([www.watersedgeresortandspa.com](http://www.watersedgeresortandspa.com)), on Tuesday and Wednesday, June 22-23, 2010. As noted previously, for those able to arrive early, there will be a golf outing (weather permitting) and an informal dinner with the ISO Board on Monday, June 21. Arrangements have been made with Water's Edge for a limited block of rooms at the group discounted rate of \$190.00 per room, per night (single/double occupancy). **If you wish to take advantage of those arrangements, please contact the Water's Edge (1-800-222-5901) and reference the "NEPOOL" block of rooms.** In past summer meetings, the rooms have gone quickly, so we would urge that you make your reservations now if you wish to stay at the resort. We have included some preliminary details concerning the agenda for the summer meeting. We have included with these materials a copy of the previously circulated notice of the June 21 golf outing and you should have received under separate cover a notice concerning registration for the summer meeting (on the Participants Committee page of the ISO website [http://www.iso-ne.com/committees/comm\\_wkgrps/prtcpnts\\_comm/prtcpnts/index.html](http://www.iso-ne.com/committees/comm_wkgrps/prtcpnts_comm/prtcpnts/index.html)). Additional detailed information regarding the 2010 Participants Committee Summer Meeting will be provided in future notices.

Respectfully yours,

\_\_\_\_\_  
/s/  
David T. Doot, Secretary

## FINAL AGENDA

1. ~~To approve the draft minutes of the Participants Committee meeting held on May 7, 2010.~~  
[Note – Preliminary Minutes of the May 7 meeting will be circulated for approval at the Summer Meeting]
2. To adopt and approve all actions recommended by the Technical Committees set forth on the Consent Agenda included with this notice.
3. To receive an ISO Chief Executive Officer Report.
4. To receive an ISO Chief Operating Officer Report.
5. To consider and take action, as appropriate, on the NEPOOL Audit Management Subcommittee's (NAMS) proposal for NEPOOL to hire a consultant to be involved in the ISO audit process. Background materials and a draft resolution are included with this supplemental notice.
6. To receive a report on the Eastern Interconnection Planning Collaborative (EIPC) process. Background materials are included with this supplemental notice and an updated report will be provided next week.
7. To consider and take action, as appropriate, on the recommendation of the Markets Committee concerning the future implementation of load reconstitution for Demand Resources. Background materials and a draft resolution are included with this supplemental notice.
8. To consider and take action, as appropriate, to Operating Procedure No. 12 (Voltage and Reactive Control) that implement NPCC Directory 10 audit changes and administrative changes consistent with ISO-NE biennial review requirements, as recommended by the Reliability Committee. Background materials and a draft resolution are included with this supplemental notice.
- 8A. To receive a report of the Membership Subcommittee on a Related Person Issue arising out of the June 1 membership of certain Commonwealth of Massachusetts Entities. Background materials are included with this supplemental notice.
9. To receive a report on current matters relating to regional wholesale power and transmission arrangements that are pending before the regulators and the courts. The litigation report will be circulated in advance of the meeting.
10. To receive reports from committees and subcommittees.

## CONSENT AGENDA

From the notice of actions of the Markets Committee meeting dated April 15, 2010, which has been previously circulated:<sup>1</sup>

### **1. FCM Conforming Changes to OP 9 and Appendix B to OP 9**

Support the FCM conforming changes to ISO New England Operating Procedure (“OP”) No. 9 (Scheduling and Dispatch of External Transactions) (“OP9”) and Appendix B to OP 9 (Scheduling and Reductions of Real-Time External Transactions under Standard Market Design), as recommended by the Markets Committee at its April 13-14, 2010 meeting, together with such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

The motion to recommend Participants Committee support was unanimously approved.

[This item was removed from the May 7, 2010 Consent Agenda. The changes included with this item are as modified by additional changes to OP9 included with Consent Agenda item # 6 below.]

From the notice of actions of the Reliability Committee meeting dated April 26, 2010, which has been previously circulated:<sup>2</sup>

### **2. Revisions to Appendix A to OP 1 (FCM Conforming Changes and Administrative Changes Consistent with Biennial Review)**

Support revisions to Appendix A to OP 1 (Central Dispatch Operating Responsibility and Authority of the ISO, Local Control Centers and Participants), which provide for FCM conforming changes and administrative changes consistent with ISO-NE biennial review requirements, as recommended by the Reliability Committee at its April 26, 2010 meeting, together with such further non-substantive changes as the Chair and Vice-Chair of the Reliability Committee may approve.

The motion to recommend Participants Committee support was unanimously approved.

### **3. Revisions to Appendix A to OP 7 (Administrative Changes Consistent with Biennial Review)**

Support revisions to Appendix A to OP 7 (Automatic Load Shedding Schedule), which provide for administrative changes consistent with ISO-NE biennial review requirements, as recommended by the Reliability Committee at its April 26, 2010 meeting, together with such further non-substantive changes as the Chair and Vice-Chair of the Reliability Committee may approve.

The motion to recommend Participants Committee support was unanimously approved.

### **4. Revisions to OP 10 (Administrative Changes Consistent with Biennial Review)**

Support revisions to OP 10 (Emergency Incident and Disturbance Notifications), which provide for administrative changes consistent with ISO-NE biennial review requirements, as recommended by the Reliability Committee at its April 26, 2010 meeting, together with such further non-substantive changes as the Chair and Vice-Chair of the Reliability Committee may approve.

---

<sup>1</sup> Markets Committee Notices of Actions are also posted on the ISO website at: [http://www.iso-ne.com/committees/comm\\_wkgrps/mrks\\_comm/mrks/actions/index.html](http://www.iso-ne.com/committees/comm_wkgrps/mrks_comm/mrks/actions/index.html).

<sup>2</sup> Reliability Committee Notices of Actions are also posted on the ISO website at: [http://www.iso-ne.com/committees/comm\\_wkgrps/reblty\\_comm/reblty/actions/index.html](http://www.iso-ne.com/committees/comm_wkgrps/reblty_comm/reblty/actions/index.html).

The motion to recommend Participants Committee support was unanimously approved.

From the notice of actions of the Markets Committee meeting dated May 13, 2010, which has been previously circulated:

**5. Revisions to MR 1 and Section I.2.2 of ISO Tariff (Allocation of Marginal Loss Revenues Associated with IBTs for Energy)**

Support revisions to Market Rule 1 and Tariff Section I.2.2 (Definitions) to implement the ability of a seller of an IBT for Energy to keep the allocation of marginal loss revenue associated with that IBT, as recommended by the Markets Committee at its May 11-12, 2010 meeting, together with such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

The motion to recommend Participants Committee support was unanimously approved.

**6. Additional FCM Conforming Changes to OP 9**

Support the additional clarification to the FCM conforming changes to ISO Operating Procedure No. 9, as recommended by the Markets Committee at its May 11-12, 2010 meeting, together with such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

The motion to recommend Participants Committee support was unanimously approved.

[This is a companion item to Consent Agenda Item #1]

## MEMORANDUM

**TO:** NEPOOL Participants Committee Members and Alternates  
**FROM:** NEPOOL Counsel  
**DATE:** May 27, 2010  
**RE:** Retention of a Consultant to Review Certain ISO Audit Results and Processes

---

This memorandum provides a draft resolution to approve retention of a consultant to review certain ISO audit results and processes. By way of background, the NEPOOL Audit Management Subcommittee (“NAMS”) was recently resurrected to consider what involvement, if any, NEPOOL should have in the ISO audit process pursuant to NEPOOL’s right, under the NEPOOL Participants Agreement, to perform an operations audit of the ISO no more than once every three years. After meeting with the ISO Internal Audit Division, NAMS, which includes representatives of each voting sector, recommended retention of a consultant, William (Bill) Dunn, to participate in the ongoing ISO audit process and provide reports and recommendations regarding the same to NEPOOL. The Budget and Finance Subcommittee approved this recommendation at its May 13<sup>th</sup> meeting. A copy of the memorandum presented to the Budget and Finance Subcommittee, in addition to a summary of Mr. Dunn’s background and experience, is included in these materials.

It is contemplated that the consultant would work closely with the ISO Internal Audit Division and would receive not more than \$80,000 in total compensation, as further described in the memorandum to the Budget and Finance Committee.

The following resolution could be used to approve the retention of this consultant:

RESOLVED, that (a) NEPOOL retain an independent consultant, William Dunn, to review certain ISO audit results and processes and report back to the NEPOOL Audit Management Subcommittee (“NAMS”) regarding the same, as discussed at this meeting and upon such other terms and conditions as the Chair of NAMS and Pool counsel shall determine to be appropriate; provided that the total compensation paid to Mr. Dunn shall not exceed \$80,000 in total, including out-of-pocket expenses, (b) that a Consulting Agreement with Mr. Dunn containing such terms and conditions, as determined by the Chair or any Vice Chair of this Committee or the Chair of NAMS, in consultation with Pool counsel, is authorized and approved, and (c) that the Chair and Vice Chairs of this Committee and the Chair of NAMS are severally authorized, directed and designated to execute and deliver, on behalf of NEPOOL and the Participants, such Consulting Agreement and such other related agreements, documents and certificates as they may deem necessary or desirable.

## MEMORANDUM

**TO:** NEPOOL Budget & Finance Subcommittee

**FROM:** Fernando Da Silva, NAMS Chair  
Florence Davis, NEPOOL Counsel

**DATE:** May 10, 2010

**RE:** Hiring of Consultant – Operations Audit

---

Under Section 15.1 of the NEPOOL Participants Agreement, the Participants have the right to perform an operations audit (“OA”) of the ISO no more than once every three years. The NEPOOL Audit Management Subcommittee (“NAMS”) was recently resurrected to consider what involvement, if any, NEPOOL should have in the ISO audit process pursuant to this OA right. NAMS members include representatives from each of the NEPOOL governance sectors. After meeting with members of the ISO Audit Division (“IAD”), NAMS has decided to recommend that the NEPOOL Participants Committee (“NPC”) retain a consultant, William (Bill) Dunn, to review ISO audit results and provided input into certain audit processes, as further described below. NAMS comes before the NEPOOL Budget & Finance Subcommittee for review of this proposed expenditure.

The ISO currently has an ongoing self-review program that is performed by its external auditors (currently “KPMG”) or by its IAD under KPMG’s supervision and completed in accordance with a pre-defined plan. The audit of those functions and processes that would be included in an OA is included in this self-review program. NAMS representatives, including Mr. Dunn, whose participation was approved by the NEPOOL Officers for this limited purpose, met with members of the IAD on April 15, 2010 to discuss this audit process.

Based on the results of the meeting with the ISO and further discussions with Mr. Dunn following the meeting, NAMS identified four OA options. These options ranged from doing nothing and relying on the IAD to fulfill the OA function with no further NEPOOL involvement, which was the approach taken when this issue was last considered in 2007, to performing a complete independent OA with an independent consultant. NAMS members seriously considered an approach in the middle of those two extremes, in which NEPOOL would participate actively in the ISO audit process using a consultant through a “leveraging approach,” which was the approach adopted by NEPOOL during the 2004-2005 audit period. The Participants engaged an audit consultant (Wayne Camp) who shadowed and provided input into each step of the IAD audits.<sup>1</sup>

---

<sup>1</sup> NAMS initially reached out to Mr. Camp and learned that he is not available currently to act as a consultant on NEPOOL’s behalf. However, he provided NAMS with a recommended alternative, Bill Dunn. Mr. Dunn was known to several of NAMS members, who echoed this recommendation, and also provided his resume to the group, who determined based on the recommendations and his background and experience that Mr. Dunn was an acceptable candidate to assume the role of NEPOOL audit consultant.

Although NAMS considered the leveraging approach to be a favorable one, timing of the IAD audits (which are on a 15-month schedule) would not permit that level of participation in all portions of the OA without either modifying the IAD schedule significantly or delaying NEPOOL involvement in the OA. Accordingly, NAMS is recommending that the Participants review the ISO audit process and results using a consultant through a modified leveraging approach. This modified approach would consist of two stages. The first stage would involve performing a detailed review of the control room (operations) audit conducted by the IAD last year, working on-site to question the ISO IAD and review documentation that backs up various controls and processes. The product of this process would be a verbal or written report from Mr. Dunn to NAMS, along with documentation provided to the ISO and NAMS regarding recommendations for the next control room audit. The budget for this first stage would not exceed \$30,000.

The second stage would be Mr. Dunn's direct involvement in the SAS 70 Type 2 audit, which is an audit performed by KPMG that is currently underway. This would involve reviewing existing audit plan documents, asking questions of those involved in the audit, soliciting comments from Participants regarding areas of concern, providing input into the audit process, reviewing audit findings and recommendations, and providing NAMS with a summary and report on the final audit report. The budget for this second stage would not exceed \$50,000, for a total budget not to exceed \$80,000 for this modified leveraging approach.

NAMS plans to go before the NPC with this recommendation at its June meeting, after review of this proposed expenditure by the Budget & Finance Subcommittee.



Mr. Dunn specializes in electricity market design and implementation, ancillary services, utility and power pool/market operations, inter-utility coordination, contractual power supply arrangements, and transmission access and pricing. Mr. Dunn has over 38 years of proven experience in working with electric utility organizations of all ownership types (i.e., public, private, local and federal). He has held senior positions in utilities and on power pool/market committees. In addition, his design and implementation experience in electric utility markets encompasses electric utility market restructuring all across the United States (emphasis on California, Nevada, New England and WestConnect, with additional activities with respect to the Midwest ISO, Florida, Texas, GridWest, Southwest Power Pool and SeTrans), as well as internationally in Australia, the Baltics, Canada, China, Colombia, El Salvador, England & Wales, Hungary, India, Ireland, Kazakhstan, Kyrgyzstan, Mexico, Moldova, New Zealand, Northern Ireland, Norway, Portugal, Russia, Rwanda, South Africa, Ukraine, and Venezuela. Mr. Dunn frequently speaks at senior electric utility industry forums and provides papers for journals. He is the firm's President.

January 1, 2010

Contact Information:

William H. Dunn, Jr.  
Sunset Point, LLC  
President & Executive Consultant  
10 Sunset Point  
Yarmouth, ME 04096

Phone: (207) 847-9345  
E-Mail: [wdunn@sunsetpoint.biz](mailto:wdunn@sunsetpoint.biz)

**MEMORANDUM**

**TO:** NEPOOL Participants Committee; Technical Committees  
**FROM:** Eric Runge, NEPOOL Counsel  
**DATE:** May 21, 2010  
**RE:** New England Sector Caucus Representatives for the Eastern Interconnection Planning Collaborative (“EIPC”) and Stakeholder Process

---

This memo provides a report on the efforts within New England to identify candidates to fill the New England Sector Caucus Representatives seats, consistent with the EIPC stakeholder process. If you have any questions about this memo, the EIPC, or NEPOOL’s involvement in the EIPC process, please contact Eric Runge, 617-345-4735, ekrunge@daypitney.com.

\*\*\*\*\*

On May 14, 2010, after a few weeks of meetings, calls and negotiations, the EIPC finalized the structure and process for seating the initial EIPC Stakeholder Steering Committee (SSC) that will play a crucial role in the Eastern Interconnection transmission analysis and planning effort being funded by the U.S. Department of Energy. Included with this memo is a copy of the foundational document for the SSC, which sets forth the underlying principles for formation of the SSC and the rules governing its structure.<sup>1</sup>

The next step in the EIPC stakeholder process is to select Regional Sector Caucus Representatives, who will then select SSC members. As you recall, the Chair of the Participants Committee, in a memo to that committee dated April 30, 2010, notified NEPOOL Participants of the need to begin the process of selecting New England Sector Caucus Representatives. The memo identified the qualifications for caucus representatives. Through that memo, the Chair also requested the sector chairs within New England to commence this process within their respective sectors.<sup>2</sup> NEPOOL counsel provided a similar message in a memo to the Participants Committee, also dated April 30, 2010. That memo requested that, once the sector chairs have identified candidates from their sectors who wish to serve as Sector Caucus Representatives, they should send those names to NEPOOL counsel, who would then publish those names.

NEPOOL counsel has now received those names from the sector chairs and we have included them below for your information.<sup>3</sup> NEPOOL counsel and the Chair of the Participants Committee

---

<sup>1</sup> The SSC document has been posted on the EIPC website, which can be accessed at the following link: <http://www.eipconline.com/>.

<sup>2</sup> The memo noted that while NEPOOL has six sectors, EIPC recognizes only five sectors and has some requirements for certain types of representatives within sectors. Thus, the Chair requested that NEPOOL sector chairs find a way to flexibly accommodate these differences that is acceptable to the sector members.

<sup>3</sup> The EIPC stakeholder rules call for three representatives for each of four sectors for each region. Additionally, End User Sector Caucus representatives will be selected from within that sector on

are requesting that you **consider this list, and if any member of a sector has a different candidate that it wants to propose that it do so by notice to NEPOOL counsel, Eric Runge, by noon on June 3, 2010.<sup>4</sup> If we do not receive any different names by then, we will consider this list final and will report it as such to the EIPC.** If a different candidate is proposed for any sector by that deadline, we will ask that sector's chair to work with its sector in an open and transparent process to determine who the three candidates will be for such sector and to report that to the NEPOOL Participants Committee by no later than June 4, 2010. We are also asking that EIPC post this memo on its website.

### **Proposed New England Sector Caucus Representatives**

**1. Transmission Owners and Developers**

David Boguslawski (Northeast Utilities)

Mary Ellen Paravalos (National Grid)

Paul Vaitkus (NSTAR)

Alternate: (David Conroy, Central Maine Power)

**2. Transmission-dependent Utilities, Public Power, & Cooperatives**

Steve Kaminski (New Hampshire Electric Cooperative)

Gabriel Stern, (Connecticut Municipal Electric Energy Cooperative)

Gary Will (Massachusetts Municipal Wholesale Electric Company)

Alternate: Julie Cammarata (Connecticut Municipal Electric Energy Cooperative)

**3. Generation Owners and Developers**

Fernando DaSilva (NextEra Energy)

Dean Ellis (Dynegey)

Douglas Hurley (Synapse Energy Economics) (representing renewable resources)

**4. Other Suppliers**

Herb Healy, EnerNOC (representing demand resources)

Eric Runge (Day Pitney LLP, for NEPOOL, and communicating with/for Other Suppliers)

Robert Stein (HQUS Energy Services)

**5. End Users**

August Fromuth (Freedom Energy Logistics)

Paul, Peterson (Synapse Energy Economics)

Frederick Plett (Office of the Massachusetts Attorney General)

---

an Eastern Interconnection-wide basis. We have, however, included the names of three End User candidates who have indicated a willingness to serve as caucus representatives. The same process for selecting End User representatives will apply to non-governmental organizations ("NGOs").

<sup>4</sup> A prior version of this memo had a May 28, 2010 deadline, which has been extended to June 3, 2010 at the request of EIPC.

## **EIPC Stakeholder Steering Committee**

### **Purpose and Principles**

The following proposal for the formation and selection of the Eastern Interconnection Planning Collaborative (EIPC) Stakeholder Steering Committee (SSC) is put forward for consideration by the U.S. Department of Energy (“DOE”). The DOE Funding Opportunity Announcement (“FOA”) calls for the creation of a stakeholder steering committee. The FOA provides that the SSC will “provide strategic guidance to the Applicant’s analysts on the scenarios to be modeled, the modeling tools to be used, key assumptions for the scenarios, and other essential activities.” As to the make-up of the Steering Committee, the FOA appears to leave that process to the stakeholders with the caveat that at least one-third of the stakeholder steering committee members be made up of state representatives.

This document starts with the EIPC straw proposal that was posted immediately before the April 22-23, 2010 stakeholder meeting and includes modifications to reflect elements of the various proposals and comments received during the weeks following the meeting. The modifications that have been included are consistent with the guidance received from DOE and the provisions in the EIPC proposal.

The proposal was developed with these guiding principles in mind:

- The stakeholder process should be inclusive, that is, the interests of all relevant stakeholders should be represented within a sector. A relevant stakeholder is one that has an interest in the outcomes of the EIPC project. Those outcomes are defined in the EIPC bid documents posted at <http://eipconline.com>
- The process should build upon the existing stakeholder processes that have been approved by FERC pursuant to Order 890.<sup>1</sup>
- The number of seats on the SSC should be a manageable size and allows decisions to be made through consensus.
- The SSC should maintain a balance in the representation of the six sectors (Transmission Owners and Developers, Generation Owners and Developers, Transmission-dependent utilities (TDUs), Public Power, & Coops, NGOs, End Users, and Other Suppliers).
- State representatives will have at least one-third of the total SSC seats as outlined in the DOE FOA, and the representatives will be appointed by the Eastern Interconnection States’ Planning Council (EISPC).
- Expectations and procedures should be developed for ongoing communication between SSC members and their interest group sectors.

---

<sup>1</sup> The regional configuration proposed for the purpose of selecting the Sector Caucuses is designed to be used exclusively for the DOE project. FERC Order 890 processes are separate and distinct and will continue to function as they have in the past.

**Stakeholder Sectors and Seats on the SSC:**

<p><b><u>Sectors and Seats</u></b></p> <ul style="list-style-type: none"><li>○ (3) Transmission Owners and Developers</li><li>○ (3) Generation Owners and Developers (minimum 1 renewable, minimum 1 non-renewable)</li><li>○ (3) Other Suppliers (e.g. Power Marketers, Energy Storage, Distributed Generation, minimum 1 Demand-side Resources representative)</li><li>○ (3) Transmission-dependent utilities (TDUs), Public Power, &amp; Coops (e.g. Municipal utilities, Rural Co-ops, Power Authorities, minimum 1 public power or co-op TDU representative)</li><li>○ (3) End Users (e.g. Small consumer advocates, large consumers – minimum 1 state consumer advocate agency)</li><li>○ (3) NGOs (e.g. climate change &amp; energy, land and habitat conservation)</li><li>○ (10) State Representatives chosen by EISPC</li><li>○ (1) Canadian Provincial representative</li><li>○ Ex Officio Members: U.S. DOE, U.S. EPA</li></ul> <p><b>TOTAL: 29 members</b></p>
---

- Transmission Owners and Developers Sector Eligibility Requirements – Entities shall be eligible to participate in the Transmission Owners and Developers Sector and Transmission Owners and Developers Caucus if:
  - A. The entity owns and controls at least \$6 million (net book value) of transmission assets at 100 kV or above, or
  - B. The entity has:
    - a transmission project proposal at or above 100 kV that is pending in the authorized interconnection queue for the region or is included in the regional transmission expansion plan for the region, and
    - a related transmission tariff approved or pending before FERC, or has related status as a public utility in a state or has a siting application pending before relevant state public utility commissions.
  - C. All eligible entities will be entitled to full participation in the sector caucuses and nomination and election processes. Sector representatives selected for participation in the steering committee will represent the entire sector.
- In selecting or choosing the members for each sector of the SSC, organizations, companies and their affiliates may vote only once. “Affiliates” will be liberally

construed and will include any ownership in joint ventures, LLC's and holding companies.

- Caucus nomination processes are open to all who are interested, including PAs and their affiliates; however the PAs and their affiliates may not serve as SSC members unless the sector participation is otherwise insufficient.

### **Stakeholder Steering Committee Selection Process:**

The process for selecting SSC members intends to achieve regional and interest sector balance by:

- Using existing RTO/ISO or Planning Authority boundaries in a two-phase nominating process.
- Allowing each sector in each region to nominate 3 members to the interconnection-wide caucus.
- Caucus members from all regions would gather or use the online process hosted by EIPC (27 each sector) to select the SSC members.
- Recognizing the request from renewable and demand-side resources representatives, the following special procedures for election of regional Sector Caucus representatives and SSC members would be used for their sectors.
  - For the Generation Owners and Developers sector, the voting shall be as follows. Sector Caucus representatives must designate themselves as renewable or non-renewable representatives. The renewable representatives shall vote for the renewable caucus representative and SSC member. The non-renewable representatives shall vote for the non-renewable caucus representative and SSC member. Both the renewable and non-renewable representatives shall vote for the third caucus representative and SSC member from the Generation Owners and Developers sector.
  - For the Other Supplier sector, the voting shall be as follows. Sector Caucus representatives must designate themselves as demand-side resource representatives or non-demand-side resource representatives. The demand-side resource representatives shall vote for the demand-side caucus representative and SSC member. The non-demand-side resource representatives shall vote for one other supplier caucus representative and SSC member. Both the demand-side and non-demand-side representatives shall vote for the third caucus representative and SSC member from the Other Supplies sector.
- In all sector and sub-sector elections for SSC members, the individual with the highest number of votes will become the SSC member.
- The EISPC would appoint the state representatives to the SSC in accordance with EISPC procedures.
- The Sector Caucus members should select SSC members from within their ranks, unless there is a consensus among them to accept additional nominations.

- Membership on the SSC is limited to individuals rather than companies or organizations. As a result, vacancies are to be filled through the Sector Caucus process outlined herein.
- Employees, consultants or other representatives of a company or organization (or its affiliates or holding company) are not eligible to serve on more than one seat on the SSC.
- Except as to the process for choosing EISPC representatives or as otherwise provided herein, all voting for SSC representatives from a given sector shall occur at the interconnection-wide caucus of that sector . The Sector Caucus as a whole shall select its SSC representatives subject to the requirements for designated seats set forth above. The Sector Caucus may utilize either an interconnection-wide meeting or the on-line voting process provided by EIPC in choosing its SSC members.

### **Caucus Nomination Process:**

There are two processes for choosing representatives to an interconnection-wide sector caucus. The Regional Nomination Process provides for 3 nominees to be selected from each sector within each region (as the regions are defined herein). This process is intended to ensure regional representation at the interconnection-wide caucus of that sector and allow for selection processes to occur in each region. A second process is available for the End User and NGO sectors given the inherent resource limitations on this sector actively participating to the same degree as other sectors in the regional Order 890 processes. The procedures and rules governing the selection of nominees under the Regional Process and the End User and NGO Nomination Process are set forth below. As noted above, under both processes, the selection of members of the SSC is to occur through an interconnection-wide caucus pursuant to the voting rules above. Notification of meetings and opportunities for individuals to indicate their interest in being nominated to serve as a caucus representative or SSC member shall be provided to EIPC in advance and posted on the EIPC website.<sup>2</sup>

The Regional Nomination Process will be governed by the following rules:

- Caucus representatives shall be chosen by each region as those regions are defined herein through the Order 890 approved regional process.
- For sectors where a minimum number of SSC members must come from a part of the sector membership (a “sub-sector” e.g. minimum 1 renewable in the Generation Owners and Developers sector), the 3 nominees must reflect the same sub-sector balance of membership as described for the SSC.
- Within each region, no organization or individuals from that organization can participate in more than one sector nomination process. Representatives of entities who are market participants or represent end users in more than one region may be represented in caucuses of multiple regions in which they do business if so chosen by the sector representatives in that region.

---

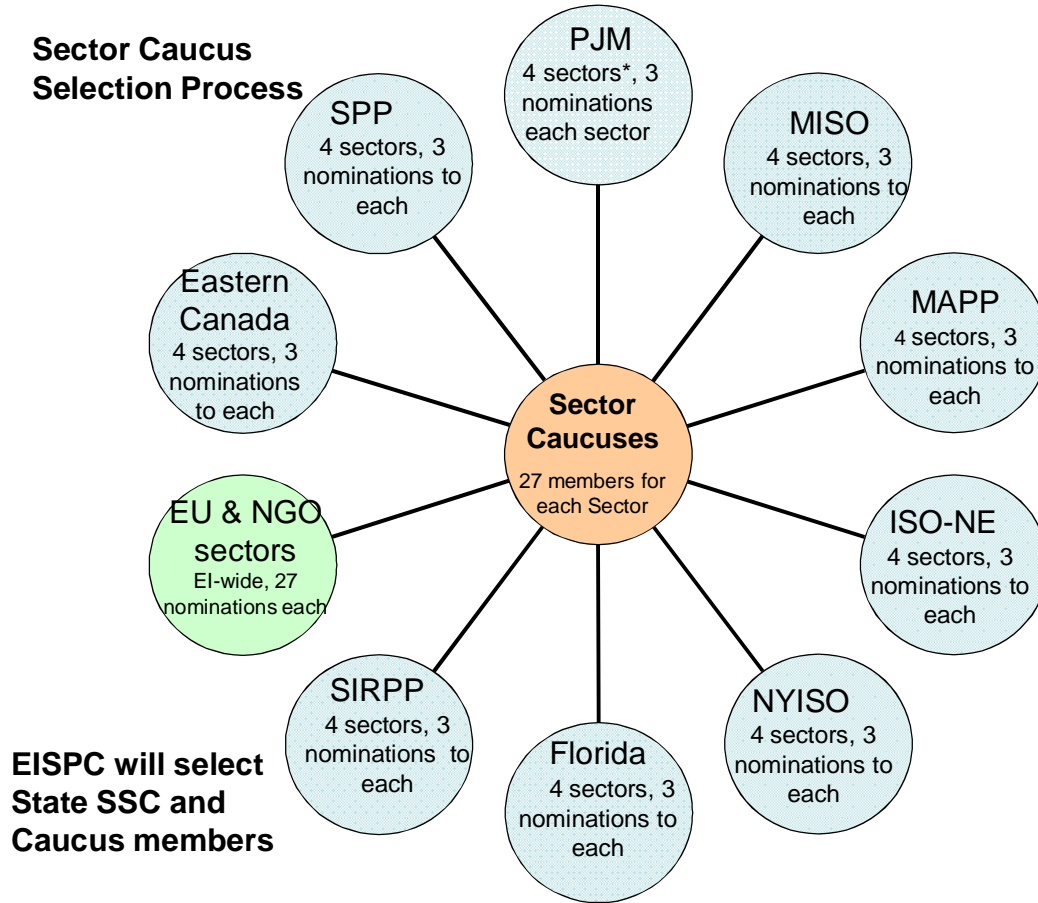
<sup>2</sup> The rules set forth above with regard to populating the sector caucuses and the sector’s SSC seats, does not apply to EISPC.

- The regional process may use an on-line mechanism, in-person meeting or virtual meeting. Each region shall arrange with EIPC the public posting of the means (e.g. use of an on-line mechanism, in-person meeting, or virtual meeting) to be used.
- Each sector should strive to achieve diversity by including as many interests and regions as possible in the selection of their SSC representatives.
- Caucus nomination processes are open to all who are interested, including PAs and their affiliates; however the PAs and their affiliates may not serve as SSC members unless the sector participation is otherwise insufficient.
- Trade organizations cannot vote in caucus nomination processes as trade organizations, but may be selected by the sector members as caucus members and SSC members.
- EIPC may consult with DOE to ensure that the process complies with the FOA.

The End User and NGO Selection Process will be governed by the following rules:

- As an alternative to the regional process for populating the interconnection-wide sector caucuses, the NGO and End User sectors may choose to nominate caucus representatives through an interconnection-wide process.
- A sector choosing this approach may nominate their caucus representatives through either: (1) an interconnection-wide meeting or conference call which is noticed on the EIPC website; or (2) through use of the on-line voting process provide by the EIPC. These sectors shall notify EIPC ten (10) business days prior to the commencement of the Order 890 regional selection processes of their intention to use the interconnection-wide process and shall arrange with EIPC the public posting of the means (e.g. interconnection-wide meeting, conference call, or EIPC provided on-line voting process) by which qualifying individuals may seek to serve on the SSC as representatives from that sector.
- For the End User sector, the caucus representatives chosen through the alternative process must reflect the same sub-sector balance of membership as described for the SSC (i.e. 1/3 must be from the state consumer advocate agency group).
- EIPC may consult with DOE to ensure that the process complies with the FOA.

Below is a graphical representation of the Sector Caucus nomination process.<sup>3</sup>



1

**\*There are 8 Sectors:**

- **4 Sectors will be chosen through the Regional process:** Transmission Owners & Developers, Generation Owners & Developers, Other Suppliers, and TDUs, Public Power and Coops.. The NGO Sector and the End Use Sector may select caucus members through an interconnection-wide process.
- State representatives to the SSC will be determined by the EISPC.
- Canadian provincial representatives will be selected by the Eastern Canadian provincial governments.

<sup>3</sup> The regional configuration proposed for the purpose of selecting the Sector Caucuses is designed to be used exclusively for the DOE project. FERC Order 890 processes are separate and distinct and will continue to function as they have in the past.

### **Regional Planning Processes:**

**ISO-NE:** Independent System Operator of New England <http://www.iso-ne.com/>  
**NY ISO:** New York Independent System Operator <http://www.nyiso.com/public/index.jsp>  
**PJM:** PJM Interconnection <http://www.pjm.com/>  
**SPP:** Southwest Power Pool <http://www.spp.org/index.html>  
**SIRPP:** Southeast Inter-Regional Participation Process <http://www.southeastirpp.com/>  
**MAPP:** Mid-Continent Area Power Pool <http://www.mapp.org/DesktopDefault.aspx>  
**MISO:** Midwest Independent System Operator <http://www.midwestiso.org/home>  
**Florida:** Florida Reliability Coordinating Council <https://www.frcc.com/Planning/default.aspx>

### **Continuing Role for Caucus Members**

Caucus members, by virtue of their nomination, will have credibility with their stakeholder sectors and represent a broader range of interests than the SSC members can. Strengthening the role of the caucus groups can alleviate concerns about the ability of the SSC members to represent the diversity within the sectors. Therefore, the Caucus members will continue to play a significant role, for example:

- Serve as designated alternates to the SSC to participate when an elected SSC member cannot attend a meeting or step down from the position due to change in job, inability to commit the required time or other reasons.
- Serve on the Stakeholder Working Groups as core members.
- Work with the SSC to achieve consensus. To be effective, the caucus members will need to actively track the issues before the SSC by attending the SSC meetings in-person or by webcast.
- Seek input from the larger stakeholder community on key issues before the SSC (via formal webinars and informal outreach to fellow stakeholders).
- Provide advice to the SSC representatives based on input from the larger stakeholder community.

In addition:

- The EIPC will strive, within the funding limitations of the FOA, to provide technology resources to ensure prompt and thorough communication of views within sectors.
- SSC members should be required to consult with their caucus representatives regularly.
- A Sector Caucus may establish additional procedures to govern the participation of its elected SSC representatives, e.g. rules of approval, so long as such procedures do not run afoul of the provisions of the FOA or otherwise unduly delay or frustrate timely action by the SSC.

The overall EIPC process is designed to allow for input from all stakeholders whether or not they are chosen to serve on the SSC or the Sector Caucus. The EIPC intends to allow for the submission of written comments and may have discussions with interested persons subject to time and resource constraints. Nevertheless, the decision-making process concerning scenario choices is to be made by the SSC, so SSC representatives need to reach out and represent their sector rather than just their individual company or region. The EIPC will not go forward with macro scenario analysis and the analysis of detailed transmission expansion alternatives without the strategic guidance of the SSC as provided in the attached “SSC Purpose, Roles, Responsibilities and Decision-Making Protocols” document.

## **EIPC Stakeholder Steering Committee (SSC)**

### **Purpose, Roles, Responsibilities and Decision-Making Protocols**

#### **I. PURPOSE**

The purpose of the SSC or Committee is to “provide strategic guidance to the Applicant’s analysts on the scenarios to be modeled, the modeling tools to be used, key assumptions for the scenarios, and other essential activities.”<sup>4</sup> The SSC will gather input from stakeholders, represent their constituents’ interests in deliberations, and strive to achieve consensus on aspects of the transmission planning studies and reports by the EIPC.

#### **II. CRITERIA FOR SSC MEMBER SELECTION**

The criteria for becoming a candidate include the following:

- A.** Have seniority, stature and credibility within one’s organization and sector
- B.** Have the demonstrated ability to represent the interests of multiple organizations within the sector
- C.** Have broad support of organizations and constituency groups within the sector
- D.** Will keep sector participants across the EI informed about the SSC activities and solicit input throughout the project
- E.** Have demonstrated the ability to work collaboratively with others with whom one disagrees
- F.** Have a strong understanding of resource and transmission planning in the electricity industry, including technology and policy considerations
- G.** Have the time, commitment and resources to participate fully

#### **III. ROLES AND RESPONSIBILITIES OF THE SSC**

**The primary responsibilities of the SSC include:**

- A.** Approve the SSC Working Charter.
- B.** Represent the viewpoints and interests of multiple organizations within their sector and meet regularly with their Sector Caucus Representatives.
- C.** Make every effort to arrive at SSC decisions through consensus. Determine an alternative decision-making process should efforts to reach consensus fail.
- D.** Attend all SSC meetings. There may be up to four 2-day SSC meetings each year and conference calls and webinars between each meeting. Membership on the SSC will require a significant commitment of time and effort through June 2012 and is intended to reside with the individual elected to the position.
- E.** Conduct all meetings and activities with transparency. All meetings of the SSC will be open to all and any interested individuals. Open meetings will be facilitated by selecting large venues where possible or by providing live webcast and audio

---

<sup>4</sup> DOE FOA 0000068, pg. 6.

- accessibility. All agendas, relevant documents, and work products will be posted on the EIPC website.
- F. Participate in one or more Stakeholder Regional Workshops (SRWs) each year to inform and gather input from the broader Stakeholder community. There may be as many as eight SRWs each year.
  - G. Develop a process for how the SSC will collect input from stakeholders.
  - H. Establish and appoint individuals to the Stakeholder Work Groups (SWGs) that reflect balanced stakeholder participation.
  - I. Develop roles and responsibilities and deliverables for the various Stakeholder Working Groups formed.
  - J. Ensure appropriate open communications between the SSC and stakeholders for receipt of input and feedback, as well as synthesize stakeholder input on the assumptions used to evaluate resource futures.
  - K. Provide information to all stakeholders on macro scenarios, resource futures, and related sensitivities.
  - L. Working with stakeholders and any established Stakeholder Working Groups, develop consensus recommendations on the eight (8) resource futures (as outlined in EIPC's revised DOE proposal)<sup>5</sup> and related sensitivities to be submitted for macroeconomic analysis and high level transmission analysis consistent with DOE-approved schedules.
  - M. Develop criteria to determine the selection of the three (3) future scenarios (as outlined in EIPC's revised DOE proposal).
  - N. Develop consensus recommendations for the three (3) future scenarios to be submitted for detailed transmission expansion and reliability analysis (as outlined in EIPC's revised DOE proposal).
  - O. Determine how the SSC will interact with Eastern Interconnection States Planning Council (EISPC)
  - P. Review the analyses and reports of the EIPC Analysis Team and provide consensus input.
  - Q. Request help and information from EIPC Analysis Team as needed to fully understand the tools and analyses.
  - R. Work with EIPC Analysis Team to establish communication protocols between the two groups.

#### **IV. DECISION MAKING PROTOCOLS:**

##### **A. Consensus Decision Making**

The SSC will make decisions based on consensus. Consensus will be defined as none of the 29 members objecting to a proposal moving forward. Unanimity and

---

<sup>5</sup> The revised proposal can be downloaded at [http://eipconline.com/document\\_library.php](http://eipconline.com/document_library.php)

complete agreement are not required to achieve consensus – consensus means that all the parties can live with a particular decision and the ultimate outcomes of the SSC process. While adhering to the definition of consensus set forth in this section, the SSC may further define consensus in the context of a particular proposal to be decided by the SSC. In the event consensus cannot be reached, the SSC may need to develop additional procedures to reach a conclusion. Attached below, is a separate document that reflects a statement for the record of the discussion on this topic held during the discussion of formation of the SSC

**B. EISPC Role in Defining Modeling:**

EISPC is recognized by all SSC members as reserving the right to define four of eight macroeconomic analyses and one of the final three build-outs in accordance with the following:

- i. EISPC will work in good faith with the SSC, through the process it creates, to define eight macroeconomic analyses, four of which will be designed to meet EISPC's requirements, and define three build-outs, one of which will be designed to meet EISPC's requirements. As the SSC process draws to conclusion, the EISPC may, at its sole discretion, modify the four state macro analyses, and the one state build-out, to better meet EISPC requirements, but shall provide advanced notice and explanation of the required changes to the SSC before final decisions on the eight macroeconomic analyses and three build-outs are made.
- ii. However, regardless of the timing of the process, EISPC is assured of at least four macro analyses, and one build out scenario that meets EISPC requirements.

**V. TABLE ARRANGEMENTS AND MEETING PARTICIPATION:**

**A.** The SSC will initially utilize the following table arrangements and meeting rules:

- i. Each sector shall have a round table at the SSC meeting that would accommodate 10 seats ("Sector Tables").
- ii. These Sector Tables will be arranged in a large circle. There will be additional seating elsewhere in the room for others to sit.<sup>6</sup>
- iii. Each sector shall determine who will sit at its Sector Table. For example, the TO Sector has stated that it will have ten regional representatives sitting at its table from the following regions: ISO-NE, NYISO, SPP, SIRPP, Florida, MAPP, PJM (2), MISO (2). Other sectors may choose to have only their SSC members sitting at their Sector Tables. Participation at the tables should reflect regional balance where regional differences, in the opinion of that sector's participants, may be relevant to the SSC's deliberations. Regional representatives at a table for a given sector may

---

<sup>6</sup> These provisions governing the shape and arrangement of tables shall be followed by those arranging meeting rooms to the maximum extent possible. Flexibility is provided to permit deviations from these arrangements if necessary to meet space and budget limitations so long as the intent of these provisions is met as to any alternative meeting arrangement and the SSC members are so notified in advance.

assign their seat to a region-wide organization with the voting role of such entities to be decided by the table representatives.<sup>7</sup> Such assignment may be made on a meeting-by-meeting basis or on a continuing-until-further-notice basis.

- iv. The SSC members for these sectors will be chosen by the respective 27-member interconnection-wide caucuses described above voting as a whole, except as otherwise provided herein.
- B.** The SSC shall, as part of its procedures, develop procedures to semiannually review the effectiveness of its meeting format after taking comments from all stakeholders. The above procedures shall remain in effect for at least six (6) months. If at that time a change is desired by one or more sectors of the SSC, those sectors are required to offer an alternative approach that ensures regional representation, openness and the ability of non-SSC members to be heard. Any such proposal shall need the approval of 19 members of the SSC. If such approval is not obtained, the above procedures shall continue in effect. At all times, the SSC shall work with the EIPC to ensure that meetings are run in a way that ensures openness, transparency, consensus building and timely decision-making. Facilitation will be provided consistent with budget limitations to ensure such outcomes.
- C.** NGOs and state consumer advocate offices shall be reimbursed for travel costs and expenses for its SSC members and Sector Table members (up to 6 persons for the NGOs and up to 2 persons for state consumer advocate offices).
- D.** Each sector, acting through its interconnection-wide caucus, will designate two members who will be primary contacts and who will be SSC members for at least one year. The sector may, acting through its interconnection-wide caucus initially and as needed thereafter, designate different people to serve as its other SSC member for each meeting, or may designate all SSC members for longer periods, at its option. Such appointments shall follow the SSC selection process set forth in the EIPC proposal.
- E.** **OPEN DISCUSSION PERIOD:** Each meeting will include a time-limited open comment period, during which non-SSC members may speak on the issues listed on the meeting's agenda. The non-SSC members sitting at Sector Tables will have the first opportunity to speak during the Open Discussion Period. After that, other non-SSC members will be able to speak during the open discussion period.<sup>8</sup>
- F.** **SSC MEMBER DISCUSSION:** After this open comment period, the 29 members of the SSC will lead the discussion at the SSC meeting. All 29 members should have equal opportunity to speak at the meetings. Breaks will be provided throughout SSC meetings to ensure non-SSC members have the opportunity to talk with their or other sector representatives.

---

<sup>7</sup> For example, a New England generation or end use representative may choose to assign his or her seat to a NEPOOL representative if such assignment were approved by the sector's caucus. The decision-making role of the NEPOOL representative within that sector, if any, would be determined by the other participants in the sector.

<sup>8</sup> Details on this provision, as well as V.F, VI.A, and VI.B, will be determined by the SSC after its formation.

**VI. AGENDAS:**

- A.** Agendas will be provided in advance of the SSC meetings and posted on the EIPC website. The SSC will set requirements for advance agenda notices that provide adequate time for sectors to have discussions on agenda items in advance of the meeting.
- B.** While any non-member of a sector may suggest agenda items, the final agenda will be established by the SSC in consultation with EIPC.

## Statement for the Record on SSC Decision Making Discussions

In reaching their decision to support the proposal for the formation of the SSC, various stakeholders have relied upon the following points of agreement as part of the discussion on SSC decision making:

- A.** The SSC shall make decisions based on consensus. Consensus is defined as follows:
- B.** It is a strong goal of the SSC to reach agreements to which none of the 29 members object.
- C.** After significant discussion and debate, if at least 19 (66%) of the members decide that it is impossible to reach an agreement where no one objects *to the proposal moving forward*, then the SSC will strive to reach an agreement that is supported by at least, 23 (79%) members.
- D.** Each sector will define for itself how its members will take positions in the SSC consensus process. For instance, a sector could decide that it only needs a simple majority of its participants to establish a position for that sector. In contrast, a sector could decide that it needs unanimity to establish its sector's position.
- E.** Each sector will have the opportunity to caucus in real-time to establish its position on the issue at hand.

## MEMORANDUM

**TO:** Participants Committee Members and Alternates  
**FROM:** Michelle C. Gardner, NEPOOL Counsel  
**DATE:** May 27, 2010  
**RE:** Load Reconstitution for Demand Resources

---

At the June 4, 2010 Participants Committee meeting, you will be asked to consider supporting changes to Section III.13.7.3.1 of Market Rule 1 relating to the future implementation of load reconstitution for Demand Resources. The currently-effective rule states that load reconstitution shall not be implemented for the first three Forward Capacity Auctions (“FCA”), but leaves open how the remaining FCAs shall be treated. At its May 11-12, 2010 meeting, the NEPOOL Markets Committee voted 65.4% in favor of a proposal that would preclude load reconstitution for the first five FCAs and would require the ISO to file its recommendation as to whether or not to reconstitute load on or before February 1, 2012 in order to become effective for the sixth FCA. By a 35.2% Vote, the Markets Committee did not support an ISO proposal to reconstitute load starting with the fourth FCA. We have attached hereto the following: (i) a copy Section III.13.7.3.1 marked to show the changes recommended by the Markets Committee, and (ii) a copy of the notice of actions from the Markets Committee meeting at which the recommendation was made.

Following consideration of the actions of the Markets Committee, the ISO has indicated that it could support an approach that would not reconstitute load for the first five FCAs and would delay stakeholder consideration on this issue (likely until September 2011) with a Section 205 filing on or before February 1, 2012. The ISO would prefer, however, to reflect that understanding as follows in the Participants Committee record and in a filing with the Commission:

**The Committee agrees with ISO-NE to defer until September 2011 efforts to implement voluntarily a load reconstitution methodology for Demand Resources with the understanding and agreement that ISO-NE will file a recommendation to institute or not to institute a load reconstitution methodology with the FERC pursuant to Section 205 of the Federal Power Act on or before February 1, 2012 to become effective for the Sixth Forward Capacity Auction on April 2, 2012, and the further understanding that this agreement does not restrict an earlier filing by ISO-NE and/or an earlier effective date if either is required to comply with any final FERC determinations on this issue in ongoing proceedings.**

The main difference between the approach above and the recommendation of the Markets Committee is that the language concerning the timing for stakeholder consideration and filing commitments would not be in Market Rule 1 but rather would be made at the Participants Committee meeting and in the filing letter. Some edits to Market Rule 1 recommended by the Markets Committee, such as revising “three FCAs” to “five FCAs” and deleting the existing text that discusses earlier

commitments regarding stakeholder consideration, i.e., the process that began in February 2009, would still be made. In addition, this approach also reflects potential actions that would apply in the event of any final FERC determinations in ongoing proceedings. We have also included a May 27 memo from Bob Laurita that provides the ISO's follow-up on the Markets Committee's recommendation.

To the extent the Participants Committee supports this approach, they may do so by agreeing to amend the recommendation of the Markets Committee to remove the last two sentences of the final paragraph of Section III.13.7.3.1 that were supported by the Markets Committee, and which read as follows:

Beginning in September 2011, the ISO will evaluate, in consultation with NEPOOL stakeholders and state utility regulatory agencies, the need for a load reconstitution methodology for Demand Resources. The ISO will file its recommendation to institute or not to institute a load reconstitution methodology with the FERC pursuant to Section 205 of the Federal Power Act on or before February 1, 2012.

The following form of resolution may be used for Participants Committee action on this matter:

RESOLVED, that the Participants Committee supports the revisions to Section III.13.7.3.1 regarding load reconstitution, as recommended by the Markets Committee, [and as modified by agreement of the Participants Committee at this meeting,] together with such other non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

**MC-Recommended Changes**  
**Marked Against currently effective tariff language**

**III.13.7.3.1. Calculation of Capacity Requirement and Capacity Load Obligation.** The ISO shall assign each load serving entity a Capacity Requirement prior to the commencement of each Obligation Month for each Capacity Zone established in the Forward Capacity Auction pursuant to Section III.13.2.3.4. The Capacity Requirement for each month and Capacity Zone shall equal the product of: (i) the total of the system-wide Capacity Supply Obligations plus HQICCs; and (ii) the ratio of the sum of all load serving entities' annual coincident contributions to the system-wide annual peak load in that Capacity Zone from the calendar year ending December 31 of the second year prior to the start of the upcoming Capability Year to the system-wide sum of all load serving entities' annual coincident contributions to the system-wide annual peak load from the calendar year ending December 31 of the second year prior to the start of the upcoming Capability Year.

A load serving entity's Capacity Requirement for each month and Capacity Zone shall equal the product of: (i) the Capacity Zone's Capacity Requirement as calculated above and (ii) the ratio of the sum of the load serving entity's annual coincident contributions to the system-wide annual peak load in that Capacity Zone from the calendar year ending December 31 of the year prior to the start of the upcoming Capability Year to the sum of all load serving entities' annual coincident contributions to the system-wide annual peak load in that Capacity Zone from the calendar year ending December 31 of the year prior to the start of the upcoming Capability Year.

A load serving entity's Capacity Load Obligation shall be its Capacity Requirement, adjusted as appropriate to account for any relevant Capacity Load Obligation Bilaterals, HQICCs, and Self-Supply FCA Resource designations. A Capacity Load Obligation can be a positive or negative value. A Market Participant that is not a load serving entity shall have a Capacity Load Obligation equal to the net obligation resulting from Capacity Load Obligation Bilaterals, HQICC, and Self-Supply FCA Resource designations.

A Demand Resource's Demand Reduction Value will not be reconstituted into the load of the Demand Resource for the Obligation Months in the first five FCA delivery periods for the purpose of determining the Capacity Requirement for the load associated with the Demand Resource. Beginning in September 2011, the ISO will evaluate, in consultation with NEPOOL stakeholders and state utility regulatory agencies, the need for a load reconstitution methodology for Demand Resources. The ISO will file its recommendation to institute or not to institute a load reconstitution methodology with the FERC pursuant to Section 205 of the Federal Power Act on or before February 1, 2012.

Deleted: three

Deleted: February 2009

Deleted: September 1, 2009



memo

**To:** Participants Committee  
**From:** Alex Kuznecow, Secretary, Markets Committee  
**Date:** May 13, 2010  
**Subject:** **ACTIONS OF THE MARKETS COMMITTEE**

This memo is notification to the Participants Committee (PC) of the following actions taken by the Markets Committee (MC) at its May 11 and 12, 2010 meeting. All Sectors had a quorum.

1. (Agenda Item 1A) **APRIL 1, 2010 AND APRIL 13 & 14, 2010 MC MEETING MINUTES**  
**ACTION: APPROVED**

It was moved, seconded and unanimously approved by the Markets Committee on a show of hands to accept the minutes of the April 1<sup>st</sup> and April 13<sup>th</sup> & 14<sup>th</sup> Markets Committee meetings.

2. (Agenda Item 7) **ALLOCATION OF MARGINAL LOSS REVENUES ASSOCIATED WITH IBTs FOR ENERGY**  
**ACTION: RECOMMEND SUPPORT**

The following motion was moved and seconded by the Markets Committee:

RESOLVED, that the Markets Committee recommends that the Participants Committee support revisions to Market Rule 1 and Section I.2.2 (Definitions) of the Tariff to implement the ability of a seller of an IBT for Energy to keep the allocation of marginal loss revenue associated with that IBT as proposed by ISO New England Inc. (the "ISO") and as circulated for this meeting with those further changes recommended by this Committee and supported by the ISO and such further non-substantive changes as the Chair and Vice-Chair approve.

The motion was then voted. Based on a show of hands, the motion passed unanimously.

3. (Agenda Item 8) **OPERATING PROCEDURE No. 9 FCM CONFORMING CHANGES**  
**ACTION: RECOMMEND SUPPORT**

The following motion was moved and seconded by the Markets Committee:

RESOLVED, that the Markets Committee recommends that the Participants Committee support the additional clarification to the FCM conforming changes to ISO Operating Procedure No. 9 as proposed by ISO New England Inc. (the "ISO") and as circulated for this meeting with those further changes recommended by this Committee and supported by the ISO and such further non-substantive changes as the Chair and Vice-Chair approve.

The motion was then voted. Based on a show of hands, the motion passed unanimously.

**4. (Agenda Item 10) LOAD RECONSTITUTION METHODOLOGY FOR DEMAND RESOURCES**  
**ACTION: RECOMMEND SUPPORT**

The following motion was moved and seconded by the Markets Committee:

RESOLVED, that the Markets Committee recommends that the Participants Committee support revisions to Market Rule 1 to implement load reconstitution for Demand Resources effective June 1, 2013 as proposed by ISO New England Inc. (the "ISO") and as circulated for this meeting with those further changes recommended by this Committee and supported by the ISO and such further non-substantive changes as the Chair and Vice-Chair approve.

**(Vote 1 – Passed)** Before the main motion could be voted, it was moved and seconded by the Markets Committee to amend the motion as follows:

- (1) Revise the proposed Section III.13.7.3.1. of Market Rule 1 as follows:

**III.13.7.3.1. Calculation of Capacity Requirement and Capacity Load Obligation.**

The ISO shall assign each load serving entity a Capacity Requirement prior to the commencement of each Obligation Month for each Capacity Zone established in the Forward Capacity Auction pursuant to Section III.13.2.3.4. The Capacity Requirement for each month and Capacity Zone shall equal the product of: (i) the total of the system-wide Capacity Supply Obligations plus HQICCs; and (ii) the ratio of the sum of all load serving entities' annual coincident contributions to the system-wide annual peak load in that Capacity Zone from the calendar year ending December 31 of the second year prior to the start of the upcoming Capability Year to the system-wide sum of all load serving entities' annual coincident contributions to the system-wide annual peak load from the calendar year ending December 31 of the second year prior to the start of the upcoming Capability Year.

A load serving entity's Capacity Requirement for each month and Capacity Zone shall equal the product of: (i) the Capacity Zone's Capacity Requirement as calculated above and (ii) the ratio of the sum of the load serving entity's annual coincident contributions to the system-wide annual peak load in that Capacity Zone from the calendar year ending December 31 of the year prior to the start of the upcoming Capability Year to the sum of all load serving entities' annual coincident contributions to the system-wide annual peak load in that Capacity Zone from the calendar year ending December 31 of the year prior to the start of the upcoming Capability Year.

A load serving entity's Capacity Load Obligation shall be its Capacity Requirement, adjusted as appropriate to account for any relevant Capacity Load Obligation Bilaterals, HQICCs, and Self-Supply FCA Resource designations. A Capacity Load Obligation can be a positive or negative value. A Market Participant that is not a load serving entity shall have a Capacity Load Obligation equal to the net obligation resulting from Capacity Load Obligation Bilaterals, HQICC, and Self-Supply FCA Resource designations.

Demand Resource assets' coincident load reduction values, in aggregate, for the hour of the system-wide annual peak will not be reconstituted into the load of the Demand Resource asset's metering domain for the first five FCA delivery periods for the purpose of determining the Capacity Requirement for that metering domain. Beginning in

~~September 2011, the ISO will evaluate, in consultation with NEPOOL stakeholders and state utility regulatory agencies, the need for a load reconstitution methodology for Demand Resources. The ISO will file its recommendation to institute or not to institute a load reconstitution methodology with the FERC pursuant to Section 205 of the Federal Power Act on or before February 1, 2012. Reconstitution will be implemented as follows:~~

~~(i) The ISO will calculate the total coincident load reduction value for the hour of the system wide annual peak for Demand Resources participating in the Forward Capacity Market for each metering domain.~~

~~(ii) The ISO will provide the Host Participant Assigned Meter Reader the coincident load reduction values (and corresponding retail customer facility information where available) for the hour of the system wide annual peak for each Demand Resource asset located in the Host Participant Assigned Meter Reader's metering domain.~~

~~(iii) For each Demand Resource asset associated with an individual retail customer whose peak contribution value is based on the retail customer's actual hourly metered load coincident with the system peak, the Host Participant Assigned Meter Reader will reconstitute the retail customer's coincident hourly load. The retail customer's coincident peak contribution value will be the sum of the actual hourly metered load value plus losses, plus the value of the load reduction for the hour of the system wide annual peak.~~

~~(iv) The remaining Demand Resource assets' load reduction values for the hour of the system wide annual peak will be allocated to the loads in the metering domain, by the Host Participant Meter Reader, on a pro rata basis consistent with their respective supplier load estimation methodology."~~

The motion to amend the main motion was then voted. The motion to amend passed with a vote of 65.4% in favor. The individual Sector votes were Generation (0% in favor, 17.3% opposed, 1 abstention), Transmission (17.3% in favor, 0% opposed), Supplier (0% in favor, 17.3% opposed, 4 abstentions), Alternative Resources (13.5% in favor, 0% opposed, 1 abstention), Publicly Owned Entity (17.3% in favor, 0% opposed, 1 abstention), and End Users (17.3% in favor, 0% opposed).

**(Vote 2 - Passed)** The amended main motion was then voted. The amended main motion passed with a vote of 65.4% in favor. The individual Sector votes were Generation (0% in favor, 17.3% opposed, 1 abstention), Transmission (17.3% in favor, 0% opposed), Supplier (0% in favor, 17.3% opposed, 4 abstentions), Alternative Resources (13.5% in favor, 0% opposed, 1 abstention), Publicly Owned Entity (17.3% in favor, 0% opposed, 1 abstention), and End Users (17.3% in favor, 0% opposed).

**5. (Agenda Item 10) LOAD RECONSTITUTION METHODOLOGY FOR DEMAND RESOURCES**  
**ACTION: VOTE FAILED**

The ISO proceeded to ask the Markets Committee to provide a vote on the ISO proposed Market Rule 1 revisions to implement load reconstitution for Demand Resources effective June 1, 2013 as circulated for this meeting with one further change recommended by the Meter Reader Working Group and supported by the ISO.

The Markets Committee action on the ISO proposed Market Rule 1 revisions to implement load reconstitution for Demand Resources effective June 1, 2013 resulted in a vote of 35.2% in favor. The individual Sector votes were Generation (17.3% in favor, 0% opposed), Transmission (0% in favor, 17.3% opposed, 1 abstention), Supplier (17.3% in favor, 0% opposed, 2 abstentions), Alternative Resources (0% in favor, 13.5% opposed, 1 abstention), Publicly Owned Entity (0.6% in favor, 16.7% opposed), and End Users (0% in favor, 17.3% opposed, 1 abstention).

**6. (Agenda Item 11) DELISTING RESOURCES WITH COMMON COSTS – FERC COMPLIANCE**  
**ACTION: APPROVED**

The following motion was moved and seconded by the Markets Committee:

RESOLVED, that the Markets Committee recommends that the Participants Committee support the changes to Market Rule 1 in response to the compliance requirement regarding delisting resources with common costs contained in the 4/16/10 FERC Order for Docket ER10-750-000 as proposed by the Internal Market Monitor (the “IMM”) and as circulated for this meeting with those further changes recommended by this Committee and supported by the IMM and such further non-substantive changes as the Chair and Vice-Chair approve.

Please note that at the May 7, 2010 Participants Committee meeting, the PC voted unanimously in favor of a resolution under which the PC delegated to the Markets Committee its authority under Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement to make filings on behalf of the NEPOOL Participants in proceedings before the Commission with regards to proposed changes to the Tariff that are consistent with those described by the ISO in materials circulated in advance of the May 7, 2010 PC meeting and described at the meeting, in order to comply with the FERC’s April 16, 2010 order in Docket No. ER10-750-000.

The motion was then voted. Based on a show of hands, the motion passed. 4 abstentions and 1 opposition within the Generation Sector and 5 abstentions and 1 opposition within the Supplier Sector were recorded.

Markets Committee  
mc\_actions\_10051112



Memo

**To:** NEPOOL Participants Committee  
**From:** Robert Laurita  
**Date:** May 27, 2010  
**Subject:** Load Reconstitution for Demand Resources

As discussed in the meeting materials prepared by NEPOOL Counsel, the ISO will support the substance of the amended main motion that Markets Committee voted to support on May 12, 2010. The approach set out in the NEPOOL Counsel memorandum would continue the moratorium on load reconstruction for demand resources in the Forward Capacity Market (FCM) for the first five Capacity Commitment Periods and allow stakeholders to reconvene in September 2011 to evaluate the need for load reconstitution with a FERC filing anticipated no later than February 1, 2012 in order to address the sixth Capacity Commitment Period.

While the ISO supports the decision to postpone implementing load reconstitution, the ISO continues to believe that comparability and symmetry can be achieved in the FCM by reconstituting the loads of the retail customers participating as demand resources by the amount of the reduction sold in the capacity market.<sup>1</sup> However, the ISO recognizes that

---

<sup>1</sup> Load reconstitution ensures that retail customers selling load reductions and receiving payment through the FCM also pay for electricity services received through the wholesale electricity market as consumers. In addition, load reconstitution mitigates the transfer of capacity costs from retail customers receiving capacity payments as demand resources to other retail customers who are not participating as demand resources.

important policy issues regarding how demand resources participate in the wholesale electricity markets are not settled. Specifically, the policy issue currently before the Commission in Docket No. RM10-17-000 *Demand Response Compensation in Organized Wholesale Energy Markets* regarding the appropriate supply-side compensation for demand resources in the energy market is similar to the issue being debated by NEPOOL on load reconstitution for demand resources in the capacity market. In both cases, the fundamental question concerns whether it is appropriate for a retail customer being compensated for a load reduction to receive a double benefit.<sup>2</sup>

The Commission's decision on Docket No. RM10-17-000 regarding the appropriate compensation level for demand resources in the energy market may help inform the ISO's and NEPOOL's decision on load reconstitution in the FCM. While the ISO supports continuing the moratorium on load reconstitution, it does not believe it is appropriate to establish a firm date to resume discussions in a tariff sheet. Rather, that decision should be based, in part, on the timing of the Commission's order in Docket No. RM10-17-000 and any other Commission orders impacting the participation of demand resources in the wholesale markets, including any final orders relating to FCM. The ISO and stakeholders should be free to determine when it may be appropriate to re-visit the load reconstitution issue as a result of any of these orders (in addition to ISO and NEPOOL's existing rights to propose tariff changes at any time under the Participants Agreement).

---

<sup>2</sup> In the ISO's view, which may not be shared by some stakeholders, a demand response provider selling a load reduction in the FCM can receive a double benefit by being paid for capacity and avoiding a future capacity charge. A demand response provider selling a load reduction in the energy market can receive a double benefit by being paid for the load reduction and simultaneously avoiding purchasing energy at its retail rate.

## MEMORANDUM

**TO:** NEPOOL Participants Committee Members and Alternates  
**FROM:** Eric Runge, NEPOOL Counsel  
**DATE:** May 27, 2010  
**RE:** Revisions to OP 12

---

At its June 4, 2010 meeting, the NEPOOL Participants Committee will be asked to support revisions to ISO New England Operating Procedure No. 12 (Voltage and Reactive Control) (“OP 12”). The revisions to OP 12 are intended to conform the procedure to NPCC requirements, and also to include various non-substantive, administrative changes.<sup>1</sup>

At its May 24, 2010 meeting, the Reliability Committee (“RC”) voted to recommend Participants Committee support of the revisions.<sup>2</sup> We understand that some of the members who opposed the revisions at the RC meeting will wish to further discuss with the Participants Committee issues raised in connection with the revisions.


The following form of resolution could be used for Participants Committee action on this item:

RESOLVED, that the Participants Committee supports the proposed revisions to ISO New England Operating Procedure No. 12 (OP 12), to conform the procedure to NPCC requirements, and also include various non-substantive, administrative changes, as recommended by the Reliability Committee, and as reflected in materials circulated to the Participants Committee in advance of this meeting, together with [any changes agreed to at this meeting and ] such non-substantive changes as may be approved by the Chair and Vice-Chair of the Reliability Committee.

---

<sup>1</sup> A version of OP 12 marked to show the proposed revisions has been included with this memo.

<sup>2</sup> The RC motion to recommend Participants Committee support passed with a vote of 76% in favor. The individual Sector votes were Generation (20.00% In Favor, 0.00% Opposed, 5 Abstentions), Transmission (20.00% In Favor, 0.00% Opposed, 0 Abstentions), Supplier (16.00% In Favor, 4.00% Opposed, 3 Abstentions), AR (No Representation - 0.00% In Favor, 0.00% Opposed, 0 Abstentions), Publicly Owned Entity (0.00% In Favor, 20.00% Opposed, 4 Abstentions), End User (20.00% In Favor, 0.00% Opposed, 3 Abstentions).

	© ISO New England Inc. 2009	<b>Procedure: Develop, Revise &amp; Control ISO New England Operating Procedures</b>
	Process Name: Real-Time Markets	
	Procedure Number: RTMKTS.0125.0050	Revision Number: 12
	Procedure Owner: Peter Harris	Effective Date: July 19, 2009
	Approved By: Director, Operations Support Services	Valid Through: March 19, 2011


### Attachment E – ISO New England Operating Procedure Summary Change Sheet

<u>Procedure Title</u>	<u>Revision</u>	<u>Date</u>
OP 12 – Voltage and Reactive Control	4	01/15/10

If being used instead of Attachment B - ISO-NE OP Change Request Form, complete the following procedure approval data and include a copy of this completed form with redline version.

<u>SOP Owner Approval Signature</u>	<u>Title</u>	<u>Date</u>

Step	Change	Reason
Entire document	Biennial Review by Procedure Owner.	Per SOP-RTMKTS-0125.0050 - Develop, Revise, and Control ISO New England Operating Procedures, the above OP document Biennial Review must be completed.
Entire document	Changed font to Arial	Consistent with current practices.
Footer	Added disclaimer to page 1 and “Hardcopy is Uncontrolled” to all pages	Consistent with ISO Corporate administrative requirements.
Reference Section	Corrected titles for OP-14, M/LCC 8 and NERC Reliability Standard VAR-001 and added new References: M/LCC #8, NERC Reliability Standards IRO.005, VAR-002 & MOD-025, NPCC D#10, and ISO-NE Ancillary Service Schedule No. 2 Business Procedure	To provide all the appropriate correct Reference titles.
Global	Modified/revised	Minor clerical revisions (grammar, formatting, etc. Defined terms and approved acronyms for use in this document: ISO New England

	<b>© ISO New England Inc. 2009</b> <b>Process Name: Real-Time Markets</b>	<b>Procedure: Develop, Revise &amp; Control ISO New England Operating Procedures</b>
	<b>Procedure Number: RTMKTS.0125.0050</b>	
	<b>Procedure Owner: Peter Harris</b>	<b>Effective Date: July 19, 2009</b>
	<b>Approved By: Director, Operations Support Services</b>	<b>Review Due Date: March 19, 2011</b>

		(ISO); Local Control Center (LCC); and replaced Control Area with Reliability Coordinator Area (RCA); made consistent use of Generator instead of Resource, unit etc., used shall in place of should, added full titles for documents first use in the text
New Section I.I.C - Verification of Generator Reactive Power Capability.	Inserted new language	Required to meet requirements of NPCC Directory #10 and ISO New England Ancillary Service Schedule No. 2 Business Procedure
Section III D.	Added complete titles for OP-4 and OP-7	Consistent with current practice and management expectations.
Section IV	Clarifying Areas of Responsibility	Enhanced clarifications
Section IV. A	Minor grammar changes; added NERC Reliability Standard VAR-002 and added related additional responsibilities to Generators and ISO;	Required to meet requirements of NPCC Directory #10 and NERC Reliability Standard VAR-002
Section IV. B.	Moved item listed as condition (in 1 <sup>st</sup> paragraph) to be an LCC directed action(in 3 <sup>rd</sup> paragraph)  Made consistent use of numbering for sub-steps and use of capitalization.	Required to meet requirements of NPCC Directory #10 and NERC Reliability Standard VAR-002
Section IV. C.	Minor grammar changes, clarifying editorial changes and added new last paragraph for added responsibilities.	Required to meet requirements of NPCC Directory #10 and NERC Reliability Standard VAR-002

## ISO New England Operating Procedure No. 12

### VOLTAGE AND REACTIVE CONTROL

Effective Date: Draft

Deleted: May 6, 2005

#### References:

1. ISO New England Transmission Operating Guides - All Voltage/Reactive Guides
2. ISO New England Operating Procedure No. 4 - Action During a Capacity Deficiency (OP\_4)
3. ISO New England Operating Procedure No. 7 - Action in an Emergency (OP\_7)
4. ISO New England Operating Procedure No. 14 - Technical Requirements for Generation, [Demand Resources and Asset Related Demands](#) (OP\_14)
5. ISO New England Operating Procedure No. 16 - Transmission System Data (OP\_16)
6. ISO New England Operating Procedure No.19 - Transmission Operations (OP\_19)
7. [Master/Local Control Center Procedure No. 8 - Coordination of Generator Voltage Regulator and Power System stabilizer Outages \(M/LCC 8\)](#)
8. Master/Local Control Center Procedure No. 9 - Operation of the Chester Static VAR Compensator [\(SVC\)](#) (M/LCC 9)
9. NERC [Reliability](#) Standard VAR-001 - Voltage and Reactive Control
10. [NERC Reliability Standard IRO-005 - Reliability Coordinator Current Day Operations](#)
11. [NERC Reliability Standard VAR-002 - Generator Operations for Maintaining Network Voltage Schedules](#)
12. [NERC Reliability Standard MOD-025 - Verification of Generator Gross and Net Reactive Power Capability](#)
13. [NPCC Directory #10 - Verification of Generator Gross and Net Reactive Power Capability \(NPCC D#10\)](#)
14. [ISO New England Ancillary Service Schedule No. 2 Business Procedure](#)

Deleted:

Deleted: Dispatchable and Interruptible Load

Deleted:

Formatted: Not Highlight

*This document is controlled when viewed on the ISO New England Internet web site. When downloaded and printed, this document becomes **UNCONTROLLED**, and users should check the Internet web site to ensure that they have the latest version. In addition, a Controlled Copy is available in the Master Control Room procedure binders at the ISO.*

*The information contained in this document is for use by ISO New England staff and the Local Control Centers and is subject to modification. ISO New England Inc. is not responsible for any reliance on this document by others, or for any errors or omissions or misleading information contained herein.*

**Hard Copy Is Uncontrolled**

**TABLE OF CONTENTS**

I. INTRODUCTION ..... 3

II. CRITERIA ..... 3

    A. Voltage Schedules and Limits for Generators and Key Transmission Stations ... 3

    B. Generator Reactive Capabilities, Commitments and Required Reactive Reserves ..... 3

    C. Verification of Generator Reactive Power Capability ..... ~~5~~

III. VOLTAGE/REACTIVE OPERATING PRACTICES ..... ~~6~~

    A. Traditional Voltage/Reactive Control ..... ~~6~~

    B. Transmission Interface Transfer Limits To Avoid Low Voltage ..... ~~6~~

    C. Circuit Switching to Control High Voltage ..... ~~6~~

    D. Load Management for Voltage/Reactive Reliability ..... ~~6~~

IV. RESPONSIBILITIES ..... ~~7~~

    A. Generating and Transmission Stations ..... ~~7~~

    B. LCCs ..... ~~8~~

    C. ISO ..... ~~9~~

OP 12 Revision History ..... ~~10~~

Deleted: 4

Deleted: 5

Deleted: 5

Deleted: 5

Deleted: 5

Deleted: 5

Deleted: 6

Deleted: 6

Deleted: 7

Deleted: 8

Deleted: 9

**APPENDIX**

- A. Voltage/Reactive Documents in the ISO New England Transmission Operating Guides
- B. Voltage and Reactive Survey

Deleted: 3

Deleted: May 6

Deleted: , 2005

**Hard Copy Is Uncontrolled**

I. INTRODUCTION

This procedure provides broad criteria, operating practices and responsibilities to help ensure that desired/reliable voltage and reactive conditions are maintained on the power system. It also includes general actions to control voltage/reactive conditions when deviations from normal occur or are needed to minimize adverse effects during abnormal conditions.

More specific criteria and actions may be required when the measures described in this procedure do not correct the abnormal voltage/reactive conditions. This information is contained in detailed voltage/reactive documents issued as part of the ISO New England (ISO) Transmission Operating Guides. Whereas these guides are referenced several times throughout this procedure, Appendix A lists the documents and indicates the types of information they contain. To facilitate references to Appendix A, its column numbering and headings are consistent with the format and order of this procedure.

II. CRITERIA

A. VOLTAGE SCHEDULES AND LIMITS FOR GENERATORS AND KEY TRANSMISSION STATIONS

Major generating stations throughout the New England Reliability Coordinator Area (RCA) have specified voltage schedules, which shall be maintained as closely as possible in system operations. These voltage schedules shall also be used by operators and planners in off-line studies of the power system. During certain conditions at a generating station or on the power system, sustained deviations from voltage schedules may be required/unavoidable and minimum and maximum voltages have been established that can be sustained at generating stations during these infrequent conditions.

In addition to voltage schedules, minimum and maximum voltage limits at several key generating or transmission stations have been established to promote system reliability during adverse voltage/reactive conditions. These reliability concerns can be based on the security of the transmission system or station service supplies to nuclear Generators. The key generating and transmission stations and the associated voltage limits are detailed in the area Voltage Guides issued as part of the ISO Transmission Operating Guides (refer to Appendix A, column 1).

B. GENERATOR REACTIVE CAPABILITIES, COMMITMENTS AND REQUIRED REACTIVE RESERVES

Generator reactive capabilities available to regulate voltages shall be employed in system operations and analyses. Data collection methods [see ISO New England Operating Procedure No. 14 - Technical Requirements for Generation, Demand Resources and Asset Related Demands (OP-14)] have been designed such that these reactive capabilities shall be fully available except for occasional times when unique temporary problems occur at a particular generating station.

To promote security of the transmission system during adverse voltage/reactive conditions, required Generator commitments and levels of required reactive reserve from Generators within certain areas of the New England RCA have been established. System conditions that warrant the prescribed Generator commitments or reactive

Deleted: Control Area

Deleted: should

Deleted: They

Deleted: should

Deleted: generators

Deleted: New England

Deleted: should

Deleted: (

Deleted: should

Deleted: unit

Deleted: for

Deleted: g

Deleted: Control Area

Deleted: and for the Chester SVC

Deleted: unit

Deleted: 3

Deleted: May 6

Deleted: , 2005

Hard Copy Is Uncontrolled

reserves have also been identified. Details are provided in the ISO Transmission Operating Guides (see Appendix A columns 2 and 3).

Deleted: New England

Deleted: 3

Deleted: May 6

Deleted: , 2005

**C. VERIFICATION OF GENERATOR REACTIVE POWER CAPABILITY**

NPCC Directory #10 - Verification of Generator Gross and Net Reactive Power Capability (NPCC D#10) requires that each Transmission Operator establish and administer a Generator Reactive Power Capability Verification Program. It also requires each associated Generator Owner to comply with the Generator Reactive Power Capability Verification Program. The following language establishes the requirements of the ISO-NE Generator Reactive Power Capability Verification Program that each associated Generator Owner must meet to satisfy the NPCC D#10 Generator Owner compliance obligations.

ISO-NE Generator Reactive Power Capability Verification Program applies to Generators that satisfy both of the following conditions:

1. Located in the New England RCA
2. Connected at or above 100 kV and having a MVA capability greater than either one of the following:
  - 20 MVA for a single generator
  - 75 MVA for a generating station connected at a common transmission bus.

Each Generator Owner shall verify the Reactive Power Capability of their Generators that meet the above criterion in accordance with the requirements and processes contained within Sections 2.2.5 & 2.2.6 of ISO New England Ancillary Service Schedule No. 2 Business Procedure. The ISO New England Ancillary Service Schedule No. 2 Business Procedure can be located on the ISO-NE website.

The one exception to a Generator Owners adherence to the Sections 2.2.5 & 2.2.6 requirements is that the requirement for a Generator to first be recognized as a "Qualified Reactive Resource" does not apply. While Generators that are not recognized as a "Qualified Reactive Resource" do not receive Capacity Cost (CC) compensation under Ancillary Service Schedule 2 - Reactive Supply and Voltage Control from Qualified Reactive Resources Service ("Schedule 2") under Section II of the ISO New England Tariff, they must still adhere to the Section 2.2.5 & 2.2.6 requirements.

If the results of a reactive capability test demonstrate that a Generator reactive capability is different than the reactive capability reported in the latest NX-12D, the Generator Owner must resolve the discrepancy in accordance with Section 3.9 of Part I and Schedules 22 or 23 of Part II of the ISO Tariff.

Formatted: Not Highlight

Deleted: }

Deleted: at:

Deleted: [http://www.iso-ne.com/rules\\_procds/operating/gen\\_var\\_cap/schedule\\_2\\_var\\_business\\_procedure.pdf](http://www.iso-ne.com/rules_procds/operating/gen_var_cap/schedule_2_var_business_procedure.pdf)

Formatted: Not Highlight

Formatted: Indent: Left: 1.25"

Formatted: Not Highlight

Deleted: to

Deleted: do

Deleted: desire to

Deleted: .

Formatted: Heading 2 Text, Indent: Left: 0", First line: 0", Space Before: 0 pt, After: 0 pt, Tab stops: Not at 0.25"

Deleted: not within +/-5% of

Deleted: provide to ISO an explanation for the discrepancy as well as a remedial action plan to address the discrepancy. ISO may accept the discrepancy remedial action plan or define another action plan up to and including requiring a System Impact Study and defined system upgrades necessary to address the discrepancy.

Formatted: Indent: Left: 0", Hanging: 0.5", Space Before: 0 pt, After: 0 pt, Tab stops: 0.5", List tab + Not at 0.25"

Deleted: 3

Deleted: May 6

Deleted: , 2005

**Hard Copy Is Uncontrolled**

III. **VOLTAGE/REACTIVE OPERATING PRACTICES**

Formatted: Font: (Default) Arial, 12 pt

A. **TRADITIONAL VOLTAGE/REACTIVE CONTROL**

Besides the use of Generator reactive capabilities, the proper dispatch of shunt capacitors/reactors combined with effective transformer voltage schedules or fixed tap settings are the most traditional means of achieving desired voltages and reactive conditions. Listings of switchable shunt devices installed to support the New England Transmission System (115 kV and above) and guides for switching them can be found in the area Voltage Guides (see Appendix A, column 4).

Deleted: generator

B. **TRANSMISSION INTERFACE TRANSFER LIMITS TO AVOID LOW VOLTAGE**

In some cases, custom software tools have been developed to calculate voltage based transfer limits for transmission interfaces. These limits ensure acceptable voltage response to contingencies. Appendix A column 5 notes the transmission operating guides that contain voltage based transfer limits for transmission interfaces.

C. **CIRCUIT SWITCHING TO CONTROL HIGH VOLTAGE**

In some areas, transmission circuit switching is a viable option for controlling high voltage/excessive charging conditions. Appendix A column 6 identifies the ISO New England Transmission Operating Guides that provide information for switching circuits in the Boston area to control high voltage.

D. **LOAD MANAGEMENT FOR VOLTAGE/REACTIVE RELIABILITY**

In severe cases of low voltage and/or inadequate reactive reserves, load management actions can be taken. Details on conditions when these actions can shall be used and how they shall be implemented are provided in the Voltage Guides (as identified in Appendix A, column 7) and ISO New England Operating Procedure No. 4 - Action During a Capacity Deficiency (OP-4) and ISO New England Operating Procedure No. 7 - Action in an Emergency (OP-7).

Deleted: should

Deleted: should

Deleted: s

Deleted: 7

Deleted: 3

Deleted: May 6

Deleted: , 2005

**Hard Copy Is Uncontrolled**

### IV. RESPONSIBILITIES

This procedure is based on the principle that voltage control is best achieved when action is taken as close as possible to the affected area. Voltage schedules and other reactive conditions shall be supervised by the generating station operators, transmission station operators, Local Control Center (LCC) System Operators and ISO New England System Operators, each having a specific area of responsibility. Regardless of who requests or directs corrective measures, action must ultimately be taken by generating/transmission station operators or LCC System Operators depending on who has "hands on" control of the reactive resources.

#### A. GENERATING AND TRANSMISSION STATIONS

Generating and transmission station operators are responsible for maintaining station service and other local voltage requirements and scheduled voltages at levels designated by individual Market Participants.

NERC Reliability Standard VAR-002 - Generator Operations for Maintaining Network Voltage Schedules requires each Generator equipped with an Automatic Voltage Regulator (AVR) to operate in the automatic voltage control mode. The Generator AVR will: (1.) be in service and controlling voltage, and (2.) remain in this configuration unless otherwise directed by the ISO or LCC System Operator. The Generator Operator shall promptly notify the ISO when AVR operation is temporarily unavailable.

Generating station operators are also responsible for maintaining voltage schedules set for the high side of the generator step-up transformers by the Voltage Task Force. Normally, automatic voltage regulation works off the low side of the step-up transformer (generator terminals). Thus, in order to maintain a high side voltage schedule, manual intervention can be required to offset varying power flows through and voltage drops across the step-up transformer.

When unable to maintain scheduled station and local voltages with the means under their control, the generating or transmission station operators must notify their respective LCC System Operator (and local dispatch authority if appropriate).

Generator station operators are responsible to comply with the reactive capability verification process defined in Section II.C.

- Deleted: will
- Deleted: /
- Deleted: S
- Deleted: the
- Deleted: being responsible for an ever expanding
- Deleted: 's
- Deleted: ing
- Deleted: ing
- Deleted: S
- Deleted: Local Control Center

Deleted: dispatched

- Deleted: Local Control Center
- Deleted: o

- Deleted: 3
- Deleted: May 6
- Deleted: , 2005

Hard Copy Is Uncontrolled

**B. LCCs**

LCCs are responsible for monitoring and supervising the following conditions within their territories:

1. Voltage schedules and limits,
2. Generator, MVAR loadings, capabilities and reserves,
3. Shunt capacitor and reactor dispatches,
4. Transformer voltage schedules or fixed tap settings,
5. Synchronous condenser operation (requested via ISO by the LCC unless in emergency conditions),
6. MVAR flows between the AC system and HVDC facilities,
7. Static VAR Compensator operation (must be coordinated with ISO),
8. Line switching for voltage/reactive control (must be coordinated with ISO and, if warranted, with other LCCs),
9. Other predefined indicators of voltage/reactive security (e.g. a particular circuit flow, the status of specific Generators, area load level, etc.).

The LCCs are responsible for: 1) detecting and correcting deviations from normal scheduled voltage/reactive operations, 2) responding to notifications by generating or transmission station operators of difficulty in maintaining station or other local voltage or reactive schedules and, 3) responding to ISO requests to assist with inter-LCC or inter-Area problems.

The LCCs will notify/coordinate with ISO when there is a need to adjust the real power (MW) output of a Generator in order to adjust its MVAR output, and ISO will provide the direction to the Designated Entity/Generator Operator to adjust their Generator real power (MW) output. Unless an emergency condition warrants such action, the LCCs will not directly provide direction to the Generator Operator to adjust the real power output (MW) of their Generator in order to adjust its MVAR output.

The LCCs are authorized to exercise the following actions to correct voltage/reactive difficulties within their territories:

1. Direct voltage schedules and levels of reactive output and reserve on Generators, synchronous condensers and Static VAR Compensators,
2. Direct the use of shunt capacitors and reactors,
3. Direct the operation of LTC transformers.

When an LCC is unable to correct a voltage/reactive problem using the above actions or the LCC believes that the problem should be handled on a multi-LCC or inter-RCA basis, the LCC shall notify ISO and request assistance.

Before exercising any of the following voltage/reactive control actions, LCCs must notify ISO and coordinate their implementations:

1. Line switching,
2. Load management.

Deleted: ¶  
Local Control Centers  
Deleted: Local Control Centers

Deleted: v

Deleted: unit

Deleted: s

Deleted: t

Deleted: s

Deleted: New England

Formatted: Not Highlight

Deleted: the

Formatted: Not Highlight

Deleted: l

Deleted: the will notify/coordinate the need for MW re-dispatch for MVAR requirements with ISO. The Local Control Centers will not directly re-dispatch MW with generators unless it is an emergency

Formatted: Not Highlight

Formatted: Indent: Hanging: 0.31"

Deleted: ¶

Deleted: o

Deleted: units

Deleted: Local Control Centers

Formatted: Not Highlight

Deleted: Local Control Centers

Deleted: d

Deleted: g

Deleted: d

Deleted: d

Deleted: Local Control Center

Deleted: Area

Deleted: will

Deleted: the

Deleted: Local Control Centers

Deleted: l

Deleted: l

Deleted: 3

Deleted: May 6

Deleted: , 2005

Hard Copy Is Uncontrolled

C. ISO

ISO is responsible for general monitoring and supervision of voltage/reactive conditions in the New England RCA (115 KV and above). When system monitoring detects a problem within an LCC, ISO shall contact the LCC and request action.

When an LCC reports to ISO that it is not possible to correct an abnormal voltage/reactive-related operating condition at a station or LCC level, ISO shall assume direct responsibility for alleviating the problem. ISO is authorized to direct, through the appropriate LCC(s), all actions listed in the above LCC Section B and in addition any MW re-dispatching.

ISO is also responsible for monitoring and supervising voltage/reactive operations of inter-RCA ties. Abnormal voltage/reactive-related operating conditions may be noticed by ISO or appear in the form of requests from a neighboring Reliability Coordinator or companies for assistance. ISO shall inform the appropriate LCC (s) of the nature of the problem specifying; the pool or company involved, the location of the undesirable voltage/reactive condition and, general conditions aggravating the difficulty. ISO is authorized to work with/through the LCCs and use all Section B actions and MWh re-dispatching to eliminate the problem.

When abnormal voltage/reactive operating conditions materialize, ISO may initiate a survey of key system parameters to better assess the nature and expanse of the conditions. Appendix B contains the survey forms that ISO will use. The forms are broken down based on LCC territories.

ISO shall report annually to NPCC about the status of the ISO-NE Generator Reactive Power Capability Verification Program including any changes in the verification process and provide copies of any changes to the Generator Owners and NPCC within 30 days of issue. ISO shall also report annually to NPCC any discrepancies between published (NX-12D) and demonstrated reactive capability.

Deleted: NEW ENGLAND

Deleted: The

Deleted: the

Deleted: CA/BAA

Deleted: If

Deleted: in

Deleted: the

Deleted: system

Deleted: is detected

Deleted: the

Deleted: will

Deleted: Local Control Center

Deleted: Local Control Center

Deleted: the

Deleted: problem

Deleted: Local Control Center

Deleted: the

Deleted: will

Deleted: The

Deleted: Local Control Center

Deleted: Local Control Center

Deleted: s

Deleted: The

Deleted: CA/BAA Area

Deleted: Problems

Deleted: the

Deleted: pools

Deleted: Authority

Deleted: The

Deleted: will

Deleted: Local Control Center

Deleted: The

Deleted: Local Control Centers

Deleted: s

Deleted: the

Deleted: the

Deleted: Local Control Center

Deleted: 3

Deleted: May 6

Deleted: , 2005

Hard Copy Is Uncontrolled

**OP 12 REVISION HISTORY**

**Document History** (This Document History documents action taken on the equivalent NEPOOL Procedure prior to the RTO Operations Date as well revisions made to the ISO New England Procedure subsequent to the RTO Operations Date.)

Rev. No.	Date	Reason
Rev 1	08/18/98	
Rev 2	02/01/05	Updated to conform to RTO terminology
Rev 3	05/06/05	Update References for NERC Version 0 Standards
<a href="#">Rev 3</a>	<a href="#">draft</a>	<a href="#">Biennial Review by Procedure Owner.</a> <a href="#">To the footer, added disclaimer on page 1 and added "uncontrolled to remaining pages: Corrected and added Reference titles.</a> <a href="#">Minor clerical revisions (font format changed to Arial, grammar, etc.)</a> <a href="#">Defined terms and approved acronyms for use in this document: ISO New England (ISO); Local Control Center (LCC); Reliability Coordinator Area (RCA)</a> <a href="#">Inserted new language applicable to meeting requirements of NPCC Directory #10 &amp; NERC Reliability Standard VAR-002</a> <a href="#">New Section II.C - Verification of Generator Reactive Power Capability.</a> <a href="#">Section IV added related responsibilities to Generators and ISO.</a>

Formatted Table

Deleted: 3

Deleted: May 6

Deleted: , 2005

**Hard Copy Is Uncontrolled**

## MEMORANDUM

**TO:** NEPOOL Participants Committee Members and Alternates

**FROM:** Patrick Gerity, Counsel, Membership Subcommittee

**DATE:** May 27, 2010

**RE:** Report of Membership Subcommittee Concerning Related Person Issue Identified in Connection with the Application by certain Commonwealth of Massachusetts Entities

---

At the June 4 meeting, you will receive a report on the actions taken by the Membership Subcommittee with respect to certain ODR-Only and DRP-Only customers of the ISO that will become NEPOOL Participants on June 1, 2010. Although there was no objection to the NEPOOL membership of any of those Entities, one Subcommittee member was concerned by the perceived relationship among certain of those Entities, as well as their relationship to certain existing NEPOOL Participants. Specifically, a concern was raised whether certain of the Participants are, or should be, Related Persons<sup>1</sup> under the Second Restated NEPOOL Agreement (“2d RNA”). In tabulating votes, unless we are instructed otherwise by the Participants Committee, we will treat those Participants as independent and *not* as Related Persons. We would not expect that treatment to materially alter any vote, but would appreciate guidance from the Participants Committee if it interprets the NEPOOL arrangements to require a different treatment.

### ***Background: 2d RNA Sector Election Requirements***

Section 6.2 of the Second Restated NEPOOL Agreement (“2d RNA”) provides that “each Participant shall ... designate ... a Sector that it or its Related Persons is eligible to join and that it elects to join for purposes of all of the Principal Committees.” The 2d RNA further provides, however, that “a Participant and its Related Persons shall together be entitled to join only one Sector and shall have no more than one vote on each Principal Committee.” The 2d RNA goes on to provide that “a Participant shall not be eligible to join the End User Sector if any of its Related Persons which are Participants or Individual RTO Participants are not eligible to join the End User Sector.” An essential determination, therefore, is whether the Participant has any Related Persons in the Pool.

### ***Related Person Issue Raised by the Massachusetts Entities’ Applications***

At its May 24 meeting, the Subcommittee unanimously approved for NEPOOL membership eight current DRP- or ODR-Only customers of the ISO, including two agencies of the Commonwealth of Massachusetts: the Division of Capital Asset Management (“DCAM”) and the University of Massachusetts at Amherst (“UMA”). These customers have incurred FCM-related obligations in the first Capacity Commitment Period that begins on June 1, each with obligations related to its respective

---

<sup>1</sup> Pursuant to Section 1.72 of the 2d RNA, a Related Person of a Participant is: (a) for all Participants, either (i) a corporation, partnership, business trust or other business organization 10% or more of the stock or equity interest in which is owned directly or indirectly by, or is under common control with, the Participant, or (ii) a corporation, partnership, business trust or other business organization which owns directly or indirectly 10% or more of the stock or other equity interest in the Participant, or (iii) a corporation, partnership, business trust or other business organization 10% or more of the stock or other equity interest in which is owned directly or indirectly by a corporation, partnership, business trust or other business organization which also owns 10% or more of the stock or other equity interest in the Participant...

Alternative Resources. For that reason, each of those customers has requested to be approved as a NEPOOL member and Market Participant on June 1. As reflected in the Notice of Actions for the Subcommittee which was previously circulated and is included with this memorandum, each of the Entities has elected to be represented for governance purposes in the AR Sector.

In considering the applications of these Entities, including a representation by DCAM and UMA that they have no Related Persons in the Pool, a Subcommittee member questioned whether DCAM would, or should, be considered a Related Person of either UMA or the Massachusetts Attorney General's Office ("MA AG"), which is already a NEPOOL member in the End User Sector. For purpose of convenience, we will refer in this memorandum to MA AG, DCAM and UMA, collectively, as the "Massachusetts Entities". If MA AG were considered to be a Related Person with either DCAM or UMA, MA AG would no longer be eligible to be a member in the End User Sector and the Massachusetts Entities collectively would be required to participate as members of the AR Sector based on the information included in the applications of DCAM and UMA. If no one of the Massachusetts Entities are concluded to be Related Persons of any of the other Massachusetts Entities, each of them would have a voting share separate and apart from the other Massachusetts Entities that are or might become NEPOOL members. For example, DCAM, with AR Resources of less than 4 MWs, would be represented by the Small Group Member in the DG Sub-Sector; UMA, with AR Resources of 15 MWs, would be represented by an individual voting member in the DG Sub-Sector.

Given the representations in the membership applications of DCAM and UMA, and the circumstances of these distinctly different state agencies, NEPOOL counsel intends, unless the Participants Committee instructs us otherwise, to respect the representations of DCAM and UMA that they are not Related Persons with any of the other Massachusetts Entities. We recognize that this conclusion involves an interpretation of the meaning and intent of the definition of Related Person, and that the Participants Committee is the body with the responsibility and authority to challenge the representation of these entities and interpret the definition of Related Persons more broadly. In the absence of formal Participants Committee action, though, we will proceed as NEPOOL counsel with the presumption that the Massachusetts Entities are not Related Persons, and honor the elections by DCAM and UMA to be represented in the Distributed Generation Sub-Sector of the AR Sector, individually and by the Small Group member, respectively, and will continue to treat the MA AG as a separate voting member in the End User Sector.



**TO:** NEPOOL Participants Committee Members and Alternates  
**FROM:** NEPOOL Membership Subcommittee  
**DATE:** May 26, 2010  
**SUBJECT:** **ACTIONS OF THE NEPOOL MEMBERSHIP SUBCOMMITTEE**

This memorandum is notification that the NEPOOL Membership Subcommittee took the following actions at its May 24, 2010 meeting:

**New Member Applications.** Approved the Applications for membership in NEPOOL of the following ODR-Only and DRP-Only Customers of the ISO, each subject to the following routine conditions: (i) that the applicant sign and return the Standard Membership Conditions, Waivers and Reminders acceptance letter; and (ii) that the ISO and NEPOOL Counsel find the Application complete:

**June 1, 2010, subject to satisfaction of the routine conditions**

**AR Sector, Distributed Generation Sub-Sector**

- |  |                           |
|--|---------------------------|
| • Acushnet Company   | Small Group Member        |
| • Cambridge Energy Alliance  | Small Group Member        |
| • Commonwealth of Massachusetts,<br>(Division of Capital Asset Management) | Small Group Member*       |
| • Univ. of MA at Amherst   | Individual Voting Member* |
| • Univ. System of NH   | Small Group Member        |

**AR Sector, Load Response Sub-Sector**

- |                                       |                          |
|---------------------------------------|--------------------------|
| • Energy Curtailment Specialists Inc. | Individual Voting Member |
| • North America Power Partners, LLC   | Small Group Member       |
| • Univ. of Rhode Island               | Small Group Member       |

\* A report on a Related Person issue raised in connection with consideration of these applications will be presented to the Participants Committee at its June 4 meeting.



## **GETTING HERE – SEAPORT HOTEL**

### **FROM Points West via I-90:**

Follow the Massachusetts Turnpike/Interstate 90 East to Exit 25 – South Boston. At the top of the ramp, bear left towards Seaport Boulevard. At the first set of lights, proceed straight onto East Service Road. At the next set of lights, take a right onto Seaport Boulevard. The Seaport Boulevard entrance to the Seaport Garage is located ahead on the right.

### **FROM Points South via I-93:**

Heading northbound on I-93 towards Boston, take Exit 20, which will be immediately after Exit 18. Follow the signs to "I-90 East." Take the first tunnel exit to "South Boston." At the first set of lights at the top of the ramp, proceed straight onto East Service Road. At the next set of lights, take a right onto Seaport Boulevard. The Seaport Boulevard entrance to the Seaport Garage will be ahead on the right.

### **FROM Logan International Airport and Route 1A South:**

Follow the signs towards I-90 West - Ted Williams Tunnel. Take the Ted Williams Tunnel to Exit 25. At the top of the ramp proceed straight onto B Street. Follow B Street to the end and take a right onto Seaport Boulevard. The Seaport Boulevard entrance to the Seaport Garage will be on your right.

### **Public transportation**

The MBTA Silver Line Waterfront (SL1) provides service from the WTC Station to Logan International Airport terminals every 10 minutes during the weekday and every 15 minutes during the weekend. The Silver Line station is located adjacent to the hotel.

## **TAXI**

Seaport Boston is about 3 miles from Logan Airport, one of several hotels near the Boston Convention Center and a quick ride away from all Boston attractions. Taxis are readily available from the lobby of the hotel.

## **WATER TAXI**

This scenic way to travel is a great way to avoid traffic. Hop on the water taxi shuttle at your terminal and enjoy the ride. The stop for pick up and drop off is at the Seaport World Trade Center, directly across the street from the Seaport hotel.