



October 14, 2009

VIA HAND DELIVERY

Honorable Kimberly D. Bose, Secretary
Honorable Nathaniel J. Davis, Sr., Deputy Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: ISO New England Inc. and New England Power Pool, Docket No. ER10-____-000;
Revisions to Financial Assurance Policy; **Expedited Consideration Requested**

Dear Secretary Bose and Deputy Secretary Davis:

Pursuant to Section 205 of the Federal Power Act,¹ ISO New England Inc. (the "ISO") and the New England Power Pool ("NEPOOL") Participants Committee (together, the "Filing Parties")² hereby jointly submit an original and six copies of this transmittal letter and amendments ("Amendments") to the ISO New England Financial Assurance Policy (the "Policy").³ The Amendments are designed to conform the provisions of the Policy pertaining to the Forward Capacity Market ("FCM") to the FCM Market Rules.⁴ The Amendments accomplish this by changing the calculation of a Market Participant's FCM-related Policy requirement, and by changing when and how a Market Participant's Policy requirements are reduced.

The Filing Parties respectfully request expedited consideration of this filing, with an effective date of November 13, 2009, for the reasons explained herein.

¹ 16 U.S.C. § 824(d) (2000 and Supp. V 2006).

² Capitalized terms used but not defined in this filing are intended to have the meaning given to such terms in the ISO New England Inc. Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3 ("ISO Tariff"), the Second Restated New England Power Pool Agreement, and the Participants Agreement.

³ The Policy is Exhibit IA to Section I of the ISO Tariff.

⁴ The FCM Market Rules are contained in Section III.13 of the ISO Tariff.

I. DESCRIPTION OF THE FILING PARTIES; COMMUNICATIONS

The ISO is the private, non-profit entity that serves as the regional transmission organization (“RTO”) for New England. The ISO operates the New England bulk power system and administers New England’s organized wholesale electricity market pursuant to the ISO Tariff and the Transmission Operating Agreement with the New England transmission owners. In its capacity as an RTO, the ISO also has the objective to assure that the bulk power supply system within the New England Control Area conforms to proper standards of reliability as established by the Northeast Power Coordinating Council and the North American Electric Reliability Corporation.

NEPOOL is a voluntary association organized in 1971 pursuant to the New England Power Pool Agreement, and it has grown to include more than 410 members. The Participants include all of the electric utilities rendering or receiving services under the ISO Tariff, as well as independent power generators, marketers, load aggregators, brokers, consumer-owned utility systems, demand response providers, developers, end users and a merchant transmission provider. Pursuant to revised governance provisions accepted by the Commission in *ISO New England Inc. et al.*, 109 FERC ¶ 61,147 (2004), the Participants act through the NEPOOL Participants Committee. The Participants Committee is authorized by Section 6.1 of the Second Restated NEPOOL Agreement and Section 8.1.3(c) of the Participants Agreement to represent NEPOOL in proceedings before the Commission. Pursuant to Section 2.2 of the Participants Agreement, “NEPOOL provide[s] the sole Participant Process for advisory voting on ISO matters and the selection of ISO Board members, except for input from state regulatory authorities and as otherwise may be provided in the Tariff, TOA and the Market Participant Services Agreement included in the Tariff.”

All correspondence and communications in this proceeding should be addressed to the undersigned for the ISO and NEPOOL as follows:

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II. STANDARD OF REVIEW

The Amendments are submitted pursuant to Section 205 of the Federal Power Act, which “gives a utility the right to file rates and terms for services rendered with its assets.”⁶ Under Section 205, the Commission “plays ‘an essentially passive and reactive’ role”⁷ whereby it “can reject [a filing] only if it finds that the changes proposed by the public utility are not ‘just and reasonable.’”⁸ The Commission limits this inquiry “into whether the rates proposed by a utility are reasonable -- and [this inquiry does not] extend to determining whether a proposed rate schedule is more or less reasonable than alternative rate designs.”⁹ The Amendments “need not be the only reasonable methodology, or even the most accurate.”¹⁰ As a result, even if an intervenor or the Commission develops an alternative proposal, the Commission must accept this Section 205 filing if it is just and reasonable.¹¹

III. DESCRIPTION OF THE AMENDMENTS

Generally, the Amendments fall into two categories. Within the first category are Amendments that change the calculation of a Market Participant’s FCM-related Financial

⁵ Due to the joint nature of this filing, the Filing Parties respectfully request a waiver of Section 385.203 of the Commission’s regulations to allow the inclusion of more than two persons on the service list in this proceeding.

⁶ *Atlantic City Elec. Co. v. FERC*, 295 F.3d 1, 9 (D.C. Cir. 2002).

⁷ *Id.* at 10 (quoting *City of Winnfield v. FERC*, 744 F.2d 871, 876 (D.C. Cir. 1984)).

⁸ *Id.*

⁹ *City of Bethany v. FERC*, 727 F.2d 1131, 1136 (D.C. Cir. 1984).

¹⁰ *Oxy USA, Inc. v. FERC*, 64 F.3d 679, 692 (D.C. Cir. 1995).

¹¹ *Cf. Southern California Edison Co., et al.*, 73 FERC ¶ 61,219 at 61,608 n. 73 (1995) (“Having found the Plan to be just and reasonable, there is no need to consider in any detail the alternative plans proposed by the Joint Protesters.” (citing *City of Bethany*, 727 F.2d at 1136)).

Assurance Requirement. Specifically, some of those Amendments clarify that the calculation of the Financial Assurance Requirement for Reconfiguration Auctions is based on the Cost of New Entry for the applicable Capacity Commitment Period. Additionally, this category of Amendments includes revisions that modify the Policy to provide that the Financial Assurance Requirement for a Market Participant shedding a Capacity Supply Obligation is based on the Market Participant's portfolio of FCM transactions and the full term of the obligation, using a methodology that is approved from time to time by the NEPOOL Budget and Finance Subcommittee (the "Subcommittee") and posted on the ISO's website.¹²

The second set of Amendments change when and how a Market Participant's FCM-related Financial Assurance Requirement is reduced. These Amendments provide for a Market Participant's Financial Assurance Requirement associated with Non-Commercial Capacity to be reduced as portions of its Resource are declared commercial and tests are verified by the ISO. This partial return approach also replaces the separate ability of Load Response Resources to reduce their Financial Assurance Requirement upon achieving certain milestones, which is removed under the Amendments. The Amendments add language stating that financial assurance is applied and the Financial Assurance Requirement is reduced based on the Capacity Supply Obligations in the earliest Capacity Commitment Period. Finally, the Amendments remove the ability of one Resource in a Composite FCM Transaction to provide the financial assurance for other Resources in that same Composite FCM Transaction.

IV. STAKEHOLDER PROCESS

The Amendments resulted from a series of discussions the Subcommittee at its August 13 and August 27, 2009 meetings. The Subcommittee recommended that the Participants Committee support the proposed Amendments, and the Participants Committee unanimously supported the Amendments at its October 9, 2009 meeting.

V. REQUESTED EFFECTIVE DATE; REQUEST FOR WAIVER

The Filing Parties request expedited consideration of the Amendments, and a waiver of the 60-day notice period, so the proposed changes will become effective November 13, 2009, prior to the opening of the bilateral markets for FCM. While the ISO and NEPOOL were not in a position to file the Amendments until the Participants Committee acted on them, the Amendments had been circulated to and reviewed with Market Participants at the Subcommittee

¹² On October 7, 2009, the Subcommittee approved a methodology which bases that Financial Assurance Requirement on (i) the total amount due for those months within the next year in which the Market Participant will have net charges for FCM transactions without an offset for months that the Market Participant will have net payments for FCM transactions and (ii) the total amount due for those months after the next year in which the Market Participant will have net charges for FCM transactions with an offset for months that the Market Participant will have net payments for FCM transactions.

meeting in August, so there has been substantial notice of the Amendments. The Amendments were initially scheduled to be considered by the Participants Committee in September, which would have permitted a filing nearly 60 days ahead of the requested effective date, but the Filing Parties decided to delay that consideration to ensure that the FCM Market Rules and the Policy would be consistent after the changes were made. For these reasons, the Filing Parties believe that no party will be adversely affected by the waiver requested in these circumstances.

VI. ADDITIONAL SUPPORTING INFORMATION

Section 35.13 of the Commission's regulations generally requires public utilities to file certain cost and other information related to an examination of traditional cost-of-service rates.¹³ However, the Amendments are not a traditional "rate" and the Filing Parties are not traditional investor-owned utilities. In light of these circumstances, the Filing Parties submit the following additional information in substantial compliance with relevant provisions of Section 35.13, and request a waiver of Section 35.13 of the Commission's regulations to the extent the content or form deviates from the specific technical requirements of the regulations.

35.13(b)(1) - Materials included herewith are as follows:

- ◆ This transmittal letter;
- ◆ Blacklined Tariff Sheets reflecting the Amendments proposed by this filing (Attachment 1);
- ◆ Clean Revised Tariff Sheets reflecting the Amendments proposed by this filing (Attachment 2); and
- ◆ List of governors, utility regulatory agencies in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont, and other entities, to which a copy of this filing has been sent (Attachment 3).

35.13(b)(2) - The Filing Parties request that the Amendments become effective November 13, 2009 and request that the Commission waive, as necessary, the 60-day notice requirement that will begin to run once these changes are filed with Commission.

35.13(b)(3) - Pursuant to Section 17.11(e) of the Participants Agreement, Governance Participants are being served electronically rather than by paper copy. The names and addresses of the Governance Participants are posted on the ISO's website at http://www.iso-ne.com/regulatory/ferc/nepool/gov_prtcpts_eserved.pdf. A copy of this transmittal letter and the accompanying materials have also been sent to the governors and electric utility regulatory

¹³ 18 C.F.R. § 35.13 (2008).

agencies for the six New England states that comprise the New England Control Area, the New England Conference of Public Utility Commissioners, Inc., and to the New England States Committee on Electricity. Their names and addresses are shown in Attachment 3. In accordance with Commission rules and practice, there is no need for the Governance Participants or the entities identified on Attachment 3 to be included on the Commission's official service list in the captioned proceeding unless such entities become intervenors in this proceeding.

35.13(b)(4) - A description of the materials submitted pursuant to this filing is contained in Section VI of this transmittal letter.

35.13(b)(5) - The reasons for this filing are discussed in Section III of this transmittal letter.

35.13(b)(6) - The ISO's approval of the Amendments is evidenced by this filing. With respect to NEPOOL's approval, as noted in Section IV of this transmittal letter, these changes reflect the results of the Participant Processes required by the Participants Agreement. The Amendments were unanimously approved by the Participants Committee at its October 9, 2009 meeting.

35.13(b)(7) - The Filing Parties do not have knowledge of any relevant expenses or costs of service that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices.

VII. CONCLUSION

This transmittal letter explains why the Amendments are just and reasonable. The Filing Parties request that the Commission accept this filing effective November 13, 2009, without condition, suspension or hearing.

Hon. Kimberly D. Bose, Secretary
Hon. Nathaniel J. Davis, Sr., Deputy Secretary
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Please acknowledge receipt of the foregoing by date-stamping the enclosed extra copies of this filing and returning them to the courier delivering this filing.

Respectfully submitted,

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Attachment 1

Blacklined Tariff Sheets

Requirements for the duration of the FTRs awarded to it. The amount of any additional financial assurance provided by a Designated FTR Participant in connection with an unsuccessful bid in an FTR Auction which, as a result of such bid being unsuccessful, is in excess of its FTR Requirements will be held by the ISO and will be applied against future FTR bids by and awards to that Designated FTR Participant unless that Designated FTR Participant requests in writing to have such excess financial assurance returned to it. Prior to returning any financial assurance to a Designated FTR Participant, the ISO shall use such financial assurance to satisfy any overdue obligations of that Designated FTR Participant. The ISO shall only return to that Designated FTR Participant the balance of such financial assurance after all such overdue obligations have been satisfied.

VII. ADDITIONAL FINANCIAL ASSURANCE PROVISIONS FOR FORWARD CAPACITY MARKETS

Any Market Participant transacting in any Forward Capacity Auctions, Reconfiguration Auctions or Bilateral Transactions for capacity that is otherwise required to provide additional financial assurance under this Policy, including all DRP-Only Customers participating in Forward Capacity Auctions, Reconfiguration Auctions or Bilateral Transactions for capacity, (each a “Designated FCM Participant”),² is required to provide additional financial assurance meeting the requirements of Section X below in the amounts described in this Section VII (such amounts being referred to in this Policy as the “FCM Requirements”).

A. Commercial Capacity

A Designated FCM Participant offering the capacity of a Resource that (i) has been
declared commercial and ~~had successfully tested for its capacity rating~~ verified by the ISO and
(ii) has not

ected to be treated as, and is not required to be treated as, a New Generating Capacity Resource in connection with new investment in that Resource pursuant to the Market Rules (“Commercial Capacity”) into an upcoming Forward Capacity Auction or ~~an upcoming Reconfiguration Auction~~ or providing Commercial Capacity during any Capacity Commitment Period must generally comply with the requirements of this Policy with respect to such transactions; provided, however, that for any Resource representing Commercial Capacity that has been permitted to retire at the end of a current Capacity Commitment Period under Section I.3.9 of the ISO Tariff or any similar provision and whose obligation to provide all of such Commercial Capacity during that Capacity Commitment Period has not been transferred to another Resource, the Designated FCM Participant for such Resource shall include in the calculation of its Financial Assurance Requirement under the Policy, beginning~~provide~~, at least five (5) Business Days prior to the applicable Capacity Commitment Period, an amount~~additional financial assurance~~ equal to two and one-half (2.5) times the monthly FCM Payment due to such Designated FCM Participant with respect to such Commercial Capacity during the applicable Capacity Commitment Period.

1. Transfer of Capacity Supply Obligation In Reconfiguration Auction

A Designated FCM Participant that seeks to transfer its Capacity Supply O~~bligation~~ with respect to ~~provide~~ Commercial Capacity ~~to another Market Participant or DRP Only Customer~~ in a Reconfiguration Auction must include in the calculation of its Financial Assurance Requirement under this Policy,~~provide~~ prior to the close~~start~~ of bidding in that Reconfiguration Auction, ~~and thereafter maintain additional financial assurance equal to the maximum positive difference, if any, between (x) the amount that could be charged to~~ paid by that Designated FCM Participant ~~(on a total dollar basis)~~ for the Capacity Supply Obligation bid~~offered~~ by that Designated FCM

Participant in that Reconfiguration Auction and (y) the amount that Designated FCM Participant
would have received for Capacity Supply Obligations, including its obligation to provide that

Commercial Capacity¹³, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If that Designated FCM Participant is successful in transferring its Capacity Supply Obligation associated with obligation to provide Commercial Capacity to another Market Participant or DRP Only Customer in such a Reconfiguration Auction, the amount to be included in the calculation of any Financial Assurance Requirement of the ~~additional financial assurance required from that~~ Designated FCM Participant with respect to each transferred Capacity Supply Obligation shall be adjusted to reflect the zonal clearing price obligation shall be reduced to the positive difference, if any, between (x) the product of (i) the awarded price to be paid by that Designated FCM Participant as a result of that Reconfiguration Auction transfer of that Capacity Supply Obligation multiplied by (ii) the Capacity Supply Obligation transferred by that Designated FCM Participant in that Reconfiguration Auction, and (y) the amount that If the Designated FCM Participant is unsuccessful in transferring its Capacity Supply Obligation associated with Commercial Capacity in such a Reconfiguration Auction, it will no longer include amounts related to that Commercial Capacity in the calculation of its Financial Assurance Requirement ~~to receive in market settlement for its transferred obligation.~~

2. Transfer of Capacity Supply Obligation in Bilateral Transaction

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation with respect to ~~transfers its obligation to provide Commercial Capacity to another Market Participant or~~

¹³ ~~The financial assurance requirements imposed on transfers of Capacity Supply Obligations under this Section VII represent one month's obligations with respect to the Capacity Supply Obligation transferred.~~

~~DRP-Only Customer~~ in a Bilateral Transaction must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of the period for submission effectiveness of that Bilateral Transaction, (1) ~~pay, or cause another entity to pay on its behalf, any penalties assessed with respect to that obligation through the date of such transfer and~~ (2) ~~provide and thereafter maintain additional financial assurance equal to the positive difference, if any, between (x) the unpaid amount that could be charged to~~ paid by that Designated FCM Participant in that Bilateral Transaction and (y) the amount that Designated FCM Participant would have received for Capacity Supply Obligations, including its obligation to provide that Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time to receive in market settlement for its transferred obligation.

~~A Designated FCM Participant with an obligation to provide Commercial Capacity shall also provide additional financial assurance satisfying the requirements of this Policy in the~~

time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If a Designated FCM Participant fails to provide the required additional financial assurance for its Bilateral Transactions with respect to Commercial Capacity, all of those transactions will be rejected. If the Designated FCM Participant's supply offer of Commercial Capacity in a Bilateral Transaction is not accepted, it will no longer include amounts related to that Commercial Capacity in the calculation of its Financial Assurance Requirement.

~~amount of any penalties assessed to that Designated FCM Participant for a failure to deliver that Commercial Capacity as required.~~

B. Non-Commercial Capacity

Notwithstanding any provision of this Section VII to the contrary, a Designated FCM Participant offering Non-Commercial Capacity (defined below) for a Resource that elected existing Resource treatment for the Capacity Commitment Period beginning June 1, 2010 will not be subject to the provisions of this Section VII.B with respect to that Resource for that Capacity Commitment Period (other than financial assurance obligations relating to transfers of Capacity Supply Obligations).

1. FCM Deposit

A Designated FCM Participant offering the capacity of a Resource that (i) has not been declared commercial and ~~had successfully tested for its capacity rating~~ verified by the ISO or (ii) has elected to be treated as, or is required to be treated as, a New Generating Capacity Resource in connection with new investment in that Resource pursuant to the Market Rules (“Non-Commercial Capacity”) into any upcoming Forward Capacity Auction to provide Non-Commercial Capacity must include in the calculation of its Financial Assurance Requirement under this Policy, beginning at 8 a.m. (Eastern Time) on the fifth (5th) Business Day ~~provide, within five (5) Business Days~~ after its qualification for such auction under the Market Rules, a ~~deposit in one of the forms of financial assurance described in Section X below~~ in an amount equal to \$2/kW times the number of kilowatts of Non-Commercial Capacity qualified for such Forward Capacity Auction by such Designated FCM Participant (the “FCM Deposit”). If less

~~than all of the Non-Commercial Capacity offered by a Designated FCM Participant's offer of~~
~~such Non-Commercial Capacity~~ is accepted in ~~any~~^{such} Forward Capacity Auction, the amount
of the FCM Deposit for that Non-Commercial Capacity will be adjusted to reflect only the
portion of the offered FCM Deposit will be

~~applied to the Designated FCM Participant's FCM Requirements (as described below) with respect to such Non-Commercial Capacity. If the Designated FCM Participant's offer of Non-Commercial Capacity that was not accepted in that Forward Capacity Auction. The requirement to include the FCM Deposit in the calculation of a Designated FCM Participant's Financial Assurance Requirement expires upon the initial inclusion of the Non-Commercial Capacity FA Amount in that calculation under Section VII.B.2(i) below. such Forward Capacity Auction, the FCM Deposit will be returned to the Designated FCM Participant providing it, within four (4) Business Days after the ISO receives a written request for that FCM Deposit from such Designated FCM Participant.~~

2. Non-Commercial Capacity in Forward Capacity Auctions

A Designated FCM Participant that had its supply offer of Non-Commercial Capacity accepted in a Forward Capacity Auction must include in the calculation of its Financial Assurance Requirement under this Policy ~~provide and thereafter maintain additional financial assurance at the following times and in the following amounts at the following times:~~

(i) beginning at 8 a.m. (Eastern Time) on the fifth (5th)~~within five (5)~~ Business Days following announcement of the winning supply offers in that Forward Capacity Auction, an amount ~~that, when combined with the Designated FCM Participant's FCM Deposit, is equal to the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone that each Resource offering Non-Commercial and Capacity is qualified within and for the Commitment Period for that Forward Capacity Auction~~ multiplied by the number of kW of

capacity awarded to that Designated FCM Participant in that Forward Capacity Auction (such amount being referred to herein as the “Non-Commercial Capacity FA Amount”);

(ii) beginning at 8 a.m. (Eastern Time) on the tenth (10th)~~at least ten~~
~~(10)~~ Business Days prior to the next annual Forward Capacity Auction after the Forward Capacity Auction in which such supply offer was accepted, an additional amount required to make the total amount included in the calculation of the Financial Assurance Requirement~~financial assurance~~ ~~provided~~ with respect to that Non-Commercial Capacity equal to two (2) times the Non-Commercial Capacity FA Amount; and

(iii) beginning at 8 a.m. (Eastern Time) on the tenth (10th)~~at least ten~~
~~(10)~~ Business Days prior to the second annual Forward Capacity Auction after the Forward Capacity Auction in which such supply offer was accepted, an additional amount required to make the total amount included in the calculation of the Financial Assurance Requirement~~financial assurance~~ ~~provided~~ with respect to that Non-Commercial Capacity equal to three (3) times the Non-Commercial Capacity FA Amount.

3. Non-Commercial Capacity in Reconfiguration Auctions and Bilateral Transactions

a. Acquiring Capacity Supply Obligations

A Designated FCM Participant offering Non-Commercial Capacity in an annual Reconfiguration Auction in the Forward Capacity Market must include in the calculation of its ~~provide prior to the start of such Reconfiguration Auction~~ additional financial assurance in an amount equal to (a) ~~the highest dollar amount of the bids submitted by that Designated FCM Participant (on a \$/kW month basis) in such Reconfiguration Auction~~ multiplied by (b) (i) two (2) ~~if there is one Forward Capacity Auction scheduled before the Commitment Period~~ applicable to such offer or (ii) three (3) ~~if there are no Forward Capacity Auctions scheduled~~

~~before the Commitment Period applicable to such bids. If a Designated FCM Participant fails to provide the required additional financial assurance for its offers and demand bids in a Reconfiguration Auction, all~~

Financial Assurance Requirement under this Policy, prior to the close of bidding in that Reconfiguration Auction, an amount for each Resource for which the Designated FCM Participant is offering Non-Commercial Capacity under a supply offer in that Reconfiguration Auction equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource, multiplied by (c) (i) two (2) if there is one Forward Capacity Auction scheduled before the Capacity Commitment Period applicable to such supply offer or (ii) three (3) if there are no Forward Capacity Auctions scheduled before the Capacity Commitment Period applicable to such supply offers. Thereafter, beginning at 8 a.m. (Eastern Time) on the tenth (10th) Business Day prior to the annual Forward Capacity Auction immediately preceding the Capacity Commitment Period applicable to such supply offer (if there is another annual Forward Capacity Auction prior to that Capacity Commitment Period), that Designated FCM Participant will include in the calculation of its Financial Assurance Requirement an additional amount equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource. If a Designated FCM Participant fails to provide the required additional financial assurance for its supply offers and demand bids in a Reconfiguration Auction, all supply offers and demand bids (other than any demand bids submitted by the ISO for that Designated FCM Participant) will be rejected. If the of those offers and demand bids (other than any bids submitted by the ISO for that Designated FCM Participant) will be rejected. If the Designated FCM Participant's offer of Non-Commercial Capacity is not accepted in such Reconfiguration Auction, that additional financial

Issued by: Raymond W. Hepper,
Vice President and General Counsel

Effective: ~~November 13, 2009~~^{October 1, 2009}

Issued on: ~~October 14, 2009~~^{July 17, 2009}

~~assurance (in excess of the amount otherwise required under this Policy) will be returned to the Designated FCM Participant providing it, within four (4) Business Days after the ISO receives a written request for that additional financial assurance from such Designated FCM Participant. A Designated FCM Participant entering into a Bilateral Transaction to provide Non-Commercial Capacity in the Forward Capacity market must, at the time it submits that Bilateral Transaction to the ISO, provide additional financial assurance in an amount equal to (a) the highest dollar amount for that Bilateral Transaction (on a \$/kW month basis) multiplied by (b) (i) two (2) if there is one Forward Capacity Auction scheduled before the Commitment Period applicable to such offer or (ii) three (3) if there are no Forward Capacity Auctions scheduled before the Commitment Period applicable to such bids.~~

~~A Designated FCM Participant that has its offer of Non-Commercial Capacity accepted in a Reconfiguration Auction in the Forward Capacity Market or a Designated FCM Participant entering into a Bilateral Transaction to provide Non-Commercial Capacity must provide within five (5) Business Days following the announcement of its winning offer or its entry into that Bilateral Transaction and thereafter maintain additional financial assurance to the extent necessary for the amount of its financial assurance relating to that offer or Bilateral Transaction (including the financial assurance provided under the preceding paragraph) to equal~~

~~Designated FCM Participant's supply offer of Non-Commercial Capacity is not accepted in such Reconfiguration Auction, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement. (a) the Cost of New Entry (on a \$/kW month basis) for the Capacity Zone that each Resource offering Non-Commercial Capacity is qualified within and for the Commitment Period for that Reconfiguration Auction or Bilateral Transaction multiplied by (b) the number of kW of capacity awarded to that Designated FCM Participant in that Reconfiguration Auction or Bilateral Transaction (the product of the amounts described in clauses (a) and (b) being referred to herein as the "Reconfiguration Award FA Amount") multiplied by (c) (i) two (2) if there is one Forward Capacity Auction scheduled before the Commitment Period applicable to such winning offer or Bilateral Transaction or (ii) three (3) if there are no Forward Capacity Auctions scheduled before the Commitment Period applicable to such winning offer or Bilateral Transaction. If the additional financial assurance provided by the Designated FCM Participant under the preceding paragraph is more than is required under this paragraph after the announcement of its winning offer in that Reconfiguration Auction or its entry into that Bilateral Transaction, that excess financial assurance (which is also in excess of the amount otherwise required under this Policy) will be returned to the Designated FCM Participant providing it, within four (4) Business Days after the ISO receives a written request for that additional financial assurance from such Designated FCM Participant. At least ten Business Days prior to any Forward Capacity Auction immediately preceding the applicable Commitment Period, the Designated FCM Participant must provide an additional amount~~

~~required to make the total financial assurance provided with respect to that Non-Commercial Capacity equal three (3) times the Reconfiguration Award FA Amount.~~

b. Transfer of Capacity Supply Obligations

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation associated with respect to Non-Commercial Capacity to another Market Participant or DRP-Only Customer in a Reconfiguration Auction must include in the calculation of its Financial Assurance Requirement under this Policy, provide prior to the closest start of bidding in that the Reconfiguration Auction, and thereafter maintain additional financial assurance equal to the maximum positive difference, if any, between (x) the amount that could be charged to paid by that Designated FCM Participant (on a total dollar basis) for the Capacity Supply Obligation bid offered by that Designated FCM Participant in that Reconfiguration Auction and (y) the amount that Designated FCM Participant would have received for Capacity Supply Obligations, including its obligation to provide that Non-Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If that Designated FCM Participant is successful in transferring its Capacity Supply Obligation associated with obligation to provide Non-Commercial Capacity to another Market Participant or DRP-Only Customer in such a Reconfiguration Auction, the amount to be included in the calculation of any Financial Assurance Requirement of the additional financial assurance required from that Designated FCM Participant with respect to each transferred Capacity Supply Obligation shall be adjusted to reflect the zonal clearing price in that Reconfiguration Auction. If the Designated FCM Participant is unsuccessful in transferring its Capacity Supply Obligation associated with Non-Commercial Capacity in such a Reconfiguration Auction, it will no longer include amounts

related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement. ~~obligation shall be reduced to the positive difference, if any, between (x) the product of (i) the awarded price to be paid by that Designated FCM Participant as a result of that Reconfiguration Auction transfer of that Capacity Supply Obligation multiplied by (ii) the Capacity Supply Obligation transferred by that Designated FCM Participant in that Reconfiguration Auction and (y) the amount that Designated FCM Participant is to receive in market settlement for its transferred obligation.~~

4. Non-Commercial Capacity in Bilateral Transactions

a. Acquiring Capacity Supply Obligations

A Designated FCM Participant entering into a Bilateral Transaction to provide Non-Commercial Capacity in the Forward Capacity Market must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of the period for the submission of that Bilateral Transaction, an amount equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource multiplied by (c) (i) two (2) if there is one Forward Capacity Auction scheduled before the Capacity Commitment Period applicable to such supply offer or (ii) three (3) if there are no Forward Capacity Auctions scheduled before the Capacity Commitment Period applicable to such supply offer. Thereafter, beginning at 8 a.m. (Eastern Time) on the tenth (10th) Business Day prior to the annual Forward Capacity Auction immediately preceding the Capacity Commitment Period applicable to such Bilateral Transaction (if there is another annual Forward Capacity Auction prior to that Capacity Commitment Period), that Designated FCM Participant will include in the calculation of its Financial Assurance Requirement an additional amount equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource. If a Designated FCM Participant fails to provide the required additional financial assurance for its Bilateral Transactions with respect to Non-Commercial A Designated FCM Participant that transfers its Capacity Supply Obligation associated with Non-

~~Commercial Capacity to another Market Participant or DRP-Only Customer in a Bilateral Transaction must, prior to the effectiveness of that Bilateral Transaction, (1) pay, or cause another entity to pay on its behalf, any penalties and default charges assessed with respect to that obligation through the date of such transfer and (2) provide and thereafter maintain additional financial assurance equal to the positive difference, if any, between (x) the unpaid amount to be charged to that Designated FCM Participant in conjunction with that Bilateral Transaction and (y) the amount that Designated FCM Participant is to receive in market settlement for its transferred obligation. The amount of any additional financial assurance provided by a Designated FCM Participant with respect to Non-Commercial Capacity shall be increased, in accordance with~~

Capacity, all of those transactions will be rejected. If the Designated FCM Participant's supply offer of Non-Commercial Capacity is not accepted in such Bilateral Transaction, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement.

b. Transfer of Capacity Supply Obligations

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation with respect to Non-Commercial Capacity in a Bilateral Transaction must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of the period for the submission of that Bilateral Transaction, the positive difference, if any, between (x) the amount that could be charged to that Designated FCM Participant in conjunction with that Bilateral Transaction and (y) the amount that Designated FCM Participant would have received for its Capacity Supply Obligations, including its obligation to provide that Non-Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If a Designated FCM Participant fails to provide the required additional financial assurance for its Bilateral Transactions with respect to Non-Commercial Capacity, all of those transactions will be rejected. If the Designated FCM Participant's supply offer of Non-Commercial Capacity in a Bilateral Transaction is not accepted, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement. ~~the provisions of this Policy, by the amount of any penalties and~~

~~default charges assessed to that Designated FCM Participant with respect to that Non-Commercial Capacity.~~

~~4. Load Response Resources~~

~~Notwithstanding the foregoing, for a Load Response Resource that constitutes Non-Commercial Capacity and is comprised of a number of discrete load response projects, (a) the FCM Deposit required to be provided on any date will be calculated based on the portions of the total Non-Commercial Capacity that has been qualified by the ISO for such Load Response Resource on such date and (b) the Non-Commercial Capacity FA Amount and the Reconfiguration FA Amount will be based on the kW of capacity awarded to the Designated FCM Participant with respect to that Load Response Resource in the applicable auction or Bilateral Transaction.~~

~~5. Return of Financial Assurance~~

~~Once a Resource being awarded an offer as Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction for Non-Commercial Capacity is declared commercial and successfully tested for its capacity rating by the ISO or otherwise becomes a Resource meeting the definition of “Commercial Capacity” above, that Resource shall no longer be considered Non-Commercial Capacity under this Policy and will instead become subject to the provisions of this Policy relating to Commercial Capacity. The ISO shall return any additional financial assurance, relating to the portion that was commercially and successfully tested, to the applicable Designated FCM Participant that is in excess of the amount~~

5. Return of Financial Assurance

Once either (x) a Resource being awarded a supply~~an~~ offer as Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction for Non-Commercial Capacity is declared commercial and ~~had successfully tested for its capacity rating~~ verified for its Capacity Supply Obligation by the ISO or otherwise becomes a Resource meeting the definition of “Commercial Capacity” above, or (y) a Resource is declared commercial and had a part of its capacity rating verified by the ISO and the applicable Designated FCM Participant indicates no additional portions of that Resource will become commercial, that Resource shall no longer be considered Non-Commercial Capacity under this Policy and will instead become subject to the provisions of this Policy relating to Commercial Capacity; ~~required hereunder within four (4) Business Days after the ISO receives a request to do so in writing from that~~ provided that in either such case, the Designated FCM Participant will need to include in the calculation of its Financial Assurance Requirement an amount attributable to, ~~provided that the ISO will retain financial assurance for any seasonal capacity tests that do not result in Commercial Capacity at least equal to the Capacity Supply Obligation of that Resource. The Financial Assurance Requirement for Resources holding Capacity Supply Obligations for multiple Capacity Commitment Periods shall include the amount relevant to any non- commercial portion for the remaining Capacity Commitment Periods for which that Resource has a Capacity Supply Obligation, consistent with Section VII.B.7 below.~~ have not yet been passed. ~~For any Load Response Resource that is comprised of a number of discrete load response projects, was awarded an offer as, or entered into a Bilateral Transaction to provide,~~

Issued by: Raymond W. Hepper,
Vice President and General Counsel
Issued on: ~~October 14, 2009~~ July 17, 2009

Effective: ~~November 13, 2009~~ October 1, 2009

~~Non-Commercial Capacity, and has achieved the milestones under the Market Rules for at least seventy five percent (75%) of the capacity awarded to it, the ISO will return to the Designated FCM Participant for that Load Response Resource the portion of the financial assurance provided by that Designated FCM Participant attributable to the portion of the Load Response Resource that has satisfied those milestones, within four (4) Business Days after receipt of a written request by such Designated FCM Participant. In the event that any financial assurance is returned to a~~

~~Designated FCM Participant under the immediately preceding sentence and the applicable Load Response Resource subsequently fails to achieve seventy five percent (75%) of all of its milestones and seventy five percent (75%) of previously achieved milestones, that Designated FCM Participant will reinstate the full amount of additional financial assurance required for such Load Response Resource being treated as Non-Commercial Capacity hereunder within four (4) Business Days after the ISO provides notice to that Designated FCM Participant.~~

6. Credit Test Amount Consequences

If a Provisional Member is required to provide additional financial assurance under this Policy solely in connection with (A) ~~a supply~~^a offer of Non-Commercial Capacity into any Forward Capacity Auction or Reconfiguration Auction or a Bilateral Transaction to provide Non-Commercial Capacity and (B) its obligation to pay Participant Expenses as a Provisional Member, and that Provisional Member is maintaining the amount of additional financial assurance required under this Policy, then the provisions of Section II.D of this Policy relating to the consequences of Non-Municipal Market Participant's Obligations equaling 80 percent ~~or~~^{or} 90 percent ~~and 100 percent~~ of its Credit Test Amount shall not apply to that Provisional Member.

7. Financial Assurance for Multiple Auctions and Transactions

In the event that a Designated FCM Participant has its supply offer of Non-Commercial Capacity for a Resource accepted in multiple Forward Capacity Auctions and/or Reconfiguration Auctions and/or enters into one or more valid Bilateral Transactions to provide Non-Commercial Capacity for that Resource prior to the date on which that Resource satisfies the

requirements for Commercial Capacity, that Designated FCM Participant's ~~Financial Assurance Requirement~~ obligation with respect to that Resource will be first allocated to the Capacity Supply Obligations for the earliest Capacity Commitment Period, and any reductions in that Financial Assurance Requirement associated with a Resource being declared commercial and having its capacity rating verified by the ISO will similarly be calculated based on the earliest Capacity Commitment Period for which that Resource has a Capacity Supply Obligation equal to the largest financial assurance obligation applicable to any of those offers or Bilateral Transactions. ~~To the extent that the ISO draws down that Designated FCM Participant's financial assurance with respect to any such offer or Bilateral Transaction, that Designated FCM Participant must replenish that financial assurance to a level that is equal to the largest financial assurance obligation applicable to the remaining offers and Bilateral Transactions for that Resource.~~

C. Loss of Capacity and Forfeiture of Financial Assurance

If a Designated FCM Participant offering or awarded Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction to provide Non-Commercial Capacity is in default under this Policy or the Billing Policy and does not cure such default within the appropriate cure period, then: (i) beginning with the first Business Day following the end of such cure period, (A) the ISO shall issue notice of such default to that Designated FCM Participant, to the NEPOOL Budget and Finance Subcommittee, to all members and alternates of the Participants Committee, and to the New England governors and utility regulatory agencies, and (B) that Designated FCM Participant will be assessed a

default charge of one percent (1%) of its total FCM Requirements at that time for each Business Day that elapses until it cures such default or its Non-Commercial Capacity awards and Bilateral Transactions for Non-Commercial Capacity are terminated under clause (ii) below; and (ii) if such default is not cured by 5:00 p.m. (Eastern Time) on the sooner

of (x) the fifth Business Day following the end of such cure period or (y) the second Business Day prior to the start of the next scheduled Forward Capacity Auction or Reconfiguration Auction (such period being referred to herein as the “Non-Commercial Capacity Cure Period”), then, in addition to the other actions described in this Section VII, (A) all Non-Commercial Capacity that was awarded to such Designated FCM Participant in previous Forward Capacity Auctions and Reconfiguration Auctions and that such Designated FCM Participant contracted to provide in Bilateral Transactions shall be terminated, (B) the ISO will draw down the entire amount of the financial assurance provided by that Designated FCM Participant with respect to such terminated Non-Commercial Capacity awards or terminated Bilateral Transactions and will issue an Invoice to the Designated FCM Participant for any shortfall resulting from that Designated FCM Participant’s failure to maintain adequate financial assurance hereunder, and (C) the default charges described in clause (i)(B) above shall not be assessed to that Designated FCM Participant. All default charges collected under this paragraph will be deposited in the Late Payment Account in accordance with the Billing Policy.

If a Designated FCM Participant: (i) fails to meet a qualification milestone for Non-Commercial Capacity under the Market Rules and does not cure such failure within the appropriate cure period; (ii) fails to have its Non-Commercial Capacity declared commercial and verified for its Capacity Supply Obligations~~successfully tested for its capacity rating~~ by the ISO by the deadline for the applicable Capacity Commitment Period (including all

applicable cure periods) and does not replace that Non-Commercial Capacity with other qualified capacity for the same Capacity Commitment Period; or (iii) otherwise takes any action or fails to take any action which, in the case of such action or failure to act, results in the termination of its Capacity Supply Obligation under the Market Rules, the ISO will terminate the relevant award of Non-Commercial Capacity or Bilateral Transaction for Non-Commercial Capacity in its entirety for the remaining term of the Capacity Commitment Period and will draw down the entire amount of the financial assurance provided by such Designated FCM Participant with respect to such terminated Non-Commercial Capacity or Bilateral Transaction for Non-Commercial Capacity. If the ISO determines that a Resource

~~Transaction for Non-Commercial Capacity in its entirety for the remaining term of the Commitment Period and will draw down the entire amount of the financial assurance provided by such Designated FCM Participant with respect to such terminated Non-Commercial Capacity or Bilateral Transaction for Non-Commercial Capacity. If the ISO determines that a Resource being awarded a supply offer with respect to Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction to provide Non-Commercial Capacity is not capable of delivering the full amount of that Non-Commercial Capacity or the Designated FCM Participant for that Resource indicates that it will not declare any non-commercial portion of that Resource commercial or seek to have that non-commercial portion tested, the ISO will either (i) bill the Designated FCM Participant for that Resource for the amount of financial assurance due (or that would have been due but for the Designated FCM Participant's positive Credit Limit) with respect to that shortfall in capacity, including any Financial Assurance Requirement, or (ii) draw down that amount of the financial assurance provided by the Designated FCM Participant. If, in a subsequent seasonal capacity test after the initial capacity test a Resource is determined to be not capable of delivering the full amount of its seasonal capacity for a Capacity Commitment Period, the ISO will either (i) bill the Designated FCM Participant for that Resource for the amount of financial assurance due (or that would have been due but for the Designated FCM Participant's positive Credit Limit) with respect to that shortfall in capacity, including any Financial Assurance Requirement, or (ii) draw down that amount of the financial assurance provided by the Designated FCM Participant. Failure to pay an Invoice issued under this Section VII.C may also constitute a Payment Default ~~under the~~~~

~~ISO's Billing Policy.~~ The cash received by the ISO as a result of the payment on a bill or its drawing down of any financial assurance under this Section VII.C (other than with respect to the default charges described above) will be paid to load serving entities based on their capacity obligations in the applicable Capacity Commitment Period.

D. Composite FCM Transactions

For separate resources that seek to participate as a single composite resource in a Forward Capacity Auction or Reconfiguration Auction in which multiple Market Participants and/or DRP-Only Customers provide that capacity (collectively, a “Composite FCM Transaction”), each Market Participant and DRP-Only Customer participating in that Composite FCM Transaction will be responsible for providing the additional financial assurance required with respect to its Resources included in that Composite FCM Transaction, determined as follows:~~the provisions of this Section VII shall be applied as follows:~~1. All Market Participants and DRP-Only Customers participating in the same Composite FCM Transaction will indicate upon the submission of their composite offer to the ISO whether (x) the Market Participant or DRP-Only Customer providing capacity for the summer capacity season (the “Summer FCM Participant”) will be responsible for providing all of the additional financial assurance required with respect to that Composite FCM Transaction, pursuant to paragraph 2 below, or (y) each Market Participant and DRP-Only Customer participating in that Composite FCM Transaction will be responsible for providing the additional financial assurance required with respect to its Resources included in that Composite FCM Transaction, pursuant to paragraph 3 below.2. ~~————~~ If the Summer FCM Participant will be responsible for providing all of the additional financial assurance required with respect to the Composite FCM Transaction, then:

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a. ~~the FCM Requirements, if any, shall be determined as if the Summer FCM Participant were providing all of the capacity in such Composite FCM Transaction, and any FCM Requirements resulting from the Composite FCM Transaction will be imputed solely to the Summer FCM Participant;~~

b. ~~if any Resource in the Composite FCM Transaction has been permitted to retire at the end of a current Capacity Commitment Period under Section I.3.9 of the ISO Tariff, the FCM Requirements under Section VII.A with respect to that Resource will expire when that Resource is no longer responsible for providing capacity;~~

c. ~~if the Composite FCM Transaction involves one or more Resources seeking to provide or providing Non-Commercial Capacity, the FCM Requirements under Section VII.B will be calculated based on the maximum amount of Non-Commercial Capacity represented by all Resources included in such Composite FCM Transaction in any month during the applicable Capacity Commitment Period;~~

d. ~~the additional financial assurance provided under Section VII.B with respect to Non-Commercial Capacity in the Composite FCM Transaction will only be returned by the ISO under Section VII.B.5 when (a) all~~

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~~Resources seeking to provide or providing Non-Commercial Capacity in such Composite FCM Transaction have been declared commercial and successfully tested for their capacity ratings by the ISO or have otherwise become Resources meeting the definition of “Commercial Capacity” above and (b) all of the other requirements of Section VII.B.5 have been satisfied;~~

~~e. — if the Demand Resources included in the Composite FCM Transaction include one or more Load Response Resources, the provisions of Section VII.B.5 relating to the return of a portion of any financial assurance provided upon a Load Response Resource achieving the milestones for at least seventy five percent (75%) of the capacity awarded to it shall not apply to such Composite FCM Transaction; and~~

~~f. — for purposes of Section VII.C, any termination of capacity awards shall apply to all Market Participants and DRP-Only Customers participating in the Composite FCM Transaction, and any Invoice issued thereunder will be issued to the Summer FCM Participant.~~

~~3. — If each Market Participant and DRP-Only Customer participating in the Composite FCM Transaction will be responsible for providing the additional financial assurance required with respect to its Resources included in that Composite FCM Transaction, then:~~

1a. the FCM Requirements, if any, for each Market Participant and
DRP-Only Customer shall be determined solely with respect to the capacity being provided, or
sought to be provided, by that Market Participant or DRP-Only Customer;

2b. if any Resource in the Composite FCM Transaction has been
permitted to retire at the end of a current Capacity Commitment Period under Section I.3.9 of the
ISO Tariff or any similar provision, the FCM Requirements under Section VII.A with respect to
that Resource will expire when that Resource is no longer responsible for providing capacity;

3e. if the Composite FCM Transaction involves one or more
Resources seeking to provide or providing Non-Commercial Capacity, the FCM Requirements
under Section VII.B for each Market Participant or DRP-Only Customer with respect to that
Composite FCM Transaction will be calculated based on the maximum amount of Non-
Commercial Capacity associated with such Market Participant's or DRP-Only Customer's
Resource in such Composite FCM Transaction in any month during the applicable Capacity
Commitment Period;

4d. ~~any~~the additional financial assurance provided under Section VII.B
by each Market Participant or DRP-Only Customer with respect to each Resource providing
Non-Commercial Capacity ~~that it has included~~ in the Composite FCM Transaction will

be returned by the ISO to such Market Participant or DRP-Only Customer under Section VII.B.5 when the corresponding Resource has been declared commercial and successfully tested for its capacity ratings by the ISO or has otherwise become a Resource meeting the definition of “Commercial Capacity” above and all of the other requirements of Section VII.B.5 have been satisfied by that Market Participant or DRP-Only Customer; and

e. ~~if the Demand Resources included in the Composite FCM Transaction include one or more Load Response Resources, the provisions of Section VII.B.5 relating to the return of a portion of any financial assurance provided upon a Load Response Resource achieving the milestones for at least seventy-five percent (75%) of the capacity awarded to it shall apply to such Composite FCM Transaction; and~~

5f. for purposes of Section VII.C, any termination of capacity awards shall apply only to the Market Participant and DRP-Only Customer participating in the Composite FCM Transaction that has failed to satisfy its obligations, and any Invoice issued thereunder will be issued only to that Market Participant or DRP-Only Customer.

VIII. FINANCIAL ASSURANCE REQUIREMENTS FOR DRP-ONLY CUSTOMERS IN DEMAND RESOURCE TRANSACTIONS

A. DRP-Only Customer Financial Assurance

Each DRP-Only Customer registering a Demand Resource in a Day-Ahead Market shall submit to the ISO financial assurance, in one of the forms described in Section X below, in an

Attachment 2

Clean Revised Tariff Sheets

Requirements for the duration of the FTRs awarded to it. The amount of any additional financial assurance provided by a Designated FTR Participant in connection with an unsuccessful bid in an FTR Auction which, as a result of such bid being unsuccessful, is in excess of its FTR Requirements will be held by the ISO and will be applied against future FTR bids by and awards to that Designated FTR Participant unless that Designated FTR Participant requests in writing to have such excess financial assurance returned to it. Prior to returning any financial assurance to a Designated FTR Participant, the ISO shall use such financial assurance to satisfy any overdue obligations of that Designated FTR Participant. The ISO shall only return to that Designated FTR Participant the balance of such financial assurance after all such overdue obligations have been satisfied.

VII. ADDITIONAL FINANCIAL ASSURANCE PROVISIONS FOR FORWARD CAPACITY MARKETS

Any Market Participant transacting in any Forward Capacity Auctions, Reconfiguration Auctions or Bilateral Transactions for capacity that is otherwise required to provide additional financial assurance under this Policy, including all DRP-Only Customers participating in Forward Capacity Auctions, Reconfiguration Auctions or Bilateral Transactions for capacity (each a “Designated FCM Participant”), is required to provide additional financial assurance meeting the requirements of Section X below in the amounts described in this Section VII (such amounts being referred to in this Policy as the “FCM Requirements”).

A. Commercial Capacity

A Designated FCM Participant offering the capacity of a Resource that (i) has been declared commercial and had its capacity rating verified by the ISO and (ii) has not

ected to be treated as, and is not required to be treated as, a New Generating Capacity Resource in connection with new investment in that Resource pursuant to the Market Rules (“Commercial Capacity”) into an upcoming Forward Capacity Auction or providing Commercial Capacity during any Capacity Commitment Period must generally comply with the requirements of this Policy with respect to such transactions; provided, however, that for any Resource representing Commercial Capacity that has been permitted to retire at the end of a current Capacity Commitment Period under Section I.3.9 of the ISO Tariff or any similar provision and whose obligation to provide all of such Commercial Capacity during that Capacity Commitment Period has not been transferred to another Resource, the Designated FCM Participant for such Resource shall include in the calculation of its Financial Assurance Requirement under the Policy, beginning at least five (5) Business Days prior to the applicable Capacity Commitment Period, an amount equal to two and one-half (2.5) times the monthly FCM Payment due to such Designated FCM Participant with respect to such Commercial Capacity during the applicable Capacity Commitment Period.

1. Transfer of Capacity Supply Obligation In Reconfiguration Auction

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation with respect to Commercial Capacity in a Reconfiguration Auction must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of bidding in that Reconfiguration Auction, the maximum positive difference, if any, between (x) the amount that could be charged to that Designated FCM Participant for the Capacity Supply Obligation bid by that Designated FCM Participant in that Reconfiguration Auction and (y) the amount that Designated FCM Participant would have received for Capacity Supply Obligations, including its obligation to provide that

Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If that Designated FCM Participant is successful in transferring its Capacity Supply Obligation associated with Commercial Capacity in such a Reconfiguration Auction, the amount to be included in the calculation of any Financial Assurance Requirement of that Designated FCM Participant with respect to each transferred Capacity Supply Obligation shall be adjusted to reflect the zonal clearing price in that Reconfiguration Auction. If the Designated FCM Participant is unsuccessful in transferring its Capacity Supply Obligation associated with Commercial Capacity in such a Reconfiguration Auction, it will no longer include amounts related to that Commercial Capacity in the calculation of its Financial Assurance Requirement.

2. Transfer of Capacity Supply Obligation in Bilateral Transaction

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation with respect to Commercial Capacity in a Bilateral Transaction must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of the period for submission of that Bilateral Transaction, the positive difference, if any, between (x) the amount that could be charged to that Designated FCM Participant in that Bilateral Transaction and (y) the amount that Designated FCM Participant would have received for Capacity Supply Obligations, including its obligation to provide that Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to

time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If a Designated FCM Participant fails to provide the required additional financial assurance for its Bilateral Transactions with respect to Commercial Capacity, all of those transactions will be rejected. If the Designated FCM Participant's supply offer of Commercial Capacity in a Bilateral Transaction is not accepted, it will no longer include amounts related to that Commercial Capacity in the calculation of its Financial Assurance Requirement.

B. Non-Commercial Capacity

Notwithstanding any provision of this Section VII to the contrary, a Designated FCM Participant offering Non-Commercial Capacity (defined below) for a Resource that elected existing Resource treatment for the Capacity Commitment Period beginning June 1, 2010 will not be subject to the provisions of this Section VII.B with respect to that Resource for that Capacity Commitment Period (other than financial assurance obligations relating to transfers of Capacity Supply Obligations).

1. FCM Deposit

A Designated FCM Participant offering the capacity of a Resource that (i) has not been declared commercial and had its capacity rating verified by the ISO or (ii) has elected to be treated as, or is required to be treated as, a New Generating Capacity Resource in connection with new investment in that Resource pursuant to the Market Rules (“Non-Commercial Capacity”) into any upcoming Forward Capacity Auction to provide Non-Commercial Capacity must include in the calculation of its Financial Assurance Requirement under this Policy, beginning at 8 a.m. (Eastern Time) on the fifth (5th) Business Day after its qualification for such auction under the Market Rules, an amount equal to \$2/kW times the number of kilowatts of Non-Commercial Capacity qualified for such Forward Capacity Auction by such Designated FCM Participant (the “FCM Deposit”). If less than all of the Non-Commercial Capacity offered by a Designated FCM Participant is accepted in any Forward Capacity Auction, the amount of the FCM Deposit for that Non-Commercial Capacity will be adjusted to reflect only the portion of the offered

Non-Commercial Capacity that was accepted in that Forward Capacity Auction. The requirement to include the FCM Deposit in the calculation of a Designated FCM Participant's Financial Assurance Requirement expires upon the initial inclusion of the Non-Commercial Capacity FA Amount in that calculation under Section VII.B.2(i) below.

2. Non-Commercial Capacity in Forward Capacity Auctions

A Designated FCM Participant that had its supply offer of Non-Commercial Capacity accepted in a Forward Capacity Auction must include in the calculation of its Financial Assurance Requirement under this Policy the following amounts at the following times:

(i) beginning at 8 a.m. (Eastern Time) on the fifth (5th) Business Day following announcement of the winning supply offers in that Forward Capacity Auction, an amount equal to the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by the number of kW of capacity awarded to that Designated FCM Participant in that Forward Capacity Auction (such amount being referred to herein as the "Non-Commercial Capacity FA Amount");

(ii) beginning at 8 a.m. (Eastern Time) on the tenth (10th) Business Day prior to the next annual Forward Capacity Auction after the Forward Capacity Auction in which such supply offer was accepted, an additional amount required to make the total amount included in the calculation of the Financial Assurance Requirement with respect to that Non-Commercial Capacity equal to two (2) times the Non-Commercial Capacity FA Amount; and

(iii) beginning at 8 a.m. (Eastern Time) on the tenth (10th) Business Day prior to the second annual Forward Capacity Auction after the Forward Capacity Auction in which such supply offer was accepted, an additional amount required to make the total amount included in the calculation of the Financial Assurance Requirement with respect to that Non-Commercial Capacity equal to three (3) times the Non-Commercial Capacity FA Amount.

3. Non-Commercial Capacity in Reconfiguration Auctions

a. Acquiring Capacity Supply Obligations

A Designated FCM Participant offering Non-Commercial Capacity in an annual Reconfiguration Auction in the Forward Capacity Market must include in the calculation of its

Financial Assurance Requirement under this Policy, prior to the close of bidding in that Reconfiguration Auction, an amount for each Resource for which the Designated FCM Participant is offering Non-Commercial Capacity under a supply offer in that Reconfiguration Auction equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource, multiplied by (c) (i) two (2) if there is one Forward Capacity Auction scheduled before the Capacity Commitment Period applicable to such supply offer or (ii) three (3) if there are no Forward Capacity Auctions scheduled before the Capacity Commitment Period applicable to such supply offers. Thereafter, beginning at 8 a.m. (Eastern Time) on the tenth (10th) Business Day prior to the annual Forward Capacity Auction immediately preceding the Capacity Commitment Period applicable to such supply offer (if there is another annual Forward Capacity Auction prior to that Capacity Commitment Period), that Designated FCM Participant will include in the calculation of its Financial Assurance Requirement an additional amount equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource. If a Designated FCM Participant fails to provide the required additional financial assurance for its supply offers and demand bids in a Reconfiguration Auction, all supply offers and demand bids (other than any demand bids submitted by the ISO for that Designated FCM Participant) will be rejected. If the

Designated FCM Participant's supply offer of Non-Commercial Capacity is not accepted in such Reconfiguration Auction, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement.

b. Transfer of Capacity Supply Obligations

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation with respect to Non-Commercial Capacity in a Reconfiguration Auction must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of bidding in that Reconfiguration Auction, the maximum positive difference, if any, between (x) the amount that could be charged to that Designated FCM Participant for the Capacity Supply Obligation bid by that Designated FCM Participant in that Reconfiguration Auction and (y) the amount that Designated FCM Participant would have received for Capacity Supply Obligations, including its obligation to provide that Non-Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If that Designated FCM Participant is successful in transferring its Capacity Supply Obligation associated with Non-Commercial Capacity in such a Reconfiguration Auction, the amount to be included in the calculation of any Financial Assurance Requirement of that Designated FCM Participant with respect to each transferred Capacity Supply Obligation shall be adjusted to reflect the zonal clearing price in that Reconfiguration Auction. If the Designated FCM Participant is unsuccessful in transferring its Capacity Supply Obligation associated with Non-Commercial Capacity in such a Reconfiguration Auction, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement.

4. Non-Commercial Capacity in Bilateral Transactions

a. Acquiring Capacity Supply Obligations

A Designated FCM Participant entering into a Bilateral Transaction to provide Non-Commercial Capacity in the Forward Capacity Market must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of the period for the submission of that Bilateral Transaction, an amount equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource multiplied by (c) (i) two (2) if there is one Forward Capacity Auction scheduled before the Capacity Commitment Period applicable to such supply offer or (ii) three (3) if there are no Forward Capacity Auctions scheduled before the Capacity Commitment Period applicable to such supply offer. Thereafter, beginning at 8 a.m. (Eastern Time) on the tenth (10th) Business Day prior to the annual Forward Capacity Auction immediately preceding the Capacity Commitment Period applicable to such Bilateral Transaction (if there is another annual Forward Capacity Auction prior to that Capacity Commitment Period), that Designated FCM Participant will include in the calculation of its Financial Assurance Requirement an additional amount equal to (a) the Cost of New Entry (on a \$/kW-month basis) for the applicable Capacity Zone and Capacity Commitment Period multiplied by (b) the maximum number of kW of capacity being submitted for that Resource. If a Designated FCM Participant fails to provide the required additional financial assurance for its Bilateral Transactions with respect to Non-Commercial

Capacity, all of those transactions will be rejected. If the Designated FCM Participant's supply offer of Non-Commercial Capacity is not accepted in such Bilateral Transaction, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement.

b. Transfer of Capacity Supply Obligations

A Designated FCM Participant that seeks to transfer its Capacity Supply Obligation with respect to Non-Commercial Capacity in a Bilateral Transaction must include in the calculation of its Financial Assurance Requirement under this Policy, prior to the close of the period for the submission of that Bilateral Transaction, the positive difference, if any, between (x) the amount that could be charged to that Designated FCM Participant in conjunction with that Bilateral Transaction and (y) the amount that Designated FCM Participant would have received for its Capacity Supply Obligations, including its obligation to provide that Non-Commercial Capacity, calculated in each case based on all future Capacity Commitment Periods on a total dollar basis using a methodology approved from time to time by the NEPOOL Budget and Finance Subcommittee and posted on the ISO's website. If a Designated FCM Participant fails to provide the required additional financial assurance for its Bilateral Transactions with respect to Non-Commercial Capacity, all of those transactions will be rejected. If the Designated FCM Participant's supply offer of Non-Commercial Capacity in a Bilateral Transaction is not accepted, it will no longer include amounts related to that Non-Commercial Capacity in the calculation of its Financial Assurance Requirement.

5. Return of Financial Assurance

Once either (x) a Resource being awarded a supply offer as Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction for Non-Commercial Capacity is declared commercial and had its capacity rating verified for its Capacity Supply Obligation by the ISO or otherwise becomes a Resource meeting the definition of “Commercial Capacity” above, or (y) a Resource is declared commercial and had a part of its capacity rating verified by the ISO and the applicable Designated FCM Participant indicates no additional portions of that Resource will become commercial, that Resource shall no longer be considered Non-Commercial Capacity under this Policy and will instead become subject to the provisions of this Policy relating to Commercial Capacity; provided that in either such case, the Designated FCM Participant will need to include in the calculation of its Financial Assurance Requirement an amount attributable to any seasonal capacity tests that do not result in Commercial Capacity at least equal to the Capacity Supply Obligation of that Resource. The Financial Assurance Requirement for Resources holding Capacity Supply Obligations for multiple Capacity Commitment Periods shall include the amount relevant to any non-commercial portion for the remaining Capacity Commitment Periods for which that Resource has a Capacity Supply Obligation, consistent with Section VII.B.7 below.

6. Credit Test Amount Consequences

If a Provisional Member is required to provide additional financial assurance under this Policy solely in connection with (A) a supply offer of Non-Commercial Capacity into any Forward Capacity Auction or Reconfiguration Auction or a Bilateral Transaction to provide Non-Commercial Capacity and (B) its obligation to pay Participant Expenses as a Provisional Member, and that Provisional Member is maintaining the amount of additional financial assurance required under this Policy, then the provisions of Section II.D of this Policy relating to the consequences of Non-Municipal Market Participant's Obligations equaling 80 percent or 90 percent of its Credit Test Amount shall not apply to that Provisional Member.

7. Financial Assurance for Multiple Auctions and Transactions

In the event that a Designated FCM Participant has its supply offer of Non-Commercial Capacity for a Resource accepted in multiple Forward Capacity Auctions and/or Reconfiguration Auctions and/or enters into one or more valid Bilateral Transactions to provide Non-Commercial Capacity for that Resource prior to the date on which that Resource satisfies the

requirements for Commercial Capacity, that Designated FCM Participant's Financial Assurance Requirement with respect to that Resource will be first allocated to the Capacity Supply Obligations for the earliest Capacity Commitment Period, and any reductions in that Financial Assurance Requirement associated with a Resource being declared commercial and having its capacity rating verified by the ISO will similarly be calculated based on the earliest Capacity Commitment Period for which that Resource has a Capacity Supply Obligation.

C. Loss of Capacity and Forfeiture of Financial Assurance

If a Designated FCM Participant offering or awarded Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction to provide Non-Commercial Capacity is in default under this Policy or the Billing Policy and does not cure such default within the appropriate cure period, then: (i) beginning with the first Business Day following the end of such cure period, (A) the ISO shall issue notice of such default to that Designated FCM Participant, to the NEPOOL Budget and Finance Subcommittee, to all members and alternates of the Participants Committee, and to the New England governors and utility regulatory agencies, and (B) that Designated FCM Participant will be assessed a default charge of one percent (1%) of its total FCM Requirements at that time for each Business Day that elapses until it cures such default or its Non-Commercial Capacity awards and Bilateral Transactions for Non-Commercial Capacity are terminated under clause (ii) below; and (ii) if such default is not cured by 5:00 p.m. (Eastern Time) on the sooner

of (x) the fifth Business Day following the end of such cure period or (y) the second Business Day prior to the start of the next scheduled Forward Capacity Auction or Reconfiguration Auction (such period being referred to herein as the “Non-Commercial Capacity Cure Period”), then, in addition to the other actions described in this Section VII, (A) all Non-Commercial Capacity that was awarded to such Designated FCM Participant in previous Forward Capacity Auctions and Reconfiguration Auctions and that such Designated FCM Participant contracted to provide in Bilateral Transactions shall be terminated, (B) the ISO will draw down the entire amount of the financial assurance provided by that Designated FCM Participant with respect to such terminated Non-Commercial Capacity awards or terminated Bilateral Transactions and will issue an Invoice to the Designated FCM Participant for any shortfall resulting from that Designated FCM Participant’s failure to maintain adequate financial assurance hereunder, and (C) the default charges described in clause (i)(B) above shall not be assessed to that Designated FCM Participant. All default charges collected under this paragraph will be deposited in the Late Payment Account in accordance with the Billing Policy.

If a Designated FCM Participant: (i) fails to meet a qualification milestone for Non-Commercial Capacity under the Market Rules and does not cure such failure within the appropriate cure period; (ii) fails to have its Non-Commercial Capacity declared commercial and verified for its Capacity Supply Obligation by the ISO by the deadline for the applicable Capacity Commitment Period (including all

applicable cure periods) and does not replace that Non-Commercial Capacity with other qualified capacity for the same Capacity Commitment Period; or (iii) otherwise takes any action or fails to take any action which, in the case of such action or failure to act, results in the termination of its Capacity Supply Obligation under the Market Rules, the ISO will terminate the relevant award of Non-Commercial Capacity or Bilateral Transaction for Non-Commercial Capacity in its entirety for the remaining term of the Capacity Commitment Period and will draw down the entire amount of the financial assurance provided by such Designated FCM Participant with respect to such terminated Non-Commercial Capacity or Bilateral Transaction for Non-Commercial Capacity. If the ISO determines that a Resource

being awarded a supply offer with respect to Non-Commercial Capacity in any Forward Capacity Auction or Reconfiguration Auction or entering into a Bilateral Transaction to provide Non-Commercial Capacity is not capable of delivering the full amount of that Non-Commercial Capacity or the Designated FCM Participant for that Resource indicates that it will not declare any non-commercial portion of that Resource commercial or seek to have that non-commercial portion tested, the ISO will either (i) bill the Designated FCM Participant for that Resource for the amount due (or that would have been due but for the Designated FCM Participant's positive Credit Limit) with respect to that shortfall in capacity, including any Financial Assurance Requirement, or (ii) draw down that amount of the financial assurance provided by the Designated FCM Participant. If, in a subsequent seasonal capacity test after the initial capacity test a Resource is determined to be not capable of delivering the full amount of its seasonal capacity for a Capacity Commitment Period, the ISO will either (i) bill the Designated FCM Participant for that Resource for the amount due (or that would have been due but for the Designated FCM Participant's positive Credit Limit) with respect to that shortfall in capacity, including any Financial Assurance Requirement, or (ii) draw down that amount of the financial assurance provided by the Designated FCM Participant. Failure to pay an Invoice issued under this Section VII.C may also constitute a Payment Default. The cash received by the ISO as a result of the payment on a bill or its drawing down of any financial assurance under this Section VII.C (other than with respect to the default charges described above) will be paid to load serving entities based on their capacity obligations in the applicable Capacity Commitment Period.

D. Composite FCM Transactions

For separate resources that seek to participate as a single composite resource in a Forward Capacity Auction or Reconfiguration Auction in which multiple Market Participants and/or DRP-Only Customers provide that capacity (collectively, a “Composite FCM Transaction”), each Market Participant and DRP-Only Customer participating in that Composite FCM Transaction will be responsible for providing the additional financial assurance required with respect to its Resources included in that Composite FCM Transaction, determined as follows:

[Reserved for future use.]

[Reserved for future use.]

1. the FCM Requirements, if any, for each Market Participant and
DRP-Only Customer shall be determined solely with respect to the capacity being provided, or
sought to be provided, by that Market Participant or DRP-Only Customer;

2. if any Resource in the Composite FCM Transaction has been
permitted to retire at the end of a current Capacity Commitment Period under Section I.3.9 of the
ISO Tariff or any similar provision, the FCM Requirements under Section VII.A with respect to
that Resource will expire when that Resource is no longer responsible for providing capacity;

3. if the Composite FCM Transaction involves one or more
Resources seeking to provide or providing Non-Commercial Capacity, the FCM Requirements
under Section VII.B for each Market Participant or DRP-Only Customer with respect to that
Composite FCM Transaction will be calculated based on the maximum amount of Non-
Commercial Capacity associated with such Market Participant's or DRP-Only Customer's
Resource in such Composite FCM Transaction in any month during the applicable Capacity
Commitment Period;

4. any additional financial assurance provided under Section VII.B by
each Market Participant or DRP-Only Customer with respect to each Resource providing Non-
Commercial Capacity in the Composite FCM Transaction will

be returned by the ISO to such Market Participant or DRP-Only Customer under Section VII.B.5 when the corresponding Resource has been declared commercial and successfully tested for its capacity ratings by the ISO or has otherwise become a Resource meeting the definition of “Commercial Capacity” above and all of the other requirements of Section VII.B.5 have been satisfied; and

5. for purposes of Section VII.C, any termination of capacity awards shall apply only to the Market Participant and DRP-Only Customer participating in the Composite FCM Transaction that has failed to satisfy its obligations, and any Invoice issued thereunder will be issued only to that Market Participant or DRP-Only Customer.

VIII. FINANCIAL ASSURANCE REQUIREMENTS FOR DRP-ONLY CUSTOMERS IN DEMAND RESOURCE TRANSACTIONS

A. DRP-Only Customer Financial Assurance

Each DRP-Only Customer registering a Demand Resource in a Day-Ahead Market shall submit to the ISO financial assurance, in one of the forms described in Section X below, in an

Attachment 3

Governors and Utility Regulatory Agencies

**New England Governors
and Utility Regulatory
and Related Agencies**

Connecticut

The Honorable M. Jodi Rell
State Capitol
210 Capitol Ave.
Hartford, CT 06106

Connecticut Department of Public Utility Control
10 Franklin Square
New Britain, CT 06051-2605

Maine

The Honorable John E. Baldacci
One State House Station
Rm. 236
Augusta, ME 04333-0001

Maine Public Utilities Commission
State House, Station 18
242 State Street
Augusta, ME 04333-0018

Massachusetts

The Honorable Deval Patrick
Office of the Governor
Rm. 360 State House
Boston, MA 02133

Massachusetts Department of Public Utilities
One South Station
Boston, MA 02110

New Hampshire

The Honorable John H. Lynch
State House
25 Capitol Street
Concord, NH 03301

New Hampshire Public Utilities Commission
21 South Fruit Street
Suite 10
Concord, NH 03301-2429

Rhode Island

The Honorable Donald L. Carcieri
State House Room 115
Providence, RI 02903

Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Vermont

The Honorable James H. Douglas
109 State Street, Pavilion
Montpelier, VT 05609

Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, VT 05620-2701

**New England Governors
and Utility Regulatory
and Related Agencies**

Elia Germani, President
New England Conference of
Public Utilities Commissioners, Inc.
c/o RI Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

William M. Nugent
Executive Director
New England Conference of
Public Utilities Commissioners, Inc.
50 Forest Falls Drive, Suite 6
Yarmouth, ME 04096-6937

Harvey L. Reiter, Esq.
Counsel for New England Conference
of Public Utilities Commissioners, Inc.
c/o Stinson Morrison Hecker LLP
1150 18th Street, NW, Suite 800
Washington, DC 20036-3816

Power Planning Committee
New England Governors' Conference, Inc.
76 Summer Street, 2nd Floor
Boston, MA 02110-1226

Heather Hunt
Executive Director
New England States Committee on Electricity
242 Whippoorwill Lane
Stratford, CT 06614