



David T. Doot
Secretary

May 26, 2016

VIA ELECTRONIC MAIL

To: MEMBERS AND ALTERNATES OF THE NEPOOL PARTICIPANTS COMMITTEE

Re: Supplemental Notice of June 3, 2016 NEPOOL Participants Committee Meeting

Pursuant to Section 6.6 of the Second Restated New England Power Pool Agreement, supplemental notice is hereby given that a meeting of the Participants Committee will be held **by teleconference on Friday, June 3, 2016**** for the purposes set forth on the attached agenda, which is posted with the meeting materials http://nepool.com/NPC_2016.php. **As indicated in the Initial Notice, the teleconference meeting will begin at 10:00 a.m. with discussion on the first agenda item taking place in Executive Session, during which teleconference attendance will be limited to members, alternate member and/or their delegates only. All others should plan to dial in at 10:30 a.m. for general business portion of the meeting.** The dial-in number for the meeting, to be used only by those who otherwise attend NEPOOL meetings, is 1-866-803-2146; **Passcode: 7169224**. If you will be calling in from outside the U.S. or Canada, please contact us for an alternate number to participate in the call. For your information, this meeting will be recorded, as are all NEPOOL Participants Committee meetings.

2016 Summer Meeting. The 2016 Participants Committee Summer Meeting, to be held June 21-23 at The Omni Mount Washington Resort in Bretton Woods, NH is fast approaching. Please refer to the [NEPOOL website Summer Meeting Information Page](#) for items that may require your attention before the meeting as well as the attached insert. Please note particularly that, in connection with the Sector/ISO Board meetings, the ISO has requested Sectors to provide to the ISO written information for Board consideration **on or before June 3**. Your respective Sector Vice-Chairs have received specific requests from the ISO and are charged with assembling appropriate submissions. You should be receiving information from them directly and can contact them with any questions or information.

Respectfully yours,

/s/
David T. Doot, Secretary

FINAL AGENDA

Discussion and voting on Item 1 will be held in part in Executive Session, during which participation will be limited exclusively to voting Members and Alternates, or their designates. Consistent with past practice, voting on the slate of ISO Board candidates will be conducted by confidential written ballot.

1. To consider in part in Executive Session, a slate of candidates for election to the ISO Board as recommended by the Joint Nominating Committee. Background materials and a draft resolution are included with this supplemental notice and confidential information is being circulated to Members and Alternates under separate cover.

The remainder of this meeting will be in general session:

2. To approve the preliminary minutes of the Participants Committee meeting held on May 6, 2016. The draft minutes of the May 6 meeting marked to show changes from the draft circulated with the initial notice, are included with this supplemental notice and posted with the meeting materials.
3. To adopt and approve all actions recommended by the Technical Committees set forth on the Consent Agenda included with this supplemental notice.
4. To receive an ISO Chief Executive Officer Report.
5. To receive an ISO Chief Operating Officer Report.
6. To consider and take action, as appropriate, on changes to the ISO-NE Financial Assurance Policy making certain financial reporting revisions optional. Background materials and a draft resolution are included with this supplemental notice.
7. To receive a report on current matters relating to regional wholesale power and transmission arrangements that are pending before the regulators and the courts. The litigation report will be circulated in advance of the meeting.
8. To receive reports from committees and subcommittees.
9. To transact such other business as may properly come before the meeting.

15th Annual NEPOOL Participants Committee Summer Meeting



Bretton Woods, NH June 21-23, 2016

- **Meeting Registration:** We hope you have already registered through the NEPOOL website for meals and activities. For those of you have not, here is a link to the Summer Meeting registration page: http://nepool.com/2016_NPC_Sum_Mtg_Reg.php. **Please register by Wednesday, June 1, 2016.**
- **Mount Washington Room Reservations.** The NEPOOL reservations block at Mount Washington is open until next Wednesday, June 1 and is filling fast at the group discounted rate of \$234.00 per room, per night (single/double occupancy). If you wish to take advantage of those discounted arrangements, **please make your reservations on the NEPOOL Summer Meeting Page or using the following link: <https://www.omnihotels.com/hotels/bretton-woods-mount-washington/meetings/nepool>.** After June 1, please contact Cindy Jacobs directly (ckjacobs@daypitney.com / 860-275-0246) to see if she can get you a room at the discounted rate, which will be based solely on the hotel's availability. **REMINDER, the Mount Washington Hotel cancellation policy is 7 days prior to the first day of your reservation.**
- **Materials for Meetings with ISO Board.** The format for the Board, State Officials, and FERC representative discussions will continue to be separate meetings organized along modified Sector lines. The ISO has requested that groups provide written materials for review by the Board ahead of those meetings, and that those materials be furnished to the ISO for distribution by **June 3**. Please contact your Sector Vice-Chair for further details.
- **June 20 Welcome Reception.** As in the past, there will be a welcome reception with the ISO Board, New England state officials, and FERC representatives on Monday, June 20 from 5:30 - 7:00 p.m. Dinner is on your own following the reception. For your convenience, a list of Mount Washington restaurants is posted on the NEPOOL website [Summer Meeting Information page](#).
- **June 22 Golf Outing.** The golf outing is planned for Wednesday afternoon, June 22. If you wish to play with the group, please [sign up](#) by **June 1** in order to allow time to finalize logistics. Please note, if you prefer to pay for the golf outing with your credit card, please contact Cindy Jacobs directly (860-275-0246) to provide her with your information.
- **Check-in and Check-out times.** The check-in time at Mount Washington is 4:00 p.m. and the check-out time is 11:00 a.m.
- **Dress code.** Dress for the meeting is business casual. Certain restaurants have dress codes. Please see the restaurant list for more information.
- **Additional Summer Meeting Information.** Detailed information regarding the Participants Committee Summer Meeting has been, and will continue to be, posted on the NEPOOL website [Summer Meeting Information page](#) and will be provided in future notices.

15th Annual NEPOOL Participants Committee Summer Meeting



**Bretton Woods, NH
June 21-23, 2016**

ACTIVITIES

In addition to the 15th Annual Golf Outing on Wednesday, June 22, and the activities listed on the Mount Washington Activities Page, here are some additional programs you may wish to partake in:

Paint the Masters*

Min. 5 participants /Max. 15 participants

Time Commitment - Two Hours

\$50pp

*Includes one instructor, take-home canvas and supplies
and red and white wine tasting*

Wine Tasting*

Min. 10 participants

\$40 per person

Red and White Wines

Hotel Culinary Demonstration*

Min. 10 participants

\$25 per person

Includes samples of the fare, and a recipe to take home

Mike's Hike*

Max. 10 participants

1.9 mile hike up to Mount Martha's summit

Not for the casual stroller

Time commitment: Approximately Two Hours

Bring a liter of water, snacks and bug spray

See [NEPOOL Summer Meeting Information Page](#) for further details

Canopy Tour*

Max. 8 participants per group

9 zip lines, 2 sky bridges, 3 rappels

Time Commitment – 3 Hours

\$79 per person (booked with Cindy) / \$89 per person (booked online)

Includes complimentary ride on Williawaw Racing Zip

See [NEPOOL Summer Meeting Information Page](#) for further details

***Due to limited availability, please sign up with Cindy Jacobs by June 6, 2016.**

Additional activities will continue to be posted on the [NEPOOL Summer Meeting Information Page](#).

MEMORANDUM

TO: NEPOOL Participants Committee Members and Alternates
FROM: Pat Gerity, NEPOOL Counsel
DATE: May 26, 2016
RE: Vote on Recommended Slate of Candidates for ISO New England Board of Directors

Participants will be asked at the June 3, 2016 Participants Committee meeting to consider a request to endorse a slate of candidates for the ISO Board. The slate was identified for Members and Alternates in a confidential package circulated today, under separate, confidential cover to Members and Alternates only. A NEPOOL endorsement of the slate requires a 70% Vote of the Participants Committee. If NEPOOL endorses the slate, it will then be presented to the ISO Board for final vote.

The process for selecting ISO Board members is set forth in the Participants Agreement. Under that Agreement, a Joint Nominating Committee (JNC) is convened to recommend a slate of candidates for NEPOOL's endorsement. The JNC is comprised of seven incumbent ISO Board members, the Participants Committee Chair and Vice-Chairs, and a representative of the New England Conference of Public Utilities Commissioners, who this year is Chairperson Angela O'Connor of the Massachusetts Department of Public Utilities Commission. Paul Levy chaired the JNC. The confidential package includes a transmittal memorandum from Mr. Levy that further describes the JNC process, the candidates' backgrounds and additional relevant information.

Per the Participants Agreement and prior direction from the Participants Committee, discussion and vote on this matter will be held in executive session, during which only representatives of voting Participants are to be present. Each Participant's vote will be registered confidentially by electronic ballot, rather than through a roll call or show of hands. For ballots to be counted, NEPOOL Counsel must receive them prior to or while in Executive Session immediately following the end of discussion on this matter (expected to be approximately 10:30 a.m.) during the June 3 meeting. If we receive more than one completed ballot from a Participant, we will count only the last ballot received. NEPOOL Counsel will announce the outcome vote either as "passed" or "failed" as soon as the Committee comes out of executive session, based on completed ballots received. Out of respect for the rights of the ISO Board and nominees, Participant representatives are all requested to keep the identity of the members of the slate in confidence until the ISO publicly announces the results of its Board election (following a Participants Committee endorsement vote AND final election by the ISO Board).

If the Participants Committee does not endorse the slate, the Participants Agreement contemplates that Participants will provide feedback to the JNC for its consideration in recommending a second slate. In order to provide such feedback in that event, the Participants Committee members who have not otherwise already volunteered their positions either to a NEPOOL Officer or during the discussions in executive session will be polled confidentially by a NEPOOL Officer.

The following form of resolution for Participants Committee action on this matter is contained in the ballots to be used:

RESOLVED, that the Participants Committee endorses the slate of candidates for the ISO Board that has been recommended by the Joint Nominating Committee and presented to the Participants Committee in executive session at this meeting.

PRELIMINARY

A meeting of the NEPOOL Participants Committee was held via teleconference beginning at 10:00 a.m. on Friday, May 6, 2016, pursuant to notice duly given. A quorum determined in accordance with the Second Restated NEPOOL Agreement was present and acting throughout the meeting. Attachment 1 identifies the members, alternates, and temporary alternates who participated in the teleconference meeting.

Mr. Joel Gordon, Chairman, presided and Mr. David Doot, Secretary, recorded. Mr. Gordon welcomed those on the teleconference, including members, alternates and guests.

APPROVAL OF APRIL 8, 2016 MEETING MINUTES

Mr. Doot referred the Committee to the preliminary minutes of the April 8, 2016 meeting that had been circulated in advance of the meeting. Following motion duly made and seconded, those preliminary minutes were approved unanimously.

CONSENT AGENDA

Mr. Gordon referred the Committee to the Consent Agenda that was circulated in advance of the meeting. He reported that Consent Agenda Item #3 (GIS Cardinal Rule Changes – ~~(SRECTrade API Proposal)~~) had been removed for discussion later in the meeting. Following motion duly made and seconded, the remaining items on the Consent Agenda were unanimously approved without discussion or comment.

ISO CEO REPORT

Mr. Gordon van Welie, ISO Chief Executive Officer (CEO), referred the Committee to the written summaries of the ISO Board and Board Committee meetings that had occurred since the last Participants Committee meeting, which were circulated and posted in advance of the meeting. There were no questions or comments on the summaries.

ISO COO REPORT

Dr. Vamsi Chadalavada, ISO Chief Operating Officer (COO), reviewed highlights from the May COO report, which was circulated in advance of the meeting and posted on the NEPOOL and ISO websites. Focusing on report highlights, which reflected data through April 27, he reported for April that: (i) Energy Market value was \$251 million, up \$31 million from March 2016 and down \$31 million from April 2015; (ii) natural gas prices were 57% higher than March 2016 average values; (iii) Real-Time Hub LMPs on average were 67% higher than March 2016 LMPs; (iv) average daily (peak hour) Day-Ahead cleared physical Energy, as a percent of forecasted load, was 98.8%, down from 100.2% in March; (v) daily Net Commitment Period Compensation (NCPC) totaled \$3.8 million, down \$523,000 from March 2016 NCPC and down \$7.7 million from April 2015; (vi) first contingency payments, totaling \$3.7 million, were \$529,000 lower than March's; (vii) second contingency payments, totaling \$36,000, were up from \$0 in March; (viii) voltage support payments totaled \$45,000, down \$39,000 from March 2016; and (ix) NCPC payments were 1.5% of the total Energy Market value.

In response to a question asked during the April COO Report, Dr. Chadalavada confirmed that the March 2016 average Real-Time LMP (\$17.20), average Day-Ahead LMP, and total Energy Market value (\$220 million), reflecting the comparatively low price of natural gas, had been the lowest since the implementation of Standard Market Design (SMD); ~~supplanting. Previously~~ June 2015 ~~which had previously held that distinction~~ been the lowest in those reported categories.

He reported that the draft scope of work and assumptions for the 2016 Economic Study (NEPOOL's Scenario Analysis) would be discussed at the May 19 Planning Advisory

Committee (PAC) meeting. He stated that the ISO finalized and posted on May 2 the 2016-2025 Forecast Report of Capacity, Energy, Loads, and Transmission (2016 CELT Report).

Updating the Committee on Forward Capacity Market (FCM) highlights, Dr. Chadalavada reported that, for the 2016/17 Capacity Commitment Period, monthly bilaterals and reconfiguration auctions had begun to close the deficiency gap in Northeast Massachusetts (NEMA)/Boston ~~and~~[between the identified requirements and the committed Capacity Supply Obligations. He said the](#) the Transmission Security Analysis (TSA) margin would be short by about 155 MW. He stated that ISO System Operations had worked with local Transmission Owners to develop procedures to address that short-term deficiency.

Addressing the NEMA/Boston TSA margin shortfall, a member commented that, by his calculations, that shortfall could increase to more than 370 MW in the FCA8 (2017/18) Capacity Commitment Period should Footprint Power Salem Harbor Development's project (Salem Harbor) not come on line as currently projected and obligated. He asked whether the ISO could provide any further information on Salem Harbor's progress and whether the ISO had developed any contingency plans for a scenario in which Salem Harbor was not on line at the start of that Capacity Commitment Period. Dr. Chadalavada stated that, while the Information Policy prevented him from providing any specifics with respect to Salem Harbor, he could confirm that the ISO was actively monitoring Salem Harbor's critical path schedule and was being kept apprised of the project's progress. He indicated that the ISO would be willing to revisit this issue later in 2016, following additional consultation with the plant owner and possibly, if [agreed by](#) the plant owners' ~~were willing to release them, with the benefit of,~~ [provide](#) additional [relevant](#) specifics. Dr. Chadalavada indicated that he was not aware of any immediate transmission solution to resolve the potential TSA margin shortfall

that might result from Salem Harbor not coming on line as expected. He noted, however, that the shortfall could be addressed or mitigated through bilateral trading, monthly reconfiguration auctions, and other measures. He concluded by reassuring members that the ISO would be able to operate through any minor shortfalls experienced during 2016 or 2017 summer periods.

Turning to FCA11, Dr. Chadalavada reported that the Show of Interest window closed on April 22, with a robust show of interest across all resource categories (in aggregate, exceeding 15,000 MW). He reminded the Committee that the deadline for static de-list bid submissions was June 6.

Dr. Chadalavada then provided a final update on the 2015/16 Winter Reliability Program. He stated that the final (trued-up) charges for unused fuel were reflected in bills issued on April 11, 2016. He reported that, ~~with respect to Demand Response (DR) program costs,~~ the final update included both monthly capacity costs and energy payments ~~(afor the~~ nominal [Demand Response program](#) amount incurred ~~followingfor~~ one dispatch in January). He stated [that](#) the payment to generators for unused fuel would be reflected in bills issued on May 16, 2016. With respect to the dual-fuel commissioning program, he ~~reviewed that, given thatreferenced~~ the remaining ~~eligible NCPC~~ [potential financial exposure under the commissioning cap](#) for the last remaining dual-fuel unit ~~is about~~ [\(\\$150,000 through the rest of this year, he would like this to be the last update on the 2015/16 Winter Reliability Program, and commence this again nearer to Winter 2016/17\)](#). In response to questions, Dr. Chadalavada stated that actual Winter 2015/16 Program costs were ~~well short of~~ [\(about](#) \$3 million ~~less than)~~ [below](#) the ~~possible~~ [projected](#) maximum amount, largely attributable to the warm winter experienced and, ~~as a result, little need to~~ [correspondingly low](#) use ~~much~~ of the

Program's oil inventory. He added that, for the 2016/17 Program, submissions of intent to commission dual-fuel capability were due on or before December 1, 2016.

Dr. Chadalavada concluded his presentation by referring the Committee to a chart reflecting New England's Wholesale Energy Market value by month, which had been included in response to a request received at a prior meeting.

ISO IMM WINTER 2015/16 QUARTERLY REPORT

Dr. Jeffrey McDonald, ISO Internal Market Monitor (IMM), referred the Committee to the Winter 2015/16 Quarterly Report covering December 2015 through February 2016. He reminded the Committee that reports would continue to be organized by seasonal quarter rather than calendar quarter, consistent with the External Market Monitor's (EMM) reports.

Reviewing charts reflecting wholesale market costs during the Winter Quarter, he noted the following:- (i) the estimated total wholesale costs were \$1.34 billion, 57% below Winter 2014/15 costs, with lower natural gas prices being the primary driver for that decrease; (ii) gas prices averaged \$3.35 /MMBtu, 68% below Winter 2014/15 [average](#) prices, and oil prices were 47% ~~oil~~ below Winter 2014/15 prices; (iii) ~~on average~~ [similar to Winter 2014/15](#), there was a ~~\$30.32/MWh~~ premium in Day-Ahead LMPs compared to Real-Time LMPs ~~of~~ [\(Day-Ahead LMPs averaged \\$30.32/MWh as compared to Real-Time LMPs that averaged \\$27.58/MWh\)](#); (iv) the total Real-Time reserve payments were \$2.2 million, 71% lower than Winter 2014/15 payments; (v) total regulation payments were \$5.3 million, 36% lower than Winter 2014/15 payments; and (vi) total NCPC payments were \$15.6 million, 55% lower than Winter 2014/15 payments, largely attributed to decreases in second contingency NCPC payments. He stated second contingency NCPC payments decreased from \$21.6 million in Winter 2014/15 to less than \$0.2 million in Winter 2015/16.

Dr. McDonald then reviewed a chart of the average hourly load, reflecting the mildness of Winter 2015/16, and illustrating that loads came in significantly lower than [in](#) the prior two winters. Another notable outcome of ~~this~~-Winter [2015/16](#) was the decrease in NCPC, largely due to (1) the lower natural gas price and the energy that was paid NCPC was paid on a lower basis; and (2) extremely low second contingency NCPC, driven by either self- or in-merit commitments of resources in the NEMA/Boston area that were much higher than the prior two winters.

Dr. McDonald concluded his report summarizing the outcomes of FCA10 that was held on February 8, 2016. He reported that: (i) 35,567 MW was procured to meet the 34,151 MW Installed Capacity Requirement; (ii) estimated total annual capacity payments of \$2.99 billion; (iii) capacity zones and external interfaces closed at different rounds of the auctions and at different prices; (iv) resources in the [Southern New England \(SEN](#)~~AE~~[\)](#) and Rest-of-Pool capacity zones and Phase I/II HQ interface cleared at \$7.030/~~kW~~-[kW](#)-month; (v) New York AC ties external interface cleared at \$6.260/kW-month; and (vi) the New Brunswick external interface cleared at \$4.00/kW-month.

———At the request of a member, Dr. McDonald agreed to ~~follow up on the slide reflecting~~[analyze further the reason for why, in reviewing](#) average hourly load for the last nine quarters, ~~as it reflected, even given the prior two winters, that~~ the summer average hourly load ~~is~~[was](#) either at, or below, the winter average hourly load.- He knew of nothing in the calculation process that would drive that result and he committed to report back to the Committee with further information in the next report.

Mr. Gordon reported that Dr. McDonald would present the IMM Annual Report at the June 21-23 Summer Meeting.

FCM RESOURCE RETIREMENT REFORMS COMPLIANCE PROPOSAL

Mr. Alex Kuznecow, Markets Committee Chair, referred the Committee to the materials circulated in advance of the meeting regarding revisions to the FCM rules proposed by the IMM in response to the April 12 FERC order on the ISO-filed FCM resource retirement reforms. He summarized the requirements of the FERC order and reported that the Markets Committee held a teleconference meeting on April 26 to discuss and provide preliminary feedback on the IMM's proposal, in response to the order, to establish an FCM retirement bid materiality threshold of 10%. Mr. Kuznecow stated that, because the proposed Tariff language ~~to effectuate the~~[reflecting that](#) proposal was not provided to the Markets Committee for that meeting, the Markets Committee did not take any formal action on the IMM's proposal. He referred the Committee to the IMM-proposed Tariff revisions circulated with the supplemental notice of, and to further minor modifications to those revisions that had been circulated to the Committee earlier that week with the additional materials for, the meeting.

In response to a member's question regarding the IMM's proposed deletion of Tariff language in Section III.13.1.2.3.2.1.1.2., Dr. McDonald stated that the intent of that deletion was to make the Resource Determination Notifications simpler for resources whose submitted retirement de-list bid price did not exceed the 10% materiality threshold. The proposed change did not affect how the IMM would calculate its price. In response to a question as to whether the revised Tariff language reflected that the IMM would develop its own price for each retirement or permanent de-list bid, Dr. McDonald explained that, for each capacity supplier that has committed to retiring ~~greater~~[more](#) than 20 MW of its portfolio, the IMM

would calculate a price for each retirement bid through a consultative process with the Market Participant.

The following motion was then duly made and seconded:

RESOLVED, that the Participants Committee supports revisions to Market Rule 1 to establish a FCM retirement bid materiality threshold, as proposed by ISO-NE's Internal Market Monitor in response to the FERC's April 12, 2016 order in Docket No. ER16-551-001, and as circulated to this Committee in advance of this meeting, together with such non-substantive changes as may be approved by the Chair and Vice-Chair of the Markets Committee.

[In discussions concerning the motion](#), Dr. McDonald was asked to explain why the IMM proposed a 10% materiality threshold. Dr. McDonald responded that he was not aware of any empirical analysis supporting that threshold value. He explained that, by proposing a 10% threshold, he sought to balance the approach explained in the ISO's response to the FERC's deficiency letter (no materiality threshold given the IMM's evaluation process for competitive bid price levels associated with retirement requests) with the spirit of a materiality approach ~~captured~~[directed](#) in the FERC's April 12 order. Responding to Dr. McDonald's perspective, one member explained his view that the FERC order acknowledged that there was a reasonable bandwidth within which a resource's bid price and the IMM-determined price would both be reasonable and competitive and [within which](#) any differences of opinion between resource owners and the IMM could be addressed.

Another member, noting that the region had a fairly robust set of data related to previously submitted static de-list bids, and acknowledging that the static de-list bid process was not completely analogous to the retirement de-list bid process, suggested that the IMM look at the mean or average of the historical differences between Participant-submitted static de-list bid prices and the IMM's mitigated static de-list bid prices as a starting point in the

determination of a reasonable materiality threshold for the retirement de-list bid process. Dr. McDonald committed to consider whether such a comparison would be useful and could be performed on a timely basis. Notwithstanding other alternatives that might be identified and/or reasonable, the IMM, as did the EMM, found the 10% value a reasonable value for a retirement bid materiality threshold, and, in light of the FERC's direction, had not further considered thresholds lower than 10%.

Without further discussion, the Committee then considered and approved the motion to support the IMM's proposal with a 82.88% Vote in favor (Generation – 0% (5 abstentions); Transmission – 17.125% (1 abstention); Supplier – 17.125% (18 abstentions); Alternative Resources – 14.375% (4 abstentions); Publicly Owned Entity – 17.125%; and End User – 17.125% (1 abstention)). (See Vote 1 on Attachment 2).

GIS API IMPLEMENTATION & COST ALLOCATION

Mr. Kenneth Dell Orto, Chair of the Budget & Finance Subcommittee, referred the Committee to the materials circulated in advance of the meeting regarding proposed changes to the NEPOOL Generation Information System (GIS) Operating Rules to modify the GIS by extending the existing application programming interface (API) architecture. He explained that SRECTrade, Inc. proposed changes that would open the GIS to permit users to create or extend existing software applications to track and manage GIS Certificates.

He reported that the Markets Committee recommended support for the GIS Operating Rule change, which was considered a Cardinal eChange under the terms of the GIS Development and Administration Agreement between APX, Inc. (APX) and NEPOOL (GIS Agreement), at its April 12 meeting, with a vote of 81.04% in favor, but the item was removed from the Consent Agenda at the request of High Liner Foods (USA) Incorporated

(High Liner) in order to be considered along with a set of GIS-related changes that were considered separately by the Budget & Finance Subcommittee. That separate consideration related to SRECTrade's proposal to change the existing cost allocation methodology in order to address the specific expenses associated with the development and subsequent maintenance of a more open API. In order to receive reimbursement from NEPOOL for implementing the proposed changes, APX developed a three-part charge: (1) a one-time, non-recurring charge of \$45,000 to cover development time to build the infrastructure and make the API available to external users; (2) a one-time onboarding fee for each API; and (3) a recurring annual maintenance fee for each API user. Under the arrangements in place, the three-part API charges would be allocated to GIS Participants (NEPOOL Participants owning Load Assets that are subject to fuel source or emission disclosure laws, renewable energy portfolio standard laws or alternative energy portfolio standard laws). SRECTrade, however, proposed a modified API cost allocation approach. Under the SRECTrade proposal, the one-time \$45,000 implementation charge would be allocated to GIS Participants, while the onboarding and related annual maintenance fees would be assessed to those users choosing to access the GIS through an API. The Subcommittee did not agree on ~~one of these~~the cost allocation proposals.

The following motion was then duly made and seconded:

RESOLVED, that the Participants Committee (1) approves the change to the GIS Operating Rules to extend the GIS application programming interface, (2) approves the changes to the GIS cost allocation methodology and the GIS Development and Administration Agreement to adjust the allocation, billing and payment of the costs associated with that change to the GIS, and (3) supports the changes to the ISO-NE Financial Assurance Policy and the ISO-NE Billing Policy related to those changes, in each case as presented at this meeting, and with such non-material changes thereto as the Vice-Chair of the Markets Committee or the Chair of the Budget & Finance Subcommittee may approve.

The High Liner representative asked to defer ~~this~~the vote until a new GIS Agreement was negotiated and entered into at the end of 2016 ~~(, noting that the current Agreement is due to expire December 31, 2016), and~~ suggesting that APX or a successor could incorporate this proposed change into the GIS without additional charges. In response to a question, NEPOOL Counsel explained that the current GIS Agreement would not require APX to do this work without additional compensation, ~~but rather was considered~~and that these changes would need to be covered under the change order process ~~under~~of the GIS Agreement. High Liner's representative argued that the costs of tracking systems had come down dramatically and there may be cost savings by including these changes under a new contract for GIS services.

A motion was duly made and seconded to postpone action on the main motion to a meeting following the extension or replacement of the GIS Agreement. Members opposing that motion suggested that there was broad willingness among the members to proceed ~~today~~ rather than wait, as reflected in the super-majority vote of the Markets Committee. Following further discussion, the motion to defer was then voted and failed, with support for deferral noted by Emera Maine, Harvard, and High Liner.

Returning to discussion of the main motion, a representative of the Massachusetts Department of Energy Resources (DOER) expressed support for the ~~unamended~~ main motion, stating that the API would make the GIS more accessible; and user friendly, and would be beneficial to all users of the NEPOOL GIS, including DOER. Opposition to the main motion was ~~noted based on~~expressed because of the cost allocation ~~objections~~, which opponents argued ~~w~~should have had imposedbe paid solely ~~on~~by SRECTrade, which proposed the API changes and was viewed as a principal beneficiary of the changes. The SRECTrade representative responded that the proposed changes were beneficial to all GIS users and should be allocated

similar to costs for other Cardinal [eChanges](#). Others expressed concern that the GIS Agreement in effect did not assign to APX the costs of maintaining basic software functionality like an API and urged ~~this discussion take place when it was time to renew the GIS Agreement with APX~~[that the future arrangements provide for such improvements.](#)

The unamended main motion was then voted and approved, with oppositions noted by Emera Maine, Harvard, and High Liner, and abstentions noted by American PowerNet, Emera Energy Services, IECG, Kimberly-Clark, Maine Skiing, the AR Sector's Small Renewable Generation Group, and The Energy Consortium.

LITIGATION REPORT

Mr. Doot referred the Committee to the May 4 Litigation Report that had been circulated and posted in advance of the meeting. He noted the continued high-level of activity, particularly in the federal courts. He highlighted a May 2 order issued in the Dominion Energy Manchester Street FCA10 Complaint proceeding, which imposed a compliance requirement that needed to be filed by July 1, 2016 ~~and would presumably be vetted prior to filing at the Markets Committee.~~ There was a lot of activity [in on](#) the [analysis and discussion](#) topic of return on equity for Transmission Owners, including [the filing of](#) a new complaint ~~filed~~ on April 29. There were no changes since the last meeting to report with respect to the various pending Forward Capacity Auction proceedings. Mr. Doot noted two FERC technical conferences scheduled for the following week: one, on May 9, to address concerns raised with the basis and need for the waiver from capacity release bidding requirements for certain types of firm transportation capacity releases by electric distribution companies that are participating in state-regulated electric reliability programs; the other, on May 13, to address generator interconnection issues, principally raised by an American Wind

Energy Association rulemaking request, and energy storage interconnection issues. He encouraged members to contact NEPOOL Counsel with any comments or questions on the reported matters.

COMMITTEE REPORTS

Mr. Robert Stein reported that the Reliability Committee would meet on May 17 following the PAC meeting. Mr. William Fowler reported the next Markets Committee meeting was scheduled for May 10 in Westborough as a single-day meeting. Mr. Jose Rotger reported that the Transmission Committee was scheduled to meet on May 24 by teleconference, but warned of a potential for its cancellation depending on how the agenda developed. Mr. Kenneth Dell Orto reported that the Budget & Finance Subcommittee would meet on May 12 to review the ISO's Quarterly Unaudited Financial Statements, budget results for both ISO and NEPOOL, ISO's draft Capital Funding Tariff, and to continue discussion on a variety of Financial Assurance Policy-related topics.

Ms. Rachel Goldwasser, NECPUC Executive Director, reported that the block of rooms for the June 5-8 NECPUC Symposium at the Sea Crest Hotel in Falmouth, MA was full. She encouraged members to visit the NECPUC website for further information regarding registration and accommodations, including an additional block of rooms available at the nearby Inn On the Square.

OTHER BUSINESS

Mr. Doot reported that the next Participants Committee meeting was scheduled for June 3 in Providence, Rhode Island. However, based on the Technical Committee activity that was expected to require Participants Committee consideration, the meeting was likely to be re-scheduled as a teleconference or cancelled. He encouraged members to pay particular

attention to the notices for that meeting for more information. Mr. Doot reported that the registration for the June 21-23 Summer Meeting, at the [Omni](#) Mount Washington Resort in Bretton Woods, NH, was open and the room reservations block was open and accessible through the NEPOOL website Summer Meeting Information Page. He encouraged members to register and make their room reservations early as rooms in the Summer Meeting room block go quickly.

There being no further business, the meeting adjourned at 11:40 a.m.

Respectfully submitted,

David T. Doot, Secretary

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
MAY 6, 2016 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Acadia Center	End User			Steve Eisenberg
American PowerNet Management	Supplier			Mary Smith
Ashburnham Municipal Light Plant	Publicly Owned		Michael Lynch	
AVANGRID (CMP/UI)	Transmission		Christian Bilcheck	Alan Trotta
Belmont Municipal Light Department	Publicly Owned		Phil Smith	
Boylston Municipal Light Department	Publicly Owned		Michael Lynch	
BP Energy Company	Supplier			Nancy Chafetz
Brookfield Energy Marketing	Supplier	Aleks Mitreski		
BTG Pactual Commodities (US) LLC	Supplier			Steve Eisenberg
Calpine Energy Services, LP	Supplier		Brett Kruse	Bill Fowler
Chester Municipal Electric Light Department	Publicly Owned	Phil Smith		
Chicopee Municipal Lighting Plant	Publicly Owned		Michael Lynch	
Citigroup Energy Inc.	Supplier	Barry Trayers		
CLEARresult Consulting, Inc.	AR	Doug Hurley		
Concord Municipal Light Plant	Publicly Owned		Phil Smith	
Connecticut Municipal Electric Energy Coop.	Publicly Owned	Brian Forshaw		
Connecticut Office of Consumer Counsel	End User			Dave Thompson
Consolidated Edison Energy, Inc.	Supplier	Jeff Dannels		
Danvers Electric Division	Publicly Owned		Phil Smith	
Dominion Energy Marketing, Inc.	Generation	Jim Davis		
DTE Energy Trading, Inc.	Supplier			Nancy Chafetz
Dynegy Marketing and Trade, LLC	Supplier			Bill Fowler
Emera Maine	Transmission		Jose Rotger	Stacy Dimou Andrew McCullough
Energy America, LLC	Supplier			Nancy Chafetz
EnerNOC, Inc.	AR	Herb Healy	Sarah Griffiths	
Enerwise Global Technologies Inc. (CPower Corp)	AR	Craig Markham		
Entergy Nuclear Power Marketing, LLC	Generation		Ken Dell Orto	
Essential Power, LLC	Generation		Bill Fowler	
Ethical Electric, Inc.	Supplier			Steve Eisenberg
Eversource Energy	Transmission	James Daly	Cal Bowie	
Exelon Generation Company	Supplier	Steve Kirk	Bill Fowler	
Galt Power, Inc.	Supplier	Nancy Chafetz		
GDF SUEZ Energy Marketing NA, Inc. (GSEMNA)	Generation	Tom Kaslow		
Generation Group Member	Generation			Susan Muller
Georgetown Municipal Light Department	Publicly Owned		Phil Smith	
Groton Electric Light Department	Publicly Owned		Michael Lynch	
Groveland Electric Light Department	Publicly Owned		Phil Smith	
H.Q. Energy Services (U.S.) Inc.	Supplier		Bob Stein	
Hampshire Council of Governments	End User			Steve Eisenberg
Harvard Dedicated Energy Limited (Harvard)	End User	Mary Smith		Paul Peterson Doug Hurley
High Liner Foods (USA) Incorporated	End User		William P. Short III	
Hingham Municipal Lighting Plant	Publicly Owned		Phil Smith	
Holden Municipal Light Department	Publicly Owned		Michael Lynch	
Holyoke Gas & Electric Department	Publicly Owned			Michael Lynch
Howard Wind LLC	Supplier			Steve Eisenberg
Hull Municipal Lighting Plant	Publicly Owned		Michael Lynch	
Industrial Energy Consumer Group (IECG)	End User	Don Sipe		
Ipswich Municipal Light Department	Publicly Owned		Michael Lynch	
Kimberly-Clark Corporation	Supplier	Susan Bruce		
Long Island Lighting Company (LIPA)	Supplier		Bill Killgoar	
Littleton (MA) Electric Light & Water Department	Publicly Owned		Phil Smith	
Maine Public Advocate Office	End User			Paul Peterson
Maine Skiing, Inc.	End User	Don Sipe		
Mansfield Municipal Electric Department	Publicly Owned		Michael Lynch	
Marblehead Municipal Light Department	Publicly Owned		Michael Lynch	

**PARTICIPANTS COMMITTEE MEMBERS AND ALTERNATES
PARTICIPATING IN
MAY 6, 2016 TELECONFERENCE MEETING**

PARTICIPANT NAME	SECTOR/ GROUP	MEMBER NAME	ALTERNATE NAME	PROXY
Marble River, LLC	Supplier		John Brodbeck	
Massachusetts Attorney General's Office (MA AG)	End User	Fred Plett		
Mass. Development Finance Agency	Publicly Owned		Phil Smith	
Mass. Municipal Wholesale Electric Company (MMWEC)	Publicly Owned	Michael Lynch		
Merrimac Municipal Light Department	Publicly Owned		Phil Smith	
Middleborough Gas and Electric Department	Publicly Owned		Michael Lynch	
Middleton Municipal Electric Department	Publicly Owned		Phil Smith	
National Grid	Transmission	Timothy Brennan	Timothy Martin	
New Hampshire Electric Cooperative (NHEC)	Publicly Owned	Steve Kaminski		Brian Forshaw David Mullett Michael Lynch
New Hampshire Office of Consumer Advocate (NH OCA)	End User	Paul Peterson		
Noble Americas Gas & Power Corp.	Supplier		Becky Merola	Nancy Chafetz
NRG Power Marketing LLC	Generation	Dave Cavanaugh		
Pascoag Utility District	Publicly Owned		Phil Smith	
Paxton Municipal Light Department	Publicly Owned		Michael Lynch	
Peabody Municipal Light Plant	Publicly Owned		Michael Lynch	
PowerOptions, Inc.	End User	Cindy Arcate		
Princeton Municipal Light Department	Publicly Owned		Michael Lynch	
PSEG Energy Resources & Trade LLC	Supplier	Joel Gordon		
Repsol Energy North America Company	Supplier		Nancy Chafetz	
Rowley Municipal Lighting Plant	Publicly Owned		Phil Smith	
Russell Municipal Light Department	Publicly Owned		Michael Lynch	
Shrewsbury Electric & Cable Operations	Publicly Owned		Michael Lynch	
Small Load Response Group Member	AR	Doug Hurley	Brad Swalwell	
Small Renewable Generation Group	AR	Erik Abend		
South Hadley Electric Light Department	Publicly Owned		Michael Lynch	
SRECTrade, Inc.	GIS-Only	Steve Eisenberg		
Sterling Municipal Electric Light Department	Publicly Owned		Michael Lynch	
Stowe Electric Department	Publicly Owned		Phil Smith	
SunEdison (First Wind Energy Marketing, Inc.)	AR	John Keene		Bob Stein
Talen Energy Marketing, LLC	Supplier	Tom Hyzinski		
Taunton Municipal Light Department	Publicly Owned		Phil Smith	
Templeton Municipal Lighting Plant	Publicly Owned		Michael Lynch	
The Energy Consortium	End User		Mary Smith	Paul Peterson Doug Hurley
TransCanada Power Marketing Ltd.	Generation	Daniel Congel		
Utility Services, Inc.	End User			Paul Peterson
Verde Energy	Supplier			Steve Eisenberg
Vermont Electric Power Company	Transmission	Frank Etori		
Vermont Energy Investment Corporation	AR		Doug Hurley	
Vermont Public Power Supply Authority	Publicly Owned	David Mullett		
Vitol Inc.	Supplier	Joe Wadsworth		
Wakefield Municipal Gas and Light Department	Publicly Owned		Michael Lynch	
Wallingford DPU Electric Division	Publicly Owned	Phil Smith		
Wellesley Municipal Light Plant	Publicly Owned		Phil Smith	
West Boylston Municipal Lighting Plant	Publicly Owned		Michael Lynch	
Westfield Gas & Electric Light Department	Publicly Owned		Phil Smith	
Wheelabrator North Andover Inc.	AR	Bill Fowler		

VOTES TAKEN ON
MAY 6, 2016 PARTICIPANTS COMMITTEE
TELECONFERENCE MEETING

TOTAL

Sector/Group	Vote 1
GENERATION	0.00
TRANSMISSION	17.125
SUPPLIER	17.125
ALTERNATIVE RESOURCES	14.375
PUBLICLY OWNED ENTITY	17.125
END USER	17.125
% IN FAVOR	82.88

GENERATION SECTOR

Participant Name	Vote 1
Dominion Energy Marketing, Inc.	A
Entergy Nuclear Power Marketing	A
Essential Power, LLC	A
GDF SUEZ Energy Marketing NA	O
Generation Group Member	A
NRG Power Marketing, LLC	A
TransCanada Power Marketing	O
IN FAVOR (F)	0
OPPOSED (O)	2
TOTAL VOTES	2
ABSTENTIONS (A)	5

TRANSMISSION SECTOR

Participant Name	Vote 1
AVANGRID (CMP/UI)	F
Emera Maine	S
<i>Emera Maine</i>	A
<i>Emera Energy Services</i>	A
Eversource Energy	F
National Grid	F
Vermont Electric Power Company	F
IN FAVOR (F)	4
OPPOSED	0
TOTAL VOTES	4
ABSTENTIONS (A)	1.0

ALTERNATIVE RESOURCES SECTOR

Participant Name	Vote 1
Renewable Generation Sub-Sector	
SunEdison (First Wind)	A
Small RG Group Member	A
Wheelabrator North Andover Inc.	A
Distributed Generation Sub-Sector	
CLEAResult Consulting, Inc.	F
Load Response Sub-Sector	
EnerNOC, Inc.	A
VT Energy Investment Corp.	F
Small LR Group Member	F
IN FAVOR (F)	3
OPPOSED	0
TOTAL VOTES	3
ABSTENTIONS (A)	4

SUPPLIER SECTOR

Participant Name	Vote 1
American PowerNet Management, LP	F
BP Energy Company	A
Brookfield Energy Marketing Inc.	A
Calpine Energy Services	A
Citigroup Energy Inc.	A
Consolidated Edison Energy, Inc.	A
DTE Energy Trading, Inc.	A
Dynegy Marketing and Trade, LLC	A
Energy America, LLC	A
Exelon Generation Company	A
Galt Power, Inc.	A
H.Q. Energy Services (U.S.) Inc.	A
LIPA (Long Island Power Authority)	A
Marble River, LLC	A
Noble Americas Gas & Power Corp.	A
PSEG Energy Resources & Trade	A
Repsol Energy North America	A
Talen Energy Marketing, LLC	A
IN FAVOR (F)	1
OPPOSED	0
TOTAL VOTES	1
ABSTENTIONS (A)	18

VOTES TAKEN ON
MAY 6, 2016 PARTICIPANTS COMMITTEE
TELECONFERENCE MEETING

END USER SECTOR

Participant Name	Vote 1
Conn. Office of Consumer Counsel	F
Harvard Dedicated Energy Limited	F
High Liner Foods (USA) Inc.	A
Industrial Energy Consumer Group	F
Maine Public Advocate Office	F
Maine Skiing, Inc.	F
Mass. Attorney General's Office	F
NH Office of Consumer Advocate	F
PowerOptions, Inc.	F
The Energy Consortium	F
Utility Services Inc.	F
IN FAVOR (F)	10
OPPOSED	0
TOTAL VOTES	10
ABSTENTIONS (A)	1

PUBLICLY OWNED ENTITY SECTOR

Participant Name	Vote 1
Ashburnham Municipal Light Plant	F
Belmont Municipal Light Dep't	F
Boylston Municipal Light Dep't	F
Chester Municipal Light Dep't	F
Chicopee Municipal Lighting Plant	F
Concord Municipal Light Plant	F
Conn. Mun. Electric Energy Coop.	F
Danvers Electric Division	F
Georgetown Municipal Light Dep't	F
Groton Electric Light Department	F
Groveland Electric Light Dep't	F
Hingham Municipal Lighting Plant	F
Holden Municipal Light Dep't	F
Holyoke Gas & Electric Dep't	F
Hull Municipal Lighting Plant	F
Ipswich Municipal Light Dep't	F

PUBLICLY OWNED ENTITY SECTOR (cont.)

Participant Name	Vote 1
Littleton (MA) Electric Light Dep't	F
Mansfield Municipal Electric Dep't	F
Marblehead Municipal Light Dep't	F
Mass. Development Finance Agc'y	F
Mass. Mun. Wholesale. Elec. Co.	F
Merrimac Municipal Light Dep't	F
Middleborough Gas & Elec. Dep't	F
Middleton Municipal Electric Dep't	F
New Hampshire Electric Coop.	F
Pascoag Utility District	F
Paxton Municipal Light Dep't	F
Peabody Municipal Light Plant	F
Princeton Municipal Light Dep't	F
Rowley Municipal Lighting Plant	F
Russell Municipal Light Dep't	F
Shrewsbury's Elec. & Cable Ops.	F
South Hadley Electric Light Dep't	F
Sterling Mun. Elec. Light Dep't	F
Stowe (VT) Electric Department	F
Taunton Municipal Lighting Plant	F
Templeton Mun. Lighting Plant	F
VT Public Power Supply Authority	F
Wakefield Mun. Gas & Light Dep't	F
Wallingford (CT) Div. Pub. Utils.	F
Wellesley Municipal Light Plant	F
West Boylston Mun. Lighting Plant	F
Westfield Gas & Elec. Light Dep't	F
IN FAVOR (F)	43
OPPOSED	0
TOTAL VOTES	43
ABSTENTIONS (A)	0

CONSENT AGENDA

From the notice of actions of the May 17, 2016 *Reliability Committee*¹ meeting, dated May 17, 2016, which has been previously circulated:

1. Revisions to OP-22, Appendices A & B (Changes Reflecting Retirement of PRC-002-NPCC, Enforcement of PRC-002, Use of PMUs with DDR Capability, and PMU Listing)

Support revisions to Operating Procedure (OP) No. 22 (OP-22) (Disturbance Monitoring Requirements), and to confidential OP-22 Appendix A (DDR Information) and confidential Appendix B (PMU Information), which reflect (i) the retirement of NERC regional reliability standard PRC-002-NPCC, (ii) enforcement of NERC reliability standard PRC-002, (iii) the use of Phasor Measurement Units (PMUs) with Dynamic Disturbance Recorders (DDR) capability, and, (iv) in a new confidential Appendix B, a list of PMUs in service New England, each as recommended by the Reliability Committee at its May 6, 2016 meeting, 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 approved unanimously.

2. Revisions to OP-19 and OP-19 Appendix K (Annual Review)

Support revisions to OP-19 (Transmission Operations) and Appendix K to OP-19 (Operating Voltage Criteria by LCC) (no revisions proposed to Appendix J to OP-19 (Contingency List and Criteria/Limits)), reflected as part of annual procedure owner review process, as recommended by the Reliability Committee at its May 17, 2016 meeting, 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 approved unanimously.

3. Revisions to OP-1, Appendix A (NERC COM-002-4 Three-Part Voice Communications Requirement Supporting Changes)

Support revisions to OP-1 (Central Dispatch Operating Responsibilities and Authority) Appendix A (Assignment of Responsibilities), to support the July 1, 2016 effectiveness of NERC's COM-002-4 Reliability Standard Requirement for three-part voice communications, as recommended by the Reliability Committee at its May 17, 2016 meeting, 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 approved unanimously.

¹Reliability Committee Notices of Actions are posted on the ISO website at: <http://www.iso-ne.com/committees/reliability/reliability-committee>.

MEMORANDUM

TO: NEPOOL Participants Committee Members and Alternates

FROM: Paul N. Belval, NEPOOL Counsel

DATE: May 27, 2016

RE: ISO New England Financial Assurance Policy – Financial Statement Submissions

The Participants Committee will be asked at its June 3 meeting to support changes to the ISO Financial Assurance Policy (the “FAP”) to modify the financial reporting requirements for Market Participants and Non-Market Participant Transmission Customers. The proposed changes are Attachment 1 to this memorandum.

Currently, each Market Participant and Non-Market Participant Transmission Customer is required to provide the ISO with its quarterly and annual financial statements (other than certain small Market Participants). The ISO has proposed to revise the FAP so that those financial statements are only required from those Market Participants and Non-Market Participant Transmission Customers (1) who have a Market Credit Limit or Transmission Credit Limit greater than \$0 or (2) who satisfy the minimum capitalization requirement for participation in the Markets by maintaining a minimum Tangible Net Worth or minimum total assets. Alternatively, such Market Participants and Non-Market Participant Transmission Customers may elect not to provide their financial statements, in which case they will not be eligible to receive unsecured credit or meet the minimum capitalization criteria through the Tangible Net Worth or total assets metrics. The ISO has also included language in the proposed FAP changes permitting it to require financial statements from any Market Participant or Non-Market Participant Transmission Customer within 10 days of a request from the ISO.

The ISO requested the change because it has found there is not a strong linkage between a Market Participant’s or Non-Market Participant Transmission Customer’s financial statements and the likelihood of a financial assurance default. Instead, the FAP contains other mechanisms to better help the ISO evaluate risk in the markets, including the minimum capitalization criteria (which were recently strengthened). Moreover, the current process is burdensome for both Participants and for the ISO.

The changes to the FAP were discussed by the Budget & Finance Subcommittee during its March 31, April 25 and May 12 teleconferences, and no one objected to the changes. After the May 12 teleconference, the ISO made an additional ministerial change to explicitly state that a Market Participant who does not provide financial statements will have a Market Credit Limit and Transmission Credit Limit of \$0. That impact was already implicit in the revised FAP language.

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

RESOLVED, that the Participants Committee supports the changes to the ISO Financial Assurance Policy relating to the provision of financial statements, as circulated to the Committee and discussed at this meeting, together with [any changes agreed to at this meeting and] such further non-substantive changes as the Chief Financial Officer of ISO New England and the Chairman of the Budget & Finance Subcommittee may approve.

EXHIBIT IA

ISO NEW ENGLAND FINANCIAL ASSURANCE POLICY

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ATTACHMENT 1 - SECURITY AGREEMENT

ATTACHMENT 2 - SAMPLE LETTER OF CREDIT

ATTACHMENT 3 – ISO NEW ENGLAND MINIMUM CRITERIA FOR MARKET PARTICIPATION
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ATTACHMENT 4 – ISO NEW ENGLAND ADDITIONAL ELIGIBILITY REQUIREMENTS
CERTIFICATION FORM

ATTACHMENT 5 – ISO NEW ENGLAND CERTIFICATE REGARDING CHANGES TO
SUBMITTED RISK MANAGEMENT POLICIES FOR FTR PARTICIPATION

accounting standards or generally accepted accounting principles in the United States at the time of determination consistently applied.

3. Information Reporting Requirements for Market Participants

Each Market Participant having a Market Credit Limit or Transmission Credit Limit greater than zero or meeting the capitalization requirements by maintaining a minimum Tangible Net Worth or minimum total assets as described in Section II.A.4(a) shall submit to the ISO, on a quarterly basis within 10 days of its becoming available and within 65 days after the end of the applicable fiscal quarter of such Market Participant, its balance sheet, which shall show sufficient detail for the ISO to assess the Market Participant's Tangible Net Worth. Unrated Market Participants having a Market Credit Limit or Transmission Credit Limit greater than zero shall also provide additional financial statements, which shall show sufficient detail for the ISO to calculate such Unrated Market Participant's Current Ratio, Debt-to-Total Capitalization Ratio and EBITDA-to-Interest Expense Ratio. In addition, each Market Participant having a Market Credit Limit or Transmission Credit Limit greater than zero or meeting the capitalization requirements by maintaining a minimum Tangible Net Worth or minimum total assets as described in Section II.A.4(a) shall submit to the ISO, annually within 10 days of their becoming available and within 120 days after the end of the fiscal year of such Market Participant, balance sheets and income statements (balance sheets and income statements that are part of audited financial statements shall be submitted if available; if such balance sheets and income statements are not available, then another alternative form of financial statements accepted by the ISO as described below may be submitted). If any of this financial information is available on the internet, the Market Participant may provide instead a letter to the ISO stating where such information may be located and retrieved. If any of the information or documentation required by this section is not available, alternate requirements may be specified by the ISO (such alternate requirements may include, but are not limited to: (i) consolidating statements or other financial statements (in the case of a stand-alone subsidiary) that are certified as to their accuracy and basis of accounting (in accordance with international accounting standards or generally accepted accounting principles in the United States) by an officer of the entity with the title of chief financial officer or equivalent position; (ii) reviewed statements; (iii) compiled statements; (iv) internally prepared statements; or (v) tax returns).

Except in the case of a Market Participant or Unrated Market Participant that submits audited financial statements to the ISO, financial statements submitted to the ISO pursuant to this Section II.C.3 shall be accompanied by a written statement from a Senior Officer of the Market Participant or Unrated Market Participant certifying the accuracy of those financial statements. If an attestation was made by an independent accounting firm, then the written statement shall indicate the level of attestation made; if no attestation was made by an independent accounting firm, then no such indication is required.

Notwithstanding any other provision in this subsection, the ISO may require any Market Participant to~~Each Market Participant must~~ submit the financial statements and other information described in this subsection, if and as requested by the ISO~~The Market Participant shall provide the requested statements and other information~~ within 10 days of such request.

If a Market Participant fails to provide financial statements or other information as requested as required in this Section II.C.3 and the ISO determines that the Market Participant poses an unreasonable risk to the New England Markets, then the ISO may request that the Market Participant provide additional financial assurance in an amount no greater than \$10 million, or take other measures to substantiate the Market Participant's ability to safely transact in the New England Markets (any additional financial assurance provided pursuant to this Section II.C.3 shall not be counted toward satisfaction of the total financial assurance requirements as calculated pursuant to the ISO New England Financial Assurance Policy). If the Market Participant fails to comply with such a request from the ISO, then the ISO may issue a notice of suspension or termination to the Market Participant. If the Market Participant fails to comply with the ISO's request within 5 Business Days from the date of issuance of the notice of suspension or termination, then the ISO may suspend or terminate the Market Participant.

A Market Participant ~~accounting for less than 0.05 percent of the total dollar amount settled through the ISO in the preceding calendar year and that does not have a Market Credit Limit or Transmission Credit Limit greater than \$0.00~~ may choose not to submit financial statements as described in this Section II.C.3, in which case the ISO shall use a value of \$0.00 for the Market Participant's total assets and Tangible Net Worth for

purposes of the capitalization assessment described in Section II.A.4(a) and such Market Participant's Market Credit Limit and Transmission Credit Limit shall be \$0.00.

A Market Participant may choose to provide additional financial assurance in an amount equal to \$10 million in lieu of providing financial statements under this Section II.C.3. Such amount shall not be counted toward satisfaction of the total financial assurance requirements as calculated pursuant to the ISO New England Financial Assurance Policy but shall be sufficient to meet the capitalization requirements in Section II.A.4(a)(iii).

D. Market Credit Limits

A credit limit for a Market Participant's Financial Assurance Obligations except FTR Financial Assurance Requirements (a "Market Credit Limit") shall be established for each Market Participant in accordance with this Section II.D.

1. Market Credit Limit for Non-Municipal Market Participants

A "Market Credit Limit" shall be established for each Rated Non-Municipal Market Participant in accordance with subsection (a) below, and a Market Credit Limit shall be established for each Unrated Non-Municipal Market Participant in accordance with subsection (b) below.

a. Market Credit Limit for Rated Non-Municipal Market Participants

As reflected in the following table, the Market Credit Limit of each Rated Non-Municipal Market Participant (other than an FTR-Only Customer) shall at any time be equal to the lesser of: (i) the applicable percentage of such Rated Non-Municipal Market Participant's Tangible Net Worth as listed in the following table, (ii) \$50 million, or (iii) 20 percent (20%) of the total amount due and owing (not including any amounts due under Section 14.1 of the RNA) at such time to the ISO, NEPOOL, the PTOs, the Market Participants and the Non-Market Participant Transmission Customers, by all PTOs, Market Participants and Non-Market Participant Transmission Customers ("TADO").

Investment Grade Rating

**Percentage of Tangible Net
Worth**

S&P/Fitch

Moody's

Credit Limit of each Unrated Non-Market Participant Transmission Customer that does not satisfy the NMPTC Credit Threshold shall be \$0.

3. NMPTC Total Credit Limit

The sum of a Non-Market Participant Transmission Customer's Market Credit Limit and Transmission Credit Limit shall not exceed \$50 million and the sum of the Market Credit Limits and Transmission Credit Limits of entities that are Affiliates shall not exceed \$50 million. No later than five Business Days prior to the first day of each calendar quarter, and no later than five Business Days after any Affiliate change, each Rated Non-Market Participant Transmission Customer that has a Market Credit Limit and a Transmission Credit Limit shall determine the amounts to be allocated to its Market Credit Limit (up to the amount set forth in Section V.B.1 above) and its Transmission Credit Limit (up to the amount set forth in Section V.B.2 above) such that the sum of its Market Credit Limit and its Transmission Credit Limit are equal to not more than \$50 million and such that the sum of the Market Credit Limits and Transmission Credit Limits of entities that are Affiliates do not exceed \$50 million and shall provide the ISO with that determination in writing. Each Rated Non-Market Participant Transmission Customer may provide such determination for up to four consecutive calendar quarters. If a Rated Non-Market Participant Transmission Customer does not provide such determination, then the ISO shall use the amounts provided for the previous calendar quarter. If no such determination is provided, then the ISO shall apply an allocation of \$25 million each to the Market Credit Limit and Transmission Credit Limit, which values shall also be used in allocating the \$50 million credit limit among Affiliates. If the sum of the amounts for Affiliates is greater than \$50 million, then the ISO shall reduce the amounts (proportionally to the amounts provided by each Affiliate, or to the allocation applied by the ISO in the case of an Affiliate that provided no determination) such that the sum is no greater than \$50 million.

C. Information Reporting Requirements for Non-Market Participant Transmission Customers

Each Rated Non-Market Participant Transmission Customer having a Market Credit Limit or Transmission Credit Limit greater than zero or meeting the capitalization requirements by maintaining a minimum Tangible Net Worth or minimum total assets as described in Section II.A.4(a) shall submit to the ISO, on a quarterly basis, within 10

days of their becoming available and within 65 days after the end of the applicable fiscal quarter of such Rated Non-Market Participant Transmission Customer, its balance sheet, which shall show sufficient detail for the ISO to assess the Rated Non-Market Participant Transmission Customer's Tangible Net Worth. In addition, each Rated Non-Market Participant Transmission Customer that has an Investment Grade Rating having a Market Credit Limit or Transmission Credit Limit greater than zero or meeting the capitalization requirements by maintaining a minimum Tangible Net Worth or minimum total assets as described in Section II.A.4(a) shall submit to the ISO, annually within 10 days of their becoming available and within 120 days after the end of the fiscal year of such Rated Non-Market Participant Transmission Customer, balance sheets and income statements (balance sheets and income statements that are part of audited financial statements shall be submitted if available; if such balance sheets and income statements are not available, then another alternative form of financial statements accepted by the ISO as described below may be submitted). If any of this financial information is available on the internet, the Rated Non-Market Participant Transmission Customer may provide instead a letter to the ISO stating where such information may be located and retrieved.

Each Unrated Non-Market Participant Transmission Customer having a Market Credit Limit or Transmission Credit Limit greater than zero or meeting the capitalization requirements by maintaining a minimum Tangible Net Worth or minimum total assets as described in Section II.A.4(a) shall submit to the ISO, on a quarterly basis, within 10 days of their becoming available and within 65 days after the end of the applicable fiscal quarter of such Unrated Non-Market Participant Transmission Customer, its balance sheet, which shall show sufficient detail for the ISO to assess the Unrated Non-Market Participant Transmission Customer's Tangible Net Worth. Unrated Non-Market Participant Transmission Customers having a Market Credit Limit or Transmission Credit Limit greater than \$0 shall also provide additional financial statements, which shall show sufficient detail for the ISO to calculate such Unrated Non-Market Participant Transmission Customer's Current Ratio, Debt-to-Total Capitalization Ratio and EBITDA-to-Interest Expense Ratio. In addition, each such Unrated Non-Market Participant Transmission Customer that satisfies the Credit Threshold and has a Market Credit Limit or Transmission Credit Limit of greater than \$0 or meeting the capitalization requirements by maintaining a minimum Tangible Net Worth or minimum total assets as described in Section II.A.4(a) shall submit to the ISO, annually within 10 days of

becoming available and within 120 days after the end of the fiscal year of such Unrated Non-Market Participant Transmission Customer balance sheets and income statements (balance sheets and income statements that are part of audited financial statements shall be submitted if available; if such balance sheets and income statements are not available, then another alternative form of financial statements accepted by the ISO as described below may be submitted). Where any of the above financial information is available on the internet, the Unrated Non-Market Participant Transmission Customer may provide the ISO with a letter stating where such information may be located and retrieved.

If any of the information or documentation required by this section is not available, alternate requirements may be specified by the ISO (such alternate requirements may include, but are not limited to: (i) consolidating statements or other financial statements (in the case of a stand-alone subsidiary) that are certified as to their accuracy and basis of accounting (in accordance with international accounting standards or generally accepted accounting principles in the United States) by an officer of the entity with the title of chief financial officer or equivalent position; (ii) reviewed statements; (iii) compiled statements; (iv) internally prepared statements; or (v) tax returns).

Except in the case of a Non-Market Participant Transmission Customer that submits audited financial statements to the ISO, financial statements submitted to the ISO pursuant to this Section V.C shall be accompanied by a written statement from a Senior Officer of the Non-Market Participant Transmission Customer certifying the accuracy of those financial statements. If an attestation was made by an independent accounting firm, then the written statement shall indicate the level of attestation made; if no attestation was made by an independent accounting firm, then no such indication is required.

Notwithstanding any other provision in this subsection, the ISO may require any Non-Market Participant Transmission Customer to submit the financial statements and other information described in this subsection. The Non-Market Participant Transmission Customer shall provide the requested statements and other information within 10 days of such request. If a Non-Market Participant Transmission Customer fails to provide financial statements or other information as ~~required in this Section V.C~~requested and the ISO determines that the Non-Market Participant Transmission Customer poses an unreasonable risk to the New England Markets, then the ISO may request that the Non-

Market Participant Transmission Customer provide additional financial assurance in an amount no greater than \$10 million, or take other measures to substantiate the Non-Market Participant Transmission Customer's ability to safely transact in the New England Markets (any additional financial assurance provided pursuant to this Section V.C shall not be counted toward satisfaction of the total financial assurance requirements as calculated pursuant to the ISO New England Financial Assurance Policy). If the Non-Market Participant Transmission Customer fails to comply with such a request from the ISO, then the ISO may issue a notice of suspension or termination to the Non-Market Participant Transmission Customer. If the Non-Market Participant Transmission Customer fails to comply with the ISO's request within 5 Business Days from the date of issuance of the notice of suspension or termination, then the ISO may suspend or terminate the Non-Market Participant Transmission Customer.

A Non-Market Participant Transmission Customer ~~accounting for less than 0.05 percent of the total dollar amount settled through the ISO in the preceding calendar year and that does not have a Market Credit Limit or Transmission Credit Limit greater than \$0.00~~ may choose not to submit financial statements as described in this Section V.C, in which case the ISO shall use a value of \$0.00 for the Non-Market Participant Transmission Customer's total assets and Tangible Net Worth for purposes of the capitalization assessment described in Section II.A.4(a) and such Non-Market Participant Transmission Customer's Market Credit Limit and Transmission Credit Limit shall be \$0.00.

A Non-Market Participant Transmission Customer may choose to provide additional financial assurance in an amount equal to \$10 million in lieu of providing financial statements under this Section V.C. Such amount shall not be counted toward satisfaction of the total financial assurance requirements as calculated pursuant to the ISO New England Financial Assurance Policy but shall be sufficient to meet the capitalization requirements in Section II.A.4(a)(iii).

D. Financial Assurance Requirement for Non-Market Participant Transmission Customers

Each Non-Market Participant Transmission Customer that provides additional financial assurance pursuant to the ISO New England Financial Assurance Policy must provide the