

MEMORANDUM

TO: Participants Committee Members and Alternates
FROM: David T. Doot, Secretary
DATE: February 9, 2007
RE: **NOTICED ACTIONS OF THE NEPOOL PARTICIPANTS COMMITTEE**

This notice summarizes actions taken by the Participants Committee at its February 8, 2007 meeting. The official record of, and details concerning these actions and the specific votes and outcomes will be reflected in the minutes for this meeting that will be reviewed and approved by the Committee.

Preliminary Minutes for December 8, 2006 and January 5, 2007 (Agenda #1)

The preliminary minutes of the December 8, 2006 and January 5, 2007 meetings were unanimously approved.

Consent Agenda (Item 2 Removed) (Agenda #2)

The Consent Agenda, with Item #2 removed as noted, was unanimously approved.

Market Rule 1 Amendments to Implement the Forward Capacity Market ("FCM") (Agenda #6)

- **Main Motion:** The Committee began this agenda item with the following main motion:

RESOLVED, that the Participants Committee supports revisions to Market Rule 1 to implement the Forward Capacity Market and revisions to Appendix E to Market Rule 1 and the ISO New England Load Response Program Manual as proposed by ISO New England Inc. and as circulated to this Committee in final form on Tuesday, February 6, 2007, together with those changes agreed to at this meeting and such non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

- **CLF Amendment on Real-Time Emergency Generation:** The Committee considered and, by show of hands, failed to approve a motion by Conservation Law Foundation ("CLF") to amend the main motion so as to delete language to the Market Rule, as reflected in proposed changes circulated in advance of the meeting, that removes "Real-Time Emergency Generation Resources" from the list of "Demand Resources" eligible for payment in the FCM.

Noticed Actions of the NEPOOL Participants Committee

February 9, 2007

Page 2

- **CSG Amendment on Summer Season Demand Resources:** The Committee considered and failed to approve a Conservation Services Group (“CSG”) motion to amend the main motion so as to add language to the Market Rule, as reflected in proposed changes circulated in advance of the meeting, that would allow a certain quantity of “Summer Season Demand Resources” to be eligible for payment in the FCM. This motion to amend failed with a vote of 46.48% in favor (Generation - 0%; Transmission – 11.58%; Supplier- 7.24%; Alternative Resources – 8.56%; Publicly Owned Entity – 1.74%; and End User – 17.37%). (See Vote 1 on the attached tabulation).
- **NRG Amendment on Existing Capacity Participation in FCA:** The Committee considered and, by show of hands, failed to approve a motion by NRG Energy, Inc. (“NRG”) to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, to allow Existing Capacity Resources that have approved de-list bids above 0.8 times CONE to continue to participate in the FCA at prices below the pre-approved cap amount. The support for this motion to amend came predominantly from the Generation Sector and Participants in other sectors that own generation, with other Participants opposing the motion to amend.
- **NRG Amendment on Reference Price Bids:** The Committee considered and failed to approve a second NRG motion to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, to require the ISO to identify a “reference price bid” for units whose de-list bids are rejected by the ISO as non-conforming, for participation in the FCA. This motion to amend failed with a vote of 39.36% in favor (Generation – 17.37%; Transmission – 0%; Supplier- 13.36%; Alternative Resources – 7.94%; Publicly Owned Entity – 0%; and End User – 0.69%). (See Vote 2 on the attached tabulation).
- **NRG Amendment on Static De-List Bids in Ambient Air Conditions:** The Committee considered and, by show of hands, failed to approve a third NRG motion to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, to allow Resources with known SCC de-rates above 90 degrees to de-list the top end of the units at costs below 2 time CONE. The support for this motion to amend came predominantly from the Generation Sector and Participants in other sectors that own generation, with other Participants opposing the motion to amend.
- **⊛ FPL Amendment on Static De-List Bids in Ambient Air Conditions:** The Committee considered and unanimously approved, with abstentions noted, a motion by FPL Energy (“FPL”) to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, to allow Resources with known SCC de-rated above 90 degrees to de-list any amount up to the top end of the units.

- **HQ US Amendment on Import Capacity over Phase II Facilities:** The Committee considered and failed to approve a motion by H.Q. Energy Services (U.S.), Inc. (“HQ US”) to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, to eliminate an advance reservation requirement for one class of capacity imports over Phase II and to eliminate the separate auctions for HQI-Capacity and HQI-Excess Capacity. This motion to amend failed with a vote of 46.26% in favor (Generation – 17.37%; Transmission – 0.00%; Supplier- 14.11%; Alternative Resources – 13.17%; Publicly Owned Entity – 13.17%; and End User – 0.72%). (See Vote 3 on the attached tabulation).
- **☛ IRH Amendments on HQICCs:** The Committee considered and approved a motion by Northeast Utilities (“NU”), on behalf of the IRH Management Committee (“IRH”), to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, regarding Hydro Quebec Interconnection Capability Credits (“HQICCs”). This motion to amend passed with a vote of 75.13% in favor (Generation – 17.37%; Transmission – 17.37%; Supplier- 14.47%; Alternative Resources – 8.56%; Publicly Owned Entity – 17.37%; and End User – 0.00%). (See Vote 4 on the attached tabulation).
- **☛ Boston Generating Amendment on Alternative Price Rule:** The Committee considered and unanimously approved, with abstentions noted, a motion by Boston Generating to amend the main motion so as to add language to the Market Rule, as reflected in proposed changes circulated in advance of the meeting, that provides for further consideration of the treatment of de-list bids rejected for reliability reasons and a potential subsequent Section 205 filing.
- **NRG Amendment on Notification during FCA for Bids Rejected for Reliability:** The Committee considered and, by show of hands, failed to approve a fourth motion by NRG to amend the main motion so as to add language to the Market Rule, as reflected in proposed changes circulated in advance of the meeting, that would require the ISO to provide notice during the FCA for bids rejected for reliability reasons. The support for this motion to amend came predominantly from the Generation Sector and Participants in other sectors that own generation, with other Participants opposing this NRG motion to amend.
- **CT DPUC Amendment on Intermittent Ratings:** The Committee considered and, by show of hands, failed to approve a motion by TransCanada, on behalf of the Connecticut Department of Public Utility Control (“CT DPUC”), to amend the main motion so as to modify the Market Rule, as reflected in proposed changes circulated in advance of the meeting, to provide that capacity payments for Intermittent Power Resources be calculated in the same manner as capacity payments for other generating units.

- **⊕ VT PSB/DPS Amendment on Load Response Program:** The Committee considered and unanimously approved, with abstentions noted, a motion by the New Hampshire Office of Consumer Advocate (“NH OCA”), on behalf of the Vermont Public Service Board/Department of Public Service (“VT PSB/DPS”), to amend the main motion so as to add language to the Market Rule, as reflected in proposed changes circulated in advance of the meeting, regarding the consideration of the potential establishment of a Load Response Program for energy-based resources that would be the subject of a potential future ISO filing to be in effect for periods beyond May 31, 2010.
- **CT DPUC Amendment on Overlapping Interconnection Impacts:** The Committee considered and rejected a motion by NU, on behalf of the CT DPUC, to amend the main motion so as to add language to the Market Rule, modified from language circulated in advance of the meeting, that would provide for certain commitments concerning the topic of potential Market Rule changes to address overlapping interconnection impacts among otherwise qualified New Capacity Resources. This motion to amend failed with a vote of 42.66% in favor (Generation – 1.74%; Transmission – 11.58%; Supplier- 3.47%; Alternative Resources – 4.17%; Publicly Owned Entity – 17.37%; and End User – 4.35%). (See Vote 5 on the attached tabulation).
- **Vote on Main Motion:** The main motion, as amended by the four successful motions to amend identified above with the “⊕” symbol, was then voted and passed with a vote of 78.74% in favor (Generation – 15.79%; Transmission – 11.58%; Supplier – 5.21%; Alternative Resources – 13.17%; Publicly Owned Entity – 17.37%; and End User – 15.63%). (See Vote 6 on the attached tabulation).

FCM-Related, Terminology and Cash Deposit Changes to ISO Financial Assurance and Billing Policies (Agenda # 7)

The Committee considered and unanimously approved with some abstentions noted the following motion:

RESOLVED, that the Participants Committee supports the proposed revisions to the ISO’s Financial Assurance and Billing Policies regarding the implementation of the Forward Capacity Market, changes in terminology and cash deposits, together with other minor changes, as presented at this meeting, with such non-material changes as may be agreed to by the ISO’s Chief Financial Officer and the Chair of the Budget and Finance Subcommittee.

Treatment of Corporate Guaranties Following Late Payment (Agenda #7A)

The Committee deferred final action on this agenda item.

ISO Billing Policy Changes Related to Meter Data Errors (Agenda #8)

The Committee considered and unanimously approved with some abstentions noted the following motion:

RESOLVED, that the Participants Committee supports the proposed revisions to Section 6 of the Billing Policy to implement the Meter Reader 90 Day Working Group Proposal, which were circulated in advance of the meeting, with such non-substantive changes as the ISO-NE's Chief Financial Officer and the Chair of the Budget and Finance Subcommittee may approve.

IBCS Hardware Cost Reimbursement Policy (Agenda #8A)

The Committee deferred action on this agenda item.

**NEPOOL PARTICIPANTS COMMITTEE
VOTES TAKEN AT FEBRUARY 8, 2007 MEETING
MARKET RULE 1 AMENDMENTS
TO IMPLEMENT FORWARD CAPACITY MARKET (FCM)**

TOTAL

SECTOR	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6
GENERATION	0.00	17.37	17.37	17.37	1.74	15.79
TRANSMISSION	11.58	0.00	0.00	17.37	11.58	11.58
SUPPLIER	7.24	13.36	14.11	14.47	3.47	5.21
ALTERNATIVE RESOURCES	8.56	7.94	13.17	8.56	4.17	13.17
PUBLICLY OWNED ENTITY	1.74	0.00	0.89	17.37	17.37	17.37
END USER	17.36	0.69	0.72	0.00	4.34	15.63
% IN FAVOR	46.48	39.36	46.26	75.13	42.66	78.74

GENERATION SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6
ANP Funding I, LLC	O	F	A	A	F	O
Boston Generating, LLC	O	F	F	F	O	F
Caithness New England Services Co LLC	O	F	F	A	O	F
Consolidated Edison Energy, Inc.	O	F	F	A	O	F
Dominion Energy Marketing, Inc.	O	F	A	A	O	F
Entergy Nuclear Power Marketing LLC	O	F	F	F	A	F
FPL Energy LLC	O	F	A	F	O	F
Lake Road Generating Company, LP	O	F	F	F	O	F
Milford Power Company, LLC	O	F	F	A	O	F
Millennium Power Partners	O	F	F	A	O	F
Mirant New England, LLC	O	F	F	A	O	F
TransCanada Power Marketing Ltd.	O	F	A	A	A	A
IN FAVOR (F)	0	12	8	4	1	10
OPPOSED (O)	12	0	0	0	9	1
TOTAL VOTES	12	12	8	4	10	11
ABSTENTIONS (A)	0	0	4	8	2	1

TRANSMISSION SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6
Bangor Hydro-Electric Company	O	O	O	F	O	O
Central Maine Power Company	F	O	O	F	A	F
New England Power Company	F	O	O	F	A	F
The United Illuminating Company	O	O	O	F	F	A
Northeast Utilities System Companies	F	O	O	F	F	F
NSTAR Electric Company	F	O	O	A	A	O
Vermont Electric Power Company, Inc.	A	O	O	F	A	F
IN FAVOR (F)	4	0	0	6	2	4
OPPOSED (O)	2	7	7	0	1	2
TOTAL VOTES	6	7	7	6	3	6
ABSTENTIONS (A)	1	0	0	1	4	1

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SUPPLIER SECTOR

Participant Name	<u>VOTE 1</u>	<u>VOTE 2</u>	<u>VOTE 3</u>	<u>VOTE 4</u>	<u>VOTE 5</u>	<u>VOTE 6</u>
BOC Energy Services, Inc.	A	O	O	A	F	O
BP Energy Company	F	F	A	A	A	A
Brookfield Energy Marketing Inc.	A	F	F	F	O	A
Constellation Energy Commodities Group	O	A	F	A	O	O
Cross Sound Cable Company, LLC	A	A	A	A	O	O
Edison Mission Marketing and Trading	A	A	F	A	O	F
El Paso Marketing, LP	O	F	F	A	O	A
Energy America, LLC	A	A	A	A	A	A
Epic Merchant Energy NE, LP	F	A	F	F	A	A
Exelon Generation, LLC	O	F	F	A	O	F
H.Q. Energy Services (U.S.) Inc.	O	F	F	O	O	O
LIPA	A	A	A	A	A	O
NE Energy Management, LLC	A	F	F	A	A	A
NRG Power Marketing, Inc.	O	F	F	A	O	O
Pepco Energy Services, Inc.	F	A	F	A	F	O
PPL EnergyPlus, LLC	A	F	O	A	O	A
PPM Energy Inc.	A	O	A	F	O	F
PSEG Energy Resources & Trade LLC	O	F	F	A	A	A
Sempra Energy Trading Corp.	O	F	F	F	O	--
Strategic Energy Ltd.	F	A	F	A	F	A
Unitil Corporation Participants Companies	F	O	O	F	O	A
IN FAVOR (F)	5	10	13	5	3	3
OPPOSED (O)	7	3	3	1	12	7
TOTAL VOTES	12	13	16	6	15	10
ABSTENTIONS (A)	9	8	5	15	6	10

ALTERNATIVE RESOURCES SECTOR

Participant Name	<u>VOTE 1</u>	<u>VOTE 2</u>	<u>VOTE 3</u>	<u>VOTE 4</u>	<u>VOTE 5</u>	<u>VOTE 6</u>
Gas Recovery Systems, Inc.	F	A	A	F	A	F
Indeck Maine	O	F	F	O	O	F
Ridgewood Rhode Island	O	F	F	O	O	F
Distributed Generation						
Pinpoint Power LLC	F	A	F	A	O	F
Seneca Energy II, LLC	F	A	A	F	A	F
Load Response						
Conservation Services Group	F	O	A	F	A	F
EnerNOC, Inc.	F	--	--	--	A	F
Vermont Energy Investment Corporation	F	O	A	F	F	F
Small Load Response Group Member	F	O	A	F	A	F
IN FAVOR (F)	7	2	3	5	1	9
OPPOSED (O)	2	3	0	2	3	0
TOTAL VOTES	9	5	3	7	4	9
ABSTENTIONS (A)	0	3	5	1	5	0

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PUBLICLY OWNED ENTITY SECTOR

Participant Name	<u>VOTE 1</u>	<u>VOTE 2</u>	<u>VOTE 3</u>	<u>VOTE 4</u>	<u>VOTE 5</u>	<u>VOTE 6</u>
Ashburnham Municipal Light Plant	O	O	O	F	A	A
Belmont Municipal Light Department	O	O	O	F	A	A
Boylston Municipal Light Department	O	O	O	F	A	A
Braintree Electric Light Department	O	O	O	F	A	A
Chicopee Municipal Lighting Plant	O	O	O	F	A	A
Concord Municipal Light Plant	O	O	O	F	A	A
Conn. Municipal Electric Energy Coop.	F	O	F	F	F	A
Danvers Electric Division	O	O	O	F	A	A
Georgetown Municipal Light Department	O	O	O	F	A	A
Groton Electric Light Department	O	O	O	F	A	A
Hingham Municipal Lighting Plant	O	O	O	F	A	A
Holden Municipal Light Department	O	O	O	F	A	A
Holyoke Gas & Electric Department	O	O	O	F	A	A
Hudson Light and Power Department	O	O	O	F	A	A
Hull Municipal Lighting Plant	O	O	O	F	A	A
Ipswich Municipal Light Department	O	O	O	F	A	A
Littleton Electric Light Department	O	O	O	F	A	A
Littleton Water & Light Department	F	O	O	F	A	A
Mansfield Municipal Electric Department	O	O	O	F	A	A
Marblehead Municipal Light Department	O	O	O	F	A	A
Mass. Municipal Wholesale Electric Co.	O	O	O	F	A	A
Middleborough Gas and Electric Dept.	O	O	O	F	A	A
Middleton Municipal Electric Department	O	O	O	F	A	A
North Attleborough Electric Department	O	O	O	F	A	A
Pascoag Utility District	O	O	O	F	A	A
Paxton Municipal Light Department	O	O	O	F	A	A
Peabody Municipal Light Plant	O	O	O	F	A	A
Reading Municipal Light Department	O	O	O	F	A	F
Rowley Municipal Lighting Plant	O	O	O	F	A	A
Shrewsbury's Electric & Cable Operations	O	O	O	F	A	A
South Hadley Electric Light Department	O	O	O	F	A	A
Sterling Municipal Electric Light Department	O	O	O	F	A	A
Taunton Municipal Lighting Plant	O	O	O	F	A	A
Templeton Municipal Lighting Plant	O	O	O	F	A	A
Vermont Electric Cooperative	F	O	A	F	A	A
Vermont Public Power Supply Authority	F	O	F	F	A	F
Wakefield Municipal Gas and Light Dept.	O	O	O	F	A	A
Wellesley Municipal Light Plant	O	O	O	F	A	A
West Boylston Municipal Lighting Plant	O	O	O	F	A	A
Westfield Gas & Electric Light Department	O	O	O	F	A	A
IN FAVOR (F)	4	0	2	40	1	2
OPPOSED (O)	36	40	37	0	0	0
TOTAL VOTES	40	40	39	40	1	2
ABSTENTIONS (A)	0	0	1	0	39	38

**NEPOOL PARTICIPANTS COMMITTEE
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END USER SECTOR

Participant Name	VOTE 1	VOTE 2	VOTE 3	VOTE 4	VOTE 5	VOTE 6
Associated Industries of Massachusetts	F	O	O	A	O	F
Cape Light Compact, The	F	O	A	A	A	A
CT, State of, Office of Consumer Counsel	F	O	O	A	F	F
Conservation Law Foundation	F	O	A	A	A	A
Energy Management Inc.	F	F	F	A	O	F
Fairchild Semiconductor Corporation	F	O	O	A	O	A
Harvard Dedicated Energy Limited	--	--	O	A	A	F
Hardwood Products Company	F	O	O	A	O	A
Industrial Energy Consumer Group	F	O	O	A	A	A
J&L Electric	F	O	O	A	A	A
Lincoln Paper and Tissue, Inc.	F	O	O	A	O	A
Maine Skiing, Inc.	F	O	O	A	A	A
Marden's Inc.	F	O	O	A	O	A
Mass. Public Interest Research Group	F	O	A	A	A	A
Mead Oxford Corporation	F	O	O	A	A	A
NH Office of Consumer Advocate	F	O	O	A	F	F
Old Town Lumber Co.	F	O	O	A	O	A
PowerOptions, Inc.	F	O	O	A	A	F
Praxair, Inc.	F	O	O	A	F	O
Quality Egg of New England	F	O	O	A	O	A
Robbins Lumber	F	O	O	A	O	A
Saint Anselm College	F	O	O	A	O	A
Silkman, Richard	F	O	O	A	A	A
The Energy Consortium	--	--	O	A	F	F
The Energy Council of Rhode Island	--	--	O	A	A	F
Union of Concerned Scientists	F	O	--	A	A	A
UPC Wind Management, LLC	--	A	A	A	A	F
The Westerly Hospital	F	O	O	A	O	A
Z-TECH, LLC	F	O	O	A	O	A
IN FAVOR (F)	25	1	1	0	4	9
OPPOSED (O)	0	24	23	0	12	1
TOTAL VOTES	25	25	24	0	16	10
ABSTENTIONS (A)	0	1	4	29	13	19