

# ISO-New England Governance Structure

Governance and Regulation in the  
Electricity Sector Conference

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# Introduction and Contents

- ISO New England is:
  - A federally-regulated Regional Transmission Operator in six U.S. states
  - A not-for-profit private corporation
  - An information resource and trusted advisor
  - Independent of our 500+ stakeholders
- ISO New England is not:
  - A regulator
  - A policymaker

# Our Mission

- To assure the bulk power supply within the New England Control Area conforms to proper standards of reliability
- To create and sustain open, non-discriminatory, competitive, unbundled markets
- To manage comprehensive regional planning processes

# ISO-NE's Stakeholder Process

- The New England Power Pool (“NEPOOL”)
  - NEPOOL I - outlined in the Participants Agreement, when ISO-NE became an RTO in 2005
- New England States
  - New England Conference of Public Utilities Commissioners (NECPUC)
  - New England States Committee on Electricity (NESCOE), a Regional State Committee formed by the Governors
  - Consumer Liaison Group – Consumer advocates and People’s Counsel

# ISO-NE's Stakeholder Process - NEPOOL

- NEPOOL has six sectors, each of which has an equal vote:
  - Generation
  - Transmission
  - Supplier
  - Alternative Resources
  - Publicly Owned Entity
  - End Users
- NEPOOL's committee structure includes:
  - Participants Committee (the plenary body)
  - Budget and Finance Subcommittee
  - Technical Committees (i.e. Reliability, Markets, Transmission)

# ISO-NE's Stakeholder Process- NEPOOL

ISO-NE may make changes to FERC approved Market Rules, Operating Procedures, Information Policy, Installed Capacity Requirement, Manuals, Reliability Standards, and Tariff Provisions.

- Each change is reviewed and voted on by NEPOOL before filing except in exigent circumstances.
- Change must have 60% NEPOOL approval for market rules and 66  $\frac{2}{3}$ % for other changes, votes reported to FERC and Board.
- Any Participant-sponsored proposal that receives at least 66  $\frac{2}{3}$ % approval must be submitted to the ISO Board.
- If an alternate market rule proposal is approved by at least 60%, ISO-NE submits the proposal to FERC along with its own on equal footing.

# ISO-NE's Stakeholder Process - States

- ISO-NE sends monthly reports to NECPUC, organizes conference calls regarding the reports, and regularly facilitates ad hoc meetings among state officials and ISO-NE management.
- State regulators also participate in the Planning Advisory Committee and the director nomination process.
- NESCOE, formed in 2007, works with the Planning Advisory Committee regarding the development of the Regional System Plan and provides feedback on the Installed Capacity Requirement.
- NESCOE's policy determinations are made by a majority vote of the six New England states, both in number and weighted to reflect relative electric load of each state within the New England region's overall load.

# ISO-NE's Stakeholder Process – Planning Advisory Committee

- Established in ISO-NE's Tariff, the “PAC” is a regional forum open to all interested parties for the review and development of New England's Regional System Plan.
- The PAC also reviews studies, load forecasts, and stakeholder proposals for economic studies.
- The PAC holds an annual meeting to review the Regional System Plan.



# ISO-NE's Stakeholder Process – Business Plan and Budget

- ISO-NE reviews its annual business plans and budget with NEPOOL and the states each Spring and Summer.
- The Participants Committee votes on the budget before filing; the vote is reported to the Board and FERC.
- The budget is filed with FERC in October of each year.
- ISO-NE then develops a detailed set of priorities for the year from the budget and business plan, shares the document with NEPOOL, NECPUC, and NESCO, and reaches consensus on priorities.

# ISO-NE's Stakeholder Process – Other Issues

- ISO-NE and stakeholders form working groups to consider major issues such as Installed Capacity Requirements, Interconnection Queue Redesign, Forward Capacity Market Changes, or Transmission Cost Containment.
- Such working groups often have a “tri-chair” structure, with a chair from each of ISO-NE, NEPOOL, and the states.
- Customer Satisfaction Survey are conducted and results are reported to the Board.

# ISO-NE's Board Process - Overview

- ISO-NE has a ten-member, independent Board of Directors, including the CEO, who is non-voting.
- The Board was nominated and elected by members when ISO-NE first formed.
- The Board must have “a cross-section of skills”, at least three directors must have prior experience in the electric industry, New Englanders strongly preferred.
- Stakeholders now participate in director elections through the Joint Nominating Committee, which was established in the Participants Agreement.

# ISO-NE's Board Process - Director Elections

- The Joint Nominating Committee is responsible for determining the slate of directors for election.
- The Joint Nominating Committee consists of:
  - 7 ISO directors not standing for re-election
  - 6 NEPOOL representatives
  - 1 state regulator representative.
- The Joint Nominating Committee:
  - Solicits stakeholder input on appropriate director skill set
  - Develops a slate “by consensus”
  - Considers vacancies and incumbents due for re-election
  - Directors are now limited to three consecutive three-year terms (unless waived by stakeholders) and subject to an age limit .
- A Participants Committee vote of at least 70% is required to submit the slate to the Board for election.

# ISO-NE's Board Process – Interaction with Stakeholders

The Board and stakeholders interact in a variety of ways, such as:

- Posting agendas for Board and Committee meetings to provide stakeholders a means to submit written documents on any topic to the Board or a Board Committee
- NEPOOL and NECPUC Annual Meetings
- Regional System Plan meetings
- At least twice yearly meetings of NECPUC and the Board and Participants Committee and Board
- Assignment of individual members of the Board to state commissions to facilitate small, private meetings
- The director nomination process
- CEO attendance and reports on Board activities at Participants Committee meetings

# ISO-New England Governance - Conclusions

- ISO-NE's stakeholder processes and Board governance have developed over time.
- Practices were negotiated with stakeholders and represent regional consensus on best practices to balance responsiveness and independence.
- ISO-NE's Participants Agreement and Tariff were approved by FERC and are subject to FERC review.