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## 1 PROCEEDINGS

2 (10:05 a.m.)

3 MR. CADDEN: This is Kevin Cadden. This is our  
4 conference call with the Northeast Panel.5 In the room with me, by the way, is Chairman Wood  
6 and a number of FERC Staff.7 Connecticut? Would you please speak loudly so  
8 our Court Reporter can hear you and identify who is in the  
9 room.

10 Connecticut?

11 (No response.)

12 MR. CADDEN: Delaware?

13 MS. McRAE: Arnetta McRae.

14 MS. CONAWAY: Joann Conaway.

15 MR. CADDEN: District of Columbia?

16 MR. CARTAGENA: Angel Cartagena.

17 MR. MEYERS: And Ed Meyers.

18 MR. CADDEN: Maine?

19 MR. WELCH: Tom Welch, Steve Diamond, and Bill  
20 Nugent.

21 MR. CADDEN: Maryland?

22 MR. CURRAN: Commissioner Max Curran, along with  
23 staff members Raj Barua, Frank Carnine, and Andrew Moser.

24 MR. CADDEN: Okay. Massachusetts?

25 MR. O'CONNOR: Commissioner David O'Connor from

1 the Division of Energy Resources.

2 MR. CADDEN: New Brunswick, Canada?

3 (No response.)

4 MR. CADDEN: New Hampshire?

5 MR. GETZ: Commissioners Tom Getz, Susan Geiger,  
6 and Nancy Brockway.

7 MR. CADDEN: New Jersey?

8 MS. NUWICKI: --sitting in for--

9 MR. CADDEN: I'm sorry, could you start, say that  
10 again?

11 MS. NUWICKI: Linda Nuwicki, sitting in for the  
12 commissioners who wished for me to convey their regrets at  
13 not being able to participate on the call. They had a  
14 public Board agenda this morning which necessitated their  
15 participation in that.

16 MR. CADDEN: Okay. Thank you.

17 New York?

18 MS. HELMER: Maureen Helmer, with a number of  
19 staff people.

20 MR. CADDEN: Hi, Chairman.

21 Nova Scotia?

22 (No response.)

23 MR. CADDEN: Prince Edward?

24 (No response.)

25 MR. CADDEN: The Commonwealth of Pennsylvania?

1 MR. THOMAS: We have Glen Thomas, Commissioner  
2 Fitzpatrick, and a number of staff.

3 MR. CADDEN: Rhode Island.

4 MR. GERMANI: Elia Germani, Chairman.

5 MR. CADDEN: Vermont?

6 MS. WALSTEIN: It's Sandra Walstein and Michael  
7 Dworkin.

8 MR. CADDEN: Virginia.

9 MR. VOLSTEAD: We have Toti Walker and Arlan  
10 Volstead with the staff of the Commission.

11 MR. CADDEN: West Virginia?

12 (No response.)

13 MR. CADDEN: Is there anyone's name I did not  
14 call?

15 MR. KEATING: Massachusetts joined late.  
16 Commissioner Robert Keating and staff Ronald LeComp.

17 MR. CADDEN: Staff person again was?

18 MR. KEATING: Ronald LeComp.

19 MS. McRAE: The staff people from Delaware joined  
20 late: Bruce Burkette and Janice Dillard.

21 MR. CADDEN: Okay.

22 MR. GRAY: (?) Gray from NARUC here.

23 MS. BARKLIN: I'm Charlotte Barklin from NARUC.

24 MR. CADDEN: Ontario?

25 (No response.)

1 MR. CADDEN: None of the Canadian provinces rang  
2 in. Okay.

3 MR. NUGENT: Why did you exclude Quebec in that  
4 list? Or did I just not hear it?

5 MR. CADDEN: I'm sorry? Who was that speaking?

6 MR. NUGENT: Bill Nugent in Maine. You got the  
7 Atlantic Maritimes and Ontario, but it seemed like you  
8 didn't ask Quebec. I gather they're not here, but in your  
9 thinking you must not forget Quebec.

10 MR. CADDEN: I made a mistake, Bill.

11 MR. NUGENT: Okay.

12 MR. CADDEN: Okay, thank you.

13 Okay, Chairman Wood is going to lead off our  
14 conference call, of course.

15 CHAIRMAN WOOD: This is Pat. I want to thank all  
16 of ya'll for joining us on the call today. This is a formal  
17 convening of the State-Federal Northeast Regional Panel,  
18 which we set up in the Commission's Order on November 9th of  
19 last year in Docket RT02-2.

20 A transcript of today's panel discussion will be  
21 placed in the appropriate dockets. Please note that no more  
22 than two [FERC] Commissioners will be participating in  
23 today's discussion at any one time, nor will they be in the  
24 room, more than two of us, in the room at the same time.  
25 Otherwise, of course as you know, that would require this to

1 be posted as an open meeting.

2 Again, a transcript will be placed in the  
3 appropriate dockets so that this is consistent with our ex  
4 parte rules, but it also allows us the chance to talk  
5 freely.

6 The point of today's call, other than just for us  
7 to get together in advance of NARUC's meeting next month  
8 here in town is to follow up on a number of filings that  
9 were made in the past year from particularly the three  
10 Northeastern ISOs--that of New England, New York, and  
11 PJM--filing to qualify under Order 2000 of the RTO.

12 In July the Commission addressed some aspects of  
13 those orders and requested that the parties go into  
14 mediation to explore moving together to a single RTO for the  
15 entire Northeast.

16 That mediation, as you all may remember, happened  
17 through the late summer and early fall, and I believe it was  
18 in October or November the Commission addressed, or heard  
19 the reports from the law judges who performed the mediation  
20 services there.

21 So we have got in effect four open dockets here  
22 on main interest, and perhaps other ones as well, that we  
23 kind of need your guidance on. We've got a unique  
24 relationship between states and federal government in  
25 regulating this aspect of the energy industry and, as you

1 all heard us say during RTO week, we take that balance  
2 seriously and want to do this right.

3 So our job is to work on the wholesale market  
4 issues and support the efforts you guys and others are doing  
5 on retail issues. And so I think, as you all may have seen  
6 in our first effort with the Midwest, we do value very  
7 highly what the folks on the front line are doing. And  
8 since ya'll are those folks, we want to kind of pick your  
9 brains.

10 I had sent out, I think in maybe late December,  
11 December the 10th, a letter to all of you individually with  
12 a dozen or so questions about some of the specific issues  
13 that are raised in these four filings. And we wanted to use  
14 today's call not really to go through each question one by  
15 one but to talk more generally about the vision that you all  
16 may have for the wholesale markets up there and what you  
17 need from us, what we need to do with regard to RTO  
18 formation to facilitate the development of your markets up  
19 in the Northeastern region of the country.

20 So I think it goes without saying that those  
21 markets are the most mature in the country, and so the model  
22 that ya'll set and we set together in power markets is  
23 pretty important.

24 We have talked a lot--I have personally and our  
25 staff has talked a lot--with the Canadians since RTO week.

1 I recognize that, particularly with regard to the northern  
2 part of the Northeast--i.e., you guys in New England and New  
3 York--the folks across the boarder there are a very integral  
4 part of the energy markets that we are talking about, as was  
5 the case with MISO to be fair.

6 But we want to make sure that--unfortunately they  
7 are not on the call--but that we continue to take into  
8 account their issues, as well, to try to make sure that  
9 although there is a border it does not result in an energy  
10 market seam.

11 So that is kind of the opening foray from me.  
12 We've got staff here from each of my colleague's offices,  
13 and we do have a court reporter. So I know most of your  
14 voices because from my perspective everybody up here has an  
15 accent and I know you--

16 (Laughter.)

17 CHAIRMAN WOOD: --but if you would, for purposes  
18 of the Court Reporter, and just so it is clear to the other  
19 parties who are no in the room here that are very interested  
20 in what we are talking about and have a right to know, just  
21 say 'this is Tom Welch and here's what I've got to say,' so  
22 that she knows how to indicate.

23 My colleagues will be popping in and out, and I  
24 will just kind of let you know when each one comes in so you  
25 will know who is in here, but we will try to make that work

1 as best we can. It's the next best thing to being face to  
2 face, but we will try to make this productive.

3 I really do not have any specific kind of  
4 structure for today's meeting other than to let you folks  
5 react to some of the events and the filings and the  
6 questions that we have asked, and also if there are any kind  
7 of new issues and new topics that are germane to the  
8 formation of the wholesale markets that we ought to all kick  
9 around, I certainly would invite you to throw that out for  
10 all of us to talk about.

11 So I won't lung you to death anymore, other than  
12 to say thank you for taking time out of your busy day. I  
13 always remember the first of the year being really, really  
14 busy, and it is no exception here either.

15 But does anybody want to jump in and just kind of  
16 kick it off?

17 MR. ARTHUR: Chairman Wood, this is Glenn Arthur  
18 in Connecticut.

19 CHAIRMAN WOOD: Hi, Glenn.

20 MR. ARTHUR: With me are Commissioners Chairman  
21 Don Downes, Commissioners Jack Betkowski, Commissioner Jack  
22 Goldberg, and staff members Cindy Jacobs and Rob Rosterberg.

23 CHAIRMAN WOOD: Welcome all.

24 MR. ARTHUR: You said there were four dockets.  
25 Would you enumerate those dockets?

1           CHAIRMAN WOOD: It's the filing by New England  
2           for RTO status; the filing by New York for RTO status; the  
3           filing by PJM for RTO status which we addressed each one  
4           separately in July when I first got here; and then the  
5           mediation docket which we also voted out in July. So those  
6           would be the four big dockets. I think there are a bunch of  
7           subsidiary dockets, but those are the four kind of big  
8           issues before us.

9           MR. DWORKIN: This is Mike Dworkin in Vermont. I  
10          don't know whether it's best to go kind of from the  
11          Northeast down geographically, or we could go  
12          alphabetically. I think I'm just going to take a minute to  
13          chime in on what I think are some useful thoughts about  
14          putting this in perspective.

15          I could start with the thank-you's, but we all  
16          know them and appreciate them, so I don't want to spend a  
17          lot of time except to tell you that we do recognize the real  
18          value of having a call like this.

19          CHAIRMAN WOOD: Thank you, Mike.

20          MR. DWORKIN: Substantively, I would like to  
21          suggest that there is a whole range of views on how healthy  
22          the wholesale markets are or can be.

23          I am in the branch that believes that they can  
24          have real value, they can be extraordinarily useful, but the  
25          jury is still out as to whether we will be able to succeed

1 in making them.

2 And I think that in the back of our heads one  
3 thing we need to bear in mind is what I will call a bailout  
4 strategy. So that if five years from now it turns out that  
5 for any of the reasons we can foresee, or can't even foresee  
6 but find, there are serious problems in the wholesale  
7 markets, we have an opportunity to constrain any damage that  
8 occurs.

9 That is just a kind of version of how I tend to  
10 be conservative about what to do with other people's money,  
11 but it strikes me as important.

12 And I would comment that I think that the FERC's  
13 decision in regard to market power in early December is a  
14 good version of how the recognition of that pragmatic fact  
15 gives me real comfort.

16 Moving from the safety belt to the hope of  
17 actually getting something better, I am going to suggest  
18 that it is helpful to put things in proportion by saying  
19 that seams' issues matter but they are relatively small.  
20 Standardization of rules matters more; it's bigger than the  
21 seams' question.

22 But even standardization isn't the real issue.  
23 It's the quality of the rules in the very functional sense  
24 of whether you can create a wholesale market that has both a  
25 supply curve and a demand curve in it.

1           The amount of dollars at stake during the high  
2 stress periods when the lack of demand/response to  
3 extraordinary price changes is a degree in which you can  
4 spend 8 percent of a region's dollars in the course of an  
5 afternoon or two.

6           That means that it is vitally important to move  
7 to things like a multi-settlement system that works, to a  
8 market monitoring system that works, and that those issues  
9 are so important as to dwarf the questions of seams' issues  
10 where there is far less money at stake, or even  
11 standardization where there is moderately less money at  
12 stake.

13           So in a certain sense, I am making a pitch that,  
14 while size matters, quality matters a whole lot more. And  
15 that the fundamental definition of 'quality' is a workable  
16 opportunity for the people that buy out of the market or  
17 have costs passed on to them out of the market to be able to  
18 respond to price signals before a commitment on their behalf  
19 is made.

20           So I do think we need to engage in the details of  
21 what RTO might be, do, or look like, but I really don't want  
22 to lose the perspective of saying that far more important  
23 than creating a single RTO, far more important than even  
24 standardizing the rules, is making sure that there are good  
25 rules, whether they are standardized or not.

1           CHAIRMAN WOOD: And, Mike, what would you suggest  
2 is the best format to do that? I mean we have had kind of  
3 back-and-forths since I've just been here, I don't know, six  
4 months, a number of filings between NEPOOL and the ISO New  
5 England and the Commission in that back-and-forth kind of on  
6 various and sundry discrete rules is not very edifying, and  
7 I don't really get a sense of the vision thing there about  
8 how the quality is.

9           Is there a paradigm there that maybe needs to be  
10 rethought as to how to get that quality?

11          MR. DWORKIN: I think that there is a lesson to  
12 be learned from the way in which you have used your comments  
13 on market power as a lever to push FERC's entry into an RTO.  
14 I mean to be blunt, one could summarize, simplify, and maybe  
15 caricature your policy as saying you'll strictly enforce  
16 market power rules on anybody who isn't in an RTO, but if  
17 they get into an RTO you will back off a little bit.

18          I would almost reverse that and say that you push  
19 people very hard into good market rules, and that the RTO  
20 stick will be used for people who don't get good market  
21 rules.

22          That I think is a fundamental strategic decision  
23 that I would urge you to pursue.

24          In a more pragmatic detail-by-detail level, I  
25 think that a continued emphasis on what you've said about

1 the independence of the RTO from the market participants,  
2 and in particular the independence of it from NEPOOL given  
3 the example we pointed to just now, is absolutely vital.  
4 And I know that you've addressed that issue consistently and  
5 frequently, but you haven't been able to put it to bed and I  
6 think you need to be very blunt on the independence question  
7 to say that the test of independence is going to be whether  
8 market rules which are fair to both buyers and sellers are  
9 created, and that you will insist on independence and  
10 measure it that way.

11 CHAIRMAN WOOD: It's the independence of the  
12 market rulemaker that you're really focusing on, right,  
13 Mike?

14 MR. DWORKIN: Absolutely.

15 MR. ARTHUR: This is Glenn Arthur in Connecticut.  
16 I think our position at this time, or our thoughts, are that  
17 we in ISO New England should be allowed to continue until we  
18 have established the standard market that Mike was talking  
19 about. At the same time, while New York ISO and PJM are  
20 working towards a standardization of their markets also,  
21 we're concerned about PJM still being essentially vertically  
22 integrated.

23 We are not sure how they are going to break out  
24 their transmission. They are--as far as I can tell  
25 personally, and I've talked to several people--they are not

1 even participating in talk about transmission agreements in  
2 session.

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1           Until they do that, I'm not sure we're ready to go into an  
2           RTO. I disagree to some degree with what Michael said. I  
3           think we need those seams issues and the market  
4           standardization to whatever degree, and someone has to  
5           decide what that market is going to be. Because currently,  
6           there are differences enough so that I don't think we can  
7           trade across those borders without major disruptions in some  
8           cases.

9                   CHAIRMAN WOOD: Well, you're clearly right on the  
10          seam I know right there, Glenn, with New York. That's been  
11          problematic.

12                   MR. DWORKIN: By the way, and Glenn characterized  
13          it as a disagreement. That may be inflating it. This is  
14          Mike Dworkin. I just want to follow up on Glenn's. Because  
15          I don't want a minor difference in emphasis to be seen as a  
16          major difference and disagreement.

17                   My point is not that seams issues are  
18          unimportant, because I think they have some economic value,  
19          but that the economic data, the financial quantified data on  
20          the value of trades that could take place across seams  
21          suggest that it's meaningful but small in comparison to the  
22          value of the inappropriate pricing that occurs when you  
23          can't actually control a stress period because it's the way  
24          the market rules work.

25                   MS. HELMER: This is Maureen Helmer. Can I jump

1 in here?

2 MR. CADDEN: Sure. Chime in.

3 MS. HELMER: Just to follow up on both of the  
4 previous comments, I guess I would argue that there is not  
5 an inconsistency between having good rules and having  
6 uniform rules. And I think one of the goals that we should  
7 have in front of us and I think we have had in front of us  
8 through a variety of discussions is ways to find to have  
9 these rules come together in a way that makes them, that are  
10 the right rules, but we have maximum uniformity.

11 We're using some terms not always consistently.  
12 When we talk about seams issues, some people I think think  
13 of that as the inconsistency between the rules. There are  
14 other seams issues that are a smaller subset of that. But  
15 in either event, I think one of our goals should be to find  
16 a process to develop these rules in parallel so that they  
17 are consistent with each other and they do serve the public  
18 interest and the types of interests that Michael was  
19 describing earlier.

20 CHAIRMAN WOOD: Maureen, does that necessarily  
21 implicate that a single organization do the rulemaking for  
22 the particular market? I mean, ultimately, it all has to  
23 come here to be approved. But being realistic, we know a  
24 lot of the details get done closer to the customer. So what  
25 is the implications of that for any sort of organizational

1 structure?

2 MS. HELMER: Well, Mr. Chairman, we've been  
3 taking a whack at, you know, for the past many months the  
4 idea of doing it under a single organizational structure and  
5 I personally think that that is the best way to move  
6 forward. But unfortunately, a number of issues related to  
7 the organization and the structure as opposed to the content  
8 of the rules or the philosophy of the rules have made this  
9 difficult. And I think part of that is simply the huge  
10 complexity of the challenge in front of us.

11 If for whatever reason it's decided either by a  
12 region or by the FERC that that's not the way to go, then I  
13 would recommend we find a process to do this with at minimum  
14 some kind of alternative dispute resolution process.

15 You know, one of the concerns that we've had  
16 where there's a disagreement, for example, between the New  
17 York ISO and the New England ISO, or for that matter, the  
18 PJM ISO, is that when there is a problem that can't be  
19 resolved between the two regions, people are somewhat loathe  
20 to go to FERC because of the fact that not so much what FERC  
21 might or might not do, but because it might be viewed by  
22 that other region as giving up or going to war or what have  
23 you. And I think a very positive desire to maintain good  
24 relationships between the ISOs or between the commissioners  
25 in the region or whoever the relevant bodies are, you know,

1 we continue to try to resolve it offline, and sometimes it  
2 does take longer than it should.

3 MR. WELCH: Tom Welch from Maine. Let me pick up  
4 on a comment that Maureen made. I think that the notion of  
5 there not being an incompatibility between moving towards a  
6 broader market and a broader structure and at the same time  
7 addressing the particular rules issues in each existing ISO  
8 is a valuable perspective.

9 If I can step back just a second. Some of the  
10 schizophrenia that you've probably seen in our own comments,  
11 where on the one hand we very much support, for a lot of  
12 fairly obvious reasons, the notions of having a larger  
13 market and a larger trading area across which the trades can  
14 take place, at the same time cautioned against moving too  
15 quickly to a structure that would impose sort of an  
16 instantaneous market. A lot of that schizophrenia is really  
17 based on our own political experience with retail  
18 competition in Maine.

19 So it's very important to balance the speed and  
20 the manner in which we go forward to implement the market  
21 with a level of public acceptance that what we're doing is  
22 actually working. And it seems to us that if you have to  
23 move in steps with dealing with real and immediate problems  
24 that are affecting people's pocketbooks at the moment, which  
25 I think can only be done as a practical matter in the

1 individual ISOs, with saying that this is sort of a taste of  
2 the benefits we'll get as we continue to move forward and  
3 harmonize the structures in the various areas.

4           And underlying all this there's another I'll say  
5 irksome political problem, and it's pointed out a little bit  
6 by the material that PJM just put forward, there are clearly  
7 overall benefits to a very broad market, but those benefits  
8 are not evenly divided. And the political problem we will  
9 always have and why I think at the bottom of this FERC has  
10 to really be the deciding entity, is that left to their own,  
11 there will be states who will simply say it isn't worth it  
12 for us to go forward with it, even though you might be  
13 giving up literally billions of dollars in overall benefits.  
14 And trying to find a way to both show the magnitude of those  
15 overall benefits and perhaps develop some political  
16 mechanisms to distribute them in a way that will not cause  
17 people just to balk at it is going to be a daunting problem.

18           Where all that leads I think is to pick up on  
19 what Maureen was suggesting, to try to find ways of bringing  
20 -- allowing the various areas to bring decisions about best  
21 practices and other common market issues to the FERC in a  
22 way that it doesn't look as if it's sort of one side picking  
23 a fight with another side.

24           And one particular way of doing that might be for  
25 the FERC to develop a short list of things that need to be

1 addressed in the near term. Mike Dworkin mentioned one in  
2 particular. For example, what is the best practice for  
3 allowing real time demand response to have an impact on  
4 clearing price? And soliciting through ADR or some other  
5 mechanism a way of resolving that and making that a common  
6 practice across the regions and then perhaps picking on some  
7 others, putting it on a short fuse and going forward.

8 Because I think once those things begin to happen  
9 and happen in a common way, we'll both move to the point  
10 where we can see whether it makes sense to have a single  
11 organization or three, and real benefits will be brought on  
12 sort of a common basis.

13 CHAIRMAN WOOD: Anyone else?

14 MR. O'CONNOR: This is Commissioner O'Connor from  
15 Massachusetts. I would just like to, at the risk of  
16 appearing to sound like a chorus here, join with the  
17 comments of those who have just spoken, particularly  
18 Commissioner Welch. I think that it is very important that  
19 FERC help us strike a balance in this process between the  
20 movement to a larger market, a single one if possible for  
21 the Northeast on one hand, and help us strengthen the  
22 integrity and effectiveness of the markets in operation as  
23 we go.

24 To just be a little bit more specific, I think  
25 here in New England it's been clear to us for several years

1 that we absolutely have to get a congestion management  
2 system in place that really does the job. We're on our way  
3 there, but it's by no means an accomplished fact. Likewise,  
4 we need a day-ahead settlement system that will allow us to  
5 really adapt to market changes in real time more effectively  
6 than we now can.

7 So these are just two examples of very important  
8 reforms that are still wholly on the horizon for us and need  
9 to be recognized as critical elements of any successful  
10 larger market and therefore not ones we can simply afford to  
11 set aside at the moment.

12 Nothing that FERC has done ever suggested those  
13 be set aside. I realize that. But I would say that what's  
14 most important for us is that FERC help us identify those  
15 elements that are really best practice. And I would submit  
16 that the two examples I just used are going to be on any  
17 list of best practices, and that the Commission make sure  
18 that every control area is moving forward consistently to  
19 accomplish these in roughly the same shape and form. That  
20 is, getting consistency is as equally valuable right now as  
21 size. And I realize I'm sort of echoing the previous  
22 comments. But I do think that they're very well taken.

23 The Commission is best situated to insist that  
24 those movements within each control area happen in a way  
25 that is standardized or consistent with one another.

1 MS. BROCKWAY: This is Nancy Brockway on behalf  
2 of the New Hampshire Commission. Chairman Wood, none of us,  
3 well, as far as I know, none of us talked with one another  
4 beforehand, but we find ourselves sitting here in agreement  
5 with just about everything that's been said: That the focus  
6 should be on getting the market rules and procedures up to  
7 the common standard and having the FERC help in ensuring  
8 that common standards are found that are the best standards,  
9 and then reassess whether or not organizationally there are  
10 still benefits to be obtained from going to a larger system.

11 MS. RILEY: This is Cathy Riley of Maryland.  
12 I've been waiting for somebody from PJM and they're being  
13 quiet today. Mr. Chairman, thank you.

14 CHAIRMAN WOOD: Thank you, Cathy.

15 MS. RILEY: And I want to thank you on behalf of  
16 Maryland and some of our colleagues in some of the other  
17 states and in the District of Columbia for slowing down and  
18 taking time to hear what we're trying to say. And we  
19 appreciate that very much, because I know that's hard to do.

20 On the other hand, I also want to applaud you for  
21 not slowing down on some other things like the market  
22 monitoring decision. So we're for careful progress, and we  
23 think that's what you're doing. So I'm very pleased to be  
24 asked to spend here today as well. My colleagues are with  
25 me, the entire Maryland Commission. Our Executive Director

1 is here, Greg Carmine. Our Chief Hearing Examiner is here  
2 as well. And Raj Maru, who you all have grown to know and  
3 love is here as well. And some of our other key staff.

4 I just want to tell you how surprised I am that  
5 the kind of remark that I'm about to make on behalf of my  
6 colleagues is to agree with just about everything that's  
7 been said here today. And I am thrilled to be able to say  
8 that.

9 We have the view that foundations are hard to  
10 disrupt. And if you lay a good foundation, then you build a  
11 solid structure on top of it, and that's been what we've  
12 been trying to say all summer and fall. A good foundation  
13 is to have the three of us work together to resolve the  
14 problems that we have and to try and come out with, as I  
15 think Nancy just said, a consistency that we can then move  
16 forward with. So I'm agreeing with Chairman Helmer on her  
17 approach and with just about everything else that was said  
18 today.

19 I would point out one thing that is important to  
20 us because for Maryland and Delaware and the District, we  
21 are among the lower cost folks in the three regions. So  
22 financially, there is an interest to us as to cost shifting.  
23 And whatever the market rules are that we devise, rules do  
24 not stand all by themselves. Rules have financial  
25 implications, and we think those need to be tracked as well.

1           We have concerns as well regarding transmission.  
2           I know New England, you all have some constraints. We have  
3           some constraints. And I think you might find that our  
4           approach would be if we spend time working on the market  
5           rules, let each of us spend time resolving our own  
6           transmission constraints, and when it comes time for us to  
7           come together, we'll be coming together much more as equals.  
8           And I think I'm speaking on behalf of all of us. That would  
9           be our preference. To work with you guys, to work with our  
10          sister states and our sister regions, and come up with an  
11          outstanding market. And that's our goal.

12                 MR. MEYERS: This is Ed Meyers of D.C. I just  
13          wanted to echo some things just said by Chairman Riley and  
14          to say we all appreciate the process, of course. We're  
15          right in the middle of a fact-finding process at the PJM  
16          region, and there's some recent developments I'll just  
17          quickly go through.

18                 On January 4th, we asked PJM to run some new  
19          scenarios for their cost benefit studies to take into  
20          account extreme weather conditions and the build and  
21          implementation costs and what happens when those  
22          transmission constraints are removed, things like that. And  
23          then just today PJM is discussing linking up with the  
24          Midwest. So we're going to need a scenario on that too to  
25          really get to the financial implications that Chairman Riley

1 was just discussing.

2 And finally, just yesterday, January the 8th,  
3 there was a FERC cost benefit team meeting out in Vienna,  
4 Virginia with ICO, and we also requested some scenarios for  
5 FERC to consider running. For example, some sub-regional  
6 runs to make sure that such areas as the state of  
7 Washington, the PJM area, several subregional impacts are  
8 decided or discerned, not just, you know, overall costs and  
9 benefits, and also to take into account extreme weather and  
10 the like.

11 So just to say in view of all that that we're in  
12 the middle of this process, and so it's a little early for  
13 many of us to reach a judgment right now. And perhaps this  
14 panel could be reconvened in mid-February or after the cost  
15 benefit analysis are finished, and we can have a further  
16 basis for discussion. We're digging into all this right  
17 now.

18 CHAIRMAN WOOD: Thanks, Ed.

19 MS. McRAE: This is Sheila McRae in Delaware, and  
20 I just would like to respond on a point of Chairman Riley  
21 that the PJM region is not shy. We were just elated about  
22 so much agreement occurring between our three ISO regions,  
23 given our history. And I actually think that much of what  
24 has been said speaks directly to the kind of issues, at  
25 least we and Delaware have been talking about -- the idea of

1 getting the rules straight and getting common agreement on  
2 that, and if we focus on that en route to an RTO, a sizable  
3 RTO, I think everybody will be brought along in the process.

4 From our perspective, the issue of congestion  
5 management remains a very important consideration, and we  
6 believe that in sorting out those processes and getting  
7 congestion management to the point where appropriate signals  
8 are given for siting generation and other transmission-  
9 related issues, there will be less of a resistance from the  
10 smaller regions that are severely impacted by congestion.

11 And all of the other points that have been made I  
12 think are right on target in terms of where we're trying to  
13 get. And I frankly would say that there's really never been  
14 an outright opposition on our part to an RTO. It has been a  
15 process that leads us there and everybody being brought  
16 along with some common understanding of where we're headed  
17 and what the rules of the game will be.

18 MR. KEATING: Chairman Wood, this is Bob Keating  
19 with the Massachusetts Commission, the Department of  
20 Telecommunications and Energy. And I just want to make a  
21 general statement. Before I do, let me preface it by saying  
22 we're still within the department working on the detail  
23 questions and whether Massachusetts itself or in conjunction  
24 with NEPUC file something. Those will be the official  
25 comments that come in next week.

1           And what I want to express really is my own view  
2           or views. They're not necessarily inconsistent with my  
3           fellow commissioners, and nor are they necessarily to differ  
4           with David O'Connor from the Division of Office of Energy  
5           Resources here in Massachusetts.

6           And I just wanted to say that what strikes me as  
7           I reviewed these questions is the overall nature of the  
8           questions that you put out in your February 10th letter is a  
9           message that now that we have all had a chance -- we being  
10          FERC, the states and others -- have all had a chance to  
11          reflect on the many efforts and proposals that have been put  
12          forth in the past year since Order 2000 first came out is  
13          that maybe with all the good intentions that we were working  
14          towards here, we were trying to move perhaps too quickly to  
15          too large a region in the Northeast.

16          Now I don't want to suggest that I'm opposed to a  
17          larger region, because we certainly support that. But my  
18          concern is regarding the implementation schedule. And  
19          although I recognize the potential benefits of large market  
20          areas as Tom Welch from Maine has noted, and the benefits  
21          that can come from such large market areas to help  
22          consumers, I think that a key point that we need to keep in  
23          mind is that in order for those potential benefits to be  
24          realized that those large markets must be successfully  
25          implement. And that's I guess where my concern arises here.

1           It's kind of the message that I got out of reading the  
2           questions that you and your Staff have so I think eloquently  
3           put out for us to consider.

4                     And also, you know, quite frankly, those of us in  
5           the New England region talk to our New England ISO on a  
6           regular basis. I know NPUC will be meeting with the Board  
7           later this week. And what I'm hearing from our New England  
8           ISO is that the potential for success in the implementation  
9           stage in moving from a large region before markets are  
10          standardized in the individual regions -- and I think this  
11          is a theme that both Glenn Arthur and Mike Dworkin if I  
12          heard them correctly were talking about -- that the success  
13          of moving to that large region before we get these markets  
14          standardized is less likely because there are too many  
15          problems they see.

16                    And I must admit, and I think like many of us,  
17          I'm not an expert on the details of all these problems, so I  
18          must, you know, defer to, you know, the advice of the  
19          experts who do look at these things on a day-to-day basis.  
20          So that raises the question in my mind which I think was  
21          also consistent with the question that I think Bud raised by  
22          your questions here. And I would just, you know, throw this  
23          message out. And that's an approach that may allow for  
24          markets to be standardized in individual regions could in  
25          the long run be done more quickly than, you know, perhaps

1 has been suggested by what we've seen in this past year.

2 And I think we need to keep our minds open to this process  
3 as we move to that larger area, which again, I won't talk  
4 about the messages, the implementation in the steps to a  
5 larger area, not necessarily opposed to a larger area, and  
6 the timing of it.

7 So I would just offer those general thoughts and  
8 obviously you'll be getting our specific comments next week.  
9 Thank you very much.

10 CHAIRMAN WOOD: Thank you, Bob. This is Pat  
11 again. I just wanted to say, right before Arnetta spoke,  
12 Commissioner Breathitt came in and joined us.

13 COMMISSIONER BREATHITT: Hi, everybody. I can't  
14 stay too long. But there are plenty of people in the room  
15 to tell me a lot of the good nuances. Thanks for dialing  
16 in.

17 MR. THOMAS: This is Glen Thomas from  
18 Pennsylvania. I just want to offer a few thoughts on behalf  
19 of the Commonwealth of Pennsylvania. First of all, I want  
20 to maybe start by thanking FERC and Chairman Wood and your  
21 fellow Commissioners for your leadership on this issue. I  
22 mean, we certainly are of the mind that maturing the  
23 marketplace in Pennsylvania is going to create a larger  
24 regional electricity market that has smooth transitions and  
25 smooth transfer of power throughout the region. So we thank

1           you for that leadership and we thank you for bringing this  
2           to all our attention.

3                     We are very much in support of the larger market  
4           and believe that it will indeed mature the marketplace if  
5           it's done right. You know, we're pretty pleased with most  
6           of the aspects of PJM and how they operate their grid and  
7           believe that transactions are happening on through in a  
8           timely basis.

9                     Certainly we need to get the rules right. We  
10          need to get the governance structure right, and you know,  
11          are very supportive of efforts to grow the --

12                    CHAIRMAN WOOD: Glen, you faded out there.

13                    MR. THOMAS: At what point?

14                    (Laughter.)

15                    CHAIRMAN WOOD: About two breaths ago.

16                    MR. THOMAS: Okay. I guess, in a nutshell,  
17          support the efforts to create a larger regional market in  
18          the Northeast. Certainly want to make sure that the rules  
19          and the governance structure are of a market that  
20          strengthens the Pennsylvania market and the PJM region for  
21          that matter.

22                    CHAIRMAN WOOD: Let me ask a process question,  
23          because as you all know, we've also got a proceeding that  
24          we're starting up that we're working in with the NERUC  
25          meeting as well and are what's affectionately called the

1           gigaNOPR to stalk about standard market design and some of  
2           the issues, and quite frankly, using the template of what  
3           you folks in your three regions have as really being  
4           probably the best place to go shopping for best practices  
5           for the rest of the country.

6                     And I'm just wondering organizationally, is it  
7           easier to have a number of different organizations  
8           implementing kind of the good, high quality rules that are  
9           reasonably uniform, or does it work better if you have one  
10          organization doing that for a broader area? What are the  
11          tradeoffs and benefits of having several folks kind of  
12          pursue the quality rules that are reasonably uniform versus  
13          having one group do that?

14                    I mean, I guess that kind of was the punchline of  
15          the July 11th deal was rather than try to pursue that  
16          through a rulemaking, maybe we'll see if works well for  
17          larger organizations to do that for big regions of the  
18          country. And quite frankly, because of some of the  
19          pushback, we've decided to pursue the rulemaking effort in  
20          parallel and see how that goes.

21                    So I guess I just would like just some thoughts  
22          from you all about how do you really get to good and uniform  
23          rules, and do you gain something or lose something by going  
24          to a large organization to do that for at least one region?

25                    MS. BROCKWAY: Chairman Wood, this is Nancy

1 Brockway from New Hampshire. Our view on that is that it  
2 depends upon where you start from. And one of the reasons  
3 why we've got issues that have been distracting us from  
4 going to standard markets in some areas in the Northeast is  
5 because we started with three organizations that had, at  
6 least in PJM and New England, a long history. We had a  
7 tight power pool. We've had a base to build on. And so as  
8 Chairman Helmer said, we have all these governance issues  
9 that would have to be resolved before we could even get to  
10 talking about the market design.

11 But if you have to deal with governance anyway  
12 because you're starting from scratch, you're building a new  
13 organization, then you're going to face those anyway, and  
14 you can go across the larger footprint without running into  
15 these problems. So I think it makes a difference in that we  
16 would have an easier time in New England if we could proceed  
17 along the lines that Chairman Welch and Chairman Dworkin had  
18 outlined earlier.

19 I would say, though, that the risk of the FERC  
20 making a decision for us has actually produced some benefits  
21 already because people have been scrambling to finally get  
22 serious about standard market design and seams issues, seams  
23 issues broadly stated. And I point to the work that the ISO  
24 New England and ISO New York have been doing on getting to a  
25 common definition of what a day is, for example, and other

1 types of discriminating differences in the rules between us.

2 MR. WELCH: This is Tom Welch in Maine. A couple  
3 of things. One, in direct response to Pat's question, I'm  
4 inclined to agree that it almost -- well, it almost depends  
5 on at what point in time you are. If you are in a situation  
6 where the rules in the three areas still have some  
7 substantial differences, then it seems to me at least  
8 plausible that you are going to be able to move more quickly  
9 towards standardizing those rules, making them common rules  
10 across all three areas, if you allow each region to do it  
11 not independently but at least with some significant degree  
12 of autonomy. Because those are the organizations that have  
13 the background on what kinds of things are going on to which  
14 the new rules are an answer.

15 I think once you get to the common set of rules  
16 or rules that are very close to being common, then that's a  
17 very good time to look at whether or not you can gain some  
18 additional efficiencies by combining the organizational  
19 structures of the three entities. But I think it's very  
20 difficult to come in with a new organization that doesn't  
21 have the depth of experience in the separate markets and  
22 superimpose anything upon it.

23 MS. HELMER: This is Maureen Helmer again. I do  
24 believe that a large organization would move towards uniform  
25 rules, and, you know, to re-emphasize good uniform rules on

1 a more expeditious track. But I think we've seen some of  
2 the problems and the obstacles of doing that, you know, to  
3 key off of what Nancy said. When you have three already  
4 very sophisticated organizations with a long history, that  
5 is a difficult job.

6 I still think it's worth doing, but again, if we  
7 can't, and again, to key off of Nancy, I think it's very  
8 important that the FERC set, whether it's milestones or  
9 provide a forum for some of these subissues direct, whether  
10 it's an ADR, you know, smaller chunks of ADR processes or  
11 simply a dispute resolution process, you're going to need  
12 something to keep that driver on that does not exist if you  
13 don't have a single organization.

14 MR. CARTAGENA: Chairman Wood, this is Angel  
15 Cartagena from the District. First of all, let me just sort  
16 of give you a sense of what I'm hearing here in terms of the  
17 bigger picture and then I'd like to sort of support Chair  
18 Helmer on her comments.

19 First of all, my brother commissioner from Maine  
20 referred to the irksome political problem. I think he was  
21 being very kind, for that issue of benefits and cost  
22 shifting to me is at the very core of what we all have been  
23 concerned about. As I hear the conversation progressing  
24 today, what I'm hearing is that we have identified some  
25 incremental steps that need to be taken in order for us to

1 achieve the goals that I think all of us are in agreement  
2 about, which is that we need bigger markets to accomplish  
3 our goals.

4 Those incremental steps as I hear them is that  
5 first is we have to finish with all deliberate speed a well  
6 done and thorough cost benefit analysis. They're being  
7 done, and they're starting to reveal what are some of the  
8 real problems or challenges that we're facing. But those I  
9 think have to be finished. And in that regard, I wanted to  
10 support my colleague, Ed Meyers. That has to be done first  
11 I think before we can move on to some other things.

12 I'm also hearing that common market design rules  
13 are important. And in that regard, I do want to say that I  
14 think Maureen Helmer has hit the nail right on the head.  
15 That while we as sophisticated organizations with our own  
16 history and all of that sort of thing can do a good job of  
17 summing up that at some point FERC has to be the driver in  
18 the process and that that is the one area where I think your  
19 leadership is required, it's needed, and what we really need  
20 is the agency to step forward and say we will drive this  
21 process.

22 So that in a nutshell is what I'm hearing today.  
23 And I just wanted to say that I really strongly support  
24 Chair Helmer's comment that the market design rules are  
25 possible, but only possible if FERC sets a template, if you

1 will, a process in place that is going to drive all of us  
2 involved to create those common rules.

3 CHAIRMAN WOOD: Angel, this is Pat. What would  
4 be, you know, a way to do that that kind of respects y'all's  
5 role as independent regulators but gets the job done? I  
6 mean, what -- clearly the approach we've tried in June or  
7 July was not the way to do it. But what is the way to kind  
8 of lead the process but respect you guys' needs to be your  
9 own boss and the industry's ability to kind of weigh in on  
10 issues that matter to their business?

11 And Maureen, I would open a question to you and  
12 Angel since you all both talked about it. But clearly  
13 that's what I think I'm looking for, and I probably speak  
14 for all the rest of us, is how can we be a constructive  
15 force to kind of shepherd this through. We don't care who  
16 gets the credit, but we just kind of would like to see it  
17 kind of get there.

18 MR. CARTAGENA: Well, we in the District have  
19 talked about and suggested that there be something similar  
20 to a joint board. It doesn't have to be the joint board,  
21 but some kind of panel between -- that has representatives  
22 from both the state and the FERC.

23 Such a panel might be the first step in  
24 suggesting what some of the sort of core areas of market  
25 designs that have to be considered in order for us to have

1 effective common rules. Those can be put out for expedited  
2 comments, let's say. And then once those comments are  
3 received, some final order be put out that says, okay. In  
4 order for us to have effective, common market design rules,  
5 these are the areas that have to be addressed by your  
6 regions.

7 In that way I think we accomplish the goal of  
8 having a process that is appointed and it's targeted to come  
9 up with these rules but having the panels or joint board be  
10 the first to put the suggestions out in terms of what are  
11 the areas that have to be designed, that would address the  
12 issue of having all of us be involved in the process in  
13 creating these market rules.

14 MR. ARTHUR: This is Glenn Arthur in Connecticut.  
15 I don't agree with that if it's coming from commissioners  
16 without input from stakeholders. I don't think any of us  
17 know the market well enough to off the top of our heads say  
18 what those problem areas or challenges, if you will, are.

19 MR. WELCH: This is Tom Welch. I agree with the  
20 chairman of D.C. on this one. I think that, and frankly, I  
21 read it as implicit in his suggestion that obviously both  
22 the FERC commissioners and the state commissioners would  
23 seek whatever guidance we usually seek and frankly are given  
24 whether we seek it or not on what kinds of issues might be  
25 most important.

1           But I think a process in which the issues are  
2 prioritized quickly with consultation from many but  
3 essentially by the FERC, and perhaps taking it one step  
4 further, and not just to send to each region as they need to  
5 resolve, but really to come to a determination of what the  
6 best practice is, for example, with a capacity market or  
7 with a system for introducing demand response.

8           And there's a little bit of a cautionary note  
9 that I'd want to sound here that relates back to Pat's  
10 comments about drawing things from the Northeast and  
11 applying them to the rest of the country. It may be that  
12 for historical or market maturity reasons that solutions  
13 that work in the Northeast in three relatively mature  
14 markets with idiosyncratic histories are not easily applied  
15 to the rest of the country. And I wouldn't want to have the  
16 successful development of the Northeastern market rules be  
17 held up because some of those rules are perceived as being  
18 inapplicable to the Western Interconnect or something like  
19 that.

20           So I think in a way, the Northeast has the  
21 opportunity to become the poster child in a good sense for  
22 how you can make a market work. But I'm not sure I would be  
23 too quick to insist that things that work here necessarily  
24 work somewhere else.

25           CHAIRMAN WOOD: Well, let me ask a question, I

1 mean, in light of kind of the -- I don't know how many of  
2 you all have this PJM MISO discussion. I just got something  
3 from our former colleague, Craig Glaser, sent over last  
4 night about them talking about building a common market  
5 design that way.

6 I mean, do we kind of look at all of you all  
7 together? If we're talking about having stakeholder-  
8 driven, commissioner-driven regional market standardization  
9 and market kind of I guess joint work together to improve  
10 the quality of the rules, who do we have kind of sitting  
11 around that table? I mean, that's kind of been the debate  
12 since July is who are the right groups of people to put  
13 together? If it's not the whole nation, which I think Tom  
14 you probably made a good case for just now, and I've heard  
15 certainly from Western folks that that's the case. I don't  
16 know if I agree with that.

17 But let's just say for the minute that it's true.  
18 Then who are the right folks at least from the Eastern half  
19 of the country to get together to talk about what this  
20 standard market design or these, I guess I'll put it more in  
21 Maureen's words, how good and reasonable uniform rules ought  
22 to be kind of developed?

23 MS. RILEY: Chairman Wood, this is Cathy Riley.  
24 We have sitting in front of you on behalf of PJM a proposal  
25 to expand PJM into PJM West.

1           CHAIRMAN WOOD: Right.

2           MS. RILEY: And as a part of that process -- and  
3 believe me, I don't know much about it -- but it is my  
4 understanding that as a part of that process, there was a  
5 need to sit down and work out all the seams issues between  
6 Allegheny and Duquesne, who are a part of another area with  
7 PJM. And as a result of that process, they resolved a  
8 variety of seams issues and have come up with some  
9 resolution of market issues.

10           The original proposal was it would be effective  
11 in January of this year, January 1. I believe it was the  
12 hope at least of some of the state commissions -- I'll just  
13 speak for Maryland -- but PJM as well, that we all could  
14 learn a lot from that implementation. I'm not suggesting  
15 that that is a full answer to your question. But I think if  
16 that were to be implemented, it would certainly raise for us  
17 the efficacy of following a process similar to what PJM East  
18 and West followed. That might give us all some guidance as  
19 we move into an area that none of us really have been  
20 before.

21           MS. HELMER: This is Maureen Helmer again. And  
22 again, I certainly know less than you do, Commissioner  
23 Riley, about what went on between PJM and PJM West. But it  
24 does sound something like the process that's been ongoing  
25 between the three ISOs -- PJM, New York and New England.

1           Essentially, it's been led by the ISOs. Each of those ISOs  
2           has its own stakeholder process, and each of those ISOs  
3           currently has some relationship, better and worse, with  
4           their various state regulators.

5                     MS. RILEY: Right.

6                     MS. HELMER: Whether that can be improved or not,  
7           you know, I think certainly all of us would argue it could  
8           be improved in each of our respective jurisdictions. But  
9           that still begs the question of what is our ongoing  
10          relationship with these RTOs and ultimately with FERC,  
11          which, you know, we've kind of touched on and off in this  
12          conversation.

13                    MR. DWORKIN: This is Mike Dworkin. I guess I  
14          want to pick up on the concept of the joint board because I  
15          think as you phrased it as a joint board or something that  
16          has similar functions. I think that's a good way to phrase  
17          it.

18                    FERC traditionally I think has had some concerns  
19          about joint boards in the fear that it amounted to a  
20          delegation of authority or that it was giving an unbounded  
21          and open-ended set of obligations. I think that those can  
22          be addressed pretty readily by creating a set of panels that  
23          have a defined time period and that have a defined cast  
24          whose membership is drawn from FERC and any willing state.

25                    The value of it could be extraordinarily high in

1 my mind. And I think to begin with, the identification of  
2 what are the key elements of a good and reasonably standard  
3 set of markets is a good thing. I have to say just the  
4 value of these kinds of conversations is good when we hear  
5 that markets don't need to be just relatively common, they  
6 also need to be good. There is an achievement in our  
7 thinking about these things.

8 CHAIRMAN WOOD: Well, Mike, that was your  
9 contribution since you're the first one on the block.

10 MR. DWORKIN: Well, it was only because I  
11 searched out of the block because I think a lot of other  
12 people have been saying similar stuff, and this is the glory  
13 of being part of a crowd of people that are starting to  
14 think alike.

15 The elements of it, it strikes me, fall into  
16 three blocks. One is a cluster of things about demand. The  
17 other congestion management, and the third is kind of a  
18 fiduciary duty of the ISO which might be called a common  
19 governance issue.

20 In regard to demand, the obvious ones are coming  
21 up with some version of day-ahead settlements that offers an  
22 opportunity for multi-settlements, coming up with a market  
23 monitor that can constrain the high stress periods, and  
24 coming up with some form of price responsive load.

25 The second cluster involves congestion

1 management, and to my mind I put reserve margin in that  
2 cluster.

3 The third cluster is what other folks tend to  
4 call governance and sometimes FERC calls it independence.  
5 But I tend to call it an explicit FERC-filed tariff like  
6 commitment to a fiduciary duty to the public good backed by  
7 the independence and the technical capability, including  
8 staff and budget, to make that solid.

9 Those to me are the absolutely key things: The  
10 demand response, the congestion and capacity issue, and the  
11 fiduciary duty and the ability to make it stick.

12 The question of an ITC is raised by your letter,  
13 and I wanted to touch on it briefly, because the other one  
14 is implicated.

15 CHAIRMAN WOOD: Okay.

16 MR. DWORKIN: I don't have any particular problem  
17 with people making money off investments in transmission. I  
18 happen to think that's a real good way to get the necessary  
19 investments made. But I do have a problem with the notion  
20 of an ITC that's independent of or that can bypass the RTO.  
21 And this is particularly important in regard to planning and  
22 siting. Siting inevitably involves eminent domain, because  
23 it's inherent in the fact that if somebody builds 99 miles  
24 of line and somebody else owns the property in the 100th  
25 mile, they can hijack the price unless there's an

1 opportunity to take it.

2 But eminent domain inevitably involves an  
3 assessment of the public good, and that inevitably involves  
4 an assessment of alternatives. And the assessment of  
5 alternatives cannot be fairly and credibly made if it's done  
6 by an ITC which makes money off transmission investments and  
7 doesn't make money off alternatives.

8 So the assessment of the alternatives that  
9 triggers the eminent domain which is critical to the  
10 construction of lines has to be done by somebody besides the  
11 ITC. And in my mind, that is either done within the state  
12 or it's done by the states informed by information from some  
13 other body such as an RTO which needs to be able to be  
14 above, independent of and beyond the ITC.

15 So that's the ITC thought I have there. The  
16 broader image, though, is that when you're looking for  
17 process, a set of joint boards that could define the  
18 contents of the specifics of that good and reasonable  
19 standard market is a process that can be moved within  
20 defined time periods with defined memberships from the  
21 states and FERC, and with a set of tasks that requires some  
22 reporting back after hearing from people in a way that could  
23 have some real high value.

24 MS. BROCKWAY: This is Nancy from New Hampshire.  
25 Now I'm speaking for myself, because we haven't had a chance

1 to consult, although I don't think I'm off the reservation.  
2 The ideas that Mike Dworkin has just put out make a lot of  
3 sense. I am assuming that probably in congestion  
4 management, this whole concept of resource acquisition and  
5 planning would be brought in. It needs to be someplace,  
6 because that's one of the key issues.

7 I think implicit in all the different options  
8 that people are suggesting with you, Chairman Wood, we're  
9 not responding directly to the question necessarily of who  
10 should be there, although in the joint board, I think that's  
11 a good concept with states and the FERC. But ultimately,  
12 the FERC has got to make the decision. And what I think  
13 will be key to the success of this is the continuation of  
14 the FERC's determination that if we all can't come to an  
15 agreement, it's going to decide and just focus on the  
16 particulars of the rules is something that would be and has  
17 been recently a very welcome development on the part of the  
18 FERC. And I'd just take my opportunity to thank the FERC  
19 for the gigaNOPR and particularly the mode of response  
20 channel.

21 MR. WELCH: This is Tom Welch. I'll take a shot  
22 at answering Pat's question. I think that the people who  
23 ought to be at the table for sure are the PJM region, the  
24 New York and the New England ISO region.

25 I think it might be worth thinking about whether

1 the Canadian Northeastern provinces also ought to be in that  
2 group, and I don't think that having those people at the  
3 table necessarily implies a particular end state for how the  
4 broader markets are organized. It may very well be that PJM  
5 for any number of reasons winds up looking south and New  
6 England and New York wind up looking north.

7 But at this point, and not least because New  
8 England is actually in the process of adopting the PJM  
9 market design, it makes a lot of sense to have these three  
10 entities as, you know, the primary participants in a process  
11 that's trying to identify what are the best practices of the  
12 three probably most active markets that currently exist.

13 So I think from the standpoint of initial process  
14 at the geographic region you look to, whether or not you  
15 conclude now that that's ultimately the geographic rejoin  
16 across which you have a single market.

17 MS. RILEY: This is Cathy Riley. Let me just add  
18 to that. We have a process in place that I frankly in my  
19 couple of years on this Commission was not aware of the fact  
20 it was as important as it turned out to be, and that is this  
21 MOU process. I learned only in June at a meeting in Logan  
22 Airport how vital that was.

23 And I mentioned when I testified in front of the  
24 Commission that that was the case and that one of the  
25 realities that is in front of us, and perhaps we're doing it

1 here today and we just need to build on it, is to take the  
2 MOU process that has been in existence with the state  
3 commissioners and energize that even further, Mr. Chairman,  
4 so that we as state commissions, whether it's through the  
5 RRO concept that Chairman McRae offered at your hearing or  
6 whatever you want to call it, but take the MOU process that  
7 exists, energize it and move it to a different level, you  
8 could literally have us trying to help resolve those issues.

9 We could hear from stakeholders, as someone said  
10 should occur, and I would agree with that. And then we  
11 could actually become a conduit by which opinions are fed  
12 into the joint board. And perhaps that might help fill out  
13 the picture of who should be at the table.

14 MR. WELCH: This is Tom Welch again. I think if  
15 you're going to energize the MOU process, I think you need a  
16 cattle prod. It was a singularly unsuccessful process.

17 MS. RILEY: Mr. Welch? Commissioner Welch?

18 MR. WELCH: Yes?

19 MS. RILEY: That was my point. I think the July  
20 11th thing energized, because I know as a member of this  
21 commission, I had no idea it was important until the Logan  
22 Airport meeting and then the order of FERC on July the 11th.  
23 It has moved from like tenth on our list of what's important  
24 to what appears to be number one, because that's all we're  
25 doing these days. And I'm delighted that we're involved.

1           So if it took a cattle prod, I think we've had  
2           the cattle prod. I hope we've had the cattle prod. And  
3           maybe we should just build upon that was my point.

4           MR. WELCH: Yes. And maybe a way to keep people  
5           focused on it. And I'm not sure. Maybe we should have a  
6           different name for it even. But having -- I think FERC's  
7           critical role here -- and again, because states not only  
8           have different interests, all of which can necessarily be  
9           harmonized, but frankly states have some interests that  
10          cannot be harmonized, and that's sort of why we have the  
11          federal government here.

12          I think FERC needs to push whatever process  
13          emerges as a process to inform FERC of what the priorities  
14          need to be or to inform the ISOs as to what their priorities  
15          need to be. I think FERC has to use a rather heavy hand in  
16          making sure those meetings take place and that it gets  
17          information from those who are willing to participate in a  
18          way that is timely by FERC's timetable and not the  
19          collective timetables of a bunch of busy state commissions.

20          MS. McRAE: This is Arnetta McRae in Delaware. I  
21          have to say that I agree that ultimately FERC is going to  
22          play the key role in resolving disputes. But I think as far  
23          as getting a quality of input, it may not be an MOU process  
24          but something like that.

25          If we use the RRO, something that allows input to

1 bubble into FERC, if you will, so that you've gotten by the  
2 time you need to act, Chairman Wood, and your fellow  
3 Commissioners, you've gotten at least a good integration of  
4 what the thoughts of the various stakeholders and  
5 commissions are.

6 So I do believe there needs to be some interim  
7 process that allows us to refine issues and perhaps resolve  
8 some before they come to you. So I fully recognize your  
9 ultimate responsibility, but I would certainly favor a  
10 process that does allow for broader input and possible  
11 resolution on some issues with the understanding that if the  
12 parties can't get together and agree that ultimately FERC is  
13 there to respond, and we can move on.

14 MS. BROCKWAY: This is Nancy again from New  
15 Hampshire. Just going back to the joint board model, I  
16 think that one thing that is important about that or any  
17 similar model where this a panel of state and federal  
18 regulators doing some predigestion and reporting to the  
19 FERC, that panel doesn't go off and just sit on its own and  
20 not talk to anybody else. And I think that the remarks  
21 about stakeholders and market participants being involved  
22 are right on point.

23 And the panel I think as predigesting some of  
24 this material, pointing out different points of view and  
25 making recommendations, but it not only is not the only

1 course of recommendations or points of view, but it's not  
2 the final decisionmaker either.

3 MR. CARTAGENA: Commissioner, this is Angel  
4 Cartagena again from the District. I'm very happy that you  
5 explicitly said this, because I had just assumed that folks  
6 would understand that part of the joint board process or  
7 joint panel or whatever we're going to call it again, would  
8 entail seeking input from stakeholders.

9 At least that's, you know, again, my coming out  
10 of the FCC, I'm most familiar with how those panels had  
11 worked. And you're right. They have never worked in  
12 isolation. It has always been in cooperation with all who  
13 are interested in the outcomes of the issues that they  
14 preside over. So thank you for making that clear. I did  
15 not mean to imply at all that, you know, this would be sort  
16 of a bunch of regulators who would go off into a closed room  
17 and come out and say this is what's going to happen, but  
18 that it would focus on the concerns and input of  
19 stakeholders and then bring forth some recommendations that  
20 would be considered and decided on.

21 MR. MEYERS: This is Ed Meyers from D.C. I fully  
22 support that comment. You know, the MOU process, we really  
23 had no resolution or really no set course to lead to a  
24 decisionmaking, but we have at least three that we've talked  
25 about here that we've added to all that; namely, input from

1 stakeholders that Chairman Cartagena has just addressed, and  
2 also for a comment type of a process, all backed up by FERC  
3 decisionmaking when needed.

4 And so with the addition of those three things,  
5 an MOU-type process, you know, call it something different,  
6 a regional panel process, should work.

7 MR. CADDEN: Let the record reflect that  
8 Commissioner Massey joined our group here and Commissioner  
9 Breathitt exited.

10 COMMISSIONER MASSEY: This is Commissioner  
11 Massey. I've been here since about eleven o'clock and have  
12 been enjoying the discussion, and I appreciate all of you  
13 participating in this.

14 CHAIRMAN WOOD: Any thoughts back to shift to --  
15 Cathy had made a point a moment ago. One of the things that  
16 certainly comes up in a study we've done, I know the  
17 Department of Energy is doing a much broader study on  
18 transmission, are the transmission congestion points that  
19 there are quite a few of them up in the Northeast, as we can  
20 imagine.

21 And Cathy, you had said something a moment ago  
22 about a way to move forward on transmission. Clarify what  
23 that was, because I want to understand that. That's kind of  
24 what I call low-hanging fruit for regional cooperation, and  
25 I want to understand kind of where you were going with that

1 thought.

2 MS. RILEY: Let me first apologize. I understand  
3 you all put out a study, and I have not had a chance to read  
4 it.

5 CHAIRMAN WOOD: Actually, we haven't. We're  
6 waiting til the Department of Energy comes out with its full  
7 study.

8 MS. RILEY: Okay. It's not on your Web site? I  
9 thought it was on your Web site I just hadn't seen it. One  
10 of the realities in the whole business here is the financial  
11 implications of transmission. And we all have our own  
12 little areas and our own problems that we're worried about.  
13 For us it's the Eastern Shore, Maryland, which certainly is  
14 a problem therefore for Delaware, because we share so much  
15 with Delaware.

16 So we know, and we look at it every year, what  
17 our potential transmission investments are that are required  
18 to resolve congestion issues and to maintain reliability.

19 (Audio lost.)

20 (Discussion off the record.)

21 MS. RILEY: If we spend some time over the next  
22 year or so trying to iron out market rules and issues  
23 relative to building consistency, with which I agree, that  
24 we also should spend some time trying to understand what the  
25 needs are relative to transmission to resolve, one,

1 constraints, and two, look at the potential for market  
2 enhancements. And they're two different issues. Each of  
3 those has a cost related to it. And in all fairness, it  
4 seems to us that we should have some sense of what the, at  
5 least five-year and maybe ten-year planning requirements and  
6 then costs necessary to implement those plans would be.

7 And my point earlier was that perhaps we could  
8 agree going in that each of the regions for a set period of  
9 time, based on whatever that analysis would show, would  
10 agree to cover the cost of their own transmission  
11 constraints and enhancements. And that might eliminate one  
12 of the major cost shift problems that has been at least a  
13 concern to the Maryland Commission. That was my point, Mr.  
14 Chairman.

15 CHAIRMAN WOOD: Great. That helps. Because I  
16 was sitting there looking at some maps at least and there  
17 are some constraints between regions, and you know,  
18 certainly sharing the costs is kind of appropriate between  
19 the regions but keeping the dollars in the pot where they  
20 belong, which I think you made that point pretty clear back  
21 in October, Cathy, was certainly something that I know this  
22 Commission has done quite a bit of in the past as far as  
23 adopting of what they call license plate ratemaking and  
24 things like that.

25 But there are things that probably keep -- you

1 probably keep dollars closer to the place where the dollars  
2 were spent, both not only politically, but it also probably  
3 is a proper way to do it economically.

4 MS. RILEY: Mr. Chairman, the use of the word  
5 "politically" has been several times used this morning, and  
6 let me just make this comment. We have people in Maryland  
7 who supported Choice in 1999 -- policymakers, legislators  
8 and others. And between the California situation and the  
9 Enron situation, neither of which I think should be blamed  
10 or brought into play here, but they are being brought into  
11 play, is leading some people here to back off of their  
12 support.

13 We as a commission are continuing to try and  
14 implement our choice law and make it work. Our concern is  
15 if people perceive, rightly or wrongly, this larger RTO as  
16 being a cost shift to us, it will be the third nail, and  
17 we're going to have no political support here for choice. We  
18 think that would be wrong.

19 CHAIRMAN WOOD: And I would agree with that.

20 MS. RILEY: Okay? So we're willing to continue  
21 to work here to try and make this thing work and we want to  
22 be partners in it, and we don't want to have our legs cut  
23 off, you know what I mean? If that's political, so be it.

24 MS. BROCKWAY: This is Nancy from New Hampshire.  
25 I think that we should recognize that if, as some estimate,

1 80 percent of the benefits of regionalization will be  
2 achieved through eliminating seams, we're going to get that  
3 cost shift even if we proceed along the route that we've  
4 been talking about this morning, which does not assume a  
5 single RTO now but does assume elimination of barriers to  
6 trade across regions.

7 MR. ARTHUR: This is Glenn Arthur. I think that  
8 point was made earlier also by Tom Welch that there are very  
9 big political implications if in fact we try to do something  
10 that doesn't have political support.

11 And what the chairman from Maryland just said,  
12 there are probably already two nails in that, and if the  
13 people in the Northeast or New York or PJM feel that  
14 something's being jammed down their throats that nobody can  
15 explain what the benefits are or what the costs will be,  
16 we're in trouble.

17 MS. HELMER: This is Maureen Helmer from New York  
18 again. I just want to talk about something that Cathy  
19 alluded to earlier, and that is the importance of regional  
20 transmission planning. Whether we go with one organization  
21 or continue with three ISOs, I think it is important to at  
22 least identify where the constraints are across the region.

23 There are some constraints in New York State that  
24 have huge implications for both New England and PJM. I'm  
25 referring especially to the Central East constraints. And I

1 think it's important obviously, you know, who bears the  
2 costs of those interconnections or new transmission is a  
3 very important, sensitive issue that we have to deal with as  
4 well. But I think as a first step we should be planning  
5 together on a regional basis for transmission. I know the  
6 ISOs have talked about that a little, and New England and  
7 New York are taking steps in that direction. But I think  
8 it's very important.

9           There are constraints that exist in New York that  
10 may be dealt with in Pennsylvania and vice versa. So I  
11 think that is something we should try to move forward with.

12           MS. McRAE: This is McRae in Delaware. Well, I  
13 think another piece of that is who makes that decision.  
14 Because in the case of the PJM region, I think we have been  
15 well aware for several years that we have a problem with  
16 constraint, but because of the population being relatively  
17 small, there really isn't a great incentive to worry about  
18 the transmission issue at that end. But the impact is  
19 significant.

20           And right now it's really not clarified how you  
21 can get that planning and account for some of these more  
22 rural regions in transmission planning. And certainly the  
23 authority is not within the individual states.

24           MS. BROCKWAY: Excuse me. This is Nancy Brockway  
25 from New Hampshire. I apologize, Mr. Chairman, and the

1 others. We are going to have to leave for a meeting that  
2 was set up before this. Our staff member, Mary Coleman,  
3 will continue to be on the call, and we do very much  
4 appreciate this call and the chance to discuss these issues  
5 with you.

6 CHAIRMAN WOOD: Great, Nancy, and the folks from  
7 New Hampshire. Thank you all very much. Your wisdom is a  
8 constant source of strength to me personally, Nancy, as you  
9 know, from way back. But I do appreciate that and look  
10 forward to see you all at NERUC.

11 MR. O'CONNOR: Mr. Chairman, Massachusetts will  
12 probably be signing off in about five minutes. We too have  
13 an 11:30 meeting.

14 MS. RILEY: Maryland's not going to be far  
15 behind.

16 CHAIRMAN WOOD: Okay. Let me just say if there's  
17 anybody that hasn't had a chance -- I mean, I think you've  
18 covered for me certainly this call meant a lot to me. It  
19 helped really get to a different level than a lot of the  
20 detailed stuff that we're going to ultimately have to get  
21 to. But it helps to think more broadly in the new year  
22 through the process about how we continue to work together  
23 to make the markets work for all the customers we work for.

24 So I appreciate them. We'll think about it, talk  
25 to my colleagues, and we're going to be, as you know,

1 working on the cost benefit study. I know a number of you  
2 on the call are participating on that, as are commissioners  
3 from other regions of the country, and I think mid-February  
4 --

5 MR. CADDEN: It'll be the 15th, Chairman.

6 CHAIRMAN WOOD: The 15th is when the awardee of  
7 the contract is supposed to present us back with that data.  
8 So it may be a good time to talk again about some of those  
9 issues.

10 But I want to think more further about some of  
11 these process suggestions that I think a lot of good ones  
12 came out today. And I guess as a parting thought, there  
13 have been some discussions I know between New England and  
14 New York ISOs at the staff level, at the CEO and board level  
15 of those two organizations, and I know somewhat that PJM was  
16 involved. But it's just a perception I have that the New  
17 England, New York integration actually is kind of a  
18 potential thing that could happen pretty quick. And I just  
19 wanted to see if anybody in that region had any thoughts  
20 back on that, Maureen or any of the New England folks.

21 MS. HELMER: This is Maureen. We just got a  
22 presentation yesterday about what they were thinking, and I  
23 have to say it was extremely vague. So I feel it's a little  
24 too early to comment too much except to say that, you know,  
25 reiterate for the third time that it's important that, you

1 know, whichever form this takes that you folks keep their  
2 feet to the fire as we will try to do as well.

3 CHAIRMAN WOOD: Okay.

4 MR. DWORKIN: This is Mike Dworkin, and I can  
5 give a similar comment to Maureen's in part one, which is  
6 what we've seen and heard is very open ended and a little  
7 bit imprecise, and it's a little hard to react to it.  
8 Secondly, that her keep the feet to the fire remark I think  
9 I agree or similar to it my feeling that good and relatively  
10 standard rules are even more important than the footprint.

11 But I could go a little but further maybe. I can  
12 tell you that NECPUC will be meeting with the ISO of the  
13 Northeast Board of Directors tomorrow, and I think the ISO  
14 of the Northeast is going to have this issue strongly on  
15 their agenda to be asking our thoughts. In the past, as  
16 when it was first raised with us about three weeks ago, we  
17 were asked, were we unalterably opposed was the question.  
18 And the answer we gave was that if they are popping it right  
19 off the shelf then it was too early to be unalterably  
20 opposed.

21 But as we talked we had some of what I'll call  
22 serious concerns. The concerns fell into three categories.  
23 One was whether it was being proposed for its own merits or  
24 whether it was just a way to put a coonskin on the wall and  
25 show that some progress had been made, and we wanted to be

1 clear that people looked to what its merits were rather than  
2 just thinking of it as a defensive maneuver to avoid a  
3 larger merger with PJM and to avoid doing nothing.

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1           And we wondered whether that was what was driving  
2           it as opposed to its own merits. And in the context where  
3           we, for example, get more power, we, New England, as a whole  
4           get more power to and from Canada than we do even with New  
5           York, my closest PJM, the merits need to be looked at.

6           The second was a very pragmatic question which  
7           was whether there's going to be one or two or more billion  
8           dollar expense to upgrade the transmission grid for New York  
9           and whether that meant that we are being invited to step  
10          into a pool with somebody who has a lot of contingent  
11          liabilities that might be shared, and that's similar to the  
12          comments that I heard from the Mid-Atlantic States about  
13          their transmission sharing, and maybe the answer to it is as  
14          pragmatic as a hold-harmless provision, and that's exactly  
15          the kind of thing that some limited joint board might  
16          address, but it certainly is an issue, particularly in a  
17          context where there's no clear mechanism at the regional  
18          level, for a least cost alternative test in place yet.

19          The third issue was whether there is an explicit  
20          fiduciary duty to the general good and not just to the  
21          market participants that would be part of the governance  
22          structure of any emerging board, and that one is one that  
23          goes to larger issues but it's very live in this one.

24          So those were three, you know, clusters of  
25          reactions that we had when the topic was raised in a very,

1 very general sense a few weeks ago. We're going to be  
2 revisiting it tomorrow to hear if there's any more content  
3 to it, but at this stage, I think it's fair to say there are  
4 several concerns but there's not unalterable opposition.

5 MR. KEATING: Mr. Chairman, this is Bob Keating,  
6 Massachusetts Commission, just to answer your question from  
7 our perspective. We've been fortunate to have a couple of  
8 discussions with the ISO and also another presentation by  
9 National Grid on the ITC proposal which is being discussed  
10 in concert with the New England/New York type approach.

11 The ITC approach with a performance-based rate  
12 type mechanism involved in that is one that we're certainly  
13 open to. It's interesting to us and the idea of perhaps  
14 starting with a little smaller region may be one that has  
15 some interesting aspects. Obviously, the devil's in the  
16 details and we don't have all the details yet, but it is one  
17 we've had some presentations on recently and are open to  
18 considering them.

19 MR. ARTHUR: This is Glenn Arthur, Connecticut.  
20 Having some discussions with the transmission, at least ours  
21 here in Connecticut, it's apparent that transmission owners  
22 are in fact sitting down and talking in the Northeast and  
23 ISO New England and ISO New York, and I'm told the PJM West  
24 has at least participated in those discussions. PJM has  
25 not. That's bothersome to me.

1           The other thing is, I don't know, there's a  
2 couple transmission owners, and I'm correct in saying this,  
3 New York Power Authority has transmission. I don't know if  
4 they are involved in those discussions, and Long Island, and  
5 those are pretty major players in the transmission system in  
6 New York City. Those discussions are going on. They're  
7 waiting for some kind of perhaps guidance, and maybe this is  
8 part of one of the MOU organizations that could come up with  
9 suggestions, but that's not full participation in all the  
10 three ISOs currently, and actually a fourth ISO, if that's  
11 what it is, PJM West.

12           MS. McRAE: This is Arnetta. Is it possible from  
13 just our discussions that that is the kind of issue that  
14 could be presented through the subpanel or subgroup and that  
15 the joint board could ultimately look at? I know we talked  
16 about the whole notion of how the ITC would fit in, and  
17 certainly we know some of our local transmission owners have  
18 expressed great opposition so it seems to me it's in that  
19 category of another issue to be addressed through a process  
20 to make sure that everybody is on board.

21           While I'm talking, I do want to also take this  
22 opportunity thank you, Chairman Wood, for putting this all  
23 together. Frankly, it was encouraging to find that there  
24 were far less differences among the states than one could  
25 anticipate from some of these filings that we've had. And

1 that there at least is some concrete thinking about rational  
2 processes to get to some of these issues and address them on  
3 a region-wide basis.

4 CHAIRMAN WOOD: Thank you, Arnetta, for saying  
5 that. I think we meant what we said during RTO week that  
6 you know, it's not the dog-and-pony show, it's trying to get  
7 to the best answers so this stuff really works because we've  
8 got governors and presidents and customers and all that  
9 depend on us doing our job right. So I think it just works  
10 a lot better if we do it together.

11 Any other thoughts for the day before we sign off  
12 and say thank you to everybody?

13 MR. ARTHUR: This is Glenn Arthur again. You  
14 spoke of having I guess a schematic or something that showed  
15 the congestion area?

16 CHAIRMAN WOOD: Yes, you know what actually, and  
17 I was clarified after Kathy spoke, that the schematic is on  
18 our Web page I think under the "what's new" right on the  
19 front page under discussion items back in December 19th  
20 meeting. So if you go to "what's new" discussion items  
21 December 19th, there will be a little, I think it's all  
22 written out, but there's a little PPF file I believe that,  
23 or PowerPoint file that meeting shows a map that based on  
24 TLRs that we got from NERC and from the different ISOs in  
25 the area in the country where there've been economic

1 constraints and a potential estimate about what those 16  
2 constraints cost us in the summer of 2000 and the summer of  
3 2001 on an economic basis.

4 And as I mentioned, the Department of Energy is  
5 doing a more broad study, of which this was a small part,  
6 but that looks at just the congestion on the grid in  
7 general, and in a probably more scientific way than we've  
8 looked at it before, and hopefully that document will be out  
9 before NARUC and we can visit about it. But we'll see how  
10 fast they can move on that.

11 MS. McRAE: This is Arnetta again. I think we  
12 sent a note to FERC on that study because of the 16  
13 locations chosen, the PJM region on the peninsula wasn't  
14 included, which was somewhat surprising unless it was  
15 population-driven because certainly the congestion was very  
16 high, and so there's probably a whole lot of thought process  
17 that went into that, but I have to say that we looked at the  
18 postings, we thought that FERC was involved as well, and we  
19 are a little concerned that that whole region again wasn't  
20 being examined.

21 MR. CADDEN: Arnetta, this is Kevin. I will have  
22 the person who did the transmission study give you a call  
23 and talk to you about it.

24 MS. McRAE: I really would appreciate that.

25 MR. CADDEN: No problem at all.

1           MR. ARTHUR: This is Glenn Arthur again. That  
2 was one of the surprises to me. I thought PJM was  
3 advertising that they didn't have any congestion problems,  
4 and I heard both Maryland and Delaware say they did have.

5           MS. McRAE: Major. At least on the peninsula.

6           MR. CARTAGENA: This is Mr. Cartagena from the  
7 District. I have never, ever, in any forum, in any meetings  
8 since I've come on board this Commission ever heard PJM deny  
9 that we have problems. I think the only thing we've ever  
10 represented and I think PJM has represented as well is that  
11 overall, we are the best managed ISO in the country. That  
12 doesn't mean we don't have challenges, that just means we're  
13 dealing with them better.

14          MR. WELCH: So now you know why the MOU process  
15 was a challenge.

16          (Laughter.)

17          CHAIRMAN WOOD: Happy New Year to you all and  
18 thank you very, very much, and we'll see you next month in  
19 town hopefully.

20          MR. ARTHUR: The thank yous are very mutual.  
21 They go from us to you too.

22          CHAIRMAN WOOD: Good. And at future meetings,  
23 could you all just call me Pat. It's a lot easier to say.  
24 I appreciate it.

25          MS. McRAE: Okay, thanks again, Pat.

1 CHAIRMAN WOOD: See you all.

2 MS. McRAE: Okay, bye now.

3 MR. CADDEN: See you all on the tenth.

4 (Whereupon, at 11:40 a.m. on Thursday, December

5 9, 2001, the State/Federal RTO Panel Meeting was adjourned.)

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