

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>California Independent System Operator Corporation</b>	<b>Docket No.</b>	<b>ER09-1048-000</b>
<b>Midwest Independent Transmission System Operator, Inc.</b>	<b>Docket No.</b>	<b>ER09-1049-000</b>
<b>Southwest Power Pool, Inc.</b>	<b>Docket Nos.</b>	<b>ER09-1050-000 ER09-1192-000</b>
<b>ISO New England, Inc. and New England Power Pool</b>	<b>Docket No.</b>	<b>ER09-1051-000</b>
<b>PJM Interconnection, LLC</b>	<b>Docket No.</b>	<b>ER09-1063-000</b>
<b>New York Independent System Operator, Inc.</b>	<b>Docket No.</b>	<b>ER09-1142-000</b>

**Presentation of Tamara L. Linde  
On Behalf Of The PSEG Companies**

**(February 4, 2010 Technical Conference – Panel 1)**

I appreciate the opportunity to join this panel this afternoon and share the PSEG Companies' perspective on the important issues of RTO responsiveness and governance. Our perspective has been shaped by our role as a transmission owner, generator owner, demand response provider and as an entity with numerous load serving obligations. Further our perspective is tempered by our extensive experience in the RTOs/ISOs in which we primarily operate: PJM, NYISO, ISO-NE and ERCOT.

First, let me start with our view that the RTOs and ISOs are providing strong regional reliability and access to large, transparent, competitive wholesale

markets that would otherwise be elusive. Prior to organized markets, and even during the early days of these markets, individual utilities made decisions on how to plan and operate their systems without any stakeholder involvement and sought regulatory approvals once they had finalized those plans. Access to electricity supply was through bilateral agreements or simply taken care of by the local utility. We have come a long way from those days.

Today, in RTOs and ISOs, transmission is planned years in advance based upon rules and parameters that were vetted in open stakeholder meetings, voted on, and then debated and ultimately approved at FERC or in the courts. Those transmission planning criteria are applied in open stakeholder sessions of which stakeholders are notified in advance and have the opportunity to participate. Electricity markets in RTOs and ISOs have likewise been designed and refined through various types of stakeholder processes and then filed with and ultimately approved by FERC and in some instances the courts. Once rules are established, the administration of these market platforms across broad areas enable load serving entities and customers the opportunity to access supplies competitively without having to rely solely on bilateral agreements, or their local utility, for all of their supply needs. The RTOs and ISOs by their very nature have expanded options and opportunities for stakeholder participation, early and often.

The ability to participate in these processes and the transparency that participation brings, has not and will not eliminate differences of opinion on how transmission should be planned or paid for or how markets should be designed or implemented. In some cases, the transparency places a spotlight on those

differences that naturally exist. But, we should not allow that spotlight to be misinterpreted to suggest that significant progress has not been made.

While organized markets have greatly improved the ability of stakeholders to participate in shaping and implementing the rules, how RTOs and ISOs manage those stakeholder processes continues to be critical and subject to potential misuse. In the series of 719 Orders, the Commission properly recognized that fostering adequate responsiveness requires an interplay between inclusiveness, openness and equitable treatment of stakeholder interests. The Commission also appropriately recognized that while RTOs/ISOs must give proper consideration to their stakeholders' views, at the end of the day, the independent RTO/ISO boards must have the ability to engage in independent decision-making consistent with their core mission of maintaining a reliable bulk power system and operating competitive and efficient wholesale markets.

In just the last few years, we have seen noteworthy improvements in stakeholder processes. For example, PJM through the efforts of its management and Board has instituted significant improvements with respect to stakeholder's ability to access Board members. But as with every process, there is always room for improvements and further efficiencies. The Commission should continue to provide guidance and direction to the regional markets to seek out and make those improvements and learn from one another through benchmarking efforts, while recognizing that each region has its own challenges, weaknesses and strengths.

One generic issue that deserves further consideration is the current RTO voting structures that are used in stakeholder processes. As RTOs have expanded, and membership has become larger and more diverse, the voting process takes on an even more important role. Even where Board members hear from individual stakeholders and are presented with minority views on issues, the Board must rely upon official stakeholder votes to gain a picture of the majority view of its membership. It is important that the picture be clear and representative and not misleading. Under the current norm voting occurs through sectors, on a “one member, one vote” basis. These sector votes do not always provide a clear picture to the Board of the impacts of a particular decision. A preferred approach is to weight votes based upon which members have a direct interest in the outcome of a decision. To this end, we continue to advocate that bicameral voting, where a member’s vote is counted both on a per capita basis and on an asset ownership basis is the appropriate structure to use. Having said this, PSEG recognizes that there are other approaches as well. The important thing is that independent RTO/ISO Boards and the Commission are presented with a clear, un-biased picture of the views of its membership and the consequences of its actions.

There is a natural tension which always will exist between the disparate interests represented in RTO/ISO stakeholder activities and this should be viewed as a positive. The goal should be transmission owners, generator owners and load advocating their respective interests in an open and inclusive

stakeholder process that, at the end of the day, allows the RTOs/ISOs to focus on what is needed to ensure a reliable and competitive power pool.

This concludes my prepared remarks for this panel. Thank you for the opportunity to present the views of the PSEG Companies with respect to RTO/ISO stakeholder processes.