

NE ISO

...from interview with
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NE ISO

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RTOWest Benefits/Costs WG

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Structure of NE ISO?

- ✓ Non-profit ISO
- ✓ Geographic Scope:
 - 6 New England States
 - ~23 GW load, 27 GW Install Gen
- ✓ Independent Board - 10 Directors
- ✓ Began Operation in July 1997
 - Facilitated by History of NEPOOL (Tight Pool) Operation

Structure of NE ISO?

- ✓ Stakeholder Voting - NEPOOL Participants Committee
 - 5 Market Segments (Each Constituting 20% of Vote)
 - Generators
 - Transmission Providers
 - Suppliers
 - Public Entities (Muni's and Co-ops)
 - End-Users
 - Votes on: Market Rules (currently 18)
NEPOOL Agreement Amendments
Regional Open Access Tariff

Structure of NE ISO?

✓ Decision Process Can Be Lengthy

- Action Requires 2/3 Majority
- Due Process on Appeals of Voting Outcome
- ISO Can File Independently with FERC
 - Under 205 authority re reliability and market issues

✓ NEPOOL's Tariff - ISO Administers It

Structure of NE ISO?

✓ NEPOOL Governance

- Technical Committees (which the ISO Chairs)
 - Markets
 - Tariff
 - Reliability

✓ IS NE ISO and RTO?

- Would need to add functionality to be compliant with Order 2000
- Will file with FERC January 15, 2001

Structure of NE ISO?

✓ NE ISO Currently:

- Only Place to Purchase Transmission (Only OASIS)
- Centrally Dispatches all Generation (over 300 Generators)
- Makes Emergency Purchases/Sales
- Controls All Transmission
- Approves Outages of Both Transmission & Generation

Structure of NE ISO?

✓ NE ISO Currently:

- Runs a Real Time Market, Bids Submitted Day-ahead
- Does NOT Perform Any Congestion Management (Planned for Next Fall)
- Single Settlement System

✓ January Filing will Address:

- Is Geographic Scope Sufficient
- Congestion Management
 - (currently ~\$130M in unmitigated congestion)
- Market Monitoring
- Seams Issues

Structure of NE ISO?

✓ Progress Since Start Up:

- Took Over Operation of NEPOOL (no competitive markets - already had an economic dispatch based on cost)
- Designed Market to Date (over 180 participants)
- Brought Up Monthly Market for Installed Capacity - April 1998

Structure of NE ISO?

- ✓ On May 1, 1999 added:
 - 6 Daily/Hourly Product Markets Over Next 2 Years
 - Energy Market (residual)
 - Ancillary Products (3 reserve and 1 regulation)
 - Daily Installed Capacity
 - All Bid Markets
- ✓ Coming Next:
 - Congestion Management/Multi-Settlement Beginning Fall 2001

Cost Structure of NE ISO

✓ 2000 Budget:

- \$72M: \$47M Operating, \$25M Capital

✓ Staffing:

- Start Up: 140 employees
- Currently: 265 employees + 30 contract staff
- 2000 approved: 296 employees
- 2001 projection: 322 employees
- End Point projection: 350 - 400 employees