



# ISO New England's Governance and Engagement with States

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*New England States Technical Session*

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# Key Themes

- The ISO has a strong tradition of outreach, engagement and communication with state officials from all six New England states
- Under the ISO's governance structure, management is responsible for day-to-day business functions and most decision-making, with oversight provided by an independent board of directors
- Our organization is guided by the principles of independence and responsiveness
- The ISO and its rules and practices have evolved over time with oversight by our federal regulator



# Stakeholder Engagement Encompasses the Full Range of ISO Responsibilities

- **Market and operational data and analysis** is available on the ISO website, ISO Express (data portal), ISO App, and in extensive reporting to the states, the Federal Energy Regulatory Commission, and regional stakeholders
- **Market design** proposals are developed through a stakeholder process that is open to the states and all proposals and analysis are posted on the ISO website
- **System planning** is conducted through an open and transparent stakeholder process and all study-related information is posted on the ISO website



# Organizational Structure and Governance

- ISO-NE is a non-profit (501(c)(3)), non-stock corporation
  - Created in 1997 to operate the electric grid, create markets, and plan the transmission system
  - Became a Regional Transmission Organization (RTO) in 2005 following negotiations among transmission owners, states, and NEPOOL stakeholders
- ISO-NE has a ten-member, independent Board of Directors
  - Board member profiles are featured on the ISO website
  - Directors include the CEO, a non-voting member

# Board Composition and Function

- Board composition is addressed in the **Participants Agreement** and Bylaws (*independence from market influence is key*)
  - the Board must have “a cross-section of skills”
  - at least three directors must have prior experience in the electric industry
  - New Englanders strongly preferred, but not required
- **The Participants Agreement is a FERC-filed public document**
- The Board has committed to stakeholders to work diligently to ensure that experience in consumer advocacy and retail rate regulation continues to be represented
- Former federal and state regulators from New England were the latest members to join the board of directors

# Board Activity

- Full Board meets 6 times/year plus committee meetings
- The Board has six standing Committees
  - *(see appendix for full list)*
- Meeting agendas are posted to the ISO website

Business Function	Board vote?
Regional System Plan Project List	<input checked="" type="checkbox"/>
Board slate of directors	<input checked="" type="checkbox"/>
Financial documents	<input checked="" type="checkbox"/>
Specific market design proposals	<input type="checkbox"/>

# Overview of Director Elections

*Board directors interact with stakeholders throughout nomination process, presently and in the past*

**1997**

Board initially self-perpetuating

**2005**

Stakeholders request a role in board elections

**Today**

States/Stakeholders participate in board selection through the **Joint Nominating Committee**

# Joint Nominating Committee

- A Joint Nominating Committee (“JNC”) provides input to the board selection process
- JNC consists of:
  - ISO directors not up for reelection
  - 6 [NEPOOL](#) representatives
  - 1 state regulator appointed by New England Conference of Public Utilities Commissioners ([NECPUC](#))
- During the nomination process, the JNC:
  - Solicits stakeholder input on the appropriate director skill set
  - Develops a slate “by consensus” that includes nominees for the vacancies and incumbents identified by the Board for reelection

# Board Interaction with Stakeholders

- The Board interacts with NEPOOL in a variety of ways governed by the [Participants Agreement](#):
  - Board meets with the Participants Committee 2x+/year in small sector-specific meetings
  - Directors attend Participants Committee meetings upon request
  - The CEO attends every Participants Committee meeting and reports on Board activities
  - Board accepts stakeholder submissions of documents on any topic, including agenda items

# Board Interaction with Stakeholders, cont'd.

- Stakeholders, state representatives and the Board interact at Regional System Plan meetings
- With specific reference to the States, interaction, as a matter of practice, includes:
  - Meetings with NECPUC twice a year
  - Assignment of individual members of the Board to state commissions to facilitate informal meetings without ISO management present a few times a year
  - Attendance of board members at NECPUC Symposium



# ISO Interaction with States

- **ISO-NE has extensive interactions with state public utilities commissions**
  - ISO-NE's External Affairs Department sends monthly reports to NECPUC, organizes conference calls regarding the reports, and regularly facilitates ad hoc meetings among state officials and ISO-NE management
  - Individual members of ISO-NE's Board are assigned to the various state PUCs to serve as "liaisons" and meet semi-annually with commissioners
  - State regulators also participate in a number of initiatives discussed in subsequent sections of these materials, including the Planning Advisory Committee, the director nomination process, and by serving as co-chairs of working groups
- **ISO-NE works with the New England States Committee on Electricity (NESCOE) on the issues within its scope, which focus primarily on system planning and resource adequacy issues**
  - NESCOE commenced operations in 2009 as a Regional State Committee, recognized by FERC
  - NESCOE is managed by a Board of Directors appointed by New England Governors, which includes a mix of energy policy officials and public utility commissioners
  - NESCOE operations are funded by a charge collected through ISO-NE's tariff

# ISO Interaction with States, cont'd.

- **Management and the Board meet with the New England Governors upon request**
- **External Affairs regularly engages with state legislatures**
  - Presents to state energy committees on regional matters
  - Provides tours of control room and educational information on ISO's role
  - Delivers testimony on legislative bills that have a direct impact on ISO structure or ISO responsibilities
- **In response to FERC Order 719, the ISO facilitated the formation of a Consumer Liaison Group (CLG) to encourage participation by consumer advocates**
  - Office of Massachusetts Attorney General chairs the CLG Coordinating Committee
  - The CLG has a point of contact within External Affairs
  - ISO-NE hosts quarterly meetings of the CLG; meeting agendas set by CLG CC
  - ISO-NE provides quarterly reports on NEPOOL activities and other initiatives, especially those that impact consumers
  - The CLG's feedback is given to management and the Board

# TRANSPARENCY, COLLABORATION AND DECISION-MAKING IN SYSTEM PLANNING



# Stakeholder Engagement Essential in Planning and Cost Allocation

- ISO has a long history of working with the New England states through an **open and transparent system planning process**
- State energy officials have a significant voice through the **New England States Committee on Electricity** (NESCOE) in system planning
- New England states collaborated with ISO to create the regional **transmission cost allocation** mechanism that is in place today to fund transmission upgrades to address reliability needs
- States provide input to ISO system planning during review of **transmission planning studies**; this includes reviewing and providing input to the scope, assumptions, modeling, and results
- States play a major role in determining what energy infrastructure gets built in the region because they have jurisdiction over the **siting and permitting** of electric transmission and generation facilities



# Public Policy and ISO Planning Policies are Interwoven

- States have a definitive role in the ISO planning process in identifying potential transmission studies or solutions to meet **public policy** needs, and the states have the option under the ISO tariff to determine their own unique cost allocation arrangement for these solutions
- The ISO has provided extensive technical support to New England states in their **modeling efforts** related to resource planning
- The ISO provides **technical support** to state evaluation teams on the transmission aspects of RFPs for clean and renewable energy resources, and to states and developers on the interconnection of distributed energy resources



# States Inform Forward Looking Planning

- ISO conducts technical analysis for the states through the **economic study** process (e.g., 2019 study of offshore wind for NESCOE, and 2010 study of renewable energy potential in New England for the New England Governors)
- ISO has worked with New England states to evaluate potential **infrastructure solutions** (e.g., In January 2014, the NESCOE managers from all six New England states submitted a letter to the ISO requesting technical support and assistance with tariff filings relating to electric and natural gas infrastructure in New England)
- ISO works closely with the states to understand policies on energy efficiency and distributed generation and incorporates information into long-term load forecasts



# TRANSPARENCY AND COLLABORATION IN MARKETS



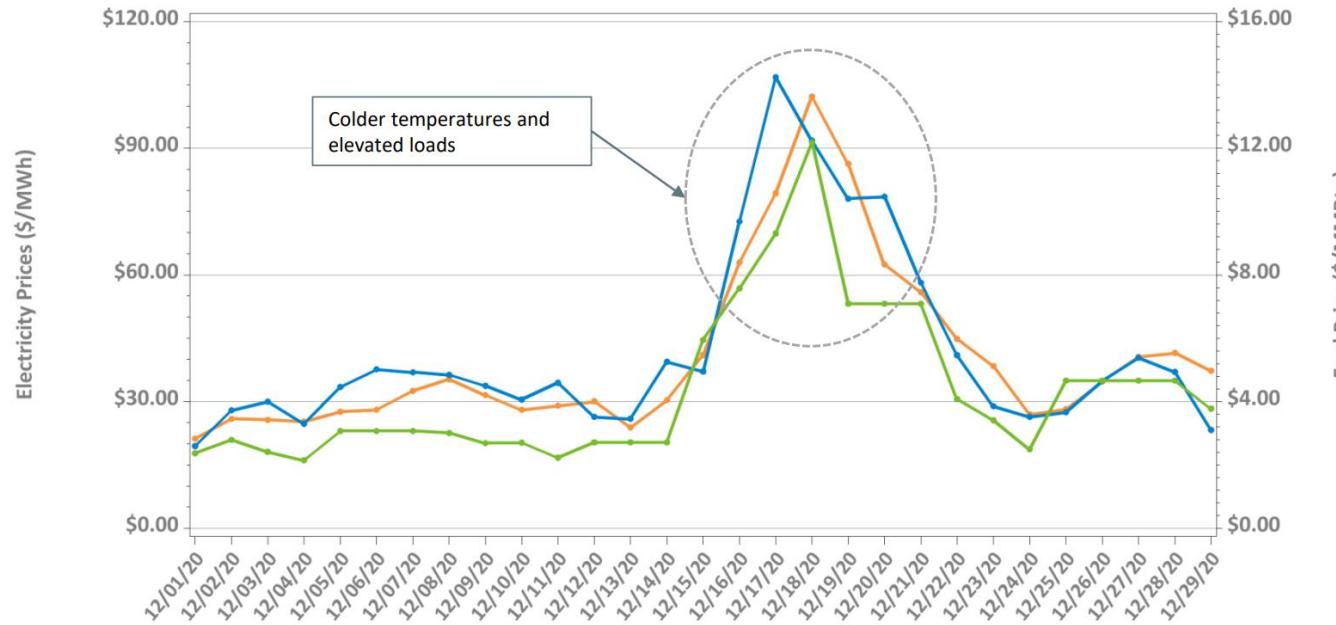
# Full and Complete Access to Information is Key to Competitive Markets

- Government officials have a **seat at the table** for all ISO New England and NEPOOL stakeholder meetings, such as the NEPOOL Markets Committee
- Real-time market information, including 5-minute pricing, fuel mix and demand is posted to the ISO's website and ISO App; in addition, significant information about market performance and infrastructure are fully available to the public
- States meet with the **ISO market monitor** to review wholesale market performance and results for the previous year (i.e., Annual Markets Report); this is a non-public meeting with government officials that is specified in the ISO tariff to provide state regulators direct access to the ISO market monitor
- ISO hosts a **monthly call with the states** (NECPUC, NESCOE and individual PUCs) to review wholesale market performance and results for the previous month and to preview upcoming discussions in the regional stakeholder process

# Example of Market Data Provided to Stakeholders

- Detailed monthly COO reports covering system and market operations are publicly available

## Daily Average DA and RT ISO-NE Hub Prices and Input Fuel Prices: December 1-29, 2020



# TRANSPARENCY AND COLLABORATION IN BUDGET MAKING



# Responsive and Engaged Budget Process

- ISO's budget process is **open and transparent** and involves direct engagement between the New England states and the ISO board
- ISO-NE is **unique among ISOs** in that it develops its annual budget through a regional stakeholder process and submits the budget for approval with FERC
- States have a **direct role** in reviewing the ISO budget
- ISO staff and board respond to **questions and comments** from the states, which are posted on the ISO website and filed with FERC
- In addition to providing input on the budget, representatives of the New England states (i.e., NESCOE) meet with the ISO to discuss the **ISO's annual work plan**



# Looking Forward

- The ISO **will continue its strong tradition of outreach, engagement and communication with the New England states**
- **Regional discussions are underway** with stakeholders, states, market participants, FERC and the ISO about changes needed to decarbonize our grid in a reliable manner
- The ISO is **evolving continuously and appreciates feedback** from the states and stakeholders
- **Reach out:** [ISO state contacts are available on our website](#)



# FOR MORE INFORMATION...



## Subscribe to the *ISO Newswire*

[ISO Newswire](#) is your source for regular news about ISO New England and the wholesale electricity industry within the six-state region



## Log on to ISO Express

[ISO Express](#) provides real-time data on New England's wholesale electricity markets and power system operations



## Follow the ISO on Twitter

[@isonewengland](#)

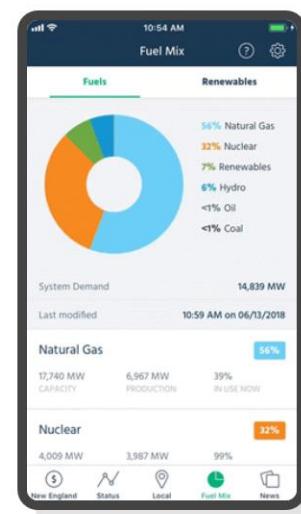
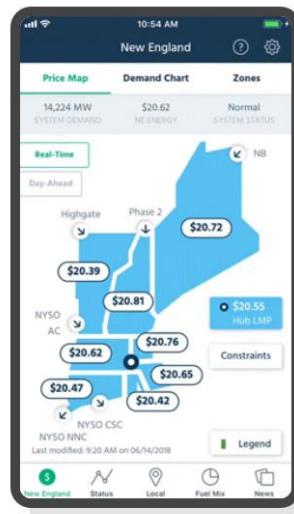


## Follow the ISO on LinkedIn

[@iso-new-england](#)

## Download the ISO to Go App

[ISO to Go](#) is a free mobile application that puts real-time wholesale electricity pricing and power grid information in the palm of your hand

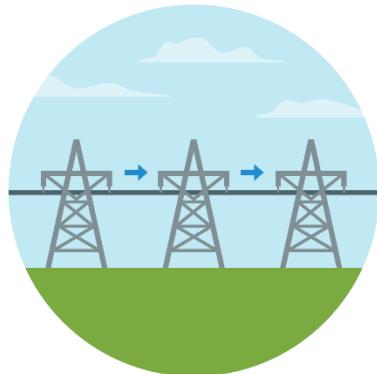


# APPENDIX

# ISO New England Performs Three Critical Roles to Ensure Reliable Electricity at Competitive Prices

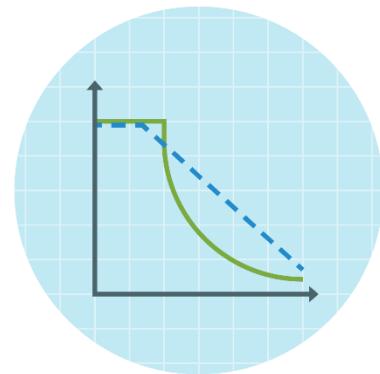
## Grid Operation

Coordinate and direct the flow of electricity over the region's high-voltage transmission system



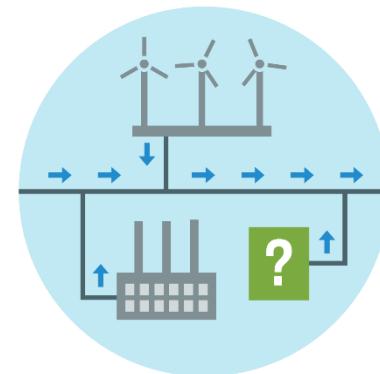
## Market Administration

Design, run, and oversee the markets where wholesale electricity is bought and sold

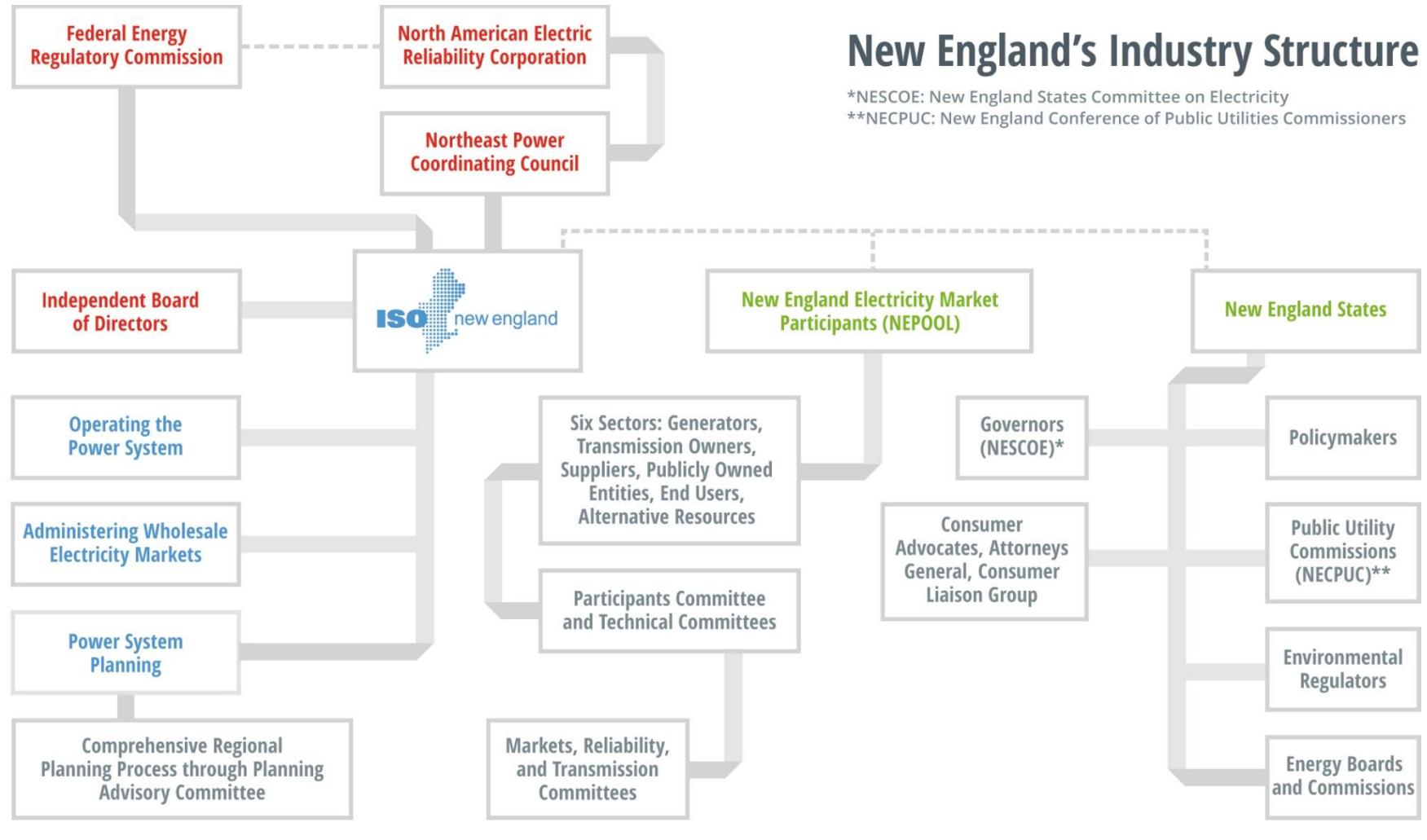


## Power System Planning

Study, analyze, and plan to make sure New England's electricity needs will be met over the next 10 years



# Numerous Entities Including an Independent Board Provide Oversight of and Input on ISO's Responsibilities



# ISO Board Committees

- The Board has six standing Committees:
  - Audit and Finance
  - Compensation and Human Resources
  - Markets
  - Nominating and Governance
  - System Planning and Reliability (“SPARC”)
  - Information Technology and Cybersecurity
- Agendas posted to the website