



ISO New England's Governance and Engagement with States

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



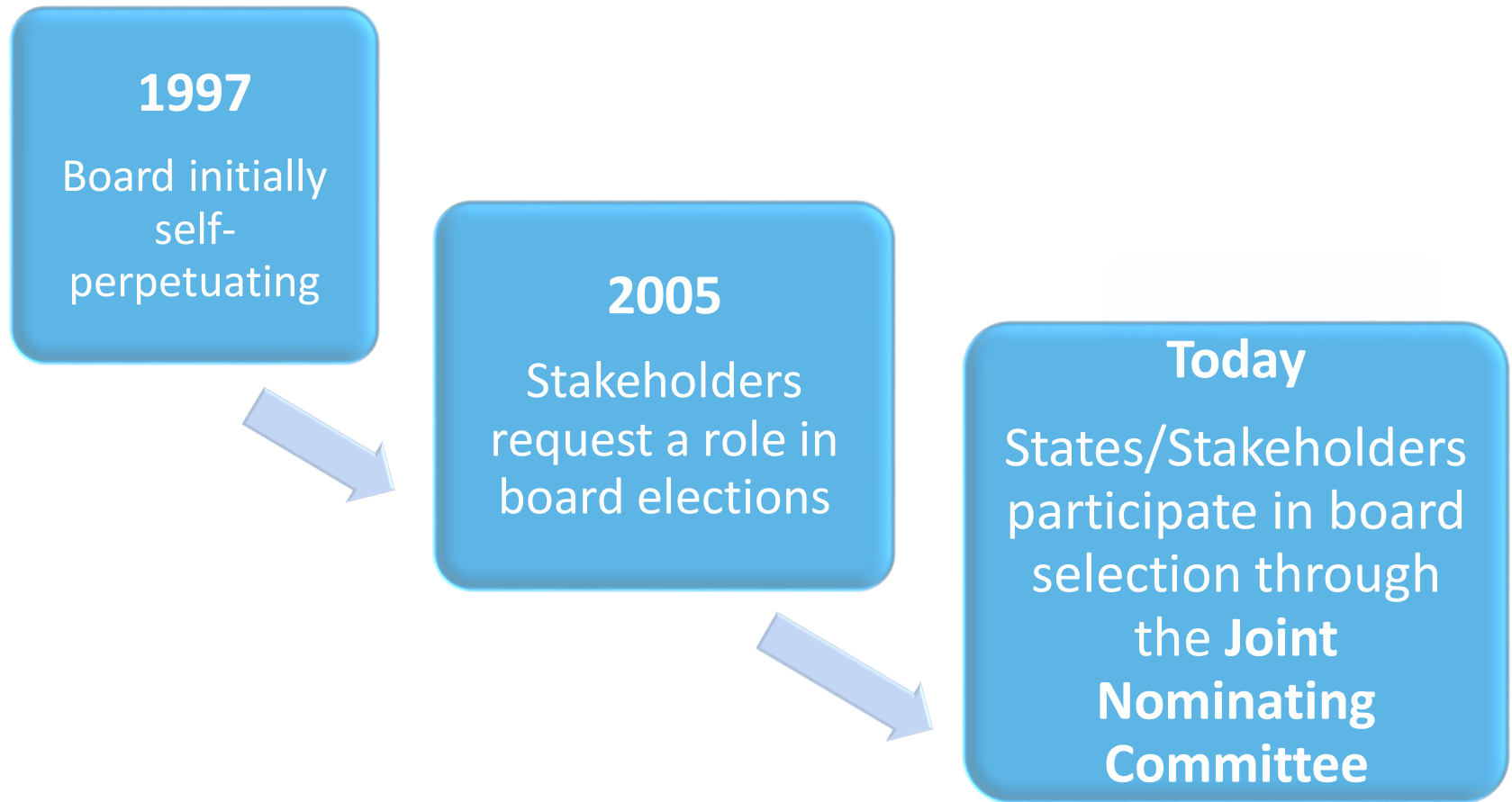
Board Activity

- 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	✓
Board slate of directors	✓
Financial documents	✓
Specific market design proposals	✗

Overview of Director Elections

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



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

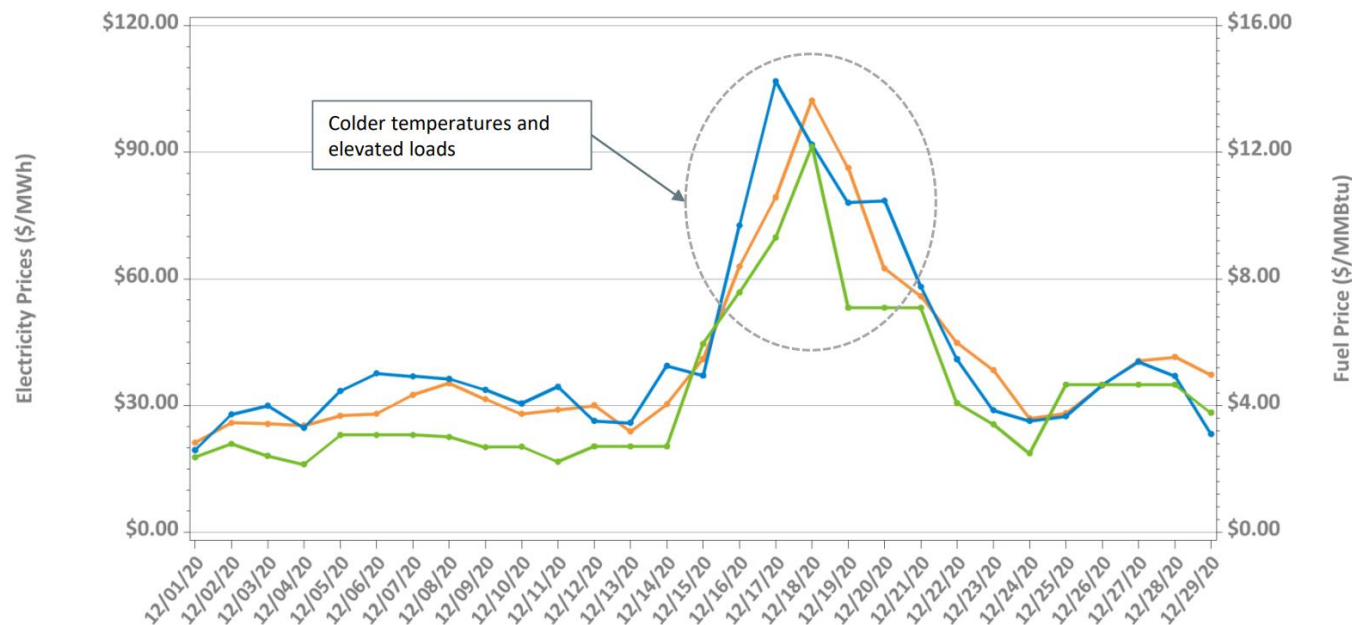
- Government officials have a **seat at the table** for all ISO New England and NEPOOL stakeholder meetings, such as the NEPOOL Markets Committee
- Real-time market information, including 5-minute pricing, fuel mix and demand is posted to the ISO's website and ISO App; in addition, significant information 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

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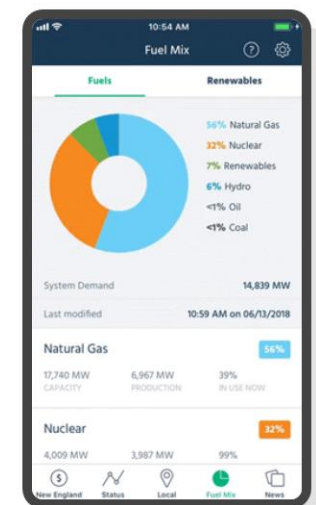


Follow the ISO on LinkedIn

[@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



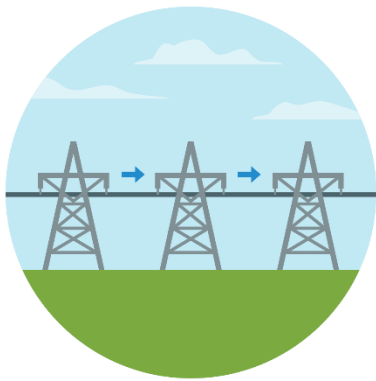
APPENDIX



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

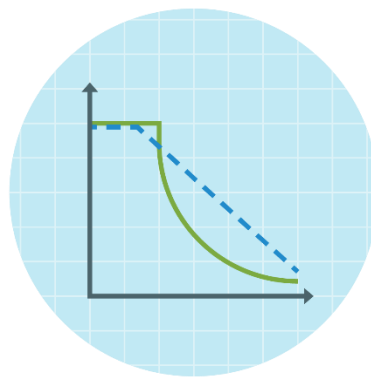
Grid Operation

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



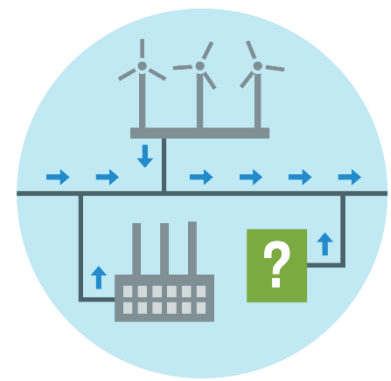
Market Administration

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

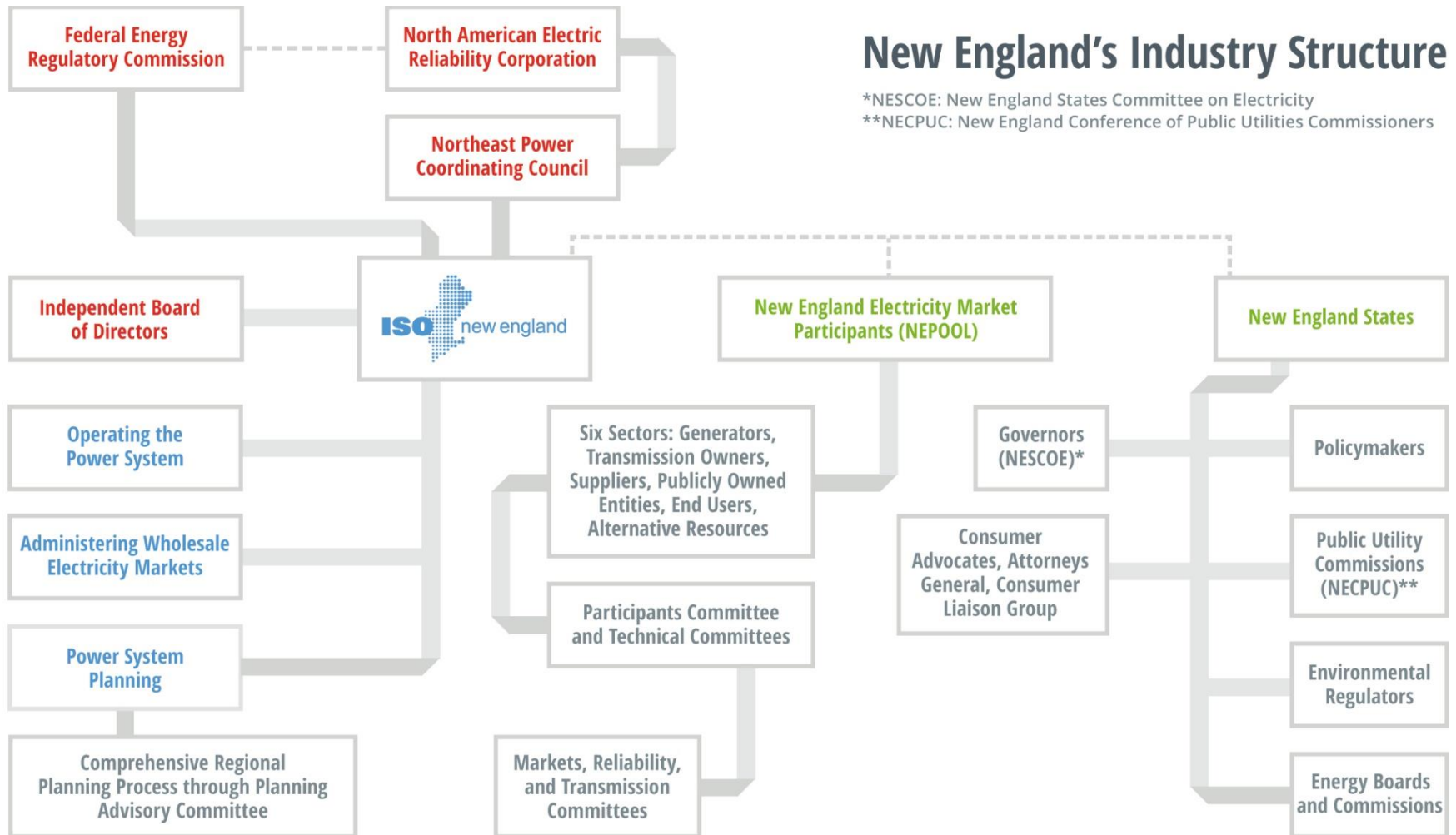


Power System Planning

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