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Minutes of the May Markets Committee
Renaissance Framingham
May 12-14, 2026

MC Members and Alternates in attendance at the May 12-14, 2026 Meeting

Participant Name	Sector/Group	Member Name	Alternate Name	Proxy
Advanced Energy United, Inc.	Associated Non-Voting		Alex Lawton	
Ashburnham Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
Avangrid Power, LLC	Transmission		Alan Trotta*	
Boylston Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
BP Energy Company	Supplier			Jose Rotger
Braintree Electric Light Department, Town of	Publicly-Owned Entity		Dave Cavanaugh	
Brookfield Renewable Trading And Marketing LP	Supplier	Aleksandar Mitreski		
C. N. Brown Electricity, LLC	Supplier	Jeff Jones		
Calpine Energy Services, LP	Supplier	Andrew Gillespie*		
Central Maine Power Company	Transmission	Jamie St. Pierre*		
Chester Municipal Electric Light Department	Publicly-Owned Entity		Daniel Murphy	
Chicopee Municipal Lighting Plant	Publicly-Owned Entity			Daniel Murphy
Clearesult Consulting Inc.	Alternative Resources	Tamera Oldfield		
Clearway Power Marketing	Supplier			Pete Fuller
Commonwealth of Massachusetts Office of the Attorney General	End User	Jacquelyn Bihrle*	Jamie Donovan*	Chris Modlish
Competitive Energy Services, LLC	Supplier	Richard Silkman		
Connecticut Office of Consumer Counsel	End User	James Talbert-Slagle*		Alex Wang
Conservation Law Foundation	End User	Priya Gandbhir		
Constellation Energy Generation, LLC	Supplier	Andrew Gillespie*	Gretchen Fuhr	
Cross-Sound Cable Company, LLC	Supplier		Jose Rotger	
Dartmouth Power Associates	Supplier			Sarah Yasutake*
Dominion Energy Generation Marketing, Inc.	Generation	Wes Walker		

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DTE Energy Trading, Inc.	Supplier			Jose Rotger
Dynegy Marketing and Trade, LLC	Supplier	Ryan McCarthy*		Bill Fowler*
Emera Energy Services Subsidiary No. 15 LLC	Supplier			Bill Fowler*
Engie Energy Marketing NA, Inc.	Alternative Resources	Sarah Bresolin Silver		
Environmental Defense Fund, Incorporated	End User	Jolette Westbrook		
Eversource Energy Service Company	Transmission	Benjamin *D'Antonio	Parker Littlehale*	
Firstlight Power Management LLC	Generation	Tom Kaslow*	Cal Brooks	
Gabel Associates	Supplier	Sarah Yasutake*		
Galt Power Inc.	Supplier	Jose Rotger		
Generation Bridge Connecticut Holdings, LLC	Generation		Steve Kirk	Bill Fowler*
Groton Electric Light Department	Publicly-Owned Entity			Daniel Murphy
GSP Lost Nation LLC	Supplier			Robert Stein*
H.Q. Energy Services (U.S.) Inc.	Alternative Resources	Louis Guilbault	Robert Stein*	
Holyoke Gas & Electric Department	Publicly-Owned Entity			Daniel Murphy
Hull Municipal Lighting Plant	Publicly-Owned Entity			Daniel Murphy
Industrial Wind Action Corp	Generators	Lisa Linowes		
Ipswich Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
Jonathan Lamson	End User	Jon Lamson		
Long Island Power Authority	Supplier	Bill Killgoar*		
Maine Power LLC	Supplier	Jeffrey Jones		
Mansfield Municipal Electric Department	Publicly-Owned Entity			Daniel Murphy
Marble River, LLC	Supplier		John Brodbeck	
Marblehead Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
MA Dept. of Capital Asset Management	End user		Paul Lopes	
Massachusetts Municipal Wholesale Electric Company	Publicly-Owned Entity		Daniel Murphy	
Mercuria Energy America, LLC	Supplier			Jose Rotger
Natural Resources Defense Counsel	End User		Claire Lange Ree	

Rev. 1

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Nautilus Power, LLC	Generation	Christopher Sherman*		
New England Power Company	Transmission		Tim Martin*	
New Hampshire Electric Cooperative, Inc.	Publicly-Owned Entity			Brian Forshaw
New Hampshire Office of Consumer Advocate	End User	Matthew Fossum*		
Pawtucket Power Holding Co.	Generation	Dan Allegretti		
Paxton Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
Peabody Municipal Light Plant	Publicly-Owned Entity			Daniel Murphy
PowerOptions	End User		Zach Gray-Traverso*	Doug Hurley
Princeton Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
Russell Municipal Light Department	Publicly-Owned Entity			Daniel Murphy
Shell Energy North America (US), L.P.	Supplier	Jeff Dannels*		
Shrewsbury Electric & Cable Operations	Publicly-Owned Entity			Daniel Murphy
South Hadley Electric Light Department	Publicly-Owned Entity			Daniel Murphy
State of Maine - Maine Public Advocate Office	End User	Andrew Landry*	Susan Chamberlin	Sarah Shenstone-Harris
Sterling Municipal Electric Light Department	Publicly-Owned Entity			Daniel Murphy
Templeton Municipal Light & Water Plant	Publicly-Owned Entity			Daniel Murphy
The Energy Consortium	End User		Mary Smith	
The Narragansett Electric Company	Transmission	Brian Thomson		
Union of Concerned Scientists	End User			Francis Pullaro
United Illuminating Company, The	Transmission	Alan Trotta"		
Unitil Energy Systems	Supplier	Jeff Pentz*		
Vermont Electric Power Company, Inc.	Transmission	Frank Ettori		
Vermont Public Power Supply Authority	Publicly-Owned Entity			Brian Forshaw
Vitol Inc.	Supplier	Seth Cochran*		Jason Barker
Wakefield Municipal Gas & Light Department	Publicly-Owned Entity			Daniel Murphy

Rev. 1

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West Boylston Municipal Light	Publicly-Owned Entity			Daniel Murphy
Wheelabrator North Andover Inc.	Alternative Resources	Bill Fowler*		

Agenda Item No. 1.0 – Chair's Opening Remarks

The Chair welcomed the Markets Committee (MC) members and asked those participating by telephone to identify themselves. A quorum was established and the meeting was called to order.

Agenda Item No. 1.A – Approval of Minutes

A motion was moved and seconded by the MC to approve the minutes for the April 14-16, 2026 Markets Committee meeting, April 14-16, 2026 Joint meeting of the Markets and Reliability Committees, and April 22, 2026 Joint meeting of the Reliability and Markets Committees, as circulated for the May 12-14, 2026 NEPOOL Markets Committee meeting, with further non-substantive changes as the Chair and Vice-Chair may approve.

Based on a voice vote, the motion passed with none opposed and one abstention (End User).

Agenda Item No. 2.0 – Pay-For-Performance (PFP) Revisions: Balancing Ratio (FERC Order on the NEPGA Complaint (EL25-106))

Dr. Enrico De Magistris and Ms. Megan Sweitzer concluded the discussion of proposed revisions to cap the PFP Balancing Ratio (BR) at 1.0 in compliance with the FERC order on the NEPGA complaint. The presentation explained the incremental proposed Tariff changes since the April MC presentation, which discontinued the use of "Capacity Performance Bilaterals" across several sections.

The ISO stated that the proposed changes to comply with the FERC order aligns charges with capacity obligations during Capacity Scarcity Conditions and preserves consistent performance incentives.

In response to the presentation, the Committee:

- Asked whether the Performance Payment Rate (PPR) changes would be included in the same FERC filing as the BR revisions.
- Queried the ISO about the timing of the PPR filing, noting that the content appeared ready for the June Participants Committee (PC) meeting.

In response to Committee input, the ISO:

- Confirmed that the proposed Tariff language fulfills the requirements of the FERC order.
- Clarified that the SBE provisions and BR compliance will be two independent filings, with the October 1 effective date.

Rev. 1

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- Specified that SBE charges collected will be added to the balancing fund, with events occurring prior to October 1 excluded from the new methodology.
- Stated that the PPR changes are expected to be filed shortly after the June PC vote, with a proposed September 1 effective date.
- Explained that the filing sequence is structured to align with the October 1 effective date and ensures all proposals are presented coherently.

The following motion was moved and seconded by the Markets Committee:

> Resolved, that the Markets Committee recommends the Participants Committee support ISO's proposed Pay-For-Performance Capacity Balancing Ratio cap at 1.0 and related revisions to: Sections I.2.2., III. Table of Contents, III.1, III.13.5, Section III.13.7, Section III.15.6, and Section III.15.8, of the Transmission, Markets, and Services Tariff, as circulated for its May 12-14, 2026 meeting; together with any further changes recommended by this Committee, and such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

The Committee did not provide any additional comments or advocacy. The motion was voted and, based on a voice vote, passed with no opposition and two abstentions (one in the End User Sector and one in the Generator Sector).

Agenda Item No. 3.0 – Pay-For-Performance Revisions: Treatment of External Transactions and Potential Clean-Up Changes

Dr. Enrico De Magistris and Ms. Megan Sweitzer concluded the discussion of proposed changes to the PFP treatment of External Transactions. The ISO proposed introducing a new performance charge quantity, referred to as system-backed exports (SBE), that would apply to exports relying on internal system support during Capacity Scarcity Conditions (CSC). Under the proposal, SBE would be subject to the PPR, while also being removed from the numerator of the BR.

The ISO explained the change is intended to address situations in which exports rely on internal resources during scarcity without contributing to system reliability, while preserving existing treatment for generator-backed exports and leaving Actual Capacity Provided (ACP) and stop-loss provisions unchanged.

The presentation explained the incremental proposed Tariff changes to Section III.TOC and III.15(a)-(d) since the April MC presentation. The ISO sought a vote on its proposal. The committee did not have any additional commentary or clarifying questions following the presentation.

The following motion was moved and seconded by the Markets Committee:

> Resolved, that the Markets Committee recommends the Participants Committee support ISO's proposed Pay-For-Performance treatment of external transactions during Capacity Scarcity Conditions and settlement calculations and related revisions to: Section I.2.2, III. Table of Contents, Section III.13.7, III.15(a-d) and Section III.15.8, of the Transmission, Markets, and Services Tariff, as circulated for its May 12-14, 2026 meeting; together with any further changes

Rev. 1

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recommended by this Committee, and such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

During the voting process, the Committee provided the following comments and advocacy:

- A stakeholder noted appreciation for carving out an exemption for units that are running but would still be abstaining on the overall proposal.

The motion was voted and, based on a voice vote, passed with no opposition and eleven abstentions (one in each of the: Alternative Resource, End User, and Generation Sectors; and eight in the Supplier Sector).

Agenda Item No. 4.a: Pay-For-Performance Revisions: Performance Payment Rate

Dr. Chris Geissler (ISO-NE) concluded the review of the proposed downward adjustment to the PPR from $9,337 to $3,500 with an effective date of September 1, 2026. He reiterated that the PPR determines the rate at which capacity resources are credited and charged for performance deviations during CSCs and is intended to incent investment and reliable performance during stressed system conditions.

The ISO summarized stakeholder concerns with the current formula-based PPR, noting that inputs like expected scarcity hours, BR assumptions, and Net CONE (Cost of New Entry) can change materially and contribute to volatility. Therefore, adopting a fixed PPR of $3,500 would provide greater stability during ongoing capacity market reforms, reduce financial risk for capacity sellers, and help mitigate upward pressure on capacity costs. The ISO cited prior analysis indicating that PFP objectives, such as improved availability and investment, were achieved when the PPR was $3,500.

The ISO emphasized that the proposed reduction would continue to provide meaningful performance incentives while reducing the likelihood that excessive risk exposure could lead resources to exit the capacity market. The ISO sought a vote on its proposal following the change and redline introduction at the previous two MCs as a standalone filing, with the aim to implement the change as soon as possible.

In response to the presentation, the Committee:

- Sought clarification on whether the ISO's reliability concern reflected the potential exit of specific resources uniquely needed for reliability or a broader risk of resource exits during CCP 17 and 18. The participant noted that if the concern is general in nature and reflects broader exposure across resources, it may instead point to considerations within the annual reconfiguration auction (ARA) framework and its demand curve. The participant noted that the tariff already provides ISO with the authority to reject reconfiguration auction bids for reliability reasons, including the ability to assure local transmission reliability or region-wide operable capability adequacy.

In response to clarifying questions, the ISO:

- Clarified that the proposal addresses a general reliability concern, as elevated costs may drive resource exits that the ARA cannot fully mitigate without impacting reliability.
- Noted that the ISO opted for a streamlined, surgical adjustment to ensure simplicity and maintain consistency with known regional benchmarks, rather than pursuing a tiered or phased approach that would introduce additional complexity.

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The following main motion was moved and seconded by the MC:

> Resolved, that the Markets Committee recommends the Participants Committee support ISO's proposed downward adjustment to the Performance Payment Rate and related revisions to: Section III.13.7, and Section III.15, of the Transmission, Markets, and Services Tariff, as circulated for its May 12-14, 2026 meeting; together with any further changes recommended by this Committee, and such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

Before the main motion could be voted, the following two motions to amend were discussed and acted upon by the Markets Committee as follows:

Agenda Item No. 4.b: Pay-For-Performance Revisions: FirstLight Power Amendment

Mr. Tom Kaslow and Mr. Cal Brooks (FirstLight Power) reviewed an amendment to the ISO's PPR change. Under the ISO's proposal, the PPR would decrease from $9,337 to $3,500 effective September 1, 2026, affecting commitment periods for which auctions have previously cleared. FirstLight proposed to delay implementation of the lower PPR until the start of CCP 19, preserving the existing rate for CCPs 17 and 18.

FirstLight argued that the PPR is a core element of the two-settlement structure established at auction and represents a transfer among capacity suppliers based on deviations from a known forward position. The representatives contended that changing the rate after the auctions have cleared alters agreed-upon risk allocation, and that the rate should not be changed without consent of all existing CSO holders. FirstLight supported revisiting the PPR prospectively through the stakeholder process but opposed applying the reduced rate to already-cleared commitment periods.

As there were no clarifying questions from the Committee, the following motion was moved and seconded by the MC:

> Resolved, that the main motion be amended to reflect changes to Section III.13.7.2.5, as contained in the materials provided by FirstLight Power, to align the effective date with the 19th Capacity Commitment Period that begins June 1, 2028; together with any further changes recommended by this Committee, and such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

Before the motion was voted, the Committee provided the following comments and advocacy:

- Argued that modifying PPRs mid-commitment period undermines wholesale market design, investor confidence, and the sanctity of finalized capacity arrangements.
- Contended that because capacity for the 2026–2027 commitment period is already priced and CSO-committed, the rate change offers negligible consumer cost benefits.
- ~~Observed~~ Asked for more specifics regarding the ISO's reliance on "generic" reliability concerns about resource exits in Commitment Periods 17 & 18. Specifically, given that the tariff already provides ISO with the authority to reject reconfiguration auction bids for reliability reasons, including the ability to assure local transmission reliability or region-wide operable capability adequacy, asked the ISO to identify the specific additional reliability concern supporting the earlier effective date.

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- Requested greater transparency about the specific mechanics of these risks, noting that market mechanisms like ARAs, should serve as the primary discipline for capacity supply, not retroactive changes to the economics of a sale.
- Inquired whether resources still possess mechanisms to exit the market (e.g., deactivation or discontinuing operations) despite the closure of formal retirement windows for existing CSOs.
- Consumer advocates expressed support for the ISO proposal, prioritizing reliability and potential long-term consumer impacts over the concerns about market change.
- Expressed varying levels of support for or deference to the ISO's reliability assessments, while noting an aversion to mid-market rule changes.

In response to final comments, the ISO:

- Maintained that the proposal is a proactive measure. Clarified that reliability risks the ISO aims to avoid are not tied specifically to the deactivation deadlines but should protect against PFP risk that could lead to premature retirement; outside of the deactivation and de-listing deadlines; resources may effectively shed obligations or discontinue operations through bilateral mechanisms.
- Reaffirmed the position that the adjustment is a surgical intervention intended to mitigate the risk of adverse reliability impacts if cost pressures become unsustainable for certain resource types.
- Explained that the proposed filing sequence and effective dates are intended to maintain the integrity of the market design while addressing the immediate need for a balanced performance incentive structure.

The motion to amend was voted and, based on a roll call vote, the amendment failed to pass with a vote of 30.79% in favor. The individual Sector votes were Generation (4.76% in favor, 11.90% opposed, 0 abstentions), Transmission (0.00% in favor, 16.67% opposed, 1 abstention), Supplier (11.11% in favor, 5.56% opposed, 3 abstentions), Publicly Owned Entity (0.00% in favor, 16.67% opposed, 0 abstentions), Alternative Resources (14.92% in favor, 1.75% opposed, 3 abstentions), and End User (0.00% in favor, 16.67% opposed, 8 abstentions).

The committee moved into review of the second amendment to the ISO's main motion.

Agenda Item No. 4.c: Pay-For-Performance Revisions: JERA Americas Amendment

Mr. Bill Fowler presented JERA America's (Canal Marketing LLC) amendment, discussing whether the PPR could better reflect differing scarcity event conditions, particularly light-load or "blue sky" events where resources may face significant PFP exposure due to factors outside their control, such as transmission outages, outage rescheduling, forecast error, or unit startup limitations. The proposal contemplates whether a more graduated rate structure could better align incentives with reliability needs while reducing risks that may otherwise be reflected in capacity market bids and ultimately borne by consumers. This proposal was in concept example, while the proposed amendment language would require the ISO to evaluate alternative PPR designs and return back to the Markets Committee.

In response to clarifying questions from the Committee, JERA:

- Clarified that the proposal is a narrow, targeted request for the ISO to evaluate alternative PPR designs, including potential graduated rate structures, prior to the 2028 commitment period. Emphasized that

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this is distinct from and intended to complement broader holistic reviews of the PFP framework already in the annual work plan.
- Stated that the proposal does not prescribe a specific design but rather requests an ISO-led study. Acknowledged the complexity of distinguishing causes for Capacity Scarcity Conditions (CSCs) and indicated a willingness for the ISO to exercise discretion in the evaluation, provided the process includes MC consultation.
- Expressed indifference about whether the study requirement is hardcoded into the Tariff or captured via a FERC filing letter, provided the commitment to the study is established.

In response to Committee discussion, the ISO:

- Noted that addressing the study requirement through a filing letter, rather than explicit Tariff language, would provide more operational flexibility, avoid potential compliance risks but noted it did not support such an effort as the ISO plans to review its work planning through the NEPOOL priorities process.
- Confirmed that the as the ISO gains additional information, ISO will continue to engage in further evaluation of PPR parameters, as needed, and will need time to develop a tiered approach to ensure such a design aligns with broader reliability and market design objectives.

The following motion was moved and seconded by the MC:

> Resolved, that the main motion be amended to reflect the addition of Section III.15.9.3, as contained in the materials provided by JERA Americas, to require the ISO to complete a one-time evaluation and present a report to the NEPOOL Markets Committee about whether implementation of an alternative Capacity Performance Payment Rate structure is warranted, with such evaluation and report to be completed before the commencement of the Capacity Commitment Period beginning June 1, 2028; together with any further changes recommended by this Committee, and such further non-substantive changes as the Chair and Vice-Chair of the Markets Committee may approve.

The Committee provided the following comments and advocacy:

- Questioned the procedural alignment of the amendment, with multiple stakeholders expressing concern that the proposal bypasses established NEPOOL priority-setting processes and fragments the broader PFP review.
- Advocated for the use of a FERC filing letter over explicit Tariff language to document the study commitment, reflecting a broad consensus on the need to maintain operational flexibility and avoid potential compliance risks.
- Noted the lack of analytical rigor underpinning PFP adjustments, with several participants supporting the amendment as a necessary, albeit narrow, signaling mechanism for a more comprehensive market review.
- Clarified the regulatory roles about information solicitation, with the Internal Market Monitor (IMM) noting that existing mechanisms allow for independent reporting outside of the specific study request.
- Expressed divergent views on the amendment's merit; while a subset of participants endorsed the proposal as an effective avenue to elevate priorities, others formally opposed the measure due to its narrow focus and broader procedural implications.

In response to final comments, the ISO:

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- Confirmed a commitment to the continuous internal assessment of market design, emphasizing that these evaluations occur independently of specific Tariff mandates.
- Noted the necessity of balancing any additional analytical work against resource constraints and established NEPOOL work plan priorities.
- Acknowledged the stakeholder preference for a filing letter commitment, confirming that this approach provides the operational flexibility required to manage competing market design objectives.

The motion to amend was voted and, based on a roll call vote, the amendment failed to pass with a vote of 52.20% in favor. The individual Sector votes were Generation (14.29% in favor, 2.38% opposed, 0 abstentions), Transmission (0.00% in favor, 16.67% opposed, 0 abstentions), Supplier (16.67% in favor, 0.00% opposed, 11 abstentions), Publicly Owned Entity (0.00% in favor, 16.67% opposed, 0 abstentions), Alternative Resources (15.69% in favor, 0.97% opposed, 3 abstentions), and End User (5.56% in favor, 11.11% opposed, 7 abstentions).

Agenda Item No. 4.0: Pay-For-Performance Revisions: Performance Payment Rate

The Committee proceeded to vote on the unamended main motion.

Before the motion was voted, the Committee provided the following comments and advocacy:

- Expressed caution about market incentives, as several participants asserted that market integrity relies on robust consequences for non-performance, emphasizing that while affordability is a primary objective, rule changes must be grounded in sound design principles to avoid eroding long-term investor confidence.
- Analyzed structural market inefficiencies, with multiple members noting that the existing PFP design functions to address specific funding gaps in energy and ancillary services markets. Participants stressed that as the committee transitions to DAAS discussions, it is critical to evaluate how more granular commitment and dispatch can effectively support or replace current performance incentives.
- Pointed out accreditation risks such as CAR-SA methodology do not fully account for resource lead-time differences, creating potential reliability risks if performance incentives are reduced without corresponding adjustments to resource accreditation.

In response to final comments, the ISO:

- Acknowledged the integration challenge, recognizing concerns about the interplay between PFP, accreditation reforms, and future ancillary service designs.
- Affirmed the reliability mandate, reaffirming that the ISO’s primary focus remains on maintaining system reliability throughout the evolution of the market, noting that committee feedback will remain integral to the ongoing development of the DA AS and CAR-SA frameworks.

The unamended main motion passed with a vote of 82.23% in favor. The individual Sector votes were Generation (11.11% in favor, 5.56% opposed, 2 abstentions), Transmission (16.67% in favor, 0.00% opposed, 1 abstention), Supplier (10.42% in favor, 6.25% opposed, 7 abstentions), Publicly Owned Entity (16.67% in favor, 0.00% opposed, 0 abstentions), Alternative Resources (10.70% in favor, 5.97% opposed, 0 abstentions), and End User (16.67% in favor, 0.00% opposed, 2 abstentions).

Rev. 1

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Agenda Item No. 5.0: NEPOOL Generation Information System (GIS) Working Group | Request for a vote on the CES-E updates

Ms. Jamie St. Pierre (GISWG Chair) reviewed the request to vote on changes to the GIS and the GIS Operating Rules to:

(i) mark Certificates sold under agreements entered into in accordance with Section 83D of the Massachusetts Act Relative to Green Communities with a separate designation, and

(ii) provide the selling party under those agreements with the ability to designate specific GIS Certificates as being transferred under those Section 83D agreements.

The following motion was moved and seconded by the Markets Committee:

> Resolved, that the Markets Committee recommends the changes to the NEPOOL Generation Information System and the Generation Information System Operating Rules proposed and discussed at this meeting, which relate to the marking of Certificates as being transferred under Section83D of the Massachusetts Act Relative to Green Communities, with such non-material changes thereto as the Vice Chair of the Markets Committee may approve.

The motion was voted and, based on a voice vote, was approved with no opposition and two abstentions (one Supplier Sector and one in the End User Sector).

Agenda Item No. 6.0: Day-Ahead Ancillary Services Post-Implementation Adjustments

Mr. Ben Ewing (ISO-NE) reviewed proposed adjustments to the Forecast Energy Requirement (FER) Demand Quantity (DQ) and the Day-Ahead Ancillary Services Strike Price (K), based on recommendations from the Internal Market Monitor's February 2026 Day-Ahead Ancillary Services (DA A/S) memorandum and follow-up discussions at the April MC. The presentation focused on estimated historical cost impacts and corresponding Tariff revisions.

The ISO estimated that, applied to the March 2025 through February 2026 period, the proposed changes would have reduced first-year DA A/S incremental costs by approximately $292 million (about 30%). The ISO reviewed proposed Tariff changes addressing: (i) introduction of a floor for the DA A/S strike price; (ii) a corresponding floor for the Impact Test threshold; (iii) modification of the hourly FER DQ formulation to reflect the expected reliability contribution of front-of-the-meter dispatchable wind and solar resources; and (iv) conforming changes to the application of the FER price in Day-Ahead NCPC credits for external transactions. No Tariff changes are proposed for the Non-Performance Factor (NPF).

In response to the presentation, the Committee:

- Questioned the methodology underlying the hourly forecasted renewable MW adjustment, including the use of a max() formulation and the absence of an explicit bias correction mechanism. Several participants expressed concern over whether forecast error could cause the ISO to under procure.
- Raised concerns about reliance on a 50/50 medium-term renewable forecast for continuous Reserve Adequacy Assessments, noting that forecast errors of up to approximately 6% on high wind or solar days could lead to unanticipated intra-day commitments and increased operational risk.

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- Analyzed the reliability implications of reducing FER DQ, observing that while the proposed changes may yield modest cost savings, the reliability value of incremental reserves during stressed conditions, particularly during winter peak events, remains difficult to quantify and may not be fully captured in the historical analysis.
- Noted that a significant share of projected cost reductions appeared concentrated in a limited number of consequential days, prompting questions about whether observed savings reflect isolated outliers rather than a persistent structural inefficiency.
- Requested Tariff and process clarity regarding strike price floor inputs, treatment of regional emissions costs, fuel indices and heat-rate assumptions.

In response to the Committee, the ISO:

- Reaffirmed that the proposal is calibrated to align day-ahead market clearing with the ISO's existing reliability assessment, including continued use of the 50/50 wind and solar forecast, and is not intended to reduce the underlying reliability target.
- Clarified that the RAA is an iterative, continuous process that incorporates improving forecasts and operational information closer to the operating hour, allowing operators to manage commitment risk using the best available data, including DAM outcomes and location-specific constraints.
- Stated that the max() formulation historically would rarely bind in a material way but agreed to consider whether additional tracking would be useful.
- Explained that while individual days (including January 27) materially influence certain graphical presentations, the proposed NPF, strike price floor, and FER adjustments produced meaningful changes to consumer costs in a manner that directly aligns with addressing the inefficiencies identified by the IMM.
- Considered reviewing Tariff language with legal counsel regarding adoption of language clarifying that only regional emissions costs would be considered when determining the floor for the strike price.

As there was no further business before the Committee, the meeting adjourned at 3:53 pm on May 14, 2026.

Respectfully submitted,

______/s/_____

Jasleen Singh

Secretary, NEPOOL Markets Committee