

VERMONT SYSTEM PLANNING COMMITTEE

April 11, 2011

Stephen J. Rourke
Vice President, System Planning
ISO New England, Inc.
One Sullivan Road
Holyoke, MA 01040

Dear Mr. Rourke:

The purpose of my letter is to invite you to meet with the Vermont System Planning Committee (VSPC) on June 15, 2011, to discuss ISO-New England's planning assumptions currently in use for the Vermont/New Hampshire Needs Assessment and other studies. We would also like to include in the agenda status updates on two other issues I will describe below. The meeting will take place at Noble Hall, Vermont College, Montpelier, from 9:00 a.m. to noon.

Thank you for your willingness to participate in this meeting, which we hope will help the VSPC group understand the basis in NERC planning standards for your planning assumptions, the process for their adoption, and the substance and practical impacts of the assumptions currently in use. We also hope to share with you the concerns of some VSPC members that the assumptions embody a high level of conservatism – perhaps higher than strictly required – that may lead the region to costly transmission investments that might not be needed under a less conservative interpretation of NERC requirements.

The questions and concerns about this issue have been under discussion within the VSPC for some time. While Vermont gave input on the planning assumptions in the context of the Vermont/New Hampshire Needs Assessment, VSPC members understood that, once the study assumptions were finalized, further discussion of ISO's interpretation of the standards needed to take place outside the context of the study. This meeting is meant to initiate that conversation.

To help make the discussion as productive as possible, we have framed our questions below. The specific assumptions that have been the subject of discussion within the VSPC include:

- Base case generation out-of-service assumptions.
- East-west transfer assumptions.
- Outages of any two overhead line elements.
- Zero flow on the PV20 assumption.

The following questions are meant to help the group understand the basis for the assumptions:

- What was the process for establishing the current interpretation of the standards?
- What stakeholders were involved and how?
- What is the authority for ISO-NE's interpretation of the standards?
- Where/how is the interpretation of the standards documented?
- Does New England's interpretation differ from other regions and, if so, what is the rationale for those differences?

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- What changed between the Northwest Reliability Project (where we understand that ISO accepted a lower level of conservatism in needs studies), and the present VT/NH Needs Assessment (which appears to utilize more conservative interpretation of reliability standards)?
- What is the process for evaluating and reviewing how the standards are working in the region and what results they are producing?

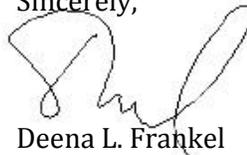
In addition to the discussion of the reliability standards, we would appreciate your providing us with brief status updates on two issues:

- The discussion of a potential approach to regional funding for non-transmission alternatives that provide reliability benefits.
- The further implementation of a uniform approach to estimating the cost of transmission reliability projects across the region.

Please let me know if you need additional detail on any of these questions. Also, I would be interested if there are specific issues you would like to cover or information you would like to share with the group. Finally, please let me know who from ISO will be joining you.

Again, thank you for your willingness to come to Vermont to talk with the VSPC about these issues. We look forward to seeing you.

Sincerely,



Deena L. Frankel
VSPC Secretary

cc. James Volz, Chairman, Vermont Public Service Board
Elizabeth Miller, Commissioner, Vermont Department of Public Service