

MEMORANDUM

TO: NEPOOL Markets Committee

FROM: Emile G. Buzaid, NEPOOL Counsel

DATE: May 16, 2011

RE: Process for Voting on IRIS Design Basis Document at Joint NY / NE Meeting on June 1, 2011

At the June 1, 2011 Markets Committee meeting, you will be asked to participate in the process to determine, at a minimum, whether the Markets Committee and the New York stakeholders are in agreement as to which, if any, of the three draft IRIS design basis document¹ (“DBD”) options they support.

This involves a preliminary determination as to which DBD option each group supports the most, and whether there is sufficient support for that DBD individually (“Base DBD”). With respect to selecting the Markets Committee’s Base DBD, there will be a two-step process for selecting among the three alternatives. The first step, which will indicate the top-ranked alternative, involves a paper balloting process whereby you will be asked to indicate whether you support, oppose, or abstain from each of the three DBD options. Thus, you will be able to vote on every option. The Secretary of the Markets Committee will then tabulate the ballots and rank order the three DBD options based on their respective levels of support. It is possible at this point that the results of both the Markets Committee and the New York Business Issues Committee will be revealed simultaneously.² The second step involves a presentation to the Markets Committee of the DBD option with the highest level of support as the main motion for the Base DBD. There will then be opportunities to amend with only complete substitutions of one DBD option for another. Such amendments require 60% support to successfully amend the main motion. If the main motion, as amended, receives at least a 60% level of support from the Markets Committee, then it will be presented to the New York parties as New England’s Base DBD. The New York parties will at this stage present their Base DBD results to the New England stakeholders.

If the two groups do not support the same Base DBD, then no further action at this meeting will be required. If, however, the two groups do support the same Base DBD, then each group will separately consider any relevant amendments to the Base DBD that were submitted before the May 20th meeting. If either group supports a version of the Base DBD that includes any amendments, then it is possible that the other group may consider and vote on the Base DBD, as amended. If an amended Base DBD is supported by both groups, then it will advance

¹ The three design basis documents are (A) Tie Optimization, (B) Coordinated Transaction Scheduling, and (C) the Suppliers’ Alternative.

² There are several minor details that are not yet finalized.

to the Participants Committee for consideration as the final IRIS DBD. Similarly, if no amendments are supported for inclusion in the Base DBD, then the unamended Base DBD will advance to the Participants Committee for consideration as the final IRIS DBD. If, however, an amended DBD is supported by one group but not the other, then no further action at this meeting will be required.

Please keep in mind that while arriving at a mutually-supported, final IRIS DBD at this meeting is a possible outcome, it is by no means required. There will be further opportunities for discussion and resolution pending any differences between the two regions. As always, please feel free to contact me with any questions (860-275-0272, egbuzaid@daypitney.com).