

To: Eligible Forward Capacity Market Lead Market Participants

From: Market Analysis and Settlements

Date: January 5, 2010

Subject: Assumptions and Other Information for the Calculation of Peak Energy Rent

The following information is provided in support of the calculation of Peak Energy Rent (PER) used in the determination of payments made in the Forward Capacity Market (FCM).

50/50 Predicted Peak System Load

The 50/50 Predicted Peak System Load is the Summer Peak Capabilities and Load Forecast (MW) for the beginning year of the applicable Capacity Commitment Period.

The 50/50 Predicted Peak System Load value for the 2010-2011 Capacity Commitment Period is based on the Summer Peak Capabilities value published in the 2009 CELT report (http://www.iso-ne.com/trans/celt/report/2009/2009_celt_report_final_20090415.pdf).

The value in the CELT report has been reconstituted based on historical values for Other Demand Resources (a.k.a. FCM On-Peak and Seasonal Peak Demand Resources). Market Rule 1, section III.13.7.2.7.1.1.1(a), requires the predicted peak system load to be reduced appropriately for Demand Resources. Therefore, the CELT report value of 28,160 MW has been reduced by the most recent FCM On-Peak and Seasonal Peak Demand Resource obligations adjusted for performance published for the Third Annual Reconfiguration Auction, as presented to the Reliability Committee on October 22, 2009. These values are 455.87 MW and 127.542 MW, respectively.

The calculation of PER for the timeframe outside of the first Capacity Commitment Period (January 2008 through May 2009) uses the 50/50 Predicted Peak System Load for the first Capacity Commitment Period (June 1, 2010 – May 31, 2011).