

NYISO Management Committee Meeting

March 2, 2004

Albany Nurses Association
Albany, NY

MINUTES OF THE MEETING

1. Introduction and Meeting Objectives

Joe Oates, Chairman, and Chris Wentlent of AES, Co-Vice Chair, called the meeting to order at 10:02 AM and welcomed the members of the Management Committee ("MC").

2. Approval of the Minutes

Doreen Saia of Couch White, LLC brought forth proposed additions to the February 4 Meeting minutes.

Motion #3:

Motion to approve the Minutes of February 4, 2004 MC Meeting, with Ms. Saia's comments added.

(Motion passed unanimously by show of hands)

3. President's Report (with SMD update)

Market Performance Highlights for February 2004

Chuck King of the NYISO reported that moderate temperatures statewide and lower natural gas prices have contributed to moderate energy prices comparable to February 2003. Ancillary service prices are within historic levels. In February, the number of hours reserved as well as the number of intervals corrected have decreased, and are back within historic levels. Control Performance is within standards.

Standard Market Design ("SMD") 2.0 Update

ABB has eliminated the backlog of high priority bugs in the SMD code. Mr. King presented the project schedule summary. Mr. King noted that dispatcher training and Phase 2 Factory Acceptance Testing ("FAT") is underway. Mr. King noted that upload/download template

testing is underway and the NYISO has received templates from several Market Participants. Mr. King commented that it is important that Market Participants (“MP’s”) participate in this testing to eliminate problems now.

Jim Scheiderich of Select asked if upload/download template examples were posted yet. Peter Lemme of NYISO stated the template examples would be posted next week.

Mr. King stated that the NYISO will be looking for input from the Sector Members on SMD in order to plan another Technical Conference to kick off the market trials for SMD.

Peter Lemme commented that input is needed on the subject of interactive Market Trials tests identified meet the requirements of what MP’s would like to see.

Ray Kinney questioned cost updates for Blackout Recovery Costs (Extraordinary Costs). Elaine Robinson of the NYISO stated that the NYISO would report on these numbers at the next MC meeting.

Wes Yeomans of National Grid commented that the BAWG had stated the costs would be presented at this current MC meeting. Mollie Lampi of the NYISO responded to Wes Yeoman’s comment, saying that was the original intent; however, by next month the NYISO will have a better picture of the total costs involved, therefore the NYISO will present the data at the next MC.

Tim Bush of Navigant asked if the NYISO intends to apply interest charges to the Extraordinary Costs, and if so encourages the NYISO to move forward as soon as possible. Ray Stalter stated that is being addressed in the Billing and Accounting Working Group.

Joe Oates commented about a new blackout study released by the Public Service Commission (“PSC”), and asked Mr. King if there were any new highlights from this report. Mr. Calimano stated the study is available on the PSC website, and stated more reports will follow. The report covers everything the PSC is responsible for, and no recommendations were noted on NYISO operations.

Doreen Saia of Couch White asked if the ISO can give any date estimates for implementing the AMP enhancements in the legacy systems. . Mr. Calimano stated mid-May timeframe is the tentative timeframe, and the NYISO will announce the exact date when it is known.

4. Update on Seams and Market Improvement Projects

Mr. King gave an update on current quarter deliverables. Most activity has been in the Resource Adequacy Modeling process. NERA presented final results at last week’s RAM meeting in Connecticut. Each of the ISO’s is discussing the results in their respective organizations. ISO will continue to report as work continues.

On Virtual Regional Dispatch, the NYISO has been meeting with ISO-NE-ISO-NE-NE to develop a more specific work plan for outstanding issues. Groups will work to develop straw

proposals to address these outstanding issues. Jim Scheiderich of Select commented that the Market Structure Working Group should discuss any alternatives, including Mark Younger's proposal on this matter. Mr. King stated that NYISO will be ready to discuss any alternatives.

Cross Sound Cable ("CSC") work for End-State solution is well underway, and the NYISO will keep MC members apprised as work progresses.

5. Cross Sound Cable - Interim Solution Proposal

Joe Nelson of Van, Ness and Feldman stated that LIPA has agreed to pay for costs of the Schedule Administrator ("SA") proposal up to June 1, 2005 based upon the estimates of bids that have been received. LIPA intends to work with the NYISO once a SA has been selected and contract negotiated to ascertain the cost certainty of the proposal.

Mr. Aaron Briedenbaugh of the NYISO talked through the points of the proposal in detail. NYISO is looking toward an End State solution for summer 2005. The ISO is worked with ISO-NE-ISO-NE-NE, LIPA, and TransEnergie to develop the interim solution being discussed. The NYISO is proposing an interim CSC scheduling solution that will employ an independent third-party Scheduling Administrator to aggregate CSC user schedules into a single net schedule and act as NYISO's agent in administering the operation of the CSC. FERC review of tariff revisions is required, and approval of the revisions to the tariff is desired by June 1, 2004.

Bob Loughney of Couch White asked what would happen if the end state solution was not ready by June 2005. Mr. King stated that the NYISO will pay for monthly support costs should work need to be completed past that date. Mr. King stated the risk to the NYISO and the marketplace was very small.

Jim Schreidrich of Select asked if the motion on the floor could state that the MC be granted the opportunity to revisit this issue next year if the June timeframe is not met, before the marketplace is billed for these additional SA costs. Ira Freilicher of Hunton and Williams stated that the NYISO's responsibility to get the End State solution in place, therefore, it is the NYISO's duty to pick up the tab if the SA contract has to be extended past June 2005. Mr. Freilicher stated the ISO is willing to revisit this issue with the MC members should the need arise.

Motion #1:

The Management Committee (MC), having reviewed the proposal for an interim solution to permit scheduling by parties in addition to the Long Island Power Authority over the Cross Sound Cable (CSC), discussed today and at the February 18, 2004 Business Issues Committee (BIC), hereby approves the recommendation to effectuate the CSC interim solution and recommends that the Board join it in making a filing to FERC pursuant to Section 205 of the Federal Power Act. Final tariff language should be reviewed by the chairs and vice chairs of the Management Committee with the

advice of the MSWG prior to filing.

(Motion passed unanimously by show of hands with abstentions)

6. Creditworthiness, Working Capital and Non-Payment Provisions related to Transmission Service Charges (“TSC”)

Kevin Jones of Hunton and Williams presented the key terms of proposed tariff revisions regarding Wholesale TSC (“WTSC”) non-payment and unsecured credit allocation. The goal of this motion is to provide a resolution for these issues in the NYISO credit. Mr. Jones commented in response to Neil Butterklee’s (of ConEd) comment, that changes that were made to this motion at BIC last month were included in the current motion, noted in Point 4 below.

Motion #2:

The Management Committee hereby approves tariff provisions in accordance with the March 2, 2004 presentation to the MC authorizing the NYISO to:

1. Account for Wholesale Transmission Service Charges in a customer’s Operating Requirement;
2. Terminate service to a customer that fails to pay its WTSC;
3. Collect unpaid WTSC in excess of available collateral through Rate Schedule 1 and;
4. Aggregate the individual unsecured credit allocated to Municipal Electric Systems that operate through a joint action agency, all as more fully described in the presentation materials. The Management Committee recommends that the Board join it in filing these amendments at FERC pursuant to Section 205 of the Federal Power Act.

(Motion passed by majority show of hands)

7. Report from BS&P Subcommittee

Mario Di Valentino of Strategic Energy presented the 2003 budget vs. actual results. The total NYISO budget under-ran by \$1.3 million. The total potential refund due to MP’s is \$2.2 million. NYISO took actions to run business under budget with many in-year variances. The under run from the budget will be revisited with the MP’s in April 2004 after the conclusion of the financial audit. Any rebates to MP’s would occur via reduction of Rate Schedule #1 in future settlement invoices. Rate schedule 1 unbundling work is progressing well. The next meeting on the unbundling process will be on March 19 at the ConEd building.

Jim Scheiderich of Select Energy asked if any changes are coming with FERC fees. Mr. DiValentino did not have an update on that comment. Mollie Lampi of the NYISO stated ISO-NEISO-NE has taken the lead in urging FERC to open a new rulemaking process to establish a new allocation formula. NYISO joined the New England ISO (“ISO-NE”) in this request for rehearing. ISO-NE has taken this to the Federal district court in Washington, in hope of overturning FERC’s decision and NYISO has joined them in this initiative.

8. Proposal to add new Sub-Sector for Demand Response Providers or Distributed Generators (“DRP’s/DG’s”)

Glen Haake presented the history of this proposal. Following the history, Rob Fernandez of the NYISO spoke on the appeal process, and he noted that a Board decision is expected at the April 2004 Board meeting.

Motion #4:

The Management Committee, having reviewed the proposal for the creation of a new sub-sector for Demand Response Providers and Distributed Generators presented at the February 24, 2004 By-Laws Committee and the March 2, 2004 Management Committee, hereby approves the proposal and requests the ISO to file an amended ISO Agreement with FERC pursuant to Section 206 of the Federal Power Act. This motion, upon passage, shall supercede where applicable, the motion passed at the immediately prior meeting of this Committee regarding Distributed Generators and Demand Response Providers.

(Motion failed with 37.27% affirmative votes)

9. New Business

The May Management Committee Meeting may be held as a conference call meeting. A decision will be made at a later date.

10. Adjourn

Meeting adjourned at approximately 13:19 PM.

NYISO Management Committee Meeting

April 19, 2004

Consolidated Edison, New York, NY

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the March 2, 2004 MC meeting.

(Motion passed unanimously by show of hands)

New York Independent System Operator - Committee Membership

Management Committee - Attendance April 19, 2004 - Consolidated Edison, NY, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	Paul DeCotis	✓ David Coup	Erin Hogan	Chris Hall	John Spath			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Scott Butler	Jonathan Wallace				
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager						
ATCO Management Co.	End Use - Large Consumer	Peter DiCapua	Scott Petersen	George Diamantopoulos					
IBM Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager						
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager						
Praxair Inc.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager						
Xerox Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager						
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	✓ Jesse Samberg	Gary Caplan	Walter McCarroll					
Association for Energy Affordability, Inc.	End Use - Small Consumer	David Hepinstall	Larry DeWitt						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Building and Realty Institute	End Use - Small Consumer	✓ Herb Rose	Judith Mondre	Ted Lee	✓ Tariq Niazi				
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumer	✓ Herb Rose	MaryAnn Rothman	Judith Mondre	Ted Lee	✓ Tariq Niazi			
Columbia University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Mount Sinai Medical Center	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
New York Energy Buyers Forum	End Use - Small Consumer	✓ Herb Rose	David Bomke	✓ Tariq Niazi					
New York Presbyterian Hospital	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
New York University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Refined Sugars, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	✓ Christopher Wentlent	Rick Santoroski	Charles Sjoberg					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	Greg Banhazl	Leonard Singer						
Calpine	Generation Owners	Thomas Kaslow	Tracee Bersani	✓ Richard Felak					
East Coast Power Linden Holding LLC	Generation Owners	Thomas Hoatson	Robert Licato	Kathy Benini					
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Robert Agnello	Jeffrey Ellis	✓ Peter Brown	Rich Mooney	Pam Van Horn		
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	Angelo Vai	Ron Mackowiak					
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
KeySpan Ravenswood, LLC	Generation Owners	James Brennan	Rich Hohlman	Joseph Vignola	James D'Andrea	Terrence Kain	Rich Rapp		
Mirant New York, Inc.	Generation Owners	Susann Felton	✓ Doreen Saia	Vicki Lynch					
Orion Power New York	Generation Owners	✓ Liam Baker	Bill Berg						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Blittig	Steve Kamppila						
Sithe Energies, Inc.	Generation Owners	Linda Clarke	✓ David Applebaum	Regina Carrado					
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
1st Rochdale Cooperative NYC	Other Suppliers	Gregory Wortham							
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Agway Energy Services, Inc.	Other Suppliers	Russell Miller	✓ Jim Scheiderich						
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Blas Hernandez					
Cinergy Capital and Trading	Other Suppliers	Jason Barker	Walt Yeager						
Con Edison Energy	Other Suppliers	Ken Bekman	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Ken Bekman	✓ Stephen Wemple						
Conectiv	Other Suppliers	Bill Fehr	John Foreman						
Constellation New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Steve Fernands	Susan Chamberlin				✓ Sara O'Neill
Constellation Power Source	Other Suppliers	Daniel Allegretti	✓ Glen McCartney	Mary Lynch	Carrie CullenHitt				
Coral Power, LLC	Other Suppliers	Matt Picardi	Marc Overdyk	Dave French					
Dominion Energy Marketing, Inc.	Other Suppliers	Wes Walker	Lou Oberski	Michael Bekker					
Duke Energy North America, LLC	Other Suppliers	Stacy Dimou	Del Disher						
Dynegy	Other Suppliers	✓ Alan Foster	Jason Cox	Kevin White	Tom May	Steve Vavrik			
ECONergy	Other Suppliers	Saul Horowitz	Tom Halleran						
El Paso Merchant Energy	Other Suppliers	Jeff Moore	Asavari Alvarez						
Exelon Generation - Power Team	Other Suppliers	Linda Clarke	✓ David Applebaum	Regina Carrado					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	Glenn Haake				
FPL Energy	Other Suppliers	Fernando DaSilva							
HQ Energy Services	Other Suppliers	✓ Christian Desilets	✓ Michel Prevost	Paul Norris	Benoit Goyette				
KeySpan Energy Services	Other Suppliers	Terrence Kain	James D'Andrea	Edwin Kichline	James Cross	John Vaughn			
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson	Nikolai Markarian			
NRG Power Marketing	Other Suppliers	✓ Tim Foxen	Katie Sullivan	Peter Chamberlain					
NU / Select Energy	Other Suppliers	Gunnar Jorgensen	✓ Jim Scheiderich						
Ontario Power Generation Inc.	Other Suppliers	✓ Barry Green	✓ Tasos Karatsoreos	Ken Lacivita	Scott McArthur	Glenn Haake			

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
PP&L Energy Plus	Other Suppliers	✓ John Brodbeck	Roland Moor	David Smith					
PSEG Energy Resources & Trade	Other Suppliers	Howard Fromer	Michael LaFalce						
Reliant Energy Services, Inc.	Other Suppliers	✓ Liam Baker	Bill Berg						
Sempra Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	Scott Englander	Robert Fagan				
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	✓ Francis Pullaro	Michael Swider	Jeffrey Knox	James McCormick	Matt Morais			
Strategic Power Management, Inc.	Other Suppliers	✓ Dan Duthie	Mario DiValentino						
TransEnergie U.S. Ltd.	Other Suppliers	José Rotger	Michael Jacobs						✓ Glenn Sylvain
Williams Energy Marketing & Trading Co.	Other Suppliers	David Singer	Dennis Keener	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	Jim Parmelee	Bill Killgoar		✓ Kevin Jones				
New York Power Authority	Public Power - Authorities	Robert Hiney	✓ William Palazzo	Seth Hulkower					
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Kim Byham					
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt	Douglas Ward	Mike Jacobs				
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	Larry DeWitt						
Pace University	Public Power - Environmental	Edward Smeloff	Larry DeWitt						
Scenic Hudson	Public Power - Environmental	Larry DeWitt							
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	✓ Tim Bush	Jim Hamilton	Matthew Benesh	Ken Moore	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ Michael Darroch	David Gustafson	Wally Haase	✓ Tom Rudebusch				
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush	✓ Paul Pallas					
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	✓ Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	Anthony Fiore						
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul Pallas	Jim Hamilton	Matthew Benesh	Jim Hamilton	Jack Brown	Ken Moore	✓ Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tim Bush	Paul Pallas	Matthew Benesh	Jack Brown	Ken Moore		
Central Hudson Gas & Electric	Transmission Owners	Charles Freni	✓ John Watzka						
Consolidated Edison	Transmission Owners	✓ Joe Oates	Terry Agriss	✓ Neil Butterklee					
National Grid	Transmission Owners	Jerry Ancona	✓ Wes Yeomans	Peter Flynn	Herb Schrayshuen	Bart Franey	Masheed Rosenqvist		✓ Paul Gioia
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			
Boundless Energy, L.L.C	Non-voting	John Tompkins	Brian Chernack	Chuck Gilbert					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro Corporation	Non-voting	Chuck Hewett	John Tompkins						
Customized Energy Solutions	Non-voting	✓ Rick Mancini	Stephen Fernands	Bill Schofield					
Ecogen, L.L.C	Non-voting	Tom Hagner							
Energetix, Inc.	Non-voting	Barney Farnsworth							
Hudson River Energy Group	Non-voting	Frank Radigan	✓ Richard Canfield						
Hydro-Quebec TransEnergie	Non-voting	✓ Glenn Sylvain	Mario Boucher						
NYS Department of Public Service	Non-voting	Penny Rubin	✓ Rajendra Addepalli					✓ John Reese	
The Structure Group	Non-voting	Bob Furry	Alex Lago						
Tom Halleran	Non-voting	Tom Halleran							
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	✓ John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting	None Assigned							
zNew Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
Kathy Robb	Hunton & Williams
James Schmidt	Hunton & Williams
Rob Fernandez	NYISO
✓ Mike Calimano	NYISO
✓ Chuck King	NYISO
✓ Mollie Lampi	NYISO
✓ Mike Jaeger	NYISO
✓ Garry Brown	NYISO
✓ Elaine Robinson	NYISO
✓ Kristen Kranz	NYISO
✓ Leigh Bullock	NYISO
✓ Ray Stalter	NYISO
✓ Debbie Eckels	NYISO

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✓ Aaron Breidenbaugh	NYISO								
Dave Evanoski	NYISO								
Phil Gootee	NYISO								
John Cutting	NYISO								
✓ Jane Lathrop	NYISO								
✓ Ernie Cardone	NYISO								
✓ Belinda Thornton	NYISO								
✓ Kathy Whitaker	NYISO								
Andrew Hartshorn	NYISO/LECG								

Key:

✓ = In attendance