

NYISO Management Committee Meeting Minutes

September 20, 2007

NYISO, 10 Krey Boulevard, Rensselaer, NY

10:00 a.m. to 11:30 a.m.

DRAFT Minutes of the Meeting

1. Introductions, and Meeting Objectives and Chairman's Report

Mr. Picardi (Coral Power) called the meeting to order at 10:17 AM and welcomed the members of the MC. The members of the MC then identified themselves.

2. Approval of Minutes

Mr. Ray Stalter (NYISO) presented for approval the MC minutes from the August 29, 2007 meeting. He reported that no comments were received on the minutes distributed for MC review prior to the meeting, and asked if members had any comments. No comments or questions were raised. The minutes were then approved.

Motion #1:

Motion to approve the Minutes of the August 29, 2007 MC meeting.

Motion passed unanimously.

3. President's Report.

Mr. Mark Lynch of the NYISO presented the President's Report. He began with the approval of the 2007 Comprehensive Reliability Plan by the Board of Directors on September 18, 2007, and noted a press release was issued on September 19, 2007. Mr. Lynch thanked MPs for their efforts to complete the CRP. Mr. Lynch also provided a status update on the 2008 CRPP, noting the initial draft RNA report is scheduled for discussion at the October 4, 2007 ESPWG/TPAS meeting.

Mr. Lynch noted the draft FERC Order 890 filing was posted on September 14, 2007. Mr. Lynch also explained the importance of MP participation in the October FERC Technical Conference. Mr. Howard Fromer (PSEG) commented that, within the past week, a major settlement was filed at FERC by PJM addressing many of the issues related to Cost Allocation. He explained the settlement before FERC defers resolving that issue for a year, and asked whether the NYISO would support advising FERC that more time would be helpful. Mr. Lynch replied the NYISO will review the settlement documents, but as of today, there were no plans to change the schedule for the filing.

As for the Price Correction Statistics, Mr. Lynch noted that August had eight price reservations and five price corrections. Through September 13, there were two reservations and two corrections. He added that, while dramatic improvements have been made over the last four months, the NYISO needs to continue to demonstrate this success, and is on a good path.

Mr. Lynch addressed the Repayment of Working Capital for TCC Settlement Issue; he noted the full recovery of the Working Capital will be achieved in the 1st quarter of 2008.

Mr. Lynch noted a few items from the September 16, 2007 Board meeting; the BOD approved the CRP, the ADR Mechanism and the Working Capital Tariff Filings approved at the last MC meeting. No other action items for bill challenges were taken by the Board. Mr. Paul Gioia (LeBoeuf) asked when the NYISO will make changes to the Strategic Plan. Mr. Lynch replied the NYISO will present the Strategic Plan at a later MC meeting, and there are no plans to change it.

Doreen Saia (Mirant) asked if the NYISO could provide a spreadsheet at the next MIWG with the breakout of the elimination of the TCC settlement surcharge. Mr. Lynch replied it's on the NYISO's website, and will be brought to the MIWG.

Mr. Fernandez (NYISO) noted that while Mr. Berle is out, Mr. Grossi will chair the Board Governance committee. He added that the Board will continue to function as normal.

4. NYISO 2008 Budget Overview

Mr. Stuart Nachmias (Con Ed) stated the BPWG reviewed the draft 2008 budget at its September meeting. He stated it is important to note that the Rate Schedule 1 charge is within the budget target established in 2003, and is a reduction from the 2007 rate. BPWG appreciates that NYISO is sticking by the rate committed during 2003. Mr. Nachmias noted the NYISO is adding 22 staff members in 4 different areas; Planning, IT, Market Services and Market Monitoring. These additions will result in a large increase in the area of salaries and benefits.

Mr. Nachmias explained the 2008 proposed budget is consistent with 2007 current year needs; and there will be a decrease in debt service as a result of the rolling off of financing costs of SMD2. Any budget under-runs will be used to reduce financing for the NYISO. He also noted the NYISO has a higher Rate Schedule 1 than other ISOs/RTOs although NYISO has a lower revenue requirement, but that could be due to NYISO operating as a single state ISO. BPWG will continue to review NYISO rates.

Mr. Nachmias asked the Management Committee Members for comments. Mr. Gioia noted the language on the schedule should read "review and approval." Mr. Fromer (PSEG) complemented Mr. Nachmias and the BPWG on the presentation and their hard work, but raised a concern with budget allotments on certain projects and the level of commitment for projects without MP input. Mr. Nachmias replied the issue was addressed at the BPWG, and noted some projects are multi-year, some are new and have been discussed in the working groups, and others have not been discussed, but are anticipated because of FERC activities. The proposed projects represent the NYISO's recommendations for the most valuable projects for the coming year, as well as the best estimate of anticipated regulatory requirements. As business priorities or regulatory requirements change during the year, the BPWG will get involved in a re-prioritization of budget. Mr. Fromer replied that as we move from the 1st draft to the final draft of the budget, MPs need an opportunity to identify potential projects for inclusion. Mr. Nachmias noted it is critical for MPs to review the 2008 Projects list and send comments to him and Ray Stalter (NYISO). Mr. Younger (Slater Consulting) asked if the NYISO will provide an update on the placeholder allocation for market enhancement projects at the October 1 MIWG meeting. Mr. Dewey (NYISO) replied that the intent is to have discussions on each project in the placeholder allocation. Mr. Younger expressed concern with the pace of the projects in the placeholder. Mr. Nachmias explained that the money indicated in the budget would only be used on external resources; internal resources are not included.

Mr. Rich Dewey (NYISO) presented the proposed 2008 project plan. He noted the process for selecting projects for 2008 included identifying cornerstone Product Plan items, the continuation of multi-year programs, regulatory requirements and necessary infrastructure enhancements. Mr. Dewey explained the detailed cost estimates for the proposed projects was performed following a prioritization of candidate projects based on MP comments and feasibility analysis based on a review of internal resources. Project and budget updates are conducted at each BPWG meeting. Mr. Dewey reviewed the list by product line, noting the expected expenditures for professional fees.

Mr. Fromer asked if the \$3.4 million noted for Energy Market Products included all of the projects listed. Mr. Dewey explained the six projects (Enhanced Price Validation – Phase 3, Comprehensive Bid Management – Phase 3, Wind Forecasting System, Market Monitoring System Enhancements, Market Software Re-certification and Priority Market Enhancements) encompass the \$3.4 million. The seven projects at the bottom of the slide (Scheduling and Pricing Improvements, Netting of Bilaterals, Disaggregated Virtual Trading, Reference Price System Enhancements, Inter-ISO Congestion Management, Ancillary Service Market Convergence, and Other Market Enhancements Under Review) are a subset of the proposed project set. The NYISO feels that, based on a resource assessment, it is likely that about three of those projects can be accomplished. The ability to complete such projects is not gated by finances; but rather by availability of internal resources. Mr. Fromer replied that there should be MP input on which of those projects would be accomplished. Mr. Younger added that the NYISO needs to explain this new concept. Mr. Gioia stated that this discussion should be held at the BPWG. Mr. Nachmias added that the scope of the projects listed is still being worked out at the working group level. Mr. Dewey noted the NYISO has not specified which projects will be done, because that has yet to be worked out with MPs, there is a lot of testing, analysis and review to be completed as well as being brought through the Governance process. Mr. Nachmias added that this discussion will occur at the October 2nd BPWG meeting. Mr. Younger requested the NYISO provide a detailed presentation at the MIWG meeting. Mr. Picardi (Coral Power) noted the MIWG meeting will be important, and asked that issues from the meeting be clearly defined prior to the October MC meeting.

Mr. Nachmias reviewed the 2009-2012 budget targets. He stated there are currently no commitments in place for 2009 – 2012, and it is the intention of the NYISO to approve budgets annually. Updated budget projections for the subsequent four years will also be provided along with each year's proposed budget. Mr. Nachmias added the issue will be addressed at the October 2 BPWG meeting, and he is looking for MP input on how to convey budget principles and overall objectives to the MC, and the NYISO Board. Mr. Picardi asked if the discussion of principles will be ongoing, and Mr. Nachmias replied that it will be. He added that the budget motion that will be brought to the MC in October for a vote will not include reference to future budget year projections, and 2008 is the last year within the firm targets established in 2003. Mr. Gioia asked if there has been consideration for another five-year plan. Mr. Nachmias replied that the NYISO has stated they would not preclude that. Mr. Lynch added that this discussion would be better suited for the incoming CEO. Mr. Stalter requested that MPs send comments/questions to rstalter@nyiso.com.

5. New Business

Mr. Stalter reminded the MC that the October 24 meeting will be held at Con Edison's 4 Irving Place offices.

6. Adjournment

Meeting adjourned at 11:30 AM.

NYISO Management Committee Meeting

September 20, 2007

Teleconference

MOTION FROM THE MEETING

Motion #1:

Motion to approve the Minutes of the August 29, 2007 MC meeting.

Motion passed unanimously.

New York Independent System Operator - Committee Membership

Management Committee - Attendance September 20, 2007 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	Paul DeCotis	Karl Michael	David Coup	Erin Hogan	Christopher Hall			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Craig Wilson			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Kim Harriman					
Atco Properties & Management Inc.	End Use - Large Consumer	David Bornke	George Diamantopoulos						
IBM Corporation	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Kim Harriman					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Kim Harriman					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Kim Harriman					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Kim Harriman					
American Sugar Refining, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
Association for Energy Affordability, Inc.	End Use - Small Consumer	David Hepinstall	Larry DeVitt						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
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 Presbyterian Hospital	End Use - Small Consumer	David Bornke	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner				
New York University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Christopher Wentlent	Rick Santoroski	Charles Sjoberg	Dave Evanoski				
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer	Chuck McCall					
Calpine	Generation Owners	Brett Kruse	Kris Zadio	Brent Hebert					
East Coast Power Linden Holding LLC	Generation Owners	Andy Keleman	Mark Mellana	Kurt Schreder					
Edison Mission Marketing & Trading	Generation Owners	William Roberts	Jeffrey Ellis	Peter Brown	Rich Mooney				
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	Angelo Vai	✓ Ron Mackowiak					
Horizon Wind Energy	Generation Owners	Patrick Doyle	P.J. Salterman	Charlie Turlinski	Tod Nash	Karen Dressel	Richard McMichael		
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
Innovative Energy Systems Inc.	Generation Owners	Carol Muessigbrodt	Peter Zeliff						
KeySpan Ravenswood, LLC	Generation Owners	Jim Brennan	Rich Hohlman	Joe Vignola	Jim D'Andrea	Madison Milhous	Rich Rapp		
Mirant New York, Inc.	Generation Owners	Philip Smith	✓ Doreen Saia						
New Athens Generating Co.	Generation Owners	Jack Breen	Chris Bursaw	Dan DeVinney	Rich Felak				
Noble Environmental Power LLC	Generation Owners	Thomas Swank	Liz Grisaru						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kamppila						
TransCanada Power Marketing	Generation Owners	William Taylor	Elaïne Beaudry						
UPC Wind	Generation Owners	Steve Vavrik	Mike Jacobs						
AB Energy Inc.	Other Suppliers	Andrew Bachert							
Advantage Energy, Inc.	Other Suppliers	Mark Hess							
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Blas Hernandez	George Braulke				
Brookfield Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	Walt Yeager						
Con Edison Solutions	Other Suppliers	Ken Bekman	Stephen Wemple						
Connectiv	Other Suppliers	Robert Steele	Tony Gabrieli	Gloria Ogenyi					
Constellation Energy Commodities, Inc.	Other Suppliers	✓ Glen McCartney	Dan Allegretti	Tim Daniels					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine							
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chau Shen	Pamela Quinlin			
Coral Power, LLC	Other Suppliers	Matt Picardi	Marc Overdyk	Dave French					
Cross Sound Cable Co.	Other Suppliers	John Miller	Brian Reinhart	Bradley Railing	Jose Rotger				
DC Energy	Other Suppliers	Bruce Bleiweis	Bruce Bleiweis	Andrew Stevens	Sadao Milberg	Chris Carpenter	Matthew Tate		
Dynegy	Other Suppliers	Barry Huddleston	Jason Cox	Kevin White					
Energy Curtailment Specialists, Inc	Other Suppliers	Glen Smith	Stephen Lynch	Marie Pieniazek	Robert Boyle				
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskowitz	Ruben Brown	Arthur Pearson			
EnerNoc	Other Suppliers	David Brewster	Aaron Breidenbaugh						
Epic Merchant Energy NY, LP	Other Suppliers	Michael Kinsey	Robert Erbrick	Pierre Tournois	✓ Erik Abend	Gordon Scott	Wesley Anderson		
Exelon Generating Co. LLC	Other Suppliers	Denise Foster	Jack Crowley						
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger					
FPL Energy	Other Suppliers	David Applebaum	Fernando DaSilva	Ron Scheirer					
Galt Power	Other Suppliers	✓ Rick Mancini	Stephen Fernands						
HQ Energy Services	Other Suppliers	Michel Prevost	✓ Paul Norris	Erik Bellavance					
KeySpan Energy Services	Other Suppliers	Terrence Kain	Jim D'Andrea	Edwin Kichline	James Cross	John Vaughn			
Liberty Power Corp.	Other Suppliers	David Hernandez							
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson	Nikolai Markarian			

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Management Committee - Attendance September 20, 2007 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NRG Power Marketing	Other Suppliers	Brad Kranz	Lee Davis	Jim Mayhew					
Ontario Power Generation Inc.	Other Suppliers	Barry Green	✓ Dave Barr	Ken Lacivita	Scott McArthur	✓ David Barr			
PPM Energy	Other Suppliers	Thresa Allen	T.H. Rawls	Tom Shields					
PP&L Energy Plus	Other Suppliers	Tom Hyzinski	✓ Joseph Langan	Sharon Weber					
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce						
Sempra Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	Scott Englander	Barry Trayers				
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	Jason Barker	Jeff Knox	Pamela Melton					
TransÉnergie U.S. Ltd.	Other Suppliers	Raymond Coxé	Michael Jacobs						
U.S. Power Generating Co.	Other Suppliers	✓ Liam Baker	Mark Sudbey						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	✓ Kevin Jones	Jim Wittine	Dave Clarke					
New York Power Authority	Public Power - Authorities	William Palazzo	Robert Gow	Kim Byham	✓ Scott Brown				
American Lung Association	Public Power - Environmental	Peter Iwanowicz	✓ Christopher Young						
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs	Carol Murphy			
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt						
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	Larry DeWitt						
Pace University	Public Power - Environmental	✓ Christopher Young	Fred Zaleman						
Scenic Hudson	Public Power - Environmental	Larry DeWitt							
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Matthew Benesh	Tim Bush	Jim Hamilton	Ken Moore	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ David Gustafson	Wally Haase	John Oelbracht	Steven Kulig	✓ Tom Rudebusch			
Lake Placid Village	Public Power - Munis & Co-ops	Peter Kroha	Tim Bush						
Municipal Commission of Boonville	Public Power - Munis & Co-ops	Kenneth Stabb	Tim Bush						
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	Tim Bush						
Village of Arcade	Public Power - Munis & Co-ops	Larry Kilburn	Tim Bush						
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	✓ Tom Rudebusch					
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 Solvay	Public Power - Munis & Co-ops	Anthony Modafferi	Tim Bush						
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	Tim Bush	Matthew Benesh	Jack Brown	Ken Moore			
Central Hudson Gas & Electric	Transmission Owners	Charles Freni	✓ John Watzka						
Consolidated Edison	Transmission Owners	Stuart Nachmias	✓ Neil Butterklee	Deidre Facendola					
National Grid	Transmission Owners	✓ Jerry Ancona	Wes Yeomans	Janet Gail Besser	Herb Schrayshuen	Bart Franey	Terron Hill		
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			
Ace Energy Company, Inc	Non-voting	Marie Pieniasek	Stephen Lynch						
ACENY	Non-voting	Carol Murphy	Valerie Strauss						
Boundless Energy, L.L.C	Non-voting	John Tompkins	Brian Chernack	Chuck Gilbert					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Gary Keevill	Mitchell Garber					
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							
Fluent Energy	Non-voting	Michael Mastroianni	David Koplas	Margie Miller					
Hudson River Energy Group	Non-voting	Frank Radigan	Richard Canfield						
Hydro-Quebec TransEnergie	Non-voting	Glenn Sylvain							
NU / Select Energy	Non-voting	Gunnar Jorgensen	✓ Chris Dubay						
NYS Department of Public Service	Non-voting	Penny Rubin	Rajendra Addepalli						
The Structure Group	Non-voting	Bob Furry	Ishita Roy	Kevin Dunlap					
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	Marie Pieniasek	Stephen Lynch						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
DTE Energy	Non-voting	Gregory Pakela	Raymond Wieszczyk						
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:
Ira Freilicher Hunton & Williams

New York Independent System Operator - Committee Membership

Management Committee - Attendance September 20, 2007 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Kevin Jones	Hunton & Williams								
James Schmidt	Hunton & Williams								
Rob Fernandez	NYISO								
Mark Lynch	NYISO								
John Buechler	NYISO								
Mollie Lampi	NYISO								
Rana Mukerji	NYISO								
Elaine Robinson	NYISO								
Alex Schnell	NYISO								
✓ Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
Karen Gach	NYISO								
Carl Patka	NYISO								
Frank Francis	NYISO								
Garry Brown	NYISO								
Sheri Prevratil	NYISO								
Ernie Cardone	NYISO								
John Charlton	NYISO								
Kathy Whitaker	NYISO								
Andy Antinori	NYISO								

Key:

✓ = In attendance