

NYISO Management Committee Meeting

April 26, 2006

Hampton Inn

25 Chapel Street

Albany, N.Y.

10:00 a.m. – 1:00 p.m.

Draft MINUTES OF THE MEETING

1. Introduction, Meeting Objectives & Chairman's Report

Mr. Jerry Ancona of National Grid, Chairman, called the meeting to order at 10:02 a.m. and noted that the meeting objectives were to approve minutes from the January 25, February 28, and March 29, 2006 meetings, and to discuss the State of the Market Report.

2. Approval of the Minutes

Mr. Ray Stalter (NYISO) highlighted the comments submitted and noted in the respective minutes presented for approval. No additional comments were provided by the Committee.

Motion # 1:

Motion to approve the Minutes of the January 25, 2006, February 28, 2006 and March 29, 2006 Management Committee meetings.

Motion passed unanimously by show of hands.

3. President's Report

Prior to the Report by Mr. Mark Lynch (NYISO), Mr. Ancona, noted the one year anniversary of Mark Lynch as CEO and President of the NYISO.

Mr. Lynch thanked Mr. Ancona and the Committee, and proceeded to ~~the~~ review the Report. Regarding the price corrections, reservations and corrections continue to remain low. Price corrections continue to be monitored and improvements efforts will ~~continue~~persist. The NYISO is investigating a procedure to expedite the release of reserve hours.

Regarding the TCC settlement audit update, Mr. Lynch reported that the audit is complete and the final report is being put together for editorial changes. No substantial issues were noted.

Mr. Lynch reminded the Committee that Sector meetings have been scheduled for June. Each sector has received a request for agenda items. He added a reminder that the Joint MC/Board meeting will be held at the Sagamore Hotel on July 18th.

Mr. Lynch discussed the NYISO's market initiatives and projects. He noted efforts to bolster the quality of the organization by establishing the Lean Six Sigma program and reorganizing the NYISO. Additional consultants were brought in to review internal processes, which resulted in a new function – Enterprise Quality Process Control, under the direction of Wayne Bailey. Mr. Lynch explained that these efforts are intended to raise the bar for standards, quality and efficiency, with the result being reliable products that MP's can count on-on to working from implementation. He added that the NYISO is bringing in PA Consulting to look at the engineering aspect of the business to ensure that processes are accomplishing what is intended. Finally, the NYISO is enhancing the Price Validation system, bringing that process inside the NYISO in order to provide a more robust, transparent pricing system to the NYISO markets. Mr. Lynch wanted to make sure that MPs understand that the goal is to move from a start up business to a more established organization and that, as we focus on these efforts, some project priorities and timelines may change. He added that the completion of these initiatives will result in a higher level of quality for the markets. The NYISO Board has approved this initiative. Mr. Rich Dewey (NYISO) will be working with the PPT on project prioritization.

Mr. Lynch stressed that issues can and will be addressed expeditiously when needed. He gave an example of the scarcity pricing issued noted in the SMD Report from Dr. Patton. The NYISO worked to identify the cause of the concern and developed a software enhancement for addressing physical shortages on the system. -This effort has become the highest priority within the organization. Until the automation is in place, de-rates will be done through a manual process to pick up any physical shortages.

Mr. Morgan Parke (Multiple Intervenors) asked what projects will be delayed and for how long. Mr. Lynch responded that the NYISO will continue to work on mandated FERC projects.

Mr. Mark Younger (Slater Consulting) asked if the NYISO will be reserving prices when we are close to scarcity conditions, and review to ensure that the de-rates were adequate for the conditions. Mr. Rick Gonzales (NYISO) said it is NYISO's intent to do that, and added that the NYISO would review the details of the interim operating procedure with the Market Structures Working Group.

Dr. Kevin Jones (LIPA) asked to see an improved test environment to allow for MP interaction and testing of system changes. He also thanked Mr. Lynch and the NYISO for the NYISO's comments to FERC regarding the ICAP settlement in New England.

Mr. Lynch gave an update on the NYISO move into the new building. He said everything is still on schedule. NYISO staff at the Annex and Wolf Road should be moved to the new headquarters by the beginning of next year. The Phoenix lease expires in May, which will allow construction on the 1st, 2nd, and 3rd floors to begin. The project remains in budget.

Ms. Doreen Saia (Mirant) asked about the status of the price corrections filing with FERC. Mr. Lynch said that NYISO has an obligation to file with FERC by April 30 and

he saw no need for a delay. Mr. Bruce Bleiweis (DC Energy) raised concerns with the time needed to proceed with this filing. Mr. Ira Freilicher (Hunton & Williams for the NYISO) explained that it was drafted and has gone through a review process, which included discussions with the BPCTF.

Mr. Lynch referred the Committee to the Report for market highlights details, and asked that questions be submitted to Ray Stalter.

4. Presentation of 2005 State of the Market Report

Dr. David Patton (Potomac Economics) presented the Annual Report. The Report evaluates the effects of major enhancements made to the market under SMD2 and assesses the overall performance of the NY electricity markets in 2005. Included in the Report presentation was a summary of conclusions and recommendations.

The Report noted the effect of fuel prices on electricity prices. Data in the Report continues to show the relationship of natural gas prices and electricity prices in the market. Gas and oil prices averaged 44% higher in 2005 than in 2004 due to the effects of the hurricane on productive capability. Generators that burn natural gas and oil were on the margin in most hours in New York. (ex. Approximately 70% oil and gas combined). Hot weather also contributed to increased prices - during summer months, implied heat rates in eastern NY were 15 – 20 % higher in 2005 than 2004. Estimated Net Revenues were higher in 2005 than in 2004 due to tighter conditions and fuel price increases.

Mr. Younger asked the following questions:

1. Does the calculation in the report include startup and min gen costs?
2. Given the conditions in 2005, generators should have seen substantially higher revenues. If conditions last year merit new generation, do we have strong enough market signals to incent that investment?
3. Does the analysis include other costs for generators?

Dr. Patton responded by noting that the Report is not meant to assert that generation is profitable, and that the analysis was based on the Real Time market and not the ancillary services market.

Mr. Younger and Mr. Kinney asked how to interpret results of some areas of the report. In response, Dr. Patton noted that he will include information on how the results should be interpreted in the final Report. Mr. Kinney stated that it would be useful to do a multi-year analysis.

Mr. Larry DeWitt (Pace) asked if the Comprehensive Reliability Planning Process could be built into the report. Dr. Patton said that he did review the RNA and put out a memo that he saw no major flaws in that Report.

Turning back to the presentation, Dr. Patton reported on TCC prices and congestion.

Ms. Saia asked if shortfalls were reduced due to corrections related to the TCC settlement, would it be appropriate to consider removing the option to allow TOs to withhold a 5% margin? Dr. Patton responded that he was unsure if the TOs were exercising that option on a regular basis, and would take that into consideration.

Dr. Patton noted the importance of load pocket modeling changes to be implemented by Operations on May 1st as a means of reducing congestion imbalance costs.

Regarding GT dispatch, Mr. Younger asked for more of an explanation of capacity that wasn't scheduled by the physical dispatch, when conditions indicated that more could have been. Dr. Patton responded by noting that there are isolated cases in which there may have been unused resources. The software is being revised to address this better.

Addressing capacity markets, Dr. Patton noted that in-city capacity sales are consistent with the market incentives in place, and that he doesn't expect prices to fall significantly with the addition of new suppliers.

Dr. Patton raised the need to develop ITS further with ISO New England and the potential benefits of more efficient transactions scheduling at the interface between the two Control Areas. Dr. Jones (LIPA) and Mr. Nachmias (Con Ed) raised the development of the 1385 Project, and the potential for a second PJM proxy, respectively, as benefiting transaction scheduling with neighboring control areas. Mr. Howard Fromer (PSEG) noted the discrepancy between transaction scheduling windows and internal generation scheduling timeframes. He asked that consistency between the two be considered. He further noted that the development special market rules for wind projects could further complicate optimization of transactions at the interfaces. Dr. Patton responded by noting that the issue of optimization requires further study and debate.

5. New Business

None noted

6. Adjournment

Meeting adjourned at 1:15 p.m.

New York Independent System Operator - Committee Membership

Management Committee - Attendance April 26, 2006 - Albany, 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	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	Tim Daniels			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Helmsley-Spear Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos	Edward Strauss	Herb Rose				
IBM Corporation	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
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 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				
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	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			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	✓ Christopher Wentlent	Rick Santoroski	Charles Sjoberg					
Astoria Energy LLC	Generation Owners	Joseph Swift	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	Jeffrey Ellis	Peter Brown	✓ Rich Mooney				
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	Jim Brennan	Rich Hohlman	Joe Vignola	Jim D'Andrea	✓ Madison Milhous	Rich Rapp		
Mirant New York, Inc.	Generation Owners	James Mayhew	✓ Doreen Saia	Vicki Lynch					✓ Phil Smith
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kamppila						
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Baudry						
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Bias Hernandez	George Braulke				
Brascan Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	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 Energy Commodities, Inc.	Other Suppliers	✓ Glen McCartney	Dan Allegretti	Sara O'Neill					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine	Sara O'Neill						
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chau Shien				
Coral Power, LLC	Other Suppliers	✓ Matt Picardi	Marc Overdyk	Dave French					
DC Energy	Other Suppliers	✓ Bruce Bleiweis	Dean Wilde	Andrew Stevens	Sadao Milberg	Chris Carpenter	Matthew Tate		
Dynegy	Other Suppliers	✓ Barry Huddleston	Jason Cox	Kevin White					
ECONnergy	Other Suppliers	Saul Horowitz	Tom Halleran						
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskovitz	Ruben Brown	Arthur Pearson			
Epic Merchant Energy	Other Suppliers	Mike Kinsey	✓ Erik Abend	Wade Sullivan					
Exelon Generation - Power Team	Other Suppliers	Scott Silverstein	Joe Klimaszewski	Jim Verna					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	✓ Glenn Haake				
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			
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	✓ Dave Barr	Ken Lacivita	Scott McArthur	David Barr	✓ Glenn Haake		
Orion Power New York	Other Suppliers	✓ Liam Baker	John Meyer						
PPM Energy	Other Suppliers	Thresa Allen	T.H. Rawls						
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						

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Strategic Energy LLC	Other Suppliers	Jason Barker	Jeff Knox	Pamela Melton					
TransEnergie U.S. Ltd.	Other Suppliers	Raymond Cox	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	Bob Deasy	✓ William Palazzo	Kim Byham					
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	✓ Larry DeWitt	Douglas Ward	Mike Jacobs				
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	Edward Smeloff	✓ Larry DeWitt						
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	Terry Agriss	✓ Stuart Nachmias	Neil Butterklee					
National Grid	Transmission Owners	✓ Jerry Ancona	Wes Yeomans	Janet Gail Besser	Herb Schrayshuen	Bart Franey	Terron Hill		✓ Facendola, Gioia
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			✓ M. Cadwalader
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 Pieniazek	Stephen Lynch						
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							
Energy Curtailment Specialists, Inc	Non-voting	Marie Pieniazek	Stephen Lynch						
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	Mario Boucher						
NYS Department of Public Service	Non-voting	Penny Rubin	✓ Rajendra Addepalli						✓ Bill Heinrich
Stealth Energy	Non-voting	Gad Cohen							
The Structure Group	Non-voting	Bob Furry	Alex Lago						
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	Marie Pieniazek	Stephen Lynch						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting								
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zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:

- ✓ Ira Frellicher Hunton & Williams
- ✓ Mark Lynch Hunton & Williams
- ✓ Mike Calimano Hunton & Williams
- ✓ Nicole Bouchez NYISO
- ✓ Mark Lynch NYISO

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✓ John Buechler	NYISO								
✓ Mollie Lampi	NYISO								
✓ Debra Murley	NYISO								
✓ Ernie Cardone	NYISO								
✓ Elaine Robinson	NYISO								
✓ Rich Dewey	NYISO								
✓ Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
✓ Rick Gonzales	NYISO								
✓ Frank Murray	Environmental Council								

Key:

✓ = In attendance