

NYISO Management Committee Meeting

May 31, 2006
Teleconference
10:00 a.m. --

MINUTES OF THE MEETING

1. Introduction, Meeting Objectives & Chairman's Report

Mr. Jerry Ancona (National Grid), Chairman, called the meeting to order at 10:01 a.m. He reminded the Committee that the Sector meetings were scheduled for June and the joint Board-MC meeting in July. He also announced that IPPNY has reached its 20th anniversary.

2. Approval of the Minutes

Mr. Ray Stalter (NYISO) presented the minutes from the April 26th meeting. No additional comments were provided by Committee members.

Motion # 1:

Motion to approve the Minutes of the April 26, 2006 Management Committee meeting.

Motion passed unanimously.

3. President's Report

Mark Lynch, CEO and President NYISO, presented the Report and highlighted six issues:

- 1) Mr. Lynch introduced the new V.P. of Market Structures, Rana Mukerji. He will be present to meet everyone in person at the Sector meetings.
- 2) Mr. Lynch provided an update on the Price Error Elimination Status. He noted that one error was discovered in April related to Gilboa, and has been corrected. The overall cycle time to improve corrections has improved.
- 3) Mr. Lynch noted that, in the first quarter of 2006, the price correction rate was 2.5% percent. In May, the rate of corrected hours was 2.2%. Efforts continue to bring the price validation and correction process in-house, with the goal of providing greater price certainty and transparency for all the MPs.
- 4) The TCC automation project is expected to be launched in July for the August Reconfiguration Auction. Market Trials will be held in June. Mr. Lynch strongly encouraged Market Participant participation in the trials. He added that online training materials will be available on the web site.
- 5) Mr. Lynch provided an update on the Comprehensive Reliability Planning Process. A draft of the CRP will be presented to the various working groups through June and to the MC at the end of June. Dr. David Patton will also begin reviewing the Plan in June. The draft Plan will be presented to the Board in July..
- 6) Mr. Lynch provided slides on the Summer Readiness Review. He noted that the peak forecast is over 33,000MW, with a total reserve requirement just over 39,000MW. The available supply is now about 38,000MW, with additional capacity

anticipated for July. Overall there is sufficient capacity to meet both load and reserve for this summer.

Mr. Mark Younger (Slater Consulting) suggested that potential new supply be broken out into other categories in the Report to show what is already in operation. Mr. Lynch agreed with the comment and said that this information will be provided in future reports.

Mr. Matt Millhous. (Keyspan Ravenswood) asked if the SCR data in the Report is in ICAP or UCAP units. He said a number of MPs would like to see that distinction when reporting on the SCRs. The NYISO will clarify whether the data is ICAP or UCAP based.

Mr. Lynch reported on the Enron bad debt loss recoveries. The NYISO received an additional refund of \$1.9 million that will be distributed shortly using the allocation formula used for the initial bad debt charge to the markets

Mr. Lynch reported that the NYISO deployed the scarcity pricing enhancements on May 30th. Additional software enhancements, including treatment of Thunder Storm alerts and various other internal items, were also deployed. Mr. Lynch noted the concern given the weather at the time of the market outage. While he noted concerns expressed with the outage occurring during business hours, he noted that, for major software deployments, it is imperative to have the full amount of staff resources available in case of any mishaps. Several MC members expressed concerns with the deployment. Mr. Lynch said that he understood that there were circumstances that added to the MPs frustrations, but the timing of the deployment was necessary to ensure that the NYISO deployed a quality product, in a timely manner.

Ms. Doreen Saia (Mirant) asked if the ISO could have someone available from Market Structures on Friday to discuss how pricing will play out in relation to the deployment.

4. Proposed Restoration of Tariff Provisions re: ICAP Bidding Deficiency Penalties

Mr. William Young (Hunton & Williams) addressed the proposal, which had been approved by the Business Issues Committee (BIC).

Mr. Glenn Haake (IPPNY) recalled discussions at BIC calling for the tariff language to change "*shall*" to "*may*". Mr. Young agreed with that revision. Mr. Ancona asked that it be reflected in minutes that change was made from "*shall*" to "*may*" in the motion.

Motion #2:

The Management Committee (MC) hereby approves Revisions to Section 5.12.12(b) of the NYISO's Market Services Tariff implementing a method for calculating ICAP bidding deficiency charges, as discussed at the ICAP WG on May 8, 2006, and as approved by the Business Issues Committee on May 17, 2006.

Motion passed unanimously with abstentions.

5. Board Selection Subcommittee(BSSC) Lessons Learned Report

Mr. Tom Rudebusch (Duncan, Weinberg, Genzer & Pembroke) presented report of Subcommittee regarding proposed improvements to the Board selection process. The BSSC undertook a "lessons learned" process after completing the recent Board selection. The Report represents the findings of that process.

Mr. Ira Freilicher (Hunton & Williams) commented on the Report. In response to a concern about the funding of the search consultant, Mr. Freilicher noted that the consultant was not aware of the source of the funding. In response to logistics concerns, he noted that difficulties with the interview process did take place as a result of time constraints. In regard to the BSSC proposal for joint interviews, he said that it may make sense in some cases, in others it may not because there may be confidential issues.

Mr. Rudebusch requested a straw poll and asked Mr. Ancona to find out if there are any objections to the Report. No objections were raised. Mr. Stalter said that any comments or suggestions should be sent to him and copied to Mr. Freilicher so that he could keep the Board informed.

6. New Business

Mr. Neil Butterklee (ConEd) announced that the By-laws Subcommittee would be scheduling a meeting to discuss liability limitations provisions to the OATT. He added that MC members should forward any additional agenda items for the upcoming meeting to him for inclusion at that meeting.

7. Adjournment

Meeting adjourned at 11:15 a.m.