Mary McGarvey   Joe Oates, Chair MC
Tim Schmehl   Jim Scheiderich, Vice-Chair BIC
Ernie Cardone   Glen McCartney, Vice-Chair OC
Ray Stalter   Mario DiValentino – BS&P Chair
Amy Curley   Allen Foster - Dynegy
Rich Dewey
Bradley Kranz
Belinda Thornton
Elaine Robinson
Kathy Whitaker

1. Tim Schmehl reported on the open action items. The new project reporting software package is in the process of being tested (ID#46) and is still on track for implementation in the 3rd quarter. (Document posted)

2. Tim Schmehl also reported on the status of project related incentive goals. Of the ten qualifying projects, five have been deployed to date. All five appear to be within the schedule and cost targets, although final numbers are still being compiled for one of the items. (Document posted)

3. Mary McGarvey reported on the project budget report, which is current through the end of July. Two items noted by Mary McGarvey include the Consolidated NYISO Offices, which continues to list approximately $400k under pending commitments for future Architecture and Engineering work and the apparent DSS project overrun, which is under review by the NYISO. (Document posted)

   In response to a question by Jim Scheiderich, Mary McGarvey explained that the overrun is likely due to resources charging time to the project instead of baseline support and that the overall project is within budget.

4. Tim Schmehl reviewed the Project Portfolio. (Document posted) Several notable items included the Scarcity pricing in SMD (A667), for which coding and unit testing is complete and the Reserve pickup reporting (A709) which is in QA testing. Both of these items will be deployed with SMD. Furthermore, the number of open billing issues (A600) is down somewhat in September, as compared to previous months. The Controllable Tie Lines project (A619) is in the design phase and work is progressing, with design work scheduled for completion by the end of November. With regard to the Billing Simulator (A675), 42 out of 45 "use" codes have been completed and are being tested, with

the three remaining cases to be deferred to the next phase. (Document posted)

Jim Scheiderich questioned what the potential impact was of the three use cases that were being deferred. Rich Dewey explained that there are upwards of 120 use cases required to completely model the billing process and this phase had focused on a subset of those that the Settlements group had identified as having the highest priority. Nearly all of the initial desired set will still be delivered and will provide significant benefits.

Joe Oates inquired as to what resource hours have been allocated to the Facility Migration project (A737). Tim Schmehl replied that it did not involve constrained IT resources and the work to date has been limited to some preliminary planning discussions.

Jim Scheiderich recommended renaming project A706 - Virtual Regional Dispatch to Intra-Hour Transaction Scheduling as a more accurate reflection of the pilot project and associated work to be done as directed by the recently approved motion at the Management Committee.

5. Rich Dewey provided the SMD2 status report and summarized the progress made in detailing a readiness program. Notable actions to take place include a final assessment of the DAM and RT market trials from LECG, the execution of the market simulation exercise, and finalizing the cutover and fallback plans. Once there is agreement on readiness, then we will go forward with discussions on selecting the deployment date. It was noted that there is nothing in the billing or invoicing systems that require a cutover on the 1st of the month but it is a consideration identified by the BAWG that the ISO and Market Participants will need to discuss further with the working groups. Finally, the proposed cutover plan includes a period of parallel operation that will provide the best opportunity, should a fall-back be necessary., However, this will require Market Participants to enter bids in both the legacy and SMD2 system for a period of time.

Jim Scheiderich questioned the critical (red bar) notation concerning scarcity pricing functionality on the SMD2 Dashboard. Rich Dewey stated that development is complete but not all of the scenario testing has been completed in the fully integrated environment. It is the NYISO's expectation that once the AMP testing is cleared from the testing environment, the testing of the scarcity pricing will not take long and represents a low risk regarding the overall schedule.

6. Under New Business, Tim Schmehl reported on the status of the 2005 projects portfolio and the new facility. The BS&P previously proposed a target $20 million budget for '05 projects, and project costs for a new facility will be constrained by this project budget as well. In addition, the proposed 2005 priority projects took into consideration available NYISO staff and consultant resource levels as a potential limiting constraint, along with the budget ceiling.

As part of the 2005 priority project discussion, Joe Oates requested that the NYISO provide a matrix of ranking on the criteria for each project to assist Market Participants with determining the reasonableness of the proposed projects versus those that are not expected to be worked on in 2005. Mario DiValentino added that it would be helpful if this could be made available in time for the BS&P's budget discussions on the 20th and NYISO staff agreed that it would be.

Jim Scheiderich requested a more complete description of the TCC Auction Automation item, as it was not clear if this included TCC allocation or issues related to outages allocated to specific transmission owners and the collection of shortfalls associated with those outages.

Joe Oates recommended that the billing automation projects be listed separately, since they will have separate budget items.

A question was raised by both Jim Scheiderich and Joe Oates as to why the self-supply of reserves project is proposed on the high priority list as it is their understanding, based on recent discussions at the working groups, that Market Participants are generally in agreement that this should be a lower priority. Brad Kranz responded that this item represents a potential project level effort for which the ISO must have a placeholder, given FERC's latest direction to the NYISO on this issue. Belinda Thornton added that the NYISO has a filing pending before FERC, in which we submitted a timeline for implementing a self-supply option. If FERC rules on that filing, it would require action by the NYISO in 2005; however, the current plan is to take the issue back to Market Participants for action in support of a filing to FERC that extends the timeline or defers any further action on this issue until such time as Market Participants determine that it is necessary.

In wrapping up the discussion, Tim Schmehl noted that several of the non-budgeted items may be worked on in 2005 using baseline resources if there are circumstances where they won't impact critical resources that are working on priority projects. Tim Schmehl agreed to produce a spreadsheet that includes the criteria used to evaluate the items for prioritization for posting. PPT will review and discuss the 2005 project priority list again at next months meeting.

7. The next meeting is scheduled for October 7, 2004 at 3 p.m.