

NYISO Business Issues Committee Meeting Minutes -- DRAFT
Wednesday, August 18th, 2004

NYS Nurses Association, Latham, NY

1. Welcome & Meeting Objectives

Wes Yeomans, Chair of Business Issues Committee (BIC) called the meeting to order at 10:04 AM and welcomed the members of BIC. Attendees introduced themselves, naming the organizations they represent.

2. Approval of July Minutes

NYISO staff distributed final drafts of the minutes from July 21st to BIC members before the meeting.

Motion 1:

Motion to approve the minutes from the July 21st BIC meeting.
(Motion passed unanimously by a show of hands.)

3. Chair's Report Yeomans 10:10-10:20

Mr. Yeomans reminded the members of the BIC that committee elections would be scheduled for the October BIC meeting, and that the NYISO was soliciting candidates. Ray Stalter of the NYISO noted that the deadlines for nominations were September 3rd.

Mr. Yeomans noted some modifications to the meeting agenda, including an SMD2 status report presented by Mike Calimano of the NYISO; a revision, as a result of a Market Structures Working Group teleconference call on 8/15, to Motion 2 on Proposed Virtual Regional Dispatch (VRD); and that the Electric Systems Planning Working Group (ESPWG) update would be provided by John Buechler of the NYISO rather than Bill Palazzo.

4. Market Operations Report (Dave Lawrence) 10:20-10:45

David Lawrence of the NYISO presented the Market Operations Report. Average energy costs declined slightly during July, despite higher loads. Monthly average reserve prices reached historic lows for July; Mr. Lawrence attributed these lower reserve prices to low summer loads and high generator availability. The percentage of DAM mitigated hours continues to be low and was essentially the same as that of June. The percentage of SCD intervals corrected declined from June to July, as well as the percent of real-time hours reserved. Each of these interval changes have decreased compared to July 2003.

Art Desell of the NYISO provided an update on the autumn 2004 TCC auction schedule. Mr. Desell's update included a description of each auction round, each round's proposed schedule, and the remaining system capacity offered for sale in each round. Mr. Desell noted that the Transmission Capacity available for sale in the Autumn Auctions consists of 10% of one-year TCCs, and 60% of six-month TCCs.

5. Regional Market Enhancements (Dave Lawrence) 10:45-11:00

Mr. Lawrence presented the Regional Market Enhancements report and noted that multiple agenda items from the day's meeting tied-in with seams issues. Mr. Lawrence noted that two day-ahead RTS market exercises were successfully completed, and that two of three scheduled real-time exercises had been conducted. Market Participant review sessions were held, and LECG is currently reviewing the results of the exercises. With regard to the RAM, a NYISO proposal, which incorporates a forward capacity market for the procurement of a portion of loads' future resource requirements, was noted. The NYISO plans to further develop this hybrid proposal with its stakeholders during the third quarter of 2004 and will coordinate with the PJM and ISO-NE. Mr. Lawrence indicated that, due to the efforts to review the ICAP Demand Curve, the further development of a long-term RAM proposal will be addressed in the future.

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The NYISO filed tariff modifications with FERC on June 21, 2004, for the elimination of fees on transactions to New England, subject to reciprocity, on the same date that FERC approves equivalent tariff provisions for New England's elimination of export fees to New York. PJM and MISO have posted the Transmission Owners' four long-term pricing proposals. In preparation for October filings on regional pricing, stakeholder meetings in these regions are scheduled for the autumn. John Buechler of the NYISO remarked on the NEPOOL tariff meeting on Friday August 13th which discussed a motion, subject to approval, to eliminate export fees from New England to NY. This motion will go to ISO-NE committees on September 10th. ISO-NE tariff language calls for an unconditional elimination of export charges by January 2005; this date reflects the monthly billing cycle and for the expected time frame for the RTO tariff filing to become effective.

Michael Mager of Multiple Interveners asked about PJM's relation to elimination of rate pancaking. Mr. Buechler stated that plans to eliminate rate pancaking with PJM have not been defined. Steve Jeremko of NYSEG commented that PJM is currently working on eliminating these charges with the MISO and will address PJM-NY issues at a later date.

Mr. Lawrence reported that the Cross-Border Controllable Line Scheduling (CLS) end state project (A-619) will provide a proxy bus representation for controllable tie lines (HVDC and/or PAR) which span two control areas. Mr. Jim Scheiderich of Select Energy asked whether, in the light of the current Con-Ed/PSEG FERC case, the generic solution addressed in this project is importable to the PJM side. Mr. Lawrence responded that, whereas the objective in the current FERC case is to minimize dispatch costs, the CLS project seeks to minimize LBMP.

Mr. Lawrence then provided updates on the E-Tagging Integration project. Phase I development is complete and was deployed on April 25, 2004; Phase II will provide enhanced tools for Market Participants to compare NYISO bids and E-tag profiles, and also more integration of this data. Howard Fromer of PSEG Energy Resource and Trade remarked that at the 8/13 MSWG it was mentioned that neighboring ISOs would be meeting weekly to implement FERC-mandated protocols. Mr. Fromer asked if any of these meetings had occurred. Michael Calimano of the NYISO stated that the first meeting, intended to get agreement on guiding principles and setting up operating protocols between the NYISO and PJM, was scheduled for 8/19/2004. Mr. Scheiderich then asked whether the FERC order was intended to be a unique or general decision. Mr. Scheiderich's question was taken as an action item.

In response to a question from Don Barker of Select Energy regarding the current status of OSS "one-stop shopping," Mr. Lawrence mentioned the long-term market evolution plan that will be discussed in the September MSWG.

Christian Desilets of HQ Energy Services suggested that the issue of the impacts of the MS-7040 transfers above the current 1,500 MW limit be included in the seams issue report going forward. Mr. Lawrence agreed with the suggestion.

Mr. Lawrence then reported that facilitated checkout will be implemented during the summer of 2005. Also, a protocol will be developed for external reserve supply from NY to ISO-NE.

In providing an update on the Price Responsive Load Working Group, Mr. Lawrence indicated that a proposal to change settlement prices from the greater of DA and RT to settle at RT prices would not be implemented and thus not included in the upcoming FERC filing. Mr. Lawrence stated that the proposed settlement change would be added to the list confronted by the billing issues steering committee. In response to multiple comments concerning the accuracy of NYISO billing data and systems, Belinda Thornton of the NYISO announced an upcoming audit for the billing and accounting system, similar to the recent TCC audit, which will evaluate data processes and account controls.

4. SMD 2 Testing Update

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Michael Calimano of the NYISO presented the SMD 2 status report. For SMD 2 readiness, the focus has been on testing, training, and changes in department procedures. The objective of testing has been to validate function and operations of software (by submitting bids viewing settlement data, etc.), to demonstrate integrated bid to bill capabilities, to test that marketplace interfaces are operational, and confirm accuracy of market results. Towards this end, NYISO testing methodology has involved Factory Acceptance Tests, internal QA tests, integrated software testing, business owner and User Acceptance Tests, and the market trial tests. Mr. Calimano then outlined current testing schedules, and raised the possibility of running a market simulation. Any results of the simulation would be validated by LECG. Mr. Calimano added that the simulation would possibly add two weeks to market trials and would probably occur after the completion of the current market trial.

Mr. Scheiderich asked about the comfort levels of NYISO operators with the new systems. Mr. Calimano responded that more training still needs to be done. Mr. Scheiderich commented that Market Participants would like to see market trials with less of a spread between forecast load and real load. Peter Lemme of the NYISO assured Mr. Scheiderich that the NYISO anticipates that the current exercise will yield accurate results. In response to a question from Mr. Scheiderich regarding contingency plans, Mr. Calimano remarked that a fall-back plan will be presented by the end of August. Mr. Scheiderich questioned if the plan identifies obstacles to deployment. Rich Dewey of the NYISO indicated that, while the MIS and billing systems are significantly changing, there will be an opportunity to fall-back to previous operational systems if need be. Mr. Tom Canino of Central Hudson Gas and Electric asked Mr. Calimano whether he would be comfortable if the dispatchers had to make a manual intervention to convert 10-minute non-synchronized and 30 minute reserve to 10-minute spinning reserve. Mr. Calimano stated that he would not be comfortable with that situation.

Tariq Niazi of the NYS Consumer Protection Board asked about the scheduled deployment. Mr. Calimano stated that deployment will occur after approval from FERC. Belinda Thornton added that due to the August 18 filing regarding PURPA units and changes to the BPCG, the earliest possible go-live date is October 18th. Mr. Calimano stressed that any deployment decisions will emerge from dialogues between Market Participants and the NYISO, and that such a decision would be subsequent to the September 1st MC meeting and consider the results of the current market trials and simulation.

Neil Butterklee of Consolidated Edison asked if successful market trials included going from bid to bill, and included the production of accurate bills. Mr. Calimano noted that all billing algorithms are working correctly and agreed with Mr. Butterklee and Mr. Ray Kinney of NYSEG that billing systems must work. Kevin Kipers of the NYPA mentioned a commitment by the NYISO at the 7/28 BAWG, to disclose new fields added to billing data and to make any resulting revisions to the Billing and Accounting Manual.

Mark Younger of Slater Consulting requested an update on the FERC-issued order to include combined cycle modeling in RTS. Rick Gonzales of the NYISO responded that this issue would be addressed later in meeting.

Belinda Thornton reported that revised DADRP proposal was approved on 8/17 by the Board.

6. Proposed Virtual Regional Dispatch Pilot Program

Bob Thompson of the NYISO introduced discussion on VRD by stating that the proposal emerged from recommendations made by the New York Market Advisor David Patton. Mr. Thompson reiterated that the objectives of the pilot were to utilize the benefits of a single dispatch, while retaining two independent dispatches, as well as to maintain price consistency and equilibrate prices at the border. In the course of more fully developing the proposal, alternatives, notably those by Mr. Scheiderich and Mr. Younger, were proposed. The NYISO will undertake an

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examination of alternatives to VRD, specifically Mr. Scheiderich's and Mr. Younger's alternative proposals, that rely on intra-hour MP transactions. Mr. Thompson noted that the VRD Pilot is necessary regardless of the form of the program developed. Mr. Scheiderich noted that current market-based proposed solutions do not use VRD, however in situations of extreme volatility Market Participants may consider turning to VRD as a solution. Mr. Thompson agreed that a hybrid solution may be the result of the alternative development process.

Don Barker of Select Energy questioned the need to pursue the Pilot Test, considering the efforts to move towards ¼ hour scheduling changes, and the elimination of rate-pancaking. Mr. Scheiderich responded that given the limited resources to induce these changes the NYISO must come back to the BIC after results from a pilot project.

Mr. Thompson noted that Test 1 will encompass two test sessions each comprised of two four-hour test periods. Tests are designed to verify operational processes and minimize the impact on operations and markets, but will not attempt price convergence between the two markets. After Test 1, the ISOs will identify any issues and propose resolutions based on the Test results. Further test plans, including procedures for Test 2, will be developed with MP input. Test 2 may be structured to move prices toward convergence at the NY/NE Proxy Busses using real-time intra-hour transactions.

Howard Fromer commented that during the MSWG teleconference on August 17th, it was mentioned that the two ISOs would identify protocols and a set of expected results that will be observed. Mr. Thompson confirmed this would be done prior to the tests. The ISOs will determine expected price results at the proxy buses and compare these to actual results. The analysis would occur after the fact rather than before the fact..

Mr. Thompson concluded his presentation with proposed changes to the Tariff and Rate Schedule 1. Glen McCartney of Constellation asked where the changes would occur in rate Schedule 1. Mr. Gerald Deaver of the NYISO stated that the changes will be in Section 4 of RS1, with residual uplift, which is variable.

Doreen Saia of Mirant indicated that MP support of the proposal should be indicative only of agreement to move forward with the pilot project and not an approval of the VRD concept. Mr. Thompson indicated that this could be added as a condition to the vote.

Tim Bush of Navigant for several municipalities questioned the treatment of energy for settlement purposes in the Pilot, and asked whether it would be billed as uplift to loads. He indicated that he did not sense a lot of financial impact from the Pilot, but since the tariff change is a permanent change for testing, it might be more appropriate to treat the transaction like an import or export done by an MP, with the delta of the proxy buss prices incurred by MPs. Bob Thompson countered that the intent was to keep the support of these limited tests as simple as possible and not require a substantive change to the billing process. He also noted that since even minor changes required tariff changes that the currently proposed changes were recommended in order to allow for the conduct of these tests to proceed beginning in December. It was acknowledged that if further testing were required, the potential impact of the design of future tests should be evaluated to determine if a different settlement method was indicated.

Kevin Jones of Navigant for LIPA asked if information about proxy buses from the VRD pilot project be applied to external controllable line scheduling project. Mr. Thompson noted that there was a question whether what is developed for the VRD pilot project can be applied to controllable tie scheduling. He proposed that when specific alternatives are defined regarding equilibration of prices on free-flowing ties, the NYISO will look at whether this information is applicable toward scheduled tie-lines. Mr. Jones voiced concern that additional external proxies, like the 1385 line, would be implemented with pilot prices that are not applicable. Mr. Scheiderich requested that this issue be included as part of MSWG discussions and suggested that whatever is authorized in the BIC should only be under the two test scenarios. He stressed that authorizing testing does not

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authorize VRD. Mr. Thompson suggested that these concerns might be addressed by changing the pilot project name to Intra-Hour Transaction Scheduling

Mr. Scheiderich then made the motion on VRD, and was seconded by Larry DeWitt of Pace. A number of Market Participants, including Doreen Saia and Howard Fromer, voiced concerns with both the language in the motion and the suggested tariff language changes. Mr. Thompson indicated that the tariff language was for settlement of the tests, and was not for FERC approval of the tests directly. Ms. Saia suggested that the testing program should be in accord with what FERC has approved and the tariff should reflect this. She offered a change to the motion language, which was subsequently accepted as a friendly amendment to read, "*as a further condition of this approval, NYISO staff and all parties acknowledge that the votes registered on this motion are not deemed to be support for, or lack thereof, for any further development of VRD.*"

Mr. Desilets requested confirmation that the VRD pilot project would not affect the Real-Time market settlement. Mr. Thompson confirmed that it does not affect the logic of any RT energy settlement. However, it would affect the prices of proxy bus between NY and New England. Mr. Thompson stressed that an objective of the test was to determine the effects on other proxy bus prices (IMO, PJM). Mr. Desilets noted that the VRD White Paper needs to be revised to reflect revisions in the proposal that are now under discussion. Bob Thompson stated that the White Paper would be revised prior to the next Management Committee meeting.

Mr. Fromer questioned the relative prudence of proceeding with the Pilot in lieu of other projects, and suggested that completion of other projects might dwarf the financial benefit that VRD might bring to the NYISO. Mr. Thompson stated that the Pilot would not impact other key NYISO projects. Mr. Mager stated that it was a market issue that ought to be addressed, and therefore it is appropriate for the NYISO to expeditiously implement the Pilot.

Bart Franey of National Grid asked if the alternatives proposed by Mr. Scheiderich and Mr. Younger were the only alternatives proposed. Mr. Thompson confirmed that these were the only alternatives proposed at present. Mr. Bob Gow of the NYPA stated that the Motion does not exclude VRD as the primary solution. Mr. Scheiderich stated that the motion reflects that VRD is a NYISO-proposed solution and not a Market Participant transaction based solution. He indicated that the motion showed that the Test should support either a market based or hybrid solution. Mr. Thompson clarified that the understanding is that after development of the alternative solution, the results of that process and a comparison of VRD and the Alternate would be brought back to the BIC for discussion and a recommendation to be taken to the Management Committee.

Wes Yeomans then proposed that any changes to the motion should be made and a vote would follow any such amendments. Mr. Scheiderich requested that the final sentence of the motion read: "for any further development of any intra-hour transaction." He also mentioned that the wording "potential solutions" in the second paragraph would potentially create a deluge of solutions. Mr. Scheiderich stated that the motion intended to address the alternative solutions proposed by Mr. Younger and himself.

Motion #2:

The Business Issues Committee (BIC) approves the Proposed Virtual Regional Dispatch (VRD) Pilot Program, as presented to the BIC on August 18th, 2004, and recommends to the Management Committee that the NYISO should be authorized to submit the applicable Tariff modifications to the FERC.

As condition of this approval, NYISO staff, in conjunction with ISO-NE staff and, along with Market Participants, will engage in development discussions to bring Market Participant based solution(s) to this issue to the forefront as primary potential solution path(s), for discussion and action by BIC at a future date.

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As a further condition of this approval, NYISO staff and all parties acknowledge that the votes registered on this motion are not deemed to be support for, or lack thereof, for any further development of any intra-hour transaction solution.

(Motion passed with 81.74% affirmative votes.)

7. Working Group Updates

- A. Billing and Accounting** (Chair: Kevin Kipers): The BAWG discussed outstanding settlement issues, including congestion balancing, blackout-related settlements, and the length of the challenge period. The BAWG is continuing with a request from the BIC to lock-down sub zone ties for the four-month true-up. While LSEs are in agreement, TOs are not, and the item has been placed on the next BAWG agenda. He also noted that DSS ADD outages were discussed, and can create potential issues with the time customer settlement data is posted. Progress has been made with the new metering manual. The metering RFP will be addressed at the next meeting. Also, the issue of public records of settlement challenges will be addressed at the next BAWG.
- B. Electric System Planning (Joint OC/BIC WG) (Chair: William Palazzo)**: Mr. John Buechler presented an update on the comprehensive reliability planning process and noted general administrative procedures, specific topics, DPS procedures, and cost allocation.
- C. Installed Capacity (Chair: Howard Fromer)**:
No report given
- D. Interconnection Issues Task Force** (Chair: Glenn Haake): The scope of the deliverability study was revised after receiving comments from Market Participants. The study will look at intra-locational constraints (LI, NYC, ROS). The IITF is exploring compensation for operational maintenance facilities associated with transmission upgrades. Proposals were formed to allocate congestional shortfalls to generators that are incurred when new units are brought on line. The IITF is examining compensation for generators for revised outage schedules, when generator outages are ordered by TOs.
- E. Market Structure** (Chair: Jim Scheiderich): The MSWG discussed market operations under SMD2. After the TCC shortfall issue is fixed, another issue regarding a limitation in place in the Day-Ahead market from line outages that lowers the NE limit and the effect upon TCCs will be addressed. The NYISO is currently investigating combined cycle models.

§ Update on Revisions to Outage Scheduling Procedures (Rick Gonzales)

The MSWG and SOAS are continuing to revise current outage scheduling practices. The NYISO goal is to bring the proposed rule revision back to SOAS, have SOAS make suggestions, and vote on the revisions. There is a possible need to update the Outage Scheduling Manual. Rule changes occurred in the TCC market in the winter of 2004 that provided more options to TOs as to whether they wanted a transmission facility modeled in the DA or pay the shortfall charges. As a result of this, a provision to the motion was made that the NYISO would investigate whether changes should be made to current outage scheduling practices. The intent was to improve liquidity of the TCC market. The NYISO undertook a revision of neighboring ISO practices and presented its conclusions to the SOAS and the MSWG. In order to align NYISO practices with those of its neighbors, modifications have been made to the current outage scheduling practice. Outage notification has advanced from 5 days to 30 days prior to the TCC month so all MPs engaging in the TCC market would have information about all outages for the coming month. However Generator and TO asset owners want the flexibility to maintain reliability and complete work on shorter basis than the current 30 day notification relies upon.

- F. Price Responsive Load** (Chair: Bob Loughney):

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Mr. Aaron Breidenbaugh of the NYISO discussed the Day-ahead demand response pilot programs run by Neelan Associates and the possibility of integrating DA Demand Response in to the NYISO reserve market. A RFP will be produced later this year. The NYISO is soliciting comments regarding market evolution and ways to better integrate demand response initiatives into NYISO markets.

G. Scheduling & Pricing (Chair: Ray Kinney):

The S&PWG discussed operating reserves and a FERC request for a schedule that maps the development of a physical self-supply. The NYISO will prepare a filing in 2005. The NYISO is analyzing persistent dragging. The S&PWG is investigating the differences between units that are OOM from their own or other requests. The S&PWG felt there should be a single set of auditors for the TCC Settlement Audit and suggested this issue be brought to MPAS.

8. Status Update - ICAP Demand Curve Report Charlton

John Charlton of the NYISO reported that the gas turbine cost study analysis was completed by Levitan, and provided an update on the proposed timeline for determination of new ICAP Demand Curves. All non-confidential comments from MPs have been posted. The NYISO will rely on Dr. Patton to perform revenue impacts of the proposed demand curves and any proposed alternatives.

9. NYS Tax Issues for Direct NYISO Customers

Stephen Wemple of Con Ed Solutions presented concerns with NYS tax law and potential impacts on NYISO Market Participants. He noted that the NYISO is presently not a tax collecting agent, and thus does not differentiate between Market Participants that purchase electricity for their own use from those that purchase for resale to other customers. The NYISO treats all transactions as wholesale sales and does not collect Gross Receipts or Sales Tax. Mr. Wemple noted that these issues could create a potential liability for the NYISO or for sellers into the NYISO markets.

Mr. Mager asked whether there was any Gross Receipts Tax liability associated with the NYISO's current dealings with direct customers. Mr. Andrew Antinori of the NYISO indicated that an outside tax lawyer is reviewing the NYISO position. The NYISO is preparing a proposal to deal with the Sales Tax issue. The topic will be revisited in the next BIC.

10. New Business

None

11. Administrative Matters

None

Meeting was adjourned at 3:30 PM.

Respectfully Submitted,
Caleb Derven
Recording BIC Secretary

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance August 18, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth. The City of New York	End Use - Gov. Agency/Aggr. End Use - Gov. Agency/Aggr.	✓ David Coup Michael Delaney	Paul DeCotis Gil Quiniones	Chris Hall Scott Butler	Erin Hogan Jonathan Wallach	John Spath			
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	Doug Roll	Charles Sjoberg	Christopher Wentlent				✓ Glenn Haake	
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	Greg Banhazl	Leonard Singer						
Calpine	Generation Owners	None Assigned	Thomas Kaslow	Richard Felak					
East Coast Power Linking Holding LLC	Generation Owners	✓ Roy Shanker	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	Rich Hohlman	Joe Vignola	Jim Brennan	Jim D'Andrea	✓ Madison Milhous	Edwin Kichline		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	Susann Felton	✓ Doreen Saia					
Orion Power New York	Generation Owners	✓ Liam Baker	Bill Berg						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kampilla						
Sithe Energies, Inc.	Generation Owners	✓ David Applebaum	Linda Clarke	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	Kevin LaGuardia	Blas Hernandez	George Braulke					
Cinergy Capital and Trading	Other Suppliers	Jason Barker	Walt Yeager						
Con Edison Energy	Other Suppliers	✓ Stephen Wemple	Ivan Kimball						
Con Edison Solutions	Other Suppliers	✓ Stephen Wemple	Rich Staines						
Conectiv	Other Suppliers	Bill Fehr	John Foreman						
Constellation New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Sara O'Neill	Susan Chamberlin				
Constellation Power Source	Other Suppliers	✓ Glen McCartney	Mary Lynch	Daniel Allegretti					
Coral Power, LLC	Other Suppliers	Matt Picardi	Dave French						
DC Energy	Other Suppliers	Bruce Bleiweis	Andrew Stevens	Matthew Tate					
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			
ECONnergy	Other Suppliers	Saul Horowitz	Tom Halleran						
El Paso Merchant Energy	Other Suppliers	Jeff Moore	Asavari Alvarez						
Exelon Generation - Power Team	Other Suppliers	✓ David Applebaum	Linda Clarke	Regina Carrado					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	✓ Glenn Haake				
FPL Energy	Other Suppliers	Fernando DaSilva	Dan Wheeler	Shalesh Ganjoo					
HQ Energy Services	Other Suppliers	✓ Christian Desilets	Michel Prevost	✓ Paul Norris	Benoit Goyette				
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				
NRG Power Marketing	Other Suppliers	✓ Tim Foxen	Katie Sullivan	Peter Chamberlain					

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance August 18, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NU / Select Energy	Other Suppliers	✓ Jim Scheiderich	Gunnar Jorgensen						✓ D Barker, C Labenski
Ontario Power Generation Inc.	Other Suppliers	✓ Tasos Karatsoreos	Jim Mastorakos	Ken Lacivita	Erica Cheung	Scott McArthur	✓ Glenn Haake		
PP&L Energy Plus	Other Suppliers	✓ Joseph Langan	Tom Hyzinski	Roland Moor	David Yannarell	Sharon Weber			
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce	Bob Logan	Dennis Sobieski				
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	Mario DiValentino	Tom Folchi	Dan Duthie					
TransEnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	José Rotger						
Williams Energy Marketing & Trading Co.	Other Suppliers	David Singer	Dennis Keener	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	James Parmelee	✓ Kevin Jones	Dave Clarke	Jim Wittine				
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ Bob Gow	Paul Rougeaux	✓ Kevin Kipers				
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	✓ Larry DeWitt	Douglas Ward	Mike Jacobs				
Environmental Advocates	Public Power - Environmental	Anne Reynolds	✓ Larry DeWitt						
Natl 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	Ken Moore	✓ Tim Bush	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	Ken Moore					
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	✓ Anthony Fiore	Ted Kimlingen						
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardile	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown	✓ Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tim Bush	Ken Moore	Matthew Benesh	Jack Brown	Paul Pallas		
Central Hudson Gas & Electric	Transmission Owners	James Valleau	✓ Thomas Canino	Jeff May	Rick Greener				
Consolidated Edison	Transmission Owners	Rebecca Craft	Gerry Dunbar						
National Grid	Transmission Owners	✓ Bart Franey	✓ Wesley Yeomans	Jerry Ancona					
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	✓ Steve Jeremko	Hank Masti				
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	✓ Steve Jeremko	Hank Masti				
Boundless Energy, L.L.C	Non-voting	Brian Chernack	Chuck Gilbert	Mark Mainetti					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro Corporation	Non-voting	Ed Krapels	Brian Chernack	Paul Flemming					
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	Gerald Strassner						
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	✓ Bill Heinrich	David Drexler						
The Structure Group	Non-voting	Bob Furry							
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							

NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
✓ Salisa Brandon	NYISO
✓ Elaine Robinson	NYISO
✓ Chris Rifflebach	NYISO
✓ John Buechler	NYISO
✓ Belinda Thornton	NYISO
✓ Mike Calimano	NYISO
✓ Bob Thompson	NYISO
✓ Elaine Robinson	NYISO
✓ Pete Lemme	NYISO
✓ Leigh Bullock	NYISO
✓ Ray Stalter	NYISO

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance August 18, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
✓ Debbie Eckels	NYISO								
✓ Dave Lawrence	NYISO								
✓ Caleb Dervan	NYISO								
✓ Art Dessell	NYISO								
✓ Gerald Deaver	NYISO								
✓ Rich Dewey	NYISO								
✓ Rick Gonzales	NYISO								
✓ Jane Lathrop	NYISO								
✓ Andy Antinori	NYISO								
✓ John Charlton	NYISO								
✓ Kathy Whitaker	NYISO								
✓ Bob Ricketts	Brascan Power								

Key:

✓ = In attendance

NYISO Business Issues Committee

August 18, 2004

The New York State Nurses Association

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the July 21, 2004 BIC meeting.

(Motion passed unanimously by show of hands)

Motion #2:

The Business Issues Committee (BIC) approves the Proposed Virtual Regional Dispatch (VRD) Pilot Program, as presented to the BIC on August 18th, 2004, and recommends to the Management Committee that the NYISO should be authorized to submit the applicable Tariff modifications to the FERC.

As condition of this approval, NYISO staff, in conjunction with ISO-NE staff and, along with Market Participants, will engage in development discussions to bring Market Participant based solution(s) to this issue to the forefront as primary potential solution path(s), for discussion and action by BIC at a future date.

As a further condition of this approval, NYISO staff and all parties acknowledge that the votes registered on this motion are not deemed to be support for, or lack thereof, for any further development of any intra-hour transaction solution.

(Motion passed with 81.74% affirmative votes.)

New York Independent System Operator
Business Issues Committee - August 18, 2004

Motion: Motion # 2

Result: Motion Passed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against		
Generation Owners	21.5	✓	✓	21.50	0.00	0.00	6	0.00	0.00		
Other Suppliers	21.5	✓	✓	21.50	2.00	4.00	8	7.17	14.33		
Transmission Owners	20.0	✓	✓	20.00	3.00	0.00	1	20.00	0.00		
End Use Consumer			✓								
Large Consumer	9.0	✓		9.00	5.00	0.00	0	10.33	0.00		
Large Cons. Gov. Agency	2.0	✓		2.00	0.00	0.00	0	0.00	0.00		
Small Consumer	4.5	✓	✓	4.50	10.00	0.00	0	5.17	0.00		
Gov. State-wide Cons. Advocate	2.7	✓		2.70	1.00	0.00	0	2.70	0.00		
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	1.00	0.00	0	1.80	0.00		
Public Power			✓								
State Power Authorities	8	✓		8.00	2.00	0.00	0	8.00	0.00		
Munis and Coops	7	✓		7.00	7.00	0.00	0	7.00	0.00		
Environmental	2	✓		2.00	5.00	0.00	0	2.00	0.00		
				5	100.00		36.00	4.00	15	64.17	14.33
					78.50	Normalized to 100% :		81.74	18.26		

New York Independent System Operator

Business Issues Committee - August 18, 2004

Motion

Motion # 2

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	David Coup		y	1.00	
End Use - Gov. Agency/Aggr.	The City of New York					
End Use - Large Consumer	Alcoa/Reynolds Metals Company	Michael Mager		y	1.00	
End Use - Large Consumer	ATCO Management Co.					
End Use - Large Consumer	IBM Corporation	Michael Mager		y	1.00	
End Use - Large Consumer	Occidental Chemical Corp.	Michael Mager		y	1.00	
End Use - Large Consumer	Praxair Inc.	Michael Mager		y	1.00	
End Use - Large Consumer	Xerox Corporation	Michael Mager		y	1.00	
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	Association for Energy Affordability, Inc.	Larry DeWitt		y	1.00	
End Use - Small Consumer	Beth Israel Health Care System	John Dowling		y	1.00	
End Use - Small Consumer	Building and Realty Institute	Tariq Niazi		y	1.00	
End Use - Small Consumer	CNYC Inc. (Council of NY Coop & Condo)	Tariq Niazi		y	1.00	
End Use - Small Consumer	Columbia University	John Dowling		y	1.00	
End Use - Small Consumer	Mount Sinai Medical Center	John Dowling		y	1.00	
End Use - Small Consumer	New York Energy Buyers Forum	Tariq Niazi		y	1.00	
End Use - Small Consumer	New York Presbyterian Hospital	John Dowling		y	1.00	
End Use - Small Consumer	New York University	John Dowling		y	1.00	
End Use - Small Consumer	Refined Sugars, Inc.	John Dowling		y	1.00	
End Use - State Agency	NY State Consumer Protection Board	Tariq Niazi		y	1.00	
Generation Owners	AES NY	Glenn Haake		y		
Generation Owners	American National Power, Inc.					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine					
Generation Owners	East Coast Power Linden Holding LLC	Roy Shanker		y		
Generation Owners	Edison Mission Marketing & Trading	William Roberts		y		
Generation Owners	Entergy Nuclear Northeast					
Generation Owners	Indeck Energy Services	Mark Younger		y		
Generation Owners	KeySpan Ravenswood, LLC	Madison Milhous		y		
Generation Owners	Mirant New York, Inc.	Doreen Saia		y		
Generation Owners	Orion Power New York	Liam Baker	y	y		
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	Sithe Energies, Inc.	David Applebaum	y	y		
Generation Owners	TransCanada Power Marketing					
Other Suppliers	1st Rochdale Cooperative NYC					
Other Suppliers	Advantage Energy, Inc.					
Other Suppliers	Agway Energy Services, Inc.	Jim Scheiderich		y	1.00	
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Energy	Stephen Wemple	y	y		
Other Suppliers	Con Edison Solutions	Stephen Wemple	y	y		
Other Suppliers	Conectiv					
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Constellation Power Source	Glen McCartney		y	1.00	
Other Suppliers	Coral Power, LLC					
Other Suppliers	DC Energy					
Other Suppliers	Dominion Energy Marketing, Inc.					
Other Suppliers	Duke Energy North America, LLC					
Other Suppliers	Dynergy	Alan Foster		y	1.00	
Other Suppliers	ECONergy					
Other Suppliers	El Paso Merchant Energy					
Other Suppliers	Exelon Generation - Power Team	David Applebaum		y		
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y		
Other Suppliers	FPL Energy					
Other Suppliers	HQ Energy Services	Christian Desilets		y		
Other Suppliers	KeySpan Energy Services		y			
Other Suppliers	Morgan Stanley Capital Group	Levon Kazarian		y		
Other Suppliers	NRG Power Marketing	Tim Foxen		y		
Other Suppliers	NU / Select Energy	Jim Scheiderich		y	1.00	
Other Suppliers	Ontario Power Generation Inc.	Glenn Haake		y		
Other Suppliers	PP&L Energy Plus	Joseph Langan		y		
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y	1.00	
Other Suppliers	Reliant Energy Services, Inc.	Liam Baker		y	1.00	
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC	Francis Pullaro		y		
Other Suppliers	Strategic Power Management, Inc.					
Other Suppliers	TransÉnergie U.S. Ltd.		y			
Other Suppliers	Williams Energy Marketing & Trading Co.					
Public Power - Authorities	Long Island Power Authority	Kevin Jones		y	1.00	
Public Power - Authorities	New York Power Authority	Bob Gow		y	1.00	
Public Power - Environmental	American Wind Energy Association	Larry DeWitt		y	1.00	
Public Power - Environmental	Environmental Advocates	Larry DeWitt		y	1.00	
Public Power - Environmental	Nat'l Resources Defense Council	Larry DeWitt		y	1.00	
Public Power - Environmental	Pace University	Larry DeWitt		y	1.00	
Public Power - Environmental	Scenic Hudson	Larry DeWitt		y	1.00	
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	David Gustafson		y	1.00	
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Village of Fairport	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Village of Freeport	Anthony Fiore		y	1.00	
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y	1.00	
Public Power - Munis & Co-ops	Village of Westfield	Tim Bush		y	1.00	
Transmission Owners	Central Hudson Gas & Electric	Thomas Canino		y	1.00	
Transmission Owners	Consolidated Edison	Neil Butterklee		y	1.00	
Transmission Owners	National Grid	Bart Franey		y		
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y	1.00	
Transmission Owners	Orange & Rockland, Inc.		y			
Transmission Owners	Rochester Gas & Electric	Ray Kinney	y	y		