

NYISO Management Committee Meeting

August 28, 2003

NYS Nurses Association
Latham, NY

Draft MINUTES OF THE MEETING

1. Introduction and Meeting Objectives

Joseph Oates, Chairman, called the meeting to order at 9:39AM and welcomed the members of the Management Committee ("MC"). Mr. Oates explained the purpose of today's meeting.

2. Approval of the Minutes

Chuck King presented the minutes for the June 18th MC meeting.

Motion #1:

Motion to approve the Minutes of June 18, 2003

(Motion passed unanimously by a show hands)

3. President's Report

August 14th Outage and Restoration

Bill Museler stated that all of the data being provided to the International Commission would be made public at some point down the road. Mr. Museler described the summary of events on August 14th.

In response to Glenn Haake's, Independent Power Producers of New York, concern about the release of confidential information,, Mr. Museler stated that data submitted to the International Commission will be marked confidential to both protect it and not delay the investigation.

Mr. Museler stated that the NYISO does not have any employees on the Commission and is participating by providing data and support.

Mr. King reported that there would be a link on the web site that will take Market Participants to data that has been verified regarding the blackout.

Mr. Museler stated that the NYISO does not plan to adjust any current project schedules as a result of the outage.

Market Performance Highlights

Mr. Museler reported that natural gas prices have remained high, resulting in energy prices being higher than in July of 2002.

Ancillary Service prices have decreased as a result of increased generator availability.

Web Based Reconciliation was deployed the week of August 11th. Since this was the final pre-requisite for a 12-month final invoice, the first 12-month final invoice will be October 2002.

Strategic Plan

Mr. Museler reported that as a result of the August 14 system disturbance the final adoption of the NYISO strategic plan will be delayed until at least November.

Mr. Museler also reported that the Blackout would likely have an impact on the 2004 budget.

4. Presentation of candidates for position of MC Vice Chair

Mr. Gioia, Chair of the Nominating Committee, presented 2 candidates for Vice Chair to the Management Committee. The candidates were Christopher Wentlent of AES-NY and Larry Dewitt of Pace Energy Project.

Motion #3:

Motion to overturn the MC Chair's ruling on not revealing the results of the Vice Chair secret ballot vote.

(Motion failed by a majority show of hands)

Motion #5:

Vice Chair Election deadlock: Motion to defer the election of Management Committee Vice Chair to the next Management Committee meeting using the same slate of candidates.

(Motion passed unanimously by a show hands)

5. Update on Seams and Market Improvement Projects

Chuck King reported on projects that will be completed this quarter. The next meeting of the Virtual Regional Dispatch will be held on September 11th. The next meeting of Regional Resource Adequacy Model ("RAM") will be held on September 8th.

Mr. King also reported that there have been several meetings between NYISO, PJM and ISONE to coordinate the business design and integration of the Open Scheduling System ("OSS") with the OATI tagging authority.

Mr. King stated that a workable proposal on Controllable line Scheduling would be brought before the Market Structures Working Group ("MSWG")

Mr. King also stated that recommendations on Virtual Regional Dispatch would have to go through the BIC and MC for approval. There is currently no target date for when this will occur.

6. Discussion of Compliance Filing in response to the FERC order on Standard Generator Interconnection Procedures

Garry Brown discussed the compliance filing and the reasons behind it. There is a Transmission Planning Advisory Subcommittee ("TPAS") / Interconnection Issues Task Force ("IITF") meeting on September 2nd at which time participants will review issues and present positions to NYISO

7. Report on process for tariff approval for Real Time system replacement project

Joe Oates stated that votes to approve the tariff filing would be held at the October BIC and MC as scheduled.

Jim Scheiderich, of Select Energy, suggested that this issue be presented at a joint BIC/OC meeting to make things more simple and efficient. Larry Dewitt, of Pace Energy, agreed and will work with OC chair to coordinate.

8. Report on Rate Schedule One Evaluation of the 85/15 Split

Alan Holmes, of NYISO, presented the methodology for re-evaluation of recovery of budget costs and analysis of Schedule 1 allocations.

Mr. Holmes estimated that this analysis will cost ~\$200,000. There is currently no estimate of what the actual implementation will cost.

Mr. Holmes stated that the study would analyze current practices for uplift allocation in PJM.

Tom Rudebusch, of Duncan Weinberg Genzer & Pembroke, recommended that the results be presented to the Scheduling and Pricing ("S&P") Working-group.

9. Report on ICAP Rebates - Cancelled

10. Proposed Tariff Revisions to Address changes to the table of contents of the market services tariff and OATT

Jane Lathrop, of NYISO, stated that a majority of the changes to the OATT and Services Tariff have not included corresponding changes to the Tariffs' table of contents. The NYISO would like to file an updated Table of Contents with FERC prior to changes to the SMD.

Motion #2:

Whereas, the Tables of Contents (TOCs) for the ISO OATT and Services Tariffs are not up-to-date with changes to the substantive content of the Tariffs. The Management Committee approves and recommends that the Board authorize the Section 205 Filing with FERC to include changes necessary to conform the TOCs for the ISO OATT and Services Tariff to Tariff changes that have been approved by or filed with FERC. On a going forward basis, the Management Committee recommends that the Board authorize a Section 205 Filing be made with FERC to ensure that the table of contents remains accurate, as necessary.

(Motion passed unanimously by a show hands)

11. Proposed Settlement Rules Addressing Third Party Self Supply of Station Service

John. Hickey discussed the proposed modification to Settlement Rules Addressing Third Party Self Supply of Station Service. The NYISO recommends that ancillary services be charged using a hourly/daily average MWhr cost, totalized and reported as a monthly charge. Excess collections will be rolled back into schedule 1 as a monthly credit to all loads.

Motion #4:

The Management Committee approves and recommends that the Board authorize a Section 205 Filing with FERC to amend the financial settlement rules applicable when Station Power is provided by a third party as presented and proposed to the BIC on August 13th and to the MC on August 28th. The Chair and Vice Chair of the MC and BIC shall approve tariff language, on the advice of the MSWG, prior to filing.

(Motion passed by a majority show of hands with abstentions)

12. New Business

Jim Parmelee, of Long Island Power Authority, discussed progress made at the Budgets, Standards and Performance ("BS&P") committee with regards to Employee Incentive goals.

Mark Younger discussed the NYISO proposal at the last OC meeting to change the amount of regulation purchased. Many issues were raised. Is the ISO planning to implement changes on Sept 1st?

Bill Museler responded that the NYISO has no objection to delaying the implementation of these regulation changes until October 1st. The objective is to have this proposal reviewed by market participants prior to the implementation.

13. Adjourn

The meeting was adjourned at approximately 13:26.

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MOTIONS FROM THE MEETING

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New York Independent System Operator - Committee Membership

Management Committee - Attendance August 28, 2003 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Alternate6	Proxy	Guest
Strategic Energy LLC	Other Suppliers	✓ Francis Pullaro	Michael Swider	Jeffrey Knox	James McCormick	Matt Morais				
Strategic Power Management, Inc.	Other Suppliers	Dan Duthie	✓ Mario DiValentino							
Transalta (formerly MEGA)	Other Suppliers	Bob Sadowsky	Jubran Whalan							
TransEnergie U.S. Ltd.	Other Suppliers	Other Suppliers	José Rotger							
Williams Energy Marketing & Trading Co.	Other Suppliers	David Singer	Dennis Keener							
Long Island Power Authority	Public Power - Authorities	✓ Jim Parmelee	Bill Killgoar	Seth Hulkower	Kevin Jones					
New York Power Authority	Public Power - Authorities	Robert Hiney	✓ William Palazzo	✓ Kim Byham						
American Wind Energy Association	Public Power - Environmental	David Wooley	✓ Larry DeWitt							
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	✓ Paul Pallas	Matthew Benesh	Jim Hamilton	Jack Brown	Ken Moore	✓ Tim Bush			
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	✓ Paul Pallas	✓ 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							
Village of Rockville Centre	Public Power - Munis & Co-ops	✓ Paul Pallas	Jim Hamilton	Jack Brown	Ken Moore	Matthew Benesh				
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Paul Pallas	Matthew Benesh	Jack Brown	Ken Moore	✓ Tim Bush		✓ Tom Rudebusch	
Central Hudson Gas & Electric	Transmission Owners	✓ Charles Freni	✓ John Watzka							
Consolidated Edison	Transmission Owners	✓ Joe Oates	Terry Agriss	✓ Neil Butterklee						
National Grid	Transmission Owners	Jerry Ancona	✓ Wes Yeomans	Peter Flynn	Herb Schrayshuen	✓ Bart Franey	Masheed Rosenqvist	✓ MaryEllen Paravalos		✓ Paul Gioia
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				
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein							
Cianbro Corporation	Non-voting	Chuck Hewett	John Tompkins							
Customized Energy Solutions	Non-voting	✓ Rick Mancini	Stephen Fernands	Bill Schofield						
Energetix, Inc.	Non-voting	Barney Farnsworth								
Hudson River Energy Group	Non-voting	Frank Radigan								
Hydro-Quebec TransEnergie	Non-voting	✓ Glenn Sylvain	Mario Boucher							
NYS Department of Public Service	Non-voting	Non-voting	✓ Rajendra Addepalli							
The Structure Group	Non-voting	Penny Rubin	Alex Lago							
William P. Short	Non-voting	Bob Furry								
zNew Member	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Jim Verna	Roberto Denis	
zNew Member	Non-voting	None Assigned								

NYISO and Hunton & Williams Members in Attendance:

- ✓ Bill Museler NYISO
- ✓ Chuck King NYISO
- ✓ Mollie Lampi NYISO
- ✓ Garry Brown NYISO
- ✓ Elaine Robinson NYISO
- ✓ Kristen Kranz NYISO
- ✓ Leigh Bullock NYISO
- ✓ Ray Stalter NYISO
- ✓ Debbie Eckels NYISO
- ✓ Bob Ricketts NYISO
- ✓ Jane Lathrop NYISO
- ✓ Brad kranz NYISO
- ✓ Mike Calimano NYISO

Key:

- ✓ = In attendance