

NYISO Management Committee Meeting

January 7, 2004

Teleconference

Draft MINUTES OF THE MEETING

1. Introduction and Meeting Objectives

Chairman Joe Oates called the meeting to order at 10:07 AM and welcomed the members of the Management Committee ("MC").

Mr. Oates intends to have the February MC meeting as an in-person meeting.

Mr. Oates stated that FERC has approved the filing the NYISO made to permit the presence of co-vice chairs of MC and co-chairs and welcomed Chris Wentlent and Larry Dewitt as co-vice-chairs of the MC.

Mr. Oates stated that there will be a PPT meeting tomorrow, January 8, by conference call.

A roll call established a quorum of participants.

2. Approval of October 30, 2003 & December 17, 2003 Minutes

Chuck King of the NYISO presented an overview of comments made by Tim Bush of Navigant Consulting on the draft of the October 30, 2003 MC meeting minutes.

Motion #1:

Motion to approve the Minutes from the October 30, 2003 MC meeting.

(Motion passed unanimously by show of hands)

Motion #2:

Motion to approve the Minutes from the December 17, 2003 MC meeting.

(Motion passed unanimously by show of hands)

3. President's Report

Bill Museler stated DAM prices for the last two months have been higher than Real Time ("RT") prices in all zones. Natural gas prices continue to be high. Prices are similar to last year. Price reservations and corrections are down from last year.

Mr. Museler stated that there is an all time high of bids for Multi-Hour Block Transactions (“MHBT”), although megawatts scheduled are low due to economics.

Mr. Museler stated that the interim blackout report should be out by the end of this week. The report does not contain specific recommendations, but the report does point out to the North American Electric Reliability Council (“NERC”) that the NYISO is in compliance with short-term action items.

The NYISO will provide the automated graphics of the blackout and restoration to the MPs upon request. Contact Elaine Robinson (erobinson@nyiso.com) for a CD of the animated graphics file if desired.

Mr. Museler stated that the Federal Energy Regulatory Commission (“FERC”) Interconnection Order NYISO Compliance Filing status would be reviewed at the Transmission Planning Advisory subcommittee (“TPAS”) meeting on January 8th.

Mr. Museler covered the schedule for the new NYISO facilities. Currently there are no exact dates established for the schedule, but the NYISO plans on releasing a tentative schedule by mid-February, or mid-March. In March or April, the NYISO would brief the Board of Directors, and then would meet with the Budget Standards & Performance Subcommittee (“BSP”) and Operating Committee (“OC”). Subsequently the NYISO would meet with the Business Issues Committee (“BIC”), and the MC to cover conceptual views, plans, costs, and other options. In the 3rd quarter of 2004, the NYISO would have another review to finalize plans and costs with the Market Participant (“MP”) committees. The NYISO would submit the proposal to Board for approval. Construction and/or modifications could begin in the 4th quarter of 2004. The plan would be to migrate to the new facility in the 4th quarter of 2005, with the possibly of running into the 1st quarter of 2006.

Garry Brown provided a status report on the “Wind Study”. The study covers the effects of intermittent generation on New York State’s electrical grid. A Draft of the 1st phase will be available at the end of this week. On January 14th, there will be a review of the draft from 1:30 – 4:30 at Albany Nano-Tech building. Comments are due by Jan 20th, and after the comment period, a final preliminary report will be issued by February 2nd. Mr. Brown stated in response to an MP question that he would try to make sure that the meeting will not conflict with the PSC Natural Gas Reliability Advisory Group meeting that is also scheduled for January 14th.

In response to a question, Mr. Museler confirmed that Standard Market Design (“SMD”) 2.0 will not be deployed in April. A revised schedule will be released in late January. Mr. Museler stated that the NYISO would ensure that there is adequate opportunity for testing by the MP’s before deployment. The February 4th MC meeting will provide an opportunity to review the revised SMD2 deployment plan.

Mayer Sasson of Consolidated Edison asked about anticipated cost impacts regarding incentives with ABB.

Mr. Museler stated that the NYISO does not see overall cost impact on the 2004 budget. The NYISO will assess incentive payments to ABB due to breach of schedule.

Elaine Robinson and Charles King confirmed that the NYISO is assessing the possibility of deploying the Automated Mitigation Procedure ("AMP") 4 prior to SMD2 deployment.

4. Update on Seams and Market Improvement Projects

Chuck King recapped the 4th quarter deliverables. Work on the 7040 Transfer Limit Study has completed. Mr. King noted that follow-up work is underway to assess available margins to support Hour Ahead Market ("HAM") scheduling above the current limits.

Area Control Error ("ACE") Diversity work with the Maritimes was completed. Current quarter deliverables work continues with Facilitated Checkout work. The NYISO is working with ISONE to coordinate Day Ahead Demand Response Programs ("DADRPCs"). NYISO plans to review this with ISO-New England ("ISO-NE") and PJM, and bring back suggested modifications to MC, through the BIC and the Price Responsive Load Working Group ("PRLWG"). If changes are necessary, this will allow the NYISO to have these changes in place by summer of 2004.

Mr. King discussed the Regional Resource Adequacy Model ("RAM") process. The RAM meeting scheduled for today was postponed, and is tentatively rescheduled for February 2nd in New England. NYISO does not have a date for the release of the NERA report. The report will be posted to the ICAP and PRLWG portions of the website, and notification will be made to the Technical Information Exchange ("TIE") list.

Mr. King stated that ratepancaking discussions are continuing in New England.

Mr. King reported that Virtual Regional Dispatch ("VRD") work is continuing. Mark Younger, of Slater Consulting, has a draft proposal that is currently under review by NYISO staff. A meeting will be set up in the 1st quarter of 2004 to review Mr. Younger's proposal.

Mr. King noted that the NYISO would post the quarterly Seams Report in January. The NYISO would like MP's to review and produce comments on the report to the committee chairs. A coordination meeting will be set up to finalize this report.

Mr. King recapped the process for MP input into the seams process. Seams process meetings will be held with neighboring Control Areas. The scheduled meetings are: January 28th at PJM; the February 10th at New England, and March 17th in New York.

Howard Fromer, of PSE&G, asked about the Congestion Management Proposal regarding the 1385 Norwalk cable. Mr. King said this proposal was still in discussion. The Scheduling and Pricing (S&P) working group will discuss this at their next meeting.

5. New Business

No new business.

6. Adjourn

The meeting adjourned at approximately 10:44AM.

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MOTIONS FROM THE MEETING

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