

NYISO Business Issues Committee Meeting Minutes
Friday, February 25, 2005

Teleconference

1. Welcome & Meeting Objectives

Jim Scheiderich, Chair of the Business Issues Committee (BIC), called the meeting to order at 10:09 AM and welcomed the members of BIC. Attendees introduced themselves, naming the organizations they represent, during a roll call by sector.

2. Revisions to Congestion Rent & Auction Revenue Shortfall Allocation Methodology (OATT, Attachment N)

Ms. Mollie Lampi of the NYISO described proposed revisions to Attachment N of the OATT addressing congestion rent and auction revenue shortfall allocation methodology. Ms. Lampi stated that Tariff language would be distributed prior to the March 4th Management Committee ("MC") meeting, which would focus on revising the methodology of Attachment N. Ms. Lampi indicated that the NYISO was no longer pursuing the idea that formulae from Attachment N would be moved from the Tariff and into a NYISO Manual. Rather, per a FERC request, Attachment N will retain all formulae in the Tariff.

Ms. Lampi reviewed the procedural history to these revisions, including the May 2003 MC vote in support of Attachment N revisions to amend the shortfall allocation methodology, the October 2003 FERC filing to amend Attachment N, revising the implementation of Attachment N during Spring 2004, the discovery of TCC database flaws, and finally, the delay in implementation and the subsequent resumption of that implementation.

Ms. Lampi described necessary revisions. She opined that the 2003 version of Attachment N did not accomplish its intended objectives and, specifically, that the "Make Whole Approach" did not work as intended. She indicated that no changes were being proposed to those sections of Attachment N that deal with TCC Holders' settlements or collection of congestion rents from energy purchasers. Revisions are necessary to correct the formulae for calculating the benefit of returns-to-service, measuring the impact of outages and returns-to-service to eliminate the financial impact of "noise," and addressing other incidental errors.

Ms. Lampi enumerated the proposed revisions to the methodology. The NYISO has devised solutions for each of the identified problems and proposes Tariff changes to implement revisions to the methodology. The NYISO also proposes adding a provision to address issues that may be raised when shortfall allocation formulae fail to work properly, thereby producing an invalid result. In such cases, the NYISO would allocate charges and payments resulting from formula failures among TOs as Net Congestion Rents or Net Auction Revenues.

Ms. Lampi indicated that questions had been raised during the February 18th S&PWG Conference Call about what was meant by "formulas failing." She stated that the NYISO is looking at situations where something occurred that was inconsistent with cost causation methodology, and notwithstanding reviews of all formulas, an error occurred. The proposed changes to the Tariff would allow the NYISO to correct such charges and avoid protracted settlement situations. Ms. Lampi indicated that clarifying language would be available prior to the MC meeting.

Ms. Lampi detailed the NYISO plan, including an MC vote on March 4 and a NYISO Board presentation on March 15, 2005. Upon FERC approval, the NYISO will implement the revisions and correct all affected TO historic invoices no later than early 2006.

In response to a question from Mr. Mayer Sasson regarding the identification of the appropriate TO to apply charges to, Ms. Lampi responded that the NYISO would distribute language for feed back. In response to a question from Ms. Doreen Saia of Mirant regarding the potential situations where the proposed methodology would have to be enacted again, Ms. Lampi replied that the NYISO would socialize costs and not enact the methodology again. The proposal revises and

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corrects the formulae in Attachment N and address situations that Attachment N does not currently address.

In response to a question from Ms. Rebecca Craft of Consolidated Edison, Ms. Lampi replied that Transmission Owners would have the opportunity to review tariff language before it was filed with FERC and that, through working with Michael Cadwalader to address different TO-related issues, it was hoped that the NYISO would provide a full and complete review of tariff. Chairman Scheidrich suggested that BIC conceptual approval was contingent on satisfactory approval of tariff language to be produced and review of the language by a working group.

Ms. Saia indicated that Market Participants would like more information about other instances where formulae either did not work or did not work as intended and an explanation of how the current situation differs from these past instances. Ms. Lampi asserted that the NYISO would address the issue.

Mr. Tim Bush of Navigant stated that he would encourage the Bylaws Subcommittee to draft procedures stating that the BIC should only vote on tariff language without seeing the language itself, as in the present circumstances, except when changes to the Tariff language entail a simple administrative change.

Motion 1:

The BIC recommends that the Management Committee review changes to the Attachment N methodology tariff language to be made available and following working group review of the tariff language, vote on such tariff language.

(Motion passed unanimously with abstentions)

11. Adjournment

Meeting adjourned at 11:05 AM.

Respectfully Submitted,
Caleb Derven
Recording BIC Secretary

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MOTIONS FROM THE MEETING

Motion #1:

The BIC recommends that the Management Committee review changes to the Attachment N methodology tariff language to be made available and following working group review of the tariff language, vote on such tariff language.

(Motion passed unanimously with abstentions)

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance February 25, 2005 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	David Coup	Paul DeCotis	Chris Hall	Erin Hogan	John Spath			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Tim Daniels			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	Michael Mager	Morgan Parke				✓ Tariq Niazi	
Helmstey-Spear Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos	Edward Strauss	Herb Rose				
IBM Corporation	End Use - Large Consumer	Robert Loughney	Michael Mager	Morgan Parke				✓ Tariq Niazi	
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	Michael Mager	Morgan Parke				✓ Tariq Niazi	
Praxair Inc.	End Use - Large Consumer	Robert Loughney	Michael Mager	Morgan Parke				✓ Tariq Niazi	
Xerox Corporation	End Use - Large Consumer	Robert Loughney	Michael Mager	Morgan Parke				✓ Tariq Niazi	
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
American Sugar Refining, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
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				
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 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			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Doug Roll	Charles Sjoberg	Christopher Wentlent					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer						
Calpine	Generation Owners	None Assigned	Thomas Kaslow	Richard Felak					
East Coast Power Linden Holding LLC	Generation Owners	Roy Shanker	Thomas Hoatson	Robert Licato	Kathy Benini				
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Jeffrey Ellis	Peter Brown	Rich Mooney				
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	Jim Vignola	Jim Brennan	Jim D'Andrea	✓ Madison Milhous	Edwin Kichline		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	James Mayhew	✓ Doreen Saia					
Orion Power New York	Generation Owners	Liam Baker	Bill Berg						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kamppila						
Sithe Energies, Inc.	Generation Owners	Scott Silverstein	Joe Klimaszewski	Jim Verna					
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Bias Hernandez	George Braulke					
Brascan Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
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					✓ Joe Lewis
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					
ECONergy	Other Suppliers	Saul Horowitz	Tom Halleran						
Epic Merchant Energy	Other Suppliers	Robert Erbrick	Erik Abend	Wade Sullivan					
Exelon Generation - Power Team	Other Suppliers	Scott Silverstein	Joe Klimaszewski	Jim Verna					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	Glenn Haake				
FPL Energy	Other Suppliers	David Applebaum	Fernando DaSilva	Ron Scheirer					
HQ Energy Services	Other Suppliers	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					
NU / Select Energy	Other Suppliers	✓ Jim Scheiderich	Gunnar Jorgensen						
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				

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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	Brian Vayda				
Strategic Power Management, Inc.	Other Suppliers	Mario DiValentino	Tom Folchi						
TransEnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	José Rotger						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	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				✓ L. Consiglio
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	✓ Larry DeWitt	Douglas Ward	Mike Jacobs				
Environmental Advocates	Public Power - Environmental	Anne Reynolds	✓ Larry DeWitt						
Nat'l 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				
Lake Placid Village	Public Power - Munis & Co-ops	Peter Kroha	✓ Tim Bush						
Municipal Commission of Boonville	Public Power - Munis & Co-ops	Kenneth Stabb	✓ Tim Bush						
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush	Ken Moore					
Village of Arcade	Public Power - Munis & Co-ops	Larry Kilburn	✓ Tim Bush						
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					✓ Tom Rudebusch	
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardle	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown	✓ Tom Rudebusch	
Village of Solway	Public Power - Munis & Co-ops	Anthony Modafferi	✓ Tim Bush						
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	Neil Butterklee					✓ M Sasson
National Grid	Transmission Owners	✓ Bart Franey	Wesley Yeomans	✓ Jerry Ancona	Janet Gail Besser	Terron Hill			✓ M. Cadwalader
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	Non-voting	Ed Krapels	Brian Chernak	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						
Fluent Energy	Non-voting	Michael Mastroianni	David Koplas	Margie Miller					
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						
Stealth Energy	Non-voting	Gad Cohen							
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								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
Kathy Robb	Hunton & Williams
James Schmidt	Hunton & Williams

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Rob Fernandez	NYISO								
Bill Museler	NYISO								
✓ Bill Young	NYISO								
✓ Caleb Dervan	NYISO								
✓ Mollie Lampi	NYISO								
✓ Elaine Robinson	NYISO								
✓ Kristen Kranz	NYISO								
✓ Leigh Bullock	NYISO								
✓ Kathy Whitaker	NYISO								
✓ Debbie Eckels	NYISO								
✓ Susan Pope	LECG								
Jim Savitt	NYISO								
Valerie Ross	NYISO								
Tim Schmehl	NYISO								
Phil Gootee	NYISO								
John Cutting	NYISO								
Jane Lathrop	NYISO								
Ernie Cardone	NYISO								
John Charlton	NYISO								
✓ Kathy Whitaker	NYISO								
Andy Hartshorn	NYISO/LECG								

Key:

✓ = In attendance