

**Draft**

**Management Committee Meeting**

**May 23, 2001  
The Desmond,  
Albany, NY**

**Minutes of Meeting**

**1. Introduction and Meeting Objectives**

Harvey Reed, Chairman of the Management Committee, convened the meeting at 10:12 A.M. Following introductions by the attendees, Mr. Reed announced that Bill Museler would present an overview of the proposed Automated Mitigation Procedure (AMP) and that a motion would be presented for the Management Committee's consideration. Parties would then be given an opportunity to present their views and questions to the NYISO for a response.

**2. Consideration of ISO Staff/Board Review of Automated Mitigation Procedure (AMP)**

Bill Museler explained that the January 2001 Technical Conference underscored a number of market changes needed in order to be adequately prepared for the upcoming Summer Capability Period and that one of these issues was the need for the NYISO to be able to make either 24 or 48-hour Day-Ahead price corrections and the need for a circuit breaker to account for excessively high bids when the market was not workably competitive. Therefore, the NYISO, with the advice of its counsel, determined to implement the AMP as part of its existing Market Mitigation Program (MMP) without first seeking Federal Energy Regulatory Commission (FERC) approval.

In response to a complaint filed with the FERC, the NYISO was directed to file the AMP for approval and to answer several questions regarding the legality and operation of the AMP under the NYISO's existing Market Mitigation Measures.

On May 17, 2001, the NYISO made a Section 205 exigent circumstances filing with the FERC requesting implementation of the AMP effective June 15, 2001. The NYISO hoped to have the FERC act on the proposal at its June 13, 2001 meeting in order for the AMP to be useful during the summer capability period. The Board of Directors passed a resolution seeking the MC's concurrence with the Board's decision to go forward with the AMP.

The text of the motion before the Management Committee is as follows:

Motion for consideration at the May 23, 2001 MC meeting

The Management Committee concurs with the Board's May 17, 2001 filing regarding its "Automated Mitigation Procedure," pursuant to the Board's exigent circumstances authority under Section 19.01 of the ISO Agreement, and requests the NYISO to file a written confirmation of such concurrence with FERC.

Chairman Reed read the motion to the parties participating via telephone. ~~Michael Mager of Couch White (representing five Large Consumers) seconded the motion.~~ A discussion of the benefits and risks in implementing the AMP followed.

Citing out-of-state resources, one Market Participant stated that there was great uncertainty regarding the operation of the AMP and its effect on the market and that, as a consequence the AMP could force cheap supply (e.g., Pennsylvania coal units) away from the New York market. He added that the AMP process would not help anyone if a mitigation action is wrong, that the AMP goes beyond what was originally intended ( as a replacement to Bid caps), will hurt New York and should not be approved.

Bill Museler spoke to the benefits of the AMP in protecting against unjustified costs to the loads and in avoiding what occurred last summer. He added that the AMP has its limitations but the alternative, leaving things as they are, will lead to more events and prices like those of last June 26, 2000.

Other market participants argued the AMP is a problem because it adds uncertainty in the NY markets and will simply deter new entrants into the Day-Ahead market. It won't solve for high prices and load will shift to the Real Time market. They also cited the consultative process envisioned in the AMP as a problem raising questions about early morning questions, and how to appropriately assess risk premiums.

Mr. Museler reiterated that the MMU does allow market participants to bid high prices when their risk profile justifies it, that MMU will account for all costs in a bid and won't automatically exclude a bid, worries about unit trip potential can be dealt with.

He added that the consultative process is a rational way to balance the desire for several days to consult with a Market Participant and the need to avoid repeating last June 26, 2000.

In response to a question about the 50 MW exemption from AMP mitigation, the NYISO stated that it is open to discussing this feature beyond what was provided in the May 17, 2001 filing.

In response to another question regarding bidding price responsive load, the NYISO stated it has an obligation to review bids within the time window allowed.

Chuck King stated that the NYISO is willing to discuss risk premiums and strategies with Market Participants. In the MOU arena, the regional ISOs are working toward common market rules but not necessarily a common market structure. Different areas have different levels of divestiture, which create substantive structural market differences. During a transition phase, it will take time to sort out appropriate solutions.

Several Market Participants discussed the inappropriateness of the AMP in a regional market, the lack of finality regarding reference prices, the imbalance the AMP adds to the Market Monitoring Plan, and the lack of a link between the AMP and an identified capacity deficiency.

The NYISO reiterated that Market Monitoring Plan's thresholds may be broadly defined but that it is a FERC approved device that tells us when to mitigate; that the AMP was developed within the FERC-approved framework and that it wouldn't be needed if we had more capacity as opportunities to exercise market power would decrease with increased capacity.

In response to another question, the NYISO explained that it would handle rational \$1000 bids by applying the rules; that it has let \$1000 prices stand in the past.

In response to a question regarding when multiple units are bidding in excess of \$150 and the impact test results in the need to mitigate, the NYISO verified that all units, identified with bids that exceed the threshold, will get mitigated but that even if the AMP is activated high bid prices may be accepted if they are there for legitimate reasons.

The NYISO added that that the AMP operates without regard to plant ownership -- bidding arrangements would be between the owner and the tolling service. It added that the \$150 "arming" threshold in the AMP could be changed without the need to make another FERC filing and that the Independent Market Advisor's analysis shows that at this time \$150 is the approximate level where market power can be identified.

Several participants asked whether the AMP could be redesigned to preclude the negative impacts that some think will occur or to reduce the uncertainty that keeps generators from coming into the market?

The NYISO indicated that it has scheduled a meeting for May 30, 2001 on the Technical Bulletins to clarify how the AMP will work as currently proposed. While the NYISO is willing to work with Market Participants, timing is important with respect to making changes. The FERC deadline for reply briefs is May 31, 2001. The NYISO isn't sure if the FERC will act on the filing at its June 13, 2001 meeting as we requested but it is extremely unlikely that any revisions could be approved by the FERC in such a short time. The need to have something ready for the summer period is important. With regard to whether there should be revisions to the AMP, Bill Museler reiterated that Staff can and will explore all options. Chuck King added that 18 companies have talked to the NYISO regarding their reference prices.

Support for the AMP was also voiced as needed to counter market power, that it should be stronger and that it is simplistic to make a causal impact relationship between the AMP and the number of new entrants. In a transition market, if generators can “make money” they come to NY.

In response to another question, Mr. Museler explained the distinction between the AMP and TEPs. The Market Monitoring Plan provides for mitigation on a going forward basis. Notwithstanding TEPS authority, the NYISO can't retroactively correct prices found to be competitive under normal circumstances.

In response to a question about a Real-Time AMP the NYISO said that it does not believe it is possible to apply the AMP to the Real Time market due to technical reasons (i.e., it takes time to review bids and run checks that can't occur in a real time setting). The AMP would not operate correctly in Real Time. However, the Market Monitoring Unit has increased its staff over the last year and is now better able to research market conditions and identify actions and behaviors that could be construed as exercises of market power or abuse.

The Motion as previously proposed and seconded was read into the record for the benefit of the parties participating by telephone. Ballots were distributed to those in the room and phone participants voted via e-mail.

Motion #1, May 23, 2001, Motion for Consideration at the May 23, 2001 Management Committee Meeting passed with 61.46 % affirmative votes.

### **3. Adjourn**

The meeting was adjourned at 1:36 P.M.

## **NYISO Management Committee – Special Meeting**

May 23, 2001  
Desmond Hotel, Albany NY

### **MOTIONS FROM THE MEETING**

#### **Motion #1:**

The Management Committee concurs with the Board's May 17, 2001 filing regarding its "Automated Mitigation Procedure," made pursuant to the Board's exigent circumstances authority under Section 19.01 of the ISO Agreement, and requests the NYISO to file a written confirmation of such concurrence with FERC.

***(Motion passed with 61.46 % affirmative votes)  
(Vote conducted by Secret Ballot)***

#### **Motion # 2:**

Motion to adjourn the MC meeting

***(Motion passed unanimously)***

## New York Independent System Operator - Committee Membership

Management Committee - May 23, 2001 - Special Meeting in Albany - Members Checked in Attendance

Organization	Sector	Representative	Proxy	Alternate1	Alternate2	Alternate3	Alternate4	Guest
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	✓ Paul DeCotis		Charles Kowalski	✓ Jeffrey Gerber			
The City of New York	End Use - Gov. Agency/Aggr.	Jay Kooper	✓ Jonathan Wallach	Richard Miller				
Alcoa/Reynolds Metals Company	End Use - Large Consumers	Leonard Singer		Robert Loughney	✓ Michael Mager			
Amerada Hess Corporation	End Use - Large Consumers	John Schultz		Mark Wilson	Michael DiBella	Greg Sticka		
ATCO Management Co.	End Use - Large Consumers	Peter DiCapua		Scott Petersen	George Diamantopoulos	Steven Latargia		
IBM Corporation	End Use - Large Consumers	Leonard Singer		Robert Loughney	✓ Michael Mager			
Occidental Chemical Corp.	End Use - Large Consumers	Leonard Singer		Robert Loughney	✓ Michael Mager			
Praxair Inc.	End Use - Large Consumers	Christian Lenci		Leonard Singer	Robert Loughney	✓ Michael Mager		
Xerox Corporation	End Use - Large Consumers	Leonard Singer		Robert Loughney	✓ Michael Mager			
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	✓ Jesse Samberg		Gary Caplan	Walter McCarroll			
Aaron Breidenbaugh	End Use - Small Consumers	✓ Aaron Breidenbaugh						
Association for Energy Affordability, Inc.	End Use - Small Consumers	David Hepinstall	✓ John Dowling	Larry DeWitt				
Beth Israel Health Care System	End Use - Small Consumers	Catherine Luthin		✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi		Doug Elfner
Building and Realty Institute	End Use - Small Consumers	Herb Rose		Jeff Hanley	Catherine Luthin	✓ John Dowling		Jennifer Kearney
Caithness Energy, L.L.C	End Use - Small Consumers	Daniel McBrearty		Jack Feinstein				
Citizens Advisory Panel	End Use - Small Consumers	Gordian Raacke	✓ John Dowling	Larry DeWitt				
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumers	Herb Rose		MaryAnn Rothman	Catherine Luthin	✓ John Dowling		Jennifer Kearney
Columbia University	End Use - Small Consumers	Catherine Luthin		✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi		Doug Elfner
Hudson River Energy Group	End Use - Small Consumers	Frank Radigan						
Mount Sinai Medical Center	End Use - Small Consumers	Catherine Luthin		✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi		Doug Elfner
New York Energy Buyers Forum	End Use - Small Consumers	Catherine Luthin		✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi		Doug Elfner
New York Presbyterian Hospital	End Use - Small Consumers	Catherine Luthin		✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi		Doug Elfner
New York University	End Use - Small Consumers	Catherine Luthin		✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi		Doug Elfner
Refined Sugars, Inc.	End Use - Small Consumers	John Gebhard		Paul Faia	Catherine Luthin	✓ John Dowling		Jennifer Kearney
William P. Short	End Use - Small Consumers	William Short						
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi		Doug Elfner				
AES NY	Generation Owners	✓ Christopher Wentlent		Rick Santoroski				
American National Power, Inc.	Generation Owners	Dorothy Capra		Bill Henson				
CH Resources	Generation Owners	Gary Thorn		Gary Miller	Diane Seitz			
East Coast Power	Generation Owners	Gary Keevill		Asavari Alvarez				✓ Roy Shanker
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts		Robert Agnello				
Energy Nuclear Northeast	Generation Owners	✓ Marc Potkin		William Stone				
Indeck Energy Services	Generation Owners	Mike Janczak		Mike Ferguson	✓ Mark Younger			
KeySpan Ravenswood, Inc	Generation Owners	Howard Kosel		James Brennan	Dick Ackerson	Ron Lukas		✓ Terrence Kain
Mirant New York, Inc.	Generation Owners	Joe Holtman		Mark Petro	✓ Doreen Saia			
NRG Energy	Generation Owners	✓ Joe DeVito		Paul Savage	Marc Dworkin	Ruben Brown		Peter Chamberlain
Orion Power New York	Generation Owners	Mark Sudbey		Janet Audunson	✓ John Reese			
PG&E Generating	Generation Owners	✓ Steve McDonald		Jeff Simmons				
PSEG Energy Resources & Trade	Generation Owners	✓ James Hebson		Michael LaFalce				✓ Bob Logan
Sithe Energies, Inc.	Generation Owners	Tim Bush		✓ Garry Brown	David Applebaum			✓ Glenn Haake
TransCanada Power Marketing	Generation Owners	William Taylor	✓ Peter Brown	Elaine Beaudry				
NYS Department of Public Service	Non-voting	✓ Saul Rigberg		Joel Brainard				✓ Tom Dvorsky
1st Rochdale Cooperative NYC	Other Suppliers	✓ Phyllis Kessler		Gregory Wortham				
Advantage Energy, Inc.	Other Suppliers	Kyle Storie						
Aquila Energy Marketing Corp.	Other Suppliers	Jason Stever		✓ Peter Brown	David Wiesner	Pamela VanHorn		Richard Mooney
Automated Power Exchange (APX)	Other Suppliers	Jim Verna		✓ Glen McCartney				
Cinergy Capital and Trading	Other Suppliers	Walt Yeager		Jan Bagnall				
Cinergy Services	Other Suppliers	Walt Yeager		Jan Bagnall				
Con Edison Energy	Other Suppliers	Ken Bekman		Ivan Kimball				
Con Edison Solutions	Other Suppliers	Ken Bekman		Stephen Wemple				
Connectiv	Other Suppliers	✓ Steve Huntoon		Bill Fehr				
Constellation Power Source	Other Suppliers	✓ Harvey Reed		David Taylor				
Duke Energy North America, LLC	Other Suppliers	✓ Ronald Matlock		Del Disher				
Dynergy	Other Suppliers	Other Suppliers		✓ Matthew Picardi				✓ Steve Huntoon
EI Paso Merchant Energy	Other Suppliers	✓ Alan Foster		Eric Stoerr				
Energetix, Inc.	Other Suppliers	Barney Farnsworth						
Enron Power Marketing Inc.	Other Suppliers	✓ Howard Fromer						
Exelon Generation - Power Team	Other Suppliers	✓ Regina Carrado		✓ Garry Brown	David Applebaum	Tim Bush		Jack Crowley
FPL Energy	Other Suppliers	Roberto Denis		Bill Fenerty				
HQ Energy Services	Other Suppliers	Benoit Goyette		Michel Prevost	Paul Norris	Joel Zipp		✓ Gunnar Birgisson
KeySpan Energy Services	Other Suppliers	Ron Lukas		Ruben Brown	Peter Chamberlain	John Smith		
MEGA (Merchant Energy Group of the Arme)	Other Suppliers	Joseph Limone		John Carmody				
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray		Karen Kochonies	Levon Kazarian	✓ Doron Ezickson		
New Energy Inc.	Other Suppliers	Peter Duprey		Stephen Fernands				
Niagara Mohawk Energy Marketing	Other Suppliers	Marc Overdyk		Jim Cifaratta				
NU / Select Energy	Other Suppliers	Gunnar Jorgensen		✓ James Scheiderich				
Ontario Power Generation Inc.	Other Suppliers	✓ Barry Green		Tasos Karatsoreos	Ken Lacivita			
PP&L Energy Plus	Other Suppliers	John Brodbeck	✓ Glen McCartney		Roger Dolan	Garrett Kirkner		
PSEG Energy Technologies Inc.	Other Suppliers	Patricia Esposito		Ken Lempicki				
Sempra Energy Trading	Other Suppliers	Bill Winget		Dana Volpe	✓ Russel Like			
Strategic Energy LLC	Other Suppliers	✓ Jace Cochrane		Jeffrey Knox	James McCormick	Lisa Barton		
Strategic Power Management, Inc.	Other Suppliers	Dan Duthie		✓ Mario DiValentino				
TransEnergie U.S. Ltd.	Other Suppliers	José Rotger		Michael Jacobs				
Williams Energy Marketing & Trading Co.	Other Suppliers	Mike Grim		Dennis Keener	Robert O'Connell			
Long Island Power Authority	Public Power - Authorities	✓ Jim Parmelee		Seth Hulkower	Alan Elberfield			
New York Power Authority	Public Power - Authorities	Robert Hiney		✓ William Palazzo	Kim Byham			
American Wind Energy Association	Public Power - Environmental	David Wooley	✓ John Dowling	Larry DeWitt				
Environmental Advocates	Public Power - Environmental	Anne Reynolds	✓ John Dowling	Larry DeWitt				
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	✓ John Dowling	Larry DeWitt				
Pace University	Public Power - Environmental	Edward Smeloff	✓ John Dowling	Larry DeWitt				
Scenic Hudson	Public Power - Environmental	Larry DeWitt	✓ John Dowling					
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Neil Wrinkle	✓ Tom Rudebusch	✓ Paul Pallas	Jim Hamilton	Jack Brown		Ken Moore
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ Michael Darroch		Wally Haase	✓ Tom Rudebusch			
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown		✓ Paul Pallas	✓ Tom Rudebusch			
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore		✓ Tom Rudebusch	✓ Paul Pallas			
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco		Robert Kortright				

## New York Independent System Operator - Committee Membership

### Management Committee - May 23, 2001 - Special Meeting in Albany - Members Checked in Attendance

Organization	Sector	Representative	Proxy	Alternate1	Alternate2	Alternate3	Alternate4	Guest
Village of Rockville Centre	Public Power - Munis & Co-ops	✓ Paul Pallas	✓ Tom Rudebusch	Jim Hamilton	Jack Brown	Ken Moore	Neil Wrinkle	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tom Rudebusch	✓ Paul Pallas	Neil Wrinkle	Jack Brown	Ken Moore	
Central Hudson Gas & Electric	Transmission Owners	✓ Charles Freni		John Watzka	Ronald Brand			
Consolidated Edison	Transmission Owners	Robert Saya		✓ Joseph Oates	Bill Jaeger			✓ Paul Gioia
Niagara Mohawk Power Company	Transmission Owners	Clement Nadeau		✓ Jerry Ancona	✓ Martin Amati			
NY State Electric Gas (NYSEG)	Transmission Owners	Denis Wickham	David Kimiecik(BIC)	✓ Raymond Kinney	Hank Masti			
Orange & Rockland, Inc.	Transmission Owners	Phil Nannery						
Rochester Gas & Electric	Transmission Owners	Clifton Olson		✓ Laurie King-Pirchner				
New Member	Non-voting							
New Member	Non-voting							

#### NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
Gina Fedele	Hunton & Williams
✓ James Schmidt	Hunton & Williams
✓ Bill Young	Hunton & Williams
✓ Kristen Kranz	NYISO
✓ Chuck King	NYISO
✓ John Cutting	NYISO
✓ Bill Museler	NYISO
✓ Leigh Bullock	NYISO
✓ John Buechler	NYISO
✓ Mollie Lampi	NYISO
✓ Rob Fernandez	NYISO
Andy Hartshorn	Navigant

#### Key:

- ✓ = In attendance
- ✓ = In attendance by teleconferencing