

NYISO Management Committee Meeting

May 31, 2006
Teleconference
10:00 a.m. --

Draft MINUTES OF THE MEETING

1. Introduction, Meeting Objectives & Chairman's Report

Mr. Jerry Ancona (National Grid), Chairman, called the meeting to order at 10:01 a.m. He reminded the Committee that the Sector meetings were scheduled for June and the joint Board-MC meeting in July. He also announced that IPPNY has reached its 20th anniversary.

2. Approval of the Minutes

Mr. Ray Stalter (NYISO) presented the minutes from the April 26th meeting. No additional comments were provided by Committee members.

Motion # 1:

Motion to approve the Minutes of the April 26, 2006 Management Committee meeting.

Motion passed unanimously.

3. President's Report

Mark Lynch, CEO and President NYISO, presented the Report and highlighted six issues:

- 1) Mr. Lynch introduced the new V.P. of Market Structures, Rana Mukerji. He will be present to meet everyone in person at the Sector meetings.
- 2) Mr. Lynch provided an update on the Price Error Elimination Status. He noted that one error was discovered in April related to Gilboa, and has been corrected. The overall cycle time to improve corrections has improved.
- 3) Mr. Lynch noted that, in the first quarter of 2006, the price correction rate was 2.5% percent. In May, the rate of corrected hours was 2.2%. Efforts continue to bring the price validation and correction process in-house, with the goal of providing greater price certainty and transparency for all the MPs.
- 4) The TCC automation project is expected to be launched in July for the August Reconfiguration Auction. Market Trials will be held in June. Mr. Lynch strongly encouraged Market Participant participation in the trials. He added that online training materials will be available on the web site.
- 5) Mr. Lynch provided an update on the Comprehensive Reliability Planning Process. A draft of the CRP will be presented to the various working groups through June and to the MC at the end of June. Dr. David Patton will also begin reviewing the Plan in June. The draft Plan will be presented to the Board in July..
- 6) Mr. Lynch provided slides on the Summer Readiness Review. He noted that the peak forecast is over 33,000MW, with a total reserve requirement just over 39,000MW. The available supply is now about 38,000MW, with additional capacity

anticipated for July. Overall there is sufficient capacity to meet both load and reserve for this summer.

Mr. Mark Younger (Slater Consulting) suggested that potential new supply be broken out into other categories in the Report to show what is already in operation. Mr. Lynch agreed with the comment and said that this information will be provided in future reports.

Mr. Matt Millhous. (Keyspan Ravenswood) asked if the SCR data in the Report is in ICAP or UCAP units. He said a number of MPs would like to see that distinction when reporting on the SCRs. The NYISO will clarify whether the data is ICAP or UCAP based.

Mr. Lynch reported on the Enron bad debt loss recoveries. The NYISO received an additional refund of \$1.9 million that will be distributed shortly using the allocation formula used for the initial bad debt charge to the markets

Mr. Lynch reported that the NYISO deployed the scarcity pricing enhancements on May 30th. Additional software enhancements, including treatment of Thunder Storm alerts and various other internal items, were also deployed. Mr. Lynch noted the concern given the weather at the time of the market outage. While he noted concerns expressed with the outage occurring during business hours, he noted that, for major software deployments, it is imperative to have the full amount of staff resources available in case of any mishaps. Several MC members expressed concerns with the deployment. Mr. Lynch said that he understood that there were circumstances that added to the MPs frustrations, but the timing of the deployment was necessary to ensure that the NYISO deployed a quality product, in a timely manner.

Ms. Doreen Saia (Mirant) asked if the ISO could have someone available from Market Structures on Friday to discuss how pricing will play out in relation to the deployment.

4. Proposed Restoration of Tariff Provisions re: ICAP Bidding Deficiency Penalties

Mr. William Young (Hunton & Williams) addressed the proposal, which had been approved by the Business Issues Committee (BIC).

Mr. Glenn Haake (IPPNY) recalled discussions at BIC calling for the tariff language to change "*shall*" to "*may*". Mr. Young agreed with that revision. Mr. Ancona asked that it be reflected in minutes that change was made from "*shall*" to "*may*" in the motion.

Motion #2:

The Management Committee (MC) hereby approves Revisions to Section 5.12.12(b) of the NYISO's Market Services Tariff implementing a method for calculating ICAP bidding deficiency charges, as discussed at the ICAP WG on May 8, 2006, and as approved by the Business Issues Committee on May 17, 2006.

Motion passed unanimously with abstentions.

5. Board Selection Subcommittee(BSSC) Lessons Learned Report

Mr. Tom Rudebusch (Duncan, Weinberg, Genzer & Pembroke) presented report of Subcommittee regarding proposed improvements to the Board selection process. The BSSC undertook a "lessons learned" process after completing the recent Board selection. The Report represents the findings of that process.

Mr. Ira Freilicher (Hunton & Williams) commented on the Report. In response to a concern about the funding of the search consultant, Mr. Freilicher noted that the consultant was not aware of the source of the funding. In response to logistics concerns, he noted that difficulties with the interview process did take place as a result of time constraints. In regard to the BSSC proposal for joint interviews, he said that it may make sense in some cases, in others it may not because there may be confidential issues.

Mr. Rudebusch requested a straw poll and asked Mr. Ancona to find out if there are any objections to the Report. No objections were raised. Mr. Stalter said that any comments or suggestions should be sent to him and copied to Mr. Freilicher so that he could keep the Board informed.

6. New Business

Mr. Neil Butterklee (ConEd) announced that the By-laws Subcommittee would be scheduling a meeting to discuss liability limitations provisions to the OATT. He added that MC members should forward any additional agenda items for the upcoming meeting to him for inclusion at that meeting.

7. Adjournment

Meeting adjourned at 11:15 a.m.

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May 31, 2006

Teleconference

MOTION FROM THE MEETING

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Motion passed unanimously.

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Motion passed unanimously with abstentions.

New York Independent System Operator - Committee Membership

Management Committee - Attendance May 31, 2006 - 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. | Paul DeCotis | Karl Michael | ✓ David Coup | Erin Hogan | Christopher Hall | | | |
| 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 | | | | | |
| Helmsley-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 | | | | | |
| Occidental Chemical Corp. | End Use - Large Consumer | Robert Loughney | Michael Mager | ✓ Morgan Parke | | | | | |
| Praxair Inc. | End Use - Large Consumer | Robert Loughney | Michael Mager | ✓ Morgan Parke | | | | | |
| Wegmans Food Markets | End Use - Large Consumer | Robert Loughney | Michael Mager | ✓ Morgan Parke | | | | | |
| 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 | Christopher Wentlent | Rick Santoroski | Charles Sjoberg | | | | | |
| Astoria Energy LLC | Generation Owners | Joseph Swift | Leonard Singer | | | | | | |
| Calpine | Generation Owners | Brett Kruse | Alan McBride | Tracee Collins | | | | | |
| East Coast Power Linden Holding LLC | Generation Owners | 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 | Jim Brennan | Rich Hohlman | Joe Vignola | ✓ Jim D'Andrea | ✓ Madison Milhous | Rich Rapp | | |
| Mirant New York, Inc. | Generation Owners | James Mayhew | ✓ Doreen Saia | Vicki Lynch | | | | | |
| Selkirk Cogen Partners, L.P. | Generation Owners | Tim Bittig | Steve Kampilla | | | | | | |
| TransCanada Power Marketing | Generation Owners | William Taylor | Elaine Beaudry | | | | | | |
| Advantage Energy, Inc. | Other Suppliers | Kyle Storie | | | | | | | |
| Amerada Hess Corporation | Other Suppliers | Hemant Jain | Kevin Laguardia | Blas Hernandez | George Braulke | | | | |
| Brascan Energy Marketing Inc. | Other Suppliers | Robert Ricketts | Daniel Whyte | | | | | | |
| Cinergy Capital and Trading | Other Suppliers | John Deeds | Walt Yeager | | | | | | |
| Con Edison Energy | Other Suppliers | Ken Bekman | Ivan Kimball | | | | | | |
| Con Edison Solutions | Other Suppliers | Ken Bekman | Stephen Wemple | | | | | | |
| Conectiv | Other Suppliers | Bill Fehr | John Foreman | | | | | | |
| Constellation Energy Commodities, Inc. | Other Suppliers | Glen McCartney | Dan Allegretti | Sara O'Neill | | | | ✓ Glenn Haake | |
| Constellation New Energy Inc. | Other Suppliers | Michael Constantine | Sara O'Neill | | | | | | |
| Consumer Powerline | Other Suppliers | Vinay Gupta | Mike Gordon | Ray Stirbys | Chae Shen | | | | |
| Coral Power, LLC | Other Suppliers | ✓ Matt Picardi | Marc Overdyk | Dave French | | | | | |
| DC Energy | Other Suppliers | Bruce Bleiweis | Dean Wilde | Andrew Stevens | Sadao Milberg | Chris Carpenter | Matthew Tate | | |
| Dynegy | Other Suppliers | Barry Huddleston | Jason Cox | Kevin White | | | | | |
| ECONergy | Other Suppliers | Saul Horowitz | Tom Halleran | | | | | | |
| Energy Spectrum | Other Suppliers | Gary David | Henry Hartstein | Aron Iskowitz | Ruben Brown | Arthur Pearson | | | |
| Epic Merchant Energy | Other Suppliers | Mike Kinsey | ✓ 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 | | | | | |
| Galt Power | Other Suppliers | ✓ Rick Mancini | Stephen Fernands | | | | | | |
| HQ Energy Services | Other Suppliers | Michel Prevost | ✓ Paul Norris | Erik Bellavance | | | | | |
| 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 | Nikolai Markarian | | | |
| NRG Power Marketing | Other Suppliers | ✓ Tim Foxen | Katie Sullivan | Peter Chamberlain | | | | | |
| NU / Select Energy | Other Suppliers | Gunnar Jorgensen | ✓ Jim Scheiderich | | | | | | |
| Ontario Power Generation Inc. | Other Suppliers | Barry Green | Dave Barr | Ken Lacivita | Scott McArthur | ✓ David Barr | ✓ Glenn Haake | | |
| Orion Power New York | Other Suppliers | ✓ Liam Baker | John Meyer | | | | | | |
| PPM Energy | Other Suppliers | Thresa Allen | T.H. Rawls | | | | | | |
| PP&L Energy Plus | Other Suppliers | Tom Hyzinski | ✓ Joseph Langan | Sharon Weber | | | | | |
| PSEG Energy Resources & Trade | Other Suppliers | Howard Fromer | Michael LaFalce | | | | | | |

New York Independent System Operator - Committee Membership

Management Committee - Attendance May 31, 2006 - Albany, NY - Parties Checked in Attendance

| Organization | Sector | Representative | Alternate1 | Alternate2 | Alternate3 | Alternate4 | Alternate5 | Proxy | Guest |
|---------------------------------------|-------------------------------|---------------------|--------------------|-------------------|------------------|-----------------|-------------|-----------------|-------|
| Sempra Energy Trading | Other Suppliers | Dan Staines | Maria Agovino | Scott Englander | Barry Trayers | | | | |
| SESCO Enterprises, LLC | Other Suppliers | Mike Schubiger | Jim Thoresen | | | | | | |
| Strategic Energy LLC | Other Suppliers | Jason Barker | Jeff Knox | Pamela Melton | | | | | |
| TransEnergie U.S. Ltd. | Other Suppliers | Raymond Coxé | Michael Jacobs | | | | | | |
| U.S. Power Generating Co. | Other Suppliers | ✓ Liam Baker | Mark Sudbey | | | | | | |
| Williams Power Company | Other Suppliers | David Singer | Mark Lassman | Robert O'Connell | | | | | |
| Long Island Power Authority | Public Power - Authorities | Kevin Jones | Jim Wittine | Dave Clarke | | | | | |
| New York Power Authority | Public Power - Authorities | Bob Deasy | ✓ William Palazzo | Kim Byham | | | | | |
| American Wind Energy Association | Public Power - Environmental | ✓ Valerie Strauss | Larry DeWitt | Douglas Ward | | | | | |
| Environmental Advocates | Public Power - Environmental | Anne Reynolds | Larry DeWitt | | Mike Jacobs | | | | |
| 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 | Matthew Benesh | ✓ Tim Bush | Jim Hamilton | Ken Moore | Jack Brown | | | |
| City of Jamestown Board of Pub. Util. | Public Power - Munis & Co-ops | ✓ David Gustafson | Wally Haase | John Oelbracht | Steven Kulig | ✓ 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 | | | | | | |
| 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 | Hubert Bianco | Anthony Fiore | ✓ Tom Rudebusch | | | | | |
| Village of Rockville Centre | Public Power - Munis & Co-ops | Paul Pallas | Jim Hamilton | Matthew Benesh | Jim Hamilton | Jack Brown | Ken Moore | ✓ Tom Rudebusch | |
| Village of Solvay | Public Power - Munis & Co-ops | Anthony Modafferi | ✓ Tim Bush | | | | | | |
| Village of Westfield | Public Power - Munis & Co-ops | Jim Hamilton | ✓ Tim Bush | Matthew Benesh | Jack Brown | Ken Moore | | | |
| Central Hudson Gas & Electric | Transmission Owners | Charles Freni | ✓ John Watzka | | | | | | |
| Consolidated Edison | Transmission Owners | Terry Agriss | ✓ Stuart Nachmias | ✓ Neil Butterklee | | | | | |
| National Grid | Transmission Owners | ✓ Jerry Ancona | Wes Yeomans | Janet Gail Besser | Herb Schrayshuen | Bart Franey | Terron Hill | | |
| 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 | | | |
| Ace Energy Company, Inc | Non-voting | Marie Pieniasek | Stephen Lynch | | | | | | |
| Boundless Energy, L.L.C | Non-voting | John Tompkins | Brian Chernack | Chuck Gilbert | | | | | |
| Caithness Energy, L.L.C | Non-voting | Ross Ain | Gary Keevill | Mitchell Garber | | | | | |
| 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 | | | | | | | |
| Energy Curtailment Specialists, Inc | Non-voting | Marie Pieniasek | Stephen Lynch | | | | | | |
| 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 | Penny Rubin | Rajendra Addepalli | | | | | | |
| Stealth Energy | Non-voting | Gad Cohen | | | | | | | |
| The Structure Group | Non-voting | Bob Furry | Alex Lago | | | | | | |
| Tom Halleran | Non-voting | Tom Halleran | | | | | | | |
| US Direct Energy Inc. | Non-voting | Marie Pieniasek | Stephen Lynch | | | | | | |
| 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 | | | | | | | | |
| zNew Member | Non-voting | None Assigned | | | | | | | |

NYISO and Hunton & Williams Members in Attendance:
 ✓ Ira Freilicher Hunton & Williams

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|-------------------|-------------------|----------------|------------|------------|------------|------------|------------|-------|-------|
| Kevin Jones | Hunton & Williams | | | | | | | | |
| James Schmidt | Hunton & Williams | | | | | | | | |
| ✓ Rob Fernandez | NYISO | | | | | | | | |
| ✓ Mark Lynch | NYISO | | | | | | | | |
| ✓ Nicole Bouchez | NYISO | | | | | | | | |
| ✓ Mollie Lampi | NYISO | | | | | | | | |
| Brad Kranz | NYISO | | | | | | | | |
| ✓ Bill Young | Hunton & Williams | | | | | | | | |
| ✓ Elaine Robinson | NYISO | | | | | | | | |
| ✓ Rana Mukerji | NYISO | | | | | | | | |
| ✓ Leigh Bullock | NYISO | | | | | | | | |
| ✓ Ray Stalter | NYISO | | | | | | | | |
| ✓ Debbie Eckels | NYISO | | | | | | | | |
| ✓ Garry Brown | NYISO | | | | | | | | |
| ✓ Charles Garber | NYISO | | | | | | | | |
| ✓ Frank Francis | NYISO | | | | | | | | |
| ✓ Rick Gonzales | NYISO | | | | | | | | |
| Jane Lathrop | NYISO | | | | | | | | |
| ✓ Ernie Cardone | NYISO | | | | | | | | |
| ✓ John Charlton | NYISO | | | | | | | | |
| Kathy Whitaker | NYISO | | | | | | | | |
| Andrew Hartshorn | NYISO/LECG | | | | | | | | |

Key:

✓ = In attendance