

NYISO Management Committee Meeting

June 21, 2005

Gideon Putnam Hotel

9:00 a.m. – 12 p.m.

Draft MINUTES OF THE MEETING

1. Introductions, Meeting Objectives & Chairman's Report

Larry Dewitt of Pace Energy, Chairman, called the meeting to order at 9:03 AM and welcomed the members of the Management Committee ("MC"). The meeting objectives are to:

- Act on May 25, 2005 and May 27, 2005 Minutes
- Act on Proposed Revisions to the NYISO Investment Strategy Options for Market Participant Cash Collateral
- Act on Proposed Revisions to rules for NYISO Startup and Shutdown Under-generation Penalties and Over-generation Payments
- Approval of Revisions to Attachment S and Attachment X of the NYISO Open Access

Mr. Dewitt announced that Mario De Valentino has agreed to be the Vice-Chair of the BSP effective immediately.

2. Approval of the Minutes from the May 25 and May 27, 2005 MC Meetings

Motion #1:

Motion to approve was moved by Ray Kinney and seconded by Neil Butterklee
Motion to approve the Minutes from the May 25, 2005 and May 27, MC meetings.

(Motion passed unanimously by show of hands)

2.3. President's Report

Charles King of the NYISO presented the President's Report on behalf of Mark Lynch, President and CEO of the NYISO, who was at the concurrent NYISO Board meeting.

Mr. King provided a status of the first two days of summer peak-load conditions since SMD2 implementation (June 13-14). He noted that the system performed well with no major operational issues.

Glenn Haake of IPPNY requested that the NYISO provide an update on the Sales Tax meeting with the Tax Department. Brad Kranz reported that he had been informed by Robert Fernandez, General Counsel, that the Tax Department is taking into consideration the different options available to address the tax issue. Any specific questions should be forwarded to Mr. Kranz for a more complete answer.

4. Billing Issues

Charles Garber, NYISO CFO, presented the billing issues update to the MC. Mr. Garber stated that the following items would be reflected in the February 2005 4-month true-up in the July 2005 invoice:

- February 2005 price corrections
- Day ahead margin assurance payment ("DAMAP") for reserves and regulation:
- February real-time sub-zonal load issue correction

Mr. Garber also noted that only May 8th and 9th ~~2000~~ will be reprocessed ~~on the July invoice~~ to comply with the March 4, 2005 FERC order regarding the ELR/ECA implementation. He added that the changes versus the prior billing for those days would be included as a manual adjustment on the July invoice. ~~(Note: Based upon Market Participant feedback and additional input at the BAWG Meeting on June 23, 2005, this plan was changed such that the entire month of May 2000 will be reprocessed and will be included in the July invoice.)~~

Steve Wemple of Con Ed Solutions asked, in reply to Mr. Garber's statement that May 8th and 9th will be rerun and a bill calculated for both days based on the delta, whether the calculation detail ~~calculation~~ for those days will be available to the Market Participants.

Mr. Garber agreed to report back to the MC regarding the level of details that can be provided to MPs on the May 8th and 9th bill calculation. [Note: Based upon subsequent Market Participant feedback and additional input at the BAWG Meeting on June 23, 2005, this plan was changed such that the entire month of May 2000 will be reprocessed as a re-bill and will be included in the July invoice.] ~~(See note above regarding the subsequent change in plans for handling May 8th and May 9th on the July 2005 Invoice.)~~

On the final bill closeout, Mr. Garber noted that the NYISO plans to proceed closing out five months at a time and eventually would like to accelerate the process in the Fall of 2005 to close out up to 12 months at a time.

5. Proposed Revisions to the NYISO Investment Strategy Options for Market Participants' Cash Collateral

-Mr. Garber, NYISO CFO, reviewed both the current practice and the proposed changes for managing Mmarket Pparticipants' cash collateral.

After researching ~~several~~numerous options, NYISO recommends transferring existing cash collateral deposits from Key Bank to BlackRock, Inc. BlackRock is the investment-banking arm of PNC Financial Services, has more than \$390 billion under asset management, and has experience managing ISO Market Participant's cash collateral deposits.

Mr. Garber discussed the details of a two-phased approach which will feature the use of two alternative money market funds (one taxable and one non-taxable) to be implemented in the August/September time frame, to be followed by a second phase which will incorporate the use of two additional bond funds that will occur in the October/November time frame, pending ~~the~~ approvals by the Board and approved by FERC of required tariff changes. Mr. Garber also reviewed the specific tariff changes required to implement this proposal.

Bruce Blewiss of DC Energy suggested modifying the specific tariff language to say "the customer election shall be in writing and shall not be changed more than allowable by internal ISO protocol."

Motion #2:

Motion to approve was moved by Bruce Bliewiss and seconded by Doreen Saia

The Management Committee (MC) hereby approves the proposal to allow for revisions to NYISO investment strategy options for Market Participant cash collateral, as noted in Phase II of the presentation to the MC on June 21, 2005 and approved by the Business Issues Committee on June 10, 2005. The MC hereby approves revisions to Attachment W of the Open Access Transmission Tariff, and Attachment K of the Services Tariff, as presented to the MC at the June 21, 2005 meeting, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend accordingly.

(Motion passed unanimously by show of hands)

6. Proposed revisions to the rules for NYISO Startup and Shutdown Under-generation Penalties and Over-generation Payments.

Robert Thompson, of the NYISO, reviewed the proposed tariff changes and associated implementation requirements for the removal of startup and shutdown generation penalties.

Following a brief discussion, Howard Fromer of PSEG requested that the minutes reflect that the startup period that is designated by a customer must be designated as a startup period within 24 hours of the schedule or else the unit would not be eligible for compensation and would be subjected to penalties.

Motion #3:

Motion to approve was moved by Howard Fromer and seconded by Mark Younger

The Management Committee (MC) hereby approves the proposed new rules to exempt generators of their under-generation penalties during startup and shutdown periods, and to authorize payment for all energy produced during these periods, as presented to the MC on June 21, 2005, and approved by the Business Issues Committee on June 10, 2005. The MC requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend the tariff accordingly.

(Motion passed unanimously by show of hands)

7. Approval of Revision to Attachment S and Attachment X of the NYISO Open Access Transmission Tariff.

Liz Grisaru of the NYISO presented the Approval of Revision to Attachment S and Attachment X of the NYISO Open Access Transmission Tariff.

Liam Baker of Reliant requested that the minutes reflect that the proposed amendments do not supercede the settlement agreements. Ms. Grisaru agreed.

Motion #4a:

Motion to approve was moved by William Palazzo and seconded by Glenn Haake

The MC hereby approves revisions to Attachment S of the NYISO Open Access Transmission Tariff, as presented to the MC at the June 21, 2005 meeting, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend the tariff in accordance with this motion.

(Motion passed unanimously by show of hands with abstentions)

Motion # 4b:

Motion to approve was moved by William Palazzo and seconded by Glenn Haake

The MC hereby approves revisions to Attachment X of the NYISO Open Access Transmission Tariff, as presented to the MC at the June 21, 2005 meeting, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend the tariff in accordance with this motion.

(Motion passed unanimously by show of hands with abstentions)

8. Project Status Update

Rich Dewey of the NYISO updated the MC on the SMD2 and upcoming software deployments. Mr. Dewey gave a presentation highlighting both the recent controllable lines and SMD2 enhancement deployments. The presentation also provided details on the upcoming June, July and September software deployments.

9. New Business

Doreen Saia of Mirant asked if the SMD2 is ready to accommodate the new operating protocol for the PSEG/Con Ed/PJM/NYISO 1000 MW wheel.

Mike Calimano responded that the NYISO intends to go over the operating protocol at the next Operating Committee and that the NYISO is on track for the July 2 implementation.

10. Adjourn

Meeting was adjourned at 11: 38

Management Committee Meeting

May 27, 2005
Gideon Putnam Hotel, Saratoga, NY

SUMMARY OF MOTIONS

Motion #1:

Motion to approve the Minutes from the May 25, 2005 and May 27, MC meetings.
(Motion passed unanimously by show of hands)

Motion #2:

The Management Committee (MC) hereby approves the proposal to allow for revisions to NYISO investment strategy options for Market Participant cash collateral, as noted in Phase II of the presentation to the MC on June 21, 2005 and approved by the Business Issues Committee on June 10, 2005.

The MC hereby approves revisions to Attachment W of the Open Access Transmission Tariff, and Attachment K of the Services Tariff, as presented to the MC at the June 21, 2005 meeting, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend accordingly.

(Motion passed unanimously by show of hands)

Motion 3:

The Management Committee (MC) hereby approves the proposed new rules to exempt generators of their under-generation penalties during startup and shutdown periods, and to authorize payment for all energy produced during these periods, as presented to the MC on June 21, 2005, and approved by the Business Issues Committee on June 10, 2005.

The MC requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend the tariff accordingly.

(Motion passed unanimously by show of hands)

Motion #4a:

The MC hereby approves revisions to Attachment S of the NYISO Open Access Transmission Tariff, as presented to the MC at the June 21, 2005 meeting, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend the tariff in accordance with this motion.

(Motion passed unanimously by show of hands with abstentions)

Motion # 4b:

The MC hereby approves revisions to Attachment X of the NYISO Open Access Transmission Tariff, as presented to the MC at the June 21, 2005 meeting, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act to amend the tariff in accordance with this motion.

(Motion passed unanimously by show of hands with abstentions)

New York Independent System Operator - Committee Membership

Management Committee - Attendance June 21, 2005 - Saratoga, 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	David Coup	Erin Hogan	Chris Hall	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					
Helmsley-Spear Inc.	End Use - Large Consumer	David Bonke	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					
Xerox Corporation	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					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer						
Calpine	Generation Owners	Thomas Kaslow	Tracee Bersani	✓ Richard Felak					
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					
Orion Power New York	Generation Owners	✓ Liam Baker	Bill Berg						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kampilla						
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	✓ Hemant Jain	Kevin Laguardia	Blas 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	Ken Bekman	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Ken Bekman	✓ Stephen Wemple						
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	Daniel Allegritti	✓ Glen McCartney	Mary Lynch	Carrie CullenHitt				
Coral Power, LLC	Other Suppliers	Matt Picardi	Marc Overdyk	Dave French					
DC Energy	Other Suppliers	✓ Bruce Bleiweis	Dean Wilde	Andrew Stevens					
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	Barry Huddleston	Jason Cox	Kevin White					
ECONergy	Other Suppliers	Saul Horowitz	Tom Halleran						
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	Roger Kelley	✓ 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	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		
PPM Energy	Other Suppliers	Donald Winslow	Murray O'Neil						
PP&L Energy Plus	Other Suppliers	Donald Winslow	Tom Hyzinski	✓ Joseph Langan	Sharon Weber				
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce						
Reliant Energy Services, Inc.	Other Suppliers	✓ Liam Baker	Mark Sudbey	John Orr					

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Management Committee - Attendance June 21, 2005 - Saratoga, 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	Francis Pullaro	Michael Swider	Jeffrey Knox	Brian Vayda				
Strategic Power Management, Inc.	Other Suppliers	Mario DiValentino	Thomas Folchi						
TransEnergie U.S. Ltd.	Other Suppliers	José Rotger	Michael Jacobs						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	Jim Parmelee	✓ Kevin Jones	Jim Wittine					
New York Power Authority	Public Power - Authorities	✓ Robert Hiney	✓ William Palazzo	Kim Byham					
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	✓ Tim Bush	Jim Hamilton	Matthew Benesh	Ken Moore	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ 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						
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			
Boundless Energy, L.L.C	Non-voting	John Tompkins	Brian Chernack	Chuck Gilbert					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro	Non-voting	Chuck Hewitt	John Tompkins						
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							
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							
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting								
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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
Kevin Jones	Hunton & Williams
James Schmidt	Hunton & Williams
Rob Fernandez	NYISO
Mark Lynch	NYISO
✓ Chuck King	NYISO

New York Independent System Operator - Committee Membership

Management Committee - Attendance June 21, 2005 - Saratoga, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
✓ Mollie Lampi	NYISO								
✓ Brad Kranz	NYISO								
✓ Kyla Douglas	NYISO								
✓ Elaine Robinson	NYISO								
✓ Andy Antinori	NYISO								
✓ Leigh Bullock	NYISO								
✓ Ray Staller	NYISO								
✓ Debbie Eckels	NYISO								
✓ Bob Thompson	NYISO								
✓ Mike Calimano	NYISO								
✓ Frank Francis	NYISO								
✓ Jacquie Ponds	NYISO								
✓ Rich Dewey	NYISO								
✓ Ernie Cardone	NYISO								
✓ Charles Garber	NYISO								
✓ Garry Brown	NYISO								
Andrew Hartshorn	NYISO/LECG								
✓ Belinda Thornton	NYISO								
Key:									
✓ = In attendance									