

NYISO Business Issues Committee Meeting

June 16, 2004

The Desmond
Albany, NY

Draft MINUTES OF THE MEETING

1. Introduction and Meeting Objectives

Mr. Jim Scheiderich, Vice Chairman, called the meeting to order at 10:01 AM and welcomed the members of the Business Issues Committee ("BIC").

Mr. Scheiderich indicated that Item 7 will be withdrawn from today's agenda.

2. Approval of the Minutes

Mr. Stalter reported that Ms. Saia, representing Mirant, added comments to the May 2004 minutes.

Mr. Niazi, of NYS Consumer Protection Board, requested that the NYISO review the comments submitted by Ms. Saia with Mr. Mount at R.J. Rudden to confirm his statements.

At the request of several members of the Committee, the vote for approval of the May minutes was postponed until the July BIC meeting.

3. Chair's Report

Mr. Scheiderich had no additional comments to provide.

4. Market Operations Report

Mr. King reported on Market Performance Highlights from May, 2004. Prices increased in May as a result of higher loads and increased fuel prices. DAM mitigation software was deployed on May 1st. This resulted in a significant decrease in DAM committed unit hours that were mitigated in New York City. Problems with the legacy system have resulted in a higher-level percentage of price reservations and corrections.

Mr. Brown gave an update on the recent TCC auction issue. There are two issues that must be resolved. There are excess revenues of approximately \$37 Million revenues

from the summer 2004 auction. Thus far the payouts of shortfall in the Day Ahead for this period is approximately \$6 million. The goal for the 2004 period is to determine a way to solve the problem before the shortfalls exceed the revenues.

Mr. Brown added that there is a proposal to accommodate TCC holders in a voluntary business deal that would allow them to forfeit some of the excess TCCs. Other proposals range from doing nothing to invalidating current auction results and hold another auction. More details are available in material that has been posted to the NYISO website.

Ms. Whitaker gave an update on SMD2. An Exercise Guide has been posted to the NYISO website. Market Exercises will be the next step to SMD2 implementation. The first of these exercises will begin on July 22nd. There will be full time coverage during the market exercises.

Ms. Whitaker added that the next SMD training will be on June 22nd. This will be held in Houston. Additional training is planned and can be found under the Market Training section of the NYISO website.

Mr. Scheiderich requested that the Exercise Guide be e-mailed to customers participating in Market Exercises. Ms. Whitaker agreed.

5. Regional Market Enhancements

Mr. Kranz gave an update on Northeast Seams Issues. The facilitated checkout implementation date has been pushed back from June 2004 date.

Mr. Kranz reported that the Board has approved the elimination of rate pancaking. The FERC filing is being developed.

With regards to E-Tagging, Mr. Fromer requested that the NYISO develop a document that describes what options a trader has when they encounter various types of tagging difficulties, and in what timeframes they have to make resolve the issues.

Mr. Buechler gave an update on the Interregional Coordination and Seams Issue Resolution Agreement between the NYISO and ISO New England.

6. Working Group Updates

Billing and Accounting – Mr. Kipers, of the New York Power Authority, reported that the next BAWG meeting has been moved to June 24th. At that meeting, a revised time line for final billing will be developed. The Meter Data Task force will be developing a manual for meter issues that are related to the settlement process. The Alternate Data Delivery project will be deployed July 7th and eventually replace static CSV billing files on

September 1st. The BAWG has confirmed that improved data reporting methods have resulted in load changes for the final bills for November 1999 to February 2000.

Mr. Scheiderich requested the BAWG review proposed process changes that would reduce true-up risk for non-TO LSEs.

Electric System Planning – Mr. Palazzo, of the New York Power Authority, reported that the group is trying to resolve the market participant differences on the comprehensive planning process. A lot of time has been focused on three areas: 1) the PSC role in the selection of regulated alternatives, 2) cost recovery for the regulated backstop, and 3) dispute resolution provisions. There will be a meeting later today to try to resolve outstanding issues.

Installed Capacity – Mr. Fromer reported that the group has been discussing the demand curve review process with Levitan and Associates, who are conducting an independent review of the existing demand curves for years 3 through 5 of the ICAP demand curve market. Levitan is developing a Report, which will be presented to the Working Group in the near future.

Interconnections Issues Task Force – No meeting has taken place since the last BIC meeting.

Market Structures – Mr. Scheiderich reported that the group has been discussing the recent TCC issue. The Group is currently reviewing the Transmission Service Manual and TCC Manual.

A proposal to address Combined Cycle modeling was also reviewed. There is agreement to go forward with ABB to develop modeling changes. The NYISO will be developing a Concept of Operations to bring to the next BIC meeting.

Price Responsive Load – Mr. Breidenbaugh reported on proposed changes to the Day Ahead Demand Response Program.

Scheduling & Pricing – Mr. Kinney, of New York State Electric and Gas, reported that there is a FERC order on physical self-supply. The NYISO will be making a compliance filing. There are continuing discussions on ECA-A.

7. TCC Manual Proposal

Withdrawn

8. Proposal Regarding Notice to the NYISO Market Place of Model Changes

Mr. Scheiderich presented a proposal that would require the NYISO to notify the Marketplace of model changes that would impact the Day Ahead and Real Time Markets.

Motion #1:

Requiring the ISO to Notice the Market Place of Model Changes that will Impact the Day Ahead and Real Time Markets

Whereas numerous changes are being made to the configuration of the power system, especially in the NYC area,

Whereas these changes may impact the scheduling of loads and resources and related price outcomes for both the Day Ahead and Real Time markets and impact on other venues such as TCCs,

Whereas changes to the configuration of loads, e.g. movement of loads from one area to another via transmission changes, also impact on schedules and prices,

Whereas such changes may be date certain to parties more directly involved with their specific needs but may not be clear or obvious to others that may also have interest in these changes,

Whereas new generators may or may not have weighting factors that impact on the calculation of zonal LBMPs,

It is hereby moved that the NYISO begin notifying the market place, as far as practicable in advance both by web posting and email, of the specific dates upon which changes to the models, related assumptions and contributing factors to the calculation of prices and schedules produced by the NYISO become effective.

Note that these changes are for permanent changes and not for items such as transmission elements on routine maintenance. Further, this requirement will not extend to routine model changes that are not expected to impact prices or flows in any substantive way.

Changes that may substantially affect operation of the ISO secured system would include but not be limited to:

- Addition/removal of specific transmission elements that would rearrange flows (e.g. series reactors), inhibit flows (e.g. PARs), increase (e.g. addition of parallel circuit) or otherwise reconfigure flow outcomes from the current ISO secured system,
- Addition/removal of specific supply resources that would result in changes to the weighting factors that are used to calculate zonal LBMPs,
- Addition of supply resources at their date of commercial operation
- Reconfiguration of loads or generation connections, including nominal amounts of load involved,
- Change to the assumptions used for certain model purposes (e.g. DA PAR schedules),

- Substantive changes to ratings or application of ratings to transmission elements (e.g. halfway split in use of LTE and STE ratings in NYC)

(Motion passed unanimously by show of hands with one abstention)

9. NYSIO Report on Metering Issues Review

Mr. Bowers discussed Metering Accuracy and Adequacy for Settlement of NYISO Markets. He noted that the importance of metering quality to the because NYISO market settlements process. R.J. Rudden has made several recommendations of what would be needed to shorten the settlement cycle. The majority of these recommendations require metering improvements.

Mr. Bowers stated that the NYISO would like to perform an adequacy assessment of current metering infrastructure. The NYISO would also like to create a joint CDAS/BAWG task force to help ensure market-wide involvement in metering quality.

Mr. Bowers also reported that the NYISO would be pursuing an RFP for consulting services to assess metering conditions, and perform cost/benefit analyses for upgrades and replacements.

10. New Business

Mr. Kranz reported that there would be a Generator Dispatching seminar conducted on June 21st in Syracuse.

11. Administrative Matters

Mr. Stalter stated that the Action Item list has now been posted.

12. Adjourn

Adjourn 12:26

NYISO Business Issues Committee

June 16, 2004

The Desmond Hotel, Albany NY

MOTIONS FROM THE MEETING

Motion #1:

Requiring the ISO to Notice the Market Place of Model Changes that will Impact the Day Ahead and Real Time Markets

Whereas numerous changes are being made to the configuration of the power system, especially in the NYC area,

Whereas these changes may impact the scheduling of loads and resources and related price outcomes for both the Day Ahead and Real Time markets and impact on other venues such as TCCs,

Whereas changes to the configuration of loads, e.g. movement of loads from one area to another via transmission changes, also impact on schedules and prices,

Whereas such changes may be date certain to parties more directly involved with their specific needs but may not be clear or obvious to others that may also have interest in these changes,

Whereas new generators may or may not have weighting factors that impact on the calculation of zonal LBMPs,

It is hereby moved that the NYISO begin notifying the market place, as far as practicable in advance both by web posting and email, of the specific dates upon which changes to the models, related assumptions and contributing factors to the calculation of prices and schedules produced by the NYISO become effective.

Note that these changes are for permanent changes and not for items such as transmission elements on routine maintenance. Further, this requirement will not extend to routine model changes that are not expected to impact prices or flows in any substantive way.

Changes that may substantially affect operation of the ISO secured system would include but not be limited to:

- addition/removal of specific transmission elements that would rearrange flows (e.g. series reactors), inhibit flows (e.g. PARs), increase (e.g. addition of parallel circuit) or otherwise reconfigure flow outcomes from the current ISO secured system,
- addition/removal of specific supply resources that would result in changes to the weighting factors that are used to calculate zonal LBMPs,
- addition of supply resources at their date of commercial operation
- reconfiguration of loads or generation connections, including nominal amounts of load involved,
- change to the assumptions used for certain model purposes (e.g. DA PAR schedules),
- substantive changes to ratings or application of ratings to transmission elements (e.g. halfway split in use of LTE and STE ratings in NYC)

(Motion passed unanimously by show of hands with one abstention)

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance June 16, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Alternate6	Alternate7	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	Gi Quiniones	Scott Butler	Jonathan Wallach						
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager								
ATCO Management Co.	End Use - Large Consumer	Peter DiCapua	Scott Petersen	George Diamantopoulos							
IBM Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager								
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager								
Praxair Inc.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager								
Xerox Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager								
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll							
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						
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumer	Herb Rose	MaryAnn Rothman	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						
New York Energy Buyers Forum	End Use - Small Consumer	Herb Rose	✓ David Borke	✓ Tariq Niazi							
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					
Refined Sugars, Inc.	End Use - Small Consumer	John Gebhard	John Gebhard	Catherine Luthin	✓ John Dowling	Jennifer Kearney					
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner								
AES NY	Generation Owners	Generation Owners	Doug Roll	✓ Christopher Wentlent							
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson								
Astoria Energy LLC	Generation Owners	Greg Banhazi	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	Robert Agnello	✓ Jeffrey Ellis	Peter Brown	Rich Mooney	Pam Van Horn				
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	James Brennan	Rich Hohlman	Joseph Vignola	James D'Andrea	Terrence Kain	Rich Rapp	Edwin Kichline	Sean Moore		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	Susann Felton	✓ Doreen Saia							
Orion Power New York	Generation Owners	✓ Liam Baker	Bill Berg								
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Blittig	Steve Kampilla								
Sithe Energies, Inc.	Generation Owners	✓ David Applebaum	Linda Clarke								
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry								
1st Rochdale Cooperative NYC	Other Suppliers	Gregory Wortham									
Advantage Energy, Inc.	Other Suppliers	Kyle Storie									
Agway Energy Services, Inc.	Other Suppliers	Russell Miller	✓ Jim Scheiderich								
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Bias Hernandez	George Braulke							
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	John Foreman	Steve Fernands	✓ Susan Chamberlin						
Constellation Power Source	Other Suppliers	✓ Glen McCartney	Mary Lynch	Daniel Allegretti							
Coral Power, LLC	Other Suppliers	✓ Matt Picardi	Mary Lynch								
DC Energy	Other Suppliers	✓ Bruce Bleiweis	Dave French								
Dominion Energy Marketing, Inc.	Other Suppliers	Wes Walker	Andrew Stevens	Matthew Tate							
Duke Energy North America, LLC	Other Suppliers	Stacy Dimou	Lou Oberski	Michael Bekker							
Dynegy	Other Suppliers	✓ Alan Foster	Del Disher								
ECOnergy	Other Suppliers	Saul Horowitz	Jason Cox	Kevin White	Tom May	Steve Vavrik					
EI Paso Merchant Energy	Other Suppliers	Tom Halleran	Tom Halleran								
Exelon Generation - Power Team	Other Suppliers	Asavari Alvarez	Asavari Alvarez								
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Jeff Moore	Linda Clarke	Regina Carrado							
FPL Energy	Other Suppliers	✓ David Applebaum	Tom Gesicki	✓ Mark Younger	Glenn Haake						
HQ Energy Services	Other Suppliers	Roger Kelley	Dan Wheeler								
KeySpan Energy Services	Other Suppliers	Fernando DaSilva	Christian Desilets	Paul Norris	Benoit Goyette						
Morgan Stanley Capital Group	Other Suppliers	Terrence Kain	James D'Andrea	Edwin Kichline	James Cross	John Vaughn					
NRG Power Marketing	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson						
NU / Select Energy	Other Suppliers	✓ Tim Foxen	Katie Sullivan	Peter Chamberlain							
Ontario Power Generation Inc.	Other Suppliers	✓ Jim Scheiderich	Gunnar Jorgensen								
PP&L Energy Plus	Other Suppliers	Tasos Karatsoreos	Jim Mastorakos	Ken Lacivita	Erica Cheung	Scott McArthur	Glenn Haake				
PSEG Energy Resources & Trade	Other Suppliers	Joseph Langan	Tom Hyzinski	Roland Moor	David Yannarell	Sharon Weber					
Reliant Energy Services, Inc.	Other Suppliers	✓ Howard Fromer	Michael LaFalce	Bob Logan	Dennis Sobieski						
Sempra Energy Trading	Other Suppliers	✓ Liam Baker	Bill Berg								
SESCO Enterprises, LLC	Other Suppliers	Dan Staines	Maria Agovino	✓ Scott Englander	Robert Fagan						
Strategic Energy LLC	Other Suppliers	Mike Schubiger	Jim Thoresen								
Strategic Power Management, Inc.	Other Suppliers	Francis Pullaro	Michael Swider	Jeffrey Knox	James McCormick	Matt Morais					
TransEnergy U.S. Ltd.	Other Suppliers	Mario DiValentino	Tom Folchi	Dan Duthie							
Williams Energy Marketing & Trading Co.	Other Suppliers	Michael Jacobs	José Rotger								
		David Singer	David Singer	Robert O'Connell							

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance June 16, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Alternate6	Alternate7	Proxy	Guest
Long Island Power Authority	Public Power - Authorities	James Parmelee	✓ Kevin Jones	Bill Killgoar							
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ Bob Gow	Paul Rougeaux	✓ Kevin Kipers						
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs						
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt								
Natl 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						
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush	Ken Moore							
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								
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardile	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown			✓ Tom Rudebusch	
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								
National Grid	Transmission Owners	✓ Bart Franey	Wesley Yeomans	Jerry Ancona							
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 Corporation	Non-voting	Ed Krapels	Brian Chernack	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								
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								
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	Jim Verna	Del Disher	Roberto Denis	
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
✓ Bill Booth	FERC
✓ Bob Ricketts	NYISO
✓ Chuck King	NYISO
✓ Garry Brown	NYISO
✓ Ernie Cardone	NYISO
✓ Elaine Robinson	NYISO
✓ Kristen Kranz	NYISO
✓ Leigh Bullock	NYISO
✓ Ray Stalter	NYISO
✓ Debbie Eckels	NYISO
✓ Brad Kranz	NYISO
✓ Rick Gonzales	NYISO
✓ Maria Sturgess	NYISO
✓ Nicole Boucher	NYISO
✓ Maria Sturgess	NYISO
✓ John Cutting	NYISO
✓ Gerald Deaver	NYISO
✓ Tim Gallagher	NYISO
John Charlton	NYISO
✓ Kathy Whitaker	NYISO
Andy Hartshorn	NYISO/LECG

Key:

✓ = In attendance