DRAFT

NYISO Management Committee Meeting Minutes

July 27, 2011
10:05 a.m. – 12:00 p.m.

1. Introductions, Meeting Objectives, and Chairman's Report

Mr. Stu Nachmias (Consolidated Edison), the Chair of the Management Committee (MC), called the meeting to order at 10:15 a.m. and welcomed the members of the MC. Meeting participants introduced themselves and their affiliations. There was a quorum.

2. Approval of MC Minutes – May 25, 2011 and June 14, 2011

Motion #1:

Motion to approve the minutes of the May 25, 2011 and June 14, 2011 Management Committee meetings.

Motion passed unanimously

3. President and CEO Report

Mr. Steve Whitley (NYISO) congratulated all transmission owner operators and crews, power plant operators, demand response providers and NYISO system operators during the July 21 and 22 peak days for job well done. He presented the President and CEO Report. Mr. Whitley discussed FERC Order 1000: Transmission Planning & Cost Allocation. Mr. Whitley said the NYISO is pleased with the FERC Order.

Overview

- Does not adopt a generic nation-wide approach—provides for regional flexibility
- Requires consideration of "public policy" requirements in planning & for cost allocation
- Cost allocation is based upon a "beneficiaries pay" approach in compliance with 6 "principles"
- A project must be adopted by both regional plans to be eligible for inter-regional cost allocation
- Retains a "FERC backstop" if agreement cannot be achieved on cost allocation
- Does not require interconnection-wide planning or cost allocation
- Eliminates ROFR—with some exceptions (e.g. – upgrades on existing ROWs)

Transmission Planning Requirements

- Each Transmission Provider (TP) must participate in a regional transmission planning process that meets Order 890 requirements
- Local & regional transmission planning processes must "consider" transmission needs driven by public policy requirements established by state or federal laws or regulations
- Transmission providers in "neighboring regions" must "coordinate" to determine if there are more efficient or cost-effective solutions to transmission needs of both regions.

Transmission Cost Allocation Requirements

- Each region must have a regional cost allocation method for new transmission selected in a regional transmission plan. This method must satisfy six regional cost allocation principles.

- Transmission providers in neighboring regions must have a common interregional cost allocation method for new interregional transmission that both regions determine to be more efficient or cost-effective. This “ex-ante” method must satisfy the six inter-regional cost allocation principles, including:
  - Allocation of costs to be “roughly commensurate” with benefits
  - A region that receives no benefit must not be allocated any costs
  - Costs cannot be involuntarily allocated to a region in which that facility is not located
- Participant funding will be permitted—but not as the regional or interregional cost allocation method

Right of First Refusal (ROFR)

- ROFR provisions must be eliminated from Tariff
- Does not apply to upgrades of existing facilities or on existing ROWs
- Final Rule removed the NOPR’s proposed “property rights” for non-incumbents
- Allows utilities to use competitive bidding
- Does not affect state or local laws or regulations
- Tariff must include a “backstop mechanism” , in the event of delays in a project

EFFECTIVE DATE & COMPLIANCE FILINGS

- Effective Date is 60 days following publication in the Federal Register
- Compliance filings on “most issues” due: 1 Year from the Effective Date
- Compliance filings on inter-regional coordination and cost allocation due: 18 Months from the Effective Date
- New requirements will apply to “new transmission facilities” arising from local or regional transmission planning processes after the effective date of the compliance filings (e.g. – after FERC approval)
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Ms. Mary McGarvey (NYISO) gave an update on the Infrastructure Master Plan. Ms. McGarvey said early in July, the NYISO completed the closing on the 20-year mortgage. The NYISO will have another closing on this loan later in the 3rd quarter once NYISO finalizes the remaining documentation required by the lenders. The NYISO cannot yet take draws on the loan, but will be able to later in the 3rd quarter once the additional documentation required by the lenders is submitted. NYISO is still looking at options to hedge the variable interest rate on the loan. This has proven more difficult than expected because many banks have declined to offer any interest rate swaps at this time. The NYISO is looking at all available options and will discuss further at the BPWG.

Mr. Rick Gonzales (NYISO) gave the COO Report and reviewed the market performance highlights. He also presented on NYISO operations with regards to the recent heat wave. He discussed the NYISO demand response programs and the load forecasting error on July 21 and 22. Mr. Whitley asked if the load on July 23, 2011 turned out to be a record peak for a Saturday. Mr. Gonzales said it was for Consolidated Edison and he suspected it was for the ISO as well.

Mr. Gonzales said the load forecasting error was one of the drivers for the NYISO to enact demand response statewide on July 22. The day ahead load forecasting error was on the order of 1600 MW. Mr. Fromer said 1600 MW day ahead load forecast deviation is big. Mr. Gonzales agreed. Mr. Fromer asked if NYISO has compared their load forecasting accuracy with other ISOs/RTOs. Mr. Gonzales said the NYISO’s Load Forecasting Task Force will review that information. Mr. David Clarke (LIPA) said in

August 2006, the NYISO provided emergency assistance to PJM. He asked if the NYISO did the same that last week. Mr. Gonzales said the NYISO did not engage in any emergency purchases or sales.

Mr. Gonzales noted that there were 876 MW of wind generation on July 21 and 270 MW wind generation on July 22. Mr Mike Mager (Multiple Intervenors) said wind is modeled at 10%, but it seems there was over 50% wind availability. He asked if the calculation needs to change. Mr. Gonzales said no because wind is variable, and normally on peak days, the wind is low. Mr. Mark Younger (Slater Consulting) asked what value was the NYISO assuming on that day. Mr. Gonzales said low values, operationally the NYISO accounts for the ICAP equivalent.

Mr. Younger asked about the demand response activation for transmission security operations: was that a first order contingency. Mr. Gonzales said it is following the first contingency to restore power flows. It is an operating requirement to restore transmission system back to acceptable thermal ratings. The NYISO looks at it from a capacity perspective. Mr. Younger asked if that was accounting for all GTs. Mr. Gonzales said all capacity.

Mr. Fromer asked if people leaving work early on Friday get accounted for in the load forecast. Mr. Gonzales said the NYISO's Load Forecasting Task Force will discuss this further. This was more of weather forecasting error, rather than a load forecasting modeling error.

Mr. Younger asked how does the NYISO make decisions on what upstate zones to call. Mr. Gonzales said Zone D had transfer limitations associated with Moses-South interface as the NYISO was scheduling day ahead imports from Ontario over the St. Lawrence interconnection. There were also angle regulating issues on those interconnections. NYISO was trying to hold the flow back coming south.

Ms. Doreen Saia (GenOn) asked if the 1400 MW figure of demand response throughout the whole state has been broken down by zones and if there was reduced participation in the downstate zones on July 22 from July 21. Mr. Gonzales said he doesn't have the data available, but there wasn't any reduced participation on the second day in southeast load zones.

Mr. Fromer asked if there were any voluntary appeals in the city. Mr. Gonzales said the PSC issued a press release to conserve. Mr. Nachmias said Con Ed issued a notice to conserve in certain areas of the city. Mr. Younger said Con Ed did a voltage reduction and that is not captured in the reconstituted load. Mr. Gonzales said correct. He said the NYISO's Load Forecasting Task Force will evaluate this. Mr. Younger said normally that work is done in early September, and people want ball park figures for demand response so that they can understand the impacts. And if they could provide information to MPs recognizing their load reduction programs alone separate from the ISOs. Mr. Saul Rigberg (Division of Consumer Protection – Department of State) said state agencies were directed to cut back their usage too. The NYISO should incorporate OGS data in their analysis.

Mr. Gonzales made two announcements:

1. The NYISO activated EDRP and SCR resources on 7/22. Following EDRP and SCR activation, the ISO validates scarcity pricing outcomes that occurred during the activation period. The NYISO's price validation process identified a number of pricing intervals on 7/22 from HB13 through HB17 which were not consistent with the expected scarcity pricing results. The NYISO timely reserved the affected intervals and corrected and validated all affected energy pricing intervals within the required three day timeframe. However, due to a number of technical issues, the ISO was not able to correct all affected Ancillary Service pricing intervals within the tariff required three calendar days.

The NYISO proposes to seek a tariff waiver of the three day price correction deadline that is set forth in Attachment E to the Market Services Tariff in order to permit it to complete the Ancillary Services price correction process for the 7/22 market day. The NYISO is providing this notice to its Market Participants for their information, and to seek Market Participant input on the NYISO's proposal to seek a tariff waiver so that it can complete the price correction process. The NYISO believes it is important to resolve the affected prices as quickly as possible and has already apprised FERC of this issue.

Ms. Saia asked when the NYISO sends the tariff waiver request to FERC, will the corrected prices be available to MPs once NYISO determines what were those corrected prices. Mr. Gonzales said NYISO will take that request in consideration and is hopeful that the NYISO could do that after the filing is made. Mr. Mager said it's better if NYISO acts consistently and transparent whenever this happens. Mr. Gonzales said this is the first time the NYISO has been unable to meet the deadline and the NYISO wants to notify the marketplace. Ms. Saia said the purpose of the three day deadline was to establish discipline on the process and that the NYISO has met that deadline at all times. Mr. Fromer said in filing to the FERC, the NYISO should explain to FERC why it couldn't complete the pricing in the three day window. Mr. Gonzales said NYISO will present lesson learned to MPs in the future if that information isn't ready in time for the waiver request. Mr. Nachmias asked that this be captured in the minutes.

Mr. Younger said NY had prices that were most interesting on July 21 than on the 22. He said many MPs view these pricing responses as inappropriate. He wanted to know what efforts the ISO will make so we don't have these outcomes happen in the future. Mr. Gonzales said Dr. David Patton has recommendation to better reflect pricing outcomes based on reliable need for activating demand response. The NYISO has that recommendation as a potential project. That will be discussed at Budget and Priorities Working Group. Mr. Younger said it is important for NYISO to show inefficiently low prices, as the NYISO so frequently shows when prices are inappropriately high. He said he called for this a year ago and it is captured previous meeting minutes. He expects the NYISO to come to those discussions highlighting the need to have this fixed before next summer. Mr. Younger said the tariff is unclear because scarcity prices are called for as a result of any number of reliability reasons. He said the tariff does not adequately allow efficient prices under these conditions and it needs to be corrected. Mr. Whitley said he was disappointed that this issue arose, but the NYISO wants to prioritize this issue. Mr. Brad Kranz (NRG) said he agreed with Mr. Younger and that this issue should not exist for another year.

2. Today the ISO activated its first phase in BRM initiatives. Late last week, ISO received commission approval to activate software to enable 15 minute transaction scheduling with HQ TransEnergie control area. This 15 minutes transaction scheduling is being used at this time.
Mr. Frank Francis (Brookfield) said Brookfield wants to see information on the 15 minute transaction scheduling and because the ISO updates its website hourly, could the website be updated every 15 minutes. Mr. Rana Mukerj (NYISO)i said NYISO could look into it.

4. Department of Energy – Smart Grid Project Update

Mr. Brian Zink (NYISO) reviewed the presentation included with the meeting material.
Mr. Fromer said the marketplace doesn't want to be surprised if the project goes over budget. Mr. Zink said the NYISO is on track to prevent that from happening. Mr. Rigberg asked what effect will this project have on line losses. Mr. Zink said we don't have ballpark figures now, but we plan on studying the issue. Mr. Whitley said $10 million in savings annually based on figures from Dr. Patton. He said NYISO can look into this in more detail.

5. Rate Schedule 1 Allocation

Mr. Chris Russell (NYISO) reviewed the presentation included with the meeting material. Rate Schedule 1 (RS1) required a vote of the MC during Q3 2010 to determine whether the NYISO should conduct a study of the allocation methodology for the NYISO's annual budgeted costs during late-2010 and 2011. If warranted by the results of the study, the modifications to the current annual allocation methodology are to be implemented by January 1, 2012. On July 21, 2010, the MC voted to require the NYISO to conduct a RS1 study. The scope of the study was discussed at the August and September 2010 BPWG meetings. The NYISO selected Black & Veatch (B&V) as the consultant to perform this study after the completion of an RFP process. The intent of the study was to have a fresh, independent review of RS1. B&V has met with the BPWG to discuss the study results. As part of its study, B&V developed two allocation scenarios that provided the upper and lower bounds of a reasonable costs allocation between load and supply. B&V recommends a change from the NYISO's existing 80%/20% split between load and supply to something closer to the midpoint (average) of the two allocation scenarios, which would result in a 72%/28% split between load and supply. This recommendation has not been reviewed by the NYISO Board yet.

Ms. Saia asked whether the B&V report had been modified since the May BMWG meeting to address MPs' comments at that meeting. Mr. Russell said no substantive changes were made to the B&V report since the May BPWG meeting.

Mr. Fromer asked why ERCOT was not included in the review of bundled rates. Mr. Russell explained that ERCOT was not considered a suitable comparison.

Mr. Ron Mackowiak (Entergy) asked whether the NYISO's statement in the presentation that generators may include RS1 costs as a variable costs in their reference level is specified in the tariff. Mr. Duffy said that this is not specified in the tariff; however, it is the NYISO's practice. The tariff does not specifically list variable operating costs such as RS1 costs.

Mr. Mackowiak asked if the NYISO had evaluated the impact of the proposed allocation on energy prices to consumers. Mr. Russell indicated that such an evaluation was not within the scope of the study. Mr. Mackowiak stated that the proposed RS1 allocation will increase energy prices because the additional RS1 costs to suppliers will be included in their reference levels.

Mr. Fernandez asked Mr. Mackowiak if he would expect a net increase in total costs to consumers arising from the cost increase to Generators. Mr.Mackowiak said certain segment of generators that hedge with forward long term contracts are not able to recover the 40% increase in RS1 costs, however ultimately, either way, consumers would pay for an increase in the RS1 allocation to suppliers. Mr.Mackowiak stated the only way energy prices will ultimately have a net increase in total costs to consumers is if the NYISO's budget increases. Generators that are parties to long term contracts cannot recover these costs, and thus, for that subset of generators, it is not a misnomer to say that the new proposed rate schedule cost allocation will result in a cost increase.

Mr. Younger asked whether the NYISO is prepared to say that RS1 is an appropriate variable cost. Mr. Fernandez and Mr. Duffy confirmed that RS1 is an appropriate variable cost.

Mr. Fromer asked whether B&V identified any significant changes to the services that the NYISO provides since the last study was performed. Mr. Russell said B&V did not perform such a comparison because they were instructed to conduct their own independent analysis. Mr. Lang said that B&V was not retained to do a comparative analysis, and the B&V study was intended as an independent review. Mr. Fromer said B&V arrived at different numbers of assumptions in how they want to allocate costs. Ms. McGarvey said B&V did not do a comparative study. Mr. Fromer asked if the NYISO is aware of any significant change in services that it provides since the last study was done. Ms. McGarvey said she had no immediate answer to that, because she would have to perform a line by line comparison of the previous study. Mr. Chris LaRoe (IPPNY) said that question was asked in the BPWG meeting. Ms. McGarvey said it was never the intent for B&V to examine each line item of the prior studies.

Mr. LaRoe asked if, considering all of the BRM initiatives, an analysis had been performed concerning the competitiveness of in-state resources vs. out of state resources as a result of neighboring ISOs having lower percentage paid by suppliers through RS1. Mr. Mackowiak asked whether an analysis had been performed concerning the impact of suppliers' NYISO RS1 rate becoming the highest RS1 rate among the Northeast/Midwest ISOs.. Mr. Russell stated that it had not.

Mr. Mackowiak asked if customers participating in nonphysical markets pay the FERC fees. Mr. Russell stated that they do. Mr. Fromer said that loads pay FERC fees at other ISOs and RTOs and noted that they are allocated to generators only in NY. Mr. Russell said that the BPWG is considering a separate proposal that would remove FERC Fees from the NYISO budget, but noted that the proposal would not change the allocation. Mr. Mager stated that the FERC fees component is not part of the RS1 proposal currently under consideration.

Mr. Nachmias clarified that the proposal on the agenda changes RS1 allocations from the current methodology and does not include the FERC Fee proposal still being discussed in BPWG. Mr. Fromer asked if B&V provided a explanation for why FERC Fees should be allocated differently in NY, but not in other regions. Ms. McGarvey said B&V did not. She said NYISO can provide a summary of how other ISOs allocate FERC Fees with the FERC Fee proposal being considered in BPWG. Mr. Lang asked if the FERC Fees were carved out in the parameters of B&V's study. Ms. McGarvey said the study said the FERC Fees allocations should be the same as the allocations for the NYISO's budget.

Mr. Mackowiak asked about the rationale for re-opening discussions regarding the allocation of RS1 every five years. Ms. McGarvey said NYISO proposed revisiting the RS1 allocation after an additional five years (2016) to be consistent with previous processes established and generally agreed-to by Market Participants. Mr. Mackowiak said it's like an open-ended checkbook. Ms. McGarvey noted that there was a clause in the motion from 2004 requiring significant changes in NYISO operations to warrant a revisit of the RS1 allocation, but more recent motions passed by the Management Committee had removed the "significant change" threshold. Mr. Fromer asked if NYISO was aware if other ISOs had recently reviewed their RS1-equivalent allocations or when such reallocations were revisited. Ms. McGarvey said California ISO recently completed a review of their cost allocation. B&V said CAISO reviews every 3-5 years, and CAISO has unbundled rates.

Mr. Fromer asked about the details of the cost allocation breakdown and how it compares to other ISOs. Mr. Lang noted that B&V had to do an independent analysis and not a comparative analysis. Ms. Saia said it is helpful to have a full discussion on the issue before it goes to a vote. Ms. Saia said she is concerned that a resolution hasn't been reached, and questioned whether the report has been adequately vetted. She suggested that the vote be postponed for a month. The MC Chair pointed out that this was on the agenda as a voting item, and parties can table the motion once a motion has been made. Mr. Whitley said NYISO staff supports the recommendation of the vendor and added if there was a settlement, NYISO supports a settlement.

Doreen Saia explained that MP concerns were raised at the May BPWG meeting, but due to on going negotiations, changes were not discussed at the June meeting. She requested the NYISO delay the vote for a month to allow MPs more time to review and understand the study. Ms. McGarvey replied that from a practical perspective the NYISO would not have an issue tabling the vote, but MC protocols would have to be followed. Mr. Gioia stated that the first draft of the study was actually presented at the April BPWG, the second at the May BPWG. Mr. Russell agreed with Mr. Gioia.

Mr. Mackowiak asked to table the motion for one month with anticipation that MPs are close to a settlement.

Motion #5a:

Motion to table motion #5.

Motion failed with 44.15% affirmative votes.

Mr. Mackowiak asked to amend the motion.

Motion #5b:

Motion to amend motion #5.

The MC approves the recommendation to revise the Rate Schedule 1 recovery allocations and further recommends that the NYISO BOD approve these determinations for filing under Section 205 of the Federal Power Act, amendments to the OATT proposed as part of Rate Schedule 1 and related provisions, as described in the presentation made to the MC on this date, July 27, 2011 and as modified to allow for a transition period in light of the significant cost allocation change as noted below. Tariff language will be provided to the Committee Chairs of the MC, BIC and OC prior to filing at FERC.

Year 1: 80%
Year 2: 78%
Year 3: 78%
Year 4: 72%
Year 5: 72%

Motion failed with 37.62% affirmative votes.

Vote on the original motion.

Motion #5:

The Management Committee (MC) approves the recommendation to revise the Rate Schedule 1 recovery allocations and further recommends that the NYISO Board approve these determinations for filing under Section 205 of the Federal Power Act, amendments to the OATT proposed as part of Rate Schedule 1 and related provisions, as described in the presentation made to the MC this date, July 27, 2011.

Tariff language will be provided to the Committee Chairs of the MC, BIC and OC prior to filing at FERC.

Motion passed with 67.03% affirmative votes.

6. Consumer Impact Analysis

Mr. Tom Rumsey (NYISO) reviewed the presentation included with the meeting material. He noted that the NYISO is the first ISO to conduct this analysis and is getting the attention of its neighbors. He also noted that a PSC Commissioner is championing this measure and took it to FERC. This analysis isn't just for the end use consumers, but for all sectors.

Mr. Fromer asked how would we see a market efficient improvement such as a correction to the scarcity pricing. Mr. Whitley said the reliability and cost impact metric would show as positive. Whitley also said 15 minute scheduling would show as positive under the environmental benchmark because that will allow greater penetration of renewable with more flexible scheduling.

Mr. Mager agreed with using triggers, but doesn't want triggers to be rigid because there may be fundamental market changes. Mr. Whitley said this a starting point, so as NYISO gets experienced with the analysis, the ISO will adapt accordingly. Mr. Bill Heinrich (NY Department of Public Service) asked why don't environmental impacts fall under the analysis triggers. Rumsey said the NYISO didn't purposely exclude it, but NYISO is unsure how to use it as a trigger. In fact, environmental impacts are linked to the technology category (flywheel technology, etc).

Mr. Rigberg asked for clarification that there will be graphs in the working group level for MP consideration. Rumsey said yes. Mr. Luke Tougas(Consolidated Edison) said Con Ed supports the inclusion of this information and that it informs the discussion in NYISO's stakeholder process.

Mr. Rumsey announced that the NYISO made an offer to an individual to serve as the consumer liaison and that person has accepted. This individual would become the process owner of this initiative.

Mr. Fromer asked how many analyses will NYISO perform each year. Mr. Mukerji said the NYISO has to be practical due to NYISO's limited resources. Mr. Clarke asked is there a way MPs could vote to do a review if an issue doesn't meet the trigger. Rumsey said these triggers are meant to guide the discussion. Nothing can prevent that. If it's a formal vote, or marginal evaluation criteria, we haven't discussed in detail on that. Mr. Clarke said collectively LIPA thinks it's a good idea. Mr. Whitley said the resources that NYISO is using on this initiative is inside , not additional headcount.

7. VSS Proposal

Mr. Brad Garrison (NYISO) reviewed the presentation included with the meeting material. Mr. Garrison noted that the NYISO has agreed to undertake a study where Con Edison requested that NYISO commit to a VSS study reviewing the magnitude and rate of historical generator performance failures, and past incidences of penalties and expulsions, to determine if the VSS changes are appropriate. Con Ed also proposed a timeline: within 2 months NYISO will report back to both SOAS and MIWG with a more detailed study scope and data necessary to conduct its study; within 6 months NYISO will provide a status report to SOAS and MIWG on the progress of the study and acquisition of relevant data; and within one year, the NYISO will review the completed study and recommendations at the SOAS, MIWG, OC and BIC. Ms. Whitaker agreed to the proposed timeline, although she noted that the analysis may be a going-forward analysis, as opposed to an analysis of historical data.
Mr. Fromer asked that the study's intent be reflected in the MC minutes.

<u>Motion #4</u>

The Management Committee recommends that the NYISO Board of Directors approve for filing with the Commission, amendments to the Market Services Tariff regarding ministerial changes to Rate Schedule 2 and revisions to the Voltage Support Services program as presented to the Management Committee on this day, July 27, 2011.
Motion passed unanimously with abstentions.

8. Default Provision Tariff Change

Ms. Sheri Prevratil (NYISO) reviewed the presentation included with the meeting material. The NYISO recommends adding language to the default notice to marketplace provision of the tariff (OATT Section 2.7.5.4), which would allow the NYISO to provide a dollar range of the payment and/or creditworthiness default.

The following dollar ranges would apply:

- <$100k
- $100k through $500k
- $500k through $1M
- $1M through $5M
- >$5M

Ms. Prevratil said she received a request to add new ranges of $5 to $10 million, and greater than $10 million. She said the NYISO had no problem with that request.

Mr. Fromer said this is well appreciated that MPs have raised before. Without this, everyone wants to know about the collateral. Mr. Kevin Lang (Multiple Intervenors) asked why does the NYISO need a tariff change to do this. Ms. McGarvey has said that counsel has advised that we need to have this language in the tariff. Mr. Francis said his concern is that why can't the NYISO put the actual amount of the default in the notice. Ms. Prevratil said that the entity may not want the dollar amount disclosed in the notice.

Motion #2:

The Management Committee (MC) hereby recommends that the NYISO Board of Directors authorize the NYISO to file with the Federal Energy Regulatory Commission (FERC), pursuant to Section 205 of the Federal Power Act, revisions to the NYISO's tariffs to enhance the default-notice to marketplace provision, as more fully described in the presentation made to the MC at the July 27, 2011 meeting.

Motion passed unanimously.

9. TCC Credit Policy Enhancements

Ms. Prevratil reviewed the presentation included with the meeting material. The NYISO staff asked Scott Harvey (FTI Consulting, formerly of LECG) to analyze data into the TCC markets to determine if the NYISO should pursue any potential revisions to the current TCC credit requirements.

Mr. Fromer asked if the changes being proposed with FERC Order 741, will they give NYISO greater tools. Prevratil said absolutely. There will be minimum participation criteria, TCC participants will be required to provide collateral of $500,000. In addition, MPs would be paying their congestion rents weekly in light of weekly invoicing. Mr. Fromer asked is there a proposal under discussion with what the NYISO does in terms of TCC instruments that accumulate liability. Sheri said ISO doesn't have the right to liquidate TCCs. NYISO is looking at this as part of the TCC multi duration project. This will be discussed at future Credit Policy Working Groups.

Motion #3:

The Management Committee (MC) hereby recommends that the NYISO Board of Directors authorize the NYISO to file with the Federal Energy Regulatory Commission (FERC), pursuant to Section 205 of the Federal Power Act, revisions to the NYISO's tariffs to enhance the TCC credit policy, as more fully described in the presentation made to the MC at the July 27, 2011 meeting.

Motion passed unanimously.

10. New Business

Ms. Debbie Eckels (NYISO) said Friday kicks off the vice chair selection process. Market Participants are requested to contact Ms. Eckels if interested**.** Meeting adjourned at 2:34 p.m.