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**NYISO Management Committee Meeting Minutes****September 27, 2011****10:05 a.m. – 12:00 p.m.**

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

Mr. Howard Fromer (PSEG), the Vice 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 – July 27, 2011****Motion #1:**

Motion to approve the MC minutes from the July 27, 2011 and August 31, 2011 meetings.

*Motion passed unanimously with an abstention*

**3. President and CEO Report**

Mr. Rick Gonzales (NYISO) reviewed the CEO and COO report included with the meeting material.

Mr. Mark Younger (Slater Consulting) asked about the causes for the low prices in August. Mr. Gonzales said that the LFTF is investigating.

Mr. Gonzales informed members that the previously reported Beck-Niagara outages were now postponed into the fourth quarter.

Mr. Rich Miller (Consolidated Edison) asked for an update on the July 22 scarcity pricing. Mr. Gonzales noted that NYISO previously discussed the topic at the Market Issues Working Group on August 29. He said that because of the uniqueness of the July 22 event, it was the first time scarcity pricing had been implemented statewide. NYISO was unable to correct the prices through the normal price validation process and therefore had to implement corrections to the production scarcity pricing software. Mr. Younger asked what will the NYISO do in the future. Mr. Gonzales said the NYISO would want the code to be as dynamic and be flexible as possible for future reliability constraints requiring demand response activation. Mr. Younger said he strongly supports these efforts.

**Infrastructure Master Plan (IMP):**

Mr. Rich Dewey (NYISO) gave an update of the IMP. He said the Carman Road project is making progress and is on track. The NYISO recently completed the enclosure of the structure and now is moving to the interior of the structure. The PCC held up well during Hurricane Irene and the torrential rain. The roof and the new addition wasn't completed at the time, but the overhead roof protection shielded the facility from the rain. The NYISO is still on target to complete the project by the end of the year. He provided pictures of the construction work.

For the Krey Blvd project, the NYISO is in the final stages of the completion of detailed designs and the bidding of the actual work. NYISO is happy with the prices that it has seen from a labor and material standpoint and will remain on budget. The NYISO expects the first phase of the construction project to begin in shortly.

Mr. Fromer asked about the evacuation event at the PCC. Mr. Dewey said that roofing contractors were using material too close to the air intake and created a concern with fumes. As a precaution, the NYISO

## ***Management Committee***

September 27, 2011 Meeting

Final Motions

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### Motion #1:

Motion to approve the Minutes of the July 27 and August 31 Management Committee meetings.

*Motion passed unanimously with an abstention.*

### Motion #2:

The Management Committee (MC) recommends that the NYISO Board of Directors approve for filing under Section 205 of the Federal Power Act, amendments to the Market Services Tariff as described in the presentation entitled, "Treatment of Solar Resources in the Capacity Market", made to the MC on this date, September 27, 2011.

*Motion passed unanimously.*

**New York Independent System Operator - Committee Membership**  
**Management Committee - September 27, 2011 - KCC - Parties Checked in Attendance**

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Alternate6	Alternate7	Proxy	Guest
AES	Generation Owners	Schaffer, Charlie	Evanoski, Dave	✓LaRoe , Chris							
Astoria Energy LLC	Generation Owners	McCall, Chuck	Habib , Phillipe								
Beacon Power Corporation	Generation Owners	Judson, Judith	Berlinski , Mike	Read , Isaac							
Calpine	Generation Owners	Kruse, Brett	Berend, Seth	Flumerfelt, John	Garcia, Max	Webb, David					
Cricket Valley Energy Center	Generation Owners	Wagner , Chad	De Meyere , Bob								
EDP Renewables North America LLC	Generation Owners	Lammers, Brian	Davidson, Gary	Stebbens, Tom							
East Coast Power, LLC	Generation Owners	Walsh, Dan	Haile-Mariam , Amanuel	Marczewski, John							
Edison Mission Marketing & Trading, Inc.	Generation Owners	Ellis, Jeff	✓Kramek , Mike								
Energy Nuclear Northeast	Generation Owners	Potkin , Marc	✓Mackowiak, Ron								
GenOn New York LLC	Generation Owners	Smith, Philip	✓Saia, Doreen	Lynch, Vicki							
Indeck Energy Services, Inc.	Generation Owners	Ferguson, Mike	Schrage, John	✓Younger, Mark							
Innovative Energy Systems	Generation Owners	Zeliff, Peter	Henningham, Scott	Koplas , David							
New Athens Generating Co. LLC	Generation Owners	Breen, Jack	DellOrto, Ken	DeVinney, Dan	Felak, Rich						
Noble Environmental Power LLC	Generation Owners	Silton , Harry									
Selkirk Cogen Partners, LP	Generation Owners	Biittig, Timothy									
TC Ravenswood, Inc.	Generation Owners	Taylor, William	DAndrea , James	✓Congel, Dan	Hachey, Mike						
BJ Energy LLC	Other Suppliers	Ni, Bing	Lee, George								
BP Energy Company	Other Suppliers	Sterba , Lisa	Briscoe , Judy								
Brookfield Energy Marketing	Other Suppliers	✓Francis, Frank	Ricketts, Robert	Whyte, Daniel							
Bruce Power	Other Suppliers	Loughrens, Chris									
Citigroup Energy Inc.	Other Suppliers	Yoho, Lisa									
Con Edison Solutions Inc.	Other Suppliers	Mah, Norman	Wemple, Steve								
Constellation Energy Commodities Group, Inc.	Other Suppliers	✓McCartney, Glen	Wentlent, Chris	Daniels, Tim							
Constellation New Energy	Other Suppliers	✓McCartney, Glen	Wentlent, Chris	Daniels, Tim							
Cross Sound Cable Company, LLC	Other Suppliers	Miller, John	Reinhart, Brian	Railing, Bradley	Rotger, Jose						
DC Energy	Other Suppliers	Bleiweis, Bruce	Carpenter, Chris	Stevens, Andrew	Tate, Matthew	Milberg, Sadao	Kuo, David	Kent, Aaron			
DTE Energy	Other Suppliers	Pakela, Gregory	Wieszczyk, Raymond	Norris, Paul							
Dynergy Power Marketing, Inc.	Other Suppliers	✓Ellis, Dean	Daley , Marty	Ziegler , Pete							
EDF Trading North America, LLC	Other Suppliers	Erbrick , Michael	LeForce , Randall								
EnerNoc	Other Suppliers	Brewster, David	Breidenbaugh, Aaron								
Energy Curtailment Specialists	Other Suppliers	Pieniasek, Marie	Lynch, Stephen	Korczykowski , Jim	✓Renninger , Matt						
Energy Spectrum	Other Suppliers	David, Gary	✓Ahrens, David	Pasch, Carrie	Neiburg, David	Iskowitz, Aron	Brown, Ruben				
Exelon Generating Co. LLC	Other Suppliers	Foster, Denise	Crowley, Jack								
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Gesicki, Tom	✓Younger, Mark								
GDF Suez Energy NA, Inc.	Other Suppliers	Levine , Jeffrey	Bice , Michael								
Galt Power	Other Suppliers	Fernands , Rochelle	✓Ackerman, Alan								
HQ Energy Services US	Other Suppliers	✓Vennes, Yannick	Plante , Matthieu	✓Leuthauser, Scott							
Hess Corporation	Other Suppliers	Sobieski, Dennis	Jain, Hemant	Laguardia, Kevin							
Innoventive Power	Other Suppliers	Gruber , Craig									
Integrus Energy Services of New York, Inc	Other Suppliers	Haugh, Michael									
J.P. Morgan Ventures Energy Corporatio	Other Suppliers	O'Connell , Robert	Cromarty , Chloe	Trejo , Robert							
Louis Dreyfus Highbridge Energy	Other Suppliers	Sun, Xijian	Cheong, Mei								
Morgan Stanley Capital Group, Inc.	Other Suppliers	Murray, Patrick	Kochonies, Karen	Kazarian, Levon	Ezickson, Doron	Markarian, Nikolai					
NRG Power Marketing Inc.	Other Suppliers	✓Kranz, Brad	Neal , David								
NextEra Energy	Other Suppliers	Applebaum, David	DaSilva, Fernando	Orzel , Chris							
Ontario Power Generation, Inc.	Other Suppliers	Anderson, Colin	✓Barr, David	Lacivita, Ken	Gell, Richard						
PPL EnergyPlus, LLC	Other Suppliers	Hyzinski, Tom	✓Weghorst, Brad	Weber, Sharon							
PSEG Energy Resource & Trade, LLC	Other Suppliers	✓Fromer, Howard	Lafalce, Michael								
RBS Semptra Energy Trading	Other Suppliers	Staines, Dan	Singh, Harry	Binder , Gerry							
Riverbay Corporation	Other Suppliers	Merola , Peter	Freedman , Herbert	✓Ahrens, David	Pasch, Carrie						
SESCO Enterprises, LLC	Other Suppliers	Schubiger, Michael	Thoresen, James								
Shell Energy North America, LLC	Other Suppliers	Picardi, Matt	Overdyk, Marc	French, Dave							
Strategic Energy L.L.C.	Other Suppliers	Comstock, Read									
TransCanada Power Marketing, Ltd.	Other Suppliers	Taylor, William	D'Andrea, James	✓Congel, Dan	Hachey, Mike						
U.S. Power Generating Co.	Other Suppliers	Baker, Liam	Reese, John								
Viridity Energy, Inc.	Other Suppliers	Wolfe , Sam									
Vitol Inc.	Other Suppliers	Wadsworth , Joe	Viola , Bob	Kam , Kenney							
Central Hudson Gas & Electric Corp.	Transmission Owners	Freni, Charles	✓Dittmann, David	Borchert , John							



<b>Organization</b>	<b>Sector</b>	<b>Representative</b>	<b>Alternate1</b>	<b>Alternate2</b>	<b>Alternate3</b>	<b>Alternate4</b>	<b>Alternate5</b>	<b>Alternate6</b>	<b>Alternate7</b>	<b>Proxy</b>	<b>Guest</b>
William P. Short	Non Voting	Short, William	Schaefer, Marc		Savage, Paul	Verna, Jim					

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evacuated and an environmental air quality team determined the building was safe. The NYISO operated the grid from the ACC. There were no reliability or market problems as a result.

#### **4. NYISO 2012-2014 Budget Overview**

Mr. Scott Brown (New York Power Authority) reviewed the presentation included with the meeting material. Mr. Brown updated members of the current budget process and reminded stakeholders that there will be a BPWG meeting on October 7 to discuss the budget further.

Ms. Saia said she noticed that the budget for MWh levels are higher than the Gold Book forecast. Mr. Henry Chao (NYISO) said the LFTF will discuss the forecast process for next year.

Mr. Fromer raised a concern about FERC fees being beyond anyone's control and asked what happens if the FERC fees significantly increase. Ms. Mary McGarvey (NYISO) said FERC Fees are in the budget; if stakeholders want to remove it, the NYISO will support that. She said the NYISO assumes there will be small growth, but the NYISO doesn't know what the assessment will be until it is received.

Mr. Miller asked if the timing of the Public Service Commission audit is changing? Ms. McGarvey said it may be delayed by a month. Mr. William Heinrich (NYS DPS) said the PSC will discuss it at the October session. Mr. Paul Gioia (representing TOs) asked about the spending for the audit and the gas/electric study. Ms. McGarvey said that the NYISO is paying for audit firm and the gas/electric study. Mr. Miller asked if NYISO can add the additional Operations employee in the 2013 budget. Ms. McGarvey said the NYISO is expecting 11 positions in 2013. She said the NYISO needs the position in 2012 to prepare for the new BES definition. She said stakeholders may want to discuss further at the upcoming BPWG.

Mr. Kevin Lang (Multiple Intervenors) raised a concern that the NYISO's revenue requirement is the second highest in the nation. Ms. McGarvey said the NYISO looks at that in the same light and is minimizing costs where possible. Mr. Fromer asked about NYISO's historical headcount growth. Ms. McGarvey said she can provide more details at the BPWG, but said that 2011 had 519 FTE. Mr. Miller asked about the IT positions. Mr. Dewey said he can provide more details at BPWG, but he noted that last year the NYISO reduced contractors and replaced them with the equivalent number of employees in software development in order to lower professional fees. Mr. Lang commented that the MC should be aware that this was a one shot last year and now NYISO is increasing costs next year for additional projects. He said he would like to have a discussion at the BPWG.

Mr. Fromer asked about the historical trends for project costs in the budget. Ms. McGarvey said that number has averaged \$20 million. Mr. Lang said there needs to be moderation with future projects and the NYISO needs learn how to say no.

Mr. Miller noted that Con Ed has long asked for a multi-year budget, but was concerned if the budgets reflect efficiency savings. Mr. Fromer expressed a concern with a three year budget commitment. Mr. Rich Bolbrock (MEUA) asked for a narrative for additional headcount in the future. Mr. Lang seconded. Mr. Chris LaRoe (IPPNY) comment that the \$4.1 million increase in the 2014 budget is very high. Mr. LaRoe asked if stakeholders would vote separately on the 2012 budget and the 2013-2014 budgets. Mr. Brown said this remains an open issue. He asked MPs to provide feedback. Mr. Fromer reminded stakeholders of the obligation to adopt a budget for 2012. He urged members to participate at the BPWG meeting so that there will be broad representation and that concerns can get resolved. Mr. Fromer thanked Mr. Brown for shepherding the budget process.

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**5. Treatment of Solar Resources in the Capacity Market**

Mr. Will Dong (NYISO) reviewed the presentation included with the meeting material. The tariff and ICAP Manual do not specifically address ICAP market provisions for solar resources. Solar resources are expected to enter the NYISO's market in late 2011. The NYISO proposes the following changes: define methods to calculate the Unforced Capacity for i) existing solar resources and ii) new solar resources; and exclude solar resources from the Day Ahead Market (DAM) bidding and scheduling. Due to its dependence on solar energy as fuel, which is beyond the control of the Generator or Installed Capacity Supplier, solar resources should not be required to bid into the DAM. These changes were approved by the September 14, 2011 BIC meeting.

Mr. Jackson Morris (PACE Energy and Climate Center) asked about LIPA's request from the BIC meeting re: the NYISO to look at historical data for HB 13? Ms. Gloria Kavanah said the NYISO would provide a report within a year to stakeholders.

**Motion #2:**

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*Motion passed unanimously.*

**6. New Business**

No new business