

October 10, 2002

## NYISO Business Issues Committee Meeting Minutes

*Special Meeting Via Conference Call on the TCC Credit Policy Proposal*

### **I. Welcome and Meeting Objectives**

Mr. Larry Dewitt, Vice Chair of the Business Issues Committee, called the teleconference to order at 10:33 A.M. He noted that the objective for today's meeting is to discuss and act on the TCC Credit Policy Proposal. Also, Mr. Kevin Jones, representing the NYISO, plans to describe NYISO's concerns and offer amendments to the original proposal.

### **II. Motion to Amend the TCC Credit Policy**

Ms. Doreen Saia, on behalf of Mirant Corporation, distributed her proposed amendment and accompanying presentation on the TCC Credit Policy beforehand. The rationale for her proposed TCC Credit Policy Amendment is to address exposure attributable to congestion rent obligations of Primary Holders in excess of collateral required at time of TCC auctions. The motion she presented is as follows:

It is hereby moved that the proposal to offset collateral requirements for TCCs as more specifically delineated in the October 10, 2002 BIC meeting TCC presentation is approved. The BIC requests that the Management Committee approve this motion at its October 16, 2002 meeting and the BIC further requests that the NYISO Board approve this motion as soon thereafter as possible to include this proposal in the overall TCC credit filing to be made with the FERC expeditiously.

### **NYISO's Amended Motion**

Mr. Kevin Jones, on behalf of the NYISO, presented an amended motion to Ms. Saia's original amendment. Mr. Jones stated that because of issues that may arise in bankruptcy, the NYISO is unable to support the amendment to the TCC Credit Policy that would have netted collateral requirements for offsetting TCCs. However, the NYISO does think that the second part of the TCC Credit Policy ("Part B") should be more clearly described. The NYISO has offered an amendment to the Motion to approve a change to Part B of the TCC Credit Policy.

Mr. Stuart Nachmias, of Consolidated Edison, noted that Mr. Jones' amendment was distributed too late for reviewing. He asked that the Meeting Minutes note that BIC Meeting Materials need to be provided earlier.

Several Market Participants, including Mr. Jim Scheiderich, of Select Energy, and Mr. Alan Babp, of PP&L Energy Plus, noted that there is no industry agreement as to what the term "Mark-to-Market" means and that clarification is needed in the proposed amendment. Mr. Nachmias, however, believed that "Mark-to-Market" is a well-known concept and that the NYISO is using a consistent methodology throughout the proposal. For clarification, Ms. Saia

suggesting inserting the following language in the proposal: “as defined for these purposes...according to the formula below.” Mr. Scheiderich agreed with Ms. Saia’s insertion.

The BIC then voted upon the following motion:

**Motion #1:**

It is hereby moved that the proposal to clarify the second part of the TCC Credit Policy, as presented and modified in the October 10, 2002 BIC meeting TCC presentation, is approved. The BIC requests that the Management Committee approve this motion at its October 16, 2002 meeting and the BIC further requests that the NYISO Board approve this motion as soon thereafter as possible to include this proposal in the overall TCC credit filing to be made with the FERC expeditiously.

***(Motion passed unanimously with abstentions, by polling members for abstentions and objections)***

The motion passed unanimously with abstentions from the following organizations:

- Mirant New York, Inc.
- Exelon Generation – Power Team
- KeySpan Energy Services
- Select Energy
- Indeck Energy Services
- Beth Israel Health Care System
- Columbia University
- Mount Sinai Medical Center
- New York Presbyterian Hospital
- New York University
- Refined Sugars, Inc.

### **III. Adjournment**

Mr. Dewitt adjourned the meeting at approximately 11:15 P.M.

Respectfully submitted,  
Valerie L. Ross  
Recording Secretary, Business Issues Committee

## **NYISO Business Issues Committee Meeting**

October 10, 2002  
Special Meeting Via Conference Call

### **SUMMARY OF MOTIONS**

#### **Motion #1:**

It is hereby moved that the proposal to clarify the second part of the TCC Credit Policy, as presented and modified in the October 10, 2002 BIC meeting TCC presentation, is approved. The BIC requests that the Management Committee approve this motion at its October 16, 2002 meeting and the BIC further requests that the NYISO Board approve this motion as soon thereafter as possible to include this proposal in the overall TCC credit filing to be made with the FERC expeditiously.

***(Motion passed unanimously with abstentions, by polling members for abstentions and objections)***

**New York Independent System Operator - Committee Membership**

**Business Issues Committee - Attendance October 10, 2002 - Via Conference Call - 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							
The City of New York	End Use - Gov. Agency/Aggr.	✓ Michael Delaney	Richard Miller	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	Christian Lenci	✓ 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	Marjorie Ochrach	Ted Lee	Judith Mondre	✓ Tariq Niazi			
Citizens Advisory Panel	End Use - Small Consumer	Gordian Raacke	✓ Larry DeWitt						
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumer	Herb Rose	MaryAnn Rothman	Marjorie Ochrach	Ted Lee	Judith Mondre	✓ 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 Energy Buyers Forum	End Use - Small Consumer	Marjorie Ochroch	Ted Lee	David Bomke	✓ 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	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Doug Roll	Charles Sjoberg	✓ Christopher Wentlent					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	William May	Leonard Singer						
Calpine	Generation Owners	John Eff	Thomas Kaslow	Richard Felak					
East Coast Power	Generation Owners	Roy Shanker	Gary Keevill						
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Robert Agnello	Jeffrey Ellis					
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	William Stone	Ron Mackowiak					✓ Glenn Haake
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
KeySpan Ravenswood, Inc	Generation Owners	Rich Hohlman	Joseph Vignola	✓ Dick Ackerson	James D'Andrea	Terrence Kain	Ron Lukas		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	None Assigned	None Assigned	✓ Doreen Saia	Couch White			
NRG Energy	Generation Owners	Joe DeVito	Frank Rapley	Paul Savage	Marc Dworkin	Ruben Brown	Peter Chamberlain	Chris Young	
Orion Power New York	Generation Owners	John Reese	Bruce Bleiweis						
PG&E Generating	Generation Owners	Steve McDonald	Jeff Simmons						
PSEG Energy Resources & Trade	Generation Owners	Howard Fromer	Michael LaFalce	✓ Bob Logan	Dennis Sobieski				
Sithe Energies, Inc.	Generation Owners	None Assigned	✓ Garry Brown	David Applebaum					
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
Aaron Breidenbaugh	Non-voting	Aaron Breidenbaugh							
Caithness Energy, L.L.C	Non-voting	None Assigned	Jack Feinstein						
Cianbro Corporation	Non-voting	Ed Krapels	Brian Chernack	Paul Flemming					
Hudson River Energy Group	Non-voting	Frank Radigan							
NYS Department of Public Service	Non-voting	Tom Dvorsky	Bill Heinrich						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
1st Rochdale Cooperative NYC	Other Suppliers	Gregory Wortham							
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Keith Mills						
American Electric Power (AEP) Srvc. Corp.	Other Suppliers	Ron McNamara	Tom Chapman						
Aquila Energy Marketing Corp.	Other Suppliers	Jason Stever	Peter Brown	David Wiesner	Pamela VanHorn	Richard Mooney	✓ Susan Chamberlin		
Cinergy Capital and Trading	Other Suppliers	Jan Bagnall	John Ambrose						
Con Edison Energy	Other Suppliers	Stephen Wemple	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Stephen Wemple	Rich Staines						
Conectiv	Other Suppliers	Steve Huntoon	Bill Fehr						
Constellation Power Source	Other Suppliers	Glen McCartney	Mary Lynch	Daniel Allegretti					
Coral Power, LLC	Other Suppliers	Marc Overdyk	Dave French						
Dominion Energy Marketing, Inc.	Other Suppliers	Lou Oberski	Harold Adams						
Duke Energy North America, LLC	Other Suppliers	Ronald Matlock	Del Disher	Tom Bankert					
Dynegy	Other Suppliers	Matthew Picardi	Reed Armstrong						
El Paso Merchant Energy	Other Suppliers	Roy Shanker	Gary Keevill	✓ Russel Like					
Energetix, Inc.	Other Suppliers	Barney Farnsworth	Gerald Strassner						
Exelon Generation - Power Team	Other Suppliers	Eric Olson	✓ Garry Brown	Linda Clarke	Regina Carrado	David Applebaum			
FPL Energy	Other Suppliers	Bill Fenerty	Dan Wheeler						
HQ Energy Services	Other Suppliers	Michel Prevost	Paul Norris						
KeySpan Energy Services	Other Suppliers	Ron Lukas	Ruben Brown	Peter Chamberlain	John Smith				

**New York Independent System Operator - Committee Membership**

**Business Issues Committee - Attendance October 10, 2002 - Via Conference Call - Parties Checked in Attendance**

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				
New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Steve Fernands					
NU / Select Energy	Other Suppliers	✓ James Scheiderich	Gunnar Jorgensen						
Ontario Power Generation Inc.	Other Suppliers	Tasos Karatsoreos	Brian McConville	Ken Lacivita	Scott McArthur	Erica Cheung			
PP&L Energy Plus	Other Suppliers	Jim Strobel	Harry Tom	Roland Moor					✓ Alan Babp
Reliant Energy Services, Inc.	Other Suppliers	Bruce Bleiweis	John Reese						
Sempra Energy Trading	Other Suppliers	✓ Tom Halleran	Dana Volpe	✓ Russel Like	Mally Becker	Bob Chilton			
Strategic Energy LLC	Other Suppliers	Michael Swider	Jeffrey Knox	James McCormick	Helen Caldwell				
Strategic Power Management, Inc.	Other Suppliers	Mario DiValentino	Tom Folchi	Dan Duthie					
Transalta (formerly MEGA)	Other Suppliers	None Assigned	John Carmody						
TransÉnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	José Rotger						
Williams Energy Marketing & Trading Co.	Other Suppliers	Marji Philips	David Singer	Dennis Keener					
Long Island Power Authority	Public Power - Authorities	✓ James Parmelee	Alan Elberfeld	Kevin Jones					✓ Bill Killgoar
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ Bob Gow	Paul Rougeaux					
American Wind Energy Association	Public Power - Environmental	David Wooley	✓ Larry DeWitt						
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	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown		✓ Tom Rudebusch	
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	Ken Moore	✓ Tom Rudebusch	Paul Pallas				
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tom Rudebusch	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	Robert Kortright	Anthony Fiore					
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardile	Ken Moore	Jim Hamilton	Jack Brown	Matthew Benesh	Paul Pallas	✓ Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	Ken Moore	Matthew Benesh	Jack Brown	Paul Pallas		✓ Tom Rudebusch	
Central Hudson Gas & Electric	Transmission Owners	James Valteau	✓ Thomas Canino	Jeff May	Rick Greener				
Consolidated Edison	Transmission Owners	✓ Stuart Nachmias	Gerry Dunbar						
National Grid	Transmission Owners	Wes Yeomans	Jerry Ancona	✓ Bart Franey					
NY State Electric Gas (NYSEG)	Transmission Owners	Rick Mancini	Laurie King-Pirchner	Gerald Walter	✓ Ray Kinney	John Kobuskie	Dave Kimiecik		
Orange & Rockland, Inc.	Transmission Owners	Gary Rozmus							
Rochester Gas & Electric	Transmission Owners	Laurie King-Pirchner	Gerald Walter						
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							

**NYISO and Hunton & Williams Members in Attendance:**

Ira Freilicher	Hunton & Williams
Kathy Robb	Hunton & Williams
✓ Kevin Jones	Hunton & Williams
✓ Elaine Robinson	NYISO
✓ Phil Goozee	NYISO
✓ Kristen Kranz	NYISO
✓ Ray Stalter	NYISO
✓ Kyla Douglas	NYISO
✓ Valerie Ross	NYISO
✓ Gerald Deaver	NYISO
✓ John Cutting	NYISO

**Key:**

✓ = In attendance