

BUSINESS ISSUES COMMITTEE AGENDA

Tuesday, February 13, 2007

3 p.m. to 4:30 p.m.

Teleconference

1. Welcome

Mr. Bill Palazzo (NYPA), Chairman of the Business Issues Committee (BIC), called the meeting to order at 3:10 p.m. and welcomed the members of BIC.

2. Proposed Changes to Transmission Constraint Scheduling and Pricing Rules

Mr. Michael Martin (NYISO) and Mr. Rick Gonzales presented the report, which was e-mailed to BIC members and is posted on the NYISO Web site (www.nyiso.com).

Recommendations of the report are:

- The implementation of the proposed improved transmission constraint pricing will improve the consistency of current operational practices related to ISO transmission grid operations and efficient generation resource scheduling.
- Based on the historical analysis and the testing and review of the operational and reliability impacts, NYISO recommends that the transmission constraint pricing threshold be set to \$4000/MWh.
- Similar to the existing ISO operation using Operating Reserves Demand Curves, the proposed transmission constraint pricing threshold will not limit the actions that can be used by ISO Operations staff to address transmission constraints in the event generating resources are available but have not been scheduled.

Mike Mager (Multiple Interveners) asked if a tariff change would be required.

Mr. Martin said it will.

Mr. Mager asked if the current number was in the tariff.

Mr. Gonzales said the current number is not a single number. It is a multiplier of the highest energy supplier's offer cost.

Mr. Martin said the NYISO's intention is to add this issue to the March 1 Management Committee agenda. In advance, tariff revisions would be distributed by Feb 22. If it is approved by MC, it would go to Board of Directors for the March meeting. A FERC filing is expected in early April and it would be implemented in early June.

Norman Mah (ConEd) said he was not sure if the \$4,000 figure would go into the tariff. He said it is the best guess of the signature of a bad schedule.

Mr. Martin said the \$4,000 represents a number the NYISO is very comfortable with. No scenarios where a re-dispatch of over \$4,000 was appropriate were found, so the NYISO believes it is a good, conservative number from a reliability standpoint.

Mr. Mah asked if the measure is approved, would the \$4,000 price be lowered after realizing, with more experience using the system, that there is still a need to intervene frequently?

Mr. Martin said there is good precedent with the operating reserve demand curves prices, which were put in the tariff along with a proviso that those values could be subject to review and revisions.

Mr. Mah said the operating demand curve prices are different. With this \$4,000 price tag, there is an attempt to determine if it a signature of a bad schedule. It is hard to tell because price alone is not the only factor.

Mr. Gonzales said it is difficult to line up a handful of intervals to those price corrections that have been labeled operationally ineffective dispatches. There are other causes of price corrections.

Mr. Gonzales said it will have caveats in place, including the NYISO's Market Advisor's review and the NYISO review from a reliability standpoint. It can be subject to change going forward, but it would be through the tariff change process.

A motion was made and seconded.

Mr. Younger made a minor revision to the motion, to put a comma after the word "operations" in the last line, and at the end put "efficient generation resource scheduling and pricing." The intent is to eliminate the inefficient dispatches and bring these closer together.

Mr. Mager asked that the minutes reflect the NYISO's response that the \$4,000/MWh level is to be in the tariff.

Mr. Martin said the specific tariff modifications will be published in advance.

Motion #1:

The Business Issues Committee (BIC) hereby recommends that the Management Committee (MC) approve revisions to the NYISO's Market Administration and Control Area Services Tariff so that scheduling and pricing in the Day-Ahead and Real-Time Market may incorporate a shortage

cost of \$4000/MWh associated with the inability to meet a transmission constraint requirement. As presented to the BIC on February 13, 2007 the implementation of the fixed transmission constraint scheduling and pricing threshold will improve the consistency of ISO transmission grid operations, efficient generation resource scheduling, and pricing.

(Motion passed unanimously)

The meeting was adjourned at 4:03 p.m.

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance February 13, 2007 - Albany, 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	Karl Michael	✓ David Coup	Erin Hogan	Christopher Hall			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Craig Wilson			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Atco Properties & Management Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos						
IBM Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
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	Doug Roll	Charles Sjoberg	Christopher Wentlent	Dave Evanoski				
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer	Chuck McCall					
Calpine	Generation Owners	Brett Kruse	Kris Zadlo	Brent Hebert					
East Coast Power Linden Holding LLC	Generation Owners	✓ Roy Shanker	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					
Horizon Wind Energy	Generation Owners	Anntonette Alberti	Patrick Doyle	P.J. Saliterman	Charlie Turlinski	Scott Alexander	Greg Kemmis		
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
KeySpan Ravenswood, LLC	Generation Owners	Rich Hohlman	Joe Vignola	Jim Brennan	Jim D'Andrea	Madison Milhous	Edwin Kichline		
Mirant New York, Inc.	Generation Owners	✓ Philip Smith	Vicki Lynch	✓ Doreen Saia					
New Athens Generating Co.	Generation Owners	Jack Breen	Chris Bursaw	Dan DeVinney	Rich Felak				
Noble Environmental Power LLC	Generation Owners	Thomas Swank	Liz Grisaru						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Bittig	Steve Kampplia						
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
AB Energy Inc.	Other Suppliers	Andrew Bachert							
Advantage Energy, Inc.	Other Suppliers	Mark Hess							
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Blas Hernandez	George Braulke					
Brookfield Energy Marketing Inc.	Other Suppliers	✓ Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	Walt Yeager						
Con Edison Solutions	Other Suppliers	Stephen Wemple	Rich Staines						
Conectiv	Other Suppliers	Robert Steele	Tony Gabrieli	Gloria Ogenyi					
Constellation Energy Commodities, Inc.	Other Suppliers	Glen McCartney	Dan Allegretti	Tim Daniels					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine							
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chau Shen				
Coral Power, LLC	Other Suppliers	Matt Picardi	Dave French						
Cross Sound Cable Co.	Other Suppliers	John Miller	Brian Reinhart	Bradley Railing	Jose Rotger				
DC Energy	Other Suppliers	Bruce Bleiweis	Andrew Stevens	Matthew Tate	Sadao Milberg	Chris Carpenter	Matthew Tate		
Dynegy	Other Suppliers	Barry Huddleston	Jason Cox	Kevin White					
ECONergy	Other Suppliers	Saul Horowitz	Tom Halleran						
Energy Curtailment Specialists, Inc	Other Suppliers	Glen Smith	Stephen Lynch	Marie Pieniazek	Robert Boyle				
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskowitz	Ruben Brown	Arthur Pearson			
EnerNoc	Other Suppliers	David Brewster	Aaron Breidenbaugh						
Epic Merchant Energy NY, LP	Other Suppliers	Michael Kinsey	Robert Erbrick	Pierre Tournois	Erik Abend	Gordon Scott	Wesley Anderson		
Exelon Generating Co. LLC	Other Suppliers	Denise Foster	Jack Crowley						
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	✓ Glenn Haake				
FPL Energy	Other Suppliers	✓ David Applebaum	Fernando DaSilva	Ron Scheirer					
Galt Power	Other Suppliers	✓ Rick Mancini	Stephen Fernands						
HQ Energy Services	Other Suppliers	Michel Prevost	Paul Norris	Erik Bellavance					
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				

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NRG Power Marketing	Other Suppliers	Jim Mayhew	Lee Davis						
Ontario Power Generation Inc.	Other Suppliers	Scott McArthur	Dave Barr	Ken Lacivita	Erica Cheung	Scott McArthur	✓ Glenn Haake		
PPM Energy	Other Suppliers	Thresa Allen	T.H. Rawls	Tom Shields					
PP&L Energy Plus	Other Suppliers	✓ Joseph Langan	Tom Hyzinski	Roland Moor	David Yannarell	Sharon Weber			
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce	Bob Logan	Dennis Sobieski				
Sempre 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	Jason Barker	Jeff Knox	Pamela Melton					
TransEnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	Raymond Coxie						
U.S. Power Generating Co.	Other Suppliers	✓ Liam Baker	Mark Sudbey						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	Kevin Jones	✓ Dave Clarke						
New York Power Authority	Public Power - Authorities	✓ William Palazzo	✓ Robert Gow	Paul Rougeaux	Kevin Kipers				
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs	Carol Murphy			
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	✓ Tim Bush	Matthew Benesh	Jim Hamilton	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	David Gustafson	Wally Haase	John Oelbracht	Steven Kulig	✓ 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	Ken Moore					
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	Anthony Fiore	Ted Kimlingen	✓ Tom Rudebusch					
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardie	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown	✓ 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	Ken Moore	Matthew Benesh	Jack Brown			
Central Hudson Gas & Electric	Transmission Owners	James Valteau	✓ Thomas Canino	Jeff May	Rick Greener				
Consolidated Edison	Transmission Owners	Stuart Nachmias	Deidre Facendola	Gerald Dunbar	Neil Butterklee			✓ Norman Mah	
National Grid	Transmission Owners	✓ Bart Franey	Wesley Yeomans	✓ Jerry Ancona	Janet Gail Besser	Terron Hill			
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				
Ace Energy Company, Inc	Non-voting	Marie Pieniazek	Stephen Lynch						
ACENY	Non-voting	Carol Murphy	Valerie Strauss						
Boundless Energy, L.L.C	Non-voting	Brian Chernack	Chuck Gilbert	Mark Mainetti					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Gary Keevill	Mitchell Garber					
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						
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							
NU / Select Energy	Non-voting	Chris Dubay	Gunnar Jorgensen						
NYS Department of Public Service	Non-voting	✓ Bill Heinrich	David Drexler						
Stealth Energy	Non-voting	Gad Cohen							
The Structure Group	Non-voting	Bob Furry	Ishita Roy	Kevin Dunlap					
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	Marie Pieniazek	Stephen Lynch						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting	None Assigned							
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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								
✓ David Patton	Potomac Economics								
Mike Calimano	NYISO								
✓ Frank Francis	NYISO								
✓ Mollie Lampi	NYISO								
✓ Alex Schnell	NYISO								
✓ Leigh Bullock	NYISO								
Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
✓ Mike Martin	NYISO								
✓ Rick Gonzales	NYISO								
Brad Kranz	NYISO								
✓ Emilie Nelson	NYISO								
	NYISO								
John Cutting	NYISO								
	NYISO								
Ernie Cardone	NYISO								
John Charlton	NYISO								
Kathy Whitaker	NYISO								

Key:

✓ = In attendance