

New York Independent System Operator

OPERATING COMMITTEE MEETING

Tuesday, January 18, 2000

10:00 p.m. - 4:30 p.m.

The Desmond, Albany, NY

MINUTES

I. INTRODUCTIONS

Mr. Hank Masti, Chairman of the Operating Committee (OC), called the meeting to order at 10:00 AM and welcomed the members of the Operating Committee. Mr. Masti discussed the meetings agenda and the schedule for the remainder of the day.

II. APPROVAL OF THE MEETING MINUTES

The revised minutes of the November 22, 1999 meeting were approved. Comments were received for the draft minutes of the December 15, 1999 meeting. These minutes will be updated and reissued for approval at the February Operating Committee Meeting.

III. CHAIRPERSON'S REPORT

Hank Masti reviewed the Action Items of the NYISO Operating Committee. In addition the list of Action Items that were outstanding from the NYPP Operating Committee were reviewed. The former NYPP Items were reviewed and appropriate items will be accepted and included in the Action Items of the NYISO Operating Committee. This list is on going and will be reviewed and maintained on a monthly basis.

The committee discussed the status of the PJM Overuse Agreement. *The OC requested that NYISO Staff provide an overview of the status, characteristics, frequency and parties involved.*

Mr. Masti reviewed various items that will be included on the February Agenda. These items are listed below:

- Operations Stability Studies - July 6, 1999
- SOAS & TPAS Scopes
- Geomagnetic Storms Report
- CPS 1&2 Compliance
- Transmission Expansion Manual
- NYISO Training Report
- Athens Project Report - Executive Summary, Approval will be requested

Also discussed was the NYISO HQ Import capability. The current Hydro Quebec Import Limit is

1200 MW. Hydro Quebec believes that the limit should be 1600 MW. ISO Staff will investigate the discrepancy and discuss the problem with Hydro Quebec and PJM. The results of the investigation will be made available at the March Operating Committee.

The Committee discussed the conflict concerning the participation of members NYSRC and NYISO Committees. Keith O'Neal indicated that NYSRC Members can not participated on NYISO Committees as voting members. The confusion is the status of alternates and their participation . Jim Schmidt will discuss this with Hunton and Williams and provide a response to the OC.

Hank Masti also noted that Vinny Budd, of the NYISO, will be requested to provide a report on the status of the revised Interconnection Agreements at the March meeting. William Jaeger discussed the interpool agreements and the continuation of these agreements under the ISO. J. Castle indicated that NYISO Staff is working with the Neighboring pools and these agreements. Jim Scheiderich indicated that he would like to recommend participation from Market Participants.

IV. OPERATIONS REPORT

James Castle, Manager of Operations at the NYISO, provided a short report on the operations of the NYISO for the last month period.

V. RATIFICATION OF THE MOTIONS OF THE TOC

Hank Masti indicated that the motions adopted by the Operating Committee during the transition phase require Ratification now that the NYISO and the Operating Committee are operating under the NYISO Agreement with official members. James Schmidt of Hunton and Williams, noted that the motions may be ratified without approved bylaws.

Motion:

Don Wilkes, of LIPA motioned to approve the Motions adopted by the Transitional Operating Committee. The motion was seconded and the OC adopted the motion with a unanimous vote.

VI. By Laws Status

Jim Schmidt, of Hunton & Williams, reviewed the development process for the OC Bylaws. Mr. Schmidt discussed the coordination with the ISO Agreement, Management Committee and reviewed the Bylaws in detail. The structure adopted for the Management Committee's Bylaws was maintained in the OC Bylaws.

W. Jaeger indicated a concern regarding provisions in the Bylaws that allow non members to attend OC meetings. An example would be members of the media. The Operating Committee shared the concern and discussed the implications.

The OC was requested to review the Bylaws and provide any comments to the bylaws committee and/or Jim Schmidt by January 25. The OC By-Laws will be voted on at the February OC Meeting.

Jim Scheiderich noted the concern with provisions in the Bylaws dealing with committee support that would impact the work requirement of NYISO Staff.

Don Wilkes indicated that the subcommittees should not be limited to members or alternates currently on the OC. Mr. Wilkes noted that this would restrict the amount of expertise available to the Subcommittee membership. Also noted was the concern with having the Subcommittees follow the OC voting requirements. The committee agreed to review the Bylaw with respect to these issues.

VII. SUBCOMMITTEES REPORTS

There were no reports discussed at this meeting.

VIII. GENERATOR DERATING AND MIN GEN PENALTIES

Phil Nelson requested, in a letter to Hank Masti dated December 13, 1999, requesting that the ISO Operating Committee change the present method of BME base pointing units to zero when units are operating at less than the day-ahead unit low limits. A number of issues were discussed in the presentation. Mr. Nelson proposed that the derated output be the base point for the unit.

J. Castle provided some clarification to the problem. Jim Scheiderich questioned the use of zero response and the ability to use this tool. Mr. Scheiderich also indicated that this may be a BIC issue.

Tim Bush raised a concern that by putting in a low limit the generator may have exposure to being base pointed down.

Hank Masti requested that Jim Scheiderich discuss this with the BIC and that Jeff Crandall discuss this with SOAS. *Following the discussion at SOAS and the BIC Scheduling and Pricing Working Group, ISO Staff will issue a response to the concerns and provide a recommended solution.*

Some members of the subcommittee felt that a faster solution should be reached. Jim Scheiderich asked that the ISO Operations look into this to assure that this item is not creating an over generation problem.

IX. Sanctions Strawman Proposal

Hank Masti indicated that the Sanctions Strawman Proposal was distributed through email to all Operating Committee Members on January 11, 2000. Mr. Masti highlighted the intent of the sanctions and indicated that these sanctions were developed by the NYISO Board as a means of measuring compliance with the rules set forth by the NYISO.

Mr. Masti requested that any issues be discussed with their Management Committee participants or individuals may provide their comments directly to Ira Frielicher or Bill Museler. The Management Committee will be reviewing this proposal at their February Meeting. Mr. Masti did not feel that the Operating Committee had a direct responsibility to respond to the proposals as a group, but individual members may do so as representatives of their individual companies.

Jim Scheiderich recommended that a small working group be formed to review and comment on the Sanctions Strawman Proposal.

Various members of the committee discussed a concern with the sanctionable activities and the ambiguity of these activities. This also raised the question of monitoring and enforce ability.

X. BIC ICAP Working Group Update

J. Scheiderich discussed ongoing work of the BIC ICAP Working Group. Mr. Scheiderich indicated that a Stage I Tariff and Auction Design document will be presented to the Management Committee on 1/21/00. The outstanding issues remain with the consideration of unforced outages and monthly auctions, not available for the Summer 2000 Period. Also the group was preparing the ICAP Filing to FERC.

XI. Open Issues

Jane Lathrop distributed and reviewed the NYISO Project Management List and Process Flow Chart. Ms. Lathrop outlined the source and requirements for the projects. The Process Flow Diagram described a proceed for the committees to get a project on the list that may require NYISO resources. Tony Elacqua indicated that he is looking for a priority for the committee assignments listed in the current project schedule.

XII. NYISO TRANSMISSION SERVICE AND NERC TLR

Marty Matijasich, of Southern Company, reviewed the forms of transmission service in the NYISO and how they related to the NERC levels of transmission service.

Marty Matijasich requested that a Technical Bulletin be issued to address the transmission usage in the NYISO and its relationship to the NERC Levels of Transmission Service. *Jim Castle will prepare the Technical Bulletin and have it posted prior to the March Operating Committee Meeting*

XIII. New Business

Hank Masti reviewed a number of new items that are discussed below.

The BIC has formed a TCC Working Group. This group will be developing the Transmission Congestion Contracts for the NYISO. In a parallel activity, *Mr. Masti will be sending a charge to TPAS to develop guidelines for cost responsibilities associated with new interconnections. This activity will need to closely coordinate with the BIC TCC WG activity (NYISO Project List #30).*

The FERC requirement regarding consulting with HQ on Voltage Support (NYISO Project List #12) is being handled by the NYISO Staff. *NYISO Staff was requested to report on this in February.*

The group discussed the effort required to address nodal pricing. A working group is required to review preliminary work required to go forward. W. Jaeger questioned the intent of the FERC Order. He believes that FERC is only looking for a plan to implement metering additions for nodal pricing. This is NYISO Project List #8. A small group will be charged to discuss the impact of adding additional metering for nodal pricing. NYPA and NYSEG have volunteered to participate.

Hank Masti will charge SOAS to address the FERC Order concerning reliability impacts for specific generator classes that are unable to schedule energy production (NYISO Project list #36, items 1 & 3). The SOAS should coordinate with the BIC. Tim Bush indicated that the issue is that any unit that is not on dispatch should be allowed to sell its generation in the real time market. Currently there are no payments for overgeneration on fixed units.

The Operating Committee discussed locational reserve issues. Keith O'Neal also questioned if the OC should look into the LSE requirements. Mr. O'Neal indicated that the NYSRC will be publishing the state wide requirement shortly. W. Jaeger indicated that FERC accepted the current requirements for LIPA and ConEd as location ICAP Requirements.

XIV. Administrative Matters(Future Meeting Dates)

Hank Masti reviewed future meeting dates for the Operating Committee. These dates for the next three meetings are listed below. Greg Campoli will post to the current 2000 NYISO Operating Committee Meeting Schedule on the OC Web Page.

February 16, 2000	The Desmond,	Albany, NY
March 21, 2000	The Desmond,	Albany, NY
April 19, 2000	The Desmond,	Albany, NY

Respectfully Submitted,
Gregory Campoli
Secretary, Operating Committee
(attendance attached)

New York Independent System Operator - Committee Membership

Operating Committee - Attendance January 18, 2000 Meeting in Albany

(Checked marks indicate party in attendance and "t" in attendance via tele-conference)

Organization	Sector	Representative	Proxy	Alternate1	Alternate2	Alternate3	Guest
Metropolitan Transportation Authority	End Use - Gov. Agency/Aggr.	Robin C. Stevens					
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	None					
The City of New York	End Use - Gov. Agency/Aggr.	Jay L. Kooper		Richard B. Miller			
ATCO Management Co.	End Use - Large Consumers	None					
IBM Corporation	End Use - Large Consumers	Leonard H. Singer					
Occidental Chemical Corp.	End Use - Large Consumers	Leonard H. Singer					
Praxair Inc.	End Use - Large Consumers	Leonard H. Singer					
Reynolds Metals Company	End Use - Large Consumers	Leonard H. Singer					
Xerox Corporation	End Use - Large Consumers	Leonard H. Singer					
Aaron Breidenbaugh	End Use - Small Consumers	Aaron Breidenbaugh					
Association for Energy Affordability, Inc.	End Use - Small Consumers	David Hepinstall		Molli Lampi			
Citizens Advisory Panel	End Use - Small Consumers	None					
New York Energy Buyers Forum	End Use - Small Consumers	Catherine Luthin		John Dowling			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq N. Niazi					
AES NY	Generation Owners	Charles Sjoberg		Doug Roll			
East Coast Power	Generation Owners	Gary Keevill		Jack Feinstein			
Edison Mission Marketing & Trading	Generation Owners	Kenneth L. Lackey		✓ Lou Ann Basham	Tom Green	Don Vawter	
Indeck Energy Services	Generation Owners	Mike Janczak		Mike Ferguson			
KeySpan Ravenswood, Inc	Generation Owners	Jeffrey L. Smith		James Brennan	✓ Dick Ackerson		
NRG Energy	Generation Owners	Marc Dworkin					
Orion Power New York	Generation Owners	Janet Audunson		Mary Lynch	✓ Dave Youlen		
PG&E Generating	Generation Owners	Steve Kampilla		Steve McDonald	✓ Daniel E. DuBois		
Sithe Energies, Inc.	Generation Owners	✓ Timothy R. Bush		Garry Brown	Bruce Bleiweis		
Southern Energy of NY	Generation Owners	Craig Lesser		✓ Mark Petro			✓ Marty Matijasich
TransCanada Power Marketing	Generation Owners	William Taylor		Daniel Callaghan			
1st Rochdale Cooperative NYC	Other Suppliers	Phyllis J. Kessler		Gregory Wortham			
Aquila Energy Marketing Corp.	Other Suppliers	Jason T. Stever		Peter Brown			
Citizens Power LLC	Other Suppliers	Joe Wadsworth		✓ Alan Foster			
Con Edison Energy	Other Suppliers	Richard Staines		Ivan Kimball			
Con Edison Solutions	Other Suppliers	Rich Staines		Ken Bekman			
Constellation Power Source	Other Suppliers	✓ David Taylor		Douglas Keegan	Harvey Reed		
Energetix, Inc.	Other Suppliers	Byron Farnsworth		Robert Hobday			
Enron Power Marketing Inc.	Other Suppliers	Howard A. Fromer					
HQ Energy Services	Other Suppliers	✓ Michel Prevost		Paul Norris			
KeySpan Energy Services	Other Suppliers	John Vaughn		✓ John E. Smith	Peter Chamberlain		
Niagara Mohawk Energy Marketing	Other Suppliers	Marc Overdyk		✓ Sam Moreton			
NU / Select Energy	Other Suppliers	✓ James Scheiderich		Gunnar Jorgensen			
Ontario Power Generation Inc.	Other Suppliers	Tasos Karatsoreos		Brian McConville			
PECO Energy Company	Other Suppliers	Herbert Yan		Regina Carrado			
PP&L Energy Plus	Other Suppliers	Jim Strobel		✓ Glen McCartney	Carl Readinger		
PP&L Inc.	Other Suppliers	Carl Readinger					
PSEG Energy Technologies Inc.	Other Suppliers	Patricia Esposito		Ken Lempicki			
Public Service Electric & Gas Company	Other Suppliers	✓ Dennis W. Sobieski		James D. Hebson			
Sempra Energy Trading	Other Suppliers	None					
Strategic Energy Ltd.	Other Suppliers	t Jacqueline Cochrane		John E. Molinda	James P. McCormick	✓ Lara P. Prachar	
TransÉnergie U.S. Ltd.	Other Suppliers	José A. Rotger					
Long Island Power Authority	Public Power - Authorities	✓ Donald R. Wilkes		✓ Pat Hogan	✓ Alan Eleberfeld		
New York Power Authority	Public Power - Authorities	✓ Philip A. Nelson		Mr. Gerald LaRose			
Adirondack Council	Public Power - Environmental	Mollie Lampi		Bernard Melewski			
Environmental Advocates	Public Power - Environmental	Jason K. Babbie					
Pace University	Public Power - Environmental	Mollie Lampi					
Scenic Hudson	Public Power - Environmental	Cara Lee		Molli Lampi			
Sierra Club - Atlantic Chapter	Public Power - Environmental	None					
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	None	✓ Clifford Engstrom				
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ Michael Darroch					✓ Tom Rudebusch
Town of Massena	Public Power - Munis & Co-ops	✓ Clifford Engstrom					
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Clifford Engstrom				
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco		Robert Kortright			
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul J. Pallas	✓ Clifford Engstrom				
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Clifford Engstrom				
Central Hudson Gas & Electric	Transmission Owners	✓ John Watzka		Robert DeWitt			
Consolidated Edison	Transmission Owners	✓ William Jaeger		Vid Varneckas			
Niagara Mohawk Power Company	Transmission Owners	✓ James C. Morrissey		Wesley J. Yeomans			
NY State Electric Gas	Transmission Owners	✓ Hank Masti		✓ Jeffrey Crandall			✓ Michael Craven
Orange & Rockland, Inc.	Transmission Owners	Paul Keirnan					
Rochester Gas & Electric Co.	Transmission Owners	t John Connell					
NYS Public Service Commission	Non-voting	Howard Tarler		✓ Keith O'Neal			
NY Independent System Operator	Non-voting						✓ James Castle
NY Independent System Operator	Non-voting						✓ Jane Lathrop
NY Independent System Operator	Non-voting						✓ Jonathan Mayo
NY Independent System Operator	Non-voting						✓ Tony Elacqua
Hunton & Williams	Non-voting						✓ James Schmidt
							✓ Greg Campoli