
NYISO Management Committee Meeting Minutes

September 25, 2008

10:00 a.m. – 12:00 p.m.

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

Mr. Ray Kinney (NYSEG), the Chair of the Management Committee (MC) called the meeting to order at 10:00 a.m. and welcomed the members of the MC. Meeting participants introduced themselves and their affiliations.

2. Approval of Minutes – (July 22, 2008 & July 31, 2008)

Mr. Kinney offered the July 22, 2008 & July 31, 2008 Minutes for approval.

Motion #1: To approve the Minutes of July 22, 2008 & July 31, 2008

Motion passed unanimously by show of hands.

3. President's Report

Mr. Steve Whitley (NYISO) provided information on the President's Report. Please see the handout provided. Mr. Whitley stated Uplift was down for August. Mr. Rich Dewey was introduced as the new CIO and Vice President of IT, replacing Mr. Ken Fell who is retiring.

4. 2009 NYISO Budget Overview

Ms. Pattie Caletka (NYSEG) reviewed the highlights of the draft 2009 NYISO Budget (see handout provided). Mr. Mager (Couch White) opened discussion re how \$/MWH are arrived at and why they show a (minimal) increase in 2009 and why. Mr. Fromer (PSEG) opened discussion re staffing, professional fees, and salaries. Mr. Kinney (NYSEG) noted that cost control is imperative from a Transmission Owner perspective. Mr. Whitley and Ms. McGarvey stated that the NYISO is very sensitive to this fact and has attempted to realize efficiencies – and control costs – through improvements via LSS, Settlements, and other areas. Mr. Mager requested clarification of how FERC fees are accounted for differently than all other ISOs. Ms. McGarvey noted that the NYISO absorbs FERC fees into its budget, as opposing to handling these costs via pass-thru, as other ISOs do. Ms. McGarvey stated that the NYISO would seek financing for its PCC facilities upgrade

5. Draft Tariff Revisions re: Scheduling of Circuitous Transactions around Lake Erie

Mr. Alex Schnell (NYISO) presented the draft tariff language and reviewed the presentation (see handout provided). Market Participants discussed the draft Motion that was prepared by the NYISO and the procedure for bringing Motion language from the Business Issues Committee to the Management Committee. The NYISO was asked to attach the final Motion approved by the Management Committee to its FERC filing.

Motion #2 - The Management Committee hereby ratifies the revisions to Attachment J (Section 5) of the OATT, and Attachment B (Section 3.6) of the Services Tariff that were filed with the Federal Energy

Regulatory Commission (“FERC”) on July 21, 2008 in Docket No. ER08-1281-000 and recommends that the New York Independent System Operator, Inc. (“NYISO”) and its Board of Directors take such actions as may be necessary to continue indefinitely the effectiveness of these Tariff revisions.

The Management Committee does not ratify, and recommends that the revisions to Section 15.1 of the OATT that were filed with the Federal Energy Regulatory Commission on July 21, 2008 in Docket No. ER08-1281-000, and that were permitted to become temporarily effective by FERC, be permitted to expire on November 18, 2008.

In order to carry out FERC’s recommendation that “the long term solutions to the loop-flow problem should be worked out through a collaborative process where all such issues may be fully considered,” the Management Committee requests that the NYISO return to the October 22, 2008 Business Issues Committee meeting with a defined schedule (including milestones) for developing long term market solutions. If long-term solutions are ultimately agreed upon, the Management Committee further requests that the NYISO develop and provide a schedule to implement those solutions as expeditiously as possible.

Consistent with the NYISO’s presentation to the Management Committee, it is the Management Committee’s understanding that the NYISO will actively work with Market Participants through the Market Issues Working Group to determine whether there is a need to develop additional tariff provisions to discourage possible future manipulation of the markets it administers and to protect Market Participants from bearing the consequences of any future market manipulation.

Finally, following NYISO consultation with FERC staff, the Management Committee requests that the NYISO report on when it will be able to present to the Market Issues Working Group its analysis of the financial impact on the markets it administers of the scheduling practices that were the subject of its July 21, 2008 filing in FERC Docket No. ER08-1281-000.

Motion passed by a majority show of hands with abstentions.

6. Shortening of True-Up Settlements Cycle

Mr. Tim Duffy (NYISO) reviewed the presentation (see handout provided). Mr. Rob Fernandez (NYISO) agreed to include the MC Motion with the FERC filing so the FERC would be apprised of the commitments made by NYISO to Stakeholders.

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, pursuant to Section 205 of the Federal Power Act, tariff revisions to the Open Access Transmission Tariff and the Market Administration and Control Area Services Tariff to shorten the NYISO settlement cycle through the elimination of the six-month settlement adjustment, as is more fully described in the presentation made to the MC meeting on September 25, 2008.

(1) Some Market Participants have expressed concern that the NYISO's dispute resolution process is being used to settle issues that should be subject to the NYISO's tariffs billing and settlement procedures, the cost of which settlements is being recovered under Rate Schedule 1. The NYISO agrees that the Dispute Resolution Settlement process should not be used to circumvent the tariffs billing and settlement procedures and agrees to address Market Participant concerns at the appropriate NYISO committee and to better define the relationship between the billing and settlement tariff procedures and the NYISO Dispute Resolution Settlement Process.

(2) The NYISO will make a presentation at the next Market Issues Working group to explain the roles and responsibility of the DAC and to consider how to make its activities more transparent to Market Participants.

Motion passed by a majority show of hands with abstentions.

7. Limited Control Run-of-River Resources(LCRoR) Rule Changes

Mr. Dave Lawrence (NYISO) reviewed the presentation and Draft Tariff Language (please see handouts provided.)

Motion #4 - The Management Committee (MC) hereby recommends that the NYISO Board of Directors authorize the NYISO to file with the Federal Energy Regulatory commission, pursuant to Section 205 of the Federal Power Act, revisions to the NYISO's Tariff that deal with the manner in which UCAP is calculated for Limited Control Run of River Hydro facilities, pursuant to the presentation made to the MC on September 25, 2008, describing such tariff changes.

Motion passed unanimously by show of hands with abstentions.

8. Update to 2007 and 2008 NYISO Customer Satisfaction Survey & Initiatives

Mr. Jim Alcombright (NYISO) reviewed the initiatives that were the result of the 2007 Survey provided an update on what has been done; quarterly reports to the MC, improvements to the NYISO website have been made, training options have been increased and CRD Customer visits have resumed. A Customer Support Focus Group has been formed to improve Customer satisfaction with the services provided by the Customer Relations Department.

Ms. Leigh Bullock (NYISO) provided an update on the 2008 Customer Satisfaction survey, which included information on vendor selection, survey goal, focus group meetings. The goal each year is to improve the survey and to use the results to Identify areas for improvement, and continue to replicate the areas that the NYISO is successful in. In an effort to ensure that the NYISO solicited and incorporated MP input on how to improve the survey and make it more meaningful, focus groups with a professional facilitator to assist in the information exchange. From those meetings we were able to identify key areas for improvement. Some we were able to immediately address – such as above – while others will take longer – such as working on streamlining the survey recipient list.

9. New Business

Mr. Kinney noted the Board Selection Subcommittee (BSSC) will reconvene to replace Mr. Dick Grossi and Mr. Chris Ward.

The meeting adjourned at 12:00 pm.

Management Committee Meeting

September 25, 2008
NYISO– Krey Blvd.
Rensselaer, NY

SUMMARY OF MOTIONS

Motion #1:

Motion to approve the minutes of the July 23, 2008 and the July 31, 2008 meeting.

(Motion passed unanimously by show of hands)

Motion #2:

The Management Committee hereby ratifies the revisions to Attachment J (Section 5) of the OATT, and Attachment B (Section 3.6) of the Services Tariff that were filed with the Federal Energy Regulatory Commission (“FERC”) on July 21, 2008 in Docket No. ER08-1281-000 and recommends that the New York Independent System Operator, Inc. (“NYISO”) and its Board of Directors take such actions as may be necessary to continue indefinitely the effectiveness of these Tariff revisions.

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(Motion passed unanimously by show of hands with absentions)

