
DRAFT**NYISO Management Committee Meeting Minutes****December, 3 2008****NYISO****KCC Building****10:00 a.m. to 11:30 p.m.**

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

The Chair of the MC, Mr Pallazo (NYPA), called the meeting to order at 10:05 a.m. and welcomed the members of the MC. The members of the MC then identified themselves and attendance was recorded. Mr Pallazo initiated business by recognizing MC members and NYISO staff.

2. Minutes Approved

Mr Alcombright (NYISO) presented and received approval for Minutes of September 25,2008.

3. President's Report (See President's Report)

Mr. Whitley is urging stakeholders to actively inform policy makers about a few main issues primarily uniform clearing price. Mr Whitley announced the registration of an employee as a lobbyist to comply with state laws.

Over the last month , Mr Whitley met with Governor Patterson to discuss energy issues such as infrastructure issues, lake erie loop flow, uniform clearing prices and order 890. Mr Whitley also met with the DOE and FERC separately to discuss infrastructure issues as well issues in the NY fuel diversity and environmental challenges, and the advancement of plug in hybrid vehicles.

Mr Whitley took the initiative when speaking with FERC commissioners and others in Washington, to stress that the reliability planning done in New York have made the markets robust and have meet the initiatives that we set out. Steve recognized that New York system is being used more, and that we are looking into solving the growing need of using local reactive power, leaving units available to respond to emergent issues. The STARS initiative which is a review of the NY transmission system will look ways to economically improve our system.

This discussion led to questions about the recently NYISO distributed white papers on various energy topics. After some discussion, it was agreed that NYISO staff would consider addressing white paper topics at working group meetings for MP input.

4. Rate Schedule 1 Cost Allocation (See presentation)

Mr. Duffy, NYISO Manager of Customer Settlements, presented for MC consideration two proposals pertaining to the allocation of Rate Schedule 1 budgeted costs and FERC fees. The first proposal addressed the tariff requirement that the current cost allocation split between injections and withdrawals be revisited in the fourth quarter 2008 should significant market changes merit its review.

Mr. Duffy's presented the NYISO's finding that only incremental market changes had occurred since the adoption of the 80/20 split and that, therefore, a full cost allocation study of the NYISO's budgeted costs and FERC fees was not required at this time. He requested MC approval to continue the Rate Schedule 1 cost allocation 80/20 split but also to modify the NYISO Tariffs to include language requiring that the 80/20 split be revisited in 2013, again, should significant market changes warrants its review. The second proposal was to gauge the MC's support for an analysis to determine whether and how non-physical market activity could be assigned a portion of the Rate Schedule 1 budgeted costs and FERC fees. Market Participant discussions centered around the necessity of performing a study to determine whether the current 80/20 split is still a reasonable cost allocation. It was determined to table the first motion until the January MC meeting to provide stakeholders additional time to come to a consensus on how to proceed. The second motion passed.

5. 2009 RNA (see presentation)

Mr Lamana presented the 2009 RNA study which was approved unanimously with abstentions. Rich Miller from Con Ed complimented the NYISO on quickly implementing the necessary changes to the study prior to presenting it at the MC meeting

6. New Business

As an item of new of new business, Ricardo Gonzales, NYISO, explained to the MC committee that the NYISO intends to request a waiver because the NYSIO did not follow the provisions set forth in the Market Services Tariff with respect to the Phase Angle Regulator at Waldrick. This waiver would allow the NYISO to keep the DAM market settlement for the following time frame January 11, 14 – 24th with invalid Phase Angle Regulators data at Waldrick which caused power flow changes between NY and PJM. The invalid submission of data was a result of metering changes to improve the RT market pricing accuracy. The invalid data caused SCUC to have a greater power flow than it can achieve in the DAM Market than in the RT market for the 12 days. This manifests itself in an increase in RT Residual Congestion component by \$11 million. NYISO Staff as well as Independent Market Advisor agree that it would not be feasible because the invalid data caused a change in bidding behavior of Virtual Traders. Ricardo Gonzales explained that this issue is being brought forth now because internal nyiso staff as well as the independent market advisor wanted to clearly understand the market impacts and the remedies that could be used with respect to the drafting the tariff waiver.

7. Adjournment