

NYISO Management Committee Meeting

November 7, 2002

Desmond Hotel, Albany, NY

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes of October 16, 2002

(Motion passed unanimously by a show of hands)

Motion #2:

Proposal Regarding Pricing and Settlement Rules at Proxy Busses:

WHEREAS, the Business Issues Committee approved NYISO Staff's Proposal Regarding Pricing and Settlement Rules at Proxy Busses at its October 23, 2002 meeting;

WHEREAS, the Business Issues Committee recommended that the Management Committee approve the following market rule changes as described herein, and adopt appropriate tariff changes to be filed no later than 30 days following the Management Committee vote.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Management Committee supports the NYISO Staff's proposal and requests that NYISO Staff adopt appropriate tariff changes to be filed no later than 30 days after this resolution, which tariff changes will incorporate the following settlement rules for non-competitive interfaces. The Tariff would be approved by the Chairs and Vice Chairs of the MC and BIC in consultation with the Scheduling and Pricing Working Group.

- If the interface is import constrained, all net real-time positions at that external proxy bus will be settled at the lower of zero or the SCD real-time price.
- If the interface is export constrained, all net real-time positions at that external proxy bus will be settled at the higher of the Day-Ahead Market price or the SCD real-time price.
- If individual interface ramp constraints are binding similar rules will be applied to settling real-time imbalances when such constraints are binding. This will not apply when the control area-wide DNI constraint is binding.
- The NYISO will continue to monitor the competitive situation at all proxy busses and recommend further changes as appropriate.
- These tariff modifications shall apply to the HQ Proxy bus only unless and until the ISO obtains FERC approval to apply it to other proxy busses.

(Motion passed unanimously by a show of hands with abstention)

Motion #3:

Proposal to Amend the NYISO Tariffs to Authorize Sharing of Confidential Information with other ISOs/RTOs

WHEREAS, the NYISO proposes to amend the NYISO tariffs and the Market Monitoring Plan

("MMP") to permit the sharing of Confidential Information, as that term is defined in the NYISO tariffs, by and between the NYISO and other ISOs/RTOs, for market monitoring purposes;

WHEREAS, such information sharing is intended to further the NYISO's implementation of its market monitoring obligations, and realize FERC's directive to establish and maintain open access and competitive markets and to detect, minimize, and curtail anti-competitive conduct;

WHEREAS, the NYISO's tariffs and the MMP do not currently allow the NYISO to release Confidential Information to another ISO/RTO;

WHEREAS, NYISO Staff presented conceptual proposals to the Scheduling & Pricing Working Group on September 18 and October 17, 2002, at which times the members of the working group discussed the parameters of such an information exchange;

WHEREAS, NYISO Staff presented its Proposal to Amend the NYISO Tariffs to Provide for Sharing of Confidential Information with other ISOs/RTOs to the Business Issues Committee at its October 23, 2002 meeting;

WHEREAS, the Business Issues Committee approved the NYISO Staff Proposal, with amendments, at its October 23, 2002 meeting, with 77.27 % affirmative votes.

NOW, THEREFORE, the Management Committee approves the NYISO Staff proposal to amend the tariffs and the MMP to provide for sharing Confidential information by and between the NYISO and other ISOs/RTOs for market monitoring purposes, subject to the establishment of appropriate confidentiality protocols between the NYISO and any ISO/RTO that requests access to Confidential Information.

The proposed amendments and confidentiality protocols must ensure, at a minimum, that the requesting ISO/RTO extends protections for the Confidential Information that are substantively equivalent to those provided for such information by the NYISO tariffs and MMP. Confidential Information shall not be released to ISO/RTOs that cannot provide satisfactory levels of protection.

To accomplish this goal, the tariff, MMP, and the confidentiality protocols shall provide that: (1) prior to making any disclosure, the MMU shall determine that the inquiry is specific rather than open-ended in nature and that the ISO/RTO requesting the data has a substantial and specific need for the Confidential Information; (2) the MMU shall attempt to resolve the inquiry through an oral response in lieu of transmitting any documentation; (3) such Confidential Information shall be disclosed only to the Market Monitoring Staff of the requesting ISO/RTO; (4) the MMU shall limit the disclosure to what is necessary to respond to the inquiry; (5) the requesting ISO/RTO shall use reasonable procedures to prevent the disclosure of Confidential Information and shall not disclose any Confidential Information except as may be required under an order or subpoena of a court or regulatory body; (6) the requesting ISO/RTO will provide notice to the NYISO and to the entity that is the source of the Confidential Information of all requests from courts or regulatory entities for access to the data and shall provide all reasonable assistance requested by that entity to prevent disclosure; (7) if required to release Confidential Information to a court or regulatory body, the requesting ISO/RTO shall seek appropriate protective relief; (8) if required to release Confidential Information to a court or regulatory body, the requesting ISO/RTO shall take measures to ensure that it receives notice of any requests from third parties for access to such data and shall immediately notify the affected Market participant(s) of any such requests; and (9) the ISO/RTO shall return or destroy the data when the issue underlying its inquiry has been resolved.

The confidentiality and data exchange protocols shall be reciprocal.

The confidentiality protocols shall be approved by the BIC prior to being executed by the NYISO.

(Motion Tabled, See Motion #4)

Motion #4:

Motion to table motion #3.

(Motion passed by majority show of hands)

Motion #5:

2003 NYISO Budget Motion - Submitted on Behalf of the BS&P on November 4, 2002 and Amended on November 7, 2002

Motion to recommend a 2003 NYISO budget to the Board of Directors of \$116.4 million as described in the presentation materials at the November 7, 2002 Management Committee Meeting subject to the following provisions.

- a. Said \$116.4 million assumes the availability of financing on reasonable terms, and the amount of the total budget may vary immaterially (1% or less) based on the terms of such financing. Any such changes will be presented to the Management Committee for informational purposes. The \$116.4 million budget assumes that the Strategic Projects and computer equipment described in the presentation materials will be amortized over a five-year period. If five year financing cannot be used, a revised budget will be presented to the Management Committee for review.
- b. The BS&P and NYISO staff will work to develop a capital project approval process for use in future years. When the details of this process are completed, the process will be presented to the Management Committee for review.
- c. The Management Committee recommends that the existing credit insurance should not be renewed and that the supplemental insurance should not be pursued. All savings from not purchasing the credit insurance should be used to reduce rate schedule 1 charges from the draft budget amount of \$119 million to \$116.4 million.
- d. The Project Priority Team, in consultation with the committees should review the need for and cost justification for major projects in the 2003 budget. In the first quarter of 2003, the Project Priority Team should make a report to the Management Committee outlining the need for the proposed projects and provide any recommendations for reducing or reallocating the funding for the 2003 projects.
- e. In approving the 2003 budget, the Management Committee acknowledges and agrees that the cost of financing (i)NYISO startup, (ii)hardware for previous year's projects, and (iii)the funds expended on 2003 projects must be repaid in the future NYISO budgets that cover the relevant amortization periods.

- f. The budget does not include financing for the startup of a NERTO beyond the regular legal costs associated with participating in the NERTO proceeding and other related proceedings. Prior to committing funds for the development of the NERTO, the NYISO will develop and present a NERTO startup budget for consideration and review by the BS&P and the Management Committee and the board of directors.

(Motion passed with 66.31 affirmative votes)

Motion #6:

Motion to amend proposed budget motion to modify the recommended budget amount to \$116.4 million and add a replacement section c

- c. The Management Committee recommends that the existing credit insurance should not be renewed and that the supplemental insurance should not be pursued. All savings from not purchasing the credit insurance should be used to reduce rate schedule 1 charges from the draft budget amount of \$119 million to \$116.4 million.

(Motion passed with 91.42 affirmative votes)

(See Motion #5 for motion as amended)