

NYISO Management Committee Meeting

January 25, 2006

The Desmond Hotel, Albany

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the November 9, 2005 and the December 7, 2005 Management Committee meetings.

Motion passed unanimously by show of hands with abstentions.

Motion #2:

The Management Committee(MC), in accordance with Section 9.2 of the Management Committee By-Laws, hereby recommends for consideration by the NYISO Board of Directors the candidates presented by the Board Selection Subcommittee(BSSC) in Executive Session of the MC meeting on January 25, 2006.

Motion passed in secret ballot.

Motion #3:

The Management Committee approves the modifications to Attachment N as discussed at the January 25, 2006 meeting and authorizes the NYISO to file the necessary tariff changes, as distributed in the meeting materials, with the FERC, under Section 205. Such revisions will be effective retroactively to January 2004 as provided in the tariff language.

Furthermore, the market participants approve the implementation of an independent review within 12 months to assure that the tariff modifications are being implemented appropriately and in a manner that is consistent with the tariff. In addition, the Management Committee requests that the NYISO facilitate discussions among interested Market Participants to develop

- (i) methodologies to assure that it appropriately represents equipment additions and retirements, and
- (ii) methodologies to assure that it appropriately represents shortfalls and surpluses associated with equipment additions and retirements, and that the NYISO report on this effort at a June 2006 MSWG.

Motion passed unanimously by show of hands with abstentions.

Motion #4:

WHEREAS, the Business Issues Committee of the NYISO recommended revisions to the NYISO tariffs consistent with those described below regarding the NYISO's responsibilities pertaining to price corrections; and

WHEREAS, NYISO staff will continue to implement an action plan to improve initial price accuracy and has committed to work with Market Participants to consider a twenty-four hour price monitoring and reservation capability and related costs and benefits;

NOW, THEREFORE, the Management Committee of the NYISO hereby recommends to the NYISO Board of Directors that the NYISO make a filing pursuant to Section 205 of the Federal Power Act to amend the NYISO tariffs, consistent with the presentation to the

Management Committee on January 25, 2006, to eliminate the Temporary Extraordinary Procedures and to specify:

- (i) the substantive criteria for determining that an Energy and Ancillary Services price has been calculated in error and requires correction;
- (ii) the manner in which the NYISO will calculate corrected prices;
- (iii) the procedural requirements and limitations pertaining to price corrections;
and
- (iv) the limitation of liability applicable to price corrections.

Final Tariff language will be distributed to the BPCTF for review and to the Chairs and Vice Chairs of the Management Committee and the Business Issues Committee for approval.

Motion passed by majority show of hands with abstentions.

Motion #5.a.a:

The Management Committee of the NYISO hereby recommends to the NYISO Board of Directors that the NYISO make a filing pursuant to Section 205 of the Federal Power Act to amend the NYISO tariffs, as presented to the Management Committee on January 25, 2006, to:

- (i) exempt, through October 31, 2006, settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the NYISO OATT and Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff from the timing requirements of the Close-Out Settlement provisions of the NYISO tariffs; and
- (ii) If the NYISO concludes that it can not complete close out settlements without an extension of the exemption it will inform Market Participants at the September 2006 MC meeting.

Motion failed with 36.33% affirmative votes.

Motion #5.a:

The Management Committee of the NYISO hereby recommends to the NYISO Board of Directors that the NYISO make a filing pursuant to Section 205 of the Federal Power Act to amend the NYISO tariffs, as presented to the Management Committee on January 25, 2006, to:

- (i) temporarily exempt settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the NYISO OATT and Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff from the timing requirements of the Close-Out Settlement provisions of the NYISO tariffs; and
- (ii) establish that the NYISO shall make a filing with the Commission regarding the timing for correcting and finalizing settlements calculated pursuant to Sections 2.4 and 2.5 of Attachment N of the NYISO OATT and Sections 2.4 and 2.5 of Part V of Attachment B of the ISO Services Tariff and correct and finalize those settlements on the schedule directed by the Commission.

Motion passed by majority show of hands with abstentions.

Motion #6:

WHEREAS, the Business Issues Committee of the NYISO recommended revisions to the NYISO tariffs consistent with those described below regarding the review, challenge, and correction of customer settlements; and

WHEREAS, NYISO staff has committed to work with Market Participants to develop expedited dispute resolution procedures to be incorporated into the NYISO tariffs that are applicable to disputes regarding customer settlements and corrections, compatible with the timeframes established in these proposed revisions;

NOW, THEREFORE, the Management Committee of the NYISO hereby recommends to the NYISO Board of Directors that the NYISO make a filing pursuant to Section 205 of the Federal Power Act to amend the NYISO tariffs, as presented to the Management Committee and amended on January 25, 2006, to:

- (i) require the NYISO to notify all Customers of errors identified and the details of corrections or adjustments made during the initial review and correction period;
- (ii) eliminate the concept of a Completed Settlement Component;
- (iii) modify the administrative requirements for customer settlement challenges;
- (iv) replace the "reasonable period" for NYISO review of customer challenges with the requirement that the NYISO review customer challenges as soon as possible within two (2) months or up to six (6) months in the event that the NYISO provides notice to customers of extraordinary circumstances requiring additional time;
- (v) provide an additional period for customer review and comment in the event that the NYISO makes changes to an invoice to correct implementation errors; and
- (vi) prohibit the NYISO from making changes to an invoice after the issuance of a Close-Out Settlement absent Commission or judicial intervention.

Motion passed by majority show of hands with abstentions; Advantage Energy opposed.

Motion #7:

The Management Committee (MC) hereby approves tariff amendments which revise the NYISO's Credit Policy for Virtual Transactions to allow affiliate guarantees, surety bonds, and unsecured credit as acceptable credit support for Virtual Transactions, and requests that the Board authorize a filing to the FERC pursuant to Section 205 of the Federal Power Act.

Motion passed by majority show of hands with abstentions.