

NYISO Business Issues Committee Meeting Minutes -- DRAFT

Wednesday, April 28, 2004

Best Western, Albany, NY

1. Welcome & Meeting Objectives

Wes Yeomans, Chair of Business Issues Committee (BIC) called the meeting to order at 10:03 AM and welcomed the members of BIC. Attendees introduced themselves, naming the organizations they represent.

2. Approval of March minutes Ray Stalter, NYISO

Final drafts of the minutes from February 18 were distributed to BIC members before the meeting.

Motion #1:

Motion to approve the Minutes from the March 17, 2004 BIC meeting.

(Motion passed unanimously by show of hands)

3. Chair's Report

Wes Yeomans of National Grid noted that most Market Participants were represented at the Joint BOD/MC meeting in April. Market Participants requested more time with David Patton to review the State of the Market Report. Elaine Robinson of the NYISO confirmed that David Patton would be present at the June MC meeting in New York City. Mr. Yeomans also recommended that Market Participants participate in the ESPWG to discuss long-term planning issues.

4. Market Operations Report

Chuck King of the NYISO presented the Market Operations report. All-in average costs for March were 34% lower than March 2003 due to lower fuel prices and moderate weather. Virtual Load/Supply bids increased during March, and the average price of natural gas was below kerosene and No. 2 fuel oil for the 2nd month in a row.

5. Regional Market Enhancements

Mr. King then moved on to present the Regional Market Enhancements report. Facilitated Checkout is still on track for a May deployment. The E-tagging project was deployed on April 25th. An agreement was reached with ISO-NE to eliminate export TSCs. A Virtual Regional Dispatch planning meeting was to take place with ISO-NE on April 29th, and Mr. King expected to be able to give a more detailed report on progress during May's meeting.

Howard Fromer of PSEG inquired as to whether SMD 2.0 and rate pancaking elimination will make VRD unnecessary. Mr. King noted that David Patton's report indicated that VRD would bring benefits above and beyond those realized by eliminating export TSCs, and that the NYISO would continue to pursue it.

Work on the Cross Sound Cable interim solution continues. The contract has not been finalized with the scheduling service vendor, but work proceeds in good faith, and the interim solution is on track to be deployed in time for Summer 2004. The long-term solution will be in place by Summer 2005.

Mr. King then presented more details concerning the elimination of Rate Pancaking. Agreement was achieved on April 21 between ISO-NE, NYISO, and state regulators, and the export TSC elimination is expected to take effect immediately with no phase-in provisions. Separate filings are anticipated in advance of ISO-NE's June 22nd compliance filing, so that the Rate Pancaking can be implemented right away. The NYISO's timeline is to file with FERC by the end of May. The PSC will allow for recovery of export fees through retail rates, and any savings realized will be passed along through retail rates.

Tim Bush of Navigant Consulting asked if the lost revenue would be applied to wholesale TSCs, and Mr. King indicated that NYISO staff would research the question and respond.

The total revenue recovery amount is estimated to be roughly \$12 million from ISO-NE to NYISO. The amount from NYISO to ISO-NE that would be saved is estimated to be approximately \$10 million.

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Mark Younger of Slater Consulting requested that the NYISO provide examples to help illustrate the impact of these changes. Mr. King replied that staff would look into this.

Several market participants indicated that more time should be taken to absorb the ramifications of this change. Mr. King stated that he would bring the schedule back to NYISO management for discussion.

Mr. King then presented information concerning the recent E-tagging deployment. The project objectives were to ensure that the E-tag data accurately reflects NYISO bids and schedules, to reduce the burden on MPs when scheduling transactions, and improve coordination among control area. Market Participants will benefit from accurate and meaningful response to E-tag requests from the NYISO, from automatic updates to E-tags to reflect NYISO schedules, and consistent NERC-compliant E-tags among control areas.

Mr. King added that AMP III and IV deployment will take place on April 29th, and will include full conduct and impact testing, automatic mitigation of DAM MinGen and startup bids, and temporal selectivity, i.e., mitigation will now take place only for hours that fail the tests rather than the entire day if any one hour fails tests.

6. Project Prioritization Team Report

Tim Schmehl of the NYISO presented the report. Mr. Schmehl indicated that SMD 2.0 and its related projects are the top priority at NYISO at present, with billing projects a close second. Documentum has been rolled out to Committee Support and Regulatory Affairs departments. Additional phases will include other departments at NYISO. Four projects have been completed to date in 2004, and three projects have been added; the current project portfolio contains 60 projects in all. Station Power Accounting, AMP IV, E-tagging, and Data Warehouse projects were all deployed in April. James Considine presented detailed results from the Fall 2003 survey concerning ratings on NYISO's project collaboration and delivery at the April PPT. Mr. Schmehl noted that the NYISO would improve communication and information dissemination concerning project status and budgets through the NYISO website.

7. Working Group Updates

- A. **Billing and Accounting** (Chair: Kevin Kipers): Round 1 of Blackout Cost reimbursements appeared on the most recent invoice. Cost breakdowns have also been posted to the marketplace. Congestion shortfall calculations were reviewed. The NYISO plans to include this adjustment on the four-month bill for January 2004, and that it is unlikely that this adjustment will be included on the current month bill due to the labor intensive process to calculate the amounts. The Billing Simulator project was also discussed -- there will be no direct MP access to the Billing Simulator. The group will initiate discussions on drafting requirements on a billing testbed for MP use. The RJ Rudden Billing Cycle study has been issued and was discussed. BAWG has been asked by the NYISO Board of Directors to provide input on potentially implementing a four-month final bill during 2005. Final Bill Challenge data has been posted by NYISO. A technical bulletin will be issued describing settlement rules for Grandfathered Rights. NYISO will retire the LECG uplift monitoring report, as this data is now available in DSS.
- B. **Electric System Planning (Joint OC/BIC WG)** (Chair: William Palazzo): Phase I implementation of initial planning process. Final draft report will be available in mid-May. PowerGem also presented its report on historical congestion for 2003. Phase II Comprehensive Planning Process. Market Participants generally agreed to the list of Applicable Transmission Facilities for identification of reliability need. TOs made presentations on Cost Allocation/Recovery. General consensus was reached on the concept that beneficiaries would pay for reliability upgrades. Roles of PSC, NYISO and TOs for Regulated Backstop Response are still under discussion. Several market participants commented that there was a discrepancy in the methods used by ESPWG and David Patton to calculate historical congestion. NYISO staff will bring this concern to David Patton for resolution.

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- C. Installed Capacity** (Chair: Howard Fromer): The ICAP WG received a briefing from Levitan & Assoc., which is conducting the independent review of the demand curve input assumptions. The report is on schedule, and the final report will be made to the NYISO in June.
- D. Interconnection Issues Task Force** (Glen Haake gave the report): NYISO staff presented the scope of work on how the report will be conducted to look at intra-zonal areas that may become constrained in the future. MP comments were requested on the scope, and on which areas should be included in the model. NYISO staff also reviewed the results of a NYSRC report that shows that Long Island has no deliverability issue at present.
- E. Market Structures** (Chair: Jim Scheiderich): Transmission Outage scheduling Tech Bulletin was discussed, and will be re-worked based on MP input. The Market Trials for SMD 2.0 and an IEEE paper on Combined-Cycle modeling were also discussed.
- F. Price Responsive Load** (Chair: Bob Loughney): DADRP changes were discussed, and the NYISO is reviewing MP comments that were received. The major item at the next meeting will be to extend the DADRP, and under what terms that extension would take place.
- G. Scheduling and Pricing** (Chair: Ray Kinney): No meeting was held since last BIC. Francis Pullaro of Strategic Energy requested that the minutes reflect that the NYISO had committed at the March 16th S&P WG meeting that a draft date for a con-op on would be given by the end of April. Ray Stalter took an action item to follow up on this issue.

8. New Business

Mr. Yeomans has received several calls from MPs requesting that the Credit Working Group be resurrected. NYISO staff will pursue.

Ms. Robinson requested that MPs review the NYISO Code of Conduct in advance of the NYISO's five-year anniversary, and propose any changes. S&P WG will take responsibility for this issue.

9. Administrative Matters

None

Meeting was adjourned at 12:47 PM

Respectfully Submitted,
James Considine
Recording BIC Secretary

NYISO Business Issues Committee

April 28, 2004

The Best Western Hotel, Albany NY

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the March 17, 2004 BIC meeting.
(Motion passed unanimously by show of hands)

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance April 28, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	✓ David Coup	Paul DeCotis	Chris Hall	Erin Hogan	John Spath			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Scott Butler	Jonathan Wallace				
Alcoa/Reynolds Metals Company	End Use - Large Consumer	✓ Robert Loughney	✓ Michael Mager						
ATCO Management Co.	End Use - Large Consumer	Peter DiCapua	Scott Petersen	George Diamantopoulos					
IBM Corporation	End Use - Large Consumer	✓ Robert Loughney	✓ Michael Mager						
Occidental Chemical Corp.	End Use - Large Consumer	✓ Robert Loughney	✓ Michael Mager						
Praxair Inc.	End Use - Large Consumer	✓ Robert Loughney	✓ Michael Mager						
Xerox Corporation	End Use - Large Consumer	✓ Robert Loughney	✓ Michael Mager						
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
Association for Energy Affordability, Inc.	End Use - Small Consumer	David Hepinstall	✓ Larry DeWitt						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	✓ Doug Elfner			
Building and Realty Institute	End Use - Small Consumer	Herb Rose	Judith Mondre	Ted Lee	✓ Tariq Niazi				
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumer	Herb Rose	MaryAnn Rothman	Judith Mondre	Ted Lee	✓ Tariq Niazi			
Columbia University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	✓ Doug Elfner			
Mount Sinai Medical Center	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	✓ Doug Elfner			
New York Energy Buyers Forum	End Use - Small Consumer	Herb Rose	David Bomke	✓ Tariq Niazi					
New York Presbyterian Hospital	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	✓ Doug Elfner			
New York University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	✓ Doug Elfner			
Refined Sugars, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	✓ Doug Elfner						
AES NY	Generation Owners	Doug Roll	Charles Sjoberg	✓ Christopher Wentlent					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	Greg Banhazl	Leonard Singer						
Calpine	Generation Owners	None Assigned	Thomas Kaslow	Richard Felak					
East Coast Power Linden Holding LLC	Generation Owners	✓ Roy Shanker	Thomas Hoatson	Robert Licato	Kathy Benini				
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Robert Agnello	✓ Jeffrey Ellis	Peter Brown	Rich Mooney	Pam Van Horn		
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	Angelo Vai	Ron Mackowiak					
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
KeySpan Ravenswood, LLC	Generation Owners	James Brennan	Rich Hohlman	Joseph Vignola	James D'Andrea	Terrence Kain	Rich Rapp		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	Susann Felton	✓ Doreen Saia					
Orion Power New York	Generation Owners	✓ Liam Baker	Bill Berg						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kamppila						
Sithe Energies, Inc.	Generation Owners	✓ David Applebaum	Linda Clarke	Regina Carrado					
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
1st Rochdale Cooperative NYC	Other Suppliers	Gregory Wortham							
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Agway Energy Services, Inc.	Other Suppliers	Russell Miller	Jim Scheiderich						
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Blas Hernandez						✓ George Braulke
Cinergy Capital and Trading	Other Suppliers	Jason Barker	Walt Yeager						
Con Edison Energy	Other Suppliers	✓ Stephen Wemple	Ivan Kimball						
Con Edison Solutions	Other Suppliers	✓ Stephen Wemple	Rich Staines						
Conectiv	Other Suppliers	Bill Fehr	John Foreman						
Constellation New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Steve Fernands	✓ Susan Chamberlin				
Constellation Power Source	Other Suppliers	✓ Glen McCartney	Mary Lynch	Daniel Allegretti					
Coral Power, LLC	Other Suppliers	✓ Matt Picardi	Dave French						
Dominion Energy Marketing, Inc.	Other Suppliers	Wes Walker	Lou Oberski	Michael Bekker					
Duke Energy North America, LLC	Other Suppliers	Stacy Dimou	Del Disher						
Dynegy	Other Suppliers	✓ Alan Foster	Jason Cox	Kevin White	Tom May	Steve Vavrik			
ECONergy	Other Suppliers	Saul Horowitz	Tom Halleran						
El Paso Merchant Energy	Other Suppliers	Jeff Moore	Asavari Alvarez						
Exelon Generation - Power Team	Other Suppliers	✓ David Applebaum	Linda Clarke	Regina Carrado					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	✓ Glenn Haake				
FPL Energy	Other Suppliers	Fernando DaSilva	Dan Wheeler						
HQ Energy Services	Other Suppliers	✓ Christian Desilets	Michel Prevost	Paul Norris	Benoit Goyette				
KeySpan Energy Services	Other Suppliers	Terrence Kain	James D'Andrea	Edwin Kichline	James Cross	John Vaughn			
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				
NRG Power Marketing	Other Suppliers	✓ Tim Foxen	Katie Sullivan	Peter Chamberlain					
NU / Select Energy	Other Suppliers	Jim Scheiderich	Gunnar Jorgensen						

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Ontario Power Generation Inc.	Other Suppliers	Tasos Karatsoreos	Jim Mastorakos	Ken Lacivita	Erica Cheung	Scott McArthur	✓ Glenn Haake		
PP&L Energy Plus	Other Suppliers	Roland Moor	David Yannarell	Jeff Bell	John Brodbeck				✓ Tom Hyzinski
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce	Bob Logan	Dennis Sobieski				
Reliant Energy Services, Inc.	Other Suppliers	✓ Liam Baker	Bill Berg						
Sempra Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	✓ Scott Englander	Robert Fagan				
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	✓ Francis Pullaro	Michael Swider	Jeffrey Knox	James McCormick	Matt Morais			
Strategic Power Management, Inc.	Other Suppliers	Mario DiValentino	Tom Folchi	Dan Duthie					
TransÉnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	José Rotger						
Williams Energy Marketing & Trading Co.	Other Suppliers	David Singer	Dennis Keener	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	James Parmelee	✓ Kevin Jones	Bill Killgoar					
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ Bob Gow	Paul Rougeaux	Kevin Kipers				
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	✓ Larry DeWitt	Douglas Ward	Mike Jacobs				
Environmental Advocates	Public Power - Environmental	Anne Reynolds	✓ Larry DeWitt						
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	✓ Larry DeWitt						
Pace University	Public Power - Environmental	Edward Smeloff	✓ Larry DeWitt						
Scenic Hudson	Public Power - Environmental	✓ Larry DeWitt							
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	Matthew Benesh	Ken Moore	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	Michael Darroch	✓ David Gustafson	Wally Haase	✓ Tom Rudebusch				
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush	Ken Moore					
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Anthony Fiore	Ted Kimlingen						
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardile	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown	✓ Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tim Bush	Ken Moore	Matthew Benesh	Jack Brown	Paul Pallas		
Central Hudson Gas & Electric	Transmission Owners	James Valleau	✓ Thomas Canino	Jeff May	Rick Greener				
Consolidated Edison	Transmission Owners	✓ Rebecca Craft	Gerry Dunbar						
National Grid	Transmission Owners	✓ Bart Franey	✓ Wesley Yeomans	Jerry Ancona					
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Steve Jeremko	Hank Masti				
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Steve Jeremko	Hank Masti				
Boundless Energy, L.L.C	Non-voting	Brian Chernack	Chuck Gilbert	Mark Mainetti					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro Corporation	Non-voting	Ed Krapels	Brian Chernack	Paul Flemming					
Customized Energy Solutions	Non-voting	✓ Rick Mancini	Stephen Fernands	Bill Schofield					
Ecogen, L.L.C	Non-voting	Tom Hagner							
Energetix, Inc.	Non-voting	Barney Farnsworth	Gerald Strassner						
Hudson River Energy Group	Non-voting	Frank Radigan	Richard Canfield						
Hydro-Quebec TransÉnergie	Non-voting	Glenn Sylvain	Mario Boucher						
NYS Department of Public Service	Non-voting	✓ Bill Heinrich	David Drexler						
The Structure Group	Non-voting	Bob Furry							
Tom Halleran	Non-voting	Tom Halleran							
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting	None Assigned							
zNew Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
Kathy Robb	Hunton & Williams
James Schmidt	Hunton & Williams
Rob Fernandez	NYISO
Bill Museler	NYISO
✓ Chuck King	NYISO
Steve Balsler	NYISO
Andy Ragogna	NYISO
✓ Elaine Robinson	NYISO
✓ Kristen Kranz	NYISO
✓ James Considine	NYISO
✓ Ray Stalter	NYISO

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✓ Debbie Eckels	NYISO								
✓ Gerald Deaver	NYISO								
✓ Frank Francis	NYISO								
Valerie Ross	NYISO								
✓ Tim Schmehl	NYISO								
Phil Gootee	NYISO								
John Cutting	NYISO								
✓ Jane Lathrop	NYISO								
✓ Ernie Cardone	NYISO								
John Charlton	NYISO								
✓ Kathy Whitaker	NYISO								
Andy Hartshorn	NYISO/LECG								

Key:

✓ = In attendance