

NYISO Management Committee Meeting

June 28, 2006

Teleconference

10:11 a.m. – 12:50 p.m.

Draft MINUTES OF THE MEETING

1. Introduction, Meeting Objectives & Chairman's Report

Mr. Jerry Ancona (National Grid), Chairman, called the meeting to order at 10:11 a.m.

2. Approval of the Minutes

Mr. Ray Stalter (NYISO) discussed minutes from May 31. Mr. Paul Gioia (representing Transmission Owners) requested a clarification in the minutes regarding the load forecast numbers in the President's Report. Mr. Stalter noted the discrepancy and said he would have a correction made to the minutes and sent to Mr. Gioia for his review. The Committee considered approval of the minutes with the inclusion of the comments from Mr. Gioia to be added.

Motion #1:

Motion to approve the May 31, 2006 meeting Minutes.

Motion passed unanimously by show of hands.

3. President's Report

Mr. Mark Lynch, CEO and President NYISO introduced Mr. Rana Mukerji, Vice President of Market Structures.

Reporting on Price Corrections, Mr. Lynch noted that reservations have increased due to transmission line outages in Long Island. This condition will continue to take place through July. Mark Younger (Indeck Energy Services) asked if the prices that are being set are consistent with the dispatch instructions. Rick Gonzales (NYISO) explained that the model is producing incorrect dispatch instructions but the operators are manually over-riding those instructions and dispatching others that are consistent with the pricing. This affects only Zone K (Long Island area)

Mr. Lynch continued with the Report, noting that with exception of the Long Island phenomena, good progress continues for work with corrections and releasing reserves in a minimal time. He also noted that a draft of the Comprehensive Reliability Plan will be distributed for comment within the next couple of weeks, keeping in mind the ESPWG review for July 10 time frame. Ms. Doreen Saia (Mirant) asked for confirmation that the plan would be reviewed at special meetings and submitted for final approval at the August Board meeting. Mr.

Lynch confirmed that it would be presented for review at special MC and OC meetings and the final form would go before the Board in August.

Mr. Lynch also gave a reminder to the MC of the Joint MC - Board meeting on July 17. The agenda is currently being completed, which will include a series of questions about the strategic direction of the NYISO, to which each sector panel will be asked to provide input to the Board.

4. Proposed Tariff Revisions Addressing the NYISO Credit Pre-Payment Program

Ms. Kyla Douglas (NYISO) presented the proposed tariff modifications, which touched upon three major items:

- 1.) A change in the prepayment date from Friday to Monday
- 2.) A reduction of the default cure period non-compliance from three days to one
- 3.) A modification of the methodology used to calculate collateral associated with the prepayment program.

Ms. Douglas reviewed the existing pre-payment program. Currently, MPs' true-ups are used to predict future true-ups, with payments due every Friday for the next week's market activity.

Mr. Stuart Nachmias (Con Edison) asked Ms. Douglas to explain the NYISO's efforts to address load under-forecast by LSEs, and its relationship to the proposed pre-payment credit changes. Ms. Douglas responded that in the current process for prepayment customers, the risk related to under forecast is mitigated by the use of historic true-ups as the primary base for credit support, which causes the credit support to increase if under forecasting occurs. In the new process, this will change. With respect to under forecast risk, the NYISO has implemented new procedures to limit the ability for LSEs to habitually under forecast, which greatly reduces this credit risk. Therefore, the new credit proposal, which replaces true-up credit support with 3-days collateral to cover the cure period if prepayment is not timely made, is an improved one that provides appropriate protection for all market participants and considers the separate changes to address load forecast under forecast issues.

Motion #2:

The Management Committee (MC) hereby approves tariff modifications, as presented to the MC on June 28, 2006, addressing the pre-payment program contained in the NYISO's credit policy, and recommends to the NYISO Board of Directors that the NYISO file the proposed tariff modifications pursuant to Section 205 of the Federal Power Act.

Motion passed unanimously by show of hands with abstentions.

5. Proposed Tariff Revisions Addressing Participation of Non-Generator Resources in the Voltage Support Services Program

Mr. Ancona excused himself as Chair in order to participate in the proposal discussions. The Vice Chair, Matt Picardi (Coral) acted as Chair for this discussion.

Dr. Kevin Jones (LIPA) gave a brief description of the motion, stating the mission was to afford comparable treatment for Cross Sound Cable (CSC) and other non-generator sources that provide voltage support services. Mr. Liam Baker (U.S. Power Generating) asked if there had been any instances when the CSC was asked to be energized by the ISO for voltage support. Mike Calimano (NYISO) replied that there had not.

Mr. Ancona moved an unfriendly amendment to the motion to revise the definition of a non-generator provider. He said that he did not want someone to build a facility and expect to get paid without some involvement from the ISO or TOs. Tim Bush (representing MEUA) had similar concerns, and proposed an amendment to the motion with language that included the term "qualified non-generator." Dr. Jones believed that a portion of Mr. Ancona's amendment could be interpreted to discriminate against non-generator suppliers. He said that NYISO's counsel had done a good job of what would be a qualified resource for tariff language.

Mr. William Palazzo (NYPA) asked how the ISO would pay a synchronous condenser. Mr. Ted Murphy (Hunton & Williams) responded that as a practical matter it has not happened.

It was agreed that a break be taken to discuss the proposed changes. Mr. Picardi soon thereafter reconvened the meeting and asked that updated motion language revisions, which could be viewed as friendly, be presented and that the tariff language be discussed.

The motion presented included revisions agreed upon by the principal parties.

Motion #3:

The Management Committee (MC) hereby approves tariff modifications, including revisions made during the meeting, which provide for comparable treatment under the NYISO tariffs for qualified non-generator voltage support (VSS) dynamic reactive power resources for compensation for their tested VSS capability, including the Cross Sound Cable.

With respect to the Cross Sound Cable, the tariff will be amended to reflect the following rules:

1. Payment to CSC: Prorated VSS payment for energized hours for tested VAR capability measured at full real power flow.
2. Lost Opportunity Costs: No lost opportunity cost payments provided that CSC is not required to change real power schedules for purposes of voltage support. Nothing in this motion shall be construed to change existing protocols between the New England ISO and the New York ISO to maintain the reliability of the system.
3. Metering/Testing: CSC to be subject to comparable metering and testing procedures including, interim testing procedures that allow facilities that are

not currently reactive power suppliers receiving compensation to test out of period as necessary to qualify for payment.

4. Cost of Energy Consumed: Payment for facility energy consumed in order to energize the CSC if the NYISO were to request that the CSC be energized to provide reactive capability to the NYCA.

The MC approves amending the tariff in the manner described herein, and recommends to the NYISO Board of Directors that the NYISO make a filing pursuant to Section 205 of the Federal Power Act.

Tariff language will be provided to the members of the MC and approved by the Chairs of the MC and the BIC prior to filing.

Motion passed unanimously by show of hands with abstentions.

06/28/2006

6. New Business

No new business.

7. Adjournment

Meeting was adjourned at 12:50 p.m.

NYISO Management Committee Meeting

June 28, 2006

NYS Nurses Association

MOTIONS FROM THE MEETING

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New York Independent System Operator - Committee Membership

Management Committee - Attendance June 28, 2006 - 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.	Paul DeCotis	Karl Michael	David Coup	Erin Hogan	Christopher Hall			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Tim Daniels			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Helmsley-Spear Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos	Edward Strauss	Herb Rose				
IBM Corporation	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	Michael Mager	✓ Morgan Parke					
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
American Sugar Refining, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
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				
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 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			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Christopher Wentient	Rick Santoroski	Charles Sjoborg					
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer						
Calpine	Generation Owners	Brett Kruse	Alan McBride	Tracee Collins					
East Coast Power Linden Holding LLC	Generation Owners	Thomas Hoatson	Robert Licato	Kathy Benini					
Edison Mission Marketing & Trading	Generation Owners	William Roberts	✓ Jeffrey Ellis	Peter Brown	✓ Rich Mooney				
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	Jim Brennan	Rich Hohlman	✓ Jim D'Andrea	✓ Madison Milhous	Rich Rapp			
Mirant New York, Inc.	Generation Owners	James Mayhew	✓ Doreen Saia	Vicki Lynch					
New Athens Generating Co.	Generation Owners	Jack Breen	Chris Bursaw	Dan DeVinney	✓ Rich Felak				
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kampila						
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Blas Hernandez	George Braulke				
Brascan Energy Marketing Inc.	Other Suppliers	✓ Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	Walt Yeager						
Con Edison Energy	Other Suppliers	Ken Bekman	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Ken Bekman	Stephen Wemple						
Connectiv	Other Suppliers	Bill Fehr	John Foreman						
Constellation Energy Commodities, Inc.	Other Suppliers	✓ Glen McCartney	Dan Allegratti	Sara O'Neill					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine	Sara O'Neill						
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chau Shen				
Coral Power, LLC	Other Suppliers	✓ Matt Picardi	Marc Overdyk	Dave French					
DC Energy	Other Suppliers	Bruce Bleiweis	Dean Wilde	Andrew Stevens	Sadao Milberg	Chris Carpenter	Matthew Tate		
Dynegy	Other Suppliers	✓ Barry Huddleston	Jason Cox	Kevin White					
ECONnergy	Other Suppliers	Saul Horowitz	Tom Halleran						
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskowitz	Ruben Brown	Arthur Pearson			
Epic Merchant Energy	Other Suppliers	Mike Kinsey	Erik Abend	Wade Sullivan					
Exelon Generation - Power Team	Other Suppliers	Scott Silverstein	Joe Klimaszewski	Jim Verna					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	✓ Glenn Haake				
FPL Energy	Other Suppliers	✓ David Applebaum	Fernando DaSilva	Ron Scheirer				Glenn Haake	
Galt Power	Other Suppliers	✓ Rick Mancini	Stephen Fernands						
HQ Energy Services	Other Suppliers	Michel Prevost	✓ Paul Norris	Erik Bellavance					
KeySpan Energy Services	Other Suppliers	Terrence Kain	✓ Jim D'Andrea	Edwin Kichline	James Cross	John Vaughn			
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson	Nikolai Markarian			
NRG Power Marketing	Other Suppliers	✓ Tim Foxen	Katie Sullivan	Peter Chamberlain					
NU / Select Energy	Other Suppliers	Gunnar Jorgensen	Jim Scheiderich						
Ontario Power Generation Inc.	Other Suppliers	Barry Green	Dave Barr	Ken Lacivita	Scott McArthur	David Barr	✓ Glenn Haake		
Orion Power New York	Other Suppliers	Liam Baker	John Meyer						
PPM Energy	Other Suppliers	Thresa Allen	T.H. Rawls	Tom Shields					
PP&L Energy Plus	Other Suppliers	Tom Hyzinski	✓ Joseph Langan	Sharon Weber					
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce						
Sempra Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	Scott Englander	Barry Trayers				

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	Jason Barker	Jeff Knox	Pamela Melton					
TransEnergie U.S. Ltd.	Other Suppliers	Raymond Cox	Michael Jacobs						
U.S. Power Generating Co.	Other Suppliers	✓ Liam Baker	Mark Sudbey						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	✓ Kevin Jones	Jim Wittine	Dave Clarke					
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ William Palazzo	Kim Byham					
American Wind Energy Association	Public Power - Environmental	✓ Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs	Carol Murphy			
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	Matthew Benesh	✓ Tim Bush	Jim Hamilton	Ken Moore	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ David Gustafson	Wally Haase	John Oelbracht	Steven Kulig	✓ Tom Rudebusch			
Lake Placid Village	Public Power - Munis & Co-ops	Peter Kroha	✓ Tim Bush						
Municipal Commission of Boonville	Public Power - Munis & Co-ops	Kenneth Stabb	✓ Tim Bush						
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush						
Village of Arcade	Public Power - Munis & Co-ops	Larry Kilburn	✓ Tim Bush						
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	✓ Anthony Fiore	✓ Tom Rudebusch					
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul Pallas	Jim Hamilton	Matthew Benesh	Jim Hamilton	Jack Brown	Ken Moore	✓ Tom Rudebusch	
Village of Solway	Public Power - Munis & Co-ops	Anthony Modafferi	✓ Tim Bush						
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tim Bush	Matthew Benesh	Jack Brown	Ken Moore			
Central Hudson Gas & Electric	Transmission Owners	Charles Freni	John Watzka					✓ Richard Wright	
Consolidated Edison	Transmission Owners	Terry Agriss	✓ Stuart Nachmias	✓ Neil Butterklee					✓ Paul Gioia
National Grid	Transmission Owners	✓ Jerry Ancona	Wes Yeomans	Janet Gail Besser	Herb Schrayshuen	✓ Bart Franey	Terron Hill		
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	✓ Ray Kinney	✓ Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			
Ace Energy Company, Inc.	Non-voting	Marie Pieniazek	Stephen Lynch						
Boundless Energy, L.L.C	Non-voting	John Tompkins	Brian Chernack	Chuck Gilbert					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Gary Keevill	Mitchell Garber					
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							
Energy Curtailment Specialists, Inc	Non-voting	Marie Pieniazek	Stephen Lynch						
Fluent Energy	Non-voting	Michael Mastroianni	David Koplas	Margie Miller					
Hudson River Energy Group	Non-voting	Frank Radigan	Richard Canfield						
Hydro-Quebec TransEnergie	Non-voting	Glenn Sylvain	Mario Boucher						
NYS Department of Public Service	Non-voting	Penny Rubin	✓ Rajendra Addepalli						✓ Bill Heinrich
Stealth Energy	Non-voting	Gad Cohen							
The Structure Group	Non-voting	Bob Furry	Alex Lago						
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	Marie Pieniazek	Stephen Lynch						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting								
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zNew Member	Non-voting								
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zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting								
zNew Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:

- ✓ Ira Freilicher Hunton & Williams
- Kevin Jones Hunton & Williams
- ✓ Ted Murphy Hunton & Williams
- ✓ Rob Fernandez NYISO
- ✓ Mark Lynch NYISO

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✓ John Buechler	NYISO								
✓ Mike Calimano	NYISO								
✓ Garry Brown	NYISO								
✓ Rana Mukerji	NYISO								
✓ Linda Savanti	NYISO								
✓ Debra Murley	NYISO								
✓ Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
✓ Andy Antinori	NYISO								
✓ Mollie Lampi	NYISO								
✓ Frank Francis	NYISO								
✓ Charles Garber	NYISO								
✓ Kyla Douglas	NYISO								
✓ Ernie Cardone	NYISO								
✓ Mike Martin	NYISO								
Kathy Whitaker	NYISO								

Key:

✓ = In attendance