

NYISO Business Issues Committee Meeting Minutes -- DRAFT

Wednesday, November 17th, 2004

NYS Nurses Association, Latham, NY

1. Welcome & Meeting Objectives

Wes Yeomans, Chair of Business Issues Committee (BIC) called the meeting to order at 10:05 AM and welcomed the members of BIC. Attendees introduced themselves, naming the organizations they represent.

2. Approval of minutes for October 27, 2004

NYISO staff distributed final drafts of the minutes from October 27th to BIC members before the meeting.

Mr. Mike Mager of Multiple Intervenors noted that a comment in the October 27th draft minutes might have been erroneously attributed to him. The revised draft minutes attribute the comment to Glenn Haake of IPPNY.

Motion 1:

Motion to approve the minutes from the October 27th BIC meeting.

(Motion passed unanimously by a show of hands.)

3. Chair's Report

Chairman Yeomans noted that the current meeting was his final meeting as BIC chairman. Mr. Yeomans thanked the working group chairs and participants for all the hard work rendered during his tenure as BIC chairperson. Mr. Ray Stalter of the NYISO thanked Mr. Yeomans on behalf of NYISO staff and presented him with a parting gift. Mr. Jim Scheidrich of Select Energy, succeeding BIC chairperson for 2005, announced the Working Group chairs for the coming year.

4. Market Operations Report & SMD2 Readiness Update

Belinda Thornton of the NYISO presented the Market Operations Report. Despite lower loads in October, average costs rose higher due to higher fuel prices. Ms. Thornton noted the continued rises in fuel prices, particularly kerosene and No. 2 fuel oil. Increases in ancillary services were noted and attributed to higher fuel prices and the fact that October is a "shoulder" month. The percentage of in-city DAM hours mitigated remained essentially the same for October.

Ms. Thornton noted a pilot effort to enhance communication of operational information to the marketplace. The pilot effort will utilize Dialogic Communicator, an automated notification system. Dialogic will provide updates through multiple communication media (phones and cell phones) and will supplement the SRE email notifications. Mr. Howard Fromer of PSEG asked about the Market Participants that the pilot project would target. Ms. Kathy Whitaker of the NYISO responded that the project will initially work with the generator operator notification lists that are currently used for SRE notification.

Ms. Thornton noted that the Board of Directors heard oral arguments regarding the ICAP Demand Curve, and pending a request for further discussion, will not make a decision during November. Mr. Fromer noted that the proposal was guided by the desire to create a timely review period for FERC. Ms. Doreen Saia of Mirant suggested that the NYISO work with outside counsel to prepare the filing for year-end submission. Mr. Gerald Deaver of the NYISO stated that this was being done at present.

Mr. Garry Brown of the NYISO presented the SMD2 Readiness Report. Mr. Brown announced that deployment was delayed until Feb. 1, 2005. The delay reflects three concerns recently raised by Market Participants: the NYISO's ability to attain an unqualified SAS 70 opinion based on SMD2 controls after only one month of operation; Market Participants' abilities to test internal controls pursuant to SAS 70 and Sarbanes-Oxley; and Market Participants' abilities to meet Public Company Accounting Oversight Board (PCAOB) standards for testing. The interim period will be used to provide additional SMD2 testing including parallel operations of the SMD2 and

NYISO Business Issues Committee Meeting Minutes -- DRAFT

Wednesday, November 17th, 2004

NYS Nurses Association, Latham, NY

legacy systems from November 29 through December 10, 2004. However, no added functionality will be included during this period. Mr. Rich Dewey of the NYISO noted that the NYISO will evaluate whether settlement results from parallel operations would be posted on OASIS and will discuss the possibility at the November 19th MSWG. Mr. Yeomans asked if the first SMD bill result would be available on December 3rd. Mr. Dewey responded that due to a BAS outage, no SMD bills would be available during parallel operations. Mr. Brown stressed that if an emergency situation were present on February 1st, 2005 the NYISO would delay deployment. However, deployment would commence as soon as possible after February 1st. Mr. Fromer asked about the status of parallel operation results and summaries during the pre-deployment period. Mr. Brown indicated that there would be a daily email. Mr. Fromer questioned how the deployment timeline would affect the ITS schedule. Mr. Brown noted that this would be covered during the November 19th MSWG.

5. Regional Market Enhancements

Ms. Thornton noted that FERC issued an order on November 3, 2004 approving the elimination of export charges between New York and New England effective December 1, 2004. She reported that FERC ordered ISO-NE to submit a compliance filing for the Intra-hour Transaction Scheduling Pilot Test Program by December 1st 2004. Details of current e-tagging efforts were posted to the October 8th S&PWG meeting materials on MDEX. The NYISO has scheduled deployment for operator checkout displays for facilitated deployment for mid-2005.

6. Working Group Updates

A. Billing and Accounting

The NYISO expects the new settlement allocation process to be put in place for true-ups by January 2005. Pending FERC approval, the current 85/15 rate split will be changed to 80/20. Mr. Yeomans noted that past final true-ups for 2000-2001 have not been sent out in invoices but issued with code corrections. He suggested that it may be the NYISO's intent to bundle these together and issue them in one piece for the billing simulator and indicate what manual adjustments have to be handled.

B. Electric System Planning

During its November 16th meeting, the ESPWG discussed the process of posting historical congestion. The NYISO is assembling a proposal for the process and the ESPWG will review the proposal on December 1st. The PSC screening process on regulated projects was discussed and the PSC will submit a straw proposal by December 1st. Additionally, the implementation criteria on the planning review process and criteria for holding regulated project swill be addressed December 1st. The NYISO has created a straw proposal on economic planning process and the majority view will be brought to the OC.

C. Installed Capacity

No report given.

D. Interconnection Issues Task Force

During the November 6th meeting, NYISO staff presented a revised deliverability study scope. The NYISO is currently soliciting comments. The IITF reviewed IRM procedures, completed load flow analysis, and preliminary results suggest that certain bottlenecks need to be considered in the analysis. A straw man procedure will be developed. The report will be finalized over two IITF meeting sin January 2005.

E. Market Structure

The MSWG will meet Friday November 19 to discuss open SMD2 issues.

NYISO Business Issues Committee Meeting Minutes -- DRAFT
Wednesday, November 17th, 2004

NYS Nurses Association, Latham, NY

F. Price Responsive Load

No report given.

G. Scheduling & Pricing

No report given.

7. New Business

Mr. Scheidrich presented a proposal for a four-month true-up sub-zone load metering "lockdown." Mr. Scheidrich noted that his proposal involved the request of information from the NYISO including MLoad history, sub-zones by month, and initial loads. Mr. Scheidrich observed that the impetus for his proposal were the changes from the four-month true-up to the 12 month true-up on sub-zone load. He characterized the issues arising out of these changes, including the uncertainty that may be keeping LSEs out of retail markets and the fact that 3rd Party LSEs have virtually no recourse in disputing meter related billing issues. Mr. Scheidrich suggested that any ISO attempt to shorten the bill cycle would have to deal with the issue of sub-zone load changes. Mr. Scheidrich proposed that while the data indicated that sub-zone loads change, those changes were small. Asking the ISO to provide MLoads would give Market Participants a more complete picture and inform them of the extent of changes encountered. Mr. Scheidrich proposed that the sub-zone loads be "locked down" subsequent to the four-month true up with two caveats: TOs and/or Generators can enter into a dispute over a meter read before the four-month true up, and parties need to specify the metered element, approximate error level and a date certain for resolution.

Mr. Mike Calimano of the NYISO noted that while the NYISO has done work with meter reading ties, the updates from the meter reads help to establish the changes and indicate random or fixed patterns. The updates allow the NYISO to drill down to where and why there are the greatest changes and sift out those meters that have a definite and consistent bias. Mr. Yeomans asked about provisions for disputes occurring after four-months, if the true up is indeed locked down. Mr. Scheidrich noted that the proposal suggested that once the four-month period is past, there is a lock-down. Mr. Haake observed that station power readings are not available until after the four-month true up. Mr. Yeomans noted that the reporting of generator station power is a line item in the TOL process and qualifies as a retail, not a wholesale issue. Mr. Scheidrich ended the discussion with a request to the NYISO to supply MLoad data and MLoad history and address these issues at the next BAWG.

Ms. Saia queried regarding the status of credit policy issues. Mr. Stalter noted that a special S&P teleconference would be scheduled.

Mr. Haake asked for an update on the Direct Customer motion. Mr. Stalter replied that the issue would be addressed at S&P at the end of November, with separate meetings for tax and credit issues.

Mr. Fromer asked about the status of Zone J and K disaggregated data. Mr. Stalter indicated that the NYISO was completing the disaggregation.

8. Administrative Matters

None

Meeting was adjourned at 12:00 PM.

Respectfully Submitted,
Caleb Derven
Recording BIC Secretary

NYISO Business Issues Committee Meeting Minutes -- DRAFT

Wednesday, November 17th, 2004

NYS Nurses Association, Latham, NY

NYISO Business Issues Committee

November 17, 2004

The NYS Nurses Association

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the October 27, 2004 BIC meeting.

(Motion passed unanimously by show of hands)

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance November 17, 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 Wallach				
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Morgan Parke					
ATCO Management Co.	End Use - Large Consumer	Peter DiCapua	Scott Petersen	George Diamantopoulos					
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					
Xerox Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Morgan Parke					
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	Rich Hohlman	Joe Vignola	Jim Brennan	✓ Jim D'Andrea	Madison Milhous	Edwin Kichline		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	James Mayhew	✓ 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	Scott Silverstein	✓ Joe Klimaszewski	Jim Verna					
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
1st Rochdale Cooperative NYC	Other Suppliers	Gregory Wortham	Ruben Brown	Arthur Pearson					
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					
Brascan Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
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	Sara O'Neill	Susan Chamberlin				
Constellation Power Source	Other Suppliers	✓ Glen McCartney	Mary Lynch	Daniel Allegretti					
Coral Power, LLC	Other Suppliers	Matt Picardi	Dave French						
DC Energy	Other Suppliers	Bruce Bleiweis	Andrew Stevens	Matthew Tate					
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			
ECONnergy	Other Suppliers	Saul Horowitz	Tom Halleran						
El Paso Merchant Energy	Other Suppliers	Jeff Moore	Asavari Alvarez						
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	Fernando DaSilva	Dan Wheeler	Shalesh Ganjoo					
HQ Energy Services	Other Suppliers	✓ Michel Prevost	Paul Norris	Benoit Goyette					
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				
NRG Power Marketing	Other Suppliers	Tim Foxen	Katie Sullivan	Peter Chamberlain					

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance November 17, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NU / Select Energy	Other Suppliers	✓ Jim Scheiderich	Gunnar Jorgensen						
Ontario Power Generation Inc.	Other Suppliers	Tasos Karatsoreos	Jim Mastorakos	Ken Lacivita	Erica Cheung	Scott McArthur	✓ Glenn Haake		
PP&L Energy Plus	Other Suppliers	✓ Joseph Langan	Tom Hyzinski	Roland Moor	David Yannarell	Sharon Weber			
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					
TransEnergie 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	Dave Clarke	Jim Wittine				
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ Bob Gow	Paul Rougeaux	Kevin Kipers				✓ B Palazzo, R Rufrano
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	✓ Neil Butterklee					
National Grid	Transmission Owners	Bart Franey	✓ Wesley Yeomans	Jerry Ancona	Janet Gail Besser	Terron Hill			
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					
Caitness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro Corporation	Non-voting	Ed Krapels	Brian Chernack	Paul Flemming					
Conjunction LLC	Non-voting	Roger Clayton							
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 TransEnergie	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							
Stealth Energy	Non-voting	Gad Cohen							
Fluent Energy	Non-voting	✓ Michael Mastroianni	David Koplak	Margie Miller					
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							

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
✓ Belinda Thornton	NYISO
✓ Caleb Dervan	NYISO
✓ Gerald Deaver	NYISO
✓ Mike Calimano	NYISO

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance November 17, 2004 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
✓ Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
✓ Maria Sturgess	NYISO								
✓ Cheri DeLaRosa	NYISO								
✓ Frank Ciani	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