

## **NYISO Management Committee Meeting**

**31 May 2002  
Albany, NY by Teleconference**

### **Meeting Minutes**

#### **1. Introductions and Meeting Objectives.**

Mr. Hiney reported that there is a single action for the meeting: to consider and vote upon the proposed tariff amendment regarding the Day-Ahead Market pricing methodology.

At the request of Chairman Hiney, Kristen Kranz took attendance and it was determined that a quorum had been met.

#### **2. To consider and act upon a motion to amend the Tariff in response to FERC's 29 April order in the Hybrid Pricing Case, Docket ER00-3591-009, ER00-1969-010, and ER00-3038-005.**

Ms. Lampi recapped the history of the process leading to the MC's consideration of the proposal. The proposal was previously discussed with the Scheduling and Pricing and Market Structures Working Groups and overwhelmingly approved by BIC on May 22, 2002.

#### **Motion #1:**

#### **Motion Regarding FERC's Recent Decision on Day-Ahead Pricing**

The Management Committee requests that the ISO Board make a Section 205 filing with the FERC as soon as possible and, without affecting the overall approval of this motion, no later than June 7<sup>th</sup>, 2002 requesting FERC to:

1. Revise the May 1, 2001 effective date FERC included in its April 29 Order in Docket ER00-3591-009, ER00-1969-010, and ER00-3038-005 ("the April 29 Order") in favor of an alternate effective date that would i) avoid retroactive price corrections and ii) allow the existing methodology to remain in place while FERC considers proposed amendments to the ISO Tariff. The Management Committee urges the ISO to point out to FERC the adverse consequences to the market, including increased divergence between DAM and RT Prices, that are likely to result from implementation of the Commission's pricing rule as explained in the April 29 Order.
2. Approve an amendment to the ISO Tariff(s) to describe the current Day-Ahead methodology by clarifying that the price of Energy at each location in the NYS Transmission System is equivalent to the cost to supply the next increment of bid in Load at that location without regard to whether a flexible unit is backed down to make room for the dispatch of block loaded units.
3. Approve, in the alternative, an amendment to the tariff to change the current Day-Ahead scheduling methodology such that schedules would be set consistent with price. Thus

flexible units would not be backed down to make room for the final dispatch of fixed block resources. Pursuant to this alternative amendment, Day-Ahead prices would continue to be set as they have been, but schedules would be established in a manner that avoids reducing the schedule of more flexible units to make room for the dispatch of block loaded units and increases the consistency between prices and schedules. The costs of generation dispatched in excess of bid load would be recovered from real-time load on a load ratio share.

NOTE: The Commission's pricing rule for purposes of this Motion is to identify the marginal cost of supplying the next increment of load (the "LBMP) as equal to the bid price of the least expensive unit that has been backed down in situations where a fixed block resource is the marginal unit but, when dispatched, causes other flexible resources to be backed down to make room for the fixed block resource.

The proposed tariff language shall be posted on the website for Market Participant review and shall be approved by the Chair and Vice Chair of the Management Committee and Business Issues Committee.

Mr. Younger moved the motion and Ms. Saia seconded it.

After some discussion the term "economic unit" was changed throughout the document to "flexible resources."

Mr. Kinney suggested that the term "load" in point 2 be changed to "bid-in load."

The wording changes were all considered friendly.

Ms. Saia asked if the NYISO would be capable of implementing the block bidding mechanism set forth in the FERC order by the 15 June date contained in the NYISO's compliance filing. Ms. Lampi replied that there is a project to accomplish that objective.

Ms. Saia asked that the motion include a commitment to make the Section 205 filing that is the subject of this motion by 7 June. Mr. Hiney suggested a modification to "as soon as possible, but no later than 7 June." After discussion the opening sentence was changed to:

"The Management Committee requests that the ISO Board make a Section 205 filing with the FERC as soon as possible and, without affecting the overall approval of this motion, no later than June 7<sup>th</sup>, 2002 requesting FERC to:"

In response to a question from Mr. Nachmias Ms. Lampi explained that "alternative" in point 3 was meant to make available to FERC two alternatives to the block bidding mechanism set forth in the FERC order. an alternative to the NYISO's existing methodology if FERC remained unwilling to approve the amendment in point 2.

Mr. Scheiderich noted that point 2 represented the preferred approach, as voted on by BIC.

Mr. Younger said that he did not want to express a preference for the alternatives.

Ms. Lampi noted that the intent of the Motion is to pass on to FERC the unanimous sense of the BIC and possibly the MC that the Commission's pricing approach was not appropriate for New York. The motion was constructed to allow as many as possible to approve it, in order to make that point, while allowing an opportunity to voice directly to FERC individual preferences for maintaining the existing approach or changing it. Ms. Lampi indicated that it was her impression the ISO preferred the existing approach, if FERC was comfortable approving it.

Mr. Hiney asked about MC approval without having seen the tariff language. The motion was modified to reflect the fact that the proposed tariff language would be posted on the web site for Market Participant review and would be approved by the Chair and the Vice Chair of the Management Committee and the Business Issues Committee.

***(Motion passed unanimously, with 2 abstentions, by polling members for abstentions and objections)***

### **3. Adjournment.**

The meeting adjourned at 10:42AM

# NYISO Management Committee Meeting

May 31, 2002

Meeting Via Conference Call

## **MOTIONS FROM THE MEETING**

### **Motion #1:**

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3. Approve, in the alternative, an amendment to the tariff to change the current Day-Ahead scheduling methodology such that schedules would be set consistent with price. Thus flexible units would not be backed down to make room for the final dispatch of fixed block resources. Pursuant to this alternative amendment, Day-Ahead prices would continue to be set as they have been, but schedules would be established in a manner that avoids reducing the schedule of more flexible units to make room for the dispatch of block loaded units and increases the consistency between prices and schedules. The costs of generation dispatched in excess of bid load would be recovered from real-time load on a load ratio share.

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The proposed tariff language shall be posted on the website for Market Participant review and shall be approved by the Chair and Vice Chair of the Management Committee and Business Issues Committee.

***(Motion passed unanimously, with abstentions, by polling members for abstentions and objections)***

# New York Independent System Operator - Committee Membership

## Management Committee - Attendance May 31, 2002 - Via Conference Call - 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	Jeffrey Gerber	Erin Hogan					
The City of New York	End Use - Gov. Agency/Aggr.	Richard Miller	Scott Butler	Jonathan Wallach					
Alcoa/Reynolds Metals Company	End Use - Large Consumers	Robert Loughney	✓ Michael Mager	✓ Michael Mager					
ATCO Management Co.	End Use - Large Consumers	Peter DiCapua	Scott Petersen	George Diamantopoulos	Steven Latargia				
IBM Corporation	End Use - Large Consumers	Robert Loughney	✓ Michael Mager						
Occidental Chemical Corp.	End Use - Large Consumers	Robert Loughney	✓ Michael Mager	✓ Michael Mager					
Praxair Inc.	End Use - Large Consumers	Christian Lenci	Robert Loughney	✓ Michael Mager					
Xerox Corporation	End Use - Large Consumers	Robert Loughney	✓ Michael Mager	✓ Michael Mager					
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	✓ Jesse Samberg	Gary Caplan	Walter McCarroll					
Aaron Breidenbaugh	End Use - Small Consumers	Aaron Breidenbaugh							
Association for Energy Affordability, Inc.	End Use - Small Consumers	David Hepinstall	Larry DeWitt						
Beth Israel Health Care System	End Use - Small Consumers	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Building and Realty Institute	End Use - Small Consumers	✓ Herb Rose	Marjorie Ochrach	Ted Lee	Judith Mondre	✓ Tariq Niazi			
Caithness Energy, L.L.C	End Use - Small Consumers	Daniel McBrearty	Jack Feinstein						
Cianbro Corporation	End Use - Small Consumers	Chuck Hewett	John Tompkins						
Citizens Advisory Panel	End Use - Small Consumers	Gordian Raacke	Larry DeWitt						
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumers	✓ Herb Rose	MaryAnn Rothman	Marjorie Ochrach	Ted Lee	Judith Mondre	✓ Tariq Niazi		
Columbia University	End Use - Small Consumers	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Hudson River Energy Group	End Use - Small Consumers	Frank Radigan							
Mount Sinai Medical Center	End Use - Small Consumers	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
New York Energy Buyers Forum	End Use - Small Consumers	Marjorie Ochroch	Ted Lee	David Bomke	✓ Tariq Niazi	✓ Herb Rose			
New York Presbyterian Hospital	End Use - Small Consumers	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
New York University	End Use - Small Consumers	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Refined Sugars, Inc.	End Use - Small Consumers	John Gebhard	Paul Faia	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
William P. Short	End Use - Small Consumers	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock		Paul Savage	Roberto Denis
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	✓ Christopher Wentlent	Rick Santoroski	Charles Sjoberg					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	William May	Leonard Singer						
Calpine	Generation Owners	John Eff	Thomas Kaslow	Richard Felak					
East Coast Power	Generation Owners	Gary Keevill	Asavari Alvarez						
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Robert Agnello	Jeffrey Ellis					
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	William Stone	✓ Ron Mackowiak					
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
KeySpan Ravenswood, Inc	Generation Owners	James Brennan	Kevin Knapp	✓ Dick Ackerson	Ron Lukas	Terrence Kain	James D'Andrea		
Mirant New York, Inc.	Generation Owners	None Assigned	Mark Petro	✓ Doreen Saia	Couch White				
NRG Energy	Generation Owners	Joe DeVito	Frank Rapley	Paul Savage	Marc Dworkin	Ruben Brown	Peter Chamberlain	✓ Pamela VanHorn	
Orion Power New York	Generation Owners	John Reese	✓ Bruce Bleiweis						
PG&E Generating	Generation Owners	✓ Steve McDonald	Jeff Simmons						
PSEG Energy Resources & Trade	Generation Owners	Howard Fromer	Michael LaFalce						
Sithe Energies, Inc.	Generation Owners	Tim Bush	✓ Garry Brown	David Applebaum					✓ Glenn Haake
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
NYS Department of Public Service	Non-voting	✓ Saul Rigberg	Tom Dvorsky						
1st Rochdale Cooperative NYC	Other Suppliers	Phyllis Kessler	Gregory Wortham	Andrea Mendez					
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Keith Mills					
American Electric Power (AEP) Srvc. Corp.	Other Suppliers	Ron McNamara	Paul Leanza						
Aquila Energy Marketing Corp.	Other Suppliers	Jason Stever	Peter Brown	David Wiesner	✓ Pamela VanHorn	Richard Mooney	Susan Chamberlain		
Cinergy Capital and Trading	Other Suppliers	Walt Yeager	Jan Bagnall						
Con Edison Energy	Other Suppliers	Ken Bekman	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Ken Bekman	Stephen Wemple						
Connectiv	Other Suppliers	Steve Huntoon	Bill Fehr						
Constellation Power Source	Other Suppliers	✓ Harvey Reed	Glen McCartney	David Taylor					
Duke Energy North America, LLC	Other Suppliers	Ronald Matlock	Del Disher	Tom Bankert					
Dynegy	Other Suppliers	Chad Wagner	✓ Matthew Picardi						
El Paso Merchant Energy	Other Suppliers	Alan Foster	Eric Stoerr						
Energetix, Inc.	Other Suppliers	Barney Farnsworth							
Exelon Generation - Power Team	Other Suppliers	Regina Carrado	✓ Garry Brown	David Applebaum	Tim Bush	Jack Crowley			
FPL Energy	Other Suppliers	Roberto Denis	✓ Bill Fenerty						
HQ Energy Services	Other Suppliers	Benoit Goyette	✓ Michel Prevost	Paul Norris	Joel Zipp	Gunnar Birgisson			
KeySpan Energy Services	Other Suppliers	Ron Lukas	Ruben Brown	Peter Chamberlain	John Smith				
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				
New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Steve Fernands					
NU / Select Energy	Other Suppliers	Gunnar Jorgensen	✓ James Scheiderich						

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Ontario Power Generation Inc.	Other Suppliers	Barry Green	Tasos Karatsoreos	Ken Lacivita					
PP&L Energy Plus	Other Suppliers	John Brodbeck		Roger Dolan		Garreth Kirkner			
Reliant Energy Services, Inc.	Other Suppliers	✓ Bruce Bleiweis	John Reese						
Sempre Energy Trading	Other Suppliers	✓ Tom Halleran	Dana Volpe	✓ Russel Like	Mally Becker	Bob Chilton			
Strategic Energy LLC	Other Suppliers	Michael Swider	Jeffrey Knox	James McCormick	Helen Caldwell				
Strategic Power Management, Inc.	Other Suppliers	Dan Duthie	Mario DiValentino						
Transalta (formerly MEGA)	Other Suppliers	Daniel Lobue	John Carmody						
TransÉnergie U.S. Ltd.	Other Suppliers	Other Suppliers	José Rotger						
Williams Energy Marketing & Trading Co.	Other Suppliers	Marji Philips	David Singer	Dennis Keener					
Long Island Power Authority	Public Power - Authorities	✓ Jim Parmelee	Seth Hulkower	Alan Elberfield					
New York Power Authority	Public Power - Authorities	✓ Robert Hiney	✓ William Palazzo	Kim Byham					
American Wind Energy Association	Public Power - Environmental	David Wooley	Larry DeWitt						
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	Paul Pallas	Matthew Benesh	Jim Hamilton	Jack Brown	Ken Moore		✓ Tom Rudebusch	
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	Paul Pallas	✓ Tom Rudebusch					
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tom Rudebusch	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	Robert Kortright	Anthony Fiore					
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul Pallas	Jim Hamilton	Jack Brown	Ken Moore	Matthew Benesh		✓ Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	Paul Pallas	Matthew Benesh	Jack Brown	Ken Moore		✓ Tom Rudebusch	
Central Hudson Gas & Electric	Transmission Owners	✓ Charles Freni	John Watzka						
Consolidated Edison	Transmission Owners	Joe Oates	Terry Agriss	Neil Butterklee					
National Grid	Transmission Owners	✓ Jerry Ancona	Wes Yeomans						
NY State Electric Gas (NYSEG)	Transmission Owners	Denis Wickham	✓ Raymond Kinney	Hank Masti					
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	Clifton Olson	✓ Laurie King-Pirchner						
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							

### NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
Kathy Robb	Hunton & Williams
✓ Kevin Jones	Hunton & Williams
✓ Kristen Kranz	NYISO
✓ Ray Stalter	NYISO
✓ Rick Gonzales	NYISO
✓ Jonathan Mayo	NYISO
✓ John Cutting	NYISO
✓ Leigh Bullock	NYISO
✓ Elaine Robinson	NYISO
Jane Lathrop	NYISO
✓ Mollie Lampi	NYISO
Andy Hartshorn	Navigant

### Key:

✓ = In attendance