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## NYISO Management Committee Meeting Minutes

October 21, 2010

10:00 a.m. – 12:00 p.m.

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### 1. Introductions, Meeting Objectives, and Chairman's Report

Mr. Glen McCartney (Constellation Energy), the Chair of the Management Committee (MC) called the meeting to order at 10:00 a.m. and welcomed the members of the MC. Meeting participants introduced themselves and their affiliations. A quorum was determined.

### 2. Approval of Meeting Minutes – September 29, 2010

Mr. Mark Younger (Slater Consulting) asked about the status of an action item re: web postings of data previously discussed at the September 29 meeting. Ms. Nicole Bouchez (NYISO) said that the NYISO is still working on it. The item will be added to the upcoming ICAP working group meeting.

#### Motion #1

Motion to approve the September 29, 2010 meeting minutes.

*Motion passed unanimously with an abstention.*

### 3. CEO and COO Report

Mr. Steve Whitley (NYISO) gave the CEO report and reviewed the presentation with the meeting material. He gave a status update of the NYISO's engagement of KEMA and EIG to conduct analysis of the NYISO's data and control center in regards to its infrastructure master plan. These studies not only tie in with the ISO's proposed infrastructure plan, but also with the budget.

Mr. Rick Gonzales (NYISO) gave the COO report. He noted that the NYISO is providing additional charts/graphs to market participants with regard to Lake Erie Loop Flow so that they can see trends in the region.

### 4. Management Committee Vice Chair Election Term 2010-2011

The Management Committee elected Mr. Glenn Haake of Dynege to fill the Vice Chair position for December 2010 through November 2011.

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## 5. Strategic Tariff Review – Energy/Bilaterals

Mr. Rick Hoefer (NYISO) reviewed the presentation included with the meeting material.

### Motion #2:

The Management Committee (MC) recommends that the NYISO Board of Directors approve for filing under Section 205 of the Federal Power Act, amendments to the OATT and Market Services Tariff proposed as part of the Strategic Tariff Review pertaining to Energy and Bilaterals, as described in the presentation made to the MC on this date, October 21, 2010.

*Motion passed unanimously with abstentions.*

## 6. Enhanced Interregional Transaction Coordination: Proposed Tariff Changes

Mr. Mike DeSocio (NYISO) reviewed the presentation included with the meeting material.

Mr. McCartney asked how soon will we see action on the New York's other borders. Mr. DeSocio said by the end of 2011, we are scheduled to coordinate with PJM

### Motion #3:

The Management Committee hereby recommends that the Board of Directors authorize the NYISO to file with the Federal Energy Regulatory Commission, pursuant to Section 205 of the Federal Power Act, to approve revisions to the NYISO's Services Tariff in relation to Enhanced Interregional Transaction Coordination, pursuant to the presentation made to the Management Committee this date.

*Motion passed unanimously with abstentions.*

## 7. Infrastructure Master Plan Update

Mr. Rich Dewey (NYISO) reviewed the presentation included with the meeting material.

The studies mentioned in his presentation are posted on the NYISO's website under the October 20, 2010 Budget and Priorities Working Group meeting materials:

[http://www.nyiso.com/public/markets\\_operations/committees/meeting\\_materials/index.jsp?com=mc\\_bpwg](http://www.nyiso.com/public/markets_operations/committees/meeting_materials/index.jsp?com=mc_bpwg)

Mr. Dave Clarke (Long Island Power Authority) asked about the requirements for having a primary and a secondary control center. Mr. Dewey said we are obligated by NERC standards to maintain adequate back-up control center capabilities. Under the scenario where the Carman Road facility would be upgraded to exist as the primary control center, the magnitude of those upgrades would necessitate moving NYISO Grid Operations to the

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back-up control center for a period of approximately four to six months. During that time, a temporary back-up control center would need to be built in order to provide adequate back-up control center support while the power grid was operated out of Krey Blvd. Under the NYISO recommended plan to establish the primary control center at Krey Blvd., these risks and costs are avoided. Mr. Clarke said that he has been asked to do due diligence and he would like to see a breakdown of the costs. Mr. Dewey said the NYISO will provide that information for market participants.

Mr. Richard Bolbrock asked if NYISO can have a planned outage for the back-up facility for that length of time. Mr. Dewey said operating without a back-up control center for four to six months would be unacceptable based on the NYISO interpretation of the NERC standards; the NYISO design criteria that has been implemented in practice is to allow outages of the back-up systems of no more than four hours. Mr. Whitley reported that Market Participants have asked about the details of NERC's reliability criteria lately. He noted that while the level of specificity in the standards is lacking, recent audit experiences in other regions of the country with respect to back-up operations indicate that a stricter interpretation of the standards is a more prudent approach for the NYISO.

Mr. Clarke asked about the costs of other ISOs/RTOs new control centers. Mr. Dewey said that the NYISO has compared the high-level costs of recently completed, similar projects and found that our recommendation is in line, or less expensive, than those projects in other areas of the country. Mr. Clarke asked if NYISO could quantify the last bullet on slide 10. Mr. Dewey said that efficiencies in physical security would produce savings of approximately \$200,000.00 a year, and combined with staff consolidations and energy efficiency improvements, the total combined savings would be approximately \$900,000.00 annually.

Mr. Kevin Lang (Multiple Intervenors) said he wanted to express his concern that NYISO is overly aggressive in the assumptions of the benefits attributed to Broader Regional Markets, and feels that it is inappropriate to link the costs of the control center project to the potential benefits of those projects. He said it was premature to assume that the project would provide \$200 million in annual benefits when the rules haven't been finalized and actual level of benefits to be achieved are not yet known. Mr. Lang also said that it is inappropriate to fund the control center project through Rate Schedule 1.

Mr. Clarke asked if NYISO could describe the scenario of staff savings. Mr. Dewey said the NYISO identified departments that regularly interact with Operations staff and realized that the NYISO could do some things with less staff if the staff was located on one campus. Once the project is completed, the Carman facility would have limited staff on site to maintain the facility. Mr. Whitley stated that the efficiencies identified in the presentations are based upon what other ISOs/RTOs have experienced.

Mr. Clarke asked how the NYISO will avoid cost overruns. Mr. Dewey said that the strategy is to enter into a contract with the construction firms that contain a guaranteed maximum

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price. With this type of an arrangement, the builder takes on a great deal of the risk. Similarly, if engineering efficiencies can be employed to drive down costs, those savings are shared between the builder and the owner. This type of contract shifts risk to the builder, while providing incentives for all parties to drive down costs. The details of this contract can not be finalized until the construction drawings for the work at both sites are complete.

Mr. Dewey said the project previously approved by MPs was scheduled to take 24 months; should the MPs approve the revised proposal, it would take approximately 36 months. Mr. Clarke asked for a comparison of the budgetary estimates of this project and the project that was approved last year. Mr. Dewey said the \$45.8 million project from last year would increase by approximately five to six million dollars, and he provided a summary of the drivers that contribute to that higher cost estimate. Mr. Whitley said that to avoid cost overruns it is critical that all of the building design documents get done as soon as possible.

Mr. Bill Palazzo (New York Power Authority) asked if the NYISO was planning to submit a new financing petition to the New York State Public Service Commission. Mr. Dewey said the NYISO does plan to file a revised financing petition and would like to use the weight of the studies and strong market participant support in order to get the PSC's approval for project financing. We see the infrastructure plan as important to grid reliability.

Mr. McCartney noted that he used to work as an operator for the New York Power Pool in 1986 and added the Carman facility hasn't changed since then, even though the NYISO has taken on more responsibilities today.

## **8. 2011 Budget Update**

Ms. McGarvey (NYISO) reviewed the presentation with the meeting material. She noted that there will be an additional BPWG meeting on November 4.

Mr. Rich Miller (Consolidated Edison) asked for clarification of slide 9. If PSC doesn't approve financing, Rate Schedule 1 would be \$0.874? Ms. McGarvey confirmed.

Mr. Palazzo asked if there is a requirement for multi-year capital projects to be financed. Ms. McGarvey said there are none the NYISO is aware of, and noted that all NYISO capital projects early on were funded via RS1.

Mr. Clarke asked about the reason for the 3 year financing. Ms. McGarvey said this represents an opportunity to use inexpensive financing to fund initial activities within the Infrastructure Master Plan. The remainder of the project would be expected to be financed, with the financing being paid for through Rate Schedule 1 for the next 17 years, if the PSC approves a new financing petition.

**New Business**

There was no new business.

## **Management Committee**

October 21, 2010 Meeting  
Final Motions

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### Motion #1:

Motion to approve the Minutes of the September 29, 2010 MC meeting.

*Motion passed unanimously with an abstention.*

### Motion #2:

The Management Committee (MC) recommends that the NYISO Board of Directors approve for filing under Section 205 of the Federal Power Act, amendments to the OATT and Market Services Tariff proposed as part of the Strategic Tariff Review pertaining to Energy and Bilaterals, as described in the presentation made to the MC on this date, October 21, 2010.

*Motion passed unanimously with abstentions.*

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*Motion passed unanimously with abstentions.*

## New York Independent System Operator - Committee Membership

### Management Committee - October 21, 2010 - kcc - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Alternate6	Alternate7	Proxy	Guest
AES	Generation Owners	Wentlent, Chris	Evanoski, Dave	Schaffer, Charlie	Santelli, Dan	✓LaRoe , Chris					
Astoria Energy LLC	Generation Owners	McCall, Chuck	Browne, Scott	St. Maurice , Louis							
Calpine	Generation Owners	Kruse, Brett	Berend, Seth	Flumerfelt, John	Garcia, Max	Webb, David					
East Coast Power, LLC	Generation Owners	Walsh, Dan	Millillo, Tom	Seiple, Chris							
Edison Mission Marketing & Trading, Inc.	Generation Owners	Stalter, Ray	Ellis, Jeff								
Entergy Nuclear Northeast	Generation Owners	Potkin , Marc	✓Mackowiak, Ron								
Horizon Wind Energy LLC	Generation Owners	Lammers, Brian	Davidson, Gary	Stebbens, Tom							
Indeck Energy Services, Inc.	Generation Owners	Ferguson, Mike	Schrage, John	✓Younger, Mark							
Innovative Energy Systems	Generation Owners	Zeliff, Peter	Henningham, Scott	Koplas , David							
Mirant New York, Inc.	Generation Owners	Smith, Philip	✓Saia, Doreen	Lynch, Vicki							
New Athens Generating Co. LLC	Generation Owners	Breen, Jack	DellOrto, Ken	DeVinney, Dan	Felak, Rich						
Noble Environmental Power LLC	Generation Owners	Swank, Thomas									
Selkirk Cogen Partners, LP	Generation Owners	Biittig, Timothy	Kamppila, Steve								
TC Ravenswood, Inc.	Generation Owners	Taylor, William	DAndrea , James	✓Congel, Dan	Hachey, Mike						
UPC Wind	Generation Owners	Wilby, David	Jacobs, Michael								
BJ Energy LLC	Other Suppliers	Ni, Bing	Lee, George								
BP Energy Company	Other Suppliers	Sterba , Lisa	Briscoe , Judy								
Brookfield Energy Marketing	Other Suppliers	✓Francis, Frank	Ricketts, Robert	Whyte, Daniel							
Bruce Power	Other Suppliers	Loughrens, Chris									
Citigroup Energy Inc.	Other Suppliers	Yoho, Lisa									
Con Edison Solutions Inc.	Other Suppliers	Mah, Norman	Wemple, Steve								
Connectiv Energy Supply, Inc.	Other Suppliers	Steele, Robert	Gabrieli, Tony	Ogenyi, Gloria							
Constellation Energy Commodities Group, Inc.	Other Suppliers	✓McCartney, Glen	Daniels, Tim	Allegretti, Daniel							
Constellation New Energy	Other Suppliers	✓McCartney, Glen	Daniels, Tim	Allegretti, Daniel							
Cpower	Other Suppliers		Planson, Nick	Gatto , Joe	Dudley, Janet						
Cross Sound Cable Company, LLC	Other Suppliers	Miller, John	Reinhart, Brian	Railing, Bradley	Rotger, Jose						
DC Energy	Other Suppliers	Bleiweis, Bruce	Carpenter, Chris	Stevens, Andrew	Tate, Matthew	Milberg, Sadao	Kuo, David	Kent, Aaron			
DTE Energy	Other Suppliers	Pakela, Gregory	Wieszczyk, Raymond	Norris, Paul							
Dynegy Power Marketing, Inc.	Other Suppliers	Haake, Glenn	✓Ellis, Dean								
EnerNoc	Other Suppliers	Brewster, David	Breidenbaugh, Aaron								
Energy Curtailment Specialists	Other Suppliers	Pieniasek, Marie	Lynch, Stephen	Korczykowski , Jim							
Energy Spectrum	Other Suppliers	David, Gary	Ahrens, David	Pasch, Carrie	Neiburg, David	Iskowitz, Aron	Brown, Ruben	Pearson, Arthur			
Epic Merchant Energy NY, LP	Other Suppliers	Kinsey, Mike	Erbrick, Robert	Tournois, Pierre	Scott, Gordon	Khan, Arshad					
Exelon Generating Co. LLC	Other Suppliers	Foster, Denise	Crowley, Jack								
FPL Energy, LLC	Other Suppliers	Applebaum, David	DaSilva, Fernando	✓Orzel , Chris							
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Gesicki, Tom	✓Younger, Mark								
Galt Power	Other Suppliers	Fernands , Rochelle									
HQ Energy Services US	Other Suppliers	✓Vennes, Yannick	Berube, Mathieu	✓Leuthauser, Scott							
Hess Corporation	Other Suppliers	Sobieski, Dennis	Jain, Hemant	Laguardia, Kevin							
Integrus Energy Services of New York, Inc	Other Suppliers	Haugh, Michael									
J.P. Morgan Ventures Energy Corporatio	Other Suppliers	Trejo , Robert									
Liberty Power Corp.	Other Suppliers	Hernandez, David	Douglas, Kyla								
Louis Dreyfus Highbridge Energy	Other Suppliers	Sun, Xijian	Cheong, Mei								
Morgan Stanley Capital Group, Inc.	Other Suppliers	Murray, Patrick	Kochonies, Karen	Kazarian, Levon	Ezickson, Doron	Markarian, Nikolai					
NRG Power Marketing Inc.	Other Suppliers	Kranz, Brad	Neal , David								
Ontario Power Generation, Inc.	Other Suppliers	Anderson, Colin	✓Barr, David	Lacivita, Ken	Gell, Richard						
PPL EnergyPlus, LLC	Other Suppliers	Hyzinski, Tom	✓Weghorst, Brad	Weber, Sharon							
PPM Energy	Other Suppliers	Allen, Thresa	Thuma, Eric	Shields, Tom							
PSEG Energy Resource & Trade, LLC	Other Suppliers	Fromer, Howard	Lafalce, Michael								
RBS Sempra Energy Trading	Other Suppliers	Staines, Dan	Trayers, Barry	Singh, Harry	Binder , Gerry						
SESCO Enterprises, LLC	Other Suppliers	Schubiger, Michael	Thoresen, James								
Shell Energy North America, LLC	Other Suppliers	Picardi, Matt	Overdyk, Marc	French, Dave							
Strategic Energy L.L.C.	Other Suppliers	Comstock, Read									
TransCanada Power Marketing, Ltd.	Other Suppliers	Taylor, William	D'Andrea, James	✓Congel, Dan	Hachey, Mike						
U.S. Power Generating Co.	Other Suppliers	Baker, Liam	Reese, John							✓LaRoe , Chris	
Central Hudson Gas & Electric Corp.	Transmission Owners	Freni, Charles	Watzka, John	✓Dittmann, David						Wright, Rich	
Consolidated Edison Co. of NY, Inc.	Transmission Owners	Nachmias, Stuart	✓Miller, Richard	Butterklee, Neil							✓Gioia , Paul
National Grid	Transmission Owners	Hill, Terron	✓Franey, Bart	Maywalt , Roxanne	Milhaus, Madison						

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Alternate6	Alternate7	Proxy	Guest
New York State Electric & Gas (NYSEG)	Transmission Owners	✓ Kinney, Ray	✓ Caletka, Patricia	Olson, Cliff	Wickham, Denis	Jeremko, Steve					
Orange & Rockland Utilities, Inc.	Transmission Owners										
Rochester Gas and Electric Corp.	Transmission Owners	✓ Kinney, Ray	✓ Caletka, Patricia	Masti, Hank	Olson, Cliff	Wickham, Denis					
Alcoa, Inc.	Large Consumer	Loughney, Robert	Mager, Michael	Bissell, Garrett	✓ Lang, Kevin						Slusher , Kathleen
Atco Properties & Management, Inc	Large Consumer	Bomke, David	Diamantopoulos, George								
IBM Corporation	Large Consumer	Loughney, Robert	Mager, Michael	Bissell, Garrett	✓ Lang, Kevin						
Occidental Chemical Corp.	Large Consumer	Loughney, Robert	Mager, Michael	Bissell, Garrett	✓ Lang, Kevin						
Wegmans Food Markets	Large Consumer	Loughney, Robert	Mager, Michael	Bissell, Garrett	✓ Lang, Kevin						
Metropolitan Transportation Authority	Large Consumer Government Agency	Keller , David	Chou , Frances								
American Sugar Refining, Inc	Small Consumer	George, Quintin	Luthin, Catherine	Dowling, John	Niazi, Tariq	✓ Rigberg, Saul					
Association for Energy Affordability	Small Consumer										
Beth Israel Health Care System	Small Consumer	Luthin, Catherine	Dowling, John	Niazi, Tariq	✓ Rigberg, Saul						
Fordham University	Small Consumer	Dowling, John	Luthin, Catherine	Niazi, Tariq	✓ Rigberg, Saul						
Memorial Sloan Kettering Cancer Center	Small Consumer	Dowling, John	Luthin, Catherine	Niazi, Tariq	✓ Rigberg, Saul						
Mount Sinai Medical Center	Small Consumer	Luthin, Catherine	Dowling, John	Niazi, Tariq	✓ Rigberg, Saul						
New York Presbyterian Hospital	Small Consumer	Bomke, David	Niazi, Tariq	Elfner, Doug							
New York University	Small Consumer	Luthin, Catherine	Dowling, John	Niazi, Tariq	✓ Rigberg, Saul						
NYS Consumer Protection Board	Government Statewide Consumer Advocate	Niazi, Tariq	✓ Rigberg, Saul								
City of New York - Energy Conservation	Government Small Consumer and Retail Aggregate	Delaney, Michael	Simpson, Thomas						Niazi, Tariq	✓ Rigberg, Saul	
NYS Energy Research & Dev. Authority	Government Small Consumer and Retail Aggregate	Williams, John	Michael, Karl	Coup, David	Hogan, Erin	✓ Hall, Christopher					
Long Island Power Authority	State Power Authorities	Jones, Kevin	Wittine, Jim	✓ Clarke, Dave							
New York Power Authority	State Power Authorities	✓ Palazzo, William	Brown, Scott	Sharif, Maryam							
Bath Electric, Gas & Water Systems	Municipalities and Coops	Benesh, Matthew	Bolbrock, Richard	Cordeiro, Mark							
Freeport Electric	Municipalities and Coops	Fiore, Anthony	Kimlingen, Ted	✓ Rudebusch, Tom							
Jamestown Board of Public Utilities	Municipalities and Coops	Gustafson, David	Leathers, David	Kulig, Steve	✓ Rudebusch, Tom						
Lake Placid Village	Municipalities and Coops	Kroha, Peter	Bolbrock, Richard	Cordeiro, Mark							
Municipal Commission of Boonville	Municipalities and Coops	Stabb, Kenneth	Bolbrock, Richard	Cordeiro, Mark							
Plattsburgh Municipal Lighting Dept	Municipalities and Coops	Treacy, William	Bolbrock, Richard	Cordeiro, Mark							
Village of Arcade	Municipalities and Coops	Kilburn, Larry	Bolbrock, Richard	Cordeiro, Mark							
Village of Fairport	Municipalities and Coops	Moore, Ken	Bolbrock, Richard	Cordeiro, Mark							
Village of Rockville Centre	Municipalities and Coops	Pallas, Paul	Cardile, Thomas	✓ Rudebusch, Tom							
Village of Solvay	Municipalities and Coops	Mondre, Judith	Bolbrock, Richard	Cordeiro, Mark							
Village of Westfield	Municipalities and Coops	Hamilton, James	Bolbrock, Richard	Cordeiro, Mark							
American Lung Association	Environmental	Van Nostrand, Jamie	Morris, Jackson								
American Wind Energy Association	Environmental	✓ Strauss, Valerie	Murphy, Carol	Gramlich, Robert							
Environmental Advocates	Environmental	Van Nostrand, Jamie	Morris, Jackson	Gahl, David	Moore, Robert						
Natural Resources Defense Council	Environmental	Van Nostrand, Jamie	DeCostanza, Donna								
PACE Energy & Climate Center	Environmental	Van Nostrand, Jamie	Morris, Jackson	Rosenblum, Dan							
Riverkeeper	Environmental	Morris, Jackson	Matthiessen , Alex								
Scenic Hudson	Environmental										
Ace Energy Company, Inc.	Non Voting	Lynch, Stephen									
Alliance for Clean Energy New York	Non Voting	Murphy, Carol	✓ Strauss, Valerie								
Anbaric Northeast Transmission Development Co.	Non Voting	Smith, Allyson									
Beacon Power Corporation	Non Voting	Judson, Judith	Ryan , Todd								
Boundless Energy, L.L.C	Non Voting	Tompkins, John	Gilbert, Chuck	Lenfest, Rod	Pratt, Charles	Dodson, John					
CPV Valley LLC	Non Voting	DellOrto, Ken	Remillard, Steven	Felak, Rich							
Caithness Energy, LLC	Non Voting	Ain, Ross	Keevill, Gary	Garber, Mitchell							
Customized Energy Solutions	Non Voting	✓ Mancini, Rick	Fernands, Stephen	Rexrode, Caryn	✓ Ackerman, Alan						
Ecogen	Non Voting	Hagner, Thomas									
Energetix, Inc.	Non Voting	Strassner , Gerald	Hobday, Robert								
Fluent Energy	Non Voting	Koplas, David	Jaeger, Mike	Begley, Jeff							
Gateway Energy Services Corporation	Non Voting	Schorr, Angela	Fogel, Usher								
Hudson River Energy Group	Non Voting	Radigan, Frank	Canfield, Richard								
Hydro-Quebec TransEnergie	Non Voting	Sylvain, Glenn									
MAG Energy Solutions, Inc.	Non Voting	Gauthier, Martin	Roberge, Martin								
NYS Department of Public Service	Non Voting	✓ Heinrich, William	Mitchell, Tammy	Drexler, David							✓ Rigberg, Saul
Sempa Power Systems	Non Voting	Scora, Hugh									
Structure Group	Non Voting	Roy, Ishita	Nguyen, Phung								
US Direct Energy	Non Voting	Lynch, Stephen	Smith, Glen								
William P. Short	Non Voting	Short, William	Schaefer, Marc		Savage, Paul	Verna, Jim				Denis, Roberto	