

NYISO Management Committee Meeting

October 14, 2004

The Desmond
Albany, NY
10:00 a.m. – 3:45 p.m.

Draft MINUTES OF THE MEETING

1. Introductions, Meeting Objectives & Chairman's Report

Joe Oates of Consolidated Edison, Chairman, called the meeting to order at 10:04 AM and welcomed the members of the Management Committee ("MC"). The meeting objectives are to approve minutes from the September 1 MC meeting, to vote on candidates to fill the position of MC Vice Chair, and to act on the Initial Planning Report. Mr. Oates commented that the Project Prioritization Team met via phone to review the proposed 2005 projects. The list has been posted to the NYISO website for MP review.

2. Approval of the Minutes

Motion #1:

Motion to approve the Minutes from the September 1 MC meeting.

(Motion passed unanimously by show of hands)

3. Presentation of Candidates for Position of MC vice Chair

Mario DiValentino of Strategic Power Management and Jerry Ancona from National Grid are the candidates. Mr. Oates commented that email ballots for MC members present on the phones are to be sent to Leigh Bullock or Ray Stalter at bullock@nyiso.com or rstalter@nyiso.com.

Two votes were conducted by secret ballot; neither vote was successful. A 58% approval vote is required to elect one of the candidates. As a result, the election of a Management Committee Vice Chair was deferred to the November meeting, where it will be acted on again with the same slate of candidates.

4. President's Report

William Museler of the NYISO stated that any comments on the FERC NOI should be sent to Brad Kranz at bkranz@nyiso.com for incorporation into the IRC response.

Mollie Lampi of the NYISO commented on the creation of the seven-member Environmental Advisory Council. November 18th is the first scheduled meeting. The names of the council members will be emailed to all committee members. Paul Gioia commented that the council was set up without clear definition, and without MP consultation. Mr. Museler stated that the NYISO will post information on the council, along with information on council members by today. Comments can be emailed to Mollie Lampi at mlampi@nyiso.com.

Market Performance Highlights for September 2004

Mr. Museler noted that Price Reservations and Corrections are down for the fifth month in a row. Day Ahead Regulation prices are up 59% relative to last month (from \$17.88/MWh to \$28.50/MWh) but are only up 5% relative to the same month last year.

Pancaking and Intra-hour Transaction Scheduling ("VRD") Developments with New England

Pancaking was approved by the MC and NYISO Board, and the NYISO has made a \$205 filing to FERC on June 21, 2004. NEPOOL filed on September 30, 2004 to eliminate export charges on exports and wheel-throughs from New England to New York effective December 1, 2004.

The Intra-hour Transaction Scheduling ("VRD") pilot was approved by the MC and the NYISO Board and there was a \$205 filing to FERC on September 30. Testing will be conducted during the winter 2004-2005 period, depending on ISO-NE participation. Joint Stakeholder meetings on alternative approaches to VRD are to begin in October.

5. NYISO Facilities Update

Mr. Museler presented background information and the rationale for proceeding with this proposal. The recommendation to the Board to purchase an existing office building, and build an ACC inside it could potentially be presented to the Board in November. The current schedule would be to purchase the building in the 1st quarter of 2005, then transition to the new building in phases, starting in the 3rd quarter of 2005 and concluding in the 2nd quarter of 2007. Comments on this issue can be sent in to the NYISO via Brad Kranz.

Mario DiValentino of Strategic Power Management stated that he is very concerned that the NYISO will exceed the proposed future budgets in acquiring and modifying the new facility.

Mr. Gioia stated that he has not seen a cost benefit analysis regarding new facilities, and the breakdown of the \$23 million cost for the recommended path. Mr. Gioia feels that a review of the CBA is warranted. Mr. Museler stated the NYISO will provide the requested information.

Jim Scheiderich said in this proposal the PCC will remain a risk, as there is no appropriate perimeter. Mr. Museler stated that the existing PCC with some security modifications should be more than adequate and added that the proposed ACC will have excellent security characteristics. Brad Kranz of the NYISO commented that further discussion can be carried out at the next BS&P meeting.

6. SMD Readiness Report

Garry Brown of the NYISO reported that deployment is scheduled for December 1, 2004. A detailed readiness plan has been developed. Mr. Brown reported on testing objectives, and the NYISO's next steps. Brad Kranz noted that manuals impacted by SMD2 are being revised and will be available under the manual revision section of the website. Mike Darroch of Jamestown BPU asked if a full list of "Day 2" items can be made available, and Mr. Brown clarified that they will be. The elimination of rate pancaking with New England can be deployed with SMD as they both have December 1 implementation dates. Mr. Scheiderich asked how the elimination of rate pancaking would be accomplished. The NYISO will get back to Mr. Scheiderich with the answer. Mr. Brown stated that the NYISO will come back to the MC at the November 10th meeting to discuss the then current state of readiness to deploy SMD2.

7. Billing Issues Update

Jim Scheiderich of Select Energy provided a status update to the MC members, and commented on what is being done to resolve the current problems. A group called the Billing Issues Resolution Team ("BIRT") has been formed to gather information, scope effort, and provide recommendations. Mr. Scheiderich presented a settlement timeline that addresses final bills.

Howard Fromer of PSEG asked if litigation issues will be lumped in with this process. Mr. Scheiderich stated that litigation issues are outside of this process.

8. Update on Seams and Market Improvement Projects

Belinda Thornton of the NYISO presented the update. Last Friday the inter-ISO teleconference took place regarding seams issues.

Recent Initiatives

- **Regional Resource Adequacy ("RAM")** – The NYISO is nearing completion of the adjustments on the demand curves, and the plan is to turn attention back to the ICAP working group to discuss further seams related proposals.

- **Virtual Regional Dispatch** - Mr. Scheiderich commented that the VRD project on the FERC reports has been renamed to Intra-Hour Transaction Scheduling.
- **E-Tagging** – Phase II of the project is anticipated for the 2nd quarter of 2005

Issues Pending Further Discussion

- **External Reserve Supply from NY to ISO-NE**
- **NY MS-7040 Transfer Study**
- **Congestion Rent Shortfalls Resulting From External Transmission Outages**

The NYISO will determine the appropriate working groups to start discussions on the above issues. The NYISO asked for comments on the Seams Report being issued quarterly versus the current monthly updates at both MC and BIC. The consensus was to move to quarterly reports, but to include the Seams Report in the handouts.

9. Presentation on the Proposed 2005 Budget

Mario DiValentino of Strategic Power Management, Inc. presented this issue. Mr. DiValentino provided the BSP's 2005 draft budget recommendation and highlighted the budget objectives. Mr. DiValentino presented the current budget schedule and displayed a summary of projects included and those that had not been assigned resources in 2005.

10. Report on Proposed 2005 Priority Projects

Tim Schmehl of the NYISO reported on the current criteria used in evaluation of projects and the constraints on resources. A numeric scoring system is now used to evaluate criteria.

11. Approval of Initial Planning Report

Bill Pallazo of NYPA presented background information, the initial planning process steps and objectives. He provided a summary of the report on Resource Adequacy, Transmission Assessment, and Historic Congestion.

Motion #2:

The Management Committee approves the final draft dated September 16, 2004 of the "NYISO Initial Planning Report" as modified at the September 23, 2004 Operating Committee meeting.

(Motion passed unanimously by show of hands with abstentions)

12. New Business

Tim Bush from Navigant representing the New York Municipal Utility Association asked for an update on the TCC historical analysis. Mr. Museler stated the NYISO and LECG are close to a conclusion on the analysis. The NYISO will confirm the results in the near future, and will determine the method of communicating the information to the marketplace.

13. Adjourn

Meeting adjourned at approximately 14:28.

NYISO Management Committee Meeting

October 14, 2004

Albany, NY

MOTION FROM THE MEETING

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Motion to approve the Minutes from the September 1, 2004 MC meeting.

(Motion passed unanimously by show of hands)

Motion #2:

The Management Committee approves the final draft dated September 16, 2004 of the "NYISO Initial Planning Report" as modified at the September 23, 2004 Operating Committee meeting.

(Motion passed unanimously by show of hands with abstentions)

****Vice Chair Election: A majority vote of 58% was not achieved for either candidate. The election of Management Committee Vice Chair is deferred to the next Management Committee meeting with the same slate of candidates.**

New York Independent System Operator - Committee Membership

Management Committee - Attendance October 14, 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.	Paul DeCotis	✓ David Coup	Erin Hogan	Chris Hall	John Spath		Tariq Niazi	
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					✓ Tariq Niazi	
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	Christopher Wentlent	Rick Santorosi	Charles Sjoberg				✓ Glenn Haake	
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	Greg Banhazl	Leonard Singer						
Calpine	Generation Owners	Thomas Kaslow	Tracee Bersani	✓ Richard Felak					
East Coast Power Linden Holding LLC	Generation Owners	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	Jim Brennan	Rich Hohlman	Joe Vignola	Jim D'Andrea	✓ Madison Milhous	Rich Rapp		
Mirant New York, Inc.	Generation Owners	James Mayhew	✓ Doreen Saia	Vicki Lynch					
Orion Power New York	Generation Owners	Liam Baker	Bill Berg						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kampilla						
Sithe Energies, Inc.	Generation Owners	Linda Clarke	David Applebaum	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						✓ Rick Mancini	
Agway Energy Services, Inc.	Other Suppliers	Russell Miller	✓ Jim Scheiderich						
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Bias 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	Ken Bekman	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Ken Bekman	Stephen Wemple						
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	Daniel Allegretti	✓ Glen McCartney	Mary Lynch	Carrie CullenHitt				
Coral Power, LLC	Other Suppliers	Matt Picardi	Marc Overdyk	Dave French					
DC Energy	Other Suppliers	✓ Bruce Bleiweis	Dean Wilde	Andrew Stevens					
Dominion Energy Marketing, Inc.	Other Suppliers	Wes Walker	Lou Oberski	Michael Bekker					
Duke Energy North America, LLC	Other Suppliers	Stacy Dimou	Del Disher						
Dynergy	Other Suppliers	✓ Alan Foster	Jason Cox	Kevin White	Tom May	Steve Vavrik			
ECONergy	Other Suppliers	Saul Horowitz	Tom Halleran						
EI Paso Merchant Energy	Other Suppliers	Jeff Moore	Asavari Alvarez						
Exelon Generation - Power Team	Other Suppliers	Linda Clarke	✓ David Applebaum	Regina Carrado					
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	Mark Younger	✓ Glenn Haake				
FPL Energy	Other Suppliers	Fernando DaSilva	Shalesh Ganjoo						
HQ Energy Services	Other Suppliers	Christian Desilets	Christian 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	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	Tasos Karatsoreos	Ken Lacivita	Scott McArthur	✓ Glenn Haake			

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PP&L Energy Plus	Other Suppliers	Tom Hyzinski	John Brodbeck	✓ Joseph Langan	Sharon Weber				
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce						
Reliant Energy Services, Inc.	Other Suppliers	Liam Baker	Bill Berg					✓ Glenn Haake	
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	Dan Duthie	✓ Mario DiValentino						
TransEnergie U.S. Ltd.	Other Suppliers	José Rotger	Michael Jacobs						
Williams Energy Marketing & Trading Co.	Other Suppliers	David Singer	Dennis Keener	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	Jim Parmelee	✓ Kevin Jones	Jim Wittine					
New York Power Authority	Public Power - Authorities	Robert Hiney	✓ William Palazzo	Kim Byham					
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs			✓ Tariq Niazi	
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt					✓ Tariq Niazi	
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	Larry DeWitt					✓ Tariq Niazi	
Pace University	Public Power - Environmental	Edward Smeloff	Larry DeWitt					✓ Tariq Niazi	
Scenic Hudson	Public Power - Environmental	Larry DeWitt						✓ Tariq Niazi	
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	✓ Tim Bush	Jim Hamilton	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	✓ Paul Pallas					
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						
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 Westfield	Public Power - Munis & Co-ops	✓ Jim Hamilton	✓ Tim Bush	✓ Paul Pallas	Matthew Benesh	Jack Brown	Ken Moore		
Central Hudson Gas & Electric	Transmission Owners	Charles Freni	✓ John Watzka						
Consolidated Edison	Transmission Owners	✓ Joe Oates	Terry Agriss	Neil Butterklee	✓ Rebecca Craft				
National Grid	Transmission Owners	✓ Jerry Ancona	✓ Wes Yeomans	Peter Flynn	Herb Schrayshuen	Bart Franey	Masheed Rosenqvist		
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			
Boundless Energy, L.L.C	Non-voting	John Tompkins	Brian Chernack	Chuck Gilbert					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro Corporation	Non-voting	Chuck Hewett	John Tompkins						
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							
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						
The Structure Group	Non-voting	Bob Furry	Alex Lago						
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							

NYISO and Hunton & Williams Members in Attendance:

- ✓ Ira Freilicher Hunton & Williams
- Kathy Robb Hunton & Williams
- ✓ Ken Davis Hunton & Williams
- ✓ Rob Fernandez NYISO
- ✓ Bill Museler NYISO
- ✓ Belinda Thornton NYISO
- ✓ Mollie Lampi NYISO
- ✓ Brad Kranz NYISO
- ✓ Andy Ragogna NYISO
- ✓ Elaine Robinson NYISO
- ✓ Kristen Kranz NYISO
- ✓ Leigh Bullock NYISO
- ✓ Ray Stalter NYISO
- ✓ Debbie Eckels NYISO
- ✓ Tim Schmehl NYISO
- ✓ Mike Jaeger NYISO

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✓ Dave Lawrence	NYISO								
John Cutting	NYISO								
✓ Jane Lathrop	NYISO								
✓ Ernie Cardone	NYISO								
John Charlton	NYISO								
✓ Kathy Whitaker	NYISO								
Andrew Hartshorn	NYISO/LECG								

Key:

✓ = In attendance