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MEETING OF THE BY-LAWS & GOVERNANCE SUBCOMMITTEE  
OF THE MANAGEMENT COMMITTEE

May 30, 2003  
10:00 a.m. - 3:00 p.m.  
Hunton & Williams LLP, NYC

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The By-Laws & Governance Subcommittee held an open meeting on May 30, 2003. An agenda was prepared and distributed in advance of the meeting.

In attendance in person were: Neil Butterklee, Paul Gioia, Francis Pullaro, Kim Byham, Bob Grassi, John Dowling, Tariq Niazi, Michael Mager, Jim Parmelee, Kathy Robb and Meredith Winn.

In attendance by teleconference were: Dan Duthie, Jeff Gerber, John Reese, Aaron Breidenbaugh, Keith O'Neill, Glen Haake, Jesse Samberg, Elaine Robinson, Doreen Saia, and Jim D'Andrea.

Review of Agenda and Meeting Notes

The Subcommittee reviewed the agenda and added (a) review of Jim Parmelee's proposed capital long-term budget process amendment to the MC By-Laws to item 2 and (b) exceptions to the New York State restriction on joint MC meetings to item 6. The Subcommittee agreed to discuss issues relating to the role of Demand Response and distributed Generators in NYISO governance at 1:30 as requested by a member of the Subcommittee. The Subcommittee deferred review of the April 29, 2003 meeting notes until the end of the meeting when the Subcommittee approved such notes for posting on the NYISO website.

Appeals to the Management Committee

The Subcommittee discussed whether the MC By-Laws should allow unfriendly amendments to appeals before the Management Committee. Ten members of the Subcommittee agreed that unfriendly amendments to appeals should be allowed, three members agreed that they should not be allowed, and one member abstained from voting on the issue. The Subcommittee generally agreed to delete proposed Section 5.01.1 and to add a sentence to Section 13.01 providing that if a motion appealing a Lower Committee action is amended, the original motion will be deemed defeated by the Management Committee and is separately appealable to the ISO Board.

The Subcommittee generally agreed to replace proposed changes to Section 15.01 with a draft proposed by a member regarding Management Committee review and determination of appeals that do not require a change to an ISO Tariff in order to be implemented. The Subcommittee suggested posting the name of the designee of the Secretary of the Management Committee

referenced in Section 15.02 on the NYISO website and including language in Section 15.02 to reflect this suggestion. The Subcommittee generally agreed that procedures for filing a timely stay should be identical to those for filing a timely Notice of Appeal.

#### Limitations on calling special meetings

Some members of the Subcommittee suggested that special meetings should not be held less than ten days prior to a Board meeting so that the Board would act on an item after the time for an appeal on that item had expired. There was no resolution to this issue. A member of the Subcommittee suggested taking the issue to the Board for consideration, and discussion was held over until the next By-Laws Subcommittee meeting.

The Subcommittee generally agreed to revise Section 4.05 of the MC By-Laws to include “the efficient operation of the Management Committee” in the list of factors to be considered by the MC Chair when exercising his discretion to call a special meeting. The Subcommittee also agreed to revise provisions of Section 4.09 relating to notice of special meetings to include both regular and special meetings. The Subcommittee agreed that Section 4.09 should clarify that, if an item on the agenda of a Lower Committee meeting will also be on the agenda for a subsequent regular or special meeting, notice of the regular or special meeting must be provided after the Lower Committee has taken action on the item, and the regular or special meeting must be held at least five days after the Lower Committee has taken action on the item.

A member of the Subcommittee suggested that the MC By-Laws should be revised to provide an exception to the New York State restriction on Management Committee meetings to allow joint Management Committee meetings outside New York State with neighboring ISOs. There was no resolution to this issue. An item describing this issue was added to the agenda of the next By-Laws Subcommittee meeting.

#### When materials are due for MC meetings

The Subcommittee generally agreed to revise Section 5.02 to provide that the agenda for a meeting of the Management Committee must include a proposed motion along with the description of an agenda item if such item will be voted on at the Management Committee meeting. The Subcommittee agreed to present this section as revised at the June 18, 2003 MC meeting.

#### Procedures for adding new items to the MC agenda

The Subcommittee generally agreed to delete the last sentence of Section 5.01 relating to seconding items on the MC agenda and to add Section 13.01.1 providing that any motion before the Management Committee that is not seconded will be deemed defeated by the Management Committee and is appealable to the ISO Board. The Subcommittee agreed to present these revisions at the June 18, 2003 MC meeting.

#### Term of office for working group and subcommittee chairs

The Subcommittee approved revisions made to Section 14.01.3 and agreed to present this section as revised at the June 18, 2003 MC meeting.

#### Eligibility for Chair and Vice-Chair

The Subcommittee approved revisions made to Sections 3.06 and 3.06.3 and agreed to present these sections at the June 18, 2003 MC meeting.

#### Capital long-term budget process amendment

Jim Parmelee distributed a revised cost impacts proposal for the MC By-Laws at the meeting. The revised draft eliminated the FERC-ordered exclusion included in the earlier draft, based on the understanding that the Management Committee would make a recommendation to the ISO Board under the proposed procedures. Mr. Parmelee explained that the proposal provides for Management Committee review of every ISO project, and that Members would have the right to appeal any recommendation made by the Management Committee. Mr. Parmelee told the Subcommittee that the Budget, Standards and Performance Committee will present the cost impacts proposal for the MC By-Laws at the June 18, 2003 MC meeting.

#### Plan to present revisions at the June 18, 2003 MC

The Subcommittee agreed that the Subcommittee Chair would present at the June 18, 2003 MC meeting proposed amendments to the MC By-Laws regarding appeals to the Management Committee, limitations on calling special meetings, when materials are due for Management Committee meetings, procedures for adding new items to the Management Committee agenda, term of office for working group and subcommittee chairs, eligibility for Chair and Vice-Chair, and procedures for designating a different representative or alternate representative. The Subcommittee asked Hunton & Williams to prepare a power point presentation explaining the proposed amendments to the MC By-Laws and a draft motion for the June 18, 2003 MC meeting.

#### Chair's discretion to cancel an MC meeting

The Subcommittee reviewed draft revisions to the MC By-Laws prepared by the Subcommittee Chair regarding the Chair's discretion to cancel an MC meeting. The Subcommittee generally agreed that the Chair should have the discretion to either cancel a meeting or convert a regular meeting to a meeting by conference call and revised the draft to include a general statement that the Management Committee prefers to have in-person meetings. The Chair will get feedback from the Members before canceling a meeting or converting a meeting to a conference call. The Subcommittee will review a revised draft at the next regular meeting of the By-Laws Subcommittee.

#### Role of Demand Response and distributed Generators in NYISO governance

Aaron Breidenbaugh presented a proposal to clarify the role of Demand Response providers and distributed Generators in NYISO governance. Mr. Breidenbaugh expressed concern that the NYISO staff precludes distributed generators not yet in operation from joining the ISO. Mr.

Breidenbaugh explained that the current standards for allowing Demand Response providers and distributed Generators to participate in the Other Supplier sector are unclear. Mr. Breidenbaugh also proposed lowering the membership fee for Demand Response providers and distributed Generators. The Subcommittee suggested establishing a MW threshold to determine membership fees for Demand Response providers and distributed Generators. Mr. Breidenbaugh told the Subcommittee that he would have someone draft another proposal addressing the definition of Demand Response providers and distributed Generators and a sliding fee scale. The Subcommittee will review the draft at the next By-Laws Subcommittee meeting.

#### Procedures for screening, certification and acquisition of voting rights

The Subcommittee generally agreed to revise Section 2.02.3 to provide that a Member designating a different representative or alternate representative must provide notice of such designation no later than the day before the next MC meeting. The Subcommittee agreed that a revised Section would be included in the package for presentation at the June 18, 2003 Management Committee meeting.

The Subcommittee generally agreed that the President of the ISO Board, rather than the entire ISO Board, should approve applications for ISO membership. The Subcommittee did not come to an agreement on the number of days required for review and approval of an application for membership in the ISO. The Subcommittee will review a revised draft at the next By-Laws Subcommittee meeting and will discuss further the timeline for review and approval of a membership application.

#### Next meeting

The next regular meeting of the By-Laws & Governance Subcommittee is scheduled for Monday, June 30, 2003 at 10:00 a.m. at the offices of Hunton & Williams LLP, 200 Park Avenue, 31<sup>st</sup> Floor, New York City.