

NYISO Business Issues Committee Meeting Minutes – DRAFT
September 21, 2005

The Desmond Hotel
660 Albany-Shaker Road
Albany NY 12110

1. Welcome & Meeting Objectives

Mr. Jim Scheiderich, (Select Energy) Chair of the Business Issues Committee (BIC), called the meeting to order at 10:00 AM and welcomed the members of BIC. Attendees introduced themselves and named the organizations they represent.

2. Approval of minutes for August 24, 2005

Mr. Ray Stalter of NYISO led a discussion about proposed revisions to the minutes by Dr. Mayer Sasson of Con Ed and Ray Kinney of NYSEG. However, at the request of Ms. Doreen Saia of Mirant, approval of the minutes was delayed until the next BIC meeting to allow time for her to submit additional comments.

3. Chair's Report

Mr. Scheiderich reviewed changes to today's agenda.

4. Selection of BIC Vice Chair for 2005-2006 term

Mr. Bill Palazzo, of NYPA, stood for election as Vice Chair. NYISO staff distributed ballots. After completing and returning ballots to NYISO staff, the Committee proceeded with the Agenda while staff tabulated the results. It was later announced that Mr. Palazzo was elected with unanimous support.

5. Market Operations Report

Mr. John Buechler listed the market performance highlights for August 2005, namely that LBMP, Uplift, and Average Costs have increased relative to July. Mark Younger of Slater Consulting opined that, since the installation of RTS, RTC has been substantially over-estimating the cost of energy in the RT market, and asked what the NYISO was doing to analyze the cause of this, as the expectation was that the new software would have eliminated this bias. Mr. Buechler responded that the NYISO would have to get back to Mr. Younger. Mr. Buechler also stated, in response to a question, that the NYISO would look at the reason behind the rise in uplift costs.

6. Regional Market Enhancements

Mr. Buechler discussed the status of seams projects, such as Intra-Hour Transaction Scheduling (ITS). The NYISO plans to review the results of the pilot test with the Market Structures Working Group in October. Mr. Buechler went on to discuss the highlights of the NYISO's work with regard to the Regional Resource Adequacy Model (RAM). Mr. Howard Fromer of PSEG questioned the role the NYISO will play at FERC with regard to ISO-New England's LICAP proposals or PJM's RAM FERC filings. Mr. Buechler responded that the NYISO is considering submitting filings in those proceedings.

With regard to Cross-Border Controllable Line Scheduling, ISONE has provided the NYISO with a proposal with regard to operating the 1385 cables between Long Island and

Connecticut. Mr. Fromer asked what the NYISO was doing about creating a separate proxy bus for that line. Mr. Buechler said the NYISO believes that the software work done for the Cross-Sound Cable (CSC) will be applicable for the 1385 cables, subject to discussions with ISONE. Further discussion was held on the CSC, the 1385 cables, and the NY/NE interface modeling and scheduling. Mr. Kevin Jones of LIPA stated that LIPA believes that the schedule shown for implementing the ability to schedule transactions on the 1385 cables could be done much sooner than the October 2006 date shown on the Seams Report.

Mr. Scheiderich of Select Energy asked about out-service fees at PJM, which apparently have been eliminated, having been replaced with a new process; where does the NYISO stand with regard to this? Mr. Buechler responded that the eliminated fees were, in fact, between PJM and MISO. PJM still has fees for other Control Areas that border PJM. Other items from the Northeast Seams Report were discussed.

With regard to item 5, Multiple Proxy Buses for Free Flowing Interfaces, Ms. Doreen Saia of Mirant asked about the status of the listed seams coordination meeting as well as the status of the LECG white paper on NYISO/PJM proxy bus, both of which will be researched by NYISO staff.

7. Self Supply of Reserves Proposal

Ms. Mollie Lampi presented the status of the reserve self-supply. Ms. Lampi referred the Committee to the presentation contained in the meeting packet. While NYISO staff views physical self-supply as an impractical option, FERC expects that we continue working with MPs to arrive at and implement an acceptable option for the self-supply of reserves. Ms. Lampi continued with the bullet points in her slide, going over the history of the NYISO's discussion with FERC.

A compliance filing is now due in response to FERC and Ms. Lampi stated her hope that the Committee would agree that physical self-supply is an impractical option. A previous NYISO filing indicated the possibility of taking no further action if the East and West reserve price differential was small under SMD2. Ms. Lampi went over the numbers in her presentation, including the price differentials, which were indeed small, as well as LECG's analysis of reserve costs; i.e., production cost savings assuming no constraints on the transmission system. At this point a discussion was held with Scott Harvey of LECG about his analysis, including the fact that the estimated possible DAM savings increased when using 2005 data. Reasons for this included the fact that West to East transmission constraint is seldom the binding constraint on reserves, and also Eastern prices did not change, and Western reserve prices dropped.

Next, Ms. Lampi referred to the Reserve Self Supply Filing Plan and requested that the BIC approve the motion today concerning recommendations to the Management Committee that physical self-supply is unavailable in the NY market, and that the only self-supply options are the two financial options that are currently noted in the tariff. Also, if desired, the NYISO would pursue further analysis of this subject.

Ms. Lampi's Reserve Self Supply Filing Options slide summarized by stating: Amend the tariff to eliminate physical self-supply as an option, and either assert that no further action on

additional reserve cost hedges is necessary, or recommend that the NYISO continue to monitor reserve prices, further analyze production cost savings, and bring a recommendation to the BIC in 2006 as to whether a further financial hedge is warranted.

Dr. Jones noted that LIPA was the intervener that Ms. Lampi mentioned; its interest is not to force the NYISO to move to a physical self-supply approach, but to make sure that optimization of transmission was considered for both reserves and energy for reasons of cost allocation efficiency. He had an amendment to the proposed motion and it was decided to entertain Dr. Jones's proposed amendment when the motion was entered into the record.

Mr. Jerry Ancona of National Grid expressed concerns about reserve price increases vs. energy, and that he would like to keep the physical supply of reserves open, though he recognized that no work would need to be done on that in the near term. Ms. Lampi asked if we could add analysis for that option to other future analysis but still get FERC to back off of that requirement for now, as other projects would be pushed back.

Michel Prevost of Hydro-Quebec Energy Services asked why the NYISO is not looking at supply of reserves from external sources that would reduce the price of reserves in the East, as this issue might be considered to run in parallel with the issue at hand. Ms. Lampi responded that this particular motion is directed completely at the FERC order, and not the issue Mr. Prevost raised, as we are directed by FERC to implement self-supply of reserves. Mr. Mike Cadwalader, of LECG, asked for further analysis. Mark Younger agreed that more analysis should be done such as how supply curves for energy and for reserves would interact.

Motion #1:

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve amendments to the current tariff to assert physical self supply is unavailable in the New York Market and identify the two financial options that are currently noted in the tariff as the only presently available self-supply options.

The BIC also requests that the NYISO continue to monitor the price differentials between east and west and further analyze the production costs savings as identified in the LECG Report presented to the 9/21/05 BIC and make a recommendation on the need for a further financial hedge in 2006.

- Begin analysis in 2005 with results and further decisions by the stakeholders in 2006.
- The BIC also recommends that if a further financial hedge is determined by the NYISO and its stakeholders to be necessary, include in the development of that hedge an evaluation of:
 - The feasibility, costs and benefits of locational payment for reserves by load.
 - Any improvement in the reserve cost hedging mechanism that would contain a move to locational settlements would also have to address the potential need for transmission optimization at that time.

(Motion passed by a majority show of hands with abstentions from the following organizations: Village of Westfield, Village of Solvay, Village of Fairport, Village of Arcade, Plattsburg Municipal, Municipal Commission of Boonville, Lake Placid Village, Bath, HQ-US, Reliant, Keyspan Ravenswood, City of NY, PPL, Rockville Centre, Village of Freeport, Alcoa/Reynolds Metals Company, IBM, Occidental, Praxair, Xerox, Beth Israel,

8. Proposed Voltage Support Service Revisions

Mr. Bob Waldele of the NYISO presented the MSWG recommendations from their September 12 meeting, which includes the change that the capacity basis for compensation would be Net demonstrated lagging MVAR. Other items:

- Slide 1: All testing to be conducted during the summer capability period, regardless of Transmission District location. Other details of the test reporting process were laid out, such as all test reports will now be filed electronically using a NYISO-supplied form.
- Slide 2: OATT Rate Schedule 2 Revenue Requirement would be adjusted reflecting generation additions and retirements through 10/31/2005. This methodology was discussed by Mr. Waldele.
- Slide 3: Revise payments by loads under OATT Rate Schedule 2 from the current load-weighted method to a two-part locational basis. Some detail laid out.
- Slides 4 and 5: Mr. Waldele discussed Table 1 and Table 2 in this presentation. Table 1 calculates the new VSS Compensation Rate. Table 2 compares payments to suppliers based on Gross-lagging or Net-lagging capability with and without inflation on a per MVAR basis. In response to a question from Mr. Ray Kinney of NYSEG, Mr. Waldele responded that Table 1 included inflation. Further discussion was held on the numbers presented in these tables.
- The next two slides concerned Table 3-estimated total revenue requirement for OATT RS 2, and estimated payments by loads. The Revenue Requirements were updated from Dec 2001, socialized across all loads, or socialized across all energy withdrawals.

In reply to a concern raised about the viability of using old OATT data, Mr. Carl Patka countered that other methods were found to be unworkable, and the question at hand is whether inflation should be included. Native load, exports, and wheels-through are in the “export” load category, noted Mr. Waldele in response to a question from Ms. Saia, which led to further debate among the committee members on this particular issue.

Table 4 presents an initial estimate of the proposed locational voltage support payment. It does not address the assignment to the Transmission Districts of voltage-support related generation costs, (in proportion to load changes), for units that have been added to the system since 12-1-1999.

Mr. Bill Palazzo expressed concern about the definition of what the NYPA transmission district is; Mr. Waldele stated that he recognized that that is an issue. Mr. Dave Clarke of LIPA stated for the record that the load growth in LIPA’s district does not cause the same

impact on the need for reactive power as for the state as a whole due to its better than average power factor. This is one of the concerns that LIPA has with the proposed locational method.

Mr. Stuart Nachmias, of Con Edison, opined that while vars do not travel long distances, they also do not recognize Transmission Owner (TO) borders, and so a method that uses TO districts can also be problematic.

The Committee broke for lunch and returned to further discuss the proposal.

Mark Younger gave his presentation on “The Inflationary Pressures Faced by Suppliers to Provide Voltage Support Service.” This started with background information, including historical rates paid for VSS. Subsequent slides discussed the accounting basis for VSS rates, including capital costs, O&M, the FERC accounts upon which the payments were based, and the nature of those accounts with respect to gross investment vs. depreciation, etc. Also asserted was that the capital portion of payment increases due to reconditioning the unit every 5-7 years. Mr. Younger stated that this increases the current capital investment of existing units, which therefore must be incorporated in the annual charge for VSS service.

There followed a discussion on what is included in FERC Form 1 accounts, and to what extent equipment updates are related to providing VSS. Also debated was whether generators were receiving money for VSS via more than one avenue, that is, does there exist a double payment for all or any portion of this service.

Returning to his presentation, Mr. Younger stated that certain FERC accounts exhibited a weighted average increase from 1.18% to 3.13% annually, depending on the account. Operation & Maintenance costs also rise due to inflation, and also as new units are added and old units are retired average costs as reflected in the blended VSS rate must increase. Between unit retirements and load growth, generation needs to be added to cover both.

Mr. Kinney took the podium to put forth NYSEG’s VSS Cost Allocation Proposal. He talked about each of the bullet points in his presentation:

- The original cost allocation used cost-based information contained in the individual TO OATT’s.
- He proposes to assign each Transmission District costs that were borne by that District’s customers under the OATT.
- Generation additions and associated VSS costs occurring since the NYISO rates were developed in 2002 would be assigned to Transmission District based on load growth occurring in those districts since 2002.
- NYPA costs would continue to be socialized.
- This proposal presumes that TO OATT costs originally borne by District customers were justified, fair and properly allocated.
- Tie added voltage support from new resources to areas where load is growing.

- NYISO should study VSS requirements, with a goal of assigning costs based on usage and impact on the system. This should include a determination of total VSS needs by region, and may include a cap on voltage resources procured.
- Future ICAP demand curve development processes should study the appropriate application of VSS revenue offsets in developing curve equilibrium values.

Mr. Kinney's worksheet was put up which showed the calculation of each District's cost allocation based on his proposal, starting with the total NYCA VSS Revenue Requirement in 2006.

Mr. Clarke noted for the record that LIPA has a better than average power factor, so that load growth is not necessarily the best way to account for demands on the system, and has other drawbacks as well.

Ms. Saia asked that the motion be put up on the screen and commented that this motion includes the motion language from last month's meeting as well as all of the pieces that have been under discussion from the Market Structures Working Group

Mr. Kinney stated that the minutes should reflect two bullet points from his presentation to the effect that the NYISO should study voltage support requirements and secondly that future ICAP Demand Curve development processes should study the appropriate application of VSS revenue offsets in developing ICAP curve equilibrium values.

This discussion included TCC awards vs voltage support payments. Mr. Patka noted, with regard to the CSC, the need for NYISO staff to have an operating protocol with ISONE, thus the motion should have language to reflect that. At the suggestion of Ms. Saia it was decided to note this in the minutes, and not in the motion.

Mr. Patka noted the need for NYISO IT resources (which would be available no sooner than the third quarter of 2006) to deploy the methodology laid out in the motion. A discussion ensued as to the need to do this manually vs. automating the process.

Motion #2:

The Business Issues Committee (BIC) hereby approves revisions to the NYISO Voltage Support Service Program, as noted below, and recommends that the Management Committee support a tariff filing to implement these changes:

- 1) To move to Net Lagging at the point of interconnection compensation measurement;
- 2) To provide clarification of testing requirements, as presented to the BIC at the August 24th meeting;
- 3) To the extent that a supplier does not have access to data from a net MVar meter, to require the NYISO to calculate a value based upon a gross MVar reading at the unit at issue and an established power flow calculation;
- 4) To revise the 2006 revenue requirement as follows: (i) update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005; and (ii) add a 3% annual inflation component compounded from 2002 and applied each year on a going forward basis;

- 5) To revise payments made by loads under Rate Schedule 2 from the current load weighted share methodology to a two part methodology as follows:
- (i) assignment of costs for existing units that were on the system in 1999 to the customers of the Transmission District of the Transmission Owners that previously owned these units; and
 - (ii) assignment of costs for existing units that have been added to the system since 1999 to Transmission Districts in proportion to load growth or reductions since the inception of the NYISO's markets.
 - (iii) assignment of costs associated with NYPA generation will continue to be distributed across the control area on a socialized basis.

Tariff modifications would include allocation rates for each of the six transmission districts; and one for wheels-through and exports, based on a load weighted ratio share of the state-wide Rate Schedule 2 costs. This allocation methodology is subject to further review of the feasibility of deployment, and required timeframe for implementation. The BIC requests the NYISO to provide its assessment for considerations by the MC and;

6) Add a new provision to Rate Schedule 2 that creates comparable payment terms for merchant non-generator dynamic VAR sources incremental to any TCC awards made, that are interconnected to the transmission system. These provisions would include:

- Prorated VSS payment for energized hours for VAR capability measured at full real power flow
- No lost opportunity cost payments and the source would not be required to change real power schedules
- Interim testing procedures that allow facilities to test out of period.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators ("NUGs") operating under existing power purchase agreements to be provided to the entity purchasing the NUG's Energy or Capacity, unless otherwise stipulated by that entity.

(Motion failed with 45.61% affirmative votes)

Mr. Glen Haake of IPPNY submitted a second amendment to the motion containing 3 changes: 1) replaces allocation methods proposed and asks for a study to develop a new allocation method; 2) also an inflation adjustment would apply for the underlying costs; but would be for only 2 years; and 3) the last change related to ability of non-generators to provide VARs. Ms. Saia seconded the motion, and point out that this work reflected here has been vetted extensively. There followed a discussion about the fairness of the proposed resolutions from the point of view of loads, individual Transmission Districts, generators, and the Public Service Commission.

At the request of Tim Bush of Navigant, inflation factor percentage language was added to the motion.

Motion #3:

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- 1) To move to Net Lagging at the point of interconnection compensation measurement;
- 2) To provide clarification of testing requirements, as presented to the BIC at the August 24th meeting;

- 3) To the extent that a supplier does not have access to data from a net MVar meter, to require the NYISO to calculate a value based upon a gross MVar reading at the unit at issue and an established power flow calculation;
- 4) To revise the 2006 revenue requirement as follows: (i) update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005; and (ii) add a 3% annual inflation component compounded from – 2004 and applied through 2006 and such inflation factor to reflect actual inflation in each year on a going forward basis;
- 5) Conduct and complete a review for discussion and action at BIC within 6 months designed to - revise payments made by loads under Rate Schedule 2 from the current load weighted share methodology to an alternative methodology;
- 6) Add a new provision to Rate Schedule 2 that creates comparable payment terms for merchant non-generator dynamic VAR sources that are interconnected to the transmission system. These provisions would include:
 - o Prorated VSS payment for energized hours for VAR capability measured at full real power flow
 - o No lost opportunity cost payments and the source would not be required to change real power schedules
 - o Interim testing procedures that allow facilities to test out of period.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators (“NUGs”) operating under existing power purchase agreements to be provided to the entity purchasing the NUG’s Energy or Capacity, unless otherwise stipulated by that entity.

(Motion failed with 44.47% affirmative votes)

Next, Mr. Jones listed the LIPA motion items.

Mr. Scheiderich asked that language be removed (as a friendly amendment) that would re-create a VSS Task Force as that would take up valuable calendar time, and that further work instead be done within the Market Structure Working Group. This request was agreed to. Mr. Scheiderich asked that the minutes reflect that a task force would be set up if so decided.

BIC members then talked about the audit and enforcement program, the timing of the VSS rates, and inflation.

Motion #4:

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- 1) To move to Net Lagging at the point of interconnection compensation measurement;
- 2) To provide clarification of testing requirements, as presented to the BIC at the August 24th meeting;
- 3) To the extent that a supplier does not have access to data from a net MVar meter, to require the NYISO to calculate a value based upon a gross MVar reading at the unit at issue and an established power flow calculation;
- 4) To update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005;
- 5) To add a new provision to Rate Schedule 2 that creates comparable payment terms for merchant non-generator dynamic VAR sources that are interconnected to the transmission system. These provisions would include:

- Prorated VSS payment for energized hours for VAR capability measured at full real power flow
 - No lost opportunity cost payments and the source would not be required to change real power schedules
 - Interim testing procedures that allow facilities to test out of period.
- 6) In addition the BIC requests that MSWG develop a proposal for BIC action within 6 months that includes the following:
- Identification of the base compensation amount for VSS providers and how the rate would be adjusted on an annual basis.
 - Determination of how best to allocate VSS costs based on the system needs and reactive power requirements.
 - The appropriateness of payment for the costs of energy produced and costs of energy consumed for non-generator VAR sources.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators (“NUGs”) operating under existing power purchase agreements to be provided to the entity purchasing the NUG’s Energy or Capacity, unless otherwise stipulated by the entity.

(Motion failed with 52.22% affirmative votes)

Mr. Scheiderich then amended the motion so that a new vote would be on a version of the original motion that simply goes to net vs gross, etc.

Motion #5:

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- 2) To provide clarification of testing requirements, as presented to the BIC at the August 24th meeting;
- 3) To the extent that a supplier does not have access to data from a net MVar meter, to require the NYISO to calculate a value based upon a gross MVar reading at the unit at issue and an established power flow calculation;
- 4) To revise the 2006 revenue requirement as follows: (i) update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators (“NUGs”) operating under existing power purchase agreements to be provided to the entity purchasing the NUG’s Energy or Capacity, unless otherwise stipulated by that entity.

(Motion failed with 20.03% affirmative votes)

9. Proposal to Address Existing Providers of Local Black Start and System Restoration Services for Orange & Rockland (O&R) and Central Hudson (CH) Control Areas.

Ms. Gina Fedele of Hunton & Williams presented the general proposal being considered regarding the terms and conditions that may be applied to providers of black start service in O&R and CH control areas.

The discussion began with the local system restoration plans on file with the NYISO for Con Edison, O&R, and CH; the NYISO statewide system restoration plan, and the relevant NYISO tariffs. Background information concerning the two upstate providers (Dynergy for CH and Mirant for O&R) was provided. Ms. Fedele described the testing and performance requirements developed by Con Edison in cooperation with that utility's black start providers and noted that these seemed generally acceptable to the upstate parties. The principles that underlay the compensation plan for the Con Edison service area are guiding the discussions among the local TOs and providers. It was noted that compensation levels required to attract new black start capability have not yet been developed.

Ms. Fedele concluded by stating that the upstate TOs, local providers, and the NYISO were continuing to work on a detailed black start service plan in accordance with the principles described in the presentation and noted that the BIC was being asked to make a recommendation to the MC concerning that plan.

Jim D'Andrea, of Keyspan Ravenswood, stated that in his opinion there is not a agreement between Con Ed and its 3 local providers, but only an agreement in principle. He also asked what compensation will be paid for past black start services and who would pay, just TOs, or would loads pay, to which Ms. Fedele responded that loads in the affected local Transmission District will be paying.

Motion #6

The Business Issues Committee (BIC) recommends that the Management Committee (MC) consider and act upon a detailed proposal at its regularly scheduled October, 2005 meeting to address the terms and conditions for the procurement of local black start and system restoration services by O&R and Central Hudson from their respective existing designated providers, provided that the terms and conditions substantially conform to the issues and principles presented to the BIC at its September 21, 2005 meeting. The MC will be provided with sufficient detail to allow it to recommend the preparation and filing of tariff amendments as necessary to support the proposal upon which it has acted.

(Motion passed unanimously by show of hands with abstentions from the following organizations: NYSEG, Con Edison, National Grid, Keyspan Ravenswood, City of NY, Jamestown, Rockville Centre, Freeport, East Coast Power)

10. Proposed Installed Capacity Manual Revisions

Mr. Art Desell of the NYISO presented a summary of proposed ICAP manual revisions. This included Section 4.2.1 on DMNC, also Sections 4.9.2 on Import Rights, 5.5 and 5.6 on Demand Curve Adjustments.

Mr. D'Andrea stated that the BIC should not be voting on manuals.

Motion 7:

The Business Issues Committee (BIC) hereby approves modifications to sections 4.2.1, 4.9.2, 5.5, 5.6 of the NYISO Installed Capacity Manual, as discussed by the ICAP Working Group, distributed to the BIC and posted for review on September 6, 2005, and presented to the BIC at the September 21, 2005 meeting.

(Motion passed unanimously by show of hands with abstentions from the following organizations: Keyspan Ravenswood, NYSEG)

11. Draft Demand Curve Compliance Filing Update

Mr. Desell put up for review a copy of the tariff as amended to capture changes to the Demand Curve compliance filing, to show where we are; this will be shown to the MC, then filed Oct 21.

12. Project Status Report

Mr. Scheiderich asked for comments on the last Project Prioritization Team meeting to be sent to Ray Stalter.

13. New Business

Mr. Haake discussed the NY PSC initiating proceedings on policies regarding generator retirements, and the fact that many NYISO customers felt that this should be part of the NYISO stakeholder process. He asked that the NYISO put together an action plan to accomplish this. Ms. Saia asked for the ISO to provide a structure for this starting in October, as it shouldn't be put off. In response to a question from Mr. Magar seeking PSC comment on generator retirements, Mr. Heinrich of the PSC said the PSC is having internal meetings and will be ready to comment after that.

14. Working Group Updates

Not done.

15. Adjournment

Meeting adjourned at 4:05 PM.

Respectfully Submitted,
William G. Porter
Recording BIC Secretary

Business Issues Committee Meeting

September 21, 2005
Desmond Hotel – Albany, NY

SUMMARY OF MOTIONS

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- Begin analysis in 2005 with results and further decisions by the stakeholders in 2006.
- The BIC also recommends that if a further financial hedge is determined by the NYISO and its stakeholders to be necessary, include in the development of that hedge an evaluation of:
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Motion #2:

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- 4) To revise the 2006 revenue requirement as follows: (i) update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005; and (ii) add a 3% annual inflation component compounded from – 2004 and applied through 2006 and such inflation factor to reflect actual inflation in each year on a going forward basis;
- 5) Conduct and complete a review for discussion and action at BIC within 6 months designed to - revise payments made by loads under Rate Schedule 2 from the current load weighted share methodology to an alternative methodology;
- 6) Add a new provision to Rate Schedule 2 that creates comparable payment terms for merchant non-generator dynamic VAR sources that are interconnected to the transmission system. These provisions would include:
 - o Prorated VSS payment for energized hours for VAR capability measured at full real power flow
 - o No lost opportunity cost payments and the source would not be required to change real power schedules
 - o Interim testing procedures that allow facilities to test out of period.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators (“NUGs”) operating under existing power purchase agreements to be provided to the entity purchasing the NUG’s Energy or Capacity, unless otherwise stipulated by that entity.

(Motion failed with 44.47% affirmative votes)

Motion #4:

The Business Issues Committee (BIC) hereby approves revisions to the NYISO Voltage Support Service Program, as noted below, and recommends that the Management Committee support a tariff filing to implement these changes:

- 1) To move to Net Lagging at the point of interconnection compensation measurement;
- 2) To provide clarification of testing requirements, as presented to the BIC at the August 24th meeting;
- 3) To the extent that a supplier does not have access to data from a net MVar meter, to require the NYISO to calculate a value based upon a gross MVar reading at the unit at issue and an established power flow calculation;
- 4) To update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005;
- 5) To add a new provision to Rate Schedule 2 that creates comparable payment terms for merchant non-generator dynamic VAR sources that are interconnected to the transmission system. These provisions would include:
 - o Prorated VSS payment for energized hours for VAR capability measured at full real power flow
 - o No lost opportunity cost payments and the source would not be required to change real power schedules

- o Interim testing procedures that allow facilities to test out of period.

6) In addition the BIC requests that MSWG develop a proposal for BIC action within 6 months that includes the following:

- o Identification of the base compensation amount for VSS providers and how the rate would be adjusted on an annual basis.
- o Determination of how best to allocate VSS costs based on the system needs and reactive power requirements.
- o The appropriateness of payment for the costs of energy produced and costs of energy consumed for non-generator VAR sources.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators (“NUGs”) operating under existing power purchase agreements to be provided to the entity purchasing the NUG’s Energy or Capacity, unless otherwise stipulated by the entity.

(Motion failed with 52.22% affirmative votes)

Motion #5:

The Business Issues Committee (BIC) hereby approves revisions to the NYISO Voltage Support Service Program, as noted below, and recommends that the Management Committee support a tariff filing to implement these changes:

- 1) To move to Net Lagging at the point of interconnection compensation measurement;
- 2) To provide clarification of testing requirements, as presented to the BIC at the August 24th meeting;
- 3) To the extent that a supplier does not have access to data from a net MVar meter, to require the NYISO to calculate a value based upon a gross MVar reading at the unit at issue and an established power flow calculation;
- 4) To revise the 2006 revenue requirement as follows: (i) update the 2001 revenue requirement to reflect new additions and retirements as of October 31, 2005.

In addition, the BIC recommends that the Management Committee act to delete, as presented to the BIC on September 21st, the section from Rate Schedule 2 that requires Voltage Service payments to Non-Utility Generators (“NUGs”) operating under existing power purchase agreements to be provided to the entity purchasing the NUG’s Energy or Capacity, unless otherwise stipulated by that entity.

(Motion failed with 20.03% affirmative votes)

Motion #6

The Business Issues Committee (BIC) recommends that the Management Committee (MC) consider and act upon a detailed proposal at its regularly scheduled October, 2005 meeting to address the terms and conditions for the procurement of local black start and system restoration services by O&R and Central Hudson from their respective existing designated providers, provided that the terms and conditions substantially conform to the issues and principles presented to the BIC at its September 21, 2005 meeting. The MC will be provided with sufficient detail to allow it to recommend the preparation and filing of tariff amendments as necessary to support the proposal upon which it has acted.

(Motion passed unanimously by show of hands with abstentions from the following organizations: NYSEG, Con Edison, National Grid, Keyspan Ravenswood, City of NY, Jamestown, Rockville Centre, Freeport, East Coast Power)

Motion 7:

The Business Issues Committee (BIC) hereby approves modifications to sections 4.2.1, 4.9.2, 5.5, 5.6 of the NYISO Installed Capacity Manual, as discussed by the ICAP Working Group, distributed to the BIC and posted for review on September 6, 2005, and presented to the BIC at the September 21, 2005 meeting.

(Motion passed unanimously by show of hands with abstentions from the following organizations: Keyspan Ravenswood, NYSEG)

* The Business Issues Committee elected William Palazzo, of NYPA, to fill the Vice Chair position for December 2005 through November 2006. Mr. Ray Kinney, the current Vice Chair will assume the position of Business Issues Committee Chairman beginning December 2005.
(Mr. Palazzo was elected BIC Vice Chairperson by ballot with 100 % affirmative votes)

New York Independent System Operator

Business Issues Committee - September 21, 2005

Motion: Motion #2

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against
Generation Owners	21.5	✓	✓	21.50	5.00	0.00	2	21.50	0.00
Other Suppliers	21.5	✓	✓	21.50	8.00	1.00	4	19.11	2.39
Transmission Owners	20.0	✓	✓	20.00	1.00	3.00	0	5.00	15.00
End Use Consumer			✓						
Large Consumer	9.0	✓		9.00	0.00	6.00	0	0.00	10.33
Large Cons. Gov. Agency	2.0	✓		2.00	0.00	0.00	0	0.00	0.00
Small Consumer	4.5	✓	✓	4.50	0.00	7.00	0	0.00	5.17
Gov. State-wide Cons. Advocate	2.7	✓		2.70	0.00	1.00	0	0.00	2.70
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	2.00	0	0.00	1.80
Public Power			✓						
State Power Authorities	8	✓		9.07	0.00	2.00	0	0.00	9.07
Munis and Coops	7	✓		7.93	0.00	11.00	0	0.00	7.93
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00
			5	100.00	14.00	33.00	6	45.61	54.39
				100.00	Normalized to 100% :			45.61	54.39

**New York Independent System Operator
Business Issues Committee - September 21, 2005**

**Motion
Motion #2**

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Chris Hall		y		1.00
End Use - Gov. Agency/Aggr.	The City of New York	Michael Delaney		y		1.00
End Use - Large Consumer	Alcoa/Reynolds Metals Company	Michael Mager		y		1.00
End Use - Large Consumer	Helmsley-Spear Inc.	Michael Delaney		y		1.00
End Use - Large Consumer	IBM Corporation	Michael Mager		y		1.00
End Use - Large Consumer	Occidental Chemical Corp.	Michael Mager		y		1.00
End Use - Large Consumer	Praxair Inc.	Michael Mager		y		1.00
End Use - Large Consumer	Xerox Corporation	Michael Mager		y		1.00
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.	John Dowling		y		1.00
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System	John Dowling		y		1.00
End Use - Small Consumer	Building and Realty Institute	Tariq Niazi		y		1.00
End Use - Small Consumer	Columbia University	John Dowling		y		1.00
End Use - Small Consumer	Mount Sinai Medical Center	John Dowling		y		1.00
End Use - Small Consumer	New York Presbyterian Hospital	John Dowling		y		1.00
End Use - Small Consumer	New York University	John Dowling		y		1.00
End Use - State Agency	NY State Consumer Protection Board	Tariq Niazi		y		1.00
Generation Owners	AES NY					
Generation Owners	American National Power, Inc.					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine	Richard Felak		y		
Generation Owners	East Coast Power Linden Holding LLC	Roy Shanker		y		
Generation Owners	Edison Mission Marketing & Trading	William Roberts		y	1.00	
Generation Owners	Entergy Nuclear Northeast	Ron Mackowiak		y	1.00	
Generation Owners	Indeck Energy Services	Mark Younger		y	1.00	
Generation Owners	KeySpan Ravenswood, LLC	Jim D'Andrea		y	1.00	
Generation Owners	Mirant New York, Inc.	Doreen Saia		y	1.00	
Generation Owners	Orion Power New York	Liam Baker	y	y		
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	Sithe Energies, Inc.		y			
Generation Owners	TransCanada Power Marketing					
Other Suppliers	Advantage Energy, Inc.					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	Brascan Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Energy		y			
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Constellation Power Source	Glen McCartney		y	1.00	
Other Suppliers	Coral Power, LLC					
Other Suppliers	DC Energy					
Other Suppliers	Dominion Energy Marketing, Inc.					
Other Suppliers	Duke Energy North America, LLC					
Other Suppliers	Dynergy	Barry Huddleston		y		
Other Suppliers	ECONergy					
Other Suppliers	Epic Merchant Energy	Erik Abend		y	1.00	
Other Suppliers	Exelon Generation - Power Team					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y	1.00	
Other Suppliers	FPL Energy	Doreen Saia		y	1.00	
Other Suppliers	Galt Power	Rick Mancini		y		
Other Suppliers	HQ Energy Services	Michel Prevost		y	1.00	
Other Suppliers	KeySpan Energy Services	Jim D'Andrea	y	y		
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Tim Foxen		y	1.00	
Other Suppliers	NU / Select Energy	Jim Scheiderich		y		1.00
Other Suppliers	Ontario Power Generation Inc.	Scott McArthur		y		
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y		
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y	1.00	
Other Suppliers	Reliant Energy Services, Inc.	Liam Baker		y	1.00	
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	Strategic Power Management, Inc.					
Other Suppliers	TransEnergie U.S. Ltd.		y			
Other Suppliers	Williams Power Company					
Public Power - Authorities	Long Island Power Authority	Kevin Jones		y		1.00
Public Power - Authorities	New York Power Authority	Bob Gow		y		1.00
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Natl Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems	Tim Bush		y		1.00
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	David Gustafson		y		1.00
Public Power - Munis & Co-ops	Lake Placid Village	Tim Bush		y		1.00
Public Power - Munis & Co-ops	Municipal Commission of Boonville	Tim Bush		y		1.00
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.	Tim Bush		y		1.00
Public Power - Munis & Co-ops	Village of Arcade	Tim Bush		y		1.00
Public Power - Munis & Co-ops	Village of Fairport	Tim Bush		y		1.00
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Village of Solvay	Tim Bush		y		1.00
Public Power - Munis & Co-ops	Village of Westfield	Tim Bush		y		1.00
Transmission Owners	Central Hudson Gas & Electric	Thomas Canino		y		1.00
Transmission Owners	Consolidated Edison	Stuart Nachmias		y		1.00
Transmission Owners	National Grid	Bart Franey		y		1.00
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y	1.00	
Transmission Owners	Orange & Rockland, Inc.		y			
Transmission Owners	Rochester Gas & Electric	Ray Kinney	y	y		
Non-voting	Boundless Energy, L.L.C.		y			
Non-voting	Caithness Energy, L.L.C.		y			

New York Independent System Operator

Business Issues Committee - September 21, 2005

Motion: Motion # 3

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against	
Generation Owners	21.5	✓	✓	21.50	5.00	0.00	2	21.50	0.00	
Other Suppliers	21.5	✓	✓	21.50	8.00	2.00	3	17.20	4.30	
Transmission Owners	20.0	✓	✓	20.00	0.00	4.00	0	0.00	20.00	
End Use Consumer			✓							
Large Consumer	9.0	✓		9.00	0.00	6.00	0	0.00	10.33	
Large Cons. Gov. Agency	2.0	✓		2.00	0.00	0.00	0	0.00	0.00	
Small Consumer	4.5	✓	✓	4.50	0.00	7.00	0	0.00	5.17	
Gov. State-wide Cons. Advocate	2.7	✓		2.70	0.00	0.00	1	0.00	0.00	
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	1.00	1	0.00	4.50	
Public Power			✓							
State Power Authorities	8	✓		9.07	0.00	2.00	0	0.00	9.07	
Munis and Coops	7	✓		7.93	8.00	3.00	0	5.77	2.16	
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00	
				5	100.00	21.00	25.00	7	44.47	55.53
					100.00	Normalized to 100% :		44.47	55.53	

**New York Independent System Operator
Business Issues Committee - September 21, 2005**

**Motion
Motion # 3**

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Chris Hall		y		
End Use - Gov. Agency/Aggr.	The City of New York	Michael Delaney		y		1.00
End Use - Large Consumer	Alcoa/Reynolds Metals Company	Michael Mager		y		1.00
End Use - Large Consumer	Helmsley-Spear Inc.	Michael Delaney		y		1.00
End Use - Large Consumer	IBM Corporation	Michael Mager		y		1.00
End Use - Large Consumer	Occidental Chemical Corp.	Michael Mager		y		1.00
End Use - Large Consumer	Praxair Inc.	Michael Mager		y		1.00
End Use - Large Consumer	Xerox Corporation	Michael Mager		y		1.00
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.	John Dowling		y		1.00
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System	John Dowling		y		1.00
End Use - Small Consumer	Building and Realty Institute	Tariq Niazi		y		1.00
End Use - Small Consumer	Columbia University	John Dowling		y		1.00
End Use - Small Consumer	Mount Sinai Medical Center	John Dowling		y		1.00
End Use - Small Consumer	New York Presbyterian Hospital	John Dowling		y		1.00
End Use - Small Consumer	New York University	John Dowling		y		1.00
End Use - State Agency	NY State Consumer Protection Board	Tariq Niazi		y		
Generation Owners	AES NY					
Generation Owners	American National Power, Inc.					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine	Richard Felak		y		
Generation Owners	East Coast Power Linden Holding LLC	Roy Shanker		y		
Generation Owners	Edison Mission Marketing & Trading	William Roberts		y	1.00	
Generation Owners	Entergy Nuclear Northeast	Ron Mackowiak		y	1.00	
Generation Owners	Indeck Energy Services	Mark Younger		y	1.00	
Generation Owners	KeySpan Ravenswood, LLC	Jim D'Andrea		y	1.00	
Generation Owners	Mirant New York, Inc.	Doreen Saia		y	1.00	
Generation Owners	Orion Power New York	Liam Baker	y	y		
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	Sithe Energies, Inc.		y			
Generation Owners	TransCanada Power Marketing					
Other Suppliers	Advantage Energy, Inc.					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	Brascan Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Energy		y			
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Constellation Power Source	Glen McCartney		y	1.00	
Other Suppliers	Coral Power, LLC					
Other Suppliers	DC Energy					
Other Suppliers	Dominion Energy Marketing, Inc.					
Other Suppliers	Duke Energy North America, LLC					
Other Suppliers	Dynergy	Barry Huddleston		y	1.00	
Other Suppliers	ECONergy					
Other Suppliers	Epic Merchant Energy	Erik Abend		y	1.00	
Other Suppliers	Exelon Generation - Power Team					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y	1.00	
Other Suppliers	FPL Energy	Doreen Saia		y	1.00	
Other Suppliers	Galt Power	Rick Mancini		y		
Other Suppliers	HQ Energy Services	Michel Prevost		y		1.00
Other Suppliers	KeySpan Energy Services	Jim D'Andrea	y	y		
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Tim Foxen		y	1.00	
Other Suppliers	NU / Select Energy	Jim Scheiderich		y		1.00
Other Suppliers	Ontario Power Generation Inc.	Scott McArthur		y		
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y		
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y	1.00	
Other Suppliers	Reliant Energy Services, Inc.	Liam Baker		y	1.00	
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	Strategic Power Management, Inc.					
Other Suppliers	TransEnergie U.S. Ltd.		y			
Other Suppliers	Williams Power Company					
Public Power - Authorities	Long Island Power Authority	Kevin Jones		y		1.00
Public Power - Authorities	New York Power Authority	Bob Gow		y		1.00
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Natl Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	David Gustafson		y		1.00
Public Power - Munis & Co-ops	Lake Placid Village	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Municipal Commission of Boonville	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Village of Arcade	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Village of Fairport	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y		1.00
Public Power - Munis & Co-ops	Village of Solvay	Tim Bush		y	1.00	
Public Power - Munis & Co-ops	Village of Westfield	Tim Bush		y	1.00	
Transmission Owners	Central Hudson Gas & Electric	Thomas Canino		y		1.00
Transmission Owners	Consolidated Edison	Stuart Nachmias		y		1.00
Transmission Owners	National Grid	Bart Franey		y		1.00
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y		1.00
Transmission Owners	Orange & Rockland, Inc.		y			
Transmission Owners	Rochester Gas & Electric	Ray Kinney	y	y		
Non-voting	Boundless Energy, L.L.C		y			
Non-voting	Caithness Energy, L.L.C		y			

New York Independent System Operator

Business Issues Committee - September 21, 2005

Motion: Motion # 4

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against	
Generation Owners	21.5	✓	✓	21.50	0.00	3.00	4	0.00	21.50	
Other Suppliers	21.5	✓	✓	21.50	2.00	7.00	4	4.78	16.72	
Transmission Owners	20.0	✓	✓	20.00	4.00	0.00	0	20.00	0.00	
End Use Consumer			✓							
Large Consumer	9.0	✓		9.00	0.00	0.00	6	0.00	0.00	
Large Cons. Gov. Agency	2.0	✓		2.00	0.00	0.00	0	0.00	0.00	
Small Consumer	4.5	✓	✓	4.50	0.00	0.00	7	0.00	0.00	
Gov. State-wide Cons. Advocate	2.7	✓		2.70	0.00	0.00	1	0.00	0.00	
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	0.00	2	0.00	0.00	
Public Power			✓							
State Power Authorities	8	✓		9.07	2.00	0.00	0	9.07	0.00	
Munis and Coops	7	✓		7.93	3.00	0.00	8	7.93	0.00	
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00	
				5	100.00	11.00	10.00	32	41.78	38.22
					80.00	Normalized to 100% :			52.22	47.78

**New York Independent System Operator
Business Issues Committee - September 21, 2005**

**Motion
Motion # 4**

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Chris Hall		y		
End Use - Gov. Agency/Aggr.	The City of New York	Michael Delaney		y		
End Use - Large Consumer	Alcoa/Reynolds Metals Company	Michael Mager		y		
End Use - Large Consumer	Helmsley-Spear Inc.	Michael Delaney		y		
End Use - Large Consumer	IBM Corporation	Michael Mager		y		
End Use - Large Consumer	Occidental Chemical Corp.	Michael Mager		y		
End Use - Large Consumer	Praxair Inc.	Michael Mager		y		
End Use - Large Consumer	Xerox Corporation	Michael Mager		y		
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.	John Dowling		y		
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System	John Dowling		y		
End Use - Small Consumer	Building and Realty Institute	Tariq Niazi		y		
End Use - Small Consumer	Columbia University	John Dowling		y		
End Use - Small Consumer	Mount Sinai Medical Center	John Dowling		y		
End Use - Small Consumer	New York Presbyterian Hospital	John Dowling		y		
End Use - Small Consumer	New York University	John Dowling		y		
End Use - State Agency	NY State Consumer Protection Board	Tariq Niazi		y		
Generation Owners	AES NY					
Generation Owners	American National Power, Inc.					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine	Richard Felak		y		
Generation Owners	East Coast Power Linden Holding LLC	Roy Shanker		y		
Generation Owners	Edison Mission Marketing & Trading	William Roberts		y	1.00	
Generation Owners	Entergy Nuclear Northeast	Ron Mackowiak		y		
Generation Owners	Indeck Energy Services	Mark Younger		y	1.00	
Generation Owners	KeySpan Ravenswood, LLC	Jim D'Andrea		y		
Generation Owners	Mirant New York, Inc.	Doreen Saia		y	1.00	
Generation Owners	Orion Power New York	Liam Baker	y	y		
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	Sithe Energies, Inc.		y			
Generation Owners	TransCanada Power Marketing					
Other Suppliers	Advantage Energy, Inc.					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	Brascan Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Energy		y			
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Constellation Power Source	Glen McCartney		y	1.00	
Other Suppliers	Coral Power, LLC					
Other Suppliers	DC Energy					
Other Suppliers	Dominion Energy Marketing, Inc.					
Other Suppliers	Duke Energy North America, LLC					
Other Suppliers	Dynergy	Barry Huddleston		y	1.00	
Other Suppliers	ECONergy					
Other Suppliers	Epic Merchant Energy	Erik Abend		y		
Other Suppliers	Exelon Generation - Power Team					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y	1.00	
Other Suppliers	FPL Energy	Doreen Saia		y	1.00	
Other Suppliers	Galt Power	Rick Mancini		y		
Other Suppliers	HQ Energy Services	Michel Prevost		y	1.00	
Other Suppliers	KeySpan Energy Services	Jim D'Andrea	y	y		
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Tim Foxen		y	1.00	
Other Suppliers	NU / Select Energy	Jim Scheiderich		y	1.00	
Other Suppliers	Ontario Power Generation Inc.	Scott McArthur		y		
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y		
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y	1.00	
Other Suppliers	Reliant Energy Services, Inc.	Liam Baker		y	1.00	
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	Strategic Power Management, Inc.					
Other Suppliers	TransEnergie U.S. Ltd.		y			
Other Suppliers	Williams Power Company					
Public Power - Authorities	Long Island Power Authority	Kevin Jones		y	1.00	
Public Power - Authorities	New York Power Authority	Bob Gow		y	1.00	
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Natl Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems	Tim Bush		y		
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	David Gustafson		y	1.00	
Public Power - Munis & Co-ops	Lake Placid Village	Tim Bush		y		
Public Power - Munis & Co-ops	Municipal Commission of Boonville	Tim Bush		y		
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Arcade	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Fairport	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y	1.00	
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y	1.00	
Public Power - Munis & Co-ops	Village of Solvay	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Westfield	Tim Bush		y		
Transmission Owners	Central Hudson Gas & Electric	Thomas Canino		y	1.00	
Transmission Owners	Consolidated Edison	Stuart Nachmias		y	1.00	
Transmission Owners	National Grid	Bart Franey		y	1.00	
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y	1.00	
Transmission Owners	Orange & Rockland, Inc.		y			
Transmission Owners	Rochester Gas & Electric	Ray Kinney	y	y		
Non-voting	Boundless Energy, L.L.C.		y			
Non-voting	Caithness Energy, L.L.C.		y			

New York Independent System Operator

Business Issues Committee - September 21, 2005

Motion: Motion # 5

Result: Motion Failed

Sector with base percent	%	Active	Quorum	Adj. Percent	For	Against	Abstain	% For	% Against	
Generation Owners	21.5	✓	✓	21.50	0.00	4.00	3	0.00	21.50	
Other Suppliers	21.5	✓	✓	21.50	1.00	7.00	5	2.69	18.81	
Transmission Owners	20.0	✓	✓	20.00	2.00	1.00	1	13.33	6.67	
End Use Consumer			✓							
Large Consumer	9.0	✓		9.00	0.00	0.00	6	0.00	0.00	
Large Cons. Gov. Agency	2.0	✓		2.00	0.00	0.00	0	0.00	0.00	
Small Consumer	4.5	✓	✓	4.50	0.00	0.00	7	0.00	0.00	
Gov. State-wide Cons. Advocate	2.7	✓		2.70	0.00	0.00	1	0.00	0.00	
Gov. Sm. Cons. & Retail Aggr.	1.8	✓		1.80	0.00	0.00	2	0.00	0.00	
Public Power			✓							
State Power Authorities	8	✓		9.07	0.00	1.00	1	0.00	17.00	
Munis and Coops	7	✓		7.93	0.00	0.00	11	0.00	0.00	
Environmental	2	✓		0.00	0.00	0.00	0	0.00	0.00	
				5	100.00	3.00	13.00	37	16.02	63.98
					80.00	Normalized to 100% :		20.03	79.97	

**New York Independent System Operator
Business Issues Committee - September 21, 2005**

**Motion
Motion # 5**

Sector	Organization	Representative	Affiliate	Present	For	Against
End Use - Gov. Agency/Aggr.	NYS Energy Research & Develop. Auth.	Chris Hall		y		
End Use - Gov. Agency/Aggr.	The City of New York	Michael Delaney		y		
End Use - Large Consumer	Alcoa/Reynolds Metals Company	Michael Mager		y		
End Use - Large Consumer	Helmsley-Spear Inc.	Michael Delaney		y		
End Use - Large Consumer	IBM Corporation	Michael Mager		y		
End Use - Large Consumer	Occidental Chemical Corp.	Michael Mager		y		
End Use - Large Consumer	Praxair Inc.	Michael Mager		y		
End Use - Large Consumer	Xerox Corporation	Michael Mager		y		
End Use - Large Cons. Gov.	Metropolitan Transportation Authority					
End Use - Small Consumer	American Sugar Refining, Inc.	John Dowling		y		
End Use - Small Consumer	Association for Energy Affordability, Inc.					
End Use - Small Consumer	Beth Israel Health Care System	John Dowling		y		
End Use - Small Consumer	Building and Realty Institute	Tariq Niazi		y		
End Use - Small Consumer	Columbia University	John Dowling		y		
End Use - Small Consumer	Mount Sinai Medical Center	John Dowling		y		
End Use - Small Consumer	New York Presbyterian Hospital	John Dowling		y		
End Use - Small Consumer	New York University	John Dowling		y		
End Use - State Agency	NY State Consumer Protection Board	Tariq Niazi		y		
Generation Owners	AES NY					
Generation Owners	American National Power, Inc.					
Generation Owners	Astoria Energy LLC					
Generation Owners	Calpine	Richard Felak		y		
Generation Owners	East Coast Power Linden Holding LLC	Roy Shanker		y		
Generation Owners	Edison Mission Marketing & Trading	William Roberts		y		
Generation Owners	Entergy Nuclear Northeast	Ron Mackowiak		y		1.00
Generation Owners	Indeck Energy Services	Mark Younger		y		1.00
Generation Owners	KeySpan Ravenswood, LLC	Jim D'Andrea		y		1.00
Generation Owners	Mirant New York, Inc.	Doreen Saia		y		1.00
Generation Owners	Orion Power New York	Liam Baker	y	y		
Generation Owners	Selkirk Cogen Partners, L.P.					
Generation Owners	Sithe Energies, Inc.		y			
Generation Owners	TransCanada Power Marketing					
Other Suppliers	Advantage Energy, Inc.					
Other Suppliers	Amerada Hess Corporation					
Other Suppliers	Brascan Energy Marketing Inc.					
Other Suppliers	Cinergy Capital and Trading					
Other Suppliers	Con Edison Energy		y			
Other Suppliers	Con Edison Solutions		y			
Other Suppliers	Conectiv					
Other Suppliers	Constellation New Energy Inc.		y			
Other Suppliers	Constellation Power Source	Glen McCartney		y		1.00
Other Suppliers	Coral Power, LLC					
Other Suppliers	DC Energy					
Other Suppliers	Dominion Energy Marketing, Inc.					
Other Suppliers	Duke Energy North America, LLC					
Other Suppliers	Dynergy	Barry Huddleston		y		1.00
Other Suppliers	ECONergy					
Other Suppliers	Epic Merchant Energy	Erik Abend		y		
Other Suppliers	Exelon Generation - Power Team					
Other Suppliers	Fortistar/Lockport Energy Associates, L.P.	Mark Younger		y		1.00
Other Suppliers	FPL Energy	Doreen Saia		y		1.00
Other Suppliers	Galt Power	Rick Mancini		y		
Other Suppliers	HQ Energy Services	Michel Prevost		y		
Other Suppliers	KeySpan Energy Services	Jim D'Andrea	y	y		
Other Suppliers	Morgan Stanley Capital Group					
Other Suppliers	NRG Power Marketing	Tim Foxen		y		1.00
Other Suppliers	NU / Select Energy	Jim Scheiderich		y	1.00	
Other Suppliers	Ontario Power Generation Inc.	Scott McArthur		y		
Other Suppliers	PPM Energy					
Other Suppliers	PP&L Energy Plus	Joseph Langan		y		
Other Suppliers	PSEG Energy Resources & Trade	Howard Fromer		y		1.00
Other Suppliers	Reliant Energy Services, Inc.	Liam Baker		y		1.00
Other Suppliers	Sempra Energy Trading					
Other Suppliers	SESCO Enterprises, LLC					
Other Suppliers	Strategic Energy LLC					
Other Suppliers	Strategic Power Management, Inc.					
Other Suppliers	TransEnergie U.S. Ltd.		y			
Other Suppliers	Williams Power Company					
Public Power - Authorities	Long Island Power Authority	Kevin Jones		y		1.00
Public Power - Authorities	New York Power Authority	Bob Gow		y		
Public Power - Environmental	American Wind Energy Association					
Public Power - Environmental	Environmental Advocates					
Public Power - Environmental	Natl Resources Defense Council					
Public Power - Environmental	Pace University					
Public Power - Environmental	Scenic Hudson					
Public Power - Munis & Co-ops	Bath Electric, Gas & Water Systems	Tim Bush		y		
Public Power - Munis & Co-ops	City of Jamestown Board of Pub. Util.	David Gustafson		y		
Public Power - Munis & Co-ops	Lake Placid Village	Tim Bush		y		
Public Power - Munis & Co-ops	Municipal Commission of Boonville	Tim Bush		y		
Public Power - Munis & Co-ops	Plattsburgh Municipal Lighting Dept.	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Arcade	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Fairport	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Freeport	Tom Rudebusch		y		
Public Power - Munis & Co-ops	Village of Rockville Centre	Tom Rudebusch		y		
Public Power - Munis & Co-ops	Village of Solvay	Tim Bush		y		
Public Power - Munis & Co-ops	Village of Westfield	Tim Bush		y		
Transmission Owners	Central Hudson Gas & Electric	Thomas Canino		y	1.00	
Transmission Owners	Consolidated Edison	Stuart Nachmias		y		
Transmission Owners	National Grid	Bart Franey		y	1.00	
Transmission Owners	NY State Electric Gas (NYSEG)	Ray Kinney		y		1.00
Transmission Owners	Orange & Rockland, Inc.		y			
Transmission Owners	Rochester Gas & Electric	Ray Kinney	y	y		
Non-voting	Boundless Energy, L.L.C		y			
Non-voting	Caithness Energy, L.L.C		y			