

NYISO Management Committee Meeting

November 9, 2001

Consolidated Edison, New York, NY

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes of September 11, 2001

(Motion passed unanimously by show of hands)

Motion #2:

Motion to approve the Minutes of September 21, 2001

(Motion passed unanimously by show of hands)

Motion #3:

Motion to modify the NYISO Open Access Transmission Tariff, Schedule 1, section 3A, to specifically identify regulatory fees as an ISO cost recovered through the Rate Schedule 1 charge effective January 1, 2002; provided that the NYISO will take appropriate action to address the concerns of Market Participants. An appropriate action is one that will allow the NYISO to convey to FERC the different views of its Market Participants regarding the possible duplication of collection of regulatory charges. At the same time, the NYISO acknowledges that it would not be appropriate for it to take action regarding the recovery of regulatory charges not directly assessed by the NYISO.

(Motion passed by a majority show of hands with 3 abstentions)

Motion #4:

Motion to approve the Voltage Support Service Proposal Items 1 – 5

1. For the Year 2002, instead of the annual capability payments provided for in Rate Schedule 2 of the Services Tariff, a single rate of \$3919 per MVAR shall be offered to all eligible and qualified suppliers of Voltage Support Service.
2. Voltage Support Service supplier capability payments currently being made for 2001 shall remain unchanged and continue for the remainder of the year.
3. NYISO shall make the appropriate filings at FERC needed to amend Rate Schedule 2 of the Services Tariff to implement the 2002 capability payment rate of \$3919 per MVAR, and to ratify the capability payments made prior to 2002.
4. All other existing components of Rate Schedule 2 of the Services Tariff, such as components dealing with supplier testing, lost opportunity cost and penalties for performance failures shall remain unchanged and in effect for the year 2002.
5. For 2003 and beyond, the NYISO staff shall work with the Voltage Support Service Task Force and continue to evaluate alternatives that might be used to provide for the needed supply of Voltage Support Service, identifying established best practices, and report the results of their evaluations and their recommendations, to the Market Structures Working Group and this Committee by September 2002.

Final tariff language to be approved by the Chairs and Vice Chairs of the MC and the BIC in consultation with the Market Structures Working Group.

(Motion passed unanimously by show of hands)

Motion #5:

Motion to recommend a 2002 NYISO budget to the Board of Directors of \$112.2 million as described in the presentation materials at the October 17, 2001 Management Committee Meeting and as modified at the November 9, 2001 Management Committee meeting subject to the following provisions:

- a. The amount to be collected by the NYISO via RS#1 to provide funds for the NYISO 2002 FERC fee assessment will be a separate component of RS#1 and not included in the budget, nor will it contribute to any potential contingency. The NYISO will make a range of estimates for the 2002 FERC fee assessment and compute the RS#1 FERC fee component assuming the median of the estimated range. Once the actual NYISO payment obligation is known, the NYISO will modify this component of RS#1 prospectively to true-up for the remainder of the year.
- b. The NYISO will provide quarterly evaluations to the BS&P of the efficiencies resulting from using more in-house staff to perform work currently performed by outside legal counsel and for market monitoring price evaluation.
- c. The NYISO will present a complete review of the 2002 budget to the BSP in the first quarter of 2002 to reflect changes required by FERC RTO proceedings.
- d. Before committing non-labor capital and expenses to RTO sensitive projects, the NYISO will perform an evaluation of the benefits to determine if the project will be cost effective within the time frame estimated to form an RTO, or if the project is necessary to fulfill the design requirements of an RTO. Such evaluations will be reviewed with the Project Priority Team.

(Motion passed with 78.86 % affirmative votes)

Motion #6:

Motion to amend Motion #5 to limit the 2002 budget to the 2001 budget plus inflationary adjustment.

(Motion failed with 47.42 % affirmative votes)