

January 16, 2003

NYISO Business Issues Committee Meeting Minutes

NYS Nurses' Association, 11 Cornell Road, Albany, NY 12110

I. Welcome and Meeting Objectives

Mr. Wesley Yeomans, Vice Chair of the Business Issues Committee (BIC), called the meeting to order at 10:02 A.M. and welcomed the members of the BIC. The attendees introduced themselves and named the companies that they represent. Mr. Yeomans reviewed the list of agenda items and meeting objectives.

II. Approval of Minutes

Prior to the meeting, BIC members received the latest draft of the December 13, 2002 Meeting Minutes for their review and approval. It included revisions that were previously suggested from several Market Participants. While considering approval of these minutes, a few BIC members requested some additional editorial modifications. Ms. Elaine Robinson, of the NYISO, also informed the BIC members of her editorial requests. The Committee accepted these changes and unanimously approved the 12/13/02 Minutes.

Motion #1:

Motion to approve the minutes from the December 13, 2002 Business Issues Committee Meeting.

(Motion passed unanimously by a show of hands)

III. Chair's Report

As part of the January Chair's Report, Mr. Yeomans informed the BIC Members that Howard Fromer is succeeding Matthew Picardi as Chair of the Installed Capacity (ICAP) Working Group.

IV. Market Operations Report

Mr. Charles King, of the NYISO, explained that for future Market Operations Reports, his presentations will highlight significant items in the report, rather than review each graph. He did note that all graphs will continue to be included in future handouts. The December 2002 NYISO Market Performance Highlights indicate the following: real-time price corrections remain at very low pre-load pocket levels and are expected to remain at this level; the amount of uplift has steadily decreased since June – which reflects the Out of Merit Generation situation subsiding; and the total market costs have increased slightly since November because of increased fuel prices, reserve costs, and energy costs.

Mr. Stuart Nachmias, of Con Edison, suggested that it would be useful for the BIC members to receive the packet of graphs before the BIC meetings since only summaries are planned for future meetings. Mr. King pointed out that these graphs are identical to the ones used in the Management Committee (MC) meetings. However, since the MC meets after BIC, Mr. King noted that they would try to post the material as soon as the final billing data is settled each month.

Mr. James Scheiderich, of Select Energy, asked for details on how much the increased energy costs will be offset by the reduced uplift charges. Mr. King replied that the NYISO is still conducting an analysis and looking to see if any details can be broken out.

V. Spring 2003 Transmission Congestion Contract (TCC) Auction Plan

Mr. King offered a summary of the number of outstanding TCCs at the start of the auction and presented the Committee with an overview of the Spring 2003 Initial TCC Auction Plan and Schedule.

Mr. Garry Brown, of Sithe, asked about the possibility of the NYISO providing the transmission outage schedule prior to the start of the TCC Auction. Mr. Scheiderich noted that he planned to discuss it in his upcoming MSWG report.

Ms. Doreen Saia, representing Mirant, requested that the NYISO communicate the results of discussions that were occurring concerning the 1385 line and feasibility. The NYISO agreed to take this on as an action item.

VI. Seams Status

Mr. King informed the Committee that the NYISO met with the FERC in Washington, D.C., January 15th, to discuss the Seams Report. The report focused on past achievements and future plans. He noted that the report was well received by the FERC and it's posted on the NYISO Website. He also mentioned that FERC focused on the Rate Pancaking Issue and that Mr. Museler suggested holding a Technical Conference to to move the issue forward. The Congestion Management Pilot that the NYISO implemented with PJM was also discussed with FERC. It had been implemented six times. The Congestion Protocol that PJM proposes to use with the Midwest ISO is based on this pilot.

Mr. Nachmias requested that Mr. King summarize the NYISO's plans for coordinating Data Warehouses with other ISOs. Mr. King took this on as an action item for Ken Fell.

Mr. Rick Mancini, of NYSEG, inquired about the status of the Ramp Rate Issue from November's BIC Meeting. He asked that Mike Calimano provide the Committee Members with a report on the progress made with establishing 30-minute transactions instead of transactions occurring once an hour.

Mr. Scheiderich reminded Mr. King that Fred Theodore committed to providing BIC with a summary on the deliverables and costs associated with the Data Warehouse project. Mr. King and Mr. Stalter replied that Mr. Theodore plans to focus on it during the February Project Prioritization Team (PPT) meeting and Mr. Theodore is committed to providing an update at the next MSWG meeting as well.

Mr. Scheiderich pointed out that the Market Participants' view of Interregional Dispatch has been incorrectly conveyed. Mr. King suggested that the NYISO prepare a presentation to deliver to PJM on Interregional Dispatch/Economy Interchange, characterizing New York's view of the topic.

Also, Mr. Bill Heinrich, of the New York State Department of Public Service wondered what the latest developments are concerning the Rate Pancaking/Seams appeals. Mr. King suggested that a PJM representative might be better informed to present an update to the BIC members.

VII. Project Priority Team Report

Mr. King informed BIC members that the NYISO completed two projects in December: automation of Real-Time Mitigation and employment of GT Reserves. He also noted that the OSS implementation date has been rescheduled from February to March, due to Oracle problems.

Ms. Saia asked what the NYISO's plans are for correcting problems associated with the proposal for multiple proxies at the seams. Mr. King noted that the NYISO plans to develop a straw proposal that is not prone to gaming. He mentioned that Market Participant advice is encouraged on this issue and should be directed to the Market Structure Working Group (MSWG).

VIII. BAWG Issues Update

Mr. Yeomans, on behalf of the Billing and Accounting Working Group (BAWG), updated the BIC Members with a billing project status report.

Mr. Bob Loughney, of Couch White, voiced his concern that project A636, 85/15 RS 1 Split, received FERC's approval in September of 2002 and the BIC members haven't received a report on the status yet. Ms. Elaine Robinson, of the NYISO, replied that Ray Stalter and Dave Lawrence are in the process of constructing a committee issues tracking system that will be posted on the web for this and other projects.

Mr. Scheiderich asked for an update to be provided on the Metering Inventory system. Mr. Stalter replied that the Metering Task Force plans to address this at their next meeting. Mr. Mario Di Valentino, of Strategic Power Management, asked that BAWG inform BIC of LECG's future analysis plans. Mr. Di Valentino specifically wants to know how much longer LECG plans to focus on Rate Schedule 1 and whether they will be looking at other items such as TCC shortfalls.

Mr. Ray Kinney reminded the NYISO that it committed to present its views on the issues associated with Day Ahead Market Contract Balancing. Mr. Yeomans agreed to have NYISO representative, Randy Bowers report to BIC on this issue.

IX. Proposal to Sell ICAP Based upon Summer DMNC Ratings

Mr. James D'Andrea, of Keyspan Energy Services, presented an ICAP-related proposal for BIC's consideration. The proposal was presented as a change to the current market design that would enhance reliability as well as improve market efficiencies. In addition, the proposal was noted as being compatible with the demand curve and not intended as an alternative.

Mr. Scheiderich pointed out that the issues that Mr. D'Andrea is proposing had been discussed the previous day in the ICAP Working Group. However, he noted that some BIC members could need additional time to consider these proposals as a package.

Mr. Howard Fromer, of the PSEG, advised that the best action would be to table this motion. He offered background on why BIC originally deferred action on this item: the administrative process for the demand curve process is still being discussed and many details need to be worked out in the Working Groups.

Mr. D'Andrea noted that his main concern is to act on this issue now so that it is resolved in time for next winter.

Mr. Mark Younger, of Slater Consulting, thought the proposal was to vote only on the idea of whether or not to implement the Summer DMNC year round. He noted his concern is that the proposal now contains four other aspects that haven't been discussed.

Several other BIC members including Mike Cadwalader and Ray Kinney expressed their desire for additional time to review the entire proposal. Because of the various concerns with the proposal, Mr. D'Andrea decided not to make the motion. Ms. Laurie King-Pirchner requested that a timeline be established as to when the proposal will return to the BIC members. Mr. Yeomans decided to send the proposal back to the ICAP WG and requested that they provide BIC with a future report. Mr. Kinney wondered if the ICAP WG chair would be interested in addressing Key Span's proposal earlier than at their next scheduled meeting; Mr. Fromer replied that it would be difficult to reschedule the meeting at this point.

X. Working Group Updates

A. BAWG – Update provide by Mr. Yeomans earlier.

B. Market Structure Working Group (Chair - J. Scheiderich) – Mr. Scheiderich summarized the MSWG's recent activities. He noted the following: NYSERDA presented on "green" power, the document on the Cross Sound Cable is out for review, a TCC Manual may soon be ready for review, Scott Harvey and Bob Thompson gave a presentation on Economy

Interchange, and Rick Gonzales presented proposed modeling changes to the internal Phase Angle Regulators.

C. Scheduling and Pricing Working Group (Chair - R. Kinney) – Mr. Kinney informed the BIC members that the S&P WG’s next meeting would be on January 28th. He noted a that items on their agenda will include: drafting of the tariff language for the Scarcity Pricing proposal, credit issues, and operating issues. He also mentioned that the S&P WG plans to coordinate with the Credit Policy Task Force.

D. Price Responsive Load Working Group (Chair – B. Loughney) – Mr. Loughney stated that he did not have any new activities to report.

XI. New Business

Mr. Scheiderich mentioned how he would like to see a combined Operational Agreements document available for the Market Participants since the information within it impacts market outcomes. He is considering making a motion in the future to grant access to this information.

XII. Administrative Matters

Mr. Ray Stalter, of the NYISO, pointed out the Action Items List is posted and reminded the Committee members to contact him with any questions.

XIII. Adjournment

Mr. Dewitt adjourned the meeting at approximately 1:17 P.M.

Respectfully submitted,
Valerie L. Ross
Recording Secretary, Business Issues Committee

Business Issues Committee – Action Item Listing

Number	Action Items	Assigned to
BIC 01.16.03-1	Summarize the outcome of the discussion regarding the 1385 line and feasibility issue.	C. King/A. Desell
BIC 01.16.03-2	Summarize the plans for coordinating Data Warehouses with other ISOs.	K. Fell
BIC 01.16.03-3	<i>Ramp Rate Issue from November BIC Meeting</i> - Report on progress made with establishing 30-minute transactions instead of transactions occurring once an hour.	M. Calimano
BIC 01.16.03-4	Prepare and give a presentation to PJM on Interregional Dispatch/Economy Interchange, characterizing New York's view of the topic.	C. King
BIC 01.16.03-5	Arrange for a PJM representative to give a presentation to BIC on Rate-Pancaking/Seams appeals, characterizing PJM's view of the topic.	C. King
BIC 01.16.03-6	Inform BIC of LECG's future analysis plans. (How much longer they plan to focus on Rate Schedule 1 and whether they will be looking at other items such as TCC shortfalls.)	K. Kipers – BAWG
BIC 01.16.03-7	Put together a report on NYISO's view concerning the issues associated with Day Ahead Market Contract Balancing.	R Bowers – BAWG

NYISO Business Issues Committee Meeting

January 16, 2003
NYS Nurses' Association, Albany, NY

SUMMARY OF MOTIONS

Motion #1:

Motion to approve the minutes from the December 13, 2002 Business Issues Committee Meeting.

(Motion passed unanimously by a show of hands)

New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance January 16, 2003 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth. The City of New York	End Use - Gov. Agency/Aggr. End Use - Gov. Agency/Aggr.	✓ Jeffrey Gerber Michael Delaney	Paul DeCotis Richard Miller	Chris Hall Scott Butler	Erin Hogan Jonathan Wallace	John Spath			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	✓ Robert Loughney	Michael Mager	Craig Carriero					
ATCO Management Co.	End Use - Large Consumer	Peter DiCapua	Scott Petersen	George Diamantopoulos					
IBM Corporation	End Use - Large Consumer	✓ Robert Loughney	Michael Mager	Craig Carriero					
Occidental Chemical Corp.	End Use - Large Consumer	✓ Robert Loughney	Michael Mager	Craig Carriero					
Praxair Inc.	End Use - Large Consumer	Christian Lenci	✓ Robert Loughney	Michael Mager	Craig Carriero				
Xerox Corporation	End Use - Large Consumer	✓ Robert Loughney	Michael Mager	Craig Carriero					
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					✓ Aaron Breidenbaugh	
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney Ted Lee	✓ Tariq Niazi Judith Mondre	Doug Elfner ✓ Tariq Niazi			
Building and Realty Institute	End Use - Small Consumer	Herb Rose	Marjorie Ochrach						
Citizens Advisory Panel	End Use - Small Consumer	Gordian Raacke	Larry DeWitt						
CNYC Inc. (Council of NY Coop & Condo)	End Use - Small Consumer	Herb Rose	MaryAnn Rothman	Marjorie Ochrach	Ted Lee	Judith Mondre	✓ Tariq Niazi		✓ Aaron Breidenbaugh
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	Herb Rose	Ted Lee	✓ 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	John Gebhard	Quintin George	✓ Tariq Niazi John Dowling	Doug Elfner Jennifer Kearney			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner	Charles Sjoberg					
AES NY	Generation Owners	Doug Roll	Charles Sjoberg	✓ Christopher Wentlent					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	James Croyle	Leonard Singer						
Calpine	Generation Owners	None Assigned	Thomas Kaslow	✓ Richard Felak					
East Coast Power	Generation Owners	✓ Roy Shanker	Gary Keevill						
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Robert Agnello	Jeffrey Ellis					
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	William Stone	✓ Ron Mackowiak					
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
KeySpan Ravenswood, LLC	Generation Owners	Rich Hohlman	Joseph Vignola	✓ Dick Ackerson	✓ James D'Andrea	✓ Terrence Kain	Ron Lukas		
Mirant New York, Inc.	Generation Owners	Vicki Lynch	Susann Felton	✓ Doreen Saia					
Orion Power New York	Generation Owners	✓ John Reese	Bruce Bleiweis						
PG&E Generating	Generation Owners	Dan Dubois	Dan Whyte						
Sithe Energies, Inc.	Generation Owners	✓ Garry Brown	David Applebaum						✓ Glenn Haake
TransCanada Power Marketing	Generation Owners	William Taylor	✓ Elaine Beaudry						
1st Rochdale Cooperative NYC	Other Suppliers	Gregory Wortham							
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	✓ Blas Hernandez						
American Electric Power (AEP) Srvc. Corp.	Other Suppliers	Ron McNamara	Tom Chapman						
Aquila Energy Marketing Corp.	Other Suppliers	None Assigned	Peter Brown	David Wiesner	Pamela VanHorn	Richard Mooney	✓ Susan Chamberlain		
Cinergy Capital and Trading	Other Suppliers	Jason Barker	Walt Yeager						
Con Edison Energy	Other Suppliers	✓ Stephen Wemple	Ivan Kimball						
Con Edison Solutions	Other Suppliers	✓ Stephen Wemple	Rich Staines						
Connectiv	Other Suppliers	Bill Fehr	John Foreman						
Constellation New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Steve Fernands					
Constellation Power Source	Other Suppliers	✓ Glen McCartney	Mary Lynch	Daniel Allegretti					
Coral Power, LLC	Other Suppliers	Matt Picardi	Dave French						
Dominion Energy Marketing, Inc.	Other Suppliers	✓ Michael Bekker	Lou Oberski						
Duke Energy North America, LLC	Other Suppliers	Stacy Dimou	Del Disher						
Dynegy	Other Suppliers	✓ Chris Moser	Tom May	Steve Vavrik					
El Paso Merchant Energy	Other Suppliers	✓ Roy Shanker	Gary Keevill	Russel Like					
Exelon Generation - Power Team	Other Suppliers	Eric Olson	✓ Garry Brown	Linda Clarke	Regina Carrado	David Applebaum			
FPL Energy	Other Suppliers	✓ Fernando DaSilva	Dan Wheeler						
HQ Energy Services	Other Suppliers	✓ Michel Prevost	Paul Norris						
KeySpan Energy Services	Other Suppliers	Ron Lukas	Ruben Brown	Peter Chamberlain	John Smith				
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				
NRG Power Marketing	Other Suppliers	Joe DeVito	✓ Frank Rapley	Paul Savage	Marc Dworkin	Ruben Brown	Peter Chamberlain	Chris Young	
NU / Select Energy	Other Suppliers	✓ James Scheiderich	Gunnar Jorgensen						

New York Independent System Operator - Committee Membership

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Ontario Power Generation Inc.	Other Suppliers	Tasos Karatsoreos	✓ Scott McArthur	Ken Lacivita	Erica Cheung				
PP&L Energy Plus	Other Suppliers	Jim Strobel	Harry Tom	Roland Moor	Harry Tom				
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce	Bob Logan	Dennis Sobieski				
Reliant Energy Services, Inc.	Other Suppliers	✓ John Reese	Bruce Bleiweis					✓ Liam Baker	
Semptra Energy Trading	Other Suppliers	✓ Tom Halleran	Dan Staines	✓ Russel Like	Mally Becker	Bob Chilton			
Strategic Energy LLC	Other Suppliers	Francis Pullaro	Michael Swider	Jeffrey Knox	James McCormick	Helen Caldwell			
Strategic Power Management, Inc.	Other Suppliers	✓ Mario DiValentino	Tom Folchi	Dan Duthie					
Transalta (formerly MEGA)	Other Suppliers	Bob Sadowsky	Jubran Whalan						
TransÉnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	José Rotger						
Williams Energy Marketing & Trading Co.	Other Suppliers	David Singer	Dennis Keener						
Long Island Power Authority	Public Power - Authorities	James Parmelee	✓ Kevin Jones	Bill Killgoar					
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ Bob Gow	Paul Rougeaux					✓ Kevin Kipers
American Wind Energy Association	Public Power - Environmental	David Wooley	Larry DeWitt					✓ Aaron Breidenbaugh	
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt					✓ Aaron Breidenbaugh	
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	Larry DeWitt					✓ Aaron Breidenbaugh	
Pace University	Public Power - Environmental	Edward Smeloff	Larry DeWitt					✓ Aaron Breidenbaugh	
Scenic Hudson	Public Power - Environmental	Larry DeWitt						✓ Aaron Breidenbaugh	
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown		✓ Tom Rudebusch	
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	Ken Moore	✓ Tom Rudebusch	Paul Pallas				
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tom Rudebusch						
Village of Freeport	Public Power - Munis & Co-ops	✓ Anthony Fiore	Ted Kimlingen						
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardile	Ken Moore	Jim Hamilton	Jack Brown	Matthew Benesh	Paul Pallas	✓ Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	Ken Moore	Matthew Benesh	Jack Brown	Paul Pallas		✓ Tom Rudebusch	
Central Hudson Gas & Electric	Transmission Owners	James Valleau	✓ Thomas Canino	Jeff May	Rick Greener				
Consolidated Edison	Transmission Owners	✓ Stuart Nachmias	Gerry Dunbar						
National Grid	Transmission Owners	✓ Wes Yeomans	Jerry Ancona	✓ Bart Franey					
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Rick Mancini	✓ Laurie King-Pirchner	Gerald Walter	✓ Ray Kinney	John Kobuskie	Dave Kimiecik		
Orange & Rockland, Inc.	Transmission Owners	Gary Rozmus							
Rochester Gas & Electric	Transmission Owners	✓ Laurie King-Pirchner	Gerald Walter						
Aaron Breidenbaugh	Non-voting	✓ Aaron Breidenbaugh							
Caithness Energy, L.L.C	Non-voting	Ross Ain	Jack Feinstein						
Cianbro Corporation	Non-voting	Ed Krapels	Brian Chernack	Paul Flemming					
Energetix, Inc.	Non-voting	Barney Farnsworth	Gerald Strassner						
Hudson River Energy Group	Non-voting	Frank Radigan							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
NYS Department of Public Service	Non-voting	Tom Dvorsky	✓ Bill Heinrich						
The Structure Group	Non-voting	Bob Furry	Dave Potts						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	

NYISO and Hunton & Williams Members and Guests in Attendance:

- ✓ Mollie Lami NYISO
- ✓ Chuck King NYISO
- ✓ Elaine Robinson NYISO
- ✓ Kristen Kranz NYISO
- ✓ Leigh Bullock NYISO
- ✓ Ray Stalter NYISO
- ✓ Valerie Ross NYISO
- ✓ Jane Lathrop NYISO
- ✓ Ernie Cardone NYISO
- ✓ John Charlton NYISO
- ✓ Gregg Pakela DTE Energy Trading

Key:

✓ = In attendance