

NYISO Management Committee Meeting

March 29, 2006

**Teleconference
10:02 a.m. - 11:01 a.m.**

MINUTES OF THE MEETING

1. Introduction, Meeting Objectives & Chairman's Report

Mr. Jerry Ancona (National Grid), Chairman, called the meeting to order at 10:01 a.m.

2. Approval of the Minutes

Mr. Ray Stalter (NYISO) stated that he received some last minute comments on the February 28 minutes and requested more time for review prior to voting to approve the minutes.

3. President's Report

Mark Lynch, CEO and President of the NYISO reported:

- The NYISO Board of Directors elected Robert Hiney to the Board. Mr. Lynch expressed his appreciation on behalf of the Board to the Management Committee (MC) for their efforts in the selection process and added that Mr. Hiney will be an excellent new addition to the Board.
- On the Price Error Elimination progress and said there were no new causes of errors logged in the past several months, but causes of underlying errors will continue to be reviewed. The NYISO is looking at some enhancements, such as load forecasting and reduction of the time cycle for price validations.

Howard Fromer (PSEG) asked what accounted for roughly 50 percent of alarms being false, causing the NYISO to reserve but not to have to correct pricing. He said while he appreciated the errors being reduced, he expressed concern for the continuation of flagging for errors even though they ultimately prove to be false. Mr. Lynch said that he would speak to the group to see if they could find out what was causing the false alarms. He also suggested that the BPCTF would be the best forum to discuss this issue and to identify improvements. Mr. Lynch reported that the time from reservation to the time to correction has continued to improve.

Doreen Saia (Mirant) asked when the Billing and Price Correction filing would be submitted to Federal Energy Regulatory Commission (FERC). Robert Fernandez (NYISO) responded by noting that the filing related to settlements revisions was submitted last week and

estimated that the price correction filing would be made soon. He said there had been a delay in the bill correction filing due to the pending appeal related to the Attachment N carve out.

In response to a question from Howard Fromer (PSEG) regarding the action of the Operating Committee on March 28, Mr. Fernandez noted that the Board has been getting briefings on Locational Minimum Installed Capacity Requirements (LCR) issue over the past week. It was the consensus of the Board that urgent action was needed in order to preserve the integrity of the auction scheduled for later this month. If the regular process was followed, then any appeal would push the controversy beyond the start of the Capability Period. Further, he cited Section 5.07 of the NYISO Agreement, which allows the Board to review actions of any committee on an urgent basis. He also cited Section 5.08 of the Agreement, which gives the Board ultimate responsibility for administering the installed capacity requirements. The Board has given stakeholders an opportunity to provide comments on the LCR's issue, which need to be submitted by close of business on Friday.

Mr. Fromer expressed his continued concern for eliminating the ability to use the appellate process and also challenged the NYISO's authority to take action based on Section 5.07. Glenn Haake (IPPNY) also stated his concern for the action of the Board and timeline to provide comments. Ira Freilicher (Hunton and Williams) stated that the proposal did not suspend any Member's rights. He said the options open to Board were to let the auction go forward with numbers that were incorrect, or to take immediate action. He said that no precedent for changing governance would be set by this action.

Mr. Lynch suggested that positions on the issue be put into the papers to be submitted by the close of business on Friday, March 31st, so that the Board could take action on the actions of the Operating Committee.

4. New Business

Doreen Saia (Mirant) requested a time line for a response regarding the scarcity pricing issue that was cited in the David Patton report. Mr. Lynch reported that an internal task force led by Rick Gonzales has been reviewing the scarcity pricing issue and running analyses which should be complete by April 1. He has requested Mr. Gonzales to report the findings to the April MC meeting. He said the NYISO has also been working to address the issues raised by Mr. Patton's SMD2 Report, and these will be discussed with the committee in April as well.

Ms. Saia requested that, in light of the impending summer capability period, the scarcity pricing issue should be addressed soon in a working group environment in order to allow time for stakeholder input on proposed resolutions. She added that the discussions should include input from Dr. Patton. Mr. Lynch said that he would request a meeting of the MSWG to be scheduled soon, and if Dr. Patton could not be physically present at the meeting that he participate by telephone. Ray Stalter (NYISO) agreed to schedule that meeting.

In response to a question from Kevin Jones (LIPA) on whether the NYISO would be initiating discussions of long term transmission rights through the stakeholder process, Mr. Lynch said that in the survey conducted last year, the majority of stakeholders were not interested in long term transmission rights. Jim Scheiderich (Select Energy) added that getting TCC automation in place should be done before developing long term transmission rights.

Kevin Jones (LIPA) then noted a recent concern with digital certificates and a recent NYISO deployment. He requested more notice when issues and deployments occur, in order to allow for market participants to better investigate impacts to their systems. In relation to this specific deployment, he suggested holding a stake holder forum where these issues can be discussed. He believed that this situation highlights the need to have a sandbox or test environment. William Palazzo (NYPA) and Tim Bush (Representing Public Power, Municipalities and Co-ops) supported the suggestions made by Mr. Jones.

Howard Fromer (PSEG) asked if the NYISO had reviewed the New England comprehensive LICAP settlement filing, and if a filed response was anticipated. He said that he believed that New England had made a significant departure from regional capacity product definitions and this should be a concern. Kevin Jones (LIPA) agreed, stating the need for regional trade. Rubin Brown (Energy Spectrum) also expressed his belief that the New England product should be reviewed.

Mr. Lynch said that the NYISO has not decided on whether to comment and would be relying on David Patton's State of the Market Report, that is due to be released soon, to consider potential regional capacity market impacts.

5. Adjourn

11:01 a.m.

MOTIONS FROM THE MEETING

There were no motions considered during the meeting.

Respectfully Submitted,
Debra E. Murley
Recording MC Secretary

Management Committee - Attendance March 29, 2006 - Albany, NY - Parties Checked in Attendance03/29/2006

New York Independent System Operator - Committee Membership

Management Committee - Attendance March 29, 2006 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Sempra Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	Scott Englander	Barry Trayers				
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	Jason Barker	Jeff Knox	Pamela Melton					
TransEnergie U.S. Ltd.	Other Suppliers	Raymond Cox	Michael Jacobs						
U.S. Power Generating Co.	Other Suppliers	✓ Liam Baker	Mark Sudbey						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	✓ Kevin Jones	Jim Wittine	Dave Clarke					
New York Power Authority	Public Power - Authorities	Bob Deasy	✓ William Palazzo	Kim Byham					
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs				
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt						
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	Larry DeWitt						
Pace University	Public Power - Environmental	Edward Smeloff	Larry DeWitt						
Scenic Hudson	Public Power - Environmental	Larry DeWitt							
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Matthew Benesh	✓ Tim Bush	Jim Hamilton	Ken Moore	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	David Gustafson	Wally Haase	John Oelbracht	Steven Kulig	✓ Tom Rudebusch			
Lake Placid Village	Public Power - Munis & Co-ops	Peter Kroha	✓ Tim Bush						
Municipal Commission of Boonville	Public Power - Munis & Co-ops	Kenneth Stabb	✓ Tim Bush						
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush						
Village of Arcade	Public Power - Munis & Co-ops	Larry Kilburn	✓ Tim Bush						
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush						
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	Anthony Fiore	✓ Tom Rudebusch					
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul Pallas	Jim Hamilton	Matthew Benesh	Jim Hamilton	Jack Brown	Ken Moore	✓ Tom Rudebusch	
Village of Solvay	Public Power - Munis & Co-ops	Anthony Modafferi	✓ Tim Bush						
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tim Bush	Matthew Benesh	Jack Brown	Ken Moore			
Central Hudson Gas & Electric	Transmission Owners	Charles Freni	✓ John Watzka						
Consolidated Edison	Transmission Owners	Terry Agriss	✓ Stuart Nachmias	Neil Butterklee					✓ Paul Gioia
National Grid	Transmission Owners	✓ Jerry Ancona	Wes Yeomans	Janet Gail Besser	Herb Schrayshuen	Bart Franey	Terron Hill		
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	✓ Ray Kinney	Patti Caletka	Hank Masti	Cliff Olson	Denis Wickham			
Ace Energy Company, Inc	Non-voting	✓ Marie Pieniazek	Stephen Lynch						
Boundless Energy, L.L.C	Non-voting	John Tompkins	Brian Chernack	Chuck Gilbert					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Gary Keevill	Mitchell Garber					
Customized Energy Solutions	Non-voting	✓ Rick Mancini	Stephen Fernands	Bill Schofield					
Ecogen, L.L.C	Non-voting	Tom Hagner							
Energetix, Inc.	Non-voting	Barney Farnsworth							
Energy Curtailment Specialists, Inc	Non-voting	✓ Marie Pieniazek	Stephen Lynch						
Fluent Energy	Non-voting	Michael Mastroianni	David Koplas	Margie Miller					
Hudson River Energy Group	Non-voting	Frank Radigan	Richard Canfield						
Hydro-Quebec TransEnergie	Non-voting	Glenn Sylvain	Mario Boucher						
NYS Department of Public Service	Non-voting	Penny Rubin	✓ Rajendra Addepalli						
Stealth Energy	Non-voting	Gad Cohen							
The Structure Group	Non-voting	Bob Furry	Alex Lago						
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	✓ Marie Pieniazek	Stephen Lynch						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
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NYISO and Hunton & Williams Members in Attendance:

✓ Ira Freilicher Hunton & Williams

New York Independent System Operator - Committee Membership

Management Committee - Attendance March 29, 2006 - Albany, NY - Parties Checked in Attendance

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Kevin Jones	Hunton & Williams								
James Schmidt	Hunton & Williams								
✓ Rob Fernandez	NYISO								
✓ Mark Lynch	NYISO								
✓ Garry Brown	NYISO								
✓ Mollie Lampi	NYISO								
✓ Ernie Cardone	NYISO								
✓ Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
✓ Debra Murley	NYISO								
✓ John Charlton	NYISO								
✓ Kathy Whitaker	NYISO								

Key:

✓ = In attendance