

**NYISO Management Committee Meeting
Special Meeting by Conference Call**

August 19, 2002

Best Western
Wolf Road

Draft MINUTES OF THE MEETING

1. Introduction and Meeting Objectives and Chairman's Report

Mr. Brown called the special meeting to order at approximately 9:00 AM and welcomed the members of the Management Committee ("MC"). He noted that the MC would be acting on two issues. Meeting attendees at the Best Western conference room, and via telephone conference introduced themselves and identified their company affiliations.

2. Report from the BS&P; Presentation of Two Motions

Mr. Parmelee reported that feedback from the Management Committee ("MC") meeting of August 8, 2002 was considered by the Budget Standards & Performance Subcommittee ("BS&P"). He noted that the MC indicated a preference to defer collection of the FERC fee overcharge until the next fiscal year. The motion that was made, and seconded, that proposed to collect FERC fee shortfalls beginning in January, 2003.

Ms. McGarvey responded to a question from Mr. Nachmias by stating that the NYISO had filed with the FERC for a clarification of the amount of the fee charged. She also stated that the NYISO could support the motion.

Mr. Younger raised the concern that, for the period of January 1, 2002 through May 31, 2002, under-collections and over-collections should apply to loads only. A friendly amendment to the motion was accepted to formally address this concern.

Motion #1:

Motion to support the collection of Year 2002 FERC fee shortfalls, if any, over the course of 2003, effective with January 2003 bills, provided that any shortfall resulting from the under-recovery of FERC fees that should have been assessed from January 1st through May 31, 2002 shall be assessed to loads only beginning with the January 2003 bills to reflect the parties responsible for those fees at that time; and provided further that any surplus resulting from the over-recovery of FERC fees that were assessed from January 1, 2002 through May 31st 2002 shall be assessed to loads only beginning with the January 2003 bills for the same reason.

(Motion passed unanimously, by polling members for abstentions and objections)

Mr. Parmelee also made a motion regarding the impact of billable load on the collection of Schedule 1 fees. Mr. Younger questioned the need for adjusting the Schedule 1 rate when the magnitude of the shortfall could not be quantified. Ms. McGarvey commented that should a shortfall occur, the Schedule 1 rate would be adjusted at that time. Mr. Brown suggested that the committee wait until Ms. McGarvey's next report before taking any action. Mr. Parmelee's motion was not seconded.

Ms. Robinson indicated that a slide would be added to the monthly President's Report to address actual billable load compared to projected.

3. Proposal to Revise Collateral Requirement for Transmission Congestion Contracts

Mr. Wemple reported that the proposed TCC credit policy amendment had been discussed at the August 15, 2002 special conference call of the Business Issues Committee ("BIC"). He described how the amount of collateral would be the greater value calculated from clearing prices or congestion rent. He said it had been questioned whether three months was the correct metric to use in the congestion rent calculation, and that the BIC approved the policy under the condition that Board be requested to delay a filing until after the September Board meeting to allow the BIC to consider alternatives to the net congestion rent test.

Mr. Younger expressed his concern that other market participant are indirectly mitigating NYISO credit risk due to the fact that energy payments are held for approximately twenty days, and capacity payments are also held.

A discussion concerning the timing of the implementation of Part A and Part B was made moot when Mr. Desell reported that the need to post collateral for the next TCC auction would not be until the end of October, thereby allowing the implementation of both parts to coincide with the need to post collateral.

A friendly amendment was accepted to address bankruptcy issues related to netting Transmission Congestion Contracts.

Mr. Mager expressed his support of the motion, but noted his opposition to the motion if the NYISO determines that the implementation of Part A without the implementation of Part B would result in a material risk.

Motion #2:

Motion to approve the TCC Credit Policy Amendment as presented to the BIC on August 15, 2002 and request NYISO Board of Directors to delay tariff filing until the September Board of Directors meeting, allowing the Business Issues Committee to consider alternatives to the Net Congestion Rent Test. The NYISO will also pursue an ISDA type arrangement to address bankruptcy issues related to netting of an entity's TCC contracts within the TCC portfolio.

(Motion passed by a majority in favor by polling members for abstentions and objections)

4. Adjournment

The meeting adjourned at approximately 11:15 AM.

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MOTIONS FROM THE MEETING

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(Motion passed by a majority in favor by polling members for abstentions and objections)

New York Independent System Operator - Committee Membership

Management Committee - Attendance August 19, 2002 - Via Conference Call - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	Paul DeCotis	✓ Jeffrey Gerber	Erin Hogan					
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	✓ Richard Miller	Scott Butler	Jonathan Wallach				
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	✓ Michael Mager					
ATCO Management Co.	End Use - Large Consumer	Peter DiCapua	Scott Petersen	George Diamantopoulos	Steven Latargia				
IBM Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager						
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	✓ Michael Mager					
Praxair Inc.	End Use - Large Consumer	Christian Lenci	Robert Loughney	✓ Michael Mager					
Xerox Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	✓ Michael Mager					
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						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Building and Realty Institute	End Use - Small Consumer	Herb Rose	Marjorie Ochrach	Ted Lee	Judith Mondre	✓ Tariq Niazi			
Caithness Energy, L.L.C	End Use - Small Consumer	None Assigned	Jack Feinstein						
Cianbro Corporation	End Use - Small Consumer	Chuck Hewett	John Tompkins						
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		
Columbia University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Hudson River Energy Group	End Use - Small Consumer	Frank Radigan							
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	Marjorie Ochroch	Ted Lee	David Bomke	✓ Tariq Niazi	Herb Rose			
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	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
William P. Short	End Use - Small Consumer	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock		Paul Savage	Roberto Denis
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	✓ Christopher Wentlent	Rick Santoroski	Charles Sjoberg					
American National Power, Inc.	Generation Owners	Dorothy Capra	Bill Henson						
Astoria Energy LLC	Generation Owners	William May	Leonard Singer						
Calpine	Generation Owners	John Eff	Thomas Kaslow	Richard Felak					
East Coast Power	Generation Owners	Gary Keevill	Asavari Alvarez						
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, Inc	Generation Owners	James Brennan	Rich Hohلمان	Dick Ackerson	James D'Andrea	Terrence Kain	Ron Lukas		
Mirant New York, Inc.	Generation Owners	None Assigned	None Assigned	✓ Doreen Saia	Couch White				
NRG Energy	Generation Owners	Joe DeVito	✓ Frank Rapley	Paul Savage	Marc Dworkin	Ruben Brown	Peter Chamberlain	Chris Young	
Orion Power New York	Generation Owners	✓ John Reese	Bruce Bleiweis						
PG&E Generating	Generation Owners	Steve McDonald	Jeff Simmons						
PSEG Energy Resources & Trade	Generation Owners	Howard Fromer	Michael LaFalce						
Sithe Energies, Inc.	Generation Owners	None Assigned	✓ Garry Brown	✓ David Applebaum					
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
Aaron Breidenbaugh	Non-voting	Aaron Breidenbaugh							
NYS Department of Public Service	Non-voting	Saul Rigberg	Tom Dvorsky						
1st Rochdale Cooperative NYC	Other Suppliers	Phyllis Kessler	Gregory Wortham	Andrea Mendez					
Advantage Energy, Inc.	Other Suppliers	Kyle Storie							
Amerada Hess Corporation	Other Suppliers	Hemant Jain	Kevin Laguardia	Keith Mills					
American Electric Power (AEP) Srvc. Corp.	Other Suppliers	Ron McNamara	Tom Chapman						
Aquila Energy Marketing Corp.	Other Suppliers	Jason Stever	✓ Peter Brown	David Wiesner	Pamela VanHorn	✓ Richard Mooney	Susan Chamberlain		
Cinergy Capital and Trading	Other Suppliers	Walt Yeager	Jan Bagnall						
Con Edison Energy	Other Suppliers	Ken Bekman	Ivan Kimball						
Con Edison Solutions	Other Suppliers	Ken Bekman	✓ Stephen Wemple						
Connectiv	Other Suppliers	Steve Huntoon	Bill Fehr						
Constellation Power Source	Other Suppliers	✓ Harvey Reed	✓ Glen McCartney	David Taylor	Mary Lynch	Daniel Allegretti			
Coral Power, LLC	Other Suppliers	Marc Overdyk	✓ Dave French						
Dominion Energy Marketing, Inc.	Other Suppliers	✓ Lou Oberski	Harold Adams						
Duke Energy North America, LLC	Other Suppliers	Ronald Matlock	Del Disher	Tom Bankert					
Dynegy	Other Suppliers	Matthew Picardi	Reed Armstrong						
El Paso Merchant Energy	Other Suppliers	Gary Keevill	Asavari Alvarez						
Energetix, Inc.	Other Suppliers	Barney Farnsworth							
Exelon Generation - Power Team	Other Suppliers	Linda Clarke	✓ Garry Brown	✓ David Applebaum	Regina Carrado	Eric Olson			
FPL Energy	Other Suppliers	Roberto Denis	Bill Fenerty						
HQ Energy Services	Other Suppliers	Benoit Goyette	Michel Prevost	Paul Norris	Joel Zipp	Gunnar Birgisson			
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				

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New Energy Inc.	Other Suppliers	Peter Duprey	Carrie CullenHitt	Steve Fernands					
NU / Select Energy	Other Suppliers	Gunnar Jorgensen	✓ James Scheiderich						
Ontario Power Generation Inc.	Other Suppliers	Barry Green	Tasos Karatsoreos	Ken Lacivita					
PP&L Energy Plus	Other Suppliers	John Brodbeck		Roger Dolan	Garreth Kirkner				
Reliant Energy Services, Inc.	Other Suppliers	Bruce Bleiweis	✓ John Reese						
Sempra Energy Trading	Other Suppliers	Tom Halleran	Dana Volpe	✓ Russel Like	Mally Becker	Bob Chilton			
Strategic Energy LLC	Other Suppliers	Michael Swider	Jeffrey Knox	James McCormick	Helen Caldwell				
Strategic Power Management, Inc.	Other Suppliers	✓ Dan Duthie	Mario DiValentino						
Transalta (formerly MEGA)	Other Suppliers	Daniel Lobue	John Carmody						
TransÉnergie U.S. Ltd.	Other Suppliers	José Rotger	Michael Jacobs						
Williams Energy Marketing & Trading Co.	Other Suppliers	Marji Phillips	David Singer	Dennis Keener					
Long Island Power Authority	Public Power - Authorities	✓ Jim Parmelee	Seth Hulkower	Alan Elberfield					
New York Power Authority	Public Power - Authorities	Robert Hiney	William Palazzo	✓ Kim Byham					
American Wind Energy Association	Public Power - Environmental	David Wooley	Larry DeWitt						
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	Paul Pallas	Matthew Benesh	Jim Hamilton	Jack Brown	Ken Moore		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	Paul Pallas	Tom Rudebusch					
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	Tom Rudebusch	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	Robert Kortright	Anthony Fiore					
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul Pallas	Jim Hamilton	Jack Brown	Ken Moore	Matthew Benesh		Tom Rudebusch	
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	Paul Pallas	Matthew Benesh	Jack Brown	Ken Moore		Tom Rudebusch	
Central Hudson Gas & Electric	Transmission Owners	Charles Freni	✓ John Watzka						
Consolidated Edison	Transmission Owners	Joe Oates	Terry Agriss	✓ Neil Butterklee				✓ Stuart Nachmias	
National Grid	Transmission Owners	Jerry Ancona	✓ Wes Yeomans	Peter Flynn	Herb Schrayshuen				
NY State Electric Gas (NYSEG)	Transmission Owners	Hank Masti	Denis Wickham	Clifton Olson	✓ Laurie King-Pirchner	Ray Kinney			
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	Clifton Olson	✓ Laurie King-Pirchner						
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							
New Member	Non-voting	None Assigned							

NYISO and Hunton & Williams Members in Attendance:

Ira Freilicher	Hunton & Williams
✓ Kathy Robb	Hunton & Williams
✓ Kevin Jones	Hunton & Williams
✓ Elaine Robinson	NYISO
✓ Kristen Kranz	NYISO
✓ Chuck King	NYISO
✓ Mary McGarvey	NYISO
✓ Phil Goozee	NYISO
✓ Leigh Bullock	NYISO
✓ Dave Evanoski	NYISO
✓ Ray Stalter	NYISO
Mollie Lampi	NYISO
Andy Hartshorn	Navigant

Key:

✓ = In attendance