

NYISO Management Committee Meeting

April 19, 2004

Consolidated Edison
New York, NY

Draft MINUTES OF THE MEETING

1. Introduction and Meeting Objectives

Joe Oates, Chairman, called the meeting to order at 12:33 p.m. and welcomed the members of the Management Committee ("MC"). The only meeting action item is to approve the minutes of the previous meeting. Mr. Oates announced that the Project Prioritization Team will be meeting Wednesday of this week. Mr. Oates will report findings. The May 5th MC meeting will be a conference call. The July MC meeting will be in Saratoga Springs. On July 6, the MC members will have a golf outing at their own expense. Today at 3pm there will be an oral argument in the two IPPNY appeals of Management Committee actions regarding in which sector(s) DRPs and DGs should participate in stakeholder governance.

2. Approval of the Minutes

Motion #1:

Motion to approve the Minutes of March 2, 2004 MC meeting.

Motion Passed unanimously.

3. President's Report

Market Performance Highlights

Charles King of the NYISO reported that average costs for March 2004 were 34% less than March 2003 primarily due to moderate weather and lower fuel prices. The average monthly price for gas (in \$/mmBTU) was below that of Kerosene and No.2 fuel oil for the second month in a row. Virtual Load and Supply MW's have been increasing since January, as well as the percentages of Virtual Load accepted in the DAM. Revised Regulation Requirements went into effect on April 1, 2004.

Standard Market Design ("SMD") 2.0 Update

Mr. King gave an update on SMD 2.0. Software defect validation has been completed for all the high severity software bugs from the Phase I Factory Acceptance Tests ("FAT"). This contract milestone was reached on schedule, as per the revised project plan. ABB software development activities for SMD Phase 2a were completed on schedule at the end of March. The SCADA/EMS software pre-FAT testing has been completed at the ABB facility, and Business Management Software ("BMS") pre-FAT testing is underway. The Phase 2a SCADA/EMS Factory Acceptance Testing started on schedule at the NYISO facility on April 13th. The SCADA/EMS FAT is scheduled to take three (3) weeks. The FAT for the BMS software is scheduled to start on May 3rd. The NYISO site testing and Market Trials plan are proceeding successfully. Upload/Download testing has started with NYPA; the full sandbox for all the MP's will be made available as soon as those tests are complete. A second SMD Technical Conference was held on March 31st. The target audience was market trial test participants, and the session was well attended.

Presentation of Extraordinary Costs

Mr. King discussed the Extraordinary Cost process, and provided the status. A total of 22 claims have been received. Payments have been made for Emergency Energy purchases and reimbursement of extraordinary expenses incurred because of NYISO directions during the system restoration. The committee designated to review the claims has approved and and \$1, 207,444.08 in claims submitted to the NYISO YTD has been paid in the April 2004 invoice. There are four claims outstanding.

Report on Market Participant Readiness for SMD

This plan was developed to ensure Customers are aware of upcoming SMD training and testing activities. The plan is designed to reduce issues requiring resolution during deployment, and also to decrease the likelihood of unfavorable market impacts during deployment. The President's Report (April 2004) details the Readiness Program process, with timeframes for the major activities.

Training opportunities/dates defined thus far include:

NYMOC - April 19-22 and June 8-11;

SMD2 Transition Course - May 4, 6, 13, 17 and June 2;

SMD2 Transition for Accounting Staffs- May 17-18 (Includes May 17 SMD2 Transition).

Elaine Robinson informed the group that the Business Issues Committee ("BIC").will be asked to undertake a review of whether the NYISO's code of conduct appropriately addresses market participant - NYISO communications and to and propose appropriate modifications if necessary.

4. Update on Seams and Market Improvement Projects

Mr. King reported the following progress in resolving Seams Issues and Market Improvement Projects:

Facilitated Checkout – work is moving along.

E-Tagging – will be deployed next month.

Elimination of Rate Pancaking – There is a meeting later this week between regulators in NY and NE to discuss the elimination of pancaked rates across the NY NE Control Area border.

Coordination of Cross-Sound Cable – The NYISO is in the process of finalizing a contract with the selected Scheduling Administrator. NYISO is also working on the End-State solution, to be deployed for Summer 2005.

Mr. King reported on the Quarterly Seams Meeting held in NYC on April 8, 2004. The NYISO will email each “sector” asking each sector to name their respective representatives in order to keep everyone apprised of upcoming meetings. The team added clarifying comments from HQ on their participation in facilitated checkout, as well as LIPA’s interest in selling reserves into NE under the new Issue Under Discussion (Reserves Participation in Adjacent Regional Markets). The team added general cross-border controllable lines as a new project, and discussed interest in getting an update on E-Tagging within NY Market Services Working Group. Several requests were made to revisit this issue at the May MC meeting.

5. New Business

Wes Yeomans of National Grid (“NG”) commented on the methodology the NYISO uses to allocate congestion rent shortfalls. The NYISO is not yet using the new congestion allocation procedure and NG feels using the old allocation process is not proper. Mr. Yeomans stated that NG’s TSC and retail rates are incorrect due to the absence of the proper congestion shortfall allocation. NG is interested in what asset outages affect the amount of congestion rent shortfall they are paying. NYISO is working diligently to resolve the barriers to deployment of the new congestion shortfall methodology and is looking to get this out to the marketplace ASAP.

Mike Calimano of the NYISO reported on the NERC readiness audit. The audit was completed last week, with no negative comments from NERC.

Meeting adjourned at approximately 13:42 PM.

NYISO Management Committee Meeting

April 19, 2004

Consolidated Edison, New York, NY

MOTIONS FROM THE MEETING

Motion #1:

Motion to approve the Minutes from the March 2, 2004 MC meeting.

(Motion passed unanimously by show of hands)

New York Independent System Operator - Committee Membership

Management Committee - Attendance April 19, 2004 - Consolidated Edison, NY, NY - 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 | ✓ David Coup | Erin Hogan | Chris Hall | John Spath | | | |
| The City of New York | End Use - Gov. Agency/Aggr. | Michael Delaney | Gil Quiniones | Scott Butler | Jonathan Wallace | | | | |
| Alcoa/Reynolds Metals Company | End Use - Large Consumer | Robert Loughney | ✓ Michael Mager | | | | | | |
| ATCO Management Co. | End Use - Large Consumer | Peter DiCapua | Scott Petersen | George Diamantopoulos | | | | | |
| IBM Corporation | End Use - Large Consumer | Robert Loughney | ✓ Michael Mager | | | | | | |
| Occidental Chemical Corp. | End Use - Large Consumer | Robert Loughney | ✓ Michael Mager | | | | | | |
| Praxair Inc. | End Use - Large Consumer | Robert Loughney | ✓ Michael Mager | | | | | | |
| Xerox Corporation | End Use - Large Consumer | Robert Loughney | ✓ 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 | Judith Mondre | Ted Lee | ✓ Tariq Niazi | | | | |
| CNYC Inc. (Council of NY Coop & Condo) | End Use - Small Consumer | ✓ Herb Rose | MaryAnn Rothman | Judith Mondre | Ted Lee | ✓ Tariq Niazi | | | |
| 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 | David Bomke | ✓ 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 | Quintin George | Catherine Luthin | ✓ John Dowling | Jennifer Kearney | | | |
| 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 | Greg Banhazl | Leonard Singer | | | | | | |
| Calpine | Generation Owners | Thomas Kaslow | Tracee Bersani | ✓ Richard Felak | | | | | |
| East Coast Power Linden Holding LLC | Generation Owners | Thomas Hoatson | Robert Licato | Kathy Benini | | | | | |
| Edison Mission Marketing & Trading | Generation Owners | ✓ William Roberts | Robert Agnello | Jeffrey Ellis | ✓ Peter Brown | Rich Mooney | Pam Van Horn | | |
| Entergy Nuclear Northeast | Generation Owners | Marc Potkin | Angelo Vai | Ron Mackowiak | | | | | |
| Indeck Energy Services | Generation Owners | Mike Ferguson | John Schrage | ✓ Mark Younger | | | | | |
| KeySpan Ravenswood, LLC | Generation Owners | James Brennan | Rich Hohlman | Joseph Vignola | James D'Andrea | Terrence Kain | Rich Rapp | | |
| Mirant New York, Inc. | Generation Owners | Susann Felton | ✓ Doreen Saia | Vicki Lynch | | | | | |
| Orion Power New York | Generation Owners | ✓ Liam Baker | Bill Berg | | | | | | |
| Selkirk Cogen Partners, L.P. | Generation Owners | Tim Blittig | Steve Kamppila | | | | | | |
| Sithe Energies, Inc. | Generation Owners | Linda Clarke | ✓ David Applebaum | Regina Carrado | | | | | |
| TransCanada Power Marketing | Generation Owners | William Taylor | Elaine Beaudry | | | | | | |
| 1st Rochdale Cooperative NYC | Other Suppliers | Gregory Wortham | | | | | | | |
| Advantage Energy, Inc. | Other Suppliers | Kyle Storie | | | | | | | |
| Agway Energy Services, Inc. | Other Suppliers | Russell Miller | ✓ Jim Scheiderich | | | | | | |
| Amerada Hess Corporation | Other Suppliers | Hemant Jain | Kevin Laguardia | Blas Hernandez | | | | | |
| Cinergy Capital and Trading | Other Suppliers | Jason Barker | Walt Yeager | | | | | | |
| Con Edison Energy | Other Suppliers | Ken Bekman | Ivan Kimball | | | | | | |
| Con Edison Solutions | Other Suppliers | Ken Bekman | ✓ Stephen Wemple | | | | | | |
| Conectiv | Other Suppliers | Bill Fehr | John Foreman | | | | | | |
| Constellation New Energy Inc. | Other Suppliers | Peter Duprey | Carrie CullenHitt | Steve Fernands | Susan Chamberlin | | | | ✓ Sara O'Neill |
| Constellation Power Source | Other Suppliers | Daniel Allegretti | ✓ Glen McCartney | Mary Lynch | Carrie CullenHitt | | | | |
| Coral Power, LLC | Other Suppliers | Matt Picardi | Marc Overdyk | Dave French | | | | | |
| Dominion Energy Marketing, Inc. | Other Suppliers | Wes Walker | Lou Oberski | Michael Bekker | | | | | |
| Duke Energy North America, LLC | Other Suppliers | Stacy Dimou | Del Disher | | | | | | |
| Dynegy | Other Suppliers | ✓ Alan Foster | Jason Cox | Kevin White | Tom May | Steve Vavrik | | | |
| ECONergy | Other Suppliers | Saul Horowitz | Tom Halleran | | | | | | |
| El Paso Merchant Energy | Other Suppliers | Jeff Moore | Asavari Alvarez | | | | | | |
| Exelon Generation - Power Team | Other Suppliers | Linda Clarke | ✓ David Applebaum | Regina Carrado | | | | | |
| Fortistar/Lockport Energy Associates, L.P. | Other Suppliers | Roger Kelley | Tom Gesicki | ✓ Mark Younger | Glenn Haake | | | | |
| FPL Energy | Other Suppliers | Fernando DaSilva | | | | | | | |
| HQ Energy Services | Other Suppliers | ✓ Christian Desilets | ✓ Michel Prevost | Paul Norris | Benoit Goyette | | | | |
| KeySpan Energy Services | Other Suppliers | Terrence Kain | James D'Andrea | Edwin Kichline | James Cross | John Vaughn | | | |
| Morgan Stanley Capital Group | Other Suppliers | Patrick Murray | Karen Kochonies | Levon Kazarian | Doron Ezickson | Nikolai Markarian | | | |
| NRG Power Marketing | Other Suppliers | ✓ Tim Foxen | Katie Sullivan | Peter Chamberlain | | | | | |
| NU / Select Energy | Other Suppliers | Gunnar Jorgensen | ✓ Jim Scheiderich | | | | | | |
| Ontario Power Generation Inc. | Other Suppliers | ✓ Barry Green | ✓ Tasos Karatsoreos | Ken Lacivita | Scott McArthur | Glenn Haake | | | |

New York Independent System Operator - Committee Membership

Management Committee - Attendance April 19, 2004 - Consolidated Edison, NY, NY - Parties Checked in Attendance

| Organization | Sector | Representative | Alternate1 | Alternate2 | Alternate3 | Alternate4 | Alternate5 | Proxy | Guest |
|---|-------------------------------|-------------------|----------------------|-------------------|------------------|---------------|--------------------|-----------------|-----------------|
| PP&L Energy Plus | Other Suppliers | ✓ John Brodbeck | Roland Moor | David Smith | | | | | |
| PSEG Energy Resources & Trade | Other Suppliers | Howard Fromer | Michael LaFalce | | | | | | |
| Reliant Energy Services, Inc. | Other Suppliers | ✓ Liam Baker | Bill Berg | | | | | | |
| Sempra Energy Trading | Other Suppliers | Dan Staines | Maria Agovino | Scott Englander | Robert Fagan | | | | |
| SESCO Enterprises, LLC | Other Suppliers | Mike Schubiger | Jim Thoresen | | | | | | |
| Strategic Energy LLC | Other Suppliers | ✓ Francis Pullaro | Michael Swider | Jeffrey Knox | James McCormick | Matt Morais | | | |
| Strategic Power Management, Inc. | Other Suppliers | ✓ Dan Duthie | Mario DiValentino | | | | | | |
| TransEnergie U.S. Ltd. | Other Suppliers | José Rotger | Michael Jacobs | | | | | | ✓ Glenn Sylvain |
| Williams Energy Marketing & Trading Co. | Other Suppliers | David Singer | Dennis Keener | Robert O'Connell | | | | | |
| Long Island Power Authority | Public Power - Authorities | Jim Parmelee | Bill Killgoar | | ✓ Kevin Jones | | | | |
| New York Power Authority | Public Power - Authorities | Robert Hiney | ✓ William Palazzo | Seth Hulkower | | | | | |
| American Wind Energy Association | Public Power - Environmental | Valerie Strauss | Larry DeWitt | Kim Byham | | | | | |
| Environmental Advocates | Public Power - Environmental | Anne Reynolds | Larry DeWitt | Douglas Ward | Mike Jacobs | | | | |
| 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 | ✓ Tim Bush | Jim Hamilton | Matthew Benesh | Ken Moore | Jack Brown | | | |
| 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 | ✓ Tim Bush | ✓ Paul Pallas | | | | | |
| Village of Fairport | Public Power - Munis & Co-ops | Ken Moore | ✓ Tim Bush | ✓ Paul Pallas | | | | | |
| Village of Freeport | Public Power - Munis & Co-ops | Hubert Bianco | Anthony Fiore | | | | | | |
| 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 Westfield | Public Power - Munis & Co-ops | Jim Hamilton | ✓ Tim Bush | Paul Pallas | Matthew Benesh | Jack Brown | Ken Moore | | |
| Central Hudson Gas & Electric | Transmission Owners | Charles Freni | ✓ John Watzka | | | | | | |
| Consolidated Edison | Transmission Owners | ✓ Joe Oates | Terry Agriss | ✓ Neil Butterklee | | | | | |
| National Grid | Transmission Owners | Jerry Ancona | ✓ Wes Yeomans | Peter Flynn | Herb Schrayshuen | Bart Franey | Masheed Rosenqvist | | ✓ Paul Gioia |
| 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 | | | |
| Boundless Energy, L.L.C | Non-voting | John Tompkins | Brian Chernack | Chuck Gilbert | | | | | |
| Caithness Energy, L.L.C | Non-voting | Ross Ain | Jack Feinstein | | | | | | |
| Cianbro Corporation | Non-voting | Chuck Hewett | John Tompkins | | | | | | |
| 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 | | | | | | | |
| 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 | | | | | ✓ John Reese | |
| The Structure Group | Non-voting | Bob Furry | Alex Lago | | | | | | |
| Tom Halleran | Non-voting | Tom Halleran | | | | | | | |
| William P. Short | Non-voting | William Short | Marc Schaefer | Joe DeVito | ✓ John Brodbeck | Ron Matlock | Paul Savage | Roberto Denis | |
| zNew Member | Non-voting | None Assigned | | | | | | | |
| zNew Member | Non-voting | None Assigned | | | | | | | |

NYISO and Hunton & Williams Members in Attendance:

| | |
|-------------------|-------------------|
| Ira Freilicher | Hunton & Williams |
| Kathy Robb | Hunton & Williams |
| James Schmidt | Hunton & Williams |
| Rob Fernandez | NYISO |
| ✓ Mike Calimano | NYISO |
| ✓ Chuck King | NYISO |
| ✓ Mollie Lampi | NYISO |
| ✓ Mike Jaeger | NYISO |
| ✓ Garry Brown | NYISO |
| ✓ Elaine Robinson | NYISO |
| ✓ Kristen Kranz | NYISO |
| ✓ Leigh Bullock | NYISO |
| ✓ Ray Stalter | NYISO |
| ✓ Debbie Eckels | NYISO |

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|----------------------|------------|----------------|------------|------------|------------|------------|------------|-------|-------|
| ✓ Aaron Breidenbaugh | NYISO | | | | | | | | |
| Dave Evanoski | NYISO | | | | | | | | |
| Phil Gootee | NYISO | | | | | | | | |
| John Cutting | NYISO | | | | | | | | |
| ✓ Jane Lathrop | NYISO | | | | | | | | |
| ✓ Ernie Cardone | NYISO | | | | | | | | |
| ✓ Belinda Thornton | NYISO | | | | | | | | |
| ✓ Kathy Whitaker | NYISO | | | | | | | | |
| Andrew Hartshorn | NYISO/LECG | | | | | | | | |

Key:

✓ = In attendance