

Meeting Notes

MEETING OF THE BY-LAWS & GOVERNANCE SUBCOMMITTEE OF THE MANAGEMENT COMMITTEE

November 28, 2001
10:00 a.m. - 4:00 p.m.
Hunton & Williams, NYC

The By-Laws & Governance Subcommittee held an open meeting on November 28, 2001. An agenda was prepared and distributed in advance of the meeting.

In attendance in person or by teleconference were: Peter Brown; Paul Gioia; Garry Brown; Jay Kooper; Kim Byham; Michael Mager; Tariq Niazi; Jim Parmelee; Bill Short; Jeffrey Gerber; Jesse Samberg; Neil Butterklee; Doreen Saia; Aaron Breidenbaugh; Kathy Robb; and Steven Schell.

Review of Meeting Notes

The Subcommittee reviewed and approved the notes of the June 27 and July 3, 2001 meetings, with minor revisions. Members of the Subcommittee will review the notes further and provide any additional comments to Hunton & Williams by December 7, 2001. The final meeting notes will be posted on the ISO website.

Status Update

Kathy Robb provided a brief status update of the work that the Subcommittee has accomplished to date. On May 10, 2001, the Management Committee ("MC") adopted the first of the Subcommittee's proposals (a change to the required notice period for Committee meetings) to amend the By-Laws and the ISO Agreement. That proposal has been approved by the Board and by FERC, and incorporated into the By-Laws and the ISO Agreement.

The Subcommittee presented nine additional proposals at the MC's July 12, 2001 meeting. Those proposals addressed several issues, including: the effective date of committee action; requirements for giving a proxy; the process for determining the existence of a quorum; the formation of a Tariff Review Subcommittee; procedures for appeals to the MC; and a change of this Subcommittee's name to the By-Laws and Governance Subcommittee. The MC adopted all of the Subcommittee's nine proposals and also adopted one of the two additional proposals addressing secret ballot voting. The MC also pre-approved the Subcommittee's proposals for the OC and the BIC By-Laws, and the OC and the BIC subsequently adopted the proposals. One of the Subcommittee's proposals, a change to the effective date of Committee action, requires a change to the ISO Agreement which will be filed with FERC. All other changes proposed by the Subcommittee have been incorporated into the By-Laws and posted on the ISO website.

End-Use Consumer Issues

The Subcommittee reviewed the Strawman Proposal, dated June 20, 2001, which was previously presented by Chuck Kowalski at the Subcommittee's June 27 meeting.

Bill Short stated that he is co-owner, tenant, co-trustee and/or beneficiary of three cooperative apartments with a total room count of eleven and one-half and he believed that he would be excluded from the Small Consumer subsector under the current proposal. Mr. Short indicated that he would be excluded because he owns enough stock in several generators to make him qualified for NEPOOL membership. Mr. Short would also be excluded because he is an employee of Ridgewood Power which is a member of NEPOOL.

After a lengthy discussion, the Subcommittee decided to revise the proposal as follows:

- In Subsection A.2, replace the defined term "Affiliate" with the common term "affiliate", and add that an officer, employee, owner, or partner of one of the entities listed in this subsection is also excluded. In addition to the entities currently listed in this subsection, add (from Subsection A.3): "or of any organization having an interest in developing generation or transmission facilities which would be subject to the administration of the NYISO."
- Subsection A.3 will be deleted.
- Procedures for challenging a party's right to participate in the governance of the ISO will be prepared. The new provision will also provide a procedure for applying to participate in the ISO's governance and a method for notifying other MC members when a new party has joined the ISO.
- Subsection B: "Cooperatives" will be included in the definition of Small Consumers, subject to certain limitations.
- The language in Subsection C will be revised to apply to non-voting members of all sectors and subsectors.

A drafting group consisting of Mike Mager, Aaron Breidenbaugh, Doreen Saia, Paul Gioia, and Bill Short will prepare a new proposal for consideration at the next Subcommittee meeting on January 3, 2002. The drafting group will distribute the revised proposal to the Subcommittee prior to the next Subcommittee meeting.

Quorum Requirement

Garry Brown indicated that he believes there should be a quorum requirement applicable to the Small Consumer subsector. He will prepare and distribute a written proposal to the Subcommittee prior to the next meeting.

Table of Contents for By-Laws

The Subcommittee approved Jim Parmelee's suggestion to add a table of contents to the MC By-Laws. This proposed modification will be submitted to the MC when the Subcommittee has prepared a package of other proposals for the MC.

By-Laws and Governance Advice to the MC

Members of the Subcommittee have developed a level of expertise on the ISO Agreement and the Committee By-Laws. The Subcommittee considered designating one of its members as a By-Laws and Governance advisor to the MC, but decided not to do so. However, Peter Brown will notify the Chairs and Vice-Chairs of the ISO Committees that they may consult members of this Subcommittee when relevant questions arise during a meeting. Furthermore, the Committees, whenever possible, should refer issues to this Subcommittee so that we might address potential problems or questions before they arise during a meeting.

Tariff Review Subcommittee

The creation of the Tariff Review Subcommittee (TRC) was proposed by this Subcommittee and adopted by the MC in July. Thus far the positions on the TRC have not been filled and the TRC has not been used. In addition, it does not appear that all committees and others working on tariff language have followed the notice requirement set forth in the new Section 14.04.8. Peter Brown will notify the MC of the need to fill the positions on the TRC, the use of that subcommittee as a tool to expedite non-controversial tariff changes, and the need for all of those preparing tariff language to comply with the new notice requirements set forth in Section 14.04.8. Kathy Robb will also remind lawyers that work on tariff language for the ISO of the requirements in Section 14.04.8.

The Subcommittee also reviewed the procedures that apply after the MC approves a proposal that requires a tariff change. After approving such a proposal, the MC can: (1) require that the language be put before the MC again for approval prior to filing; (2) delegate the final review of the tariff language to a committee, working group or other group other than the TRC; or (3) delegate the final review of the tariff language to the TRC. The MC By-Laws currently address the requirements applicable when the MC does not delegate the review of the tariff language or when it delegates the review to the TRC. The By-Laws do not, however, address the process where the Subcommittee delegates review to a group other than the TRC. The Subcommittee decided that two concepts should be incorporated into Section 14.04. First, the By-Laws should require the MC, at the time it passes a proposed tariff change, to specify whether, and to whom, they have chosen to delegate the review of the new tariff language. Second, the By-Laws will provide that if the MC delegates the review to a committee or group other than the TRC, then the Chairs and Vice-Chairs of the MC and the committee or group that prepared the language, must approve the language before it is filed. Hunton & Williams will draft language for Section 14.04 of the MC By-Laws in accordance with this discussion and distribute the draft language prior to the next Subcommittee meeting.

Relationship of MC, OC and BIC

Doreen Saia and Garry Brown will prepare and distribute to the Subcommittee a proposal regarding the relationship of the Standing Committees to the MC.

Project Priority Team

The Subcommittee discussed whether the Chair of the Budget Committee should be added to the Project Priority Team ("PPT"). Kim Byham and/or Garry Brown will consult with the Chair of the MC regarding whether there is a need to add the Budget Committee Chair to the PPT.

Sector Diversity for Vice-Chairs

The Subcommittee discussed whether there is a need to require Vice-Chairs of the Standing Committees to be from different sectors. Some members felt that this might be a helpful requirement to ensure diversity in the positions. Other members felt that this issue did not need to be legislated because members can vote to ensure diversity of the Chairs and Vice-Chairs. Furthermore, the Chair/Vice-Chair has no substantive powers and there has been no known abuse of the position thus far. In addition, members believe that many sectors have not put forward a candidate for Chair/Vice-Chair because they want their representative to attend meetings to participate and vote rather than to administer the meetings. The Subcommittee decided that action on this issue is not necessary at this time.

Next Meeting

The next meeting of the By-Laws & Governance Subcommittee was scheduled for January 3, 2002 at 10:00 a.m. at the offices of Hunton & Williams in New York City.