

notes

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

January 30, 2002
10:00 a.m. - 4:00 p.m.
Hunton & Williams, NYC

The By-Laws & Governance Subcommittee held an open meeting on January 30, 2002. An agenda was prepared and distributed in advance of the meeting.

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

Review of Meeting Notes

The Subcommittee reviewed and approved the notes of the January 3, 2002 meeting. The final meeting notes will be posted on the ISO website.

Small Consumer and Non-Voting Entity Proposal

For the past several months the Subcommittee has been preparing a proposal relating to the Small Consumer subsector and Non-Voting Entities. The most recent draft of the proposal, dated January 23, 2002, was distributed to the Subcommittee in advance of today's meeting.

The Subcommittee reviewed and approved the January 23 proposal, with several revisions. The revisions include a change to proposed Section 7.04(b) to allow, at the discretion of the ISO Board, an organization representing fewer than ten Small Consumers to participate in the Small Consumer subsector if the Small Consumers it represents had an aggregate peak load of 500 kW or more in any month in the previous twelve months. As revised, this proposal will be presented for approval at the February 7, 2002 Management Committee meeting. Conforming changes will be made to the MC, OC and BIC By-Laws and presented to the committees for approval.

Some Subcommittee members suggested two amendments to the proposal. First, they suggested that the 500 kW minimum usage requirement in Section 7.04(a) be removed and replaced with a requirement that the maximum usage of a Small Consumer may not exceed 2000 kW in the aggregate, including loads of affiliates of the Small Consumer. In addition, those members proposed that the 500 kW minimum usage requirement be removed from proposed Section 7.04(b). These changes will be presented to the MC as two proposed amendments to the Subcommittee's primary proposal to the MC.

Hunton & Williams will prepare the final proposal, related motions and presentation of the proposal for the February 7, 2002 MC meeting. Hunton & Williams will also prepare conforming changes to the BIC and OC By-Laws for pre-approval by the MC and, if approved, for consideration by the BIC and OC at their next meetings.

Tariff Review

At the January 3 meeting, the Subcommittee considered how Section 14.04 of the MC By-Laws could be revised to address the process that applies when the MC delegates review of draft tariff language to a group other than the Tariff Review Subcommittee (“TRC”). In accordance with that discussion, Hunton & Williams prepared and distributed a draft proposal in advance of the meeting today. The Subcommittee decided that there are three options for the MC to delegate the review of draft tariff language: (1) delegate to the TRC; (2) delegate to a subcommittee or working group for review, with final approval by the Chair and Vice-Chair of the MC; or (3) delegate to the BIC or OC which will hold a final formal vote. Hunton & Williams will prepare a revised proposal in accordance with this discussion for consideration at the next Subcommittee meeting.

Relationship of MC, OC and BIC

Paul Gioia prepared an overview of the relationship of the OC and BIC to the MC. The Subcommittee generally agreed with the discussion set forth in the overview and decided that action on this issue is not necessary at this time. If problems arise in this respect, the Subcommittee will reconsider the issue.

Notice Issue

The Subcommittee reviewed the provisions of the MC By-Laws (including Sections 4.07 and 5.02) relating to the requirement to provide notice and materials in advance of committee meetings. Some members of the Subcommittee felt that the current requirements are vague and should be clarified. The Subcommittee generally agreed that members want adequate advance notice of issues and materials for committee meetings, but members also understand the need for flexibility on the materials that must be issued in advance. The Subcommittee will discuss this issue further at the next meeting.

Project Priority Team

Several Subcommittee members expressed dissatisfaction with the current process used to set priorities through the Project Priority Team (“PPT”) and the failure to update the priority list posted on the ISO website. The Subcommittee agreed that the PPT should be included as an agenda item for meetings of the MC, OC and BIC that occur prior to a PPT meeting. At those committee meetings, the committee chair should provide members with an update on the priorities considered at the last PPT meeting and get feedback from members on the issues to be considered at the next PPT meeting. Garry Brown agreed to notify the PPT of these concerns. Garry noted that the PPT may request new by-laws language setting out the process that should

be followed for setting priorities through the PPT. If such request is made, the Subcommittee will consider it, however, no action by the Subcommittee is required at this time.

New Business

Term Limitations for Chairs of Working Groups. Some members raised the issue of term limits for Chairs of working groups. Members will consider this issue further and may raise it for consideration at the next Subcommittee meeting.

Compliance Filings. Some members would like to consider creating a process for market participant review of compliance filings. This issue may be considered at the next Subcommittee meeting.

Tariff Review. Some members want the Subcommittee to create boilerplate language for use in motions where the review of tariff language is to be delegated to the TRC. The Subcommittee will consider this issue after it completes the amendments to MC By-Laws Section 14.04 that are currently under consideration.

Next Meeting

The next meeting of the By-Laws & Governance Subcommittee was scheduled for February 28, 2002 at 10:00 a.m. at the offices of Hunton & Williams in New York City.