

draft notes

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

January 3, 2002
10:00 a.m. - 4:00 p.m.
Hunton & Williams, NYC

The By-Laws & Governance Subcommittee held an open meeting on January 3, 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; Kim Byham; Michael Mager; Tariq Niazi; Jim Parmelee; Bill Short; Jeffrey Gerber; Jesse Samberg; Neil Butterklee; Doreen Saia; Kathy Robb; and Steven Schell.

Agenda Review

The Subcommittee reviewed the agenda for the meeting and added the following items: (1) project priority team follow-up from last meeting; (2) a review of the draft tariff review language prepared in accordance with the last meeting; and (3) quorum requirements - to be discussed in conjunction with Small Consumer issues.

Review of Meeting Notes

The Subcommittee reviewed and approved the notes of the November 28, 2001 meeting, with minor revisions. The final meeting notes will be posted on the ISO website.

Small Consumer and Non-Voting Entity Issues

As requested at the November 28, 2001 Subcommittee meeting, a drafting group of Mike Mager, Garry Brown, Aaron Breidenbaugh, Doreen Saia, Paul Gioia, and Bill Short prepared a new proposal regarding the Small Consumer subsector of the End-Use Consumer sector and provisions for Non-Voting Entities. The proposal was distributed to the Subcommittee in advance of the meeting.

The Subcommittee made several language changes to the proposed definitions of Small Consumer and Non-Voting Entity. In addition, the definitions will be significantly shortened and the detailed language setting forth the conditions that must be satisfied to participate in the Small Consumer subsector or to qualify as a Non-Voting Entity will be moved out of Article 1 (Definitions) to the appropriate sections in the ISO Agreement.

Some members expressed their support for a minimum usage requirement for participation in the Small Consumer subsector. They proposed that only Small Consumers who use at least 500 kW

be permitted to participate in the Small Consumer subsector. Other Subcommittee members were opposed to a minimum usage requirement.

Doreen Saia presented Garry Brown's proposal for a quorum requirement applicable to the Small Consumer subsector. The Subcommittee adopted that proposal as follows. First, the presence of five members of the Small Consumer subsector will be required in order for that subsector to have a quorum. Second, if there is no quorum for that subsector, then the members who are present and eligible to vote may vote as set forth in Section 7.09 of the ISO Agreement and the remaining votes for the Small Consumer subsector will be distributed to the other subsectors of the End-Use Consumer sector on a proportional basis according to their relative voting weight.

Hunton & Williams will prepare and distribute to the Subcommittee a revised Small Consumer proposal in accordance with the Subcommittee's discussions. (The proposed minimum usage requirement will be included in the revised proposal in brackets for discussion.) The Subcommittee will hold a conference call on January 16, 2002 to discuss the revised proposal, with the hope of finalizing the proposal for the MC's meeting on February 7.

Tariff Review

At the November 28, 2001 meeting, the Subcommittee decided to revise Section 14.04 of the MC By-Laws 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. The Subcommittee reviewed the draft proposal and made several changes. 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 will prepare and distribute to the Subcommittee a proposal regarding the relationship of the Standing Committees to the MC.

Project Priority Team

Some members of the Subcommittee raised a concern that some procedures of the Project Priority Team should be formalized to ensure that the priorities of ISO Committee members are adequately represented. Those members will speak further about this issue with Garry Brown and, if this concern remains, may ask Garry to prepare a written proposal for consideration at the next Subcommittee meeting.

Next Meeting

A conference call to discuss the revised Small Consumer proposal was scheduled for January 16, 2002 at 2:30 p.m.. A dial-in number will be provided in advance of the call.

The next in-person meeting of the By-Laws & Governance Subcommittee was scheduled for January 30, 2002 at 10:00 a.m. at the offices of Hunton & Williams in New York City.