

MINUTES

May 14, 2004 Meeting of the Procurement Working Group

The meeting was called to order promptly at 1:00 p.m. The meeting agenda was introduced after introductions of all in attendance were made. Mr. Vite distributed an attendance sheet and asked everyone to complete the information so that a contact list could be created.

Mr. Vite provided an overview of the Work Group's proposed process and purpose. The issues of confidentiality and anti-trust compliance were raised. While the meetings are open to the public, nothing raised in the meetings would be admissible in any Commission proceedings. It is the hope of the group that the workshop efforts would result in a report to the Commission sometime in September. Mr. Vite indicated that the meetings will begin on time and end at the scheduled conclusion time.

At this point, Commissioner Erin O'Connell-Diaz entered the meeting and indicated that each week on Friday morning, there would be a conference call of the Conveners for the purpose of coordinating the interplay of the workshop groups on issues and schedules. She noted that the confidentiality agreement had been vetted through all the legal teams but was not yet agreed and will not be signed and executed by participants unless it is needed. She indicated further that all workshop groups would limit the use of conference calls because face to face is more productive. At this point in the meeting, she turned the meeting over to Mr. Vite for the remainder of the agenda.

The following schedule was presented and adopted.

Date	Time	Place	Topic	Presenter	Company
June 3, 2004	1 -4 pm	Chicago	Scenario 1 Scenario 2 Scenario 3	Michael Brsoivs Michael Freeman Jim Blessing Marty Cohen*	Morgan Stanley Exgen Ameren CUB
June 14, 2004	1-4 p.m.	Chicago	Scenario 4 Scenario 5 Scenario 6	Michael Freeman Howard Haas Becky Lauren (Paul Weiss)	Exgen ICC Midwest Gen
June 22/23 or June 29/30	3 hours/ topic?	?	Symposium	OGC MISO PJM	
June 28, 2004	1 - 4 p.m.	Chicago	?		
July 6, 2004	1-4 p.m.	Chicago	?		
July 26, 2004	1-4 p.m.	Springfield	?		
Aug. 2, 2004	1-4 p.m.	Springfield	?		

*subsequent to the meeting, Mr. Cohen indicated he would be unavailable for presentation on this date.

The June 3rd meeting will be held in the main conference room at the Illinois Commerce Commission, 160 N. LaSalle, Suite C-800, Chicago. June 14, 28 and July 6 meetings will be held at Constellation New Energy, 550 W. Washington St., Suite 300, Chicago.

In each of the presentations, those who volunteered to be the presenters will provide a basic examination of the specific scenarios. This will be followed by a question and answer period designed to develop a consensus report of the possible pros and cons of each scenario from a procurement/regulatory oversight/market power/mitigation perspective. Each presenter should consider the portion of the agreed Issues List which has been designated as pertinent to the "procurement group" when preparing for and making their presentation.

Discussion was held regarding eliminating Scenario 4 and Scenario 5 from the list of areas for presentation. The discussion was tabled. It was explained that these are sets of scenarios that are going to be examined by the other Working Groups. Some may have more or less importance within a given Working Group but they need to be discussed because they may have implications in other groups.

Other topics raised were: (1) implications of FERC standards and barriers to overcome in scenario no. 4 (2) FERC standards (will be covered in the June 22-23 Symposium) (3) exploration of financial "only" products that have developed in PJM, how they were developed, how they work and what is needed to facilitate such markets (Symposium topic) (4) lessons from California (Symposium topic).

Discussion was held regarding topics that need to be coordinated with other working groups. It was decided that procurement and rate need significant coordination, however, those discussions should ensue after the end of our scheduled meetings,. Market power and procurement should be considered in the pro and con examination of the various scenarios. Questions were raised regarding market conditions. What is the current state of the current transmission system? How much concentration is there in each service territory? How is market monitoring going to address power? What are the State's, PJM and MISO roles in addressing these issues? The question arose as to whether these questions should be discussed before we get into scenarios but it was thought that we should handle market power in a nonspecific way, within the context of the pro/con discussion in each scenario.

The meeting was adjourned at 1:50 p.m.