

NYISO Electric System Planning Working Group

Meeting Notes

January 17, 2006

Pine West Plaza Conference Facility - Albany, NY

Of the 40th meeting of the New York Independent System Operator Electric System Planning Working Group held January 17, 2006 at Pine West Plaza in Albany, NY.

In attendance

Tariq Niazi - NYSCPB	John Adams - NYISO
Jerry Ancona – National Grid	Ray Stalter - NYISO
Bart Franey – National Grid	Leigh Bullock - NYISO
Tom Payntor - NYSDPS	Carl Patka - NYISO
Diane Barney – NYSDPS	Jerry Ancona – National Grid
Audrey Capers - NYSDPS	Jim David - NYISO
Tim Bush – Navigant Consulting	Roy Shanker – East Coast Power
Kim Harriman - NYSDPS	Deidre Facendola – Con Edison
Doreen Saia – Mirant	David Allen - CDKPC
Bob Reed - NYSEG	Glen McCartney - Constellation
Mike Colby - NYSDPS	Mike Mager – Multiple Intervenors
Paul Gioia – LeBoef, Lamb	Kevin Jones – LIPA
Jeff McKinney - NYSEG	Ken Lotterhos – LIPA/Navigant Consulting
Ralph Rufrano - NYPA	Chris Wentlent - AES
Bill Lamanna – NYISO	Joe Langan - PPL
Chris Hall - NYSEDA	Terron Hill – National Grid
Phil Smith - Mirant	Jim Scheiderich – Select Energy
Liam Baker - Reliant	Rick Mancini - CES
Ray Kinney - NYSEG	Tim Foxen - NRG
John Watzka – Central Hudson	

Welcome and Introductions

Mr. Tariq Niazi, Chair of the Electric System Planning Working Group welcomed the ESPWG members to the meeting and stated the agenda.

Meeting Notes Approval

The meeting notes from January 9, 2006 were deferred to the January 17, 2006 meeting.

Development of Cost Allocation Methodology

PSC comments on Cost Allocation – Diane Barney

- PSC recommended that ESPWG use the NYISO proposal as a starting point and work on refining it.
- Process needs to be lowest cost - lowest impact that keeps an eye on future
- Methodology should not be influencing the solutions. Need to identify solution that is right and then talk about the rules that apply. Refine framework later based upon solutions
- We should not be locking ourselves into specific equations now, as the future RNA may be different.

NYISO comments on Cost Allocation – John Adams

- NYISO agrees that it is useful to agree on fundamental principles underlying the cost allocation methodology.
- NYISO believes that cost allocation methodologies should not be too specific. The methodology will have to be broad enough to apply to all future solutions.

Some ESPWG members asked for more detail on the NYISO approach before determining if this is the correct one. Tim Bush stated that the determination of reliability beneficiaries should be based on incremental load change.

Revised NYISO Cost Allocation

Bill Lamanna walked ESPWG members through the revised NYISO proposal on Cost Allocation - Method 3. This document will be discussed and further refined at the next ESPWG meeting.

- Guiding principles – ESPWG members were asked to submit comments on the guiding principles by January 23, 2006. A tentative meeting was scheduled for February 2nd to review the cost allocation guiding principles, the general rules for cost allocation
- Ten year planning horizon was discussed:
 - General consensus is to lock cost allocation down to first 5 years.
 - NYISO will try to come up with criteria that would come up with justification for identifying cost allocation for projects that go beyond 5 years.
 - Subject to change at next meeting – 5 year cutoff, anything proposed out past the 5th year, won't be assigned a cost allocation percentage since there are a number of unknown factors.
 - If there is some reason that some project would take over 5 years, you should be able to cost allocate it at a later period.
 - Do we cost allocate it out on 5th year or look at cost allocation and change it because the voltage
 - For projects that have already been given the go ahead and are in the process of being built, the cost is allocated and fixed.
 - Long term – general consensus is to assign cost now for 2nd five years when that solution may change is not the way to go.

- Primary/secondary beneficiaries was discussed. Many parties commented that free riders should be allocated a portion of the cost. Discussion ensued on the definition of “free riders.”

Comprehensive Reliability Planning Process 2006 - Scheduling and Implementation

Bill Lamanna presented the schedule for the 2006 CRPP.

- NYISO will implement the 2006 CRPP in accordance with Attachment Y. Some changes include: lessons learned, site modifications.
- Detailed procedures are being developed, will refer to existing procedures and document new ones.
- 18 month implementation schedule was discussed. The timeline will be discussed with TPAS as well.
- CRPP is coordinated with NERC and NPCC and other regional reliability organizations.
- LOLE violation by zone was discussed and will be revisited

To date:

- Databank, FERC 715, NPCC BCD update process has begun
- Gold Book process has been initiated:
 - Existing facilities, load forecast, future resource additions
 - Request to TOs for future transmission facilities
 - Historically Included 115 kV and Above
- Coordination with NERC, NPCC procedures has been ongoing
- Internal NYISO project team/consultants has been identified
- More formal requests will be sent out to all MPs for input

Cost Recovery Issue

Paul Gioia/PSC will provide a Cost Recovery report for the next ESPWG.

Action Items

- For next ESPWG Meeting: Discuss guiding principles for cost allocation methodology (comments are to be submitted by 1/23 and NYISO to compile comments and send out a doc by Monday 1/30).
- Provide an update on the status of Independent Market Advisor review of the RNA (Carl will touch base with David Patton)
- Include general CRPP Guidelines on the next agenda (comments on doc distributed to be submitted)
- Procedures for halting a regulated back stop solution (comments on section 9a, b, d to be submitted)
- Cost recovery issues - Paul Gioia will distribute his report.