
NYISO Business Issues Committee Meeting Minutes

March 11, 2009

NYISO Krey Corporate Center

10:05 a.m. – 1:00 p.m

DRAFT

1. Introductions, Meeting Objectives, and Chairman's Report

Mr. Stuart Nachmias (Con Edison), the Chair of the Business Issues Committee (BIC) called the meeting to order 10:05 a.m. and welcomed the members of the BIC. Meeting participants introduced themselves and their affiliations.

2. Market Operations Report

Mr. Rana Mukerji (NYISO) presented the Market Operations Report. Highlights included:

Reduction in the LBMP from January to February. Total uplift (Schedule 1 components including NYISO Cost of Operations) through the 21st of February is \$12.5 million. Increase in Uplift was due to lower load.

3. Seams Report

Mr. Mukerji provided an update on the Seams report. The presentation was included as part of the meeting material and posted on the NYISO website.

Mr. John Buechler (NYISO) reviewed the status of the JCSP. He explained that at FERC held a technical conference on Integration of renewables, which focused on the JCSP process and report. He added there are currently three factions:

- FERC takeover planning for the Eastern Interconnection.
- Expand upon current JCSP Process.
- Existing Regional Planning addresses integration of renewables, therefore any new plan should not supersede regional plans.

Market Participants expressed concern over a Federal Planning Entity; Mr. Buechler explained FERC is taking comments on until April 30. He also stated the NYISO & ISO-NE have written a letter to the JCSP Parties raising the issue of the effects of hi-carbon admitting units that would be the result of bring non-intermittent energy to the east for 15 hours per day.

Mr. Mukerji stated this is an important issue for the NYISO and added that Steve Whitley has explained to the DOE that intermittent energy is not clean energy. Mr. Mukerji took an action item to find the status on the study on renewables locally vs. the mid-west. Mr. Buechler added the NYISO has communicated this to the NY Delegation as well.

4. FERC Order 719

Mr. John Buechler reviewed the presentation. He explained that the FERC requires that each ISO develop a website for IT Contracting. The NYISO will take this to a working group. Mr. Nachmias asked the group if they preferred to bring it to MIWG or create a special task force. Mr. Stalter, Chair of the MIWG, suggested this be brought to the MIWG as a start, with a task force as an option.

5. Billing & Accounting Manual Revisions – Installment 2

Mr. Randy Bowers presented the second installment of revisions to the Billing and Accounting Manual as reviewed by the BAWG.

Motion #1:

The Business Issues Committee (BIC) approves the second installment of the revised Billing and Accounting Manual, as recommended by the Billing and Accounting Working Group members on February 19, 2009, and as described to this BIC meeting on March 11, 2009. Installment 2 includes revisions to Section 4 [Power Supplier Energy Settlement] of the Billing and Accounting Manual, with the exception of: (a) Sections 4.1.1.1 & 4.2.1.1 [DAM Bid Production Cost Guarantee]; (b) Section 4.1.2.3.1 [Economic Operating Point]; (c) Section 4.1.2.5 [Real-Time, Balancing Market Bid Production Cost Guarantee]; and (d) Section 4.1.2.6 [DAM Margin Assurance Payments], which are so noted by placeholders and scheduled for consideration in subsequent installments. Also included in the second installment as supplements to Section 4 are Appendices B [Supplier Energy Settlement Formulae], C [Out of Merit Operation], D [Customer Baseline Load and Demand Reduction] and G [Real-Time Performance Tracking (energy settlement related only)].

Motion passed unanimously.

6. LTFTR Provisions Proposal

Ms. Patti Farrell (NYISO) provided background on the the LTFTR Provisions Protocol. On November 20, 2008 the Commission issued an order on the NYISO's compliance filing Implementing Long- term Transmission Rights ("LTFTRs"). In its Order, the Commission rejected two parts of the NYISO's filing for being outside the scope of a compliance proceeding without prejudice to the NYISO re-submitting its proposed tariff language under Section 205.

- Termination provision.
- Billing and payment provision.

The NYISO is seeking stakeholder approval to resubmit its proposed tariff language on these two areas in a new Section 205 filing. Ms. Farrell reviewed the proposed changes to Attachment M. are noted below.

Motion #2:

The Business Issues Committee (BIC) approves the concept of, and recommends the Management Committee approve tariff amendments to amend Attachment M and Attachment B LTFTR provisions, as explained in the presentation made this day to the BIC.

Motion passed with opposition

7. Two Year TCC Credit Requirements

Ms. Janet Joyce (NYISO) explained the proposal for Two Year TCC Credit Requirements;

- Obtain tariff authority via MST (Attachment K) and OATT (Attachment W) for the NYISO to calculate credit requirements for two year TCCs.

- Offer two year TCCs for approximately 5% of auction capacity, beginning with the Autumn 2009 Capability Period Auction; subject to TO and MP concurrence.

Motion #3

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve revisions to the NYISO's tariffs to implement the credit requirements for two year TCCs, as more fully described in the presentation made to the BIC at the March 11, 2009 meeting.

Motion passed unanimously

8. Land Fill Gas as Intermittent Resource

Mr. Shaun Johnson (NYISO) reviewed the presentation. Mr. Ray Kinney (NYSEG) stated many facilities have been granted Purpa status and sell output to local utility, and it is not the Plant Owners, but the Transmission Owners who are subject to penalties. Mr. Kinney requested that when the NYISO makes the filing at FERC it seeks immediate activation of this penalty provision, and waive the 60 day notice provision. Mr. Johnson replied the NYISO will request day after filing effective date. Mr. Howard Fromer (PSEG) requested the NYISO clarify whether this applies solely to methane gas units or if dual fuel units are applicable. Mr. Johnson replied this is meant for methane gas units only. Mr. Fromer asked that the proposed Tariff Language be clarified before the MC so that is clear.

Motion #4:

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve the revisions to the Market Services Tariff to compensate resources which depend on landfill gas as their fuel at their actual output, in a manner that is consistent with the presentation made to the BIC.

Motion passed with an abstention

9. Attachment B Clarification – Regulating Units

Mr. Shaun Johnson explained that the purpose of the Attachment B Clarification is to eliminate the possibility of accumulating basepoints for units that drag.

Motion #5

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve the revisions to Attachment B of the Market Services Tariff and Attachment J of the Open Access Transmission Tariff to indicate that regulating units should be treated as dispatchable in the pricing passes of RTS, in a manner that is consistent with the tariff provisions presented to the BIC.

Passed unanimously

10. Reporting Compliance Issues to Market Participants

Wayne Bailey reported on three issues recently identified that affect NYISO Markets and the related action plans. The items are:

- Regulating Units in Real-Time Price Setting:
Attachment B discrepancy which was addressed in item # 9 on today's agenda.
- Landfill Gas Units:

Seven Land Fill Gas Units were incorrectly coded for settlement purposes as if they qualified for special market rules. These units provide about 50 MW of capacity. When asked if there were any plans for the NYISO to provide retroactive relief to anyone who may have been under-compensated or who may have accrued penalties because of the error, Mr. Bailey replied there have not been backward reviews at this time. FERC has been made aware of the issue. It was also asked if the NYISO had a total financial impact; Ms. Lampi replied the over-payment over the course of the 9 years is in the \$4 million range. Market Participants expressed concern on the timing of this notification.

- Special Case Resources:

A spreadsheet error caused erroneous payments to SCRs in 2005 and 2006 for a total of \$316, 527. Payments should have been calculated at LBMP with BPCG applied if a resource did not receive its Strike Price for the event. The error was discovered on February 9, 2009 and has since been corrected. The NYISO took an action item to identify which NYISO Systems have been audited for Tariff/Software consistency.

11. Working Group Updates

A. BAWG - Patti Caletka (NYSEG) reported that NYISO staff will resume talks with metering experts to review the Metering Protocols to determine the next steps in fulfilling the meter requirements laid out in the RMR manual. The second installment of the Billing and Accounting Manual was approved and will be sent to the March BIC for a vote. There were no significant changes in settlements.

B. ESPWG – Ms. Deidre Altobell (Con Edison) reported that the ESPWG had reviewed several CARIS procedures and noted that the completed procedures would be going to the BIC for approval. She added that the NYISO had made a recommendation for the software modeling tool to be used for the economic studies and that the NYISO had recommended using Gridview shadowed by MAPS and noted that some stakeholders preferred using MAPS shadowed by Gridview. She indicated that the NYISO will return to the ESPWG with more information to review before moving forward. She also noted that the ESPWG had discussed the 90 – 10 proposal.

C. ICAP – Bob Boyle (NYPA) reported that the group has had further discussions on the tariff language regarding SCR testing. He also stated that discussion needs to continue on using event versus test data when determining performance. Mr. Yannick Vennes (HQ) presented HQ's concerns with the FCM proposal.

D. MIWG - Mr. Ray Stalter (Edison Mission) reported that MIWG had met twice in February. On February 6 the group discussed Two Year TCC Credit Requirements, DC Energy's Proposed TCC Enhancements, LTFTR Provisions Proposal, Disaggregated Virtual Trading, Market Monitoring Provisions, Long Term Solution to Loop Flow Concerns, and Discussion of Additional Tariff Provisions for Violations of FERC rules. Also discussed on Feb 6 was Rate Schedule 1 Operating Costs and Allocation Assessment and Land Fill Gas as Intermittent Resource. On February 12 the agenda included Near Term TCC Enhancements Update, Reserve Shortage Operating Protocol, Attachment B Clarification – Regulating Units, Report on compliance activities Docket No. ER09-405, Rate Schedule 1 Operating Cost Allocation Assessment and two technical bulletins: Actions during TLR Events and

DARU Uplift Allocation.

E. PRLWG - Mr. Steve Lynch (ECS) reported that PRLWG working group had discussed Aggregation Concepts for Ancillary Services, Innovations in Demand Side Resources and Dynamic Pricing, Dynamic Pricing vs. Real-Time Energy Program Discussion and SCR Testing proposal.

12. New Business

Ms. Mollie Lampi (NYISO) announced the NYISO will distribute a memo to Market Participants regarding the 30 day compliance Filing from FERC on the Waldwick Pars issue, it will describe the road map to data posting FERC requested. Confidential information will be sent to Main Contacts at individual organizations. The restitution discussion will take place at the March 25, 2009 Management Committee meeting. Comments on when/where the issues should be brought should be sent to Mollie Lampi by March 20.

13. The meeting was adjourned at 1:00.