

**DRAFT****NYISO Business Issues Committee Meeting Minutes****September 16, 2015****10:05 a.m. – 12:00 p.m.**

---

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

The chair of the Business Issues Committee (BIC), Ms. Patti Caletka (NYSEG) called the meeting to order at 10:05 a.m. by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

**2. Meeting Minutes**

The August BIC meeting minutes were postponed for approval until the next meeting.

**3. Market Operations Report**

Mr. Rana Mukerji (NYISO) reviewed the market operations report included with the meeting material.

**4. Seams Report**

Mr. Mukerji reviewed the seams report included with the meeting material. He reported that the NYISO was preparing for activation of the CTS bidding with ISO New England in December and there will be training and sandbox testing.

Mr. Howard Fromer (PSEG) noted that traders experienced issues with CTS with PJM and asked if the NYISO thought about delaying implementation so those problems are not replicated on the New England seam. Mr. Mukerji said the NYISO was carefully studying the effects of forecasting between what the forecasted ISO prices would be and actual prices and reducing forecast errors. He noted that traders on the PJM interface can revert to the historical way of reserving transactions and that New England is putting a sophisticated look ahead feature into their November implementation. The NYISO was certainly studying its performance with PJM but it was not proposing to delay implementation with CTS with New England.

Mr. Mike Kramek (Boston Energy) said since CTS with New England will be mandatory, he asked if the NYISO would be communicating to Market Participants (MPs) that have historically traded power to increase awareness. Mr. Mike DeSocio (NYISO) said the NYISO would be reaching out to stakeholders in advance to inform them when the new platform will be ready

In response to a question, Mr. Mukerji said ISO-New England's look ahead feature is on track for implementation in the first week of November.

Mr. Mukerji reported that PJM was reviewing their options for increasing the energy market offer cap and they intend to put that in effect provided they get stakeholder and board approval. He noted that the NYISO would study the potential implications for the New York market of having a higher energy offer cap within PJM. In response to a question, Mr. DeSocio said the NYISO could report back to its stakeholders regarding PJM's suggested offer cap level and the status of their stakeholder process.

**5. Planning Update**

Mr. Henry Chao (NYISO) reported that the 2015 CARIS study was almost complete. He noted that the CARIS study identified the Western New York 230 kV transmission system as one of the three most

congested interfaces. The NYISO was working with stakeholders on the cost-benefit and the potential solutions to address the congestion and the final report is scheduled for BIC approval in October. Mr. Chao also reported that the NYISO has been working with stakeholders to discuss the baseline analysis for the public policy transmission need in Western New York that the PSC identified on July 20. The NYISO's analysis will be useful for interested parties who may respond to the NYISO's request for solutions.

#### **6. ICAP Manual Revisions**

Mr. Zachary T. Smith (NYISO) reviewed the presentation included with the meeting material. Mr. Smith noted that the NYISO clarified in Section 4.8 of the ICAP Manual that ICAP suppliers utilizing a UDR to provide UCAP do not need to notify the NYISO of outages of that UDR facility. Mr. Fromer thanked the NYISO for that clarification.

#### **Motion #1:**

The Business Issues Committee (BIC) hereby approves revisions to the Installed Capacity Manual as presented at the September 16, 2015 BIC Meeting.

*Motion passed unanimously with an abstention.*

#### **7. New York City Steam Exemption**

Mr. Chris Hargett (Con Edison) reviewed the presentation included with the meeting material.

Mr. Kramek said that Con Edison noted that the units don't follow the NYISO dispatch instructions but he asked if Con Edison provided the NYISO with a forecast of the steam needs or the forecast of electric output so that NYISO can plan its system accordingly. Mr. Hargett said he understood there is coordination between the units and the NYISO, and generally speaking, the most variable electric output occurs during the ramp up and ramp down periods, but otherwise it is fairly predictable. Mr. DeSocio added that for resources like these units, the NYISO would expect them to offer what their output would be in a form of a self-scheduled bid, and that would allow the NYISO to dispatch around those resources.

In response to a question from Mr. Fromer, Mr. Hargett said the proposal affects the real-time energy dispatch, but Con Edison is also going through the class year deliverability studies for the purposes of capacity market and CRIS rights. He also noted that if there was an emergency situation, the units would be able to produce more electricity. Mr. DeSocio said these units were treated the same as other units for purposes of the capacity market because of their ability to provide emergency output.

#### **Motion #2:**

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve the specified changes to the NYISO's Services Tariff Sections 4.5 and 15.3A.3 as described in the presentation entitled "New York City Steam Exemption," made to the BIC on September 16, 2015.

*Motion passed unanimously with abstentions.*

#### **8. Behind the Meter: Net Generation Initiative**

Mr. Pradip Ganesan (NYISO) reviewed the presentation included with the meeting material. He acknowledged all of the stakeholder feedback the NYISO received since the work began last September. The NYISO would be presenting tariff language revisions between now and the end of this year and during this time, the NYISO would continue to develop the concepts and present them to stakeholders as part of the tariff revisions development process. Today's vote gives the NYISO the approval to continue working on the tariff language amendments for behind the meter participation. Mr. Ganesan reviewed the energy market design concepts of the initiative.

Ms. Branka Brlosic-Nirenberg (NYISO) reviewed the capacity market design concepts of the presentation.

Mr. Mark Younger (Hudson Energy Economics for Indeck) said he had no problem with approving behind the meter net generation under the right rules and he believed the NYISO has proposed mostly the right rules, but he disagreed with grandfathering CRIS rights for Behind the Meter Net Generation resources. He could not vote for a market design concept because it would imply that he supported everything in the presentation. After coordinating with Ms. Erin Hogan (Utility Intervention Unit) and Mr. David Lawrence (Energy Connect), Mr. Younger proposed an amendment to the motion that removed the specific reference to the September 16, 2015 BIC presentation and clarified that the tariff revisions developed to support implementation of the project would be subject to a subsequent vote at BIC.

Mr. Chris LaRoe (IPPNY) expressed concern that if the concept was approved, the working group discussions would immediately turn into drafting tariff language session and not further refine some of the concepts that people have raised concern with. He also did not believe that the amended motion matched NYISO's intention with the original motion language and that, as amended, it appeared to be a motion without substance. Mr. DeSocio said the NYISO's intention was to take what we have currently discussed in the NYISO stakeholder process and begin to work on tariff language and as we do that, if there are further refinements, the NYISO would entertain those discussions at the time of presenting tariff language amendments in working group meetings. The NYISO feels that the market design concept has been moved forward as far as can be done and it is time to develop formal market rules in the form of tariff revisions.

Mr. Matt Cinadr (NECHPI) said the concept vote would help pick up the pace. Mr. David Lawrence said there are issues that still need to be further looked at, but generally, people are good with the direction of the concepts. He didn't think the amended motion denigrates the fact that there are some further issues that need to be discussed. In response to a question from Mr. LaRoe, Mr. Garrett Bissell (NYISO) clarified that any vote that a stakeholder makes today with respect to moving the market design process forward to the tariff development stage has no binding effect on a subsequent vote relating to the proposed tariff revisions for the project that any member makes in the future. The tariff revisions related to the proposal will be subject to a subsequent vote at BIC and stakeholders are free to cast whatever vote they deem appropriate at such time based on the tariff revisions proposed. Mr. LaRoe was comfortable with that statement, but wanted it memorialized in the minutes.

Mr. Younger said the NYISO and its stakeholders should rethink having market design concept votes because it puts stakeholders in an awkward position where they want to vote consistently on the concept design and on the tariff language. He didn't think the market design concept vote was necessary. Mr. DeSocio said the step was requested at the Budget and Priorities Working Group (BPWG) as a milestone for this project. Normally, if that milestone was not asked for, the NYISO would have proceeded with tariff language development related to the proposal prior to seeking a vote at BIC. Certainly, there can be future discussions at BPWG regarding the necessity for market design concept approval votes going forward, but the NYISO was seeking BIC approval today because of the milestone set at last year's BPWG. Ms. Caletka agreed that BPWG may want to have a discussion about modifying the market design concept milestone votes.

Mr. Cinadr recognized the NYISO staff for working as courteously and productively as possible.

Motion #3:

The Business Issues Committee (“BIC”) hereby recommends that the NYISO continues to work with the Market Issues Working Group and Installed Capacity Working Group to continue to refine the Behind the Meter Net Generation proposal as more fully described in the presentation made to the BIC on September 16, 2015.

**Motion #3a:**

Motion to amend motion 3 as follows:

The Business Issues Committee (“BIC”) hereby recommends that the NYISO continues to work with the Market Issues Working Group and Installed Capacity Working Group to continue to **more fully develop refine** the Behind the Meter Net Generation proposal **as more fully described in the presentation made to the BIC on September 16, 2015** discussed in the NYISO stakeholder process. Tariff language prepared to implement this proposal will be presented to the BIC for approval.

*Motion passed unanimously with an abstention.*

**Motion #3b:**

The Business Issues Committee (“BIC”) hereby recommends that the NYISO continues to work with the Market Issues Working Group and Installed Capacity Working Group to continue to more fully develop the Behind the Meter Net Generation proposal as discussed in the NYISO stakeholder process. Tariff language prepared to implement this proposal will be presented to the BIC for approval.

*Motion passed unanimously with an abstention.*

**9. Working Group Updates**

**BAWG** – Mr. Norman Mah (Con Ed Solutions) said BAWG met on August 21st to review the standard accounting reports. They also discussed a redesign of some manual adjustments.

**CPWG** – The group did not meet.

**ESPWG** – Mr. Scott Butler (Con Edison) reported that ESPWG has been working with the NYISO on establishing the base case and explaining the public policy need that the PSC identified in Western NY. The ESPWG has also been clarifying some of the requirements of developers that want to propose solutions in that public policy planning process. The group will also be talking about transmission security cost allocation and the CARIS final report at the next meeting.

**ICAPWG** – Mr. Bob Boyle (NYPA) reported that ICAPWG had five meetings since the last BIC and the group discussed the ICAP manual revisions which BIC approved today and the behind the meter net generation initiative. The group has spent most of the meeting reviewing the Reliability Must Run (RMR) compliance filing. The group will meet again in the coming weeks to review the RMR tariff language.

**IPTF** – The group did not meet.

**LFTF** – Mr. Bryan Irrgang (PSEG Long Island) reported that the LFTF met on September 10th and they reviewed the July 29th NYCA peak load including coincident loads and weather by zone. The NYISO also presented their preliminary weather normalization of coincident zonal peak loads, except for Con Edison. The LFTF reviewed its fall schedule. Key upcoming activities include delivery of the 2016 NYCA peak load forecast for the IRM on October 2nd and delivery of the final ICAP forecast in December. The LFTF also briefly discussed its upcoming economic conference and long term energy forecast workshop which is scheduled for early next month. The next meeting is September 23rd.

**MIWG** – Mr. Chris LaRoe (IPNNY) reported that MIWG had a handful of meetings since the last BIC, similar to the ICAPWG, they have also been discussing behind the meter net generation proposal and will continue to do so going forward. MIWG has also been reviewing the comprehensive scarcity pricing proposal. The group has transitioned into development of tariff language revisions related to the comprehensive scarcity pricing proposal in order to seek approval by the end of this year in order to target implementation for Q2 2016. MIWG also had an overview of the Q2 2015 State of the Market Report from the Market Monitoring Unit.

**PRWLG** – The group did not meet.

**EGCWG** – The group did not meet.

**10. New Business**

Mr. Mukerji reported that the NYISO issued a press release today announcing the selection of the new CEO, Mr. Bradley Jones, who was the COO at ERCOT. He will begin at the NYISO on October 12<sup>th</sup>.

The meeting adjourned at 12:00 p.m.