

NYISO Business Issues Committee Meeting

January 23, 2002
Desmond Hotel, Albany, NY

MOTIONS OF THE MEETING

Motion #1:

Motion to approve the Minutes from the November 15, 2001 Meeting.

(Motion passed unanimously by a show of hands)

Motion #2:

Motion to approve the Minutes from the December 13, 2001 Meeting.

(Motion passed unanimously by a show of hands)

Motion #3:

Resolved, that the Business Issues Committee conceptually approve the revised Congestion Reduction Proposal as described in the material submitted by Niagara Mohawk, with modifications described below, and direct the NYISO Staff to work with the Market Structure Working Group to more fully develop the implementation details and Tariff language to be approved by BIC and the MC, and to be filed with the FERC with sufficient lead time to allow a ruling and targeted implementation of Phase 1 of the proposal prior to the Fall 2002 TCC Auction, and Phase 2 as soon thereafter as possible.

Modifications to Niagara Mohawk's proposed Implementation Plan:

1. Modify Objective 2 *Proposed Approach* to read as follows:
A TO could submit a forecast for a significant outage to the NYISO prior to the TCC Auction. The NYISO, in turn, would apply a TCC availability adjustment mechanism, such as but not necessarily an "Outage TCC. The Availability Adjustment Mechanism would be reserved for the TO taking the outage and not sold in the TCC Auction. Thus, for the TO taking the outage, the TCC revenue would be reduced, exposure to Congestion Rent Shortfall would be reduced, and the TO would accrue Congestion Rent Surplus attributable to that Availability Adjustment Mechanism.
2. Remove Objectives 5 and 6
3. In Objective 7, change the word "Provide" to "Study" and change the language under *Approach* from "Develop and implement" to "Study".
4. Substitute the following language for Objective 3:
Develop a mechanism for each TO to optionally establish an individual TO Balancing Reserve Fund ("Fund") to be held by the NYISO. The fund would be used to deposit TO assigned congestion revenue which would be used to pay that TO's Counter-flow TCCs. The Fund would be balancing in that it would be available to refund TOs for shortfalls that had been funded by the TO when the fund had an insufficient balance (i.e. there is a cash flow-timing issue with the funds available and the timing of the outage). Any contributions or withdrawals by a TO would be passed through as part of the applicable TSC or NTAC. If a TO opts not to participate in the fund, TCC surpluses and deficits would be passed through as part of the applicable TSC or NTAC.

(Motion passed with 73.85 % affirmative votes)

Motion #4:

Motion to amend Motion #3 to delete Objective 7 from implementation plan

(Motion failed with 27.23 % affirmative votes)

Motion #5:

Motion to amend Motion #3 to include the following language from the LIPA/ConEd Proposal as a new Objective. The language reads as follows:

Provide a mechanism to manage the risk of interfaces which are fully subscribed with grandfathered TCCs that existed at the start of the NYISO, namely the Y-49 and Y-50 Facilities (Con Ed/LI cables). The amount of congestion rent short falls recovered in this manner shall be capped at \$6 million dollars per year and no more than \$16 million dollars for any consecutive four-calendar-year period. This allowance shall be allocated in proportion to the MW rating of the ownership share of the facilities. To the degree that planned maintenance results in congestion rent shortfalls that use the above allowances, the allowance cost would be allocated using the method developed for miscellaneous shortfall and surpluses below. Before using the allowance, each transmission owner shall subtract from its congestion rent shortfalls the cumulative positive balances of its reserve fund, as described in paragraph 2, To the degree that planned preventive maintenance results in Congestion Rent Shortfalls that exceed the maximum amounts described above, the remaining costs would be recovered through assignment of Counter-Flow TCCs (as described under Objective 1).

(Motion failed with 30.00 % affirmative votes)

Motion #6:

Motion to amend Motion #3 to:

- 1) Include in Phase 1, Objectives 1,3,4,6
- 2) Re-instate Objective 6 and delete Objective 2

(Motion failed with 29.44 % affirmative votes)

Motion #7:

The Business Issues Committee supports the concept of inter-regional sales of ICAP and recommends the Management Committee approve necessary tariff changes to ensure energy deliverability when necessary and when ICAP resource is operating. Necessary Tariff changes to be approved by the Chairs and Vice Chairs of the Management and Business Issues Committees in consultation with the ICAP Working Group prior to review by the MC.

(Motion passed by a majority show of hands)

Motion #8:

Motion to table Motion #7

(Motion failed by a show of hands)