
Management Committee Minutes

November 19, 2009
NYISO KCC Conference Center
10:00 to 11:40 a.m.

1. Introductions and Announcements

Introductions:

Mr. Bill Palazzo (NYPA), MC Chairman, called for introductions. Meeting participants, both in the room and on the phone, announced their names and affiliations.

Announcements:

Mr. Palazzo announced that starting Dec 1, 2009 the NYISO café will be open to stakeholders for breakfast and lunch. Complimentary lunch will still be provided at stakeholder meetings, but the option to purchase food at the NYISO café will be available starting Dec 1.

2. Approval of October 28, 2009 MC Minutes

Mr. Palazzo called for comments on the Nov. 18 revised minutes from the October 2009 meeting. A clarification was requested by Mr. Kevin Lang (Multiple Intervenors). Mr. Lang requested that his comment on Agenda Item 8 – 2010 Final Budget – be reordered to let the record show that MI's reason for voting in favor was because the NYISO said it would be holding the line on the budget for 2010. No other comments were offered.

Motion #1

Motion to approve the Minutes of the October 28, 2009 Management Committee meeting

Motion passed unanimously.

3. President's Report

Mr. Steve Whitley (NYISO CEO and President) addressed the following topics:

- Market Performance Highlights – While lower than in 2008, gas prices were up in the past month by 40%. Higher prices led to a 25% increase in LMPs and the total uplift was 15%.
- ISO metrics and accountability – The Government Accountability Office (GAO) audit of the ISO/RTOs and FERC brought forth recommendations that FERC make changes in the way it works with the ISOs/RTOs. The IRC has been working with FERC to develop metrics, some of which are unique to the NYISO. Ms. Mary McGarvey (NYISO) is leading a NYISO working group. Mr. Whitley will be presenting the NYISO's metrics to FERC in April, 2010.
- Final NERC SIP audit report – The report was positive for the NYISO. There is a strong focus on SIP Cyber security in Washington. The 2010 standards will be

- higher than in 2009. A full NERC audit of all standards will be conducted in the fourth quarter of this year. This issue is very important to reliability.
- NYISO Energy Symposium on April 27, 2010 – The NYISO is inviting ISO-NE and PJM to participate in the 2010 symposium. Mr. Tom Rumsey (NYISO) is in charge of planning.
 - Infrastructure Update – The NYISO is proceeding with its application to the PSC for funding of a new control center. Meetings with municipalities regarding permits have begun. A commitment letter has been signed with financial institutions – contingent on PSC approval. An ad hoc committee will be formed to work with the NYISO on the design of the control room. The NYISO has engaged Mr. Charlie Wilakie (Con Edison retiree) for design consulting with Operations and IT teams and with the ad hoc committee.
 - DOE Stimulus Update – The NYISO is involved in two project applications for DOE stimulus funds. 1) Eastern Interconnection Planning Collaborative (no announcement has been made on this yet). 2) Smart Grid (this has been awarded to New York).
 - NYISO 10-year anniversary on December 1, 2009 – A new website will be launched in celebration. Development of the site was handled very economically; at a cost of less than \$300k. Mr. Bob Hiney (NYISO BOD) helped with the design. A celebratory cake will be served to MC participants at the December meeting.

The NYISO will provide updates as they are available on all of the above topics

3a. Uplift Report

Presented by Mr. Rick Gonzales (NYISO)

See Uplift Report chart posted at Meeting Date 11/19/09 on
<https://www.nyiso.com/public/committees/documents.jsp?com=mc>

Mr. Gonzales said that total uplift went up, including local reliability. Statewide share of uplift was negative \$.05. Reminder – the uplift goal for next year is based on percentage improvements above a \$.30/MW uplift rate, based on a \$50 energy clearing price.

In answering a question from Ms. Doreen Saia (Greenberg Traurig) on how the compensation package for managing uplift would take into consideration thunderstorm alerts,

Mr. Gonzales answered that the corporate goal for 2010 is based on a statewide uplift amount that excludes thunderstorm alerts and local reliability.

He added that units the ISO calls to meet statewide reliability requirements would be included.

and that there would be no other exceptions but thunder storm alert, local reliability calls and fuel adjustment.

Mr. Whitley interjected that the metrics for ISO incentives for 2010, to which all stakeholders had the opportunity to provide input, will be presented at the next BPWG.

Mr. Mark Younger (Slater Consulting) commented that there is significant concern about the uplift metric. Mr. Younger requested that the formula be presented at the BPWG. He raised a concern that actions which might not be appropriate may be taken to serve the goal of reducing uplift. He declared that the ISO should present any day ahead or real time market modeling changes to the MPs before they take effect.

4. Strategic Tariff Review – Network Integration Transmission Services

Presented by Ms. Mollie Lampi (NYISO)

(Accompanying Presentation posted at Meeting Date 11/19/09 on <https://www.nyiso.com/public/committees/documents.jsp?com=mc>)

Ms. Lampi presented a proposed tariff amendment to Part 3 of OATT to remove the Network Integration Transmission Services (NITS) provision. She explained that NITS – in which customers designate loads and generators among which they choose transmission service – is a separate Tariff product from point to point transmission service. Ms. Lampi explained that NITS is in the OATT because FERC required that the NYISO's bid-based transmission service be described as transmission service is described in the pro forma OATT – as both Point to Point and Network Integration Service. To date, no one has ever requested NITS.

Currently, NAESB standards are being created that will require ISOs to install electronic OASIS functionality for NITS. This upcoming requirement prompted the NYISO to review the need for NITS. The NYISO recommends that a 205 filing be made to remove NITS from the OATT. Should the MC approve these tariff changes, the NYISO will inform FERC that NYISO services will continue to be equal if not superior to standards under the Pro Forma OATT.

Discussion

Mr. Tom Rudebush (NYAPP) requested that the minutes reflect his opposition to removing the NITS provision from the OATT. Mr. Rudebush pointed out that other ISO/RTOs are requesting waivers of the NAESB standards. He declared that he thinks a waiver will provide protection if the service is not removed from the tariff. He urged the committee not to approve the filing. He requested a roll call vote, asking that participants abstain or vote no.

Ms. Roxanne Maywalt (National Grid) observed that since FERC has required that the provision be included in the tariff, its removal may throw transmission owners into status

of noncompliance with order 888. She said that National Grid will file this concern with FERC if the 205 filing removing the provision is made.

Mr. Howard Fromer (PSEG) asked if the NYISO would proceed to file a waiver request to address the NAESB concern if the motion fails to carry.

Ms. Lampi replied that the NYISO would have to start planning projects to integrate NAESB standards functionality into the OASIS as it would be difficult to argue for a waiver of NAESB standards requirement for a product that is offered in the NYISO tariff.

Mr. Brad Kranz (NRG) and Mr. Bill Palazzo asked if the MC could have more time to make a decision.

Ms. Lampi replied that time is short because the NAESB standards will be issued shortly.

Mr. Lang asked if the NYISO is required have to have all of the functionality in place at the time the NAESB standards are approved by FERC. He suggested that if possible, time should be taken to address the concerns raised by Mr. Rudebush and Ms. Maywalt.

Mr. John Buechler (NYISO) stated that Senior FERC staff seem to understand the issue and don't take a negative view of it. Mr. Buechler explained that if FERC approves this 205 filing, neither the NYISO nor the TOs will be out of compliance with any FERC requirement, including the requirements of Order 888.

Mr. Neil Butterklee (Con Edison) agreed with the NYISO's analysis and decision. He pointed out that if the vote passes in the MC as a 205 filing, it needs no special justification. He stated that there is no reason for delay as this concern is over a part of the tariff that is not relevant.

Mr. Glenn Haake (Dynergy) commented that he doesn't see the logic in either maintaining something in tariff that nobody is making use of or having to seek a waiver this time, plus monitor future developments and seek waivers in future.

Ms. Saia asked if projects to integrate NAESB standards, which would be necessary if the motion fails to pass here today, would impact the 2010 budget and possibly bring about the deferral of other scheduled projects.

Ms. Lampi answered that this would be likely.

Motion #2

The Management Committee (MC) approves, and recommends that the NYISO Board of Directors also approve, a filing under Section 205 of the Federal Power Act, to amend the OATT and Services Tariffs, as described to the MC this date, November 19, 2009, to eliminate the transmission service known as Network

Integration Transmission Service as redundant and unnecessary to open access to the NYCA transmission system and the NYISO markets because a fully comparable form of financial, reservation-based transmission service is available under other provisions of the NYISO Tariffs.

Rollcall Vote: *Motion passed with abstentions*

5. Black Start Program Proposed Changes

Presented by Ms. Kathy Whitaker (NYISO)

(Accompanying Presentation posted at Meeting Date 11/19/09 on <https://www.nyiso.com/public/committees/documents.jsp?com=mc>)

Ms. Whitaker proposed two changes to the black start program:

- 1) A change to the testing procedure for steam turbine generators that provide local black start in the Con Edison area:
 - the generator would have to be synchronized in no more than six hours after isolation and firm to the system and at minimum load in no more than 8 hours after isolation.

This change will not extend total test time but will provide flexibility for steam turbines. If they synchronize in less than six hours they will have the balance of the 8 hour test period to get firm to system and at minimum load.

The filing will revise Market Services Tariff, Appendix 1 of Rate Schedule 5.

In a reply to Ms. Whitaker's call for questions, Mr. Haake asked whether most local black start providers are located in NYC.

Ms. Whitaker's answer was affirmative.

- 2) The addition of a requirement for black start owners to certify that they have maintained all components of their systems

This change is being required by NYSRC rules. It is in addition to existing certifications. The change will certify that all critical components have been maintained and tested in accordance with good industry practices.

The filing will revise Market Services Tariff, Appendix 2 of Rate Schedule 5.

Motion #3

The Management Committee (MC) hereby approves proposed changes to the NYISO Black Start Program as presented at the November 19, 2009 MC meeting.

Motion passed with abstentions.

6. New Business

none

Additional Item:

Mr. Whitley thanked Mr. Palazzo for his work as MC Chair, noting that Mr. Palazzo has been a dedicated, impartial and fair Chairman who has led the group through numerous milestones. Mr. Whitley looks forward to Mr. Haake as next year's MC Chair.

7. Adjournment

Meeting Adjourned at 11:40 a.m.