

---

**DRAFT****NYISO Management Committee Meeting Minutes****March 26, 2013****10:00 a.m. – 12:00 p.m.**

---

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

Mr. Alan Ackerman (Customized Energy Solutions), the Chair of the Management Committee (MC), called the meeting to order at 10:00 a.m. and welcomed the members of the MC. Participants introduced themselves and their affiliations. There was a quorum. Mr. Ackerman said he would announce new members that joined the NYISO governance on a quarterly basis.

**2. President and COO Report**

Mr. Rick Gonzales (NYISO) reported that the NYISO and the New York State Public Service Commission had requested the FERC to investigate the winter natural gas prices. In response to a question, Mr. Gonzales said the NYISO did not have any indication of inappropriate behavior, but asked FERC to review the outcomes. Mr. Gonzales also noted that the NYISO was in full compliance after it was audited by NPCC in January. Mr. Rich Dewey (NYISO) announced that the Krey Blvd entrance and exit traffic flow will change in early April and reminded stakeholders to exercise caution as the construction work was concluding.

Mr. Gonzales reviewed the market operations report. He also reviewed the operations performance highlights. Mr. Howard Fromer (PSEG) asked, regarding the Broader Regional Market outcomes, if the NYISO was tracking the actual flow of money between PJM and New York. Mr. Gonzales said the NYISO could take that back.

Mr. Rob Fernandez (NYISO) announced that the NYISO Board of Directors requested a change to the compensation for the Governance Committee chair. The Management Committee can provide comments to Ms. Diane Egan (NYISO). Mr. Fromer requested that the NYISO provide more information of the compensation scheme for all of the Board's committees. Mr. Fernandez said the NYISO would take that back.

**3. Summer 2013 Demand Response Event Response Summary**

Mr. Vijay Ganugula (NYISO) reviewed the presentation included with the meeting material.

Mr. Mike Mager (Multiple Intervenors) said the NYISO should make a distinction between the different regions in New York in its analysis before making any conclusions. Mr. Jim Scheiderich (Energy Curtailment Specialists) said it would be beneficial when events are called for the NYISO to inform resources of the hours that would help the NYISO operate the grid. He said that there are instances where the NYISO does not note the hours and other times when the hours are mandatory. He also said he understood there was a project to look at the hour by hour performance.

Mr. Gonzales said the NYISO sought to find the best way to meet load and be consistent on a regional perspective. Mr. Fromer asked if the NYISO's 2014 project will evaluate the current Demand Response notification times. Mr. Ganugula said the NYISO was going to look at the performance, but the NYISO could look and see if the notification times fit into this project or would be a separate project. Mr. Fromer encouraged the NYISO to look at the 21 hour notification requirement. Mr. Scheiderich said that if the

NYISO looked at that, there could be a change to the participation rates and said that any evaluation would need to be looked at in the proper context. Demand Response (DR) resources should be treated properly and generators should be treated properly with their own issues. Mr. Gonzales said that DR is an important program for reliability. The NYISO would like the program to be meaningful and add value to all parties.

Mr. David Lawrence (EnergyConnect) said he appreciated the NYISO's summary, but he said it lacked the detailed analysis compared to the SCR Baseline Analysis. As part of the Market Rule Changes for DR Performance Obligations project included in the 2014 project plan, the NYISO should evaluate the actual performance of SCRs during the July 2013 SCR events in a manner consistent with that used in the SCR Baseline Analysis (summarized at the 12/11/2013 Business Issues Committee meeting). The population of SCRs participating in the July events that was included in the SCR Baseline study should be evaluated to:

- Determine mean and standard deviation (or distribution statistics) of performance in aggregate and by:
  - Load variability
  - MW size
  - Weather sensitivity
  - Load zone
- Investigate the impact of the 1.2x cap on CBL weather adjustment

Mr. Lawrence said it is only through a more detailed analysis of July 2013 SCR event performance that any potential SCR rule changes can be correctly evaluated. Mr. Greg Geller (EnerNoc) agreed with Mr. Lawrence. Mr. Rich Miller (Con Edison) acknowledged that more transparency was important, but the summary just needs more detailed analysis. He added that it was a collective responsibility but it was also important that the NYISO provide the summary of the events to stakeholders sooner rather than later. Mr. Gonzales understood, and said that the NYISO would look into improving its processes to release the information sooner.

#### **4. Coordinated Transaction Scheduling (CTS) with PJM: JOA Updates**

Mr. Mike DeSocio (NYISO) reviewed the presentation included with meeting material. Ms. Doreen Saia (Entergy) asked if the NYISO's FERC filing would be joined with the other changes to the Thunderstorm Alerts. Mr. Alex Schnell (NYISO) said they would be separate because this topic was CTS and the other item is related to Market-to-Market Coordination. In response to a question, Mr. DeSocio confirmed that the changes did not affect the protocols.

##### Motion #1:

The Management Committee ("MC") hereby recommends that the Board of Directors authorize the NYISO to file with the Federal Energy Regulatory Commission, pursuant to Section 205 of the Federal Power Act, to approve changes to the NYISO's OATT with regard to the CTS JOA updates as more fully described in the presentation made to the MC on March 26, 2014.

*The motion passed unanimously by show of hands with an abstention.*

#### **5. Fractional MW Bidding for DADRP & DSASP**

Mr. Roger Kirkpatrick (NYISO) reviewed the presentation included with the meeting material. Mr. Lawrence thanked to the NYISO for the solution as it will increase participation.

##### Motion #2:

---

The Management Committee hereby approves and recommends that the NYISO Board of Directors authorize NYISO staff to file under Section 205 of the Federal Power Act, amendments to the NYISO's Market Services Tariff, Section 4.2.1.9, to clarify that Demand Side Resources participating in the DADRP or DSASP may bid Demand Reduction in the NYISO's Day-Ahead Market, above one megawatt, in tenths of a megawatt, as is more fully described in the presentation "Fractional MW Bidding for the DADRP and DSASP" made to the Management Committee on this date, March 26, 2014.

*The motion passed unanimously by show of hands*

#### **6. Modification of DAM Submittal Deadline for Fuel/Price Changes**

Mr. Giacinto Pascazio (NYISO) reviewed the presentation included with the meeting material. There were no questions.

##### Motion #3:

The Management Committee ("MC") hereby recommends that the Board of Directors authorize the NYISO to file with the Federal Energy Regulatory Commission, pursuant to Section 205 of the Federal Power Act, to approve changes with regard to Generator submittals of alternative fuel type or price information for Day-Ahead Market Energy Bids consistent with the presentation made to the MC on March 26, 2014.

*The motion passed unanimously by show of hands*

#### **7. Winter 2013-2014 Cold Snap Operations Performance**

Mr. Wes Yeomans (NYISO) reviewed the presentation included with the meeting material.

Mr. Mark Younger (Hudson Energy Economics for Indeck) asked if there had been any air permitting issues from units that had to burn oil. Mr. Yeomans there were no issues in real time operations. Ms. Erin Hogan (NYSERDA) noted that there was a pattern of generator de-rates for non-weather related outages and asked if other regions experienced comparable percentages. She said the NYISO and stakeholders should understand the drivers before developing solutions. Mr. Yeomans said he would check with the other regions at the FERC technical conference on April 1<sup>st</sup>.

Ms. Marji Philips (Hess Energy Marketing, LLC) said that there were no gas shortages in NY and expressed a concern that companies would go to FERC and claim that natural gas was not available. She said it was a matter of price. She said that if your company was committed day ahead, there was not a problem. If your company was not committed day ahead, an entity experienced problems and that could be considered a lesson learned that there should be better planning so units committed day ahead. Mr. Bill Heinrich (NYS DPS) noted that interruptible customers were interrupted so there was a shortage of gas, not just price. Ms. Philips said customer interruptions were the result of price, not a lack of capacity.

Mr. David Clarke (Power Supply Long Island) said because of low market liquidity late in the gas day, generators behind the LDC often need to lean on the LDC for incremental real time gas. Not knowing in advance the real time gas cost can be an issue, for example, because certain cash-out thresholds may or may not be crossed. The impact of incremental real time gas use at one plant may impact other units within the same balancing pool again with respect to crossing certain cash-out thresholds. At the very least, these greatly increase the complexity of bidding the units for incremental dispatch in real time. We would like the NYISO to consider, prospectively, ways to simplify bidding under these conditions. In response to a question from Ms. Philips, Mr. Clarke said he was referring to additional gas that the NYISO was asking the generator to burn beyond their day-ahead nomination.

---

Mr. Miller said the discussion of how the NYISO commits generators is part of the debate of gas-electric coordination and reminded the MC of the scheduling NOPR for changes to the gas day. Mr. Miller requested the NYISO to lay out its position on the gas day scheduling sooner rather than later so these issues can be on the table and allow for collaborative discussions with stakeholders.

Ms. Philips said that Hess did not support changing the gas nomination day to 4 a.m. because it would not solve the problem. Mr. Liam Baker (US Power Gen) noted there were days where one or two Local Distribution Companies (LDCs) in NYC had to curtail interruptible customers. He said if his unit was in an Operational Flow Order (OFO) and the LDC advised the unit there was no expected termination of the OFO, he said he had no reason to believe the OFO would end. If he elected to purchase gas for evenly hourly flows for the next 24 hours at a price that ends up much higher than the oil equivalent, he said he had an obligation to bid the lower cost fuel because he was in a mitigated capacity zone. He said there are complexities of what he had to do in order to be made whole.

Mr. Yeomans reviewed the recent FERC NOPR. In response to a question of the NYISO's position on changing the gas day, Mr. Yeomans said the NYISO has observed generator de-rates at 6:00 a.m. when the electric load is starting to increase and so ISOs/RTOs have said to FERC that if the gas day can be shifted to an earlier time, then there would be less of an experience of generator de-rates at 6:00 a.m. It would be less problematic if the NYISO experienced it at 2:00 a.m. because the load is not increasing at that time.

Mr. Younger said the NYISO should consider moving the electric day which could address other commitment issues that we don't optimize beyond midnight as well as lining up units with their gas nominations based on their day-ahead schedule. Mr. Bart Franey (National Grid) said he did not think the NYISO should be crafting solutions unless there is an identified problem. If we do find problems on the electric side that we can't solve, we can't miss the fact that the gas system has its own reliability constraints.

Ms. Hogan asked about the NYISO's role in the NAESB process and if the NYISO could inform stakeholders of the meetings. Mr. Yeomans said the NYISO could notify stakeholders of NAESB meetings through the TIE list. In response to a question, Mr. Yeomans said the NYISO would be participating in a task force of the ISO/RTO Council to discuss gas-electric coordination topics. In response to a question, Mr. Yeomans said that is not an open meeting.

Mr. Gonzales said the NYISO wanted to move from a reactive position to manage grid reliability in the real time market. It is not a day ahead issue. The NYISO had a wakeup call during the winter because it had to intervene in situations because of mechanical de-rates and fuel inventories. The NYISO would like to engage stakeholders to develop market rules that would be meaningful. The amount of information that the NYISO needed to maintain reliability from generation asset owners from neighboring regions highlights the significant burden for the NYISO to manage it. It is a much broader regional issue and all parties need to figure a way to identify the best solution.

Mr. Fromer said it was ironic that the presentation makes a compelling case for fuel diversity and the NYISO went through a process to propose a proxy unit for the upstate market that was a gas-only unit. New York has no mechanism to incent the valuable attribute of dual-fuel units and hoped the NYISO would look at its own market before developing a regional solution to rethink some of these decisions that were probably unwise. Developers cannot be deprived of appropriate market signals.

Mr. Shaun Johnson (NRG) said NRG has a diverse portfolio throughout the Northeast and did experience curtailments of both confirmed and non-confirmed. He said it was not a hypothetical discussion. Mr. Ackerman said the NYISO could discuss these issues further at each sector meeting.

Mr. Franey said that calls for fuel diversity in areas rich in fuel diversity is misplaced because some areas may lack fuel diversity and it shouldn't be a one-size fits all. He said the NYISO made the right call on requiring fuel diversity of oil back up unit given the diversity of that area. Mr. Younger said if the NYISO proposed any fuel diversity outside the Hudson Valley, the issue of the demand curve that was just reset would need to be reconsidered.

#### **8. New Business**

Mr. Rich Barlette (NYISO) reminded the MC of the annual sector meetings in April.

Mr. Younger said the NYISO issued the mitigation exemption test determinations for the Hudson Valley. Those determinations have been paired with an extensive review by the Market Monitoring Unit (MMU). He commended the MMU as those reports were helpful.

The meeting adjourned at 12:00 p.m.