

## NYISO Electric System Planning Working Group Meeting

December 16<sup>th</sup> 2003  
9:30 a.m.

NYS Nurses Association  
Latham, NY

Of the eleventh meeting of the New York Independent System Operator Electric System Planning Working Group held on December 16, 2003 at the NYS Nurses Association in Latham, NY.

### **Welcome and Introductions**

Mr. Bill Palazzo, Chairman of the Electric System Planning Working Group, welcomed members of the group and stated the agenda for the day.

### **Review of the Meeting Minutes**

The meeting notes for October 30<sup>th</sup> and November 18<sup>th</sup> were reviewed and approved with requested revisions to page 3 of the November 18<sup>th</sup> notes.

### **Initial Planning Process Implementation Issues**

#### *Schedule and Implementation Plan*

Mr. Bill Lamanna reviewed the schedule and implementation plan for ESPWG members. Mr. Lamanna indicated that the timeline is on schedule and added that stakeholder participation input is needed by February 15<sup>th</sup>.

An outline draft of the Initial Assessment report will be presented at the next ESPWG. Load pocket assessments for the Load Capacity Data Book need to be developed right away. A special request will be sent out via email.

Mr. Lamanna asked ESPWG if they would be interested in having the Load Forecasting group attend the next meeting to present economic forecast methodology; ESPWG agreed that a short summary would be sufficient. Mr. Garry Brown proposed saving time by not developing a low

load forecast. Mr. Jim Schiederich expressed concern with the 6-month delay in the Gold Book data and asked that NYISO look into more timely updates for the book

The group discussed Load and Capacity Book analysis and whether ESPWG was the appropriate forum for reviewing this information. Mr. Lamanna clarified that ESPWG would develop the process and TPAS would get into actual numbers. He added that he is looking for ranges and comments from all affected working groups in order to have a general buy in on baseline numbers. The group discussed Wind Resource numbers. Mr. Mark Younger proposed using the average in each zone for the last two years and the group agreed. Mr. Bob Loughney questioned the Demand Response numbers in the DSM forecast. It was noted that this number was a carryover from the state energy planning process and there would need to be re-look at this.

An outline draft of the Initial Assessment Report will be presented at the next ESPWG, to include recommendations for scenario analysis. It is expected that ESPWG and TPAS will complete their review by April 28, 2004 and OC will vote on the report at the June 2004 meeting.

### **PROBE model analysis**

Mr. Jim Mitsche updated the group on the status of PROBE. There was a discussion on calculating congestion and a suggestion was made to use a four-step rather than a three-step process for calculating.

Mr. Roy Shanker stated that planned outages should not be put back in the calculation. Ms. Mary Ellen Paravolos stated that she is in favor of providing more information than less and that the results should not overstate or understate congestion. Producing a more thorough number was requested, with an explanation on how much congestion is on the system and how much of that number is the result of unusual events.

Mr. Palazzo suggested the following 4-step method be used in the calculation in addition to the "unconstrained" case: (1) look at the system as it existed on the day/hour in history; (2) look at the system with "unusual events" removed; (3) look at normal forced outages and (4) look at system with no maintenance outages. He also proposed using as a first cut, traditional standard maintenance of facility outages (i.e. two days to two weeks) and using events beyond that standard as unusual event.

Under the Congestion Impact Calculation assumptions, the group requested that exports be added in. Mr. Bob Reed noted that this slide is important as it shows that many assumptions have to be made to come up with the calculation of historic congestion.

Mr. Mitsche was requested to provide an "annotated" version of his congestion costs tables, including a definition of each of the congestion cost elements reported.

Ms. Paravolos requested that for future meetings, ESPWG discuss the quantifying costs that go beyond the energy markets, and added that Mr. Mitche's presentation should state that there are additional costs associated with constraint. She further requested that a more comprehensive analysis be done to determine results of relieving congestion in a particular load pocket. Mr. Palazzo indicated that further analysis would be dealt with down the road.

Mr. Palazzo stated that ESPWG has an obligation to go back to Operating Committee with consensus on the model that will be used to report historical congestion. He asked the group if they believe they are comfortable enough with PROBE to tell them we are going to use PROBE. Mr. Howard Fromer said that before giving the go ahead for PROBE, the significant in-city differences would need to be sorted out and a determination made as to why they are occurring. Ms. Doreen Saia suggested that Powergem produce a sample of an additional two days to see where the results were lining up. It was agreed that Powergem would bring back results of four sample data points by the next meeting. Mr. Garry Brown stressed the need to make a determination soon.

## **Phase II – Comprehensive Planning Process Development**

Mr. John Buechler presented Reliability Planning Process Framework for the group. The focus of the discussion was on revisions made to the presentation based on comments from the last meeting. Mr. Buechler noted that slide 2 "Reliability Planning Process" has not yet been revised.

Once the needs assessment has been completed and approved; it will be widely distributed to all Market Participants with request for solutions. If Market proposals are judged insufficient, the NYISO will turn to regulated proposals. The group discussed the respective roles of the PSC and the NYISO in the process and a few members expressed concern that ultimately this would not be a NYISO process. Mr. Brown stated that in order for the process to work effectively, active participation would be needed from PSC staff. The NYISO will need to act independently in identifying needs and in the assessment that proposed solutions—both market-based and regulated—will, in fact, meet those needs. . It was agreed to change the needs assessment slide from PSC concurrence" to "PSC active involvement". Mr Buechler noted that it was essential to have PSC "buy in" to the planning process, in the event that a regulated solution was needed.

Mr. Reeder suggested that, after the normal NYISO approvals/dispute resolution process was exhausted, the PSAC could "receive appeals" as a backstop. Members questioned whether the PSC or the FERC should be the backstop in the event of a dispute. It was agreed that the Needs assessment Approval process would be discussed further at ESPWG.

There was a discussion concerning the degree to which a TO should consider options other than transmission in preparing its regulated solution. Mr Reeder suggested that the PSC staff would monitor the TOs decision making process but would not micro manage that process or provide pre-approval. He agreed that "all options" should be considered by the TOs and suggested that the TO provide a written report to the NYISO explaining its selection process. There was

considerable discussion over whether this would place the NYISO in the role of making a “least cost” determination.

The group agreed to make clarifying changes regarding the preparation of a regulated solution as follows:

1. Change first sub-bullet on Slide 15 (NYISO Evaluation Process) to read “TO’s will assume the backstop obligation to provide a regulated solution, considering feasible alternatives, subject to the opportunity to fully recover their costs.”
2. Change first sub-bullet on Slide 23 (Role of Transmission Owners) to read: “Regulated solution to consider feasible alternatives.”

Mr. Stuart Nachmias stated that more work is needed on the legal side of the request for solutions process. He added that a separate discussion for cost recovery for Gap Projects would be needed.

Mr. Brown summarized the following needs:

- Identify reliability needs
- Lead time for Market Based solution
- Need a feedback loop for the Transmission Owner to come back with options

Mr Buechler outlined other open issues, focusing on Cost Recovery and Cost Allocation. He suggested that the ISO-NE Cost Allocation, recently filed at FERC, could be considered. He noted that while comments had been requested on these issues at the prior ESPWG meeting, that none had been received to date. He renewed that request for written comments prior to the next WG meeting.

Ms. Saia requested that the NYISO send a notice to the TIE list asking for comments/suggestions on Cost Recovery-Cost Allocation.

Mr. Palazzo noted that ESPWG will need to put together a recommendation for the Operating Committee, and that if consensus cannot be achieved; alternate view would be presented for a decision by the Operating Committee.

### **Next Meeting**

The ESPWG is scheduled to meet January 12 at the NYISO Washington Ave at 9:00 a.m.