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End Use Summary

August 6– August 10, 2012

Items of Interest

- ❖ The NYISO received and posted on its website a “Withdrawal of Intent to Retire Notice, for Gowanus Barges 1 and 4”, which was sent to the New York State Public Service Commission by Astoria Generating Company, L.P. regarding their Gowanus Barges located in Brooklyn, New York (Unit 1 is 138.7 MWs net capacity and Unit 4 is 140.1 MWs net capacity). The Withdrawal of Retirement Notice can be found on the NYISO’s Planning webpage at:

http://www.nyiso.com/public/webdocs/services/planning/planned_gen_retirements/Withdrawal_of_Intent_to_Retire_Notification.pdf

- ❖ The NYISO has discovered a potential market problem that, based on NYISO's initial review, is not expected to have material impact. The NYISO discovered this potential market problem on Tuesday August 7, 2012. Pursuant to the Market Problem processes outlined in the Services tariff at Section 3.5.1, the NYISO notified the MMU of the anomaly on August 9, 2012 and FERC on August 10, 2012. The NYISO is working with its MMU to evaluate the detailed impacts of this issue and will discuss this issue further at the August 15, 2012 Business Issues Committee meeting.

The potential market problem is related to certain TCC Auction models that inadvertently included an upstate 138kV transmission facility that has not yet been constructed. Specifically, a second Sugarloaf to Ramapo 138 kV transmission facility was inadvertently included for TCC Auctions run between November 2011 and August 2012. As a result, TCC Auction market outcomes for this period may have been



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impacted. This issue has been corrected for all future TCC auctions, so there will be no further impacts of this potential market problem.

Meeting Summaries:

Monday, August 6, 2012

ICAPWG

Buyer-Side Mitigation Increased CRIS Requests Proposal

The NYISO responded to questions raised at the July 12th ICAPWG meeting regarding the NYISO's proposal for buyer side mitigation of increased CRIS requests. After discussion, the NYISO said it would clarify the proposal in relation to the "UCAP clearing rule". The revision to the proposal will make clear that an Offer floor that applied to MW that had not cleared would not be altered if a unit with existing CRIS rights was requesting additional CRIS rights. The NYISO also agreed to consider changing the "90%" of a resources nameplate rating proposal. The NYISO stated that the 90% of the nameplate rating of a unit's accepted CRIS rights was being considered because over time generating resources cannot physically provide 100% of the MW. Therefore, the NYISO is proposing to use as the threshold only 90% of the MW. The NYISO stated that the use of DMNC rating of a resource could provide an opportunity for "gaming" practices.

The NYISO stated that in the future, the buyer-side mitigated determination of exempt or non-exempt with the name of project will be posted to the NYISO website.

To address potential issues regarding determinations for a subsequent owner of a project, the NYISO agreed to consider the concept on a form for the original developer that in the event the resource is sold in the future, the developer gives consent to the NYISO to share data with the new owner. This concept is intended to address many different scenarios such as bankruptcy, or intermediary ownership, if and when, a resource looks for additional CRIS after it has entered the market, and subsequently has had different owners over time.

The NYISO agreed to evaluate how the calculation of depreciation will be applied when a resource requests additional CRIS.



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The NYISO also stated that details were being finalized regarding the grandfathering of certain resources in new capacity zones.

The NYISO also agreed to include in its letter accompanying the FERC filing an explanation of the scenario to which these rules would apply. The NYISO stated that the actual rules will be included in the NYISO Tariff, and the letter accompanying the filing will describe the rules.

Howard Fromer, the Management Committee Chair, cautioned the NYISO against moving forward to the August Business Issues Committee meeting without resolving several outstanding issues that may be substantive in nature. The NYISO stated that it would consider taking this issue to the September BIC and allow for additional time for further discussions.

Monday, August 6, 2012

IPTF/ESPWG

FERC Order 1000 – Public Policy Requirements

The ESPWG discussed the draft Public Policy Requirements Planning Process tariff provisions that will be submitted to comply with Order 1000, including the definition of Public Policy Requirement, and whether there should be a vote on transmission projects proposed to meet Public Policy Requirements. The discussion continued at the IPTF/ESPWG meeting on Thursday, August 9, 2012 that is summarized below.

Tuesday, August 7, 2012

Transmission Planning Advisory Subcommittee

Studies under Consideration for Recommendation for OC approval

A representative from Con Edison reviewed the Q#368 Con Edison Rock Tavern-Ramapo 345 kv Line 76 study. The Project will electrically connect Central Hudson's 345 kV Rock Tavern Substation with Con Edison's Ramapo 345 kV Substation by performing three concurrent system upgrades. The first upgrade would be to convert O&R's line 28 (Ramapo 138 kV to Sugarloaf 138 kV) from current operating voltage of 138 kV to 345 kV by reconnecting line 28 at the Ramapo 345 kV Substation. The second upgrade would be to construct the Sugarloaf 345 kV Substation and add a 345/ 138 kV step-down transformer between the Sugarloaf 345 kV and 138 kV Substations. The third upgrade would be to install a 345 kV line between Rock Tavern and Sugarloaf 345 kV Substations.



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TPAS members recommended the study for approval by the Operating Committee.

Q#373 NYPA Coopers Corners Shunt Reactor

A representative from NYPA reviewed the proposal to install a new 150 - 200 MVar Shunt Reactor (the "Project") at the New York State Electric and Gas ("NYSEG") Coopers Corners 345 kV Substation. The Project is being proposed to alleviate the high voltages observed at Coopers Corners 345 kV area Substations during light load off- peak time periods. The Project will be located in Sullivan County, New York and has a proposed in-service date of 2014.

TPAS members recommended the study for approval by the Operating Committee.

Study Scopes under consideration for recommendation for OC approval

Q#347 Franklin Wind Farm Project

A representative from the developer, EDP Renewables, reviewed the project. The scope is to evaluate the impact of the proposed project on the reliability of the New York State Transmission System. The point of interconnection ("POI") is the New York State Electric & Gas Corporation's ("NYSEG") Oakdale – Delhi 115 kV transmission line (circuit #919), approximately 12 miles from the Delhi Substation. The Project will be located in Delaware County, New York. The Project is expected to have a maximum summer and winter potential generating capacity of 50.4 MW and has a proposed in-service date of December, 2015.

TPAS members recommended the scope for approval by the Operating Committee.

Straw Proposal – Extensions of Commercial Operation Date

The NYISO presented a proposal that would provide for certain extensions of commercial operation date requests to be automatically permissible without undergoing a materiality determination by the NYISO. A materiality determination is a decision made by the NYISO if the change to the interconnection project is an overall material change that could be considered a new project and ultimately lose its Queue position. The proposal laid out the rules as the developer cannot request a proposed commercial operation date in its interconnection request beyond 10 years, and the developer has to confirm the updated commercial operation date



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within 10 years of its original date of interconnection request submission. The developer has to confirm its commercial operating date when it posts security and the date cannot be beyond 4 years from the completion of the Class Year Facilities study.

This proposal is planned to be discussed at the next meeting.

Class Year Process Improvements- Straw Proposal

The NYISO proposed that it would revise the Class Year (CY) process beginning with the Class Year following 2012. The proposal is designed to provide flexible start dates which would avoid overlapping class year studies. It would provide a schedule for completing major Class Year milestones, and also permit the evaluation of Deliverability/System Deliverability Upgrades in the NYISO interconnection process prior to the Class Year study. In addition, this proposal is intended to streamline the cost allocation decision process. It does this by clarifying the headroom payment obligations and permits Headroom payments for certain System Upgrade Facilities (SUF) to be other than cash. It also allows security posting reductions for completed SUFs.

The NYISO confirmed that CRIS is only evaluated when a developer elects CRIS rights on the interconnection request.

The next steps are for stakeholders to provide comments on the process. It will be discussed at the next meeting.

Wednesday, August 8, 2012

System Operator Advisory Subcommittee

Operations Report

The NYISO reported a peak load of 32,439 MW for the month of July that occurred on Tuesday July 17, 2012 for HB 16:00. There were 8 thunderstorm alerts (TSA) during July, and on July 17 – 18 Special Case Resources and Emergency Demand Response Participants were activated for the following hours and zones.

July 17 Zone B HB 14 – 17:59

July 18 Zone J HB 13 – 17:59

Heat Wave Operations July 17 – 18, 2012



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The NYISO reviewed the Statewide System demand, Transmission Operations, Generation Operations, and Demand Response operations for July 17 and July 18, 2012.

Dispatcher Training Report

The NYISO reported that the System Operator Training is slated to begin in September.

Demand Side Ancillary Service Program Compliance Filing Overview

The NYISO reported that a new section under 6.2.3 called "Other Supplier Requirements" will list the requirements to participate in the Demand Side Ancillary Service Program. The new definitions will be presented to the BIC and OC for a vote. Upon approval, software changes in DRIS and MIS should be completed for a complete testing release for Q1 2013.

Ancillary Services Manual FERC Order 755 Frequency Regulation Compensation

The NYISO reported the changes to the regulation services sections of the ancillary services manual. The NYISO stated that webinars and training sessions to practice bidding protocols are planned in mid-September to early October 2012. The NYISO also stated a bid to bill session will be part of the training. Detailed information will be provided via the TIE list and Committee notices in the next few weeks.

Recertification of Ancillary Services Manual

The NYISO stated that it annually recertifies the Ancillary Services Manual. The NYISO reviewed the changes to be included in this year's recertified manual. Con Edison and NYISO agreed to change the word "verified" to "monitor" in the sentence "During black start tests of steam units, the ability of gas turbine units to control frequency and voltage while isolated from transmission system shall be verified" under Section 7.4 of the manual. The NYISO and Con Edison also agreed to include in that same sentence the phrase "by the Generator Owner" at the end of the sentence.

Request to Rescind Con Edison Exception 14 from the Expectations to the NYSRC Reliability Rules

A representative from Con Edison presented the request to rescind the exception 14 rule which allows the Gowanus-Greenwood 138KV feeder to exceed its Short Term Emergency (STE) rating following the loss of Gowanus-Fresh Kills 345. If this contingency occurs, the Con Edison



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Operator will immediately reduce the generation of Linden Cogeneration Facility to alleviate the overload to less than the STE rating within 5 minutes. The new 345 Gowanus ring bus installation prevents the line from exceeding its STE rating. Therefore this exception rule is no longer necessary. The next steps are to take this request to the OC and then to the next NY State Reliability Council meeting for approval.

Thursday, August 9, 2012

IPTF/ESPWG

The NYISO reviewed the Proposed Tariff language for Order No 1000 draft version August 1, 2012. The NYISO and Stakeholders agreed to add the following language "ISO staff will analyze and conduct a general analysis of the impacts of the proposed public project and propose to have the Stakeholders and MMU to evaluate it under Tariff 3.4.11.7 in Section 31.4.4.1." The NYISO agreed to clarify how the MMU will report to the Board and replicate the same process as stated in section 31.3.2.2 of the CARIS process. Stakeholders requested the NYISO to continue to work through the concept of a market impact analysis by defining the characteristics of the analysis.

The NYISO agreed to state that the North American Planning Committee using the Northeast planning protocol will be used to assess the regional planning impact on neighboring regions as outlined in section 31.4.4.1

The NYISO agreed to review the addition of language concerning the qualification of a transmission owner requiring incorporation by the State of New York. This is referenced in section 31.4.5.3. The NYISO also agreed to review if it was applicable under this statute for another transmission owner to have eminent domain.

The NYISO agreed to remove the word "mechanism" in section 32.4.5.3 as pointed out by a stakeholder that a mechanism does not exist for a public policy project to recover costs. There is a cost allocation for a public policy project to recoup its costs. The NYISO agreed to remove the term throughout the document where applicable.

The NYISO agreed to review the 15 day entity submittal proposal under section 31.4.5.4.



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The NYISO stated that the request for the advisory vote regarding the compliance filing is under consideration. However, it is not customary to vote on compliance filing language.

The NYISO agreed to review the language for appropriateness to comply with public policy project approval under section 31.4.7.

The NYISO noted that it would remove the term “public policy” from Section 31.5.1.7 reference to cost recovery mechanisms.

A few stakeholders had concerns that the language under section 31.5.5.2.4 which states that beneficiaries will be identified in accordance with Section 31.4.4 does not determine who pays for projects. A representative from Multiple Intervenors stated that the primary driver for cost allocation should be the CARIS formula to determine the beneficiaries, and have cost allocation which commensurate with benefits. The NYISO stated a cost allocation methodology using load ratio shares may be more fitting for a public policy project as it provides benefits to everyone.

The NYISO agreed to review the language regarding the timing of the project eligibility for cost allocation under section 31.5.5.2.5. Under this same section, the NYISO agreed to clarify the term “approved” when referring to the projects that are selected. Both the Transmission Owners and the End Users agree that the language under this section needs to be drafted very carefully to avoid any “shopping around” between project types.

The NYISO agreed to ensure that the language under section 31.5.6.5 is consistent with the section 31.5.5.3. It was recommended to start the sentence of the first sub bullet “TO or other developer provides data at the request of the PSC...” This language is in reference to cost recovery when additional data is requested at the expense of the developer.

The next step is to finalize the Tariff language at the August 24th meeting. Then bring the Tariff language to the September BIC and OC for review.

FERC Filings

August 3, 2012 – NYISO filing of a motion to terminate its obligations to submit semi-annual price correction reports. Docket No. ER06-1014-000.



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August 6, 2012 – NYISO filing of an SGIA among the NYISO, NYSEG and Broom County Energy Resources. Docket No. ER12-000.

August 6, 2012 – NYISO filing of revisions to the BSM Rules in its Services Tariff. Docket No. EL11-42-000.

August 6, 2012 – NYISO answer to the Requests for Clarification Submitted by NRG and Exelon Corporation. Docket No. EL11-42-001.

August 6, 2012 – NYISO Request for Leave to Answer and Answer to the Protests filed by Entergy/GenOn, NYTOs and NYPSC. Docket No. EL12-360-001.

August 7, 2012 – NYISO filing of errata to tariff revisions regarding Buyer-Side Market Power Mitigation Provisions. Docket No. EL12-2414-000.

August 7, 2012 – NYISO filing of Notice of compliance posting of BSM Narrative and Numerical Example. Docket No. EL11-42-000 and ER12-2414-000.

FERC Orders

August 1, 2012 – FERC letter order accepting compliance filing regarding implementation of a non-historic fixed price transmission congestion contract product. *Docket No.* ER12-1868-000 & ER07-521-011.

August 6, 2012 – FERC Order accepting Tariff, ISO/NYTO Agreement and ISO/NYC SRC Agreement revisions regarding NYISO's role as the single counterparty to market participant transactions. *Docket No.* ER11-3949-005.



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August 8, 2012 – FERC letter order accepting an amended and restated small generator interconnection agreement among NYISO, Niagara Mohawk and Albany Energy LLC. *Docket No.* ER12-2045-000.