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End Use Summary

July 23– July 27, 2012

Items of Interest

- The Federal Energy Regulatory Commission (FERC) has scheduled a series of regional technical conferences to discuss Coordination between Natural Gas and Electricity Markets. The Mid-Atlantic regional meeting, which will include discussions focused on New York issues, is scheduled for August 30th.

Each conference will be organized as a roundtable discussion covering the following topics: (1) communications/coordination/information sharing; (2) scheduling; (3) market structures and rules; and (4) reliability concerns. Time permitting, comments or questions from those attending the conference, but not participating in the roundtable, will be permitted. Subsequent notices will be issued specifying the time, venue, and agenda for each conference.

Those interested in attending a conference are encouraged to register by close of business, July 19, 2012. You may register at the following webpage: <http://www.ferc.gov/whats-new/registration/nat-gas-elec-mkts-form.asp>
Webex will be made available for those individuals who cannot attend in person.

- With reference to the FERC Order in docket EL11-42 issued June 22, 2012 (the "Order"), the NYISO is providing the following information. Among other things, the Order states "[t]o the extent NYISO provided initial mitigation exemption determinations...., we will require NYISO to revise its determinations with respect to our findings herein." (Order at Paragraph 132.) The NYISO is required to "[disclose] of the



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identity of the project and the final exempt/non-exempt determination, as soon as they are final." (Order at Paragraph 51.) The Order specifies that it "is only applicable to the currently effective buyer-side mitigation exemption rules made effective November 27, 2010, and will not affect exemption determinations issued under the rules effective before that date, the latter of which are relevant to ... Docket No. EL11-50. The June 3, 2011 Complaint at issue here only concerns the implementation of the mitigation rules effective since November 26, 2010, and not those effective prior to November 27, 2010." (Order at Paragraph 134).

The NYISO is hereby informing stakeholders that the only Examined Facility for which it issued a final buyer-side mitigation determination (*i.e.*, an Offer Floor or exemption determination) under the currently effective buyer-side mitigation rules is for the Hudson Transmission Partners project (Queue Pos. 206) ("HTP"). The NYISO will be re-examining this determination in accordance with the Order. The NYISO will disclose the final exempt/non-exempt determination as soon as it is final.

The Order may be retrieved from
http://www.nyiso.com/public/webdocs/documents/regulatory/orders/2012/06/2012_06_22_FERC_Order_Astoria_Cmplnt_v_NYISO_Bys_Sd_Mtgtn_Rls_EL11_42_000.pdf

- The NYISO has received and posted on its website the "Notice of Intent to Mothball Cayuga Units 1 and 2", no later than January 16, 2013. The notice was filed with the New York State Public Service Commission by Cayuga Operating Company, LLC regarding their Cayuga Units located in Lansing, New York (Unit 1 is 154 MWs net capacity and Unit 2 is 158.7 MWs net capacity). This Notice of Intent to Mothball can be found on the NYISO's Planning webpage at:

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



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- On July 23, 2012, the NYISO filed a request for expedited clarification or rehearing of the June 22, 2012 order regarding application of the buyer side market power mitigation rules in Docket No. EL11-42-000.

A copy of the document is available on the NYISO website at:

http://www.nyiso.com/public/webdocs/documents/regulatory/filings/2012/07/2012_07_23_NYISO_Rqst_Expdtd_Clrctn_Rhrng_Byr_Sd_Mtgn_Rls_6_22_12_O rdr.pdf.

Meeting Summaries:

Tuesday, July 24, 2012

Electric System Planning Working Group/IPTF

FERC Order 1000 Tariff Language

The NYISO reviewed proposed tariff language that included both Public Policy Planning and Non-Public Policy Planning changes. The yellow highlighted section of the document pertains to Public Policy modifications.

The NYISO offered clarifying language to the definition of Public Policy Requirements. This language was intended to clarify that the term Public Policy Requirement will be defined to include NYS Public Service Commission regulations and rules that would drive the need to upgrade the Bulk Power Transmission Facility (BPTF). The phrase "rule or regulation" clarified the types of PSC orders that would be the source of Public Policy Requirements. Such rules and regulations are subject to notice and public comment under the State Administrative Procedure Act. Stakeholders agreed with the change to the definition.

During the review of the language, stakeholders inquired if the phrase "more efficient and cost effective project" as it is stated in the section 31.4.8 Project Proposals needs to be clarified to avoid ambiguity. Overall, the language is intended to meet FERC's requirement that regional planning examines whether there are more effective regional solutions to local transmission needs than those provided by local transmission plans. Stakeholders had a concern that the word "efficient" is too vague. The



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NYISO stated that the use of the word “efficient” would include factors, such as a project would be easier to site, and construct in a more expeditious manner, which are the same considerations that the NYISO uses when reviewing all projects. This led to discussions on how the Transmission Owners review their Local Transmission Plans regarding cost effectiveness and if costs concerning the TOs’ LTPs would be shared. The NYISO recommended taking the discussion off line with the Transmission Owners to gain a better understanding about how the local transmission plans will be considered along with the regional plans for the purposes of regional planning. It was decided to discuss this at the next meeting.

A representative of LIPA reported that it will be submitting comments regarding the jurisdictional distinction of LIPA and its relationship to the NYS DPS in the approval of projects in the public policy planning process.

Stakeholders and representatives from NYSDPS agreed to review section 31.5.1.7 to improve the wording to clarify the idea that when a project receives an Article 7 status, it will not automatically trigger eligibility for cost allocation. This section will also be discussed at the next meeting.

During the meeting, a Stakeholder provided written comments highlighting the need to ensure that parties proposing projects cannot side step the CARIS process, mainly the stakeholder vote for cost recovery. The NYISO acknowledged the concern that if a proposed project to alleviate congestion fails the stakeholder vote for cost recovery as an economic project, the project should not be able to utilize the public policy process to get cost recovery for economic reasons. The NYISO stated that such projects could be proposed as a public policy project for cost recovery under the NYISO tariff if it is being proposed for another purpose other than relieving congestion. NYSDPS agreed with this assessment. The NYISO asked all parties to review the language and discuss it further at the next meeting.

The NYISO requested the representative from Multiple Intervenors (MI) to provide language regarding the cost allocation process. The suggestion from MI was for the cost allocation methodology in section 31.5.5.3.4 should mirror the formulas in the CARIS.

The NYISO requested the representative from NYSDPS to provide language to explain the proposal to allow cost recovery when a project is halted or fails to receive its Article 7 status.



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The next steps are to finalize the language in the tariff for an advisory review by the Operating and Business Issues Committees in August 2012.

Wednesday, July 25, 2012

Management Committee

The following are the final motions for the Management Committee meeting.

Motion #1:

Motion to approve the Minutes of the May 30, June 12 and June 28 Management Committee meetings.

Motion passed unanimously.

Motion #2:

The Management Committee (MC) approves the recommendation to revise the OATT Rate Schedule 1 Non-Physical revenue refund methodology as described in the presentation made to the MC this date, July 25, 2012, and further recommends that the NYISO Board approve the revision to Rate Schedule 1 for filing under Section 205 of the Federal Power Act

Motion passed unanimously with abstentions.

Motion #3:

The Management Committee (MC) hereby approves, and recommends that the NYISO Board approve for filing with the Federal Energy Regulatory Commission pursuant to Section 205 of the Federal Power Act, revisions to the black start and system restoration requirements in the NYISO tariffs as described in the presentation made to the MC on this date, July 25, 2012.

Motion passed with 78.50% affirmative votes.



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FERC Filings

July 25, 2012 – NYISO filing re: Amendments to Attachment Y of the NYISO OATT and MST to Improve Clarity and Consistency of Tariff language and terminology. Docket No. EL12-2303-000.

July 25, 2012 – NYISO filing of an Answer to Demand Response Supporters' Request for Order. Docket No. ER11-4338-000.

July 23, 2012 – NYISO filing a request for expedited clarification or rehearing regarding the June 22, 2012 buyer side mitigation rule order. Docket No. EL11-42-000.

FERC Orders

July 25, 2012 – FERC letter order accepting an amended and restated large generator interconnection agreement among NYISO, NYDPS and Marble River. *Docket No.* ER12-2098-000