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# End Use Summary

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## May 14 - May 18, 2012

### Items of Interest

- The 2012 Spring Economic Conference is being held at the NPCC offices in New York City on June 7, 2012, from 11:00 AM until 3:00 PM. For those unable to attend in-person, a NYISO WebEx option will be available.

Representatives from Moody's Analytics will present the National Economic Outlook and the NY State Economic Outlook. After these presentations, the Load Forecasting Task Force will meet to discuss current and upcoming activities. The agenda for LFTF business will follow in a separate email.

*The NYC offices of NPCC are located at:*

*Northeast Power Coordinating Council, Inc.  
1040 Avenue of the Americas-10th floor  
New York, New York 10018-3703  
Phone: 212-840-1070 / FAX: 212-302-2782*

The NPCC conference room seats approximately 25 people. For security reasons, visitors will need to obtain visitor badges in the lobby of the NPCC offices. Those planning to attend in-person should contact Arvind Jaggi of NYISO at [AJaggi@nyiso.com](mailto:AJaggi@nyiso.com) no later than **Friday, June 1**. Please contact Arvind if you have additional questions. Arvind can be reached at 518-356-7594.

- As discussed during the April 26, 2012 Market Issues Working Group, the NYISO is implementing improved constraint modeling of the West Zone 230kV transmission system in the Day-Ahead and Real-Time markets. This change will be effective for the market day May 16, 2012.



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- ["Power Trends 2012: State of the Grid"](#), the annual review of the forces and factors affecting New York state's electric system, has been posted. Please use the hyperlink to view the document.

"The state of the grid is good, and the near-term outlook for New York's electric system is positive. However, a complex array of factors affecting future supply and demand requires close attention. *Power Trends 2012* is intended to enhance understanding and promote awareness of the issues facing New York's energy future," said Stephen G. Whitley, NYISO president and CEO.

- Please note that there have been some changes to the May PRLWG meeting schedule. The May 22 ICAP meeting will be a Joint ICAP/PRLWG to discuss the DRIS Event Notification Project and it is expected this item will be covered in the morning. And finally, there were two meetings listed on the calendar, May 24 (listed as tentative) and May 31. Both have been cancelled and the group will now meet on May 22.

## **Meeting Summaries:**

**Monday, May 14, 2012**

**Credit Policy Working Group**

**ICAP Spot Market Auction – Enhancements to Bidding Requirement**

The NYISO returned to the CPWG to present the stakeholder requested analysis of historical uncovered exposure by capability period utilizing the proposed, revised formula for calculating the ICAP Spot Market Auction credit requirement. The NYISO highlighted the capability periods that had uncovered exposure when utilizing the proposed 15% margin for Zone J. This margin is added to the monthly auction price



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to cover the price variability between the two auctions, monthly and spot. The 15% margin would have provided approximately 99% coverage of the deficiency payments from May 2006 through October 2011. See page 16 of the presentation for more detail.

The NYISO presented the analysis of adding a 25% margin, instead of a 15% margin, to the monthly auction price in Zone J. The 25% margin would have resulted in approximately 99.5% of deficiency payments from May 2006 through October 2011 being covered by collateral. The NYISO reported that the difference between the 15% and the 25% margin would result in a reduction of 1.7% in the amount of uncovered payment exposure. The NYISO agreed to change the proposed margins for Zone J from 15% to 25%, Zone K from 95% to 100% and NYCA from 95% to 100%. The 100% margins in Zone K and NYCA would have resulted in approximately 99.5% of deficiency payments from May 2006 through October 2011 being covered by collateral.

Some stakeholders expressed concern that the NYISO's analysis did not include a review of the historical effect of the proposed changes on the excess capacity component of the credit requirement. Most stakeholders expressed support for the proposed changes as an interim solution for right-sizing this credit requirement.

The NYISO and Stakeholders agreed to use the full monthly auction price, instead of ½ the monthly auction price, in the excess capacity component of the proposed credit requirement formula. The next step is to present and vote on the proposed changes at the Management Committee meeting on May 30<sup>th</sup>. The NYISO committed to performing additional analysis next year.

### **Credit Management System Redesign Project**

The NYISO presented the changes to the Credit Management System (CMS). The main change is the availability of additional data such as the inclusion of the FIP (Flexible Invoice Period) payment data and the ability to view and download a trending report that shows the credit related activities for a specific market. Market trials are scheduled for May 23 – 25 and May 29 – 31. The enhancements will be available on June 13<sup>th</sup>.

### **New Business**

The NYISO reported that FERC accepted the NYISO's Risk Verification Proposal to Verify Market Participant Risk Management Procedures on May 9<sup>th</sup>. The NYISO stated that after June 30<sup>th</sup> all market participants participating in the TCC markets are required to provide their risk management procedures to the NYISO. In addition, those market participants who meet the criteria are required to demonstrate where the eight standards as defined in the Tariff are satisfied. The Risk Management procedures will be due by mid-July of this year.



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The NYISO noted that a random component exists to the Risk Verification proposal, in that any market participant, upon selection, is required to provide its risk management procedures to the NYISO. Market participants are allowed to submit electronic copies of their risk management procedures. The NYISO in accordance with its confidentiality policy will keep all procedures confidential. The verification process will be conducted by the NYISO and will not incur a cost to market participants.

## **Tuesday, May 15, 2012**

### **Market Issues Working Group/Price Responsive Load Working Group**

#### **2011 State of the Market Report –Follow up**

Potomac Economic returned to continue to discuss the recommendations based on their analysis of the NYISO markets. The list of recommendations proposed is organized into categories. The categories are the Capacity Market, Real Time Market, and Day Ahead Market. Pallas Lee VanSchaick agreed to return to an upcoming MIWG meeting to continue the discussion.

#### **Michigan PARS Cost Allocation**

The NYISO expects to receive a bill any day for the Michigan PARs ("MISO charges") and, to prepare for that, it presented an allocation to pay for that service in proposed revisions to its tariffs. PJM was told by the Commission to propose an allocation methodology in a filing under Section 205 of the Federal Power Act. The NYISO reported that the proposed changes to the tariffs would identify the Michigan PARs along with Ramapo PAR and Station 80 in the OATT Rate Schedule 1, section 6.1.6. In so doing, the NYISO was proposing to use the same allocation methodology as is currently prescribed in OATT Rate Schedule 1, section 6.1.6.1. Calculation of Non-ISO Facilities Payment Charge.

The NYISO's petition for a declaratory order remains pending before the Commission. Even if the MISO charges are ultimately found to be unlawful, over the near term, the NYISO stated it is prudent to have tariff provisions that address the charges. For more information regarding the history of the Michigan PAR, please see FERC Docket No. ER11-1844-000. The next step is to bring the proposed allocation methodology to the BIC on June 13<sup>th</sup>.

On April 5<sup>th</sup> 2012, the ITC (International Transmission Company) Michigan PARs were placed into service allowing MISO to begin charging the NYISO for the Michigan PARs, subject to refund, pursuant to the MISO tariff revisions.



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### **ROS DAM BPCG Mitigation**

The NYISO presented the proposal to automate the mitigation measures applied to DAM Bid Production Cost Guarantee (BPCG) calculation in a manner that is aligned with the application applied to the RT BPCG mitigation measures. RT BPCG mitigation is currently handled by the Settlements software and DA BPCG mitigation is currently handled manually by MMA. The objective of this project is to automate the manual process. The mitigation is not and will not be performed by AMP so it does not affect commitment or LBMP. The next step is to present Tariff language at the July MIWG. The NYISO anticipates taking the tariff language to the August BIC and September MC meetings.

### **Final Proposal for Participation of Aggregations in the NYISO's Demand Side Ancillary Service Program (DSASP)**

The NYISO presented the final proposal for participation of aggregations in the DSASP program. The NYISO presented the changes made to the definitions for DSASP. The changes made to the definitions were for clarification purposes.

### **Wednesday, May 16, 2012** **Joint Business Issues Committee/Operating Committee** **Meeting**

#### **Proposed Black Start Changes for Con Edison Plan**

Please see the minutes of this meeting.

### **Thursday, May 17, 2012** **Operating Committee Meeting**

Please see the Operating Committee minutes.

The final motions for the Operating Committee meeting are:

#### **Motion #1:**

The Operating Committee hereby approves Con Edison's Rock Tavern – Ramapo 345 kV Line 76 SIS Scope as presented at the May 17 Operating Committee meeting.

*Motion passed unanimously with abstentions.*



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**Motion #2:**

The Operating Committee (OC) hereby approves the Fault Current Assessment as presented at the May 17 Operating Committee meeting.

*Motion passed unanimously with abstentions.*

*The LIPA Local Reliability Rule Update will be provided at the next OC meeting.*

## **FERC Filings**

**May 11, 2012** –NYISO Public Version of Answering Testimony of Mr Robert Pike to FERC re:PAR-Related Charges of MISO/ITC filing. Docket No.ER11-1844-000.

**May 11, 2012** –NYISO Public Version of Answering Testimony of Mr Zachary G. Smith re:PAR Related Charges of MISO/ITC filing. Docket No. ER11-1844-000.

**May 11, 2012** – NYISO Public Version of Answering Testimony of Mr. Wesley J Yeomans to FERC re:PAR Related Charges of MISO/ITC filing.