

## **NYISO Electric System Planning Working Group Meeting**

May 26, 2004

The Desmond –Albany, NY

### **Draft Minutes**

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Of the eighteenth meeting of the New York Independent System Operator Electric System Planning Working Group held May 26, 2004 at the Desmond, Albany, NY.

#### **Welcome and Introductions**

Mr. Bill Palazzo, Chair of the Electric System Planning Working Group welcomed the ESPWG to the meeting and stated the agenda.

#### **Approval of Meeting Minutes**

The minutes from the May 6<sup>th</sup> ESPWG meeting were approved and will be posted to the NYISO/MDEX website.

#### **Comprehensive Planning Process Development**

##### **Cost Allocation**

John Buechler discussed the draft NYISO Comprehensive Reliability Planning Process, Section 9: Cost Allocation. The document outlined the comments and discussion on the issues that had been covered in the past two meetings. Mary Ellen Paravalos suggested the group should outline issues that are being worked on and this information should be included in the filing letter to FERC indicating that the issues would be resolved with a specific deadline. Working group members reviewed the document and reached consensus on various changes to the document. The NYISO will revise and distribute the updated Cost Allocation Principles.

##### **Cost Recovery**

Paul Gioia reported that he had an outline on the TOs position on cost recovery. He noted that the proposal was submitted on behalf of the TOs and that the PSC has not agreed to these provisions. The document contained three sections, TO Obligations, Conditions, and TO Reservation of Rights. Mr. Gioia reviewed the TO obligations which included the circumstances in which TOs would be obligated to proceed with a project. Mr. Gioia summarized the TO obligation section which would ensure that TOs would assume responsibility for the backstop regulated solution if the NYISO planning process indicated a reliability need. In addition, the TO would proceed with a regulated project at

the same time that market based solutions are being pursued, if the NYISO determines this is needed.

The group discussed the process TOs and the PSC would use to ensure costs are passed through to retail rates. The document included provisions that TOs have a right to request any incentives for investments in transmission projects and all proper authorizations must be received. Mr. Gioia stated the TOs wanted these provisions included in the tariff as well as a separate agreement between the TOs and the NYISO so that the provisions would not be subject to change unless agreed upon by the NYISO and TOs.

It was asked if the TOs were looking for OC approval on this. Mr. Gioia indicated that they wanted this outline incorporated into the NYISO planning process and approved. Mr. Larry DeWitt asked if the TO proposal included regulated projects that may not be transmission. The TOs noted that the language relates to TO's that have agreed to build transmission per the plan and this language refers to those instances. Working Group members were also concerned that TOs may be recovering costs twice. Ms. Diane Barney indicated that the PSC would ensure there is no double recovery process. Mr. DeWitt was also concerned the proposal did not note the need for identifying the best solution.

It was asked why a separate agreement was needed. Mr. Buechler indicated that the NYISO has not yet agreed that this is required. Mr. Gioia stated that if the TOs are agreeing to build under these conditions, they don't want the conditions to be changed without their consent. MPs want to ensure that the separate agreement could not be changed without going through the governance process. Mr. Buechler stated that the NYISO and the TOs would need to discuss this further.

MPs wanted the contract between the NYISO and TOs to be consistent with the NYISO planning process. Mr. Buechler indicated that any contract would need to be filed with FERC and that MPs would have input at that point.

MPs suggested changes to 2C, 2D, and 2H to address the issues raised.

### **Framework for Reliability Planning Process**

An updated version of the draft NYISO Comprehensive Planning Process for Reliability Needs was distributed. Ms. Doreen Saia had submitted some changes and these were included in the updated copies. These proposed modifications are supported by various generators, Multiple Interveners, and Mr. Larry DeWitt. She explained the modifications, which included a process for dealing with all regulatory projects equally. The majority of changes were in Section 6 and 7. Ms. Saia explained that the Section 6 changes were to provide clarification that there is a period of time for market based solutions. Language was added to Section 6.1 to ensure data would be available to MPs that wish to propose projects. Con Edison representatives were concerned that this data is confidential and that MPs could request the data without ever intending to submit a

proposal. Section 6.2.1 included a specific reference to the DPS process. Ms. Barney commented that this language could not be included because it would put the DPS under FERC jurisdiction. There was a suggestion to include broader language and that the PSC could address the exact details in their own procedures, which would be separate from the NYISO planning process. Con Ed was opposed to keeping the language allowing nontransmission regulated projects. Con Edison noted that the TOs, as regulated entities, are subject to providing detailed information on all projects; in addition this would allow developers to move forward on projects without any risk. Mr. Gioia commented that since the TOs are the only regulated entities, they should be the only ones considered for regulated projects.

It was suggested that the DPS Staff meet with the sponsoring parties to determine whether a compromise position could be established. The PSC indicated a willingness to schedule such a meeting on May 28<sup>th</sup>.

### **Initial Planning Process**

#### **Draft Report on Initial Planning Process**

MPs were asked to submit written comments to the NYISO by June 2. Bill Lamanna will present and discuss the draft report at the June 7 meeting.

The action items and NYS DPS Congestion Presentation agenda items were deferred until the June 7 meeting.

**Next Meeting:** June 7 at the NYISO Washington Avenue Extension Building. The focus of this meeting is to finalize the Comprehensive Reliability Planning Process, or to identify alternate positions that can be submitted to the Operating Committee for resolution.