

NYISO Electric System Planning Working Group Meeting

June 7th, 2004

NYISO Washington Ave –Albany, NY

Of the nineteenth meeting of the New York Independent System Operator Electric System Planning Working Group held June 7, 2004 at NYISO in Albany, NY.

Welcome and Introductions

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

Review of Notes of May 26th Meeting

The ESPWG Meeting minutes from 5/26 were approved and will be posted to the NYISO website.

Comprehensive Planning Process Development

Mr. Palazzo announced that a special ESPWG meeting will be set up on June 10th to finalize the language in the NYISO Comprehensive Reliability Planning Process related to the following issues:

- Role of the PSC in the selection of regulated alternatives - Sections 6 & 7 (PSC to circulate revised draft by COB 6/8)
- Cost Recovery - Section 10 (TOs to circulate revised draft by COB 6/8)
- Dispute Resolution - Section 11 (PSC to circulate revised draft by COB 6/8)

Mr. Palazzo informed the group the special meeting is open to all ESPWG members; however, sectors were encouraged to select a few designated representatives to attend. A second meeting would be set up (possibly on the morning June 23rd) for all ESPWG members to review the final draft of the document.

In order to fulfill the commitment to FERC for an August filing, the draft document would have to be brought to the July Management Committee Meeting for a vote. Mr. Palazzo will discuss the possibility of setting up a special OC meeting on June 30th with the Operating Committee Chair so OC Members can vote on it.

It was asked if this item could be included on the agenda for the regularly scheduled OC meeting. Mr. Palazzo replied that he would not commit to anything until the end of the meeting to see where the group stands.

Ms. Doreen Saia stated that the ESPWG might need to acknowledge that there is a minority and majority position on this document that can't be resolved.

Cost Allocation

Mr. John Buechler reviewed the revised cost allocation document that was marked up at the May 26th ESPWG meeting. Mr. Mike Mager raised an issue with wording under section 9.2.3: "Primary beneficiaries shall be those Transmission Districts who are identified as contributing to the reliability violation". Mr. Mager stated that he had a concern with using Transmission Districts because under special circumstances, costs could be allocated on a smaller basis. Mr. Buechler agreed and will revise the section to read, "shall initially be".

Ms. Laurie Oppel expressed concern that there may be a disconnect between those contributing to the violation and those who are benefiting. Mr. Buechler responded that the principles anticipate incorporating a materiality threshold as well as considering the free rider issue to the extent possible which will address these issues.

Cost Recovery

Mr. Paul Gioia reported that an agreement was reached between the TOs and the PSC on the TOs obligations and reservation of rights under the NYISO Planning Process. It is contemplated that the obligations of the TOs under the NYISO planning process will be included in a separate agreement between the NYISO and the TOs. A revised outline will be submitted to the PSC and to ESPWG for review and then sent to OC and MC for consideration.

Mr. Mike Mager asked if it is safe to assume there will not be any inconsistencies or discrepancies on this separate agreement and the agreement the Operating Committee and Management Committee will be voting on. Mr. Buechler stated that the intent of this agreement is that it will be consistent with the planning process and that the final agreement will go to FERC.

Doreen Saia said she doesn't care if the TOs want to do a separate agreement on cost recovery but that it should be limited to this issue and not the entire Planning Process. Mr. Buechler said this would not be as broad as the scope of entire planning process. The principal obligations the TOs are assuming are to respond to the NYISO's request for solutions based on need assessment and to go forward with a regulated solution if needed.

Tom Rudebusch stated that the municipal wholesale customers view a "separate rate mechanism" for reliability projects, distinct from the TOs Transmission Service Charges, as unacceptable.

Diane Barney stated that the overlying factor on the three-way discussion between PSC, FERC, and NYISO on Section 11 could also affect sections 6 and 7.

Phase I: Initial Planning Process – Scheduling and Implementation

Mr. Bill Lamanna reported on the Initial Planning Process – Scheduling and Implementation.

Mr. Lamanna stated that the goal is to review the Initial Planning Process with TPAS with focus on existing reliability studies, transmission assessments and scenarios. Mr. Lamanna will be further reviewing comments and will distribute the revised copy by the end of the week.

Ms. Doreen Saia asked if dual fuel units were included in the scenarios analysis. Mr. Lamanna reported that they were not included. Ms. Saia asked that someone from the NYISO staff give a presentation on historical events.

Comments were requested on the Initial Planning Report by 6/18/04. It is anticipated that the Report will go to the Operating Committee in August.

It was asked if the Planning Process document would be submitted to FERC staff. Mr. Buechler replied that he would share the report with FERC but that there is no need for a formal filing to be made. Mr. Mark Younger expressed concern that qualifiers are needed in the document under resource adequacy.

Congestion Impact Calculation Update

Mr. Jim Mitsche reported on Congestion impact calculation update. The following tasks have been completed:

- Collect and check market Data for all 2003 hours
- Develop “PROBE Lite” no transmission constraint Unit Commitment and Dispatch from Market Data
- 2003 Congestion Impact Calculation
- Define an “Unusual Day” Analysis Approach and 2003 Days
- Report Process and Results Interpretation for Planning Process Document

The next step is to write up the comprehensive report on 2003 analysis approach and results.

Tom Payntor asked if we could allocate congestion by line and interface so that the base case congestion is allocated by line? Mr. Mitsche indicated that the report already provides this information. He added that the view some MPs would bring is that we have x millions of \$ of congestion on the system and some of that shows up on base case and some show up on contingency conditions.

Mr. Younger asked for an explanation of the difference between Mr. Mitsche’s and Dr. David Patton’s congestion calculations. Mr. Larry DeWitt suggested that Dr. Patton provide a narrative on the differences between Power Alert numbers and PROBE numbers. He also asked if Dr. Patton could participate in a future ESPWG meeting. Mr. Buechler indicated that this will be arranged.

NYS DPS Congestion Presentation

Tom Payntor reported on the Congestion Example provided by Mr. Mark Reeder. This example uses some simple supply curves for exporting and importing marketers to demonstrate outcomes for several measures that have been used to estimate congestion.

Methods examined are:

- Simple congestion costs
- Societal congestion costs
- Load payment congestion costs

The goal of this paper is to better understand the factors that drive the results that are produced by short-run methods for estimating congestion.

Next ESPWG Meeting

The next regular ESPWG meeting will be held on July 1st at the NYISO on Washington Avenue.