

# **NYISO Business Issues Committee Meeting**

January 19, 2000

The Desmond  
660 Albany Shaker Road  
Albany, NY

## **MINUTES OF THE MEETING**

### **I Welcome & Introduction**

Mr. James Scheiderich, Chairman of the Business Issues Committee (BIC), called the meeting to order at 9:40 AM and welcomed the members of the Business Issues Committee. Mr. Scheiderich discussed the meeting's agenda items and objectives. The BIC Members then introduced themselves and the parties that they represent.

### **II Approval of Minutes**

The December 16, 1999 meeting minutes were approved and will be posted to the NYISO web site.

### **III Chairman's Report**

Mr. Scheiderich noted that on Dec. 8<sup>th</sup> the Committee Chairpersons met with NYISO staff to begin the process of allocating NYISO Staff and Committee resources to open issues, and to work on the prioritization of these issues. It was noted that because of resource constraints, the NYISO staff would have a limited ability to support Working Groups over the next 60 days.

A number of issues being investigated by the Management or Operations Committee were mentioned, including Central-East not solving due to PJM overuse, consistency regarding terminology and data with neighboring ISOs, NYISO Control Performance, deration of minimum generation, and over/under generation on intermittent resources.

Mr. Scheiderich reported that Transmission Line Relief (TLR) procedures, specifically categorization of transmission priority, is a concern of Mr. Marty Matijasich of Southern Company Energy Marketing Inc. who has requested a description of the procedures. Mr. Charles King, Vice President of Market Services, will provide clarification regarding the treatment of the non-firm and firm transmission service relative to the NERC procedures.

#### **IV Update on NYISO Start-up**

Mr. King said that startup of the NYISO was proceeding with many of the initial problems corrected. He mentioned that price correction notices are now available on the web and the number of prices being flagged is becoming less through time. Mr. King also mentioned that the NYISO achieved a new winter peak load of 24,051 megawatts on January 18, 2000 between 1700 and 1800 hours.

Mr. Robert Thompson of KEMA, software consultant to the NYISO, said that the NYISO's top priority is to get the prices right. He mentioned that prices may be flagged as errors when many times the prices are correct. The filtering software that flags prices is not as detailed as the correction software that validates them. If an error is found then the software is corrected as soon as possible. The NYISO's primary focus is to have consistently correct prices for Market Participants.

Mr. Thompson discussed whether unit basepoints could be included with billing statements. He mentioned that part way through Market Trials, unit basepoints (SCD results) were included with billing statements since the units were simulated on the training simulator. Also, the NYISO used stored SCD results when the NYISO performed multiple reruns, however, since then the NYISO has stopped providing SCD results. Market participants have requested that basepoints be included with billing data. Mr. Thompson said that once the NYISO can resolve the regulation problem and improve Oracle performance then the NYISO will have the computer resources to provide SCD results. Mr. Tim Bush of Sitech requested that this become high priority since they do not store their units' base points. Ms. Vicki Lynch of Southern Energy Company said that they would be helpful when communicating with the TOs.

Mr. Thompson mentioned that several meetings with the TOs have occurred and have proved to be very informative. Future meetings are planned to discuss TO communication procedures (which vary among TOs) and to establish some ground rules. Other current issues discussed with the BIC included changes in LBMPs due to GT dispatch, curtailments in the BME, financial treatment of external transactions when curtailed, and ramp rate constraint on DNI.

Mr. Thompson explained in detail the main reasons for different results between strike prices and LBMP. He said that the SCUC process evaluates both bid loads and forecast loads. The economic scheduling choices use parameters consistent with the objective function stated in the Tariff. Strike prices are determined during the bid load pass that evaluates capacity costs (startup & min generation costs), as part of the Tariff design. At a later pass, the software determines energy costs. Capacity quantity is considered first for operations to fix the amount in import energy.

Mr. Thompson mentioned that a solution was being investigated where transactions would be evaluated again at the later pass. Committee members offered other solutions including having external transactions settled at scheduled amounts and providing a minimum run time for transactions. Mr. Thompson said that the NYISO would be making billing adjustments for DAM external import transactions where the strike price vs. LBMP differences occurred. Similar billing adjustments for the HAM would not be considered since the HAM is an evaluation process and not a settlement process.

## **V ICAP Market and Auction Redesign Status**

Mr. Scheiderich reported on the status of ICAP. He stated that a Stage I Tariff and Auction Design document would be presented to the Management Committee on 1/21/00 and, if approved, would then be filed with FERC in time for implementation during the summer period (if approved by FERC). Two major issues not addressed in Stage I are the unforced capacity and one-month procurement obligation issues. These will be addressed in a Stage II Filing to be developed beginning in February.

Mr. Tom May of Ontario Power Generation expressed concern that discussion of external generators qualifying for ICAP may be missing. Mr. Scheiderich recalled that favorable wording has been added to address this concern and would investigate.

Ms. Jace Cochrane of Strategic Energy asked for the status of the NYISO study on 6 vs 1-month procurement obligation. Gina Fedele said that the study is on a fast track and due for completion during April 2000.

## **VI Working Groups Reports/Open Issues**

### **Market Structure Working Group (MSWG)**

Mr. Scheiderich reported that the Market Structure WG met on 12/17/99 and 1/13/00 with Mr. James Cifaratta of NM Energy Trading as the group's Chairman. Mr. Schiederich discussed the following recommendation made by the Market Structure WG:

1. The ISO should eliminate the existing software constraints in order to allow all market participants to buy or sell energy at any zone. It is recommended that this be implemented by NYISO prior to April 1, 2000.
2. By the end of February 2000, the ISO should perform an investigation and issue a report to the BIC which covers the timing, feasibility and cost (vs. other alternatives) of purchasing PJM's eSchedule software and implementing same into the New York System.
3. Prior to the next TCC auction, the ISO should implement procedures which will allow TCCs awarded in the auction to be unbundled into up to three components. The components would include a Bus to Zone TCC at the sending end (if applicable), a Zone to Zone TCC and a Zone to Bus TCC at the receiving end (if applicable). (This concept is more fully described in the presentation made by Scott Englander dated January 13, 2000.) The MSWG could not agree on whether such unbundling of TCCs awarded in the auction should be mandatory or at the market participant's option and therefore recommends that a vote be put to the BIC on this narrow issue.

The committee gave their assent to the first two items, and the Chairperson will pass them on to ISO staff for their attention.

Regarding the last item it was agreed that Mr. Scott Englander of Tabors, Caramanis & Associates would provide a brief presentation at the next February BIC meeting on unbundled TCC products. In addition, the MSWG is working on a proposal for allocation of TCCs to transmission expansions and may provide a presentation to the BIC in February on this issue.

### **Scheduling & Pricing Working Group**

Mr. John Reese, Chairman of the Scheduling & Pricing (S&P) Working Group, reported on its first meeting on January 12<sup>th</sup>. This meeting purpose was primarily to identify and prioritize issues.

Topic of issues discussed included:

- **Gas Turbines**
- **Implementation of the use of Interruptible Load Resources**
- **The NYISO Temporary Extraordinary Powers**
- **Must Run Units**
- **Limits on Operating Capacity that Generators may bid in the DAM**
- **Penalties and Payments for disparities between scheduled and actual energy delivered**
- **Review bid mitigation methodology for the in-city units**
- **Adjust Market close and post times**
- **BME/Real Time Relationship**
- **Data posting issues**

Referring to the meeting handout, each issue was briefly discussed. Regarding the Temporary Extraordinary Powers, Mr. Ira Freilicher of Hunton & Williams (NYISO Counsel) indicated that some extension will be proposed at the February Management Committee. Also, at yesterday's Operating Committee meeting, the System Operation Advisory Sub-committee was assigned to address the issue of Penalties and Payments for disparities between scheduled and actual energy delivered. Regarding the issue to adjust Market close and post times, Mr. Don Barker of NM Energy Trading requested that even if the DAM prices are ready that they should be held till 10 AM. Mr. Tim Bush of Sithe emphasized that the earlier the posting the better. Mr. Freilicher suggested that people requesting a change should issue a white paper explaining the mechanics and benefits of any change proposed. Mr. Tom May of Ontario Power Generation spoke briefly on market index postings and financial market dynamics.

Mr. Reese said that the top two priority items are the 'GT issues' and the "BME/Real time differences". The next meeting is scheduled for January 25th. The last hour of that meeting will be reserved to discuss other non-top priority items.

Committee members then suggested new business items. Mr. Rick Mancini of NYSEG requested that the FERC 2000 order requiring PURPA units, ConEd steam topping units, and intermittent generation to be subject to regulation penalties be an item for discussion. Mr. Tom May requested that price revisions be discussed. Mr. Aaron Breidenbaugh of the Small Consumers' subsector

requested that the magnitude of billing disputes be posted without revealing any confidential data. On that subject, Mr. Freilicher mentioned that NYISO Staff will be presenting various statistics to the NYISO Board and that he will suggest to include billing statistics of which can be made public to the NYISO committee members.

## **VII By-laws**

Mr. James Schmidt of Hunton & Williams presented the draft BIC bylaws, which are based on those adopted by the Management Committee. Many Bylaws provisions are directly from the NYISO agreement and are items that must be reflected in the Bylaws. Mr. Schmidt highlighted some of the provisions detailed in the BIC Bylaws. Provisions discussed included committee representation, sub-committee & working groups, and meeting procedures.

Mr. Schmidt requested that any comments be sent to him by Feb 7<sup>th</sup> after which another draft will be issued. The intent is to have a final set of Bylaws be ready to adopt at the February's BIC meeting. Mr. Schmidt's email address is "jschmidt@hunton.com".

## **VIII New Business**

Mr. Scheiderich introduced the topic of managing the many NYISO open issues. His overview included the coordination among Committee/Working Group Chairpersons and the NYISO Project List. The coordination effort includes a scheduled meeting on 1/31/2000 at the ISO, another prior to the Management Committee meeting, and a discussion on priority adoption at the 2/3/2000 Management Committee meeting. The Chairperson will report again on this topic at the February BIC meeting.

Mr. Anthony Elacqua and Ms. Jane Lathrop of the NYISO maintain the NYISO Project List and will provide detailed project GANTT charts for the projects. Ms. Lathrop stated that the project list is a fairly comprehensive list consisting of both Tariff items and non-regulatory issues. She also mentioned that the tasks of scheduling, staffing, setting priorities, and allocating resources for projects in the list would be challenging given the scope of many projects and the limited NYISO resources. NYISO committee members are encouraged to comment on the list and can have items added to the list. Mr. Chuck King of the NYISO is the main contact for the Business Issue and Management Committee; and Mr. Michael Calimano of the NYISO is the main contact for the Operating Committee.

Mr. Elacqua reiterated that a project must be on the list for NYISO resources to be allocated. Projects were also combined into clusters to see if any overlap existed and each project has been categorized and descriptive details added.

A few committee members expressed concerns regarding how a project's status may change and how priorities are set. Mr. Scheiderich and Ms. Lathrop said that the NYISO is managing the resources to the best of their capability and the NYISO is also open to committee member thoughts on any project that has a status change.

**IX     Administrative matters**

Members are reminded that, in accordance with the Bylaws, the designation of Business Issue Committee Alternates and Proxies must be provided to the NYISO on Member's company letterhead and that an email is not a sufficient to assign Alternates and Proxies.

**X     Adjournment**

A motion to adjourn the meeting was made and seconded. The meeting was adjourned at approximately 3:40 PM.

Respectfully submitted,  
Jonathan A. Mayo  
Secretary, Business Issue Committee  
(Attendance attached)

**New York Independent System Operator - Committee Membership**

**Business Issues Committee - Attendance January 19, 2000 Meeting in Albany - Parties Checked in Attendance**

Organization	Sector	Representative	Proxy	Alternate1	Alternate2	Alternate3	Guest
Metropolitan Transportation Authority	End Use - Gov. Agency/Aggr.	Robin C. Stevens					
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	None					
The City of New York	End Use - Gov. Agency/Aggr.	Jay L. Kooper	✓ Jonathan Wallach	Richard B. Miller			
ATCO Management Co.	End Use - Large Consumers	None					
IBM Corporation	End Use - Large Consumers	✓ Leonard H. Singer					
Occidental Chemical Corp.	End Use - Large Consumers	✓ Leonard H. Singer					
Praxair Inc.	End Use - Large Consumers	✓ Leonard H. Singer					
Reynolds Metals Company	End Use - Large Consumers	✓ Leonard H. Singer					
Xerox Corporation	End Use - Large Consumers	✓ Leonard H. Singer					
Aaron Breidenbaugh	End Use - Small Consumers	✓ Aaron Breidenbaugh					
Association for Energy Affordability, Inc.	End Use - Small Consumers	David Hepinstall		✓ Molli Lampi			
Citizens Advisory Panel	End Use - Small Consumers	None					
New York Energy Buyers Forum	End Use - Small Consumers	Catherine Luthin		John Dowling			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq N. Niazi					
AES NY	Generation Owners	✓ Doug Roll		✓ Charles Sjoberg			✓ John Devaux
East Coast Power	Generation Owners	✓ Roy Shanker		Gary Keevill			
Edison Mission Marketing & Trading	Generation Owners	Kenneth L. Lackey		✓ Lou Ann Basham	Tom Green	✓ Don Vawter	
Indeck Energy Services	Generation Owners	Mike Janczak		✓ Mike Ferguson			
KeySpan Ravenswood, Inc	Generation Owners	James K Brennan		✓ Jeffrey Smith	✓ Dick Ackerson		
NRG Energy	Generation Owners	Mark Dworkin		Nancy Jones			
Orion Power New York	Generation Owners	✓ Mary Lynch		Mark Sudbey			
PG&E Generating	Generation Owners	Steve McDonald		Chris Kyle			
Sithe Energies, Inc.	Generation Owners	✓ Timothy R. Bush		✓ Gary Brown	Bruce Bleiweis		
Southern Energy of NY	Generation Owners	✓ Vicky Lynch		✓ Mark Petro			✓ Marty Matijasich
TransCanada Power Marketing	Generation Owners	William Taylor		Elaine Beaudry			
1st Rochdale Cooperative NYC	Other Suppliers	Phyllis J. Kessler		Gregory Wortham			
Aquila Energy Marketing Corp.	Other Suppliers	Jason T. Stever		Peter Brown			
Citizens Power LLC	Other Suppliers	William Roberts		✓ Alan Foster			
Con Edison Energy	Other Suppliers	Steve Wemple		Ivan Kimball			
Con Edison Solutions	Other Suppliers	Stephen Wemple		Rich Staines			
Constellation Power Source	Other Suppliers	David Taylor		Douglas Keegan	Harvey Reed		
Energetix, Inc.	Other Suppliers	Byron Farnsworth		Gerald Strassner			
Enron Power Marketing Inc.	Other Suppliers	Howard A. Fromer					
HQ Energy Services	Other Suppliers	✓ Michel Prevost		Paul Norris			
KeySpan Energy Services	Other Suppliers	Murat Alptekin		Ruben Brown	Ellen Shaw	✓ John E. Smith	
Niagara Mohawk Energy Marketing	Other Suppliers	✓ Sam Moreton		Marc Overdyk			✓ Don Barter
NU / Select Energy	Other Suppliers	✓ James Scheiderich		Gunnar Jorgensen			
Ontario Power Generation Inc.	Other Suppliers	Tasos Karatsoreos		Brian McConville	✓ Tom May		
PECO Energy Company	Other Suppliers	Marjorie R. Philips		✓ Regina Carrado			✓ Jack Crowley
PP&L Energy Plus	Other Suppliers	✓ Glen McCartney		Jim Strobel	Harry Tom	Roland Moor	
PP&L Inc.	Other Suppliers	Roland Moor					
PSEG Energy Technologies Inc.	Other Suppliers	Patricia Esposito		Ken Lempicki			
Public Service Electric & Gas Company	Other Suppliers	Raymond DePillo		George Henderson			
Sempra Energy Trading	Other Suppliers	Phil Borrello		Dana Volpe			
Strategic Energy Ltd.	Other Suppliers	✓ Jacqueline Cochrane		John E. Molinda	James P. McCormick	Lara P. Prachar	
TransEnergie U.S. Ltd.	Other Suppliers	José A. Rotger					
Long Island Power Authority	Public Power - Authorities	✓ James M. Parmelee		✓ Alan Eiberfeld			
New York Power Authority	Public Power - Authorities	✓ W. Dave Wang					
Adirondack Council	Public Power - Environmental	✓ Mollie Lampi		Bernard Melewski			
Environmental Advocates	Public Power - Environmental	Jason K. Babbie					
Pace University	Public Power - Environmental	✓ Mollie Lampi					
Scenic Hudson	Public Power - Environmental	Cara Lee		✓ Molli Lampi			
Sierra Club - Atlantic Chapter	Public Power - Environmental	None					
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	W. Neal Wrinkle					
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ Michael Darroch		Wally Haase	✓ Tom Rudebusch		
Town of Massena	Public Power - Munis & Co-ops	Clifford Engstrom	✓ Ken Moore				
Village of Fairport	Public Power - Munis & Co-ops	✓ Ken Moore					
Village of Freeport	Public Power - Munis & Co-ops	Hubert Bianco	✓ Ken Moore	Robert Kortright			
Village of Rockville Centre	Public Power - Munis & Co-ops	Paul J. Pallas	✓ Ken Moore				
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Ken Moore				
Central Hudson Gas & Electric	Transmission Owners	✓ James Valteau		Thomas Canino			✓ Jeff May
Consolidated Edison	Transmission Owners	Michael Forte			✓ Gary Rozmus		
Niagara Mohawk Power Company	Transmission Owners	Jerry J. Ancona	✓ Martin Amati	Scott D. Leuthauser			✓ Don Barker
NY State Electric Gas	Transmission Owners	✓ Rick Mancini		John Kobuskie			✓ J.Charlton, A. Reynolds
Orange & Rockland, Inc.	Transmission Owners	None					
Rochester Gas & Electric Co.	Transmission Owners	✓ Laurie King-Pirchner					
APX	Non-voting						✓ Jim Verna
APX	Non-voting						✓ Bill Gehlen
DYNEGY	Non-voting						✓ Chris Moser
IPPNY	Non-voting						✓ John Reese
NYISO	Non-voting						✓ Bob Thompson
Hunton and Williams	Non-voting						✓ Gina Fedele
NYISO	Non-voting						✓ Jane Lathrop
Hunton and Williams	Non-voting						✓ Ira Freilicher
Hunton and Williams	Non-voting						✓ James Schmidt
NYISO	Non-voting						✓ Tony Elacqua
NYISO	Non-voting						✓ Kristen Kranz
NYISO	Non-voting						✓ Bob Logan
NYS Department of Public Service	Non-voting						✓ Bill Heinrich
NYS Department of Public Service	Non-voting						✓ Joel Brainard
NYISO	Non-voting						✓ Rick Hoefler
NYISO	Non-voting						✓ Jonathan Mayo