

NYISO Electric System Planning Working Group

Meeting Notes

June 8, 2006

Holiday Inn Express – East Greenbush, NY

In attendance

Bart Franey – National Grid	Kevin Jones - LIPA
Terron Hill – National Grid	Matt Milhous - Keyspan
Ed Kichline – Keyspan Energy	Mike Lisi - NYISO
Glen McCarney - Constellation	Raj Addepalli - NYSPSC
Harvey Happ - NYSDPS	Tariq Niazi - NYSCPB
Jeff McKinney - NYSEG	Audrey Capers - PSC
John Watzka – Central Hudson	John Adams - NYISO
Leigh Bullock – NYISPO	Bill May - PSEG
Penny Rubin - NYSDPS	Ralph Rufrano - NYPA
Tom Payntor - NYSDPS	Deidre Facendola – Con Edison
Diane Barney - NYSDPS	Mark Younger – Slater Consulting
Carl Patka - NYISO	Chris Hall - NYSERDA
Ernie Cardone - NYISO	Tim Bush – Navigant Consulting
Phil Smith - Mirant	Larry Eng - NYISO
Ray Kinney - NYSEG	Paul Gioia – LeBoeuf Lamb Greene MacRae
Tom Rudebusch – Duncan Weinberg Genzer, Pembroke	Liam Baker – US Powergen
Mike Mager – Multiple Intervenors	Jerry Ancona – National Grid
Larry DeWitt- PACE	Chris Raff – Con Edison
Bill Lamanna - NYISO	Ed Kichline - Keyspan
Howard Fromer - PSEG	Tim Foxen - NRG
Glenn Haake – IPPNY	Stephen Conant – Anbaric Power
Ken Lotterhos – Navigant	Mayer Sasson – Con Edison

May 15 Meeting notes

The May 15th ESPWG meeting notes were approved with revisions from Market Participants and will be posted on the NYISO website.

Confidentiality Language

Carl Patka reported that the revised confidentiality language has been sent to Penny Rubin and Doreen Saia and will be discussed at the next ESPWG meeting.

Procedures for Monitoring Project Status

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Carl Patka reported that the Procedures for Monitoring and Evaluating Project Status would be revised and reviewed at the next ESPWG meeting. He informed the group that he would be combining all the criteria documents into one for final review before sending to Operating Committee for approval.

Cost Recovery Issues

Paul Gioia will provide an outline on Cost Recovery Issues by the next ESPWG meeting.

CRP Results and Solutions Presentation/RNA Update

John Adams reported on the CRP Results and Solutions. The presentation included:

- Update of the Reliability Needs Assessment
- Transmission Security and Adequacy - Resource Adequacy: Transfer Limit Analysis, MARS Topology & Limits
- Assessment of Responsible Transmission Owner Updated Plans and Solutions/Assessment of Market Solutions
- LOLE Benefit of Increased Transmission Capability
- Assessment of Alternative Regulated Generation Solution
- Conclusion, findings and lessons learned

Update of the Reliability Needs Assessment

John Adams reported on the Updated Reliability Needs Assessment. The RNA detailed results focused primarily on the first 5 years, identified in the tariff as the Five Year Base Case.

The study period is divided into two separate five year periods: first five years is identified in the Tariff as the Five Year Base Case and is a defined term, the second five years is not a defined term and not identified as a base case.

The RNA was assessed to determine the impact of the operating reserve database error on the needs identified in the RNA, discovered after the RNA was concluded. The correction of the error reduced LOLE from 2.429 days/yr to 2.166 days per/yr for 2010.

There was a discussion regarding the previous version of the MARS model and how it calculated the LOLE. This issue was also discussed at the ICS meeting. NYISO will look into this issue

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further to determine if they need to recalculate results, and report back at the next ESPWG meeting on if the logic has an impact on LOLE.

It was requested the NYISO run more studies on the impact of errors, as the effectiveness of the CRP process depends on Market Participants' trust of the results.

The Baseline Load and Resource Table First Five Year Base Case was reviewed.

CRP Responsible Transmission Owner Solutions Assessment

The RNA “second five years” was discussed. Criteria for including new facilities limits facilities are included in the base line for the 10-year planning horizon. The second five year needs, will be met by Transmission Owner generic solutions and are expected to significantly diminish as additional market solutions come forward to meet all or a portion of the stated future needs. TOs will monitor the generic solutions and provide specific solutions when are identified as needs in the first five year base case.

ESPWG members asked the NYISO to do a Lessons Learned – first five years vs. second. They also suggested a 5 year annual look ahead.

PSC stated that the way we have it set up guaranteed there will never be a regulated transmission upgrade. For lessons learned...figure out a way to accommodate a major upgrade on the horizon.

Carl asked why the planning analysis would preclude a regulated transmission solution? The Commission should work on this with the transmission owners. This may be a tool to facilitate the solutions and generic commitments – open for discussion. PSC will look into this.

Diane Barney expressed concern that if we are locked in to TOs proposing small incremental upgrades as their backstop when it is clear that one major item would have a benefit.

John Adams reviewed the chart outlining TO solutions accepted for the first “five year base case” evaluation.

ESPWG members asked for an explanation on how the updated plan category came about since it is not called for at this point in our procedures. Clarification was requested on the updated plans: How updated plans came to be considered and how tariff deals with column.

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Discussion on Cap Banks: There was a discussion of the fact that the Central Hudson capacitor banks proposed as a regulated backstop solution is not needed to meet the reliability needs identified in the RNA.

The “TO Solution Load and Resource Table – First Five Year Base Case Solutions” and “Second Five Years with Generics” was reviewed.

The summary of findings includes:

- Resource additions, generic solutions and resultant improvement in transfer limits as calculated in the RNA, results in LOLE criteria being satisfied.
- The planned resource mix results in an increasing proportion of demand response and external generation resources to meeting LOLE criteria.
- Local or non-bulk reliability concerns were identified in the analysis.

Assessment of the CRP Proposed market solutions

John Adams reviewed the proposed market based solutions below. These solutions were evaluated in conjunction with the updated Transmission Owners plans.

1. All generation projects in Zones J and K
2. Zone J (20 MWs in 2008, 200 MWs in 2010, 550 MWs in 2010)
3. Zone K – 250 MWs in 2009

The Market Solutions Load and Resource Table was reviewed.

Increased Transfer Capability - Proposed Transmission Solutions

John Adams reported on the three transmission proposals submitted as alternative regulated solutions.

1. Back-to-back DC from PJM to Zone J
2. HVDC from Western NY to Zone G
3. A two-part AC proposal (Zone F to Zone H, Zone I to Zone J)

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Two of the proposals (individually) have the potential to increase the transfer capability into Zone G by 1,000 MW from the west. Two of the proposals have the potential to increase transfer capability into NYC. The HVDC proposal not only increased transfer capability into zone G but could positively impact transfers in the lower Hudson Valley because of the reactive support proposed as part of the project.

These alternatives would need to be studied in detail before a definite determination of their benefits could be made.

The TO Load and Resource table was reviewed.

Alternative Regulated Backstop Generation Solution

A proposal for 400 MWs of generation in Zone G was submitted as an alternative regulated solution, also referred to as the deferred retirement solution. This proposal was combined with the TO updated base case plans and market solutions for evaluation.

The CRP will be forwarded to Dr. David Patton for review, with respect to the adequacy of current market mechanisms to encourage investment in new facilities in New York .

Transmission Security and Adequacy and Transfer Capability

Bill Lamanna reported on the Transmission Security and Adequacy and Transfer Capability analyses.

Next ESPWG meeting

The next ESPWG meeting will be held on June 22nd