

**NYISO
Electric System Planning Working Group**

Draft Meeting Notes

**May 15, 2006
Pine West Plaza Conference Facility, Albany, NY**

In Attendance:

Joe Lewis - Constellation
John Watzka – Central Hudson
Ron Mackiowiak – Entergy Nuclear
Phil Smith - Mirant
Mat Milhous – KeySpan Ravenswood
Paul Gioia – LeBoef, Lamb
Doreen Saia – Greenburg Traurig
Mark Younger – Slater Consulting
Howard Fromer – PSEG
Tim Bush – Navigant Consulting
Tom Paynter – NYS PSC
Penny Rubin – NYS DPS
Jim Mitsche - PowerGem
Bill May - NRG
Jerry Ancona – National Grid
Deirdre Facendola – Con Ed
Ken Lotterhos – Navigant Consulting
Chris Hall - NYSERDA
Morgan Parke – Couch White
Tom Rudebusch – Duncan Weinberg
Terron Hill – National Grid
Valerie Strauss – Young Summer
Jeff Ellis – Edison Mission
Barry Huddleston - Dynege
Carl Patka - NYISO
Frank Francis - NYISO
Bill Lamanna - NYISO
John Adams - NYISO
Debbie Eckels - NYISO

Development of Cost Allocation Methodology

The Transmission Owners discussed their cost allocation proposal. ESPWG members were asked to comment and a more detailed outline will be provided at the next ESPWG meeting.

Presentation of guiding principles

Mr. Paul Gioia fleshed out the cost allocation for non-transmission solutions. Diane Barney stated she would like to add an additional guiding principle; that cost allocation should not drive the solution chosen to meet the reliability need. Mr. Ancona expressed concern with blending ICAP and LICAP to create a single cost allocation; he proposed that a change be made to normalize this to the Demand Curve.

Many concerns were raised regarding cost allocation driving the solution. The group requested the PSC review the proposal to ensure it could work as written.

Status of TO Plans, Backstop, Market and Alternative Regulated Solutions

Bill Lamanna stated for the purposes of RNA it will be assumed that Poletti will not retire in 2008. The TO plans and backstop solutions are still under evaluation.

Doreen Saia asked how realistic it would be to get this to the BOD in July. John Adams explained once the TO plans and backstop solutions based on the new base line are finalized, we will start plugging in market and alternative solutions. There are projects that are in the RNA that are not in the CRP, due to confidentiality issues. Doreen raised a concern with changing the base case midstream, she feels it must be consistent with RNA cases.

Carl Patka stated he understands the concern; he added that we are not changing the base case. Carl said that the NYISO cannot prevent a TO from planning for the reliability of its own system, or from coming in with additional plans after the NYISO identifies needs. He added that the TOs and the NYISO are very close to an agreement on a set of updated plans and regulated backstop solutions that meet the reliability needs. The NYISO will announce updated plans and regulated backstop proposals/solutions at the next ESPWG meeting, and will also further discuss the market based and alternative solutions.

Poletti letter:

John Adams reported the NYISO did calculations strictly on installed generation capacity and LCRs, and in all cases it will be below 80%, giving the option of continuing Poletti through 2008.

Cost Recovery issues

Paul Gioia reviewed the Cost Recovery issues. He stated it makes sense to provide that if the responsible TO is told to go forward; there would be a PSC determination to grant necessary approval. We don't currently have that in the tariff. The responsible TO would make a Section 205 filing at FERC. Upon receipt of all necessary approvals, TO would commence work on the solution. If projects change, the TO would go back to FERC/PSC. After the project is concluded, the responsible TO would make an additional FERC filing with final cost and resulting figures. There would be a Reliability Facilities charge to subzones and zones where costs allocated.

The PSC has concerns with allocation of cost to customers.

Howard Fromer asked how LIPA and NYPA will be treated in the event they go over cost. Carl Patka replied that the NYISO will enter a cost sharing agreement with LIPA and NYPA, and cost recovery will be done on the same basis as investor owned TOs.

Concerns were raised regarding altering the legal role of the NYISO. Paul Gioia committed to having a written proposal at a future ESPWG meeting.

Procedures for halting a Regulated Back Stop Solution

Paul Gioia reported that the TOs are focusing on cost recovery issues, and that the procedures for halting a Regulated Back Stop Solution will fall into place when that's complete.

ESPWG members will try to close out the procedure for halting Regulated Back Stop solution at the next meeting.

Procedures for Monitoring Project Status

ESWPG members were asked to comment on the criteria for monitoring project status so these items can be closed out and brought to the Operating Committee.

John Adams reported that he has not received any comments to date on these procedures.

Procedures manual

Carl Patka reported that work on the procedures manual has not yet been started. There will be further discussion on this at future ESPWG meetings.

Confidentiality of Proposed Solutions

Carl Patka reviewed the NYISO confidentiality policy that will be put into the CRPP Manual. ESPWG members will work to approve and close out this document by the next meeting. Tariq

Niazi reported that there are only a few minor issues associated with this item. Penny Rubin and Doreen Saia will work offline on the need to keep the name of the developer confidential.

ESPPWG members were asked to send comments to Carl Patka.

Input Phase of the 2006 RNA

Bill Lamanna reported that the 2006 RNA - input phase has been completed. The NYISO is working through building base cases/ base line and scenarios. A meeting has been planned with PJM to coordinate with NPCC activities by mid-June. Bill reported that it will be mid-June before we can contemplate the base case.

Next Meeting:

The next ESPWG meeting will be held on May 23rd via teleconference.