
DRAFT**NYISO Business Issues Committee Meeting Minutes****October 6, 2010****10:00 a.m. – 3:00 p.m.**

1. Introductions, Meeting Objectives, and Chairman's Report

Mr. Glenn Haake (Dynergy), the Chair of the Business Issues Committee (BIC) called the meeting to order at 10:05 a.m. and welcomed the members of the BIC. Meeting participants introduced themselves and their affiliations. There was a quorum. He announced that there would be a special BIC meeting on October 13 for discussion and vote on the Strategic Tariff Review – Energy and Bilaterals.

2. Approval of Meeting Minutes – August 4, 2010 – Discussion/Vote

The August 4, 2010 BIC meeting minutes were presented for approval by BIC.

Motion #1

Motion to approve the minutes of the August 4, 2010 meeting

The motion passed unanimously by show of hands.

3. Market Operations Report/Seams Report

Mr. Rana Mukerji (NYISO) reported on the market performance highlights for September and provided an update on seams issues. On September 27, 2010, PJM hosted a Joint IESO-Midwest ISO-NYISO-PJM Stakeholder Technical Conference on Broader Regional Markets - Developing Solutions to Lake Erie Loop Flows in Philadelphia, PA. The conference, which was well attended, provided details on key aspects of the buy-through of congestion proposal including: the registration protocol, bidding process, operational management, and settlement treatment.

Mr. Howard Fromer (PSEG) raised a concern regarding collateral, which could effect organizations that transact business with all of the regions. He wasn't sure if this will lend itself to individual stakeholder discussions and asked how the NYISO planned to address this issue.

Mr. Mukerji said one design proposed would require that MPs register with individual ISOs and follow individual ISO collateral requirements. Common measures regarding collateral requirements will be discussed at the next joint stakeholder meeting in 3 months.

Mr. Bruce Bleiwisch (DC Energy) said an issue of concern is that several ISOs are working together but yet there are separate stakeholder processes. He is concerned that it will be the least common denominator waiting for the last ISO to make tariff changes or get FERC approval that makes the determination. Mr. Mukerji said the basic frame work of design would need to have common elements. Since the different ISOs have different abilities to implement and deploy software, top level concept buy-in is needed.

Mr. Mukerji provided an update on the Michigan Phase Angle Regulators. The ITC and the Midwest ISO plan to pursue cost allocation regionally and will make a filing this week (ITC and Midwest ISO later decided to delay submission of their filing). Both cost allocation and operation of the PARS and how they are treated in the TLR process will be reviewed, and then information will be disseminated to all MPs. Mr. Mukerji said both ITC and MISO have indicated that these PARS will be permitted to become operational while they pursue regional cost allocation through FERC. ITC, Midwest ISO, IESO and Hydro One still need to agree on the JOA for the PARS and to obtain Presidential Permits for the Bunce Creek facilities from the Department of Energy. Mr. Schnell added that the NYISO hasn't seen a draft of the Midwest ISO/ITC (upcoming) filing, but understands that ITC is interested in having this in place January 1st (the Midwest ISO/ITC filing later made clear that the PARS will not be operational until some time in Q1 2011, at the earliest).

Mr. Haake asked that the NYISO send an email to Market Participants when the filing is made.

4. Planning Update

Mr. Henry Chao (NYISO) reported on the planning activities. EIPC has finalized their procedural manual, which will be the guide for the planning authorities for the EIPC for load flow cases and transfer studies with macroeconomic studies performed by CRA. In this last month the EIPC group completed their first 10 year study of existing and proposed transmission updates, and they are included in this load forecast and new facilities are posted on the EIPC site. Salaries were also discussed at the Stakeholder steering committees.

IPSAC will hold a webinar on October 29 and inter-area production cost studies will be reviewed; this is an expansion of last year's study. Also reviewed at this webinar will be the database, in general, as well as issues related to the study, and modeling re: the primary database. Your input on this is welcomed.

Mr. Fromer asked if the IPSAC assumptions will be used. Mr. Chao said IPSAC primarily focuses on the near term. EIPC will focus from 20 years from now.

5. NYTO Cross Border Cost Allocation - Discussion/ Vote

Mr. Rich Miller (Consolidated Edison) reviewed the Transmission Owners proposal on Cross Border Allocation, which would adopt a procedure for the consideration of interregional projects that would satisfy a reliability need. The proposal does not look at the projects that are designed to provide interregional economic benefits.

Mr. Fromer stated that he did not think BIC should move forward on a proposal prior to getting direction from FERC.

Mr. Miller said one concern that was expressed to him was whether or not this should be adopted if there are no reciprocal provisions adopted in neighboring regions. Mr. Miller said that he would be open to having such a requirement included in part of the motion. The second issue raised was that the proposal is not specific as to how cost allocation disputes would be

resolved between neighboring regions. Mr. Miller said that if there are disputes, they will be resolved by FERC. He did not see dispute resolution as being an absolutely necessary provision.

Motion #2:

The Business Issues Committees approves the Cross Border Planning proposal as presented to the BIC on October 6, 2010 to be incorporated into the NYISO Comprehensive Reliability Planning Process Manual, subject to parallel provisions being adopted in the neighboring region(s) in which the project is to be located.

The motion passed by show of hands with abstentions and 1 opposition.

6. Ancillary Services Manual Revisions – Discussion/Vote

Ms. Kathy Whitaker (NYISO) reviewed the presentation included with the meeting material.

Motion #3:

The Business Issues Committee (BIC) hereby approves changes to the Ancillary Services Manual as presented at the October 6, 2010 BIC Meeting.

The motion passed by show of hands with an abstention.

7. Updated and Extended CARIS 2 Database Conceptual Approval – Discussion and Vote

Mr. Bill Lamanna (NYISO) reported on updating and extending the CARIS database for specific project evaluation. He noted that this item was presented to BIC for conceptual approval, if there were no critical comments from BIC members, the NYISO would proceed. He added that a consensus today would not preclude anyone the opportunity to be critical of the process down the line. Mr. Haake expressed concern with gas assumptions and asked why the NYISO was assuming gas costs going from the current \$4.15 to \$6.50 in 2011. Mr. Howard Tarler (NYISO) said that they will work on ensuring consistency going forward and provide a report to ESPWG addressing the apparent discrepancy in the forecasted gas prices for 2011.

Mr. Rich Miller said that the gas price scenarios should be included in case the project comes to a vote because forecasts will change from month to month. Modeling changes and assumptions will be posted on the NYISO website.

Ms. Doreen Saia stated that since this is the first attempt at thorough identification of the database and components, the MPs would like to build flexibility into the program in the event there is a point of contention.

Mr. Rich Miller expressed concern with conceptual approval and whether this would set the proper protocol for what happens in the future.

Ms. Doreen Saia noted that the only thing that the MPs have seen are the assumptions made, not the models. Mr. David Allen (NYISO) said that although it is true that MPs do not have access to the models used because the database is confidential, the study results will be shared with the MPs, and in addition, interested parties can request study replications and additional studies to further assess appropriateness and robustness of the NYISO model. Mr. Allen also

said that the process is transparent because staff worked extensively with ESPWG to identify scenarios that address potential changes that could affect the study results.

Mr. Fromer said that because the process is emulating bilateral negotiations, it's incumbent on the developer to identify what-if scenarios. Although scenarios have been discussed and positively received by the developer, no agreement has yet been signed. NYISO has reached out to the LSEs with other requests to make them aware of this process in general and ultimately with the hope that there will be a vote. There will be further informational sessions about the process and a web-based self training available on the process. A report will be produced to show how modeling effects changed between phase 1 and 2, and they will produce a report to show the difference.

Mr. Fromer said that the NYISO should provide more detail regarding future projects concerning fuel prices so that the parties have opportunities to develop scenarios, as well as developers. It is fully expected that the impact of changes in fuel prices vs. the base case will be visible.

Mr. Allen said that the base case is locked down and that specific transmission projects submitted under CARIS 2 for regulated cost recovery are evaluated with a base case that is based on the updated and extended CARIS 2 database in order to determine if the project meets the applicable eligibility requirements. How an LSE votes on a project, however, can be informed from the various scenarios.

There is only one base case for this CARIS 2 study phase. The scenarios may be different for different specific project submittals, but the CARIS 2 base case will be the same for all specific project studies that are seeking to become regulated economic transmission projects.

The straw vote was initiated and received conceptual approval.

8. Proposal for Sharing Data with state Commissions and among Market Monitoring Organizations - Discussion/Vote

Ms. Liz Grisaru (Whiteman, Osterman & Hanna, for NYISO) reviewed the presentation and noted that a filing would probably be made in late December or early January 2011.

Ms. Grisaru stated that the proposal is motivated by FERC's requirement that ISOs and RTOs develop measure to protect confidential information that the Market Monitoring Unit shares with a State Commission pursuant to a "request" under the Market Monitoring Plan, and by FERCs agreement that ISOs/RTOs and their MMUs ability to monitor their markets will be enhanced by the ability to exchange data. Ms. Grisaru explained that the proposed disclosure rules are designed to protect confidential information that is shared to the greatest degree practicable.

Mr. Fromer said it may provide protected information and he still thinks we should think about putting something in the tariff guiding the MMU beyond "unduly burdensome". He expressed

concern pertaining to companies with affiliates and potential problems that could arise if another state has interest in having unregulated business in NY. He added that some thought would need to be given as to whether an entity outside of NY needs to demonstrate the relevance of their request.

Mr. Fromer asked what provisions are included that require a requesting ISO/RTO/MMU entity to demonstrate why they need confidential information that they are requesting, and then, if someone has a concern about the reasonableness and why they need it, what happens afterwards; does it automatically go to FERC?

Ms. Grisar said the requesting entity and other ISOs would have to make a request that is part of an investigation pursuant to its own authorities. There is no limitation on their ability to request information. Mr. Alex Schnell (NYISO) said there is no obligation for the MMU or the ISO to provide the data. With regard to a request by a State Commission, if the MMU determines that producing the requested information is inappropriate, or unduly burdensome, then the requesting State Commission could go to FERC to get the information.

Ms. Grisar said FERC didn't want MMUs to become consultants to state authorities as they cannot provide information for aide of state enforcement cases and this is not the function that FERC has given to MMUs.

Mr. Haake suggested that this be discussed again at another MIWG. He urged Market Participants to send their proposed comments to the NYISO.

10. Enhanced Interregional Transaction Coordination: Proposed Tariff Changes – Discussion/Vote

Mr. Mike DeSocio (NYISO) reviewed the presentation included with the meeting material.

Motion #5:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee approve changes to the NYISO’s Tariffs with regard to Enhanced Interregional Transaction Coordination as more fully described in the presentation made to the BIC on October 6, 2010.

Motion passed unanimously by show of hands

11. Grandfathered Rights – Attachments K and L – Discussion/Vote

Mr. Greg Williams (NYISO) reviewed the presentation. Due to additional comments received on this, voting on this item will be adjourned to the October 13 BIC.

12. Working Group Updates

- a. Billing & Accounting Working Group (BAWG) - The next BAWG meeting is scheduled for October 25.

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- b. Electric System Planning Working Group (ESPWG Joint BIC/OC Working Group) – ESPWG met several times during the month to discuss proposed CARIS Phase 2 Scenarios, 2010 CRP Schedule and Outline, Athens SPS Modeling, and FERC NOPR on Transmission Planning
 - c. Installed Capacity Working Group (ICAP) – Mr. Bob Boyle (NYPA) gave an update. ICAP met on September 16 to discuss SCR Baseline Comparison – Statistical Analysis and Criteria for New Capacity Zones. Aaron Breidenbaugh (EnerNOC) provided a report on Baseline Accuracy Analysis and Ken Laughlin (Viridity Energy) gave a presentation on using an engineering model to calculate baseline electric load.
 - d. Interconnection Issues task Force Working Group (IITF) – The next IITF meeting is scheduled for October 19.
 - e. Market Issues Working Group (MIWG) - Mr. Ray Stalter (Edison Mission) stated that MIWG met on September 27 and discussed Broader Regional Markets.
 - f. Price Responsive Load Working Group (PRLWG) - PRLWG did not meet in October.
 - g. Credit Policy Working Group (CPWG) – The next CPWG meeting is scheduled for October 26.
 - h. Load Forecasting Working Group - Bryan Irrgang (LIPA) reported that the group met in late September and discussed the 2011 NYSRC IRM Forecast
 - i. Inter-regional Planning Task Force - Mr. Ken Lotterhos (Navigant Consulting) said that this group is meeting again and is now a permanent task force. Issues coming out of the NOPR will be the biggest items, as well as things coming out of EIPC. The next meeting is scheduled for a conference call on October 22.

13. New Business

The BIC adjourned, with the intent to reconvene on October 13th at 9:00 am by teleconference to vote on grandfathered rights