

## **NYISO Business Issues Committee Meeting Minutes**

May 9, 2007

NYISO - Teleconference

10 Krey Boulevard

Rensselaer, NY

### **1. Welcome and Chairman's Report:**

Bill Palazzo (NYPA), Chairman of the Business Issues Committee (BIC), called the meeting to order at 10 a.m. and welcomed the members of BIC.

### **2. Market Operations Report**

Rana Mukerji (NYISO) made the presentation. Mr. Mukerji indicated that fuel prices and natural gas was up in April. LBMP was down slightly, and uplift was up. The Market Operations Report was included in the BIC meeting materials folder.

### **3. Regional Market Enhancements**

Mr. Mukerji presented the Northeast Seams Report, which was included in the BIC meeting packet and sent to Market Participants. He updated the following initiatives:

- Intra-Hour Transaction Scheduling
- Cross-Border Controllable Line Scheduling
- Coordinating of Interregional Planning
- NY-PJM Bus Clearing Price Calculations

Alex Schnell (NYISO) said he filed a letter at FERC about two weeks ago, which deferred implementation. At that time, the NYISO was told by TransEnergy that it was going to be four to six weeks; they were going to notify the NYISO when they were going to be ready to go.

Mr. Mukerji said there is a clarification on the PJM Proxy Bus Implementation in this month's Seams Report. A technical bulletin recently issued will need a change in the Operations Manual, which will be updated at a future time. Implementation is targeted for June 6.

Mr. Palazzo asked if there have been any discussions with PJM on Cross Border cost allocations.

Mr. Mukerji said that will be approached through interregional planning aspects of the NYISO's response to FERC Order 890. There have been no discussions with PJM on the issue, beyond what the NYISO has discussed with Market Participants on Order 890.

Mr. Glenn Haake (IPPNY) asked if this will be discussed with NYISO stakeholders.

Mr. Mukerji said that it would be. Part of the Order 890 response is interregional planning, which will be done in the context of the straw proposal.

Mr. Mukerji said PJM has not made any formal requests to meet and discuss it. He said the issue was raised at FERC; this is one of PJM's biggest seams issues. The NYISO will respond through Order 890 and the interregional planning process.

Stuart Nachmias (ConEd) suggested holding an ESPWG conference call to discuss interregional planning aspects to be included in the straw proposal.

Mr. Mukerji said the suggestion will be conveyed to John Buechler.

#### **4. Working Group Updates**

##### **A. Billing and Accounting (BAWG)**

Dave Hall (NYSEG/RGE) presented the report, included in the BIC meeting materials. He said on May 4, the ISO declared an extraordinary circumstance for October 2005, so there will be no final bill close-out next month.

Howard Fromer (PSEG) asked why there was an issue with October 2005 billing in May 2007. He asked if the October 2005 billing was on the old one-year billing schedule.

Mr. Hall said it was. The problem had to do with a tariff change, which was up for approval later in the meeting.

##### **B. Electric System Planning (Joint OC/BIC WG)**

Tariq Niazi (NYS Consumer Protection Board) said the group met on May 3. The NYISO provided an RNA update for 2008 and continues to develop RNA base cases with stakeholders and is in the process of finalizing scenarios. There was also discussion on the straw man for Order 890, due May 27.

##### **C. ICAP Working Group (ICAPWG)**

Mr. Haake reported. The group met on May 2. He provided a rundown of the meeting to the BIC. Next meeting is scheduled for May 29.

##### **D. Interconnection Issues Task Force (IITF)**

Mr. Haake said the IITF met on May 1. He provided a rundown of the meeting for the BIC.

##### **E. Resource Adequacy Issues Task Force (RAITF)**

Mr. Haake provided a short explanation of the Upstate-Downstate study, which was reviewed at the RAITF meeting on May 7. The RAITF will meet on June 13.

##### **F. Market Issues Working Group (MIWG)**

Norman Mah (Con Edison) reported that the MIWG met on April 23. He provided an update of that meeting for MPs.

## **G. Price Responsive Load Working Group (PRLWG)**

Mr. Rick Mancini (Customized Energy Solutions) provided his report in writing to the BIC.

### **5. Proposed Tariff Modification re: Start-Up Cost and Supplemental Guarantee Payments**

Tim Duffy (NYISO) made the presentation. Before doing so he, expressed his appreciation to the MIWG, the BAWG, the BIC and the MC for working with the NYISO on issues that came out of the SSR tariff use-case review. He thanked Market Participants for their continued cooperation with NYISO staff to resolve those issues.

Mr. Duffy made the presentation to BIC members. The presentation was included in BIC meeting materials.

Mr. Nachmias asked why the costs in revenues are excluded from the BPCG calculation. He didn't understand why that contribution isn't credited against the daily BPCG.

Mr. Duffy explained that in the market design, this notion of credit was introduced pre SMD-2. The tariff identifies these intervals as being treated separately. The justification is to ensure that units during these events will respond as we need them to respond.

Mr. Mah suggested amending the motion to state "The start up costs will not be recovered separately in the supplemental intervals of maximum generation or large event reserve pickups." The suggested amendment was to provide clarification that the motion was accounting for start-up costs in the daily BPCG.

Ms. Lampi explained that the change is being made to the daily calculation. The clarification is that it is against the daily revenues. We don't take start-up and do an interval-by-interval separation. She also suggested that Mr. Mah's suggested changes to the motion be entered in the minutes.

Ms. Saia said the presentation already says what the NYISO is proposing and why. She suggested that the BIC reference the fact that it approves the concepts set forth in the presentation and recommend the MC go forward with the tariff amendments.

Mr. Mah accepted said that would be okay.

Mr. Nachmias asked that the following statement be reflected in the minutes: "The exclusion of the maximum generation pickups and large event pickups from the start of calculation is pursuant to Attachment C of the tariff and that there will be further discussion at the Market Issues Working Group" on the issue.

**Motion #1:**

Pursuant to the presentation provided at the Business Issues Committee meeting on May 9, 2007, the BIC hereby approves the concept and recommends the Management Committee approve tariff amendments to include start-up costs in the Real-Time BPCG formula for those intervals that have no Maximum Generation Pickups or Large Event Pickups and to exclude start up costs from the Real-Time BPCG formula for intervals with Maximum Generation Pickups or Large Event Pickups.

*(Motion passed unanimously with abstentions)*

**6. Lean Six Sigma Update**

Wayne Bailey (NYISO) made the presentation, which was included in the BIC meeting materials.

He explained that the Lean Six Sigma (LSS) projects undertaken by the NYISO are a small portion of the NYISO's many Excellence in Execution initiatives. Focusing on the LSS projects doesn't provide a full view of the LSS initiative and its accomplishments. Mr. Bailey stated that the NYISO will bring to the June BIC meeting a set of "high-level corporate metrics" proposals that can be used to determine that progress is being made with the NYISO's Excellence in Execution initiative. If MPs agree on the metrics, Mr. Bailey proposed the NYISO begin providing regular reports to the BIC. He provided an update to a number of LSS projects underway at the NYISO, as well as an overview of Lean Six Sigma.

Mr. Palazzo requested that the NYISO provide more detailed information about LSS and a "crib sheet" explaining LSS terminology to Market Participants at a future BIC meeting.

Mr. Bailey said he would do that, as well as provide a draft set of corporate metrics for Market Participants to discuss.

**The meeting was adjourned at 11:29 a.m.**

Respectfully Submitted,  
Michael A. Lisi  
Recording BIC Secretary

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*May 9, 2007*

*Teleconference*

**MOTIONS FROM THE MEETING**

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*Motion passed unanimously with abstentions.*

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

**Business Issues Committee - Attendance May 9, 2007 - Albany, NY - Parties Checked in Attendance**

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	Paul DeColis	Karl Michael	David Coup	Erin Hogan	Christopher Hall			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Craig Wilson			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Atco Properties & Management Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos						
IBM Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
American Sugar Refining, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
Association for Energy Affordability, Inc.	End Use - Small Consumer	David Hepinstall	Larry DeWitt						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Columbia University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Mount Sinai Medical Center	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
New York Presbyterian Hospital	End Use - Small Consumer	David Bomke	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner				
New York University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Doug Roll	Charles Sjoberg	Christopher Wentlent	✓ Dave Evanoski				
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer	Chuck McCall					
Calpine	Generation Owners	Brett Kruse	Kris Zadlo	Brent Hebert					
East Coast Power Linden Holding LLC	Generation Owners	✓ Roy Shanker	Thomas Hoatson	Robert Licato	Kathy Benini				
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Jeffrey Ellis	Peter Brown	Rich Mooney				
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	Angelo Vai	Ron Mackowiak					
Horizon Wind Energy	Generation Owners	Patrick Doyle	P.J. Salterman	Charlie Turlinski	Tod Nash	Karen Dressel	Richard McMichael		✓ Glenn Haake
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
Innovative Energy Systems Inc.	Generation Owners	Carol Muessigbrodt	Peter Zeliff						
KeySpan Ravenswood, LLC	Generation Owners	Rich Hohlman	Joe Vignola	Jim Brennan	✓ Jim D'Andrea	✓ Madison Milhous	Edwin Kichline		
Mirant New York, Inc.	Generation Owners	✓ Philip Smith	Vicki Lynch	✓ Doreen Saia					
New Athens Generating Co.	Generation Owners	Jack Breen	Chris Bursaw	Dan DeVinney	Rich Felak				
Noble Environmental Power LLC	Generation Owners	Thomas Swank	Liz Grisaru						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Bittig	Steve Kampplila						
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
AB Energy Inc.	Other Suppliers	Andrew Bachert							
Advantage Energy, Inc.	Other Suppliers	Mark Hess							
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Blas Hernandez	George Braulke					
Brookfield Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	Walt Yeager						
Con Edison Solutions	Other Suppliers	Stephen Wemple	Rich Staines						
Conectiv	Other Suppliers	Robert Steele	Tony Gabrieli	Gloria Ogenyi					
Constellation Energy Commodities, Inc.	Other Suppliers	✓ Glen McCartney	Dan Allegretti	Tim Daniels					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine							
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chau Shen	Pamela Quinlin			
Coral Power, LLC	Other Suppliers	Matt Picardi	Dave French						
Cross Sound Cable Co.	Other Suppliers	John Miller	Brian Reinhart	Bradley Railing	Jose Rotger				
DC Energy	Other Suppliers	✓ Bruce Bleiweis	Andrew Stevens	Matthew Tate	Sadao Milberg	Chris Carpenter	Matthew Tate		
Dynegy	Other Suppliers	✓ Barry Huddleston	Jason Cox	Kevin White					
Energy Curtailment Specialists, Inc	Other Suppliers	Glen Smith	Stephen Lynch	Marie Pieniazek	Robert Boyle				
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskovitz	Ruben Brown	Arthur Pearson			
EnerNoc	Other Suppliers	David Brewster	Aaron Breidenbaugh						
Epic Merchant Energy NY, LP	Other Suppliers	Michael Kinsey	Robert Erbrick	Pierre Tournois	✓ Erik Abend	Gordon Scott	Wesley Anderson		
Exelon Generating Co. LLC	Other Suppliers	Denise Foster	Jack Crowley						
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	✓ Mark Younger	✓ Glenn Haake				
FPL Energy	Other Suppliers	✓ David Applebaum	Fernando DaSilva	Ron Scheirer					
Galt Power	Other Suppliers	✓ Rick Mancini	Stephen Fernands						
HQ Energy Services	Other Suppliers	✓ Michel Prevost	✓ Paul Norris	Erik Bellavance					
KeySpan Energy Services	Other Suppliers	Terrence Kain	✓ Jim D'Andrea	Edwin Kichline	James Cross	John Vaughn			
Liberty Power Corp.	Other Suppliers	David Hernandez							
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				

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NRG Power Marketing	Other Suppliers	✓ Jim Mayhew	Lee Davis						
Ontario Power Generation Inc.	Other Suppliers	Scott McArthur	Dave Barr	Ken Lacivita	Erica Cheung	Scott McArthur	✓ Glenn Haake		
PPM Energy	Other Suppliers	Thresa Allen	T.H. Rawls	Tom Shields					
PP&L Energy Plus	Other Suppliers	Joseph Langan	Tom Hyzinski	Roland Moor	David Yannarell	Sharon Weber			
PSEG Energy Resources & Trade	Other Suppliers	✓ Howard Fromer	Michael LaFalce	Bob Logan	Dennis Sobieski				
Sempre Energy Trading	Other Suppliers	Dan Staines	Maria Agovino	Scott Englander	Barry Trayers				
SESCO Enterprises, LLC	Other Suppliers	Mike Schubiger	Jim Thoresen						
Strategic Energy LLC	Other Suppliers	Jason Barker	Jeff Knox	Pamela Melton					
TransEnergie U.S. Ltd.	Other Suppliers	Michael Jacobs	Raymond Cox						
U.S. Power Generating Co.	Other Suppliers	✓ Liam Baker	Mark Sudbey						
Williams Power Company	Other Suppliers	David Singer	Mark Lassman	Robert O'Connell					
Long Island Power Authority	Public Power - Authorities	✓ Kevin Jones	Dave Clarke						
New York Power Authority	Public Power - Authorities	✓ William Palazzo	✓ Robert Gow	Paul Rougeaux	Kevin Kipers				
American Wind Energy Association	Public Power - Environmental	Valerie Strauss	Larry DeWitt	Douglas Ward	Mike Jacobs	Carol Murphy			
Environmental Advocates	Public Power - Environmental	Anne Reynolds	Larry DeWitt						
Nat'l Resources Defense Council	Public Power - Environmental	Dale Bryk	Larry DeWitt						
Pace University	Public Power - Environmental	✓ Christopher Young	Fred Zaleman						
Scenic Hudson	Public Power - Environmental	Larry DeWitt							
Bath Electric, Gas & Water Systems	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	Matthew Benesh	Jim Hamilton	Jack Brown			
City of Jamestown Board of Pub. Util.	Public Power - Munis & Co-ops	✓ David Gustafson	Wally Haase	John Oelbracht	Steven Kulig	Tom Rudebusch			
Lake Placid Village	Public Power - Munis & Co-ops	Peter Kroha	✓ Tim Bush						
Municipal Commission of Boonville	Public Power - Munis & Co-ops	Kenneth Stabb	✓ Tim Bush						
Plattsburgh Municipal Lighting Dept.	Public Power - Munis & Co-ops	Jack Brown	✓ Tim Bush	Ken Moore					
Village of Arcade	Public Power - Munis & Co-ops	Larry Kilburn	✓ Tim Bush						
Village of Fairport	Public Power - Munis & Co-ops	Ken Moore	✓ Tim Bush	Paul Pallas					
Village of Freeport	Public Power - Munis & Co-ops	Anthony Fiore	✓ Tom Kimlingen	✓ Tom Rudebusch					
Village of Rockville Centre	Public Power - Munis & Co-ops	Tom Cardie	Ken Moore	Matthew Benesh	Jim Hamilton	Paul Pallas	Jack Brown	✓ Tom Rudebusch	
Village of Solvay	Public Power - Munis & Co-ops	Anthony Modafferi	✓ Tim Bush						
Village of Westfield	Public Power - Munis & Co-ops	Jim Hamilton	✓ Tim Bush	Ken Moore	Matthew Benesh	Jack Brown			
Central Hudson Gas & Electric	Transmission Owners	James Valleau	✓ Thomas Canino	Ting Chan	Rick Greener				
Consolidated Edison	Transmission Owners	✓ Stuart Nachmias	✓ Deidre Facendola	Gerald Dunbar	Neil Butterklee				
National Grid	Transmission Owners	✓ Bart Franey	Wesley Yeomans	Jerry Ancona	Janet Gail Besser	Terron Hill			
NY State Electric Gas (NYSEG)	Transmission Owners	✓ Ray Kinney	Patti Caletka	Steve Jeremko	Hank Masti				
Orange & Rockland, Inc.	Transmission Owners	None Assigned							
Rochester Gas & Electric	Transmission Owners	✓ Ray Kinney	Patti Caletka	Steve Jeremko	Hank Masti				
Ace Energy Company, Inc	Non-voting	Marie Pieniazek	Stephen Lynch						
ACENY	Non-voting	Carol Murphy	Valerie Strauss						
Boundless Energy, L.L.C	Non-voting	Brian Chernack	Chuck Gilbert	Mark Mainetti					
Caithness Energy, L.L.C	Non-voting	Ross Ain	Gary Keevill	Mitchell Garber					
Customized Energy Solutions	Non-voting	✓ Rick Mancini	Stephen Fernands	Bill Schofield					
Ecogen, L.L.C	Non-voting	Tom Hagner							
Energetix, Inc.	Non-voting	Barney Farnsworth	Gerald Strassner						
Fluent Energy	Non-voting	Michael Mastroianni	David Koplas	Margie Miller					
Hudson River Energy Group	Non-voting	Frank Radigan	Richard Canfield						
Hydro-Quebec TransEnergie	Non-voting	Glenn Sylvain							
NU / Select Energy	Non-voting	Chris Dubay	Gunnar Jorgensen						
NYS Department of Public Service	Non-voting	✓ Bill Heinrich	David Drexler						
The Structure Group	Non-voting	Bob Furry	Ishita Roy	Kevin Dunlap					
Tom Halleran	Non-voting	Tom Halleran							
US Direct Energy Inc.	Non-voting	Marie Pieniazek	Stephen Lynch						
William P. Short	Non-voting	William Short	Marc Schaefer	Joe DeVito	John Brodbeck	Ron Matlock	Paul Savage	Roberto Denis	
zNew Member	Non-voting								
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<b>NYISO and Hunton &amp; Williams Members in Attendance:</b>									
Ira Freilicher	Hunton & Williams								
Kevin Jones	Hunton & Williams								
James Schmidt	Hunton & Williams								
Rob Fernandez	NYISO								
Mark Lynch	NYISO								
✓ Tim Duffy	NYISO								
✓ Nicole Bouchez	NYISO								
✓ Frank Francis	NYISO								
✓ Mollie Lampi	NYISO								
✓ Alex Schnell	NYISO								
Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
Dave Lawrence	NYISO								
	NYISO								
Brad Kranz	NYISO								
	NYISO								
	NYISO								
John Cutting	NYISO								
	NYISO								
Ernie Cardone	NYISO								
John Charlton	NYISO								
Kathy Whitaker	NYISO								

**Key:**

✓ = In attendance