
NYISO Management Committee Meeting Minutes**May 27, 2015****10:00 a.m. – 1:15 p.m.**

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

The chair of the Management Committee (MC), Ms. Deidre Altobell (Con Edison) called the meeting to order at 10:05 a.m. by welcoming the members of the MC. The members of the MC identified themselves and attendance was recorded. A quorum was determined.

2. Approval of Meeting Minutes**Motion #1:**

The Management Committee (MC) approves the April 29, 2015 meeting minutes.

The motion passed unanimously by show of hands

3. President/COO Report

On behalf of Mr. Stephen Whitley, Mr. Rick Gonzales (NYISO) reported that the NYISO testified on May 20th at the NYS Senate Energy Committee hearings on cyber security and Reforming the Energy Vision (REV).

Demand Curve Reset Schedule

Mr. Gonzales reported that the draft work schedule for the Demand Curve Reset process was posted with the May 28th ICAP Working Group meeting materials. The NYISO is proposing to move forward with the current process, but in addition, an independent consultant would evaluate extending the process from the current three year cycle to a four or five year duration. If a deviation from the current process is needed, there would be a stakeholder vote by the end of Q1 2016.

Public Policy Transmission Need in Western NY

Mr. Gonzales noted that, on May 12th, the NYISO submitted comments in support of a public policy transmission need in Western NY. Both NYPA and National Grid have proposed a public policy transmission need based on considerations of fuel diversity, increased access to Niagara hydropower and Ontario energy imports, and the aging of generation and transmission infrastructure. Mr. Scott Leuthauser (HQ US) asked wouldn't upgrades to the western NY interface overload Leeds-PV and Central East and if so, why aren't upgrades to those interfaces considered for public policy transmission needs. Mr. Gonzales said there are transmission limitations throughout NY, but recent generation retirements impacted the western NY interface. He said it was correct that improving other interfaces would improve operational flexibility. Mr. Tom Rudebusch (NYAPP) said it was also a local problem as customers in Zone A experienced congestion constraints.

Mr. Chris LaRoe (IPPNY) believed it was odd for the NYISO to comment on a public policy need and asked what the NYISO would advocate. Mr. Gonzales said it would be on a case by case basis, but the NYISO would weigh in on its operational flexibility and aging infrastructure concerns. Mr. LaRoe said he didn't disagree, but believed the NYISO should clarify with its stakeholders the threshold that would trigger the NYISO to submit comments. Mr. Mike Mager (Multiple Intervenors) said this seemed to be a change in direction for the NYISO to start advocating certain issues instead of just providing information. He said it does warrant attention and greater

transparency on the decision-making. Mr. Gonzales said the NYISO could take that back. Mr. Paul Gioia (representing NYTOs) said the tariff allows the NYISO to suggest a public policy requirement and it was a matter of the NYISO's judgment.

Summer 2015 Generation Audit

Mr. Gonzales said the NYISO completed its summer audit program and thanked the members of the Generation Owner sector for their cooperation to make sure units are available and properly maintained. He believed it was a meaningful program. The NYISO visited 38 units that consisted of 15,000 MW. Since 2012, the program has audited over 34,000 MW of generation capability in NY.

IESO Capacity Sales Update

Ms. Emilie Nelson (NYISO) referenced previous discussions at the December 2014 and January 2015 MC meetings regarding IESO's expressed interest in exporting capacity to the NYCA in the later half of 2015 and taking the steps necessary to meet the qualification criteria. The NYISO, with approval from its stakeholders, established two sets of import limits for the Winter 2015/2016 capability period as outlined in section 4.9.6 of the NYISO ICAP Manual with one set of limits including capacity from IESO and the other without capacity from IESO.

IESO has been discussing in its stakeholder process the inclusion of capacity exports in their market design as part of a Phase 1 initiative. This Phase was focused on the rules needed to allow a limited set of Ontario-based resources to participate in the NYISO's Winter 2015/2016 capacity auction. IESO asked participants to come forward by May 1st if they were prepared to participate in the Winter auctions and no participants came forward. As a result, IESO has confirmed to the NYISO that they will not establish the necessary mechanisms and agreements to allow capacity exports to the NYCA for the 2015/2016 Capability Year. IESO is pursuing a Phase 2 initiative that would allow a broader set of Ontario-based resources to provide exports. This Phase will not be completed in the 2015/2016 Capability Year and the timing remains uncertain.

Mr. Mark Younger (Hudson Energy Economics for Indeck) requested that the NYISO notify the MC or the ICAP Working Group if IESO tries to renew interest in allowing sales. Ms. Nelson said the NYISO would notify the market. Mr. Leuthasuer asked if the NYISO would re-evaluate the import rights on other interfaces. Ms. Nelson said what was reflected in the ICAP manual. If IESO was not ready, the winter limit would be the same as the summer limit.

EPA 100 Hour Exemption Update

Ms. Nelson reported that a May 1st DC Circuit Court decision may preclude some emergency generators from participating in the NYISO's SCR program. The DC Circuit Court vacated an exemption from certain federal air emissions regulations that EPA had provided for emergency generators if they operated no more than 100 hours /year for testing, maintenance and in emergency demand response programs. The EPA, or another party to the proceeding, has until mid-June to seek a rehearing or to stay the Court's mandate to allow EPA time to develop interim standards. Because NYS's Department of Environmental Conservation (DEC) also regulates emissions from emergency generators participating in demand response programs, we believe that the Ct's decision impacts only a subset of the generator-participants in the NYISO SCR program. That is, the new EPA air regulations are more restrictive than DEC's regulations only for some emergency generators. For those, the 100-hour run-time exemption was important. Ms. Nelson noted that out of the approximately 1210 MW of demand response enrolled in the demand response capacity program for the Summer 2015, it is the NYISO's understanding that the Court order impacts approximately 100 MW, with approximately 50 MW in Southeast NY.

The NYISO has expressed its concern that the summer 2015 capability period started on May 1st and as grid operators, it is the NYISO's preference to have a good understanding of the supply resources available going into the peak summer period, which is immediately upon us. Having certainty and advanced notice of the rules is preferable and the NYISO would like to have certainty as to the ability of these units to operate at least over this summer. On May 19th, the NYISO discussed these concerns with the EPA and the NYISO will submit comments in writing for their full consideration. In response to a question, Ms. Nelson said that the NYISO would submit its comments by the end of May and they would be posted on the NYISO website.

Mr. Younger did not believe the NYISO should be getting into the middle of the markets if there was not going to be any reliability violations other than indicating to the EPA that the NYISO would like certainty as soon as possible. Mr. Gioia disagreed and said it was up to the NYISO to decide on what to include in its comments. Mr. David Lawrence (EnergyConnect) supported the NYISO's action and asked if the NYISO would support a stay on the court order in its comments to the EPA. Ms. Mollie Lampi (NYISO) said the NYISO would not be explicit as to what procedural avenues EPA should pursue. The NYISO would be emphasizing the desirability of certainty for summer operations.

Mr. Rich Miller (Con Edison) requested the NYISO to have DEC explain the impact of the EPA's rule at a future ICAP Working Group meeting. Ms. Nelson agreed to take that back.

Market Operations and Operations Performance Metrics Reports

Ms. Nelson reviewed the Market Operations highlights and the Operations Performance highlights included with the meeting material. Mr. Younger said the Broader Regional Markets savings were the savings the NYISO thought it would get when it made its schedule in the Real Time Commitment and not the ultimate Real Time Dispatch (RTD) savings. Mr. Nelson said the NYISO was considering alternative ways to present the actual metrics based off of RTD and improve the coordination with PJM on the price forecasting.

4. Summer 2015 Capacity Assessment

Mr. Wes Yeomans (NYISO) reviewed the presentation included with the meeting material.

Mr. Mager said the decreased enrollments in the Emergency Demand Response Program was concerning to him. Mr. Yeomans said it has been low in the past. Mr. Miller asked if the 14 MW represented the expected performance during the summer and not the total number of registered MW. Mr. Yeomans said he'd take that back.

5. 2014 Comprehensive Reliability Plan

Ms. Yachi Lin (NYISO) reviewed the presentation included with the meeting material.

In response to a question from Mr. Bolbrock, Ms. Lin said the NYISO was monitoring any increase in natural gas dependency beyond current levels as part of risk factors. Ms. Erin Hogan (NYS UIU) said the NYISO should focus on better pipeline utilization so generators did not have to pay ridiculous prices for firm gas. She said more firm gas supplies and interstate pipeline expansions would increase the dependency. In the future, there could be geographical differences (particularly in NYC) and that should be taken into consideration as well.

Mr. Miller thanked NYISO staff for working with stakeholders on the executive summary language to clarify the narrowing capacity margin in the long term planning horizon. The 10 year CRP conservatively assumes an increase in peak load and a small increase in new generation while the MMU memo stated that the NYISO market provides efficient signals for the introduction of new

generation. Ms. Lin thanked the ESPWG and TPAS for their continuous efforts in ensuring the report to be accurate and balanced.

Motion #2:

The Management Committee (MC) hereby recommends that the NYISO Board of Directors approve the NYISO 2014 Comprehensive Reliability Plan (CRP) as presented and discussed at the May 27, 2015 MC meeting.

The motion passed unanimously by show of hands with abstentions

6. Process Improvements in the Communication of Consumer Impact Analyses

Mr. Tariq Niazi (NYISO) reviewed the presentation included with the meeting material.

Mr. Miller said it would be helpful for the NYISO to indicate in future presentations (on the “Next Steps” slide) when the consumer impact analysis would be discussed with stakeholders so that people would be aware when that information would be presented.

Mr. Bill Heinrich (NYS DPS) thanked the NYISO for being responsive and that these improvements were positive steps to the process.

7. Siena Survey Report

Mr. Don Levy (Siena College) reviewed the presentation included with the meeting material.

Mr. David Clarke (Long Island Power Authority) offered that the process before was based on perceptions on our satisfaction was more heavily weighted towards what NYISO was doing wrong and all the things NYISO was doing right. Whereas, the survey tool is good at communicating what the NYISO is doing and what it is doing right and that is why the survey score remains high, but it doesn't focus on what needs to be fixed and that is an area in need of improvement.

Mr. Miller observed an issue in the past where Con Edison employees were receiving surveys when they no longer worked on NYISO matters and it would be helpful if someone at his organization could filter the distribution lists so that the surveys are circulated to the correct people.

8. 2014 State of the Market Report

Mr. Pallas LeeVanSchaick (Potomac Economics) reviewed the presentation included with the meeting material. Mr. LeeVanSchaick said stakeholders can submit comments by June 25th and he will respond to them at the June 30th MIWG meeting.

In response to a comment from Mr. Clarke regarding slide 13, Mr. LeeVanSchaick agreed that one thing for consideration is how energy revenues would change if more capacity was added in Zone K. In response to a question from Mr. Miller, Mr. LeeVanSchaick said he wasn't sure if any markets explicitly used similar capacity market requirement criteria as NY.

Mr. Mager said, regarding recommendation 12, uplift is almost always below zero so it was hard to see the benefit when it was already low. Mr. Gonzales said, in this case, the recommendation would reduce local uplift and move it into local LBMP impacts.

Ms. Hogan said recommendation 15 didn't make sense to move forward with because stakeholders recently approved Comprehensive Shortage Pricing and the proposal has yet to be implemented. Mr. Miller said, in the future, it would be helpful for the Market Monitoring Unit to present its prioritization criteria before reviewing its recommendations. Mr. LeeVanSchaick agreed to take that back.

9. New Business

Mr. Rich Barlette (NYISO) reminded the MC of the upcoming Joint Board of Director/MC meeting at the Sagamore on June 15th and announced the new format for the meeting. The two agenda topics will be on EPA's Clean Power Plan (111-D) and REV.

Meeting adjourned at 1:15 p.m.