

NYISO Business Issues Committee Meeting Minutes

July 11, 2007

New York Independent System Operator

10 Krey Boulevard

Rensselaer, NY

1. Welcome and Chairman's Report:

Mr. Bill Palazzo (NYPA), Chairman of the Business Issues Committee (BIC), called the meeting to order at 10:03 a.m. and welcomed the members of BIC.

2. Approval of minutes for June 6, 2007

Mr. Frank Francis (NYISO) offered the minutes for approval.

Motion #1:

Motion to approve the Minutes of the June 6, 2007 BIC meeting.

(The motion passed unanimously by show of hands)

3. Market Operations Report

Rana Mukerji (NYISO) reviewed the market performance highlights for June 2007. The highlights were part of the Market Operations Report, included in the BIC meeting materials folder.

Dr. Nicole Bouchez (NYISO) made a short presentation on uplift, discussing OATT Schedule 1 components. She indicated that the residuals from the balancing market come in and out (high volatility) driven by the congestion residuals. She said that last month's slightly higher uplift came from several groups of days. Compared to peak days last year, this year is below that.

Bruce Bleiweis (DC Energy) said many of the questions posed in June were about a dozen days in May that, for that period, seemed to be higher than normal.

Dr. Bouchez said that is just part of the normal variation. There were system events that contributed to that. She said the early part of June was more anomalous than the early part of May. She said June didn't result in a lot of thunderstorm alerts.

4. Regional Market Enhancements

Mr. Mukerji (NYISO) reviewed the Northeast Seams Report for the BIC, which was included in the meeting materials folder.

Stuart Nachmias (ConEd) commented that it might be useful to have a meeting of the IPSAC prior to a compliance filing date for FERC Order 890. A meeting in August or early September is needed.

Mr. Mukerji said he was not aware of an IPSAC meeting date. He said he would check on it as an Action Item and report back at the August BIC meeting.

5. Proposed Changes to VSS Rate Schedule 2 of the NYISO Market Services Tariff

Carl Patka (NYISO) made the presentation. Mr. Patka stated that the proposed revisions are clean-up changes for the Voltage Support Service (VSS) provisions in Services Tariff Rate Schedule 2. The language was left over from mandatory power purchase agreements between non utility generators, qualifying facilities and Transmission Owners under federal and state law. Removing the outdated language will clean up the services tariff and help avoid confusion.

Mr. Nachmias asked that the motion be amended to add the wording “The BIC recommends that the Management Committee approve” the changes. The amendment was accepted without a vote.

Motion #2:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee approve the revisions to VSS Rate Schedule 2 of the NYISO Market Services Tariff, as discussed at the Market Issues Working Group on June 25, 2007, and as presented to the BIC on July 11, 2007.

(The motion passed unanimously by show of hands with abstentions)

6. Working Group Updates

A. Billing and Accounting (BAWG)

Dave Hall (NYSEG/RGE) submitted a summary of the BAWG’s activities and highlighted it for the BIC. The BAWG will next meet on July 19.

Dr. Kevin Jones (LIPA) commented on the 3rd Party Dispute Resolution Process discussed by Mr. Hall in the BAWG report. He said he didn’t know what the issues were that are causing a delay in moving forward. This was a critical piece for LIPA in agreeing to support this and the NYISO had committed to move this forward. He said it should be placed on the August BIC meeting agenda.

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

Tariq Niazi (NYS Consumer Protection Board) reported on the ESPWG’s July 9 meeting. The 2007 CRP draft and FERC Order 890 were discussed at the meeting.

Mr. Nachmias asked if Market Participants still had 10 days to appeal the Management Committee’s approval of the CRP. It seemed strange that the Board of Directors would approve the CRP the next day.

Mr. Patka said if the MP appeal time period is not expired before the Board approves the CRP, the Board will approve the CRP pending the expiration of the appeal period. The approval becomes final when the approval time period expires. The NYISO will not release the document as final – with a press release until the final approval is in place.

C. ICAP Working Group (ICAPWG)

Mr. Glenn Haake (IPPNY) reported; he reviewed ICAPWG meetings on June 22 and June 29.

D. Interconnection Issues Task Force (IITF)

Mr. Haake provided an update of IITF activity. The IITF will meet next on July 20. He said the IITF addressed the principals of how a deliverability requirement will be applied. The actual test of how deliverability is measured was not addressed and will have to be revisited. There is a feeling that something needs to be submitted to FERC soon.

Mr. Mukerji talked about the TO compromise proposal with the Board of Directors; the NYISO staff had suggested revisions. The compromise proposal plus the NYISO suggestions will be the basis of an agreement in principal. The idea of any kind of cap on deliverability payments was dropped.

Howard Fromer (PSEG) asked if that means the Board expressed agreement with applicability of deliverability for the 2007 Class Year.

Mr. Mukerji said the Board hasn't given its approval or disapproval. It appears there is an agreement in principal that is emerging.

E. Resource Adequacy Issues Task Force (RAITF)

Mr. Haake reported on the June 13 meeting.

Ray Kinney (NYSEG/RG&E) said the upshot of the Upstate/Downstate study is that the improvements made in modeling and going to a new methodology has resulted in what appears to be a balancing of rift between upstate and downstate.

Mr. Haake said that this is an analysis that should be done each year.

F. Market Issues Working Group (MIWG)

Mr. Norman Mah (ConEd) reported on MIWG meetings on June 25 and July 10.

7. Proposed Changes to Section 4.12 of the ICAP Manual

Mr. David Lawrence (NYISO) made the presentation, which was included in the BIC meeting materials.

Mark Younger (Slater Consulting) said he wanted to understand the position of his colleague. He said it sounded like changes aren't needed to make changes to require data reporting. That change could be made and incorporated in the manual; one or the other needs to be done. It should be stated explicitly in the manual.

Bob Loughney (Multiple Interveners) said the information available is an energy payment, but the extra two hours cannot be used for degrading purposes.

Mr. Lawrence said the NYISO asked for and received comments from a number of people on the issue. On balance, with the number of people registered and the potential reduction in SCRS, the NYISO felt that it was sufficient to continue with the four-hour requirement instead of all hours.

Mr. Fromer said there is a provision in the manual that requires a report for six hours; the best four hours can be used from that report. He asked what the consequences are of failing to report.

Mr. Lawrence said there are no provisions for penalizing someone for not reporting data. There are many reasons for getting the information to us, so there is no reason to penalize anyone.

Mr. Aaron Breidenbaugh (EnerNOC) supported the implementation of an automated IBCS to allow the data to flow more rapidly. He said he would like to deal with all those issues – the aggregation and IBCS issues – together. There is still more work to be done to address Mr. Younger’s concerns and issues related to aggregation.

Mr. Bill Scofield (Price Response Load Coalition) said his clients are concerned that a package of changes needs to be considered, including aggregation and a netting of performance metrics. These should be grouped with other issues in a package. He said he would not support this change at this time.

Motion #3:

The Business Issues Committee (“BIC”) hereby approves revisions to Section 4.12 of the ICAP Manual, as discussed at the ICAP Working Group on June 22, 2007 and as presented to the BIC on July 11, 2007, and the conforming changes to Attachment J of the ICAP Manual as presented to the BIC on July 11, 2007. *(The motion passed by majority show of hands with abstentions)*

8. Proposed Changes to Attachment D of the ICAP Manual

Mr. John Charlton (NYISO) made the presentation, which was included in the BIC meeting materials. These are administrative changes and clarifications to Attachment D.

Mr. Charlton pulled the motion after Mr. Nachmias pointed out that a sentence intended as a proposed change to Attachment D was not redlined, and therefore not noted as a change. Mr. Nachmias was concerned that there may be other changes that were not previously pointed out (redlined) to Market Participants.

Mr. Charlton said the motion will be brought back to BIC next month.

9. Demand Side Ancillary Services Project Update

Robert Pike (NYISO) made the presentation, which was included in the BIC meeting materials. He updated the BIC on discussions at the PRL and MIWG. He discussed metering requirements, reliability standards, coordination with other programs, and next steps. Mr. Pike said there is a Technical Bulletin that describes the testing obligations that generators have. These resources will have the same obligations.

Harvey Happ (NYSDPS) said it was unclear what “synchronous” meant in Mr. Pike’s presentation and asked for a clarification.

Mr. Pike said it meant that they are eligible to meet the synchronous reserve requirements of the NYISO. Those requirements are spelled out as one-half of the largest contingency statewide and half of that located east of Center East in the eastern zone. He said he will provide an update to BIC at its August meeting.

10. Load Forecast Manual Update

Arthur Maniaci (NYISO) made the presentation, which was included in the BIC meeting materials. He discussed proposed changes to the Load Forecast Manual and the schedule for approval and release of the updated Load Forecast Manual.

Mr. Fromer made a reference to point No. 3 in Mr. Maniaci's presentation. He asked if it was just a semantics issue of where in the multi-step process SCRs, EDRPs and other things are captured on system at the time, or if it is a proposal that would exclude these items from the calculation at any stage.

Mr. Maniaci said the LFTF is working on getting the language precise enough so it is clear. It was not clear enough last year in regard to what hours should be used to tag in zones J and K. The NYISO wants to be consistent with the language in the tariff and clarify definitions for the NYCA actual peak and adjusted peak.

Dr. Jones asked why the ICAPWG was not involved in this process. He asked why this topic is at the BIC when it hasn't gone to the ICAPWG.

Mr. Maniaci said the LFTF developed the changes. The ICAPWG doesn't necessarily approve or disapprove the changes.

Dr. Jones said this is the first time he's seen the changes. He said he understood the process to be that anything from the LFTF goes to the ICAPWG before coming to the BIC. He said it was peculiar that the issue was brought to the BIC for discussion and not the ICAPWG.

Mr. Francis said that Dr. Jones' request was appropriate. The LFTF will work out the details and it will be taken to the ICAPWG before returning to the BIC. The issue was an update for the BIC.

Mr. Maniaci said the NYISO will plan to seek approval for the changes at the Aug. 8 BIC.

11. Administrative Matters

Mr. Nachmias spoke regarding changes to the Ancillary Services Manual. He asked why the VSS test data submission deadline was extended from five to 10 days. He said he was told that the NYISO "had no idea" where the 10-day deadline came from. He was concerned that the change – which wasn't harmful – was made by the BIC without knowing why the change needed to be made. There should be a clear reason why a change needs to be made when proposals are brought to the BIC for action.

Kathy Whitaker (NYISO) reviewed notice sent out Monday, July 9 clarifying the requirement to submit VSS test results that are actual generator output within 10 business days. Since notice that went out in April was not clear, the NYISO is providing a grandfathered time period, allowing operating data from May 1 through July 9 to be submitted 10 business days after July 9 or until July 23. After July 23, operating data must be submitted by 10 business days, from a selected operating day.

Mr. Fromer asked if there are consequences for failing to submit within the 10-day window.

Ms. Whitaker said the test results will be rejected. There will have to be a retest, or generators can choose an operating day and submit the test data within 10 business days.

Mr. Fromer said the solution does not make sense. He asked why the NYISO would impose a burden on having a generator to rerun a test when the problem isn't the validity of the test or the NYISO's ability to validate the data.

Ms. Whitaker said she would be willing to take this issue to the working group to discuss potential changes to the manual.

Both the MIWG and SOAS must review Ancillary Services Manual changes.

The meeting was adjourned at 1:25 p.m.

Respectfully Submitted,
Michael A. Lisi
Recording BIC Secretary