

NYISO Electric System Planning Working Group Meeting

September 19, 2003

9:30 a.m.

NYISO
290 Washington Avenue Extension
Albany, NY 12203

Minutes

Of the seventh meeting of the New York Independent System Operator Electric System Planning Working Group held September 19, 2003 at the NYISO, 290 Washington Avenue Extension, Albany, NY.

Welcome and Introductions

Mr. Bill Palazzo, Chairman of the Electric System Planning Working Group welcomed members of the group and stated the agenda for the day. Mr. Palazzo reported the Operating Committee approved the Initial Planning Process with three abstentions. The motion the OC passed was amended to include separate approval of historical congestion issues, such as definition and methodologies. OC members had commented they would like a target goal established for when to bring the congestion issues to the OC. *Mr. Palazzo suggested the group should bring the definition of historical congestion to the November OC.*

Mr. Palazzo announced that future ESPWG meeting agendas would include topics for both the implementation of Phase I and development of the Phase II process.

Review of the Meeting Minutes

The meeting minutes for August 19 and September 3 were approved.

Ms. Laurie Oppel asked for the status of the posting of shadow prices as listed in the action items. NYISO staff will provide an update on this at the next meeting.

Initial Planning Process Implementation Issues

- Elements of Historical Congestion

Mr. John Adams presented "Proposed Elements of Congestion Cost". Mr. Adams discussed the proposed definition for congestion. He also discussed the proposed elements of congestion and displayed a chart with the elements and their definitions. Mr. Younger commented that the definitions listed on the first page of the presentation are easy to measure but don't relate directly to the congestion costs and suggested the societal and baseline congestion costs are the only ones

that are useful. Mr. Buechler stated that if we are looking at what load pays, then we need to look at what the total cost is to the load. Mr. Stuart Nachmias stated that we need to work more on the baseline and need to account for individual events; he also suggested day-ahead congestion costs and real time congestion costs should be defined. Mr. Adams responded that the initial focus has been on the day-ahead market. Ms. Saia stated that a large part of the congestion is hedged in the real-time market. There was a suggestion to focus on the societal and baseline congestion costs and that some of the other elements could be incorporated into these definitions. Members discussed the possibility of “normalizing” congestion costs to account for unusual events. Mr. Larry Dewitt questioned this process and stated there is always something happening in the system. Mr. Nachmias stated that sometimes there is a very large event that occurs less frequently and this would need to be normalized for unusual events. Mr. Pratt asked if there is a definition for an unusual event. There was a suggestion to add a third column with the calculation of the costs to the chart. A question was raised regarding what will be done with this information. Mr. Buechler responded that this is to be used for Phase I for reporting purposes only. There was a suggestion that a caveat be included regarding previously reported historical congestion cost figures and asked that the NYISO Staff convey their response to this question prior to the next BIC meeting. Mr. Dewitt asked if we should look at the uses of the historical congestion. Mr. Adams stated that Phase I will focus on determining the definitions of how to calculate the historical congestion and Phase II will focus on how this information is used. Ms. Saia added that we are trying to develop a congestion definition to provide the appropriate information to market participants so they can determine if something needs to be done.

- Proposed Scenarios

Mr. Adams presented “Initial Planning Process, Proposed Scenarios, What Ifs, Etc.” Mr. Adams reviewed the list of proposed scenarios. Ms. Saia asked how the unexpected retirements would be modeled. Mr. Adams stated the NYISO would not identify specific plants, but could look at the impact of a loss of a certain amount of megawatts in a certain area. Specific scenarios will be brought back after agreement is reached on the list of scenarios. Mr. Elmi asked what is included in the baseline. Mr. Adams stated the baseline includes units per the ATRA. Mr. Steve Corey added that this includes all the projects that had qualified for all the studies, but doesn’t allow for dropouts. Ms. Saia stated it will include all units with an approved SRIS and an accepted complete Article X application. *The NYISO will develop specific details on the scenarios for review by the ESPWG at a future meeting.* Mr. Palazzo asked if members had suggestions for other scenarios to be considered. There was a suggestion to include sensitivity to other control areas and looking at any changes for in-service dates. *There was also a suggestion to bring the proposed scenarios to TPAS for review. Mr. Adams indicated the scenarios would be provided to TPAS for review and comment at their September 30th meeting.*

- PROBE model analysis

Mr. Jim Mitsche presented “Congestion Analysis Using PROBE”. Mr. Mitsche reviewed the issues outstanding with the PROBE analysis. Mr. Mitsche provided the reasons for the discrepancies that occurred with analysis of Zones J and K. Mr. Mitsche suggested the SCUC/PROBE benchmark analysis use data on dates of September 1 or later to avoid discrepancies due to changes made to the SCUC model. The working group confirmed that the

benchmark analysis is still needed. Mr. Mitsche reviewed the PROBE enhancements that can be done immediately.

Mr. Bob Reed stated that for the Zones J and K analysis, two different factors had been identified and he asked if there could be something else that has not surfaced yet. Mr. Mitsche stated that this is a possibility and that they will need to consider PARs as well. Mr. Rufrano asked what the problem is with the PAR modeling. Mr. Boris Gisin stated that there is not a problem with PARs; the PARs schedule is defined by SCUC, the question is what should be done with the PARs for the what-if scenarios.

Mr. Mitsche discussed the PROBE enhancements that should be completed within the next three months and the enhancements scheduled to be completed within the next year.

Phase II: Comprehensive Planning Process Development

- Review of Scope for Comprehensive Planning Process

Mr. John Buechler presented “Phase II: NYISO Comprehensive Transmission Plan”. Mr. Buechler reviewed the objectives to be included in the comprehensive planning process. There was a suggestion that other authorities such as those of the PSC should be included in the process of the scope. Mr. Dewitt suggested the definitions of congestion should be settled prior to the issue of intervention of congestion. Mr. Palazzo stated that he has considered a natural progression of focusing on the comprehensive process with regards to the reliability needs first which will lead into the economic conditions. Mr. Buechler discussed the Request For Solutions process, which would be open to all resources and would not include a formalized RFP. Mr. Buechler discussed the NYISO Evaluation of Reliability Proposals. Members were concerned with market proposals that are insufficient, with the NYISO turning to regulated transmission proposals. Mr. Younger stated that one of the first things to do if a problem is identified and the market does not produce an adequate solution, is to examine the market structure to discover why it is not responding appropriately.

Mr. Buechler discussed the reliability upgrades and the TO role. *Ms. Saia requested for the TOs to explain more details on the TO “right of first refusal” issue.* Mr. Buechler reviewed the NYISO’s role in economic projects. Mr. Dewitt stated if it is determined that the NYISO should intervene, a process on how the NYISO determines an economic need should be established. Mr. Buechler reviewed the issues associated with the TO Role versus the Market Role. Mr. Dewitt requested that the issue of making supplemental funding available to market-based projects should also be considered. Mr. Buechler discussed the cost allocation issues for reliability and economic upgrades and the reasons and issues associated with the consideration of forming a Planning Committee that would report to the Management Committee. Ms. Saia stated there is concern from the supplier sector over resource requirements for attendance at meetings and this would threaten participation from this sector. Mr. Younger suggested keeping the committee structure as is until later in the process, and then a determination can be made if another committee is needed. Members discussed the role of Merchant Transmission. Mr. Kremzier requested deliverability be included with other issues to consider. Mr. Palazzo stated that he was not sure that should be included in this process. Mr. Kremzier stated this would become part of reliability criteria as it includes transfer reliability. Mr. Buechler stated the ESPWG was formed to develop a planning process and deliverability is more geared toward the

reliability criteria. Mr. Kremzier stated there should be a place to address changes in reliability criteria. Mr. Adams stated reliability criteria are handled by the NYSRC.

Mr. Palazzo indicated the issues need to be separated to resolve them most effectively and suggested the reliability needs should be discussed first. Mr. Palazzo requested members submit comments on what aspects should be included for the reliability needs of the comprehensive process by October 6 to Mr. Ernie Cardone.

- Future ESPWG Meeting Dates

Future meeting dates had been distributed with the meeting materials. The dates for the remainder of the year are:

October 10 - Albany
October 30 - Albany
November 18 - Albany
December 19 - New York City

Mr. Younger stated the October 10th date conflicted with a PSC workshop on the reliability issues associated with the RPS and suggested ESPWG members may be planning on attending. Members decided to keep the date of October 10 as scheduled but to make it a half day meeting ending at 12:00 p.m.

- Action Items

Next Meeting

The next meeting is scheduled for October 10 at the NYISO Washington Avenue Extension office in Albany, NY.

Action Items

1. NYISO to take the Social Congestion Costs and Baseline Congestion Costs and provide more detailed definitions and calculations. These two elements may incorporate some of the other elements. Add third column with calculations.
2. ESPWG will bring a historical congestion definition to the OC November meeting.
3. NYISO to respond to the suggestion to include a caveat for historical congestion information posted on the NYISO web prior to the next BIC meeting.
4. TOs will provide more details on the TO “right of first refusal” issue.
5. The NYISO will develop specific details on the scenarios for review by the ESPWG at the next meeting.
6. NYISO will review the proposed scenarios with TPAS on September 30th.

7. NYISO will respond to the request for posting of shadow prices.
8. ESPWG members will provide comments on the reliability procedures to be incorporated into the comprehensive NYISO Planning Process by October 6th by e-mail to Ernie Cardone.

**Electric System Planning Working Group
September 19, 2003
NYISO
Conference Room WA**

Adams, John	New York Independent System Operator
Barney, Diane	New York Public Service Commission
Bullock, Leigh	New York Independent System Operator
Caputo, Valerie	New York Independent System Operator
Cardone, Ernie	New York Independent System Operator
Corey, Steve	New York Independent System Operator
DeWitt, Larry	Pace
Gisin, Boris	Power Gem
Hall, Chris	NYSERDA
Lamanna, William	New York Independent System Operator
Mitsche, James	Power Gem
Niazi, Tariq	CPB
Saia, Doreen	Mirant
Stalter, Ray	New York Independent System Operator
Younger, Mark	Slater Consulting
<i>Via Conference Call:</i>	
Buechler, John P.	New York Independent System Operator
Chamberlain, Peter	E Cubed
Elmi, Francesco	Consolidated Edison
Felak, Rich	Calpine Consulting
Foster, Alan	Dynergy
Kichline, Ed	
Kremzier, Ed	National Grid
McCatney, Glen	Constellation
McKinney, Jeff	NYSEG/RGE
Nachmias, Stuart	Consolidated Edison
Oppel, Laurie	Navigant/LIPA
<i>Palazzo, Bill, Chair</i>	New York Power Authority
Pratt, Charles	Dickstein Shapiro
Reed, Bob	New York State Gas & Electric
Rufrano, Ralph A.	New York Power Authority
Scheiderich, Jim	Select
Shanker, Roy	
Van Horn, Pam	
Wentlent, Chris	AES