

# NYISO Business Issues Committee Meeting Minutes

March 19, 2008

New York Independent System Operator  
10 Krey Boulevard  
Rensselaer, NY

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## 1. Welcome and Chairman's Report:

Mr. Glen McCartney (Constellation), Chair of the Business Issues Committee (BIC), called the meeting to order at 10:00 a.m. and welcomed the members of BIC. Meeting participants introduced themselves and their affiliations.

## 2. Approval of Minutes

Mr. McCartney offered the January 16, 2008 minutes for approval.

### Motion #1:

Motion to approve the Minutes of the January 16, 2008 BIC meeting.

*(The motion passed unanimously)*

## 3. Market Operations Report

Mr. Rana Mukerji (VP, NYISO) presented the Market Operations Report, which was distributed to Market Participants. The following summary was provided:

Mr. Mukerji reported that the LBMP for February was \$85.69/MWh, down from \$86.98/MWh in January 2008. The average monthly cost was \$90.75/MWh, down from \$92.31/MWh in January 2008. The Day Ahead LBMPs have decreased from January 2008, while the Real Time LBMPs have increased.

Mr. Mukerji reported that natural gas prices were down, but that other fuel prices were mixed this month; details were provided in his presentation. He indicated that uplift was lower this month relative to January 2008. Uplift (not including NYISO cost of operations) was \$2.57/MWh, down from \$3.06/MWh in January 2008, and total uplift (Schedule 1 components including NYISO Cost of Operations) decreased from \$58.5 million in January 2008 to \$46.3 million in February 2008.

## 4. Regional Market Enhancements

Mr. Mukerji presented the Northeast Seams Report. He updated the following initiatives:

### Intra-hour Transaction Scheduling

Mr. Mukerji reported that the ISO is discussing some preliminary results with ISO-NE and that towards the middle of the year the ISO would be able to present some results to the market participants.

### Regional Resource Adequacy

Mr. Mukerji reported that the ISO is continuing discussions on the forward capacity market in New York, and added that it was a topic at the Board meeting held earlier in the week.

### Cross Border Transaction Scheduling

Mr. Mukerji informed BIC that the implementation of the Cedars – Dennison interface is still pending, but that he was hopeful that it could be implemented in the second quarter.

### Coordination of Interregional Planning

Mr. Mukerji reported that the next IPSAC meeting was scheduled for later in the spring. He explained that IPSAC is the forum in which we look at transmission planning and transmission adequacy studies between the NYISO, ISO-NE, and PJM. He added that John Buechler and Henry Chao are the NYISO IPSAC representatives.

### Interregional Congestion Management

Mr. Mukerji reported that the NYISO is having discussions with PJM on joint congestion management topics, but that there is no information to report at this time.

### Limitations due to Loss of Large Source

Mr. Mukerji reported that IPSAC is taking on this task. He added that IPSAC is going to study the long term assessment of the transmission system to look at improvements that must be made in the various control areas. The NYISO will report on this topic as the IPSAC studies progress. In response to a question concerning the allocation of costs, Mr. Mukerji explained that IPSAC is the correct group to address cost allocation issues and that he would add a comment on cost allocation to the Seams Report.

## **5. New Business**

Dr. Nicole Bouchez of the NYISO reported that there were two issues related to real-time energy reference prices that needed discussion. The first issue was the result of a corrupted file used in the calculation of reference prices. She explained that, in two instances, new data had not been added to the 90-day rolling average reference price calculation. The first instance began in September 2007 and was discovered in December of 2007. The second instance occurred in late December and was discovered in January 2008. Dr. Bouchez reported that Market Monitoring had performed an impact assessment and no market impact was detected on the market days studied and the the NYISO believes that the market impact was *de minimis*. In response to a request to discuss the analysis that was used to determine that there was no market impact at a working group, Dr. Bouchez stated that, for confidentiality reasons, she could not discuss the details for the individual generators affected, but could explain the methodology used to test for market impact. Dr. Bouchez also advised the group that the NYISO advised the FERC of these issues and intends to submit a filing to FERC.

Dr. Bouchez reported that the second issue occurred on February 19, 2008 when a corrupted fuel indexing file was loaded for “Rest of State” generators in the Real-Time Market. She explained that there was no market impact because the “Rest of State” AMP is not turned on and there was no impact on Real Time guarantee Payment mitigation, and that the problem was corrected prior to the next hour’s market close.

Mr. Liam Baker, of US Power Gen, recommended that the ISO thoroughly explain the incident to market participants prior to submitting any filing to the FERC. Mr. Glenn Haake, of Dynegy,

expressed concern about units that may have been improperly mitigated. Dr. Bouchez reiterated that there was no market impact and agreed to provide an overview of the NYISO's impact analysis methodology used to evaluate the impact of the three events at an upcoming Market Issues Working Group meeting.

## **5. Proposed Revisions to NYISO Ancillary Services Manual**

Mr. Carl Patka of the NYISO reported that the NYISO was taking steps to reduce the level of effort required to submit VSS test forms. He reviewed the proposed changes to the form, pointing out several new user friendly features, and advised the group that revised screen shots of the test form were included in Attachment B of the Manual.

Mr. Patka explained that there were additional changes to the Ancillary Services Manual that were intended to clarify language related to the criteria for providing VSS, and certain test performance requirements. He also pointed out some minor ministerial changes.

He defined the next steps with respect to the manual to be:

- Post the manual to the NYISO web site following approval by the BIC and OC
- Post the enhanced VSS Test Results Form template by mid-April, and
- Issue an email notice to Suppliers summarizing the form enhancements.

### **Motion #2:**

The Business Issues Committee approves revisions to the NYISO Ancillary Services Manual, as presented to the Business Issues Committee at the March 19, 2008 meeting.

***(Motion passed unanimously with abstentions.)***

## **6. Proposed Revisions to NYISO ICAP Manual**

Mr. David Lawrence, of the NYISO, discussed the proposed revisions to the ICAP Manual and explained that the changes to the manual were being presented for BIC approval. Mr. Lawrence reviewed changes to Section 5 of the manual, pointing out that tables containing Demand Curve and Levelized Peaking Unit Costs details, previously included in both the manual and the Tariff, would now be located only in the Tariff. In response to questions about the new format, Mr. Lawrence replied that maintaining the information in a single location would eliminate the possibility for inconsistencies, and make the manuals easier to maintain.

With respect to changes to several Attachments to the manual, Mr. Lawrence explained that the auction information included in the Attachment A was updated every six months. Changes to Attachment B included updates to the locational minimum requirements for NYC and Long Island, and the external control area allowances for ICAP. Attachment E addressed changes in the grandfathered external installed capacity agreements, and Attachment F had ministerial changes. Mr. Joseph Williams, of the NYISO, added that the NYISO was looking into the possibility of moving certain items from Attachment F to the manual or the Tariff and could possibly eliminate the need for the attachment.

Several issues were raised concerning Attachment B. Mr. Mark Younger, of Slater Consulting, expressed concern that the way the Neptune and CSC information was presented could be misleading, or easy to misinterpret. Mr. Howard Fromer, of PSEG, indicated that a footnote may be required to clarify the status of UDR's related to the Neptune Line.

In response to concerns raised by Mr. Younger related to the identification of UDR's related to Neptune, Mr. Williams indicated that Attachment B was not up for approval at the meeting. Mr. Lawrence suggested that the discussion on Attachment B be continued at the next ICAP WG meeting.

**Motion #3:**

The Business Issues Committee approves revisions to the NYISO Installed Capacity Manual, as presented to the Business Issues Committee at the March 19, 2008 meeting.

***(Motion passed unanimously with abstentions.)***

**7. Implementation Schedule for the FERC ICAP In-City Mitigation Order**

Mr. Lawrence reported that the ISO had received the FERC Order on March 7<sup>th</sup>, and that the ISO was planning to make a compliance filing in stages with the first filing, addressing the supply side mitigation measures, on March 19<sup>th</sup> or 20<sup>th</sup>. He indicated that the ISO would request an effective date of March 27<sup>th</sup> in order to support the strip auction for the summer capability period. He added that the ISO would make additional compliance filings to address the remaining issues.

Mr. Lawrence explained that, if the FERC accepts the filing, the ISO would implement the supply side mitigation measures in two stages. The initial deployment would remove all of the rules and code associated with DGO mitigation prior to the strip auction. The ISO would then implement the supply side mitigation rules in time for the spot market auction. He added that Market Monitoring would soon be sending out letters requesting information on affiliates, along with reference price cost information.

With respect to the buyer side mitigation measures, Mr. Lawrence reported that the ISO plans to implement changes to model the buyer side going forward. He added that user training was planned for April.

Dr. Bouchez explained that Market Monitoring was working with internal ISO groups to develop an appropriate contact list for the letters that would be sent requesting affiliation and cost information. She added that she was asking for a response to the letters within two weeks, and that the letters were expected to go out on March 20<sup>th</sup>. Dr. Bouchez also explained the consultation process that would follow the submission of the cost data, and explained that it may not be possible to gather all of the information, complete the consultations, and determine reference prices before the auction runs in April.

Mr. Baker asked if the ISO was planning to seek a tariff waiver if it was not able to immediately implement all aspects of the order and expressed concern that the ISO should hold additional discussion before submitting such a filing. Mr. Joseph Williams, of the NYISO, responded that it was the ISO's intent to file seeking a waiver. Mr. Brad Kranz, of NRG, expressed concern that suppliers may not know their reference prices until two days prior to the auction.

Ms Doreen Saia, of Greenberg Traurig, suggested that since the ISO is planning to file a waiver they could ask for a waiver to change the software in the middle of the capability period. Mr. Williams responded that, although that was an option, it was not the ISO's plan to do so.

In response to a question from Mr. Younger Dr. Bouchez stated that she expected that the consultations will be more complex than energy consultations, and that it will require time for the generators to gather the required information. She added that the ISO will then have to determine what constitutes reasonable costs and explained that the timeline only permitted four and a half weeks for all of the activity.

Mr. Mukerji added that the NYISO board would like to hear comments on voluntary vs. mandatory forward capacity markets and indicated that the topic will be discussed at the upcoming Sector Meetings.

**8. Working Group Updates**

## **A. Billing and Account Working Group (BAWG)**

Ms. Kathy Logan, the BAWG Chairperson, reported that the NYISO had agreed to support the BAWG with respect to the recording of meeting notes. She also reported that the ISO was rolling out a new issue tracking system that would replace the existing Critar system. She explained that some market participants had been involved with beta testing and she encouraged all market participants to participate in the training that the NYISO was offering.

Ms. Logan informed the group that the ISO metering initiative was to be discussed at the next BAWG meeting, and explained that some market participants would propose tariff language changes related to the current 60-day requirement. She encouraged market participants to provide input to the topic at meeting.

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

Mr. Peter Lemme of the NYISO reported that the ESPWG had met on March 4<sup>th</sup>, and again on March 13<sup>th</sup>. He explained that topics including the CRPP, RNA schedule, and cost allocation issues related to reliability solutions were discussed at the March 4<sup>th</sup> meeting. He added that the March 13<sup>th</sup> meeting was scheduled to discuss questions raised at the March 4<sup>th</sup> meeting related to the impact of statewide conservation efforts on the long term forecast.

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

Mr. Glenn Haake (Dynergy) reported on the February 27, 2008 ICAP Working Group meeting. He informed the group that discussion items at the meeting included changes to the ICAP manual and presentations by IPPNY and NYISO staff on forward capacity market design. He added that the next ICAP Working Group meeting was scheduled for March 26, 2008 and would include discussion on forward markets.

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

Mr. Haake reported that the IITF had met on March 3<sup>rd</sup>, and again on March 11<sup>th</sup> to discuss proposed changes to Attachments S and X. He explained that the biggest issue is the allocation of O & M charges for projects. He added that there is a Joint IITF/TPAS meeting scheduled for April 3, 2008.

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

Mr. Norman Mah of Con Edison reported on the February 25<sup>th</sup> and March 7<sup>th</sup> MIWG meetings. Topics discussed at the February 25<sup>th</sup> meeting included a review of TCC credit response in PJM as a result of the recent defaults, demand side ancillary services credit proposals, and enhancements to customer creditworthiness provisions. Proposed changes to the Ancillary Services Manual were also discussed at the meeting.

Mr. Mah reported that topics including a Con Edison proposal to reduce voltage support payments for nuclear units failing to test during normal test periods due to broken AVR equipment, discussion on and revisions to Technical Bulletin # 11, and a proposed redesign of SCUC for Local reliability Rules were discussed at the March 7<sup>th</sup> meeting.

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

Mr. Steve Lynch reported on the meeting held on February 27<sup>th</sup>. He explained that the ISO had provided draft Tariff language that was to be submitted to the FERC by mid-March and provided an overview of the specific changes discussed at the meeting.

## **9. New Business**

There were no new business items identified. [NMB: my item was under new business as announced by the chair]

## **10. Adjourn**

The meeting was adjourned at 12:35 pm.