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**NYISO Business Issues Committee Meeting Minutes**  
**December 13, 2017**  
**10:00 a.m. – 12:50 p.m.**

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

Mr. Andy Antinori (NYPA) called the meeting to order at 10:00 a.m. by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

**2. Market Operations Report and Broader Regional Markets Report**

Mr. Rana Mukerji (NYISO) reviewed the Market Operations report posted with the meeting material. There were no questions or comments.

Mr. Mukerji reviewed the Broader Regional Markets report included with the meeting material. Mr. Mark Younger (Hudson Energy Economics) asked whether the recent FERC order regarding pseudo-ties for external resources selling capacity into PJM impacts the hydroelectric power sales by NYPA to PJM from the Niagara generation facility. The NYISO took an action item to to further review this matter.

**3. On Ramps and Off Ramps: Complete Market Design**

Mr. David Allen (NYISO) and Mr. Lorenzo Seirup (NYISO) reviewed the presentation included with the meeting material.

Mr. Younger noted that the NYISO did not provide numerical analysis until October 2017.

Mr. Aaron Breidenbaugh (Consumer Power Advocates), Mr. Kevin Lang (Couch White) and Mr. John Borchert (Central Hudson) requested further explanation of the rationale for the differing headroom values proposed for the Locality creation and elimination tests. Mr. Allen stated that the use of two generator contingencies for the Locality creation test is intended to facilitate the creation of a new Locality in advance of a reasonably foreseeable need. Mr. Allen further explained that the use of four generator contingencies for the Locality elimination test is intended to facilitate elimination of an existing Locality when there is reasonable certainty that it is no longer needed and elimination thereof is not likely to result in identifying a need to re-create such Locality in the near-term.

Mr. Lang raised concerns that creating a new Locality in advance of a need may result in unnecessarily prolonging the operation of older, less efficient generation facilities that should otherwise exit market and be replaced with newer, more efficient and cleaner technologies. Mr. Allen noted that there is already a 2018 project to further evaluate the development of an exemption from buyer-side mitigation for repowering projects.

Mr. Borchert and Mr. Ben Carron (National Grid) requested clarification regarding the timeframe for implementing a new Locality. Ms. Gloria Kavanah (NYISO) clarified that a new Locality would be implemented in the market on May 1 of the year following the filing to FERC proposing the creation of the new Locality. Mr. Allen noted that creation of a new Locality or elimination of an existing Locality under the proposal would occur approximately 12 months after the filing to FERC proposing such creation or elimination.

Mr. Carron asked whether Transmission Owners would have an opportunity to update their Local Transmission Plans (LTPs) to include transmission upgrades that may obviate the need to create a new Locality. Mr. Allen stated that the NYISO will take account of updates to LTPs that occur between the completion of the RNA and prior to the "lockdown" date for assumptions related to conducting the Locality creation and elimination analysis. Mr. Zach Smith (NYISO) added that the Locality creation and elimination analysis is conducted after the completion of the RNA process, which also includes multiple opportunities for updates to the base case to account for changes to LTPs.

Mr. Paul Gioia (New York Transmission Owners) raised concerns regarding the proposal to not conduct the Locality elimination test under certain circumstances where a resource adequacy need associated with an existing Locality has

been identified. Mr. Gioia recommended that the NYISO include greater specificity in the tariff regarding how the NYISO will determine that a resource adequacy need is associated with an existing Locality.

Ms. Saia asked whether the proposal includes a “halting” mechanism to cease the conduct of the Locality elimination test in the event that a resource adequacy need associated with a Locality is identified after the lockdown date for the study assumptions. Mr. Allen stated that the current proposal does not include any such halting mechanism. Ms. Saia recommended that the NYISO consider inclusion of such a halting provision as part of the going forward efforts to develop tariff revisions related to the proposal.

Mr. Younger raised concerns that the headroom values proposed by the NYISO for the Locality creation and elimination tests are inadequate and likely will result in premature elimination of Localities and failing to implement new Localities sufficiently in advance of a need.

Ms. Saia and Mr. Younger raised concerns regarding the proposal to expand the NYISO’s audit authority to include the potential for assessing penalties after-the-fact if the NYISO determines that a proposed generator deactivation lacks economic justification and affects the results of the Locality creation and elimination analysis. Ms. Saia and Mr. Younger also recommended that any such proposal clearly provide that if a generator would become uneconomic in the event that a Locality were eliminated that its proposed deactivation premised on such elimination would be justified and not subject to after-the-fact penalties.

Mr. Michael Cadwalader (Atlantic Economics) raised concerns regarding the proposed revisions to the threshold calculation for supplier side mitigation in the absence of further modifications to the lower bound aspect of the existing rules. Mr. Seirup stated that the NYISO was open to considering further enhancements to the supplier side mitigation rules, but noted that any such efforts would need to be pursued as a separate initiative.

Mr. Younger stated that he had submitted a request for certain additional analysis to test the robustness of the NYISO’s proposal and requested an update regarding whether the NYISO will provide such additional analysis prior to seeking a vote on the proposal. Mr. Allen stated that the NYISO would consider requests for additional analyses and use best efforts to accommodate such requests, subject to resource availability.

Mr. Ron Paryl (Cricket Valley Energy Center) provided the following statement for the minutes:

Cricket Valley Energy Center (CVEC) is a 1,100MW generating facility under construction in Zone G with total investment projected at \$1.58 billion. CVEC selected a site within the G-J Locality because of the capacity price premiums over ROS which are required to support new construction due to high construction costs and difficult and lengthy permitting requirements. The NYISO On/Off ramp proposal as proposed has demonstrated that elimination of the G-J Locality is possible through analysis presented on 10/24/17 at the ICAP WG. Elimination of the G-J Locality would create a material financial hardship on CVEC by reducing equity returns well below investor expectations and cause a potential inability to pay debt service. To say the least, CVEC equity investors are very concerned about these proposed rule changes.

The original objective to create zone G-J Locality was to induce investment in the zone, which CVEC did to the amount of \$1.58 billion. However, for NYISO to then initiate a process to quickly eliminate the zone shortly after anticipated commercial operation date of CVEC and eliminate the very financial incentive that induced CVEC to invest in the first place, we believe is an unjust, unreasonable bait and switch tactic and is not a reasonable way to run a grid. We also believe that the rules as proposed would result in generation retirements when zones are eliminated which will eventually require new zones to remedy reliability problems. Rapid changes in creation and elimination of capacity zones could undermine the stability of the market and introduce substantial risk for investors. This uncertainty of how long a capacity price will remain in place and the rapid creation and disappearance of capacity zones will be a disincentive for

generation investment in NYISO and result in higher NetCONE costs and higher capacity payments across the NYISO.

CVEC opposes the NYISO off ramp/ on ramp proposal in its present form. As a potential alternative to FERC litigation of this issue, CVEC could support further discussions of the concept in the ICAP WG to align the zone creation and elimination rules with the Transmission Security Limit analysis for the Alternative LCR process, in particular, the test should be based on the need to assume the load is served with UCAP resources instead of ICAP. This is consistent with the recommendations proposed by Mark Younger and supported by the MMU. While this requires additional analysis and refinement of the Tariff language, this modification could avoid years of costly litigation at FERC with uncertain results for all NYISO Stakeholders. CVEC looks forward to working with NYISO and the ICAP WG Stakeholders to find a mutually amicable resolution to this issue of capacity zone creation and elimination.

#### **4. IPPTF Charter**

Mr. Rich Dewey (NYISO) explained a work plan for the Integrating Public Policy Task Force (IPPTF) is in the process of being developed and expected to be completed in early 2018. Mr. Dewey recommended that any further discussions regarding the charter for the IPPTF be deferred until after development of the work plan is complete because the work plan will help to better define the efforts to be undertaken with respect to the carbon pricing initiative. Mr. Dewey also reiterated that the IPPTF is not intended as a means to circumvent the normal stakeholder process in any way. Any proposal regarding carbon pricing in the wholesale markets will ultimately be discussed and reviewed with stakeholders through the normal NYISO governance process.

Mr. Lang noted support for the NYISO's proposal to defer further discussions regarding the IPPTF charter until after completion of the work plan.

Mr. Matthew Schwall (IPPNY) requested clarification regarding the timeframe for posting the draft work plan. Mr. Dewey stated that the initial draft work plan would be posted in advance of the next IPPTF meeting, which is currently scheduled to occur on January 8, 2018.

#### **5. Working Group Updates**

- Billing and Accounting and Credit Working Group – The group has not met since the last BIC meeting.
- Electric System Planning Working Group – ESPWG has met twice since the last BIC meeting. The group met on November 17, 2017 and discussed the key study assumptions for the Helix Ravenswood GT 9 generator deactivation assessment, key study assumptions for the Indian Point generator deactivation assessment, 2017 CARIS Phase 1 preliminary scenario results and constraint ranking, proposed revisions to the RNA base case inclusion rules, lessons learned from the Western NY Public Policy Transmission Planning Process and assumptions for the transmission project evaluation and selection phase of the AC Transmission Public Policy Transmission Planning Process. The group also met on December 1, 2017 and reviewed the off shore wind injection assessment conducted by the NYISO at the request of the New York State Department of Public Service and proposed process improvements related to the Public Policy Transmission Planning Process.
- Installed Capacity Working Group – The group met on November 30, 2017 and reviewed deliverability requirements for capacity imports from PJM, a small customer aggregation proposal by Joule Energy Services and the on ramps and off ramps project market design proposal. The group also met jointly with MIWG on December 5, 2017 to review an overview of potential market product or other rules enhancements/modifications for potential consideration in connection with the Integrating Public Policy initiative.
- Electric Gas Coordination Working Group – The group has not met since the last BIC meeting.

- Load Forecasting Task Force – The group met on November 21, 2017 and reviewed 2017 preliminary weather-adjusted peak loads to be used in establishing the 2018 peak load forecast.
- Market Issues Working Group – The group has met three times since the last BIC meeting. On November 27, 2017, the group reviewed meter data and communication requirements for distributed energy resources (DER), Long Island reserve modeling and changes to the NYISO password management requirements for the Market Information System (MIS). The group met on November 29, 2017 and reviewed the Market Monitoring Unit’s quarterly market report for Q3 2017. The group also met on December 5, 2017 and reviewed proposed revisions to the current price correction deadlines, an update regarding the analysis being undertaken in connection with constraint specific transmission demand curves project, an overview of the analysis performed by the NYISO to examine RTC and RTD convergence, an overview of potential market product or other rules enhancements/modifications for potential consideration in connection with the Integrating Public Policy initiative and a presentation by The Brattle Group regarding its carbon pricing study and carbon pricing initiatives in other markets.
- Price Responsive Load Working Group – The group met jointly with the MIWG on November 27, 2017 and reviewed the DER-related agenda item.

## **6. New Business**

Mr. Zach T. Smith stated (NYISO) that an award of 11.1 MW of CRIS in New York City was granted pursuant to the transitional CRIS rules implemented as part of the Behind-the-Meter Net Generators project.

Meeting adjourned at 12:50 p.m.