

NYISO Electric System Planning Working Group Meeting

June 8, 2005

NYISO Washington Ave Ext, Albany, NY

Draft Minutes

Of the 32nd meeting of the New York Independent System Operator Electric System Planning Working Group held May 9, 2005 at NYISO in Albany, NY.

In attendance:

Jerry Ancona – National Grid
Glen McCartney – Constellation
Joe Langan - PPL
Kenneth Lotterhos – Navigant Consulting
Tim Foxen - NRG
Manos Obessis – PowerGem
Jim Mitsche - PowerGem
John Buechler – NYISO
Ernie Cardone – NYISO
Kim Harriman - PSC
Leigh Bullock – NYISO
Janet Besser – National Grid
Bob Reed - NYSEG
Tom Payntor - PSC
Joe Lewis - Constellation
Penny Rubin - PSC
Christopher Hall – NYSERDA
Marco Padula - NYSDPS
Jim Scheiderich - Select
Ralph Rufrano - NYPA
Scott Englander - Tabors Caramanis Assoc.

Roy Shanker – East Coast Power
Tom Rudebusch-Duncan, Weinberg, Genzer Pembroke
Paul Gioia – LeBoeuf, Lamb, Green & MacRae
Michael Mager – Multiple Intervenors
Bill Palazzo – NYPA
Michael Colby - DPS
Glenn Hakke - IPPNY
Diane Barney - DPS
Liz Grisaru – NYISO
Doreen Saia - Mirant
Tim Bush - Navigant
Glenn Catenacci - PSEG
Ralph Rufrano - NYPA
Tariq Niazi - NYSCPB
Bob Reed - NYSEG
Diedre Facendola – Con Ed
Ed Kichline – KeySpan Energy Services
John Watzka – Central Hudson
Howard Fromer - PSEG
Audrey Capers - DPS

Welcome and Introductions

Mr. Bill Palazzo, Chair of the Electric System Planning Working Group welcomed the ESPWG members to the meeting and stated the agenda.

Review of Minutes of April 18 meeting

The minutes for May 9th ESPWG meeting were approved, and will be posted to the NYISO website.

Comprehensive Reliability Planning Process

- **RNA Base Case/Scenario Development**

Mr. Lamanna reported that the internal assumptions for the 10 year base case set up has been completed; the second five year will only include load assumptions. The base case is still being fine tuned, including the representation of the PJM system. The main issue with PJM is the resolution of future unit additions. Mr. Lamanna will report back at the next ESPWG meeting with a summary of the appropriate areas of the PJM representation.

At the last meeting, the NYISO was asked to look at coal, in light of investments being made. Mr. Lamanna reported the coal scenario has been refined to exclude Milliken from the retirement scenario. There was a discussion on screening and analysis on TO projects. Additional resources will also be screened and analyzed. There has been no analysis on NYISO- GE Wind Study.

A question was raised whether the RNA analysis will be evaluating potential issues on the PJM system when reducing flow to Staten Island, and increasing load on other lines coming into the city. Mr. Lamanna replied that there have been discussions with PJM on this issue and that most of the issues related to this will be addressed in the Interregional Planning Study. Mr Lamanna also reported that the area of PJM in northern New Jersey will be monitored during the CRPP.

Mr. Lamanna reviewed the time line. The “Proposed Projects for Study Base Cases - Load Flow” was distributed. Mr. Fromer questioned where the summer and winter numbers came from.

The NYISO will provide a summary of scenario assumptions at the July meeting.

- **Criteria for Halting a Regulated Solution**

Ms. Grisaru presented the criteria for halting a regulated solution. Mr. Mager asked if “reasonably incurred cost” was added to the document. Issue in draft is not consistent with the tariff. The tariff includes this limitation. The TOs recovery is reasonably incurred costs; this document should be consistent.

ISO will prepare a draft procedure for the July meeting

- **Cost Allocation Methodology – TO Proposal**

There was continued discussion of the Cost Allocation Methodology at the meeting. Still open is the issue of cost allocation when the regulated solution is non-transmission. This will be on the agenda to continue discussion at the July meeting.

Mr. Bush stated that whether there is a regulated transmission or generation solution to a resource adequacy need, that parties that have contracts to supply ICAP for a number of years should not be subject to cost allocation for the regulated solution. Paul – stated if there is a generator contract, the issue would have to be raised at the PSC. As far as transmission, if there is a reliability need, all customers who use the system should pay, the fact that there is an ICAP contract does not mean you are not contributing to the problem. He does not support exempting these LSE’s.

Mr. Fromer stated that the tariff lays out guiding principles for cost allocation. This should be applied to generators and to demand response regulated solutions as well as transmission solutions. The cost allocation procedures should have flexibility so that if the criteria is applied to all solutions, everything is on equal footing. An agreement on allocation also needs to be made before we discuss cost recovery. Howard asked if there is an agreement on cost allocation, Penny Rubin responded that they are not prepared to agree on this yet.

Mr. Mager added that we need to look at whether this is for everything or just transmission and asked if all of the provisions are written up so they can be applicable for everything. He also asked if there is TO consensus on the cost allocation proposal for all regulated solutions. There is TO consensus.

There will be continued discussion on this topic at the July ESPWG meeting. More time on specific proposals. Resource adequacy is complicated – needs more thought/discussion. Mr. Palazzo asked that before the next meeting, ESPWG members come prepared with concepts on how to resolve and reach consensus.

Historic Congestion update

Mr. Manos Obessis, of PowerGEM, presented an update on the 2005 1st quarter historical congestion numbers. He reported that the transition to SMD2 format had caused significant changes in the procedures/files data format. January numbers were based on old format, February and March on the SMD2. The format may have to be redefined. Mr. Obessis reported on the 2005 Q1 Congestion Impact Observations:

- 2005 Q1 results comparable to previous years
- Total Q1 congestion increased from previous years
- Excluding unusual days, congestion actually decreased

ESPWG recommended that all metrics be based on mitigated bids only; unmitigated was of little relevance so those reports will be discontinued.

Economic Planning: Implementation Issues

John Buechler outlined various approaches to the “what if” analysis based upon historic congestion costs. He noted that by any of these methods, the following constraints rise to the top of the list based on congestion data for 2003-2004.

- Dunwoodie to Shore Road 345kv
- Rainey to Dunwoodie, 345kv
- Rainey to Vernon 138kv
- Central East - VC

Jim Mitsche presented alternate approaches for addressing “Unusual Days” for historic Congestion Analysis. Included in the report was: (1) what makes a day “unusual” (2) purpose of the analysis (3) analysis performed of 2003 congestion, and (4)

other approaches. Mr. Mitsche raised concerns with the 4/15/04 approach and discussed alternative approaches including:

1. Trying to Develop a Correlation Approach
 - Load Level, Time of Day, Hour of the Week, Day of the Year, etc.

- Easiest and Most Versatile if Correlation Factors Can Be Found
 - 2+ Years of Detailed Data Helps
2. Use the TCC Auction Notification Process to Identify “Unusual” Times
 3. Perform an “All Facilities in Service” Assessment for 2004 To Use as a Baseline for Identifying Statistically Unusual Congestion
 - All Transmission Facilities in Service
 - All Bids are NYISO Reference Bids

ESPWG agreed that Powergem should perform a sample “what if” analysis for Dunwoodie to Shore Road 345kv for ESPWG review at the July meeting. This analysis should be performed for selected hours/days and should include identification of the “next binding constraint.” It was agreed not to do a sensitivity analysis on unusual days. Mr. Buechler stressed that the group needs to achieve consensus on a methodology to be used for future analysis. .

Upcoming IPSAC meeting

Mr. Buechler brought up the June 17th IPSAC meeting and reminded those who are planning to attend and have not yet registered, to do so. This meeting is being convened in support of the comprehensive process of coordinating system planning activities established under the Northeastern ISO/RTO Planning Coordination Protocol by ISO-NE, NYISO and PJM. Stakeholders from all three regions, as well as Canada, have been invited to participate. .

Next ESPWG Meeting

The next ESPWG meeting will be held on July 14th at the NYISO Washington Ave.