

**NYISO Business Issues Committee Meeting Minutes
March 9, 2011**

10:05 a.m. – 12:00 p.m.

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

The chair of the Business Issues Committee (BIC), Mr. Bart Franey (National Grid), called the meeting to order at 10:05 am by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

2. Approval of Minutes – January 12, 2011 – Discussion/Vote

The meeting minutes from the November 3, 2010 were presented for approval.

Motion # 1:

The Business Issues Committee (BIC) approves the January 12, 2011 meeting minutes.

The motion passed unanimously by show of hands with abstentions.

3. Market Operations Report /Seams Report

Market Operations

Mr. Rana Mukerji (NYISO) provided an overview of the Market Operations report. The slides presented were based on preliminary data through February 15th with a full report to be provided at the upcoming Management Committee meeting.

Seams

Mr. Mukerji provided an overview of the Seams Report. A settlement conference in the Ontario/Michigan PAR cost allocation proceeding was held on January 31, 2011. The presiding Administrative Law settlement Judge has scheduled a second settlement conference for March 24, 2011. Mr. Howard Fromer (PSEG) asked if the settlement judge had certified up to FERC the legal issues that the parties requested answers to before they would consider participating in a settlement. Mr. Alex Schnell (NYISO) said yes, the judge did send a report to the Commission informing the Commission identifying three prerequisite legal issues that the parties wanted addressed. Mr. Fromer asked if the ISO had any understanding of whether or not FERC intended to act on the Judge's report. Mr. Schnell said FERC has issue a tolling order on the rehearing request that raised the same issues.

Mr. Mukerji explained that the NYISO and PJM are reviewing the implementation details and functional requirements necessary for NYISO to participate in Market-to-Market Coordination with PJM.

Mr. Mukerji said with regards to EITC, the NYISO and ISO-NE held a series of joint stakeholder discussions to review design proposals for improving the efficient utilization of the NY-NE interface.

Two distinct options: Tie Optimization (TO) and Coordinated Transaction Scheduling (CTS) are under consideration. The ISOs intend to seek stakeholder approval for a conceptual design from their respective stakeholders by the end of the second quarter of 2011. Tariff language and functional requirements will be developed in the second half of the year.

Ms. Doreen Saia (Greenberg Traurig) asked what the ISO is doing regarding the interface with PJM. Mr. Mukerji said, initially, the ISO will do more frequent scheduling with PJM without doing any other type of optimization. The NYISO and PJM will consider implementing coordinated transaction scheduling. These enhancements will be in addition to Market-to-Market.

Mr. Frank Francis (Brookfield) asked if HQ noted what the holdup is for EITC to getting it implemented. Mr. Mukerji said HQ's operations need to develop software and that is causing the delay. The expected date of deployment was end of March. In response to requests for another round of tests/market trials, Mr. Pike said the ISO is not planning another round of market trials, but would consider it.

Proposal for Elimination of the Quarterly "FERC" Seams Report

Mr. John Buechler (NYISO) reviewed the proposal for BIC members. The NYISO, together with PJM and ISO-NE continue to spend time and resources producing, discussing, and posting the quarterly seams reports. In light of dwindling stakeholder participation, redundant reporting of projects, and discontinuance of public notice of the report by FERC, the ISO/RTOs do not see the need to continue the report as there are other methods in place to report the information and to receive stakeholder input. The NYISO will continue to report seams issues at the BIC, Interregional Planning Task Force, and at any future joint working groups with our neighbor control areas, such as those related to Broader Regional Markets initiatives and the ISO/RTO Planning Stakeholder Advisory Committee and the Eastern Interconnection Planning Collaborative.

Mr. David Clarke (LIPA) said LIPA appreciates the effort NYISO makes to keep these issues visible at the forefront. Mr. Clarke said he participated in the conference calls and agrees that the calls didn't seem necessary and there is dwindling stakeholder participation. He raised a concern of making sure there is a way to ensure the ISOs/RTOs are making progress on seams issues. Mr. Buechler said there are many forums for MPs to give their input on seams, and if the three ISOs/RTOs appear to be inconsistent in their reporting on these issues, MPs have many opportunities to raise their concerns with the ISOs/RTOs.

Mr. Fromer asked if the ISOs/RTOs on our borders will be collaborating on the seams reports. Mr. Fromer said he sees it as beneficial if the ISOs/RTOs share the data and are talking to one another on seams issues. Mr. Buechler said the NYISO will continue work with its neighbors on seams issues and will continue to discuss these issues with other ISOs/RTOs and with our market participants. This is a proposal to remove an administrative burden from the NYISO's process. The NYISO is not proposing to eliminate the flow of information with our neighbors or to end our participation in addressing seams issues with them. The ISOs and RTOs will be notifying FERC so they understand. In response to Mr. Buechler's comment that a FERC filing would likely be required, Mr. Franey noted that the filing would provide stakeholders with an opportunity to comment.

Mr. Richard Bolbrock (MUA/NYMPA) said the NYISO has done a good job in addressing seams, and supports removing this quarterly report from the process, but said he found the seams reports helpful as they make the ISOs/RTOs more cooperative. Mr. Buechler indicated that the ISO/RTOs have developed many avenues for collaboration on a variety of issues and that the report is no

longer needed for that purpose. Mr. Mukerji said the seams issues are part of the Broader Regional Markets and FERC is actively involved in and aware of that effort.

Mr. Miller said Con Edison agreed with what has been said, and agreed that the quarterly seams report is an unnecessary administrative requirement.

Mr. Buechler said that ISO-NE and PJM will make similar presentations to their stakeholders this month and the NYISO will update the BIC on those discussions and on the ISO/RTO's plans for the filing. The ISO does not intend to bring it up for a formal vote.

4. Planning Update

Mr. Buechler provided an update on Planning. On the coordination of interregional planning, there is an IPSAC webinar on March 30, 2011 to present initial results of the regional production costing analysis. There will be presentations to discuss the way that energy efficiency is considered in load forecasting for all three regions. With regard to EIPC, going back to February, the SSC approved the first of the 8 futures that will be performed—known as the Business As Usual (“BAU”) case. CRA has just begun their modeling work on initial cases for the BAU. A webinar will be scheduled later this month after CRA has released their initial results. . Since February, the stakeholder Modeling Working Group has been working on defining the data inputs for the other futures and sensitivities. This effort is targeted to be completed at the SSC meeting on March 28 and 29th. The planning authorities have determined the regions to be used in macroeconomic modeling as well as the transfer limits between the regions. This information has been posted on the EIPC website for stakeholder comment.

5. Ancillary Services Manual Revisions for Black Start Service Procedures

Mr. Brad Garrison (NYISO) reviewed the presentation included with the meeting material. The NYSRC approved changes to Black Start Provider Requirements and as a result, requires the NYISO to change the Ancillary Services Manual for Black Start Service Procedures.

Motion # 2:

The Business Issues Committee (BIC) hereby approves revisions to the Ancillary Services Manual pertaining to Black Start Service Procedures as presented and discussed at the March 9, 2011 BIC Meeting.

The motion passed unanimously by a show of hands with abstentions

5. Ancillary Services Manual Revisions for Enhanced Shortage Pricing

Mr. Vinh Le (NYISO) reviewed the presentation included with the meeting material.

Mr. Fromer asked if MPs are voting on it even though it won't take effect upon NYISO implements its associated Tariff changes. Mr. Schnell said the manual will be the same, but the revision will be made conditional on the tariff changes becoming effective.

Motion # 3:

The Business Issues Committee (BIC) hereby approves revisions to the Ancillary Services Manual pertaining to Enhanced Shortage Pricing as presented at the March 9, 2011 BIC Meeting. This approval shall become effective upon NYISO's implementation of the associated Tariff changes.

The motion passed unanimously by a show of hands with abstentions

6. ICAP Manual Revisions for Import Rights

Ms. Mariann Wilczek (NYISO) reviewed the presentation included with the meeting material. A stakeholder requested that the NYISO review the table that was modified to reflect import rights

limits in section 4.9.6. of the ICAP manual. Mr. Franey asked if these changes were to the footnote or to the values in the table. Ms. Gloria Kavanah (NYISO) said the 1,090 MW of grandfathered rights are allocated for the 2011 Summer Capability Period and there were varying amounts for each month in the 2011/2012 Winter Capability Period, and that the revisions were consistent with the discussion on the ICAPWG presentation in February 2010.

Mr. Younger said these Import Rights were locked in for 20 years. He raised a concern regarding the proposed footnote. Mr. Fromer also expressed a concern that the grandfathered rights should be clearly stated.

Ms. Saia said she was uncomfortable with the technical bulletin posted without a defined termination date and that the placement of the table in the ICAP Manual would be updated on an annual basis. Ms. Kavanah suggested that this item be tabled and that the concerns raised be addressed at the next ICAPWG meeting and a future BIC so more precise language can be developed. The agenda item was tabled.

7. Working Group Updates

a. Billing and Accounting Working Group – Bruce Marley (Central Hudson)

At the February 16, 2011 meeting, the group discussed the January 2011 Grid Accounting Report, the Billing Issues Report. There was a Finance Project Management Update. In April, there will be updates to DSS and May there will be update to BCPG. The Con Invoice Redesign is scheduled for August 2011. The BAWG is encouraging CPWG members to attend meetings. The NYISO gave presentations on EITC on settlement changes and DSS changes. The group reviewed the installment 11 to Billing and Accounting Manual.

b. Electric System Planning Working Group - Deidre Altobell (Con Edison)

The ESPWG had a meeting on March 8, 2011. Ms. Deidre Altobell said the NYISO was asked to clarify a part of the Tariff with re: economic planning process. The NYISO interpreted it as "Net zonal savings must exceed project cost of study period before it goes to beneficiary vote." NYISO provided preliminary review of the peak load and energy forecast including energy efficiency assumptions. The ESPWG will schedule meeting next week to go over the proposed forecast before it gets published in the Gold Book. For CARIS Phase 2, the base case is expected to be presented on March 23 meeting. NYISO has indicated they found several items that need to be modified in the base case and stakeholders want to review the modifications prior to completion. For CARIS Phase 1, NYSIO noted they will also make similar changes in the base case.

c. Installed Capacity Working Group – Chris LaRoe(IPPNY)

Mr. Chris LaRoe said the ICAPWG had weekly meetings for rest of March for the NYISO's March 29, 2011 compliance filing on the demand curve reset. The ICAPWG is working through the analysis with the deliverability regarding SDUs for the NYCA proxy unit. Questions were raised how the NYISO would do the deliverability analysis for the Long Island proxy unit. The NYISO is doing analyses under some levels of excess capacity, slightly above minimum capacity requirements. The purpose is to let MPs see the assumptions made by the NYISO and the deliverability analysis. The action item from today regarding the Import Rights has been noted and ICAPWG will review that item when the NYISO is prepared to present the new language.

d. Interconnection Issues Task Force - Frank Francis (Brookfield Energy Marketing)

Mr. Frank Francis said there hasn't been a meeting so far this year. IITF will schedule one when an issue comes up.

e. Market Issues Working Group – Patti Caletka (NYSEG & RGE)

Ms. Patti Caletka (NYSEG & RGE) said there have been three meetings since the last BIC. From those meetings . On February 10, MIWG discussed actions to black start manual revisions, talked about reliability resource compensation and the ISO is asking for feedback on this by March 15 and then return to MIWG in April for further discussion. One other topic was Technical Bulletin 152 where the ISO is requesting a change to allow the ISO to adjust flow on the Branchburg-Ramapo interconnection. February 14 and March 7, were both joint meetings with ISO-New England on Interregional Interchange Scheduling. On February 14 the ISOs presented detailed proposals. They talked about real time scheduling, day ahead external transactions, day ahead market linkage, interface settlements, latency and pricing separation. On March 7, the ISOs talked about TCCs, STRs, day-ahead congestion, transactions fees, and capacity. As part of the March 7 meeting materials, there was a memo for stakeholders interested in making a proposal to notify Patti Caletka, or our counterparts from ISO-New England (Allison DiGrande and Tom Kaslow) if they wanted to get on the agenda for the next meeting to present their alternate proposals to the two that have been put forward by the ISOs. Those presentations are scheduled for March 28 and April 28. If you have suggestions, please submit your proposed revisions so they can be further discussed at the March 28 and April 28 meetings. MIWG has a meeting on March 14 re: RLS fuel prices, STR – Settlement Disputes, and a market design update on multi duration TCC auctions. Back in January, the ISO gave a presentation on fuel indexing and said they would come back with final impacts of market reporting problem.

f. Price Responsive Load Working Group - Alan Ackerman (Customized Energy Solutions)

Mr. Alan Ackerman said PRLWG hasn't had a meeting since the last BIC, but one is scheduled on March 18.

g. Credit Policy Working Group - Norman Mah (Con Edison Solutions, Inc.)

Mr. Norman Mah said CPWG had a meeting on February 22 where NYISO discussed FERC Order 741A which dealt with reducing secured record for corporate to \$50 million. They will discuss the tariff language in more detail on March 25. The ICAP cost will be included in the weekly billing. Mr. Clarke asked whether CPWG will discuss the netting of offsetting the proposed credit requirements at the upcoming meeting. Mr. Mah said he doesn't have an agenda, but will ask the NYISO.

h. Load Forecasting Task Force - Bryan Irrgang (National Grid)

Mr. Bryan Irrgang (Long Island Power Authority) said LFTF has not met since the last BIC. LFTF is scheduling meeting on March 22. Although LFTF hasn't met formally, they are working on the Gold Book.

i. Inter Regional Planning Task Force – Ken Lotterhos (Navigant)

No report

8. New/Other Business

Mr. Francis commented that he received a resolution from NYISO customer relations saying they can't reopen the sandbox for testing and validating bid submission protocols for interregional enhanced scheduling across HQ. He said he would hope the ISO would reconsider. Mr. Pike said the ISO will look into restoring the sandbox. The meeting was adjourned at 1:47 pm.