

**DRAFT**

**NYISO Management Committee Meeting Minutes**

**October 29, 2014**

**10:00 a.m. –1:00 p.m.**

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

The chair of the Management Committee (MC), Mr. Alan Ackerman (CES) called the meeting to order at 10:00 a.m. by welcoming the members of the MC. The members of the MC identified themselves and attendance was recorded. A quorum was determined. Mr. Ackerman noted the objectives for the meeting including the 2015 Vice-Chair election.

**2. Approval of Meeting Minutes**

**Motion #1:**

The Management Committee (MC) approves the September 2014 meeting minutes.

*The motion passed unanimously by show of hands.*

**3. President/COO Report**

Mr. Stephen Whitley, reviewed the President's Report included with the meeting material, and provided an update on the following:

***Ebola - Pandemic Plan*** - The NYISO has an extensive Business Continuity Plan that includes a detailed Pandemic Plan. The Pandemic Plan includes various measurable stages of steps and actions based on the progression of the crisis and triggered by status measured by relevant government agencies. Potential future actions could include suspension of control center tours, restrictions on employee travel, scheduling of stakeholder meetings, and quarantine. The NYISO has a management task force that meets at least weekly to assess the situation and make course changes as appropriate.

***EPA Clean Power Act*** - The NYISO will be submitting comments on EPA's rule to reduce the CO2 emissions from existing power plants on December 1. There have been discussions on the impacts to New York of the EPA's Clean Power plan with both EPA and the DEC. Mr. Peter Carney (NYISO) has been updating the ESPWG on a regular basis, and will bring back to ESPWG an outline of what our comments will say in November. EPA's proposal could present real reliability concerns and there have been several ideas for modifications that would prevent these reliability concerns. NYISO will ask for revisions to the Building Block assumptions and for an appropriate method for states to convert their compliance obligation to tons of CO2/year. These improvements could make the Clean Power Plan acceptable. Stakeholders can share their thoughts on what our comments should be by emailing Mr. Carney and or Ms. Mollie Lampi.

***November 5 Joint NY PSC-FERC Technical Conference*** - On Nov 5 FERC and the NY PSC will hold a joint technical conference to discuss issues of mutual interest and concern regarding the installed capacity market and energy infrastructure in New York. Those interested in attending the technical conference are encouraged to attend. Additional details are available on the FERC website.

Mr. Rick Gonzales provided the Market and Operations Report, included with the meeting material. He noted that the ICAP Spot Market metrics have been added to the operations report.

Mr. Gonzales reported that Mr. Wes Yeomans (NYISO) will be presenting the Winter 2014-2015 Capacity Assessment (under different operating scenarios) at the November Operating Committee and Management Committee.

Mr. Gonzales reported that the annual Chair's dinner was held on October 15. This event is held annually to show appreciation for the committee and working group chairs for their outstanding leadership and dedication throughout the year. He thanked the chairs for their service and encouraged all governance members to get involved in chairing a future committee or working group. Those interested in chairing, please reach out to the Member Relations team.

Mr. Rich Dewey reported on the New York State Cybersecurity Exercise. On October 22-23, the NYISO hosted a set of cybersecurity scenario driven workshops designed to identify interdependencies between energy sector stakeholders in the face of a wide scale cybersecurity event. The workshops involved a one-day technical and operational workshop, followed by a one-day executive workshop. The primary participants included energy sector organizations (electric and gas) that operate within New York State. The event was sponsored by the Department of Energy (DOE) and included participants and observers from both the state (PSC, DHS, Executive) and federal (FERC, DHS, FBI) branches of government. An 'After Action Report' will be produced and next steps will be coordinated with sector participants and the PSC.

Ms. Emilie Nelson (NYISO) provided an update on FERC Order 745. There is a mid December deadline for parties to seek review by Supreme Court. The DC court did grant a stay through the mid December deadline and if FERC does seek review the stay would be extended until the Supreme Court acts. The NYISO included comments in the PJM 206 proceeding which was a request by certain parties for PJM to rerun some of its forward capacity auctions without inclusion of demand response. The NYISO, in its comments did not take a position on the PJM-specific issues but advocated for an orderly transition to the extent there is a need to reconsider the participation of demand response in the wholesale market. The NYISO is considering what might be needed regarding a transition and welcomes input from stakeholders. At the September Management Committee meeting, there was a request for discussion on how the NYISO might coordinate with stakeholders on the issue. Ms. Nelson reported that updates on the court proceedings and further guidance from FERC will guide what may need to be put in place and that the NYISO will be back to stakeholders to discuss this effort.

Ms. Doreen Saia stated that while she appreciates that stakeholders have had less pressure put on them by virtue of the stay, she would expect that NYISO would be doing an internal analysis of the tariff revisions affected. Stakeholders will need to understand from the NYISO perspective what tariff provisions NYISO believes are at stake. She asked for a comprehensive analysis.

In response to when the NYISO will report back with its approach going forward, Ms. Karen Gach (NYISO) stated that we do expect to return to stakeholders and are considering internally the impacts of the court's decision and possible next steps. There is a significant level of uncertainty, timing and scope which complicates the issue of looking at the possible paths forward. She continued by explaining that the NYISO is looking at this internally and, as noted, there are potential energy and capacity components. The NYISO is considering the impacts on the tariff and steps that might need to be taken to mitigate market impacts and address reliability concerns. The NYISO is considering all factors internally and is open to discussion with stakeholders with the expectation that the NYISO will be back before stakeholders with a more detailed explanation or feedback on going forward with this issue.

Ms. Saia said it would be very helpful for Market Participants to understand where the NYISO is on this issue, even if it's just preliminary, and understands that it would be subject to change. The

only information that is publically available is in the PJM filing which was not shared with the stakeholders before it was filed. She asked that we schedule an MIWG session in the November timeframe. Mr. Younger stated that there is a need to set this up as soon as possible and include all Market Participants in the broad discussion, and said we should not have a process where this is fully worked out by one sector and not by the all. Ms. Gach reiterated that, the NYISO will consult with stakeholders.

Mr. Howard Fromer (PSEG) stated that in late September the PSC issued a SAPA notice in which it was discussing and looking for comments on implementing a parallel set of SCR type programs. They never sent it out to the distribution list involved in REV, so they may not even be aware of it. He asked if the NYISO planned to comment on this, and urged NYISO to weigh in on not proceeding with development of these duplicate programs until we get some clarity from the courts. Ms. Gach stated that in the NYISO's comments to FERC in the PJM docket we echoed many of those sentiments, emphasizing the need for an orderly transition and the importance of FERC's guidance on the scope of the court's decision. Mr. Fromer stated that these concerns needed to be iterated on record to the PSC as well as FERC.

Mr. Miller stated that he thinks the NYISO made the right decision to file with FERC in the PJM docket asking for them to provide for an orderly transition with respect to 745. The NYISO correctly stated in its filing that the simple issuance of the mandate in the Order 745 decision should not be viewed as requiring immediate dissolution of the NYISO's capacity based DR programs or the EDRP program. These two programs are needed to retain reliability and it will require further guidance from the FERC on how to proceed. Mr. Miller continued, if the Solicitor General's office decides not to proceed with seeking Supreme Court review, this does not mean these programs go away. Because of this it's important that the NYISO come back with due deliberate speed with presenting to stakeholders a contingency plan. He acknowledged that Con Edison understood the direction from the REV proceeding that they were supposed to be developing a plan on Order 745 and have been responding to PSC direction and it has required some consultation with the NYISO. Con Ed fully understands that whatever proposal comes out of that would be subject to review in the Stakeholder process.

#### **4. Vice Chair Election**

Mr. Ackerman announced that a vote by secret ballot would be taken on the candidacy of Mr. Andy Antinori (NYPA) for Vice Chair for 2015. Later in the meeting Mr. Ackerman reported that Mr. Antinori had been elected.

#### **5. 2015 Budget**

Mr. Rich Miller (Con Edison) provided an overview on the 2015 NYISO Budget. He reported that the presentation was unchanged since his report at the September 30 MC.

In response to a question from Mr. Fromer on how decisions regarding potential changes to the project list and/or budget will be handled, Ms. Cheryl Hussey (NYISO) said changes could go through the stakeholder process beginning with BPWG and then through the Management Committee for review, if needed. Mr. Garrett Bissell (MI) stated that MI has been very clear throughout the process that absent something extraordinary, the understanding should be that the budget has been finalized. The contingencies are understood and we may need to look at reprioritizing and reallocating within the budget number; only in extreme circumstances should we go outside the budget number. Mr. Miller noted that there was extensive discussion at the BPWG regarding this matter and NYISO staff has stated that a lot of work is not easily contracted out and the project list reflects the actual bandwidth of NYISO staff in terms of getting projects done for the next year. If anything changes it will be done as part of a Stakeholder process. If

reprioritization takes place, it will most likely be done within the respective working group but if there's a special need for a more global audience, we can also bring it to the BPWG. Ms. Saia stated that the issue is that there is the potential for the 2015 Capacity and Demand Response items to come to fruition as early as next year and the strong feeling that there needed to be a placeholder for reprioritization.

Ms. Patti Caletka (NYSEG) thanked the NYISO for working hard to keep the budget down this year. Mr. Miller thanked the NYISO staff for being very responsive during the budget process. It worked very well and we will continue to work on process improvements going forward.

**Motion #2:**

The Management Committee hereby recommends that the Board of Directors approve the proposed Rate Schedule #1 Revenue Requirement for the 2015 budget year as described in the presentation materials for the October 29, 2014 Management Committee meeting, subject to the following provisions:

- Revenue Requirement – The Revenue Requirement is \$160.9 million.
- Rate Schedule #1 – The budgeted Rate Schedule #1 is \$0.971/MWh.
- Spending Under-runs – If a spending under-run occurs, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings.
- Volume Over-collections – If an over-collection on Rate Schedule #1 occurs, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings.

***The motion passed by show of hands with abstentions***

**6. Projected True-Up Exposure: Credit Policy Clarification**

Ms. Sheri Prevratil (NYISO) reviewed the presentation included with the meeting material. She noted that this project is on the NYISO project list for implementation this February. Mr. Bissell stated that he appreciates the notice procedure that will be put in place but asked where the commitment will be documented. Ms. Prevratil stated that we do have internal policies where we would document this. Mr. Bissell stated that this should be included in the tariff and asked that it be included in the filing letter as a binding commitment. Mr. Nathan Markey (NYISO) said we could issue a technical bulletin with the process and note this on the credit webpage.

**Motion #3:**

Whereas, the Management Committee (MC) approved revisions to Attachment K of the Market Services and Control Area Tariff ("MST") to include a Projected True-Up Exposure credit requirement, as described in the presentation entitled "Credit Policy Enhancement – Projected True-Up Exposure", at the July 30, 2014 MC meeting.

Whereas, subsequent to the July 30, 2014 MC meeting, the NYISO determined a need for a clarification to the MST language.

Therefore, the MC recommends that the Board of Directors authorize the NYISO staff to file these incremental changes as described in the presentation entitled "Credit Policy Enhancement – Projected True-Up Exposure – Clarification" at the October 29, 2014 MC meeting under Section 205 of the Federal Power Act.

***The motion passed by show of hands with an abstention***

**7. New Business**

Mr. Rich Barlette reported on an error detected in the calculation the NYISO's survey vendor Telesight, uses for the NYISO Customer Satisfaction Index. He explained the NYISO's Internal Audit Department is currently reviewing the issue, and Telesight will give its annual presentation at the December MC.

Mr. Fromer thanked Kirk Dixon for the outstanding customer service provided with regard to an issue with PSEG members email addresses. He noted that Kirk went above and beyond to assist and it was appreciated.

Mr. Tom Rudebush asked for an update on the persistent congestion in Zone A for wholesale LSEs. Rick Gonzales explained the NYISO continues to observe significant congestion in the western zone specifically on the 230 kv line transmission lines between Niagara and Gardenville stations. The NYISO worked with affected TOs to review equipment capabilities for short term solutions, but hasn't identified anything that is not being done already.

Mr. Gonzales reported that the NYISO had received two responses to the request for Public Policy requirements that reference congestion in western NY. They have been posted on the website. The next step in process is to send these to PSC for a determination on whether the PSC wants to invoke a developer requirement for addressing either proposal or to develop its own proposal. Mr. Fromer asked what was the unique policy driving these issues. Rich Miller explained it's the PSC's determination whether a proposal should be a public policy project or not, and the NYISO's role is to post proposals. Mark Younger stated this would more appropriately discussed at ESPWG.

MR, Frank Francis asked what the NYISO is doing to bring Ontario into Northeast MOU. Rick explained we would look to have common rules for capacity in the region and could bolster the MOU or other agreement so the exchange of capacity between regions was better defined.

The meeting adjourned at 12:30 p.m.