

**JPB COMMENTS 1/24/04****NYISO Electric System Planning Working Group Meeting****January 13, 2004***9:00 a.m.*NYS Nurses Association  
Latham, NY**Draft Minutes**

Of the twelfth meeting of the New York Independent System Operator Electric System Planning Working Group held January 13, 2004 at The NY State Nurses Association in Latham, NY.

**Welcome and Introductions**

Mr. Bill Palazzo, Chairman of the Electric System Planning Working Group welcomed members of the group and stated the agenda for the day.

**Review of the Meeting Minutes**

The meeting notes for December 16<sup>th</sup> meeting were reviewed and accepted.

**Phase II: Comprehensive Planning Process Development**

Mr. John Buechler reported on “Stakeholder Proposals for Cost Allocation/Cost Recovery for Reliability Upgrades”. The presentation included a summary of comments from Con Edison Energy/Con Edison Solutions, Keyspan Ravenswood, Multiple Intervenors, National Grid, NY Energy Buyers Forum, Con Edison, NYSEG, LIPA, NYPA, and NY Municipals. Central Hudson noted that they have not yet finalized their position. Individual comments from these organizations have been posted on the NYISO/MDEX site under January 13<sup>th</sup> ESPWG meeting material.

Under the Cost Allocation Methodology, there was general consensus that participants/beneficiaries should pay for market-based solutions. There were wide differences of opinion regarding the appropriate cost allocation methodology for backstop regulated upgrades, with various stakeholders expressing support for each of the following:

- “Bright line” test for regional vs. local benefits based on voltage level
- Case-by-case determination
- Establishment of criteria to be applied to each situation on a case-by-case basis

- Determination of benefits based upon reliability, while others want a “hold harmless” provision based upon economic impacts
- Respective roles of FERC and PSC regarding cost allocation

Regarding the use of the NYISO or TOs’ Tariffs for cost recovery, under either FERC or PSC jurisdiction, there was also a wide diversity of opinions. Some supported only NYISO Tariff/FERC jurisdiction, some supported only TO’s Tariffs/PSC jurisdiction, and others supported both Tariffs/dual jurisdiction. There was also a difference of opinion on whether to provide incentives for regulated upgrades.

Mr. Buechler requested detailed proposals from those advocating positions. Mr. Bob Loughney will look into developing a “cost causation” proposal to bring to ESPWG.

Mr. Paul Gioia commented that once we get into the area of regulation and requiring rate payers to pay something this does go into PSC realm. He stated that requiring rate payers to assume cost is not a NYISO role and therefore the NYISO should not get involved in the choice of a regulated solution—other than to ensure that it will meet the identified reliability need.

Further discussion is planned for the February 9<sup>th</sup> ESPWG meeting. A high-level summary of outstanding issues will be presented at the January 22<sup>nd</sup> Operating Committee meeting. Mr. Palazzo indicated that he would notify the OC that the resolution of any the cost allocation/recovery issues may require Operating Committee action.

### **Initial Planning Process**

#### **Initial Planning Process - Scheduling and Implementation**

Mr. Bill Lamanna reported on “Initial Planning Process - Scheduling and Implementation”. Mr. Lamanna summarized the stakeholder participation input stage status and noted that the end date for this stage is February 15th. The 2003 Area Transmission Review (ATR) is currently in TPAS review. Email requests will be sent out to the Transmission Owners asking them to respond to a set of questions pertaining to their plans and the initial planning process. In addition, a Short Circuit and Adequacy Analysis will have to be done.

Issues identified under “Reliability Scenarios” were discussed. In addition to three identified scenarios (fuel diversity, high load, and generation at risk), it was suggested that low load be looked at as well. Mr. Lamanna indicated that this would be done but not as a regular scenario.

An outline draft with methodology, initial review of existing assessments, and input summary will be presented at the February 9<sup>th</sup> ESPWG Meeting. This draft will also be presented to TPAS.

Completion date for the initial draft report is March 26, 2004. TPAS and ESPWG review of the reported will be completed by April 28, 2004 and the report will be brought to the Operating Committee Meeting for a vote at the June 2004 Meeting

## **Summary of Load Forecast Methodology**

Mr. John Pade reported on the NYISO Electric System Planning Process. The role of the Load Forecasting Task Force is to review NERC, NPCC, and NYISO Load & Capacity Report forecasts. This group will also develop a process for the 10 year forecast with input from Market Participants and State Agencies. The 10-year forecast, scheduled for completion in February, will be based on a common set of assumptions obtained from an economic forecast consultant and linked with EDRP and other DSM programs. Mr. Pade stated that Mr. Dave Lawrence will provide input on these programs. .

Mr. Pade reported that the LFTF would be looking at the Transmission Owners to submit forecasts for 10 years. Data submitted for Load and Capacity report has improved over the last few years. Updates to Load & Capacity were not originally made on regular basis. This situation is in the process of being corrected and we are looking into a quality control mechanism similar to what we employ in the ICAP world.

A question was raised on the statutory obligation for Transmission Owner's to supply this data. Since this obligation has lapsed, does the NYISO compel to TO's to provide 10-year forecasts? Mr. Pade replied that there has been no indication from TOS that they wouldn't be forthcoming in providing this data.

Mr Fromer asked if the NYISO would be providing the TOs with the economic assumptions to be used to extrapolate their forecasts to a 10-year period. Mr. Pade answered that, while the TO's each decide upon their own forecast methodology, the NYISO will evaluate the TO forecasts against a consistent set of economic assumptions for the State provided by the NYISOs' economic consultant.

Still to be determined:

- Converting energy to peak forecast
- Source of elective price variable
- DSM/EDRP
- MP input and participation in the forecasting process

## **Phase II: Comprehensive Planning Process Development**

### **PROBE model analysis**

Mr. Jim Mitsche reported on "Congestion Impact Calculation Update". Included in the presentation was SCUC vs. PROBE comparison for 7 days, calculation result examples, analysis recommendation and work plan. ESPWG'S review of the analysis results concluded that overall revenue and Bid Production Cost is being reproduced by PROBE with acceptable precision, but some tune up will need to be given for specific modeling assumptions (ratings, PAR settings, GT's, ancillary services).

Next steps will be for PowerGem to meet with NYISO Operations to make appropriate revisions to PROBE to reduce the variation between PROBE and SCUC in Zones J and K to a level acceptable to ESPWG. In addition, they will continue the benchmarking of PROBE on a periodic basis to ensure that the tool is working properly, particularly under high load conditions. Unusual events and their contribution to historical congestion will be identified and historical congestion will be reported on both a statewide and zonal basis using the congestion impact metrics approved by the OC 11/6/03.

The consensus from ESPWG was to recommend PROBE to the Operating Committee with the stipulation that additional work still needs to be done with regard to Zones J and K. It was agreed that an explanation of the accuracy and any limitations of the PROBE model will be included in the final report.

### **Next Meeting**

The ESPWG is scheduled to meet February 9 at the NYISO, 290 Washington Avenue Extension, Albany, NY at 9:30 a.m.