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

10:05 a.m. – 1:50 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 then identified themselves and attendance was recorded. A quorum was determined.

2. Approval of Minutes – November 3, 2010 – Discussion/Vote

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

Ms. Patti Caletka (NYSEG and RG&E) noted that she is still listed as the chair of BAWG and asked to have it corrected.

Motion # 1:

The Business Issues Committee (BIC) approves the November 3, 2010 meeting minutes.

The motion passed unanimously by show of hands with an abstention.

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 January 19th with a full report to be provided at the upcoming Management Committee (MC) meeting. An uplift report will be root causes is being analyzed and will be addressed at the MC as well.

Seams

Mr. Mukerji provided an overview of the Seams Report. To recap, last month, FERC ordered NYISO to re-prioritize Buy-Through of Congestion downwards. FERC told the NYISO to continue with the ISO's other Broader Regional Markets initiatives and expedite Market-to-Market Congestion Management and Interface pricing. The ISO will reprioritize the Buy-Through of Congestion downward and accelerate Market to Market and Interface Pricing, and will seek rehearing with FERC because it is not practicably possible to implement the identified initiatives by Q2 of this year. In the rehearing request, there will be a proposed schedule for implementing Interface Pricing by January 2012 and Market to Market by the end of 2012.

On other aspects of Broader Regional Markets, The NYISO expects to implement Enhanced Inter Regional Transaction Coordination (EITC) with HQ on schedule for March. Mr. Mukerji reported that ISO-NE and NYISO have been holding ongoing meetings on the design aspects of Enhanced Transaction Scheduling with NE. The first meeting was held in Albany, the next one will be held on Monday in Springfield, MA. Mr. Mukerji encouraged BIC members to attend and provide comments on the proposed methods of implementing interregional coordination. There will be a series of meeting every month leading up to a conceptual vote at BIC and by ISO-NE's stakeholders in May.

Mr. Stuart Nachmias (Consolidated Edison) asked for clarification on the NYISO's plans for the Buy-Through of Congestion component. Mr. Mukerji said that the majority of the benefits in Dr. Patton's cost benefit study came from Enhanced Transaction Coordination, the second from Congestion Management, and the third was from Buy-Through of Congestion. The ISO has finished the conceptual designs of them all. The other projects that FERC asked to be expedited will come first. He added that the ISO will examine Buy-Through of Congestion for a 2013 projects and report to FERC on the progress of the other BRM projects before it restarts the Buy-Through of Congestion initiative.

Mr. Howard Fromer (PSEG) asked what the NYISO could share of the status of the Michigan/Ontario PARs and about FERC directed settlement sessions.

For the settlement discussion conferences, Mr. Alex Schnell said the parties had one conference and the settlement judge agreed to bring to the FERC's attention three issues through rehearing requests: (1) given the non-customer relation between NYISO and MISO, is it appropriate in the 205 filing to assign costs to NY (2) this issues applies more to PJM than the ISO, is the allocation not-permissible due to the existence of the JOA between the two entities (3) the argument that MISO and ITC's proposal is inconsistent with FERC's pending transmission cost allocation NOPR.

4. Planning Update

Mr. Henry Chao (NYISO) said IPSAC had conference call last week to discuss interregional studies, which are extensions of what was done a year ago on the markets and the system. ISO-NE and PJM did their own studies and those studies will be shared at a Webex IPSAC meeting on March 30th. At this meeting, there will be discussion on the three regional reliability studies. Mr. Chao also gave an update on the EIPC stakeholder meeting in Arlington, Virginia.

5. Need/Funding Mechanism for End Use Consumer Sector Consultant

Mr. Tariq Niazi (NYS Consumer Protection Board) reviewed the presentation on behalf of the End Use Sector. Mr. Niazi stated that the End Use sector has always had constrained resources and unable to attend all of the different working groups and sub committees, making it hard to keep up with the issues. The lack of resources has been an issue since the inception of the NYISO. The appointment of a consumer liaison is only a partial solution and does not take away the need for a technical expert to add to their resources. He provided an overview of the role of the consultant and cost allocation figures. The consultant, who would have a better understanding of the impact of consumers on the complex technical issues, would report to sector members and represent their interests at stakeholder meetings.

Mr. Niazi reviewed the proposal, the funding mechanism, and the governance administration for BIC members.

Mr. Howard Fromer (PSEG) stated as worthy as the initiative is, it's inappropriate for a program like this to be hard wired into the tariff. He stated that the groups that have been identified as those who will benefit, which include City of NY, NYSERDA, and the small customer groups, have budgets in the hundreds of millions. He said this is not something that is appropriate to have a mandatory tax outside of the legislative process.

Mr. Mager (Multiple Intervenors) said MI supports this measure. The End Use Consumer sector does not have the resources to participate actively and meaningfully. Mr. Niazi re-iterated that the End Use Sector is underrepresented in the committees.

Mr. David Clarke (LIPA) stated that LIPA represents generators and load but for a significant portion is in favor of load interest. LIPA's budget is committed to this. This is a small item – there is room for additional discussion on this from a conceptual point of view: such as alternative distribution – who gets the money – a portion is for load – Do TOs get a draw? Do environmental get a draw? Who should be paying for this cost allocation and governance?

Mr. Niazi said record speaks for itself with regard to which entities were involved in major issues that impact consumers. Presentations were brought to two MIWGs – not many requests for changes – there were that came in that were made. Mr. Niazi stated that CPB wanted ESCOs to have some vote on this since they will be impacted.

Mr. Liam Baker (US Power Gen) asked if the NYS CPB reached out to its constituencies such as IBM, Alcoa, City of NY, etc. and ask for funding, prior to putting the proposal together. Mr. Niazi said this proposal is coming from the End Use Consumer sector.

Mr. Tom Rudebusch (New York Association of Public Power) said NYAPP thinks there is a strong need for a consultant, but it should be paid for by End Use sector and not by other sectors. He mentioned that the village of Messina with a population of 21,000 currently pays for someone to represent them, but then under this proposal, they would be expected to pay for Alcoa's interest as well. He said this is not a fair proposal and is an over-reach to have other load interests pay for it.

Mr. Mark Younger (Slater Consulting) asked why the environmental sector was included in the voting piece. Mr. Niazi said they are part of the three sectors involved in this process. Mr. Younger said there are lots of sectors involved in this. The environmental sector doesn't serve load so they aren't end use consumers.

Mr. Jackson Morris (PACE Energy) said the environmental sector does not serve load, but we represent environmental organizations and the impact of the generation impacts all consumers in New York State.

Mr. Kevin Lang (City of NY) said this is a small amount of money and will substantively improve the NYISO's stakeholder process.

Motion # 2:

The Business Issues Committee (BIC) recommends that the Management Committee approve, and recommend to the NYISO Board for filing under Section 205 of the Federal Power Act, a request for FERC approval of amendments to the Market Services Tariff to allow for establishment and funding of a End Use Consumer Sector Consultant, as described in the presentation made to the BIC on this date, February 9, 2011.

The motion failed with 23.07% affirmative votes by a secret ballot vote

6. Amending the Definition of "ATC" in the OATT

Mr. Wes Yeomans (NYISO) reviewed the presentation included with the meeting material. In the September 16 FERC Order, (which accepted a NERC interpretation of MOD-029 that the NYISO had sought in order to clarify that its financial reservation model was compatible with MOD-029's requirements, the Commission encouraged the NYISO to work through its stakeholder process to update its OATT's definition of "ATC" to more accurately reflect the different nature and function of ATC under a financial reservation model. In its November 8, 2010 compliance filing, the NYISO indicated it intended to present a tariff amendment to update and clarify the NYISO OATT's definition of "ATC" for its stakeholders' consideration.

Motion # 3:

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve amending the definition of Available Transfer Capability ("ATC") as presented at the February 9, 2011 BIC Meeting.

The motion passed unanimously by a show of hands with abstentions

7. Bid Production Cost Guarantee Enhancements

Ms. Kim Sebben (NYISO) reviewed the presentation included with the meeting material. During the Strategic Tariff Review, two market enhancements associated with the Bid Production Cost Guarantee Payment were identified: (1) The treatment of Bilateral Transactions when calculating DA and RT BPCG payments and (2) The calculation of RT BPCG for RT only regulation providers. Ms. Sebben provided an overview of the proposals, with examples for BIC.

Mr. Younger asked what the basis was for expectation of regulating in real time. Ms. Sebben said this has been discussed in the past and provided the specific tariff sections that apply. Mr. Younger clarified that in past discussions, the language pointed to a manual that is not in place at the moment, and did not point to specific tariff language.

Mr. Franey asked is there any way to stop that (incremental energy) block from getting out of hand. Ms. Sebben this curve is currently used and supplied by the generators every hour. It is not a new bid component. That's what is used for a scheduling for energy and regulation. There are provisions in Attachment H for looking at generator bid curves comparing to costs that would still apply. Mr. Younger said all of the cost information is used for everything except for paying the BPCG to the regulation provider.

Mr. Stu Nachmias (Consolidated Edison) asked if the regulation amount is currently part of the real time bid. Ms. Sebben said the incremental energy cost associated with supplying that regulation, and under the new rule, the expectation that real time regulation bidding now should purely include the cost of providing regulation service in real time. Mr. Nachmias asked how the NYISO would know that change has occurred. Ms. Sebben said the Attachment H provisions for market mitigation still apply. There are generator references for all services provided, regulation spin as well as energy which include generator cost data referencing what those generator costs should be are in the generator bidding. They exist today in the tariffs and apply to all units at all times.

Mr. Younger asked if there are any tariff changes with regards to real time regulation. Ms. Sebben said there are in Rate Schedule 3.

Mr. Franey asked how this will affect Rate Schedule 3 vs. what we have today vs. real time LBMP. Ms. Sebben said the real time clearing price for regulation, those costs could go down, depending on which generator is the marginal unit.

Mr. Nachmias if the NYISO would report in the six months of the impact of the calculation change. Ms. Sebben said the NYISO could report and quantify the changes.

Motion # 4:

The Business Issues Committee (BIC) recommends that the Management Committee approve, and recommend to the NYISO Board for filing under Section 205 of the Federal Power Act, amendments to the Market Services Tariff proposed as part of the Bid Production Cost Guarantee enhancements project and described in the presentation made to the BIC on this date, February 9, 2011.

The motion passed unanimously by a show of hands with abstentions

8. Conforming Conflicts Provisions in the NYSRC Agreement, the Code of Conduct, and the NYISO Agreement

Ms. Liz Grisaru (Whiteman, Osterman & Hanna, LLP for NYISO) reviewed the presentation included with the meeting material. The proposed amendments to the ISO Agreement and the Code of Conduct to allow ISO committee participants to serve on the NYSRC Executive Committee, and prohibits ISO employees and contractors from serving on the NYSRC Executive Committee.

Motion # 5:

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve for filing under Section 205 of the Federal Power Act the amendments to the OATT and the NYISO Agreement conforming those documents to the recently amended New York State Reliability Council Agreement, as described in the presentation made to the BIC on this date, February 9, 2011.

The motion passed unanimously by a show of hands with abstentions

9. ICAP Manual Revisions

Ms. Kathy Whitaker (NYISO) reviewed the presentation included with the meeting material. The primary reason for this change is because the NYISO is now requiring reports from tests and deployments to be uploaded in DRIS software system. This is an improvement because all of the performance and energy data will be in one location.

Motion # 6:

The Business Issues Committee (BIC) hereby approves revisions to the Installed Capacity Manual as presented at the February 9, 2011 BIC Meeting.

The motion passed unanimously by a show of hands with abstentions

10. Working Group Updates

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

Mr. Marley provided a detailed report of events from the December 13, 2010 and January 19 meeting. The reports are located on the NYISO website under BAWG meeting material. Mr. Fromer asked that should something happen to Station Power, the BAWG chair notify the BIC chair to alert the BIC members.

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

No report

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

Mr. Chris LaRoe (IPPNY) said ICAPWG had a few meeting in the last weeks to wrap up the SCR issues. ICAP members discussed baseline methodology for SCR coupled with aggregation. He thanked the BIC and MC chairs for accommodating the ICAP, schedule wise, so that the group could get the items in place for this summer's capability period. They both have been approved by the committees. ICAPWG had a meeting yesterday and another SCR issue came up, which was behind the fence generation. ICAPWG discussed what qualifies as an SCR when the generation is in excess of host load. The NYISO has a new definition of an SCR generator. ICAPWG is trying to work through the criteria at the next meeting on March 4. Also, everyone should be aware of FERC's order on the demand curve. It's going to require new analysis on behalf of the NYISO. We have scheduled ICAPWG meetings upcoming and we will need to schedule more on the calendar so NYISO can make a filing in 60 days.

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

Mr. Frank Francis (Brookfield Energy Marketing) 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)

Ms. Caletka said there have been three meetings since the last BIC. From those meetings, three action items came up to BIC today, which were consumer consultant, BPCG enhancements, and ATC definitions. On January 13, MIWG discussed actions to minimize uplift, TCC auctions, and they reviewed price corrections of December 2, 2010. On January 24, they talked about TCCs and the spring auction, and RLS fuel index. On January 21, there was a joint meeting with New England on interregional transaction scheduling.

f. Price Responsive Load Working Group - Alan Ackerman (CES)

There was no report (PRLWG did not meet)

g. Credit Policy Working Group - Norman Mah (Con Ed Solutions)

Mr. Norman Mah said CPWG had a meeting on January 25 where the NYISO announced the default of Amber Power and provided details. The ISO's Kim Sebben discussed proposed credit policy changes for multiple duration TCCs and the ISO's Sheri Prevatil covered compliance for meeting with FERC Order 741 which requires a compliance filing in March. What was discussed was a proposal for material adverse change and minimum criteria for MPs. There were significant changes for minimum criteria which included training for participants in that category. CPWG will have another meeting on February 22 to cover the compliance filing with FERC.

h. Load Forecasting Task Force - Bryan Irrgang (LIPA)

Mr. Bryan Irrgang said during the past fall, while the LFTF was going through the load forecast cycle, questions arose on response of load, weather normalization, methodology used to evaluate load growth, etc. LFTF worked to address those questions, and LFTF got through our forecast cycle last year on December 30th. However, the LFTF wanted to follow up on those questions so we had our last meeting on February 3rd and solicited feedback from members. We discussed alternative approaches for evaluations on forecasted load growth. Some of the TOs are planning on giving their load forecasting internal process methodologies at a future LFTF meeting.

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

There was no report (IPTF did not meet)

11. New Business

There was no new business. The meeting was adjourned at 1:47 pm.