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**DRAFT****NYISO Business Issues Committee Meeting Minutes****June 2, 2010****10:15 a.m. – 12:00 p.m.**

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

Mr. Glenn Haake (Dynergy), the Chair of the Business Issues Committee (BIC), called the meeting to order 10:05 a.m. and welcomed the members of the BIC. Meeting participants introduced themselves and their affiliations. Mr. Haake announced that the committee would hold off on the approval of the May 2, 2010 minutes. There was a quorum.

**2. Approval of the meeting minutes**

The meeting minutes from February 3 and February 16 were presented for approval

Motion 1:

Motion to approve the February 3, 2010 and February 16, 2010 meeting minutes

*The motion passed by majority show of hands with abstentions and an opposition*

**3. Market Operations Report**

Dr. Nicole Bouchez, (NYISO) filling in for Mr. Rana Mukerji (NYISO), provided the Market Performance Highlights (see presentation posted under June 2 BIC meeting material). LBMP for May is \$48.28/MWh, up from \$41.56/MWh in April 2010. The average monthly cost is \$51.68/MWh, up from \$45.13/MWh in April 2010. Day Ahead and Real Time LBMPs have increased from March 2010. Uplift per MWh is up slightly from the previous month. Uplift (not including NYISO cost of operations) is \$0.62/MWh, up slightly from \$0.61/MWh in April. Total uplift (Schedule 1 components including NYISO Cost of Operations) is trending higher than April 2010.

**4. Seams Report**

Mr. Robb Pike (NYISO), filling in for Mr. Mukerji, presented the Seams Report (see presentation posted under June 2 BIC meeting material). Mr. Pike reported that at the May 24, 2010 MIWG meeting NYISO provided updates on the six initiatives identified in the January 12, 2010 Broader Regional Markets report: Interface Pricing Revisions, Regional PAR Coordination Operating Guide, Parallel Flow Visualization, Buy-through of Congestion, Market-to-Market Coordination and Enhanced Interregional Transaction Coordination. Mr. Pike said the NYISO would be planning on making a FERC filing in July; a status report on where the initiatives are. The NYISO is also looking to schedule a third technical conference in late August for all stakeholders to provide additional details on the various initiatives.

Mr. Frank Francis (Brookfield Power) asked if the capacity wheel concept was raised. Mr. Pike said that this concept was introduced and is being explored further. Ms. Doreen Saia (Greenberg Traurig) asked about updates on the PARs; since there appears to be a standstill on the issue would the NYISO be making a note of this to FERC. Mr. Pike provided an update based on several recent news articles. Ontario and Midwest are actively working with ITC to make the PARs operational and in service by mid-September.

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Mr. Pike noted that in support of the enhanced interregional transaction coordination effort, NYISO would be doing a walk thru of examples on how the pricing rules would work at the upcoming MIWG. The focus, from an implementation perspective, is on more frequent scheduling with Quebec, but the rules are laid out to extend to any other region.

### **5. Planning Update**

Mr. John Buechler (NYISO) provided the planning update which focused on recent EIPC activities. Since the finalization of the Stakeholder Steering Committee (SSC) structure and selection process on May 14th, the EIPC has been working to get the online selection process ready to launch on June 4th. A notice was sent out on May 25<sup>th</sup> that explains the selection process and timeline in detail. The SSC Selection Process FAQs and the Step-by-Step guide explain the rules and procedures of both meeting in-person and using the online process hosted by EIPC to select Sector Caucus representatives and SSC members. In addition, EIPC will hold a series of two webinars for all stakeholders on Thursday, June 3, 11:00 – 12:30 EDT and Friday, June 4, 10:00 – 11:30 AM EDT to demonstrate the online process and answer any remaining questions. Registration links will be sent out shortly.

The first step in the process is to identify coordinators for each sector and region (and for the NGOs and End Users which have elected to utilize an interconnection-wide process) to help organize stakeholders and decide by June 4th whether the Region and/or Sector will be using an in-person or the online selection process. Several sectors have already posted on the EIPC website (<http://eipconline.com>) their intention to hold meetings or conference calls to select their caucus representatives and information on how stakeholders can participate.

All announcements for posting on the EIPC website should be sent to [Mpinard@keystone.org](mailto:Mpinard@keystone.org). Early decisions are appreciated. Mr. Buechler provided the schedule for completion of the selection process—to support the first SSC meeting in mid-July. .

### **6. EDRP Manual Revisions**

Ms. Kathy Whitaker (NYISO) presented the proposing revisions to the EDRP Manual to address the NYISO website redesign and Demand Response Information System deployment (see presentation). Mr. Jim D’Andrea (TC Ravenswood) expressed concerned with the focus on manual language as opposed to tariff language.

Motion 2:

The Business Issues Committee (BIC) hereby approves the EDRP Manual revisions as presented to the BIC on June 2, 2010.

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

### **7. ICAP Manual Revisions**

Ms. Kathy Whitaker (NYISO) presented the proposing revisions to the ICAP Manual to address NYISO website redesign and Demand Resource Information System (see presentation).

Mr. Bob Boyle (NYPA) asked if there were separate SCR and DRIS event calendars. Ms. Whitaker said that the calendars are and information entered is consistent with both calendars. If there is a market participant involved in only SCR or DR programs they could go to that particular calendar. Mr. Jim D’Andrea (TC Ravenswood) expressed concerned with the focus on manual language as opposed to tariff language.

**Motion 3:**

The Business Issues Committee (BIC) hereby approves the ICAP Manual revisions as presented to the BIC on June 2, 2010.

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

**8. Strategic Tariff Review: Rate Schedule 1 Provisions in the NYISO Tariffs**

Mr. Scott Brown (NYPA) asked if there was a concern on the 20% figure for the generator injection portion of NYISO's Annual Budget cost recovery being based on the ISO's withdrawal forecast. Mr. Russell said the gen injection value is currently divided by the forecast of the withdrawal units. We have concluded that injections are not significantly different. Mr. Brown then asked if the injection MWs could be a greater value. Mr. Russell said any difference would not be material. Mr. Brown asked that this item be included as part of the Rate Schedule Study, to be voted on this summer.

**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 OATT and Market Services Tariff proposed as part of the Strategic Tariff Review for Rate Schedule 1 and related provisions, as described in the presentation made to the BIC this date, June 2, 2010.

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

**9. Customer Relations Department Initiatives Update: Phone System**

Mr. Roger Kirkpatrick (NYISO) provided an update on the new phone system. He said that calls will be tracked for 30 days. The purpose is to verify that the customer representatives are thoroughly recording the issue. The calls will be reviewed for quality purposes. Mr. Frank Francis (Brookfield Power) commented that his company did not have an issue with the recording system, but with the timeliness of resolving issues and getting subject matter experts to be available. Mr. Rich Miller (Con Edison) seconded Mr. Francis's comments.

**10. Broader Regional Markets - Interface Pricing Revisions - Conceptual Approval**

Mr. Pike provided a report (see presentation). As part of the Broader Regional Market initiative, the NYISO agreed to complete a design concept for Interface Pricing Revisions (to be used prior to when the Michigan- Ontario PARs are to be in service) by 2nd quarter 2010. Concepts were reviewed at the April 12th MIWG, and no subsequent comments have been received. The NYISO will be preparing a report for FERC in July to provide status updates on the various elements included in BRM. The NYISO wants to ensure it accurately reflects stakeholder agreement/concerns with these concepts. Formal stakeholder approvals will be required to implement the proposed market rule changes.

Mr. Pike said the proposal he presented to the BIC is focused on the alterations to the current pricing methodology for the existing network configuration, without the availability of the Ontario-Michigan PARs to minimize Lake Erie Loop Flow. The NYISO continues to work with the other ISOs to evaluate the appropriate method to utilize with the Ontario-Michigan PARs in service.

The NYISO proposes to represent the physical distribution of power flows around Lake Erie based upon network topology. The NYISO proposes to maintain the existing Tariff rules that preclude the circuitous scheduling of transactions because the prohibition helps conform actual flows to scheduled flows. The effort will also include validating the network locations chosen to represent the external proxy bus locations.

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Implementation Schedule: the proposed design will require software development effort that cannot be completed in 2010 due to existing project commitments. Design and evaluation of the proposal will continue during 2010 with necessary stakeholder review and approvals. The implementation effort will be incorporated into the 2011 Budget Planning/Project Prioritization process.

Mr. Garrett Bissell (Multiple Intervenors) asked if there was a sense on what the range of costs would be for the software changes. Mr. Pike said the changes will be focused with the business management applications and that this was a medium-sized project.

Mr. Miller provided additional clarifying language to add to the motion.

Mr. D'Andrea expressed concern on voting for something that was far out into the future. Mr. Haake said that he felt that many stakeholder governance participants did not mind the NYISO's request, and were willing to hold a straw vote to indicate their support for moving this project forward. Mr. Miller stated that Con Edison shared Mr. D'Andrea's concerns, but understood the need for an indication of support by Market Participants. Mr. D'Andrea stated that additional non-binding votes are not necessary for the NYISO to conduct its business and this creates a record that may or may not necessarily reflect how things work.

Mr. Alex Schnell (NYISO) said that the purpose of the vote is to get a non-binding checkpoint from committee members on whether to move forward. Mr. Bissell stated that while Multiple Intervenors appreciate the NYISO's efforts, they need to better understand the benefits and costs of these initiatives.

Motion 5:

The Business Issues Committee (BIC) hereby approves the NYISO moving forward its proposal for interface price revisions as is more fully described in the presentation made to this BIC meeting on June 2, 2010, subject to further review and discussion at the Market Issues Working Group. The BIC understands that additionally approvals will be necessary to authorize any tariff changes or implement the proposed changes.

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

#### **11. CARIS Draft Voting Procedure**

Ms. Branka Brlosic-Nirenberg (NYISO) provided an overview that will be applicable in Phase 2 (Project Phase) of the CARIS process when LSEs are asked to vote on an economic transmission project that seeks cost recovery pursuant to Section 16 of Attachment Y. The procedure describes the steps required to complete the voting process (see presentation).

Motion6:

Motion to approve the draft procedure entitled "VOTING PROCEDURES FOR REGULATED ECONOMIC TRANSMISSION PROJECTS" under Section 15.5 and 15.6 of Attachment Y of the NYISO OATT .

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

#### **12. CARIS Revised Procedures**

Ms. Branka Brlosic-Nirenberg (NYISO) provided an overview on the revised procedures. Mr. Rich Miller asked that this procedure be tabled and brought by to ESPWG to add additional clarifying language pertaining to the databases.

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### 13. Working Group Updates

- A. Billing & Accounting Working Group – Ms. Patti Caletka (NYSEG/RGE) provided an update for the group. At the last meeting BAWG members reviewed the invoices; there were no significant issues. The ISO did notify members there was an issue pertaining to billing for station service; and NYISO is currently developing code to address this. At the request of the BIC chair, Ms. Caletka will report back with specifics at the next BIC meeting. Import/Export templates for EDRP were discussed. A presentation on the Consolidated Invoice was presented at that meeting; comments are being collected. The Billing and Accounting Manual installment #9 is on hold, waiting on clarification on certain sections, and installment # 10 will be coming to the BAWG and BIC next month.
- B. Electric System Planning Working Group (Joint BIC/OC Working Group) – Ms. Deidre Altobell (Con Edison) reported that the group is reviewing the first draft of the 2101 RNA, still very preliminary, which includes background, historical information and initial LOLE results. The NYISO requested comments to the existing document be sent to them by close of business June 4 so they could be included in the next version of the RNA. The schedule is to complete review of the RNA by July 1<sup>st</sup> and go to the July OC and MC meetings in order to meet Board approval in August. Additionally at the last meeting, the procedure to update and extend the CARIS Phase 1 database was reviewed.
- C. Installed Capacity Working Group – Mr. Robert Boyle (NYPA) reported that the ICAP Working Group met on May 21 and discussed In-City Buyer Side Mitigation Measures and Demand Curve Reset topics including a Straw Proposal presented by Multiple Intervenors and comments provided by the Transmission Owners. There will be three meetings in June to discuss Demand Curve Reset and tariff review.
- D. Interconnection Issues Task Force – Mr. Frank Francis (Brookfield Power) reported that at the last meeting, Mr. Dave Lawrence presented a follow up proposal on Methodology for Determining External CRIS Offer Caps. This addressed a concern raised at the April meeting on the need for an offer cap in all the auctions. Brookfield has raised concern on the cap determined from using the most recent auction clearing price in an external market to which capacity may be wheeled; the cost of transmission should be included in the cost for wheeling capacity into NY. Also discussed were Queue Improvement Issues: class year study cost allocation, and small generator participation in class year studies.
- E. Market Issues Working Group – Mr. Ray Stalter (Edison Mission) gave an update for BIC members. MIWG met several times during the month and reviewed Broader Regional Market: Interface Pricing, ISO-NE Initiatives, and Technical Conference Follow-up. Mr. Robb Pike provided the FERC Loop Flow Report. Other items presented at the meetings included Market-to-Market Coordination (Congestion Management), Enhanced Interregional Transaction Coordination, Mitigation of ROS Reliability Committed Units, North Zone Loss Changes for NYPA and National Grid, North Country Wind Study, Technical Bulletin 40: External Day-Ahead Transactions in Real-Time Commitment (RTC), Fuel Switching and Compensation, Proposed Tariff Changes for Late Day Starts, Reference Level Software Implementation Update, Increasing Bids in Real Time, LRR/DARU Follow-up, Strategic Tariff Review: Demand Response Strategic Tariff Review: Revenue Metering, Offers in Any Round – Tariff Revisions, and Energy Storage White Paper. The MIWG also reviewed the Rest of State Proposal, Reference Level Software, and Con Edison Compensation Loss of Gas Local Reliability Rules and compensation – this will be brought back to the next MIWG meeting. Mr. D’Andrea clarified

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that the discussions at MIWG would be related to going forward issues (not just min oil burn), a beginning discussion on compensation changes would be required if a supplier in response to a reliability directive incurs costs. Mr. D'Andrea stated that if they get a call and are directed to do something and it costs them money, they would like to be paid. The first quarter State for the Market was presented. There was also an Operations updates regarding wind generation forecast and Lake Erie Loopflow.

- F. Price Responsive Load Working Group – Mr. Alan Ackerman (CES) reported that the PRLWG members had reviewed the Strategic Tariff Review – EDRP, proposed attachment G tariff language, and priority of demand response issues. Members were asked to submit their comments on priorities to Leigh Bullock.

#### **14. New Business**

There was no new business. The meeting adjourned at 11:45 am.