

September 9, 2003

## NYISO Business Issues Committee Meeting Minutes

*NYS Nurses' Association, 11 Cornell Road, Latham, NY 12110*

### **I. Welcome and Meeting Objectives**

Larry DeWitt, Chair of the Business Issues Committee (BIC), called the meeting to order at 9:33 A.M. and welcomed the members of the BIC. The attendees introduced themselves and named the companies that they represent.

### **II. Chair's Report**

No Chair's Report was provided.

### **III. Market Operations Report**

David Lawrence, of the NYISO, reported on Market Performance highlights and a look at reliability indicators. Mr. Lawrence noted that August's levels were lower than usual and that more information on this phenomenon will be provided at the Operating Committee meeting the following day. Mr. Lawrence also pointed out an enhancement to slide 4-Y, NYISO In City Mitigation (NYC Zone) – 2003, that a description was added to show how the numbers in this chart were calculated.

Rick Mancini, of Customized Energy Solutions requested that the Market Operations Report be provided the day before the meeting and Mr. Lawrence responded that the NYISO will try to accommodate that request for future meetings.

Doreen Saia, of Mirant, noted that the S&P WG hosted a presentation by the NYISO on the limit of transaction capability from NE to NY. Ms. Saia inquired as to the status on this issue and Mr. Lawrence responded that he has no new information available on it.

### **IV. Regional Market Enhancements**

David Lawrence, of the NYISO, presented on the Seams Issues. His update covered a status on current quarter deliverables, recent initiatives, and issues pending further discussion.

Mike Mager, of Couch White, noted that the update provided at today's meeting on the "Elimination of Rate Pancaking" is the same one that was provided at last month's. He stated that they'd like to see more action completed on this Rate Pancaking issue and Mr. Lawrence agreed to convey the request to John Charlton.

Matt Picardi, of Coral Power, asked if the NYISO has held discussions with NE on the virtual region dispatch issue since NE seems to want to focus more on Rate Pancaking and Scheduling instead now. Elaine Robinson, of the NYISO, stated that Bill Barber will be making a presentation at the Desmond Hotel on Thursday that will address this issue.

#### **V. Web-Portal Project Update**

Carol Murphy and Greg Goodrich, of the NYISO, presented an update of progress made on the NYISO's Market Data Exchange (MDEX), or the Web-portal. Their update included an overview of the project's history, a list of project deliverables, an overview of MDEX's features, and a list of remaining activities for the project. Rich Miller, for the NYISO, noted that the NYISO is looking for feedback from the Market Participants on the features of MDEX.

Rick Mancini, of Customized Energy Solutions, asked if the Web-portal will include a calendar of other general and joint ISO meetings, as well. Mr. Miller responded that it didn't now but that this is something the MDEX team can look into implementing for a future feature.

Robert Gow, of NYPA, asked for clarification on who receives pre-authorized accounts for accessing the new Web-portal. Mr. Goodrich responded that both MIS Users and Committee Members are given access. Mr. Gow also asked if the new Web-portal will have the capability of creating "kill files" to help filter out unacceptable postings. Mr. Goodrich replied that the NYISO plans to monitor the forums.

Stuart Nachmias, of Con Ed, asked what the budget is for the project. Mr. Goodrich agreed to follow-up with an estimate since this project is currently grouped as a sub-set of another project – A559.

Jim Scheiderich, of Select Energy, asked if the NYISO plans to accept comments on the Web-portal at a later time, as well. Mr. Goodrich replied that they would. Ms. Murphy added that when the Web-portal does go live, a "feedback loop" will be integrated within the Web-portal for comments to come directly to the NYISO. Ms. Murphy also noted that those who would like to be a part of the Web-portal testing should contact her.

#### **VI. Report on 12-Month Final Bill Status**

Kevin Kipers, of NYPA, presented a report on the 12-Month Final Bill status. Mr. Kipers noted that no issues were brought forth from the Market Participants on this issue and that he sees no reason why October's bill can't be final.

Jim Scheiderich asked if the BIC authorized the 12-Month Final Bill issue to go forward. Ray Stalter replied that there had been a BIC motion that authorized proceeding if certain conditions were met and they have been.

Glenn Haake, of IPPNY, noted that in a discussion with NYISO Legal Staff Member, Gerald Deaver, the NYISO had hoped to issue a summary in September to the BIC on the Black Start issue. Mr. Haake mentioned that since this didn't occur, he'd like the NYISO to check into it so that it doesn't hold up the October billing process. Mr. Stalter agreed to mark it as an Action Item for Gerald Deaver.

## **VII. Proposed Revisions to the Day-Ahead Demand Response Program (DADRP) Manual**

Aaron Breidenbaugh, of the NYISO, presented changes to the DADRP manual to reflect the June 30<sup>th</sup> FERC-approved Tariff changes. He noted that these changes were discussed at the PRL WG. Mr. DeWitt made the motion to approve the changes and Kevin Jones, of LIPA, seconded it. The BIC approved this motion unanimously by a show of hands.

### **Motion #1:**

Motion to approve modifications to the Day-Ahead Demand Response Manual dated July 25, 2003, as presented at the September 9 Business Issues Committee meeting.  
*(Motion passed unanimously by show of hands)*

## **VIII. Proposal to Accept Bilateral Contracts for Energy Settlements**

Francis Pullaro, of Strategic Energy, presented a proposal to accept bilateral contracts for energy settlements. His presentation summarized some of the benefits of net settlement and offered a history of the procedures, a summary of current NYISO practices, a comparison to other ISO processes, and an explanation of what his proposal entails.

Ray Kinney, of NYSEG, asked who would be responsible for the collateral to supply. Mr. Pullaro responded that it's an issue that needs to be resolved.

Jim Scheiderich, of Select Energy, suggested that the Market Participants should work through the details of this proposal to establish one that's similar to PJM's.

## **IX. Proposed Extension of NYISO Voltage Support Payment Program**

Bob Waldele, of the NYISO, presented BIC with a status report on Operations Reactive Studies and a proposal to amend the NYISO Tariffs to pay suppliers who provide Voltage Support Service (VSS) during the 2004 calendar year.

Mark Younger asked if some of the new resources, like wind power, could meet the lag that Mr. Waldele mentioned. Mr. Waldele replied that they couldn't do it without additional help.

Mollie Lampi mentioned that Mr. Waldele plans to address long-term VSS issues sometime early next year and that today's presentation won't get into the design aspects of VSS, but rather its purpose is to just explain the issues.

Howard Fromer asked if synchronous condensers are eligible to participate in VSS or seek compensation. Mr. Waldele responded that they could participate but that the process is unclear on how to be compensated for having synchronous condensers. He added that one issue the NYISO is trying to address is that only two synchronous condensers are in an accessible part of the system and that they aren't listed as VSS suppliers.

Glenn Haake asked if the full discussion of this issue will be held in SOAS. Mr. Waldele replied yes, but that some aspects are outside the scope of SOAS; therefore, TPAS and MSWG will be involved, as well. Mr. Haake also asked for an explanation as to what the current credit requirement entails. Mr. Waldele explained that current compensation is based on generator tests and demonstrated lag capability.

Mike Mager asked what is needed to amend the Tariff. Ms. Lampi responded that Rate Schedule 2 has a sunset date of December 2003 and that the NYISO would be happy to reflect that work is ongoing but that this program needs to be in place for 2004.

Doreen Saia made the motion to amend the Tariffs and Mr. Scheiderich seconded it. The motion passed unanimously by show of hands.

**Motion #2:**

Motion to amend the NYISO Tariffs to pay suppliers who provide Voltage Support service during calendar year 2004 under the same rates, terms and conditions as are applicable in 2003.  
***(Motion passed unanimously by show of hands)***

**X. Proposal for Revising Procedures for Using Load Forecasts to Calculate Installed Capacity Requirements**

Mike Cadwallader, of LECG, presented a proposal for revising procedures for using load forecasts to calculate ICAP requirements.

Howard Fromer, of PSEG, asked Mr. Cadwallader to point out areas in his proposal where it differs from the one that was given to the ICAP WG. Mr. Cadwallader responded that there aren't any major changes but that he plans to address the concerns brought up at the ICAP WG.

Mark Younger stated that much of the mechanics in this proposal need to be approved and that a review of weather normalization is an area of disagreement which doesn't logically need to be included in this proposal now.

Stuart Nachmias, of Con Ed, moved the motion regarding the calculation of ICAP Requirements and Bart Farney, of National Grid, seconded it.

A motion to amend the motion was made by Jim Scheiderich and seconded by John Reese.

Mr. Cadwallader pointed out that the text that Mr. Scheiderich added to the motion was raised at the LFWG and that it's consistent with what the TOs want. Mr. Nachmias accepted the amendment as friendly.

Mr. Younger suggested an unfriendly amendment to the motion – to remove the proposed rules for changing the review of weather normalization results and to retain the current process. Mr. Cadwallader noted that he doesn't know if this amendment will fit in with the rest of the proposal.

The BIC failed to accept the amendments to the motion regarding the calculation of ICAP Requirements.

**Motion #3a:**

Motion to amend Motion #3 to remove the proposed rules for changing the review of weather normalization results and to retain the current process.

***(Motion failed with 37.59 % affirmative votes)***

Via Roll Call vote, the BIC passed the initial motion that included Jim Scheiderich's amendments with 65.27% affirmative votes.

**Motion #3:**

Motion Regarding the Calculation of Installed Capacity Requirements.

***(Motion passed with 65.27 % affirmative votes)***

**XI. Report on MSWG RTS/SMD 2 Market Rules and Revised Tariff Language Development**

Brad Kranz and Andrew Hartshorn, of the NYISO, presented on the latest SMD 2 developments. Mr. Kranz noted that the most significant design issue is dealing with Demand Curves and that the NYISO worked with Mr. Hartshorn on developing this. Mr. Hartshorn noted that his Demand Curves presentation addresses only the key points and that details can be found elsewhere.

Mayer Sasson asked if Mr. Hartshorn might consider making a stronger statement on behalf of the NYISO to say that the NYISO will purchase the necessary reserve. Mr. Hartshorn responded that it seems accurate to say, except in a transient condition.

Glenn Haake asked if the upper management review on Demand Curves has been completed yet. Mr. Hartshorn replied that it hadn't, but that they're looking to get their sign off soon.

In reference to the Reserve Demand Curves Table found in Mr. Hartshorn's presentation, Tim Bush asked why wouldn't the Eastern 30-minute be set at zero if it's meeting a guideline, not a requirement. Mr. Hartshorn responded that they wanted to put some value in that area. Mr. Mager asked how they came up with a \$25 value and Mr. Hartshorn responded that they had no framework for coming up with it. It was low enough not to create scarcity pricing, but high enough to meet the guidelines.

Mr. Sasson noted that one action that needs to be incorporated, is for the Market Monitoring Unit to include a review of operator actions for price corrections as part of the overall review process. Mr.

Hartshorn responded that this is possible to add in.

## **XII. Electric System Planning Working Group (ESPWG) Report**

### **A. NYISO Initial Planning Process**

Bill Palazzo, of NYPA, presented an update on ESPWG's recent activities, which included defining the Initial Planning Process. Mr. Palazzo summarized what the Initial Planning Process will entail and what will result from this proposed process.

Tariq Niazi, of the NYS Consumer Protection Board, asked if a decision has been made regarding a discussion held on the projection for future congestion. Mr. Palazzo responded that the debate has been delayed.

Stuart Nachmias, of Con Ed, asked if the proposed Initial Planning Process will be on the MC's agenda September 17<sup>th</sup> for a vote. Mr. Palazzo noted that this process doesn't require a Tariff change.

Mary Ellen Paravalos, of National Grid, raised several concerns: (1) that the ESPWG had a lack of consensus on the congestion issue and that they decided to push it off to Phase II; (2) that Historical Congestion Costs should be quantified in a high level description; and (3) that the content of the document that will be presented before the OC tomorrow reflects the status quo, not the regional system needs and how they're addressed. She noted that there is a need for better policy direction and technical support and that she urges the BIC to request a target date and to review the Phase II scope. Mike Mager, of Couch White, stated that they're sympathetic but not sure what National Grid's plans are. Ms. Paravalos replied that she can't show support for this document and that an amendment will probably be suggested.

### **B. FERC Interconnection Order: Preliminary NYISO Staff Position and Schedule for Compliance Filing**

John Buechler, of the NYISO, presented NYISO Staff's preliminary position, a proposed schedule, and a list of steps for a compliance filing on the FERC Interconnection Order.

Glenn Haake, of IPPNY, asked about the NYISO's efforts to solicit comments from the Market Participants on this position. Mr. Buechler responded that there has been some discussion to extend the amount of time for submitting these comments – likely a 60-90 day time frame.

### **C. Compliance to FERC Order 2003: Energy Resource and Network Resource Interconnection Services**

Mary Ellen Paravalos, of National Grid, presented a recommendation to BIC promoting regional deliverability in response to the Compliance to FERC Order 2003.

Roy Shanker, of East Coast Power, asked Ms. Paravalos if her proposal contained a portion of FERC's recommendation for deliverability. Ms. Paravalos noted that it will be left as an open issue.

Mark Younger, of Slater Consulting, asked if National Grid wants to look at other options. Ms. Paravalos replied that she didn't mention it. Mr. Younger added that it's critical how costs are allocated. Ms. Paravalos noted that National Grid is not advocating a position on that.

Howard Fromer, of PSEG, noted that in Ms. Paravalos's presentation, she premised her thinking that the current system is not working and that re-vamping was her idea. Ms. Paravalos didn't recall having said that. Mr. Fromer added that it's unclear why NY should re-vamp its system when problems aren't evident. Ms. Paravalos noted that Regional Deliverability is not meant to preclude Merchant Transmission, but rather complement it.

Ray Kinney, of NYSEG, requested that more time be allocated for these types of presentations so that BIC Members are able to rebuttal. Mr. DeWitt agreed to try and keep an open forum for future discussions like these.

### **XIII. Working Group Updates**

- A. Billing and Accounting WG** (Chair – Kevin Kipers) – Because of BAWG's concern with the timing of the true-ups, they recommend moving to a 24-month schedule. BAWG has also begun the review of the *Billing and Accounting Manual*. They've asked Market Participants to assist in providing updates to the manual. In the Metering Task Force, the members have reviewed the *Control Center Requirements Manual* and will present their changes to the BIC. For the Final Bill Challenge, the NYISO will re-spin the bills. The BAWG sees no problems with the NYISO's proposal.
- B. Installed Capacity WG** (Chair – Howard Fromer) – An ICAP WG meeting notice recently sent out contained an incorrect date for the next session. Their next meeting is scheduled for Wednesday, September 24<sup>th</sup>. Possible agenda items for this next meeting are: continuing discussions related to UDR efforts, AC lines, and import allocation.
- C. Market Structure WG** (Chair – James Scheiderich) – The MSWG has a joint meeting with ISO-NE on September 11<sup>th</sup>. They also have meetings scheduled for the 16<sup>th</sup> and the 27<sup>th</sup> of September to discuss RTS and Market Rules.
- D. Price Responsive Load WG** (Chair – Robert Loughney) – No meetings are currently scheduled for the PRL WG. The group is currently processing items incurred from the August 15<sup>th</sup> and 16<sup>th</sup> time period. The WG plans to bring a draft of a consolidated *Demand Response Program/Emergency Demand Response Program Manual* to BIC within a few months.

**E. Scheduling and Pricing WG** (Chair – Ray Kinney) – The S&P WG held a voltage payments discussion and heard an update on the aftermath of the emergency operations that were conducted on the cross sound cable during the recent blackout. The S&P WG has been charged to reinstate the Operating Reserves Task Force. This Task Force plans to work on the credit requirements of Strategic Energy’s proposal.

**F. Electric System Planning WG** (Chair – William Palazzo) – No report was provided.

**XIV. Administrative Matters**

| The Action Items List is included as part of the BIC meeting material. BIC members were reminded to contact Ray Stalter, of the NYISO, with any Action Item-related inquiries.

**XV. Adjournment**

| Mr. Dewitt adjourned the meeting at approximately 3:38 P.M.

Respectfully submitted,  
Valerie L. Ross  
Recording Secretary, Business Issues Committee

## Business Issues Committee – Action Item Listing

<b>Number</b>	<b>Action Items</b>	<b>Assigned to</b>
BIC 09.09.03-1	Present an update on the Black-Starts issue.	G. Deaver

## **NYISO Business Issues Committee Meeting**

September 9, 2003

*NYS Nurses Association*

### **MOTIONS FROM THE MEETING**

**Motion #1:**

Motion to approve modifications to the Day-Ahead Demand Response Manual dated July 25, 2003, as presented at the September 9 Business Issues Committee meeting.

***(Motion passed unanimously by show of hands)***

**Motion #2:**

Motion to amend the NYISO Tariffs to pay suppliers who provide Voltage Support service during calendar year 2004 under the same rates, terms and conditions as are applicable in 2003.

***(Motion passed unanimously by show of hands)***

**Motion #3:**

Motion Regarding the Calculation of Installed Capacity Requirements.

The Business Issues Committee hereby resolves that the procedures for developing installed capacity requirements should be revised to conform to the procedures described in the document entitled, "Transmission Owners' Proposal for Revising the Procedures for Using Load Forecasts to Calculate Installed Capacity Requirements," which was included in the materials distributed for this meeting, and recommends to the Management Committee that it approve these revisions in these procedures and authorize the ISO to develop whatever tariff and manual changes may be necessary to implement these revisions in these procedures. The ISO will also provide the MPs the methodology for determining the level of voltage reduction related MWs that are added back at the time of peak.

***(Motion passed with 65.27 % affirmative votes)***

**Motion #3a:**

Motion to amend Motion #3 to remove the proposed rules for changing the review of weather normalization results and to retain the current process.

***(Motion failed with 37.59 % affirmative votes)***