

October 8, 2003

## NYISO Business Issues Committee Meeting Minutes

*The Desmond, 660 Albany Shaker Road, Albany, NY 12110*

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

Larry DeWitt, Chair of the Business Issues Committee (BIC), called the meeting to order at 9:35 A.M. and welcomed the members of the BIC. The attendees introduced themselves and named the companies that they represent.

### **II. Meeting Minutes**

Final drafts of the August 13, 2003 and the September 9, 2003 BIC meeting minutes were distributed to the BIC members prior to the meeting. Wes Yeomans, of National Grid, moved the motion to approve the minutes and Jim Scheiderich, of Select Energy, seconded the motion. By a show of hands, the Committee members unanimously approved the two sets of BIC meeting minutes.

#### **Motion #1:**

Motion to approve the minutes from the August 13 and September 9, 2003 Business Issues Committee Meetings.

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

### **III. Chair's Report**

Mr. DeWitt noted that the agenda was modified such that a motion on the RTS proposal had been withdrawn from consideration for this meeting. A presentation on the proposal would proceed as scheduled. Mr. DeWitt also noted that he is working with Liam Baker, Operating Committee Chair, to consider delaying a vote on the SMD proposal to provide for additional time to address open issues associated with the project. Mr. DeWitt also proposed a MSWG meeting on October 14<sup>th</sup> with David Patton and special meetings this month for the BIC, OC, and MC to consider RTS action.

Mr. Scheiderich suggested combining the proposed special OC/BIC meetings for back-to-back voting on the SMD issue. Mr. DeWitt agreed to take his suggestion under consideration.

Bob Loughney, of Couch White, asked why the special meetings are being held since they only seem to advance the schedule by two weeks. Mr. DeWitt responded that these meetings might help achieve an April start date for SMD.

Ray Kinney, of NYSEG, noted that these special meetings could rush the Tariff review. Tim Bush, of Navigant Consulting, echoed the sentiments expressed by Mr. Loughney and Mr.

Kinney. Charles King, of the NYISO, agreed with Mr. DeWitt to push ahead with the SMD issue.

Stuart Nachmias, of Con Ed, noted that there won't be enough time in between the MSWG meeting and the proposed BIC/OC meetings to review associated SMD material. Mark Younger, of Slater Consulting, noted that the group needs more time to send in written concerns before the MSWG meeting.

Tariq Niazi, of the NYS Consumer Protection Board, asked if Mr. DeWitt would reconsider scheduling these special meetings so soon since most BIC members expressed a need for more time. Mr. DeWitt noted that he would talk to the NYISO about establishing another schedule.

After lunch, Mr. DeWitt presented this revised schedule for the special committee/working group meetings:

- Oct 14 – MSWG meeting
- Oct 22 – Special combined BIC/OC meeting to vote on concepts
- Oct 30 – Special MC meeting

#### **IV. Market Operations Report**

Charles King, of the NYISO, presented the NYISO Market Operations Report. Highlights for September 2003 include: lower energy and ancillary service prices; a seasonal drop in uplift payments; an increased level of virtual trading authorization; lowered average monthly fuel prices before tax and delivery; and nearly 50% fewer price corrections and reservations from the previous month.

#### **V. Regional Market Enhancements**

Charles King, of the NYISO, presented the Northeast Seams Report to the BIC. His report included an overview of the status of various seams projects including a list of the current quarter deliverables, recent initiatives, and issues pending further discussion.

On the Virtual Regional Dispatch initiative, Glenn Haake, of IPPNY, noted that the NYISO's goal is to have the FRS completed by the end of the year. Mr. Haake noted that he thinks it should occur at the end of the process instead. Mr. King explained that the NYISO is trying to follow a new process, which is to provide Market Participants with a more complete package of information before they vote.

Stuart Nachmias, of Con Ed, asked Mr. King to comment on how PJM is tied into the facilitated checkout process. Mr. King responded that he plans to fully answer Mr. Nachmias's question after he contacts those who are directly involved with this process.

Jim Scheiderich, of Select Energy, noted that it would be useful if the NYISO produced a brief summary on NYISO's plans concerning the Cross Sound Cable issue. Mr. King responded that it's something the NYISO can provide.

Mr. Nachmias also asked how the e-tagging project is linked to the facilitated checkout process. Mr. King explained that each process leverages off the other and that more flexibility will enable Market Participants to engage in e-tagging. Mr. King also noted that he could provide BIC with a more detailed presentation on this sometime in the future. The next Quarterly Seams Issues Meeting is scheduled for October 15<sup>th</sup>.

## **VI. Project Priority Team Report**

Timothy Schmehl, of the NYISO, presented BIC with a status report on the project portfolio. His report included the latest scheduling and deployment information.

Ray Kinney, of NYSEG, asked if the thunderstorm watch will be done manually. Mr. Schmehl replied that it would.

Bob Loughney, of Couch White, asked why project A685 (85/15) is delayed since consultants were hired to work on it. Mollie Lampi, of the NYISO, responded that the 85/15 isn't a project in the PPT list; rather, the PPT list project shows only when it's implemented. Mr. Schmehl responded that he will try to get a better definition of what Phase 2 entails.

Michel Prevost, of HQ Energy Services, asked what's on hold with the Scheduling and Pricing project since it has received FERC approval. Ms. Lampi noted that the NYISO is about to file for clarification on the compliance filing and that prices will be adjusted retroactively when the order from FERC for clarification arrives.

## **VII. Presentation of Candidate for the Position of BIC Vice Chair for the 2003-04 Term**

Jim Scheiderich was presented to the BIC as a candidate for the Vice Chair position. He was elected, via secret ballot, to serve in this position for the 2003-2004 Term.

### **Other Action Taken by BIC:**

The Business Issues Committee elected Jim Scheiderich, NU/Select Energy, to fill the Vice Chair position for December 2003 through November 2004. Wes Yeomans of National Grid, the current Vice Chair, will assume the position of Business Issues Committee Chairman beginning December 1, 2003.

## **VIII. Working Group Updates**

**A. Billing and Accounting WG** (Chair – Kevin Kipers) – Summary of BAWG activities includes: BAWG heard a status from the NYISO on billing issues associated with the blackout; the schedule for adjustments to the final bill remains unchanged; black start payment status; the NYISO plans to deploy a new code to improve response time for Web-based reconciliation; and manual billing adjustments (about 1200 per month) are currently being made but the BAWG would like to see these adjustments implemented.

**B. Installed Capacity WG** (Chair – Howard Fromer) – The ICAP WG postponed its last

scheduled meeting.

- C. Market Structure WG** (Chair – James Scheiderich) – The MSWG is looking to set up a meeting to discuss non-RTS issues and the congestion reduction proposal.
- D. Price Responsive Load WG** (Chair – Robert Loughney) – The PRL WG will possibly reschedule its next meeting. The WG plans to discuss Demand Response Programs and issues related to the Summer of 2003. John Buechler, of the NYISO, noted three issues that were discussed on the RAM conference call: (1) Resource Qualifications, (2) A Report form the Credit Group, and (3) Demand Response Providers. He noted that on October 29<sup>th</sup> the WG will hear from NERA on their final recommendations.
- E. Scheduling and Pricing WG** (Chair – Ray Kinney) – The S&P WG held a meeting to discuss AMP.
- F. Electric System Planning WG** (Chair – William Palazzo) – No report was provided.

## **IX. Comprehensive Planning Process**

John Buechler, of the NYISO, provided BIC with a status update on the NYISO Comprehensive Planning Process, an effort led by the Electric System Planning Working Group (ESP WG). He noted that the Operating Committee will need to review and approve several remaining aspects of the comprehensive-initial planning process such as the definitions of how congestion is reported, the methodologies for the quantification of historical congestion, and the appropriate analytical tools to be used in analyzing historic congestion. Mr. DeWitt noted that several Market Participants contacted him on having planning reports posted on this process. Mr. Buechler also reviewed the next steps of the process. Mr. DeWitt said that the Budget, Standards, and Performance-Electric System Planning Subcommittee is holding another meeting and will have a presentation ready on Phase II.

## **X. Shortfall Reduction Procedures Proposal Review**

Arthur Desell, of the NYISO, presented a proposal on shortfall reduction procedures.

Roy Shanker, of East Coast Power, asked if interference at the retail level is causing TSC variation. Mr. Desell and Ray Kinney replied that yes, the retail rate design does offer some problems. Mr. Kinney added that the TSC process is only part of the main-problem. The primary concern is aligning the quantity of TCCs sold with the actual transmission capacity that is expected to be in service and that other issues might serve as contributing factors as well – such as trying to sell what already exists. Also, Mr. Kinney noted that we shouldn't be operating a market where the quantity sold exceeds the physical product that is available. Mr. Desell noted that the NYISO will try to schedule a meeting with the MSWG to look at the procedures involved.

Stuart Nachmias, of Con Ed, noted that it's necessary to implement some sort of procedure in

time for the Spring 2004 Auction, which would mean the need for a BIC vote at next month's meeting.

Doreen Saia, of Mirant, asked how the Transmission Owners' capability of deciding how much to reserve translates for the lines. Mr. Desell responded that all points of injection and withdrawal can be calculated.

Jim Scheiderich, of Select Energy, recommended abandoning the Residual Capacity Revenue Rights (RCRR) as it would offer some additional protection and serve as an incentive. Mr. Desell noted that this is something that they could consider.

Wes Yeomans, of National Grid, asked the NYISO what the effective date of cost allocation will be. Mollie Lampi, of the NYISO responded that the NYISO hopes to have it in effect for the December/January reconfiguration auction.

#### **XI. Proposed Revised Market Rules Associated with the Implementation of the Real Time System (RTS) Project**

Robert Pike and Mollie Lampi, of the NYISO, presented a proposal to the BIC on revised Market Rules associated with the implementation of the Real Time Systems (RTS) project. Along with the presentation, BIC members were provided with an RTS Primer that provides an overview of why the NYISO is moving to a different rate design.

Mayer Sasson, of Con Ed, noted that Mr. Pike's presentation mentioned eliminating scarcity. Mr. Pike noted that the NYISO plans to continue monitoring reserve demand curves to ensure that artificial scarcity doesn't occur.

John Reese, of Reliant, pointed out an error in the presentation (On page 33, under "Day-Ahead AMP," 2<sup>nd</sup> from the last bullet should read more than just "into NYC"). Mr. Pike agreed to correct this error.

Howard Fromer, of PSEG, asked if the numbers in the demand curve have been reviewed/approved by the NYISO's operations staff. Mr. Pike noted that they had.

Michel Prevost, of Hydro-Quebec Energy Services, asked if the in-day prescheduled transaction process is new. Mr. Pike replied that it is. Mr. Prevost also asked if the corrective action mode contained any differences and Mr. Pike replied that it did. He explained that the maximum generation is selected by region, not energy matching dispatch.

Elaine Robinson, of NYISO, noted that Ken Fell, of the NYISO, is setting up a Technical Conference in November for IT individuals to familiarize themselves with the proposed changes.

#### **XII. New Business**

No new business was discussed.

**XIII. 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.

**XIV. Adjournment**

Mr. Dewitt adjourned the meeting at approximately 2:00 P.M.

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

**NYISO Business Issues Committee Meeting**

October 8, 2003

*Desmond Hotel, Albany NY*

**MOTIONS FROM THE MEETING**

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

**Other Actions by the Business Issues Committee:**

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