

NYISO Business Issues Committee Meeting Minutes
April 13, 2011

10:05 a.m. – 12:00 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 identified themselves and attendance was recorded. A quorum was determined.

2. Approval of Minutes – January 26, 2011 and February 9, 2011 – Discussion/Vote

The minutes were approved with correction on a typo in the January 26, 2011 minutes.

Motion # 1:

The Business Issues Committee (BIC) approves the January 26, 2011 and February 9, 2011 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 March 17th with a full report to be provided at the upcoming Management Committee meeting.

Seams

Mr. Mukerji provided an overview of the Seams Report. The NYISO and PJM are reviewing the implementation details and functional requirements necessary for NYISO to participate in Market-to-Market Coordination with PJM. At the NYISO's March 31, 2011 Market Issues Working Group Meeting there was a presentation outlining a plan for developing the coordination process for a proposed implementation by the end of 2012.

Mr. Mukerji said that at the Generator sector meeting, Ms. Doreen Saia (GenOn) requested that the NYISO provide a regular update on the status of the Michigan PARs at BIC. Mr. Alex Schnell (NYISO) said that physically nothing has changed. The PARs would still be going in the same time as before. The only thing that has changed is that PJM and other entities have filed intervention at the Department of Energy. The parties raised questions about what they think the PAR operating agreement will look like and questioned whether operating to flow to match schedule is the optimal way to operate the PARs. MISO is concerned that PJM's pleading with DOE may delay implementation of the PARs. MISO counsel theorizes that it could go to the end of the year.

Ms. Saia asked if the Operating Agreement (OA) has been filed. Mr. Schnell said it hasn't been filed, and could still be a month away.

Mr. Mukerji said settlement conferences in the Ontario/Michigan PAR cost allocation proceeding were held on January 31, 2011 and March 24, 2011. The presiding Administrative Law settlement Judge has scheduled a third settlement conference for May 6, 2011.

Mr. Mukerji said on March 28, 2011 there was a joint stakeholder meeting for participants from ISO-NE and NYISO to continue discussion of Inter-Regional Interchange Scheduling (IRIS) proposals. The next joint stakeholder meeting will be held on April 28 at the NYISO. Topics for discussion will include capacity imports and the design basis document (DBD.) Each of the ISOs intend to seek stakeholder approval for the DBD in May-June 2011.

Mr. Mukerji said the NYISO would provide a comparison of the two options: Tie Optimization (TO) and Coordination Transaction Scheduling (CTS). They both provide similar market benefits and are both viable options. The NYISO wants to have a full vetting of the options with stakeholders to gain Market Participant input. One concern that is impacted the selection of a preferred option is that PJM has said they would only support CTS on our border, and not Tie Optimization. We can do Tie Optimization on the New England border, and CTS on the PJM, but it would be more complex for the NYISO, especially operations.

Mr. Dave Clarke (LIPA) asked for clarification on the PJM side. They are proposing to do CTS where there would be a single hurdle price, and MPs would bid against the hurdle price? Or is it 15 minute scheduling where MPs bid against the NY price? Mr. Mukerji said there is a current NYISO project with PJM that would allow for evaluating and scheduling of transactions every 15 minutes. A future project would involve a more coordinated approach to scheduling decisions. PJM is in talks with MISO on more frequent scheduling. MISO has looked at the same options NY and NE are considering. MISO and PJM's own market monitor have recommended Tie Optimization. However, PJM is proceeding with CTS with MISO. PJM hasn't ruled out they won't go to Tie Optimization in the future, but they prefer CTS.

Mr. Howard Fromer (PSEG) asked if NYISO would still require MPs to submit transactions 75 minutes before the hour in 15 minute scheduling interval. Mr. Mukerji said that is correct.

Mr. Rich Miller (Con Ed) wanted to confirm Dr. Patton's analysis that CTS would achieve 90-95% of the benefits available under TO. Mr. Miller asked if Dr. Patton looked at a specific method of implementing CTS. Mr. Robb Pike said Dr. Patton did an analysis of all of the interfaces as part of the Broader Regional Market efficiency analysis, however, the NE analysis was a much more detailed study. Dr. Patton has not yet done a full analysis on the NY-PJM border

Mr. Mike Kramek wanted to understand why 15 minutes scheduling can be done with PJM, but not in New England (Was it software related?). Mr. Pike said that 15 minute scheduling is seen as a first step, but by no means would achieve the bulk of the benefits available. Mr. Pike said there are marginal benefits of going with 15 minutes with New England. The benefits are only achieved with a coordinated scheduling process.

Mr. Joe Wadsworth (Vitol) said PJM support for CTS is premature since it hasn't been brought to stakeholders. It also hasn't been brought before MISO and NYISO. Mr. Mukerji said it has been brought up in meetings with MISO and NYISO. PJM representative has made it clear to us at joint NYISO-ISO-NE meetings that they support CTS. Mr. Mukerji said the NYISO will invite PJM to a future BIC meeting to discuss their position.

Mr. Yannick Vennes (HQ US) asked about Ontario's view on Enhanced Interregional Transaction Coordination. Mr. Mukerji said the NYISO has had preliminary discussions with Ontario and in principle they do want frequent scheduling. Ontario hasn't given the NYISO a definite date. In the FERC compliance filing, the NYISO has to propose what our intentions are for each of the NYISO's borders.

In terms of the stakeholder process, there would be two separate votes for ISO-NE and NYISO in June. The NYISO's committee support staff is working with ISO-NE's committee support staff on how that vote would be conducted. In response to a question from Mr. Younger on if the BIC can legally vote out-of-state, Ms. Leigh Bullock (NYISO) said the BIC By-Laws state that the BIC can vote out of state at the discretion of the Chair. Mr. Mukerji added that the ISO-NE vote is advisory as they don't have a shared governance structure like NYISO has. The ISOs will be advised by stakeholders separately. Mr. Franey and Mr. Mukerji said then the purpose of the vote is to give the Boards an indication of stakeholder preferences on how to proceed.

Mr. Fromer commented that in the event that MPs in New England don't support the proposal, it goes to FERC and FERC could decide which is the better proposal. Mr. Wadsworth asked if stakeholders can still submit their own proposals. Mr. Mukerji said they can still submit proposals.

Mr. Mark Younger (Slater Consulting) asked for clarification about the NYISO's process for the vote; is it a straw vote, and then it comes back to the BIC? Mr. Younger said the plan should be clear before we vote on it. Mr. Younger asked if there is enough time in the plan should FERC rule otherwise for NYISO to still implement the other proposal. Mr. Pike said it would be dependent on how much of the design is reusable.

Mr. Mukerji said the voting process still needs to be worked out, but it will be characterized as an advisory vote with 58% needed. In terms of the motions, they will need to be drafted prior to the June meeting to ensure everyone understand what they are voting on. The NYISOs External Affairs staff will have to work with ISO-NE's staff to establish ground rules. Mr. Matt Darcangelo (NYISO) said the plan is to have it all arranged by the May meeting. Ms. Saia asked that these "ground rules" be given plenty of time to be discussed at the May meeting.

Mr. Clarke wanted to raise the issue of how to track the progress of capacity seams issues. MPs know there is a consensus that these are seams issues, but MPs would like to see a "to do" list. He has seen some reluctance by NY's neighbors to not acknowledge capacity seams issues. From our perspective, they do need to be addressed. Mr. Mukerji said the NYISO does acknowledge capacity seams issues. Mr. Mukerji asked MPs to send specific issues to the NYISO and the ISO will try to put the spotlight on them.

4. Planning Update

Mr. Henry Chao (NYISO) said an IPSAC meeting was held on March 30, 2011 to discuss: Draft IREMM Results of the Interregional Production Cost Study, Draft PROMOD Results of the Interregional Production Cost Study, Integrating Energy Efficiency in Long-Term ISO/RTO Planning, Update on the FERC Planning NOPR and Interregional Issues, EIPC Update, Next Steps on Production Cost Studies, Plans for NCSP11, Environmental issues, and other items.

For EIPC - On January 18th, 2011 the SSC reviewed the EIPC action and made a decision on the Baseline Infrastructure to be used for all of the Futures.

At the SSC meeting held on Feb 7-8th, 2011 the SSC finalized the definition of the Business As Usual (BAU) Future and its sensitivities and agreed upon the data inputs for the BAU cases. They also approved the high level definitions for the remaining 7 Futures and most sensitivities.

CRA presented the results of the initial BAU analysis, including the first two transmission sensitivities, at a Webinar held on March 24, 2011.

At the SSC meeting held on March 28-29, 2011 the SSC reviewed the initial BAU case results and made a final decision on the majority of data inputs for the remaining Futures and sensitivities. The SSC directed the MWG and CRA to work with the EPA to revise the modeling of the EPA's non-carbon regulations in light of recent EPC proposed rules. This will likely result in a 2-4 week delay in the Phase I schedule.

Mr. Franey asked if Sandy Pond in New England is still being limited by facilities in PJM, or is that issue revolved by their transmission build-out and now being controlled by Center-East. Mr. Chao referred to the 2009 Northeast Coordinated System Plan where it stated that constraints in PJM will likely limit the Loss of Source contingencies to historical levels.

Ms. Erin Hogan (NYSERDA) asked what chapter is that information in the 2009 NECSP. Mr. Chao said the document is on the NYISO's website :(http://www.nyiso.com/public/webdocs/services/planning/ipsac/ncsp09_final.pdf) and couldn't recall the exact chapter.

5. Customer Support Focus Group

Mr. Rick Roby (NYISO) reviewed the presentation included with the meeting material. Mr. Roby spoke of the recent changes to the customer relations department (CRD) including: dedicated customer account representatives; changes to the newsletter, The Connection; and how the NYISO wanted to restart the Customer Support Focus Group that it had a few years ago. Mr. Roby asked MPs to have their constituencies fill out the surveys to help the NYISO with its customer service. The survey asks for customer satisfaction. The focus group is to help the NYISO understand "hot issues" before they arise. The NYISO would like to begin the meetings in May and would like at least 12 MPs to participate.

Mr. Bob Boyle (NYPA) asked what was turnaround time of the original method. Mr. Roby said he didn't have the numbers on hand from 2004, but could provide them. Mr. Boyle also asked for turnaround time for issues that leave the department? Mr. Roby said 80-85% of inquiries are handled by CRD. The average turnaround time for inquiries that go to SMEs is between 2-3 days. Mr. Boyle asked how many surveys were completed of the 2,050 inquiries so far this year. Mr. Roby said the NYISO received a 7% survey response. Mr. Roby re-iterated that the NYISO takes these surveys seriously and the surveys help the NYISO adapt to customer needs.

Mr. Vennes said he thinks this a great initiative and HQ US supports it because it will help issues get resolved.

Mr. Dean Ellis (Dynergy) said he wanted to thank the NYISO for switching back to the dedicated customer account rep. He commented that he wasn't a fan of the metric for the turnaround time. He thought the customer satisfaction metric is a better metric and asked CRD to come back to share those future trends with stakeholders. He said he will make sure he reminds his constituents to complete the survey. Mr. Ellis asked for the results of the customer survey and if they have been issued? Mr. Darcangelo said those results will be shared at the next MC.

Mr. Miller commented that Con Ed thinks the NYISO should make an effort to make sure the focus group is broad based.

Mr. Fromer asked if every MP gets assigned a customer rep. Mr. Roby said yes they do. Mr. Fromer asked if the consumer groups have a customer group. Ms. Hogan said NYSERDA never received a notice of a customer rep. Mr. Roby said NYSERDA is not a registered MP, but a committee member. If someone in the end use sector at the committee level has issues that they would like to bring to customer relations, they should reach out to the NYISO on this and the ISO can assign a rep for them.

Mr. Fromer asked if those consumer entities have a rep at all to go to. Mr. Kevin Long (City of NY) said consumers have reached out to Tom Rumsey who has assumed the duties of the consumer liaison. Mr. Mukerji said Mr. Rumsey is interviewing for the open consumer liaison position. Mr. Long asked when that will occur. Mr. Mukerji said he has been interviewing actively so it should be soon.

6. Draft – Accounting & Billing Manual – Installment 11

Mr. Paul Edmundson (NYISO) reviewed the presentation included with the meeting material. The summaries of changes are: all bid production cost guarantee settlements for power suppliers, transactions, demand reduction providers and SCRs; EITC Settlement Changes Scheduled to be deployed in the spring; and a dedication to Randy Bowers. The manual will stay “under review” until EITC changes take effect.

Motion #2:

The Business Issues Committee approves the eleventh installment of the revised Billing and Accounting Manual as described to this BIC meeting on April 13, 2011. Installment 11 contains all Bid Production Guarantee Settlements for Power Suppliers, Transactions, Demand Reduction Providers, and SCRs, Enhanced Interregional Transaction Coordination Settlement Changes and a Dedication to Randy Bowers.

The motion passed unanimously by a show of hands.

7. ICAP Manual Revisions for Import Rights

Ms. Mariann Wilczek (NYISO) reviewed the presentation included with the meeting material.

Motion #3:

The Business Issues Committee (BIC) hereby approves revisions to the Installed Capacity Manual as presented at the April 13, 2011 BIC Meeting.

The motion passed unanimously by a show of hands with abstentions.

8. Working Group Updates

a. Billing and Accounting Working Group – Bruce Marley

Mr. Bruce Marley (Central Hudson) reported that at the March 21, 2011 meeting:

- Grid Accounting Report for February 2011 – There were no TSA’s or ICAP Penalties. Disputes were \$85,000 (July 2010 DAMAP); Quick Start costs were \$381,852.77. October 2010 – Market Supply Delta Analysis – issues were related to normal metering updates; Uplift changes were due to BOOT (Inserting a start up cost in the appropriate interval so the system picks up and settles properly.) and BIG 426 issues for In-city units committed via

DARU or LRR were being mitigated for start-up in all circumstances. July 2010 – Balancing NYCA and UFE/Losses were due to PTS changes and Uplift changes were due to BOOT.

- The Billing Issues Report, Billing Issue #435 – additional weaknesses were discovered after a prior fix was successfully deployed. An additional fix will be completed in conjunction with the fix for BIG #434. Both BIG #434 and #435 have no financial impact as they are proactive fixes to the system. Pending FERC Activity – TC Ravenswood Min Oil Burn issue (EL 10-70-000), participants reached a settlement in principal on 2/24/2011. This agreement will effect the tariff and will be reviewed at the March 23rd MIWG meeting.
- Accounting and Billing Manual - Paul Edmundson informed the BAWG that only the Reliability Facilities Charge (RFC) and Highway Facilities Charge (HFC) sections of the manual needed to be reviewed. The chair reminded everyone that these issues were currently under review by market participants and that the progress of this review would be looked into for the next meeting. A dedication to Randy Bowers was discussed.
- Finance Project Management Update – It was announced that on the rare occasion that FIP and monthly invoices are scheduled to be issued on the same day, the FIP invoice will be issued one day earlier to avoid problems within the NYISO’s computer system. Christy Minshall gave a presentation on the Consolidated Invoice Redesign project and the impacts on Market Participants. It was noted that market trials will begin in July 2011, which will allow participants to log in, register, and view invoices. Phase 1 deployment is scheduled for August 2011 and there will be a new URL to access the new invoice (participants will no longer use the current bidding and scheduling URL). Peggy Coy gave a presentation entitled “B210 Detailed Market Participant Impacts”, as they relate to the Consolidated Invoice Redesign project. Con Ed questioned the lack of ICAP charges as being shown on the monthly invoice as a prepaid amount. The design team explained that this request came in too late for implementation for the initial deployment and that this issue would be addressed in Phase 2 of the Consolidated Invoice Redesign project.

b. Electric System Planning Working Group - Deidre Altobell

Ms. Deidre Altobell (Consolidated Edison) said at the last meeting, the NYISO gave an update on CARIS Phase 1 and 2. For the CARIS 2, the specific project modeling, NYISO completed database extension to 2023. NYISO also did some updates to load and fuel forecast and talked about new additions that will be in CARIS 2 case. NYISO mentioned GE database validation. NYISO presented preliminary data of three years of actual base-case for Phase 2 for three years on production costs, load payments, and generation and congestion. For Phase 1 of next CARIS cycle, NYISO rolled out a schedule, on April 21, NYISO will share lessons learned, and specifics for benchmarking to actual reflect congestion. The NYISO asked parties to provide them with any list of additional metrics parties would like to add to the next CARIS cycle. Mr. Franey asked if HTP would be modeled in Zone J. Mr. Chao said HTP would not be included in the CARIS Phase 2 study. Mr. Chao said the NYISO would consider including it in assumptions at a future ESPWG.

c. Installed Capacity Working Group – Chris LaRoe

Mr. Chris LaRoe (IPPNY) said ICAPWG had weekly meetings with NYISO related to their analyses pertaining to excess capacity last month. ICAPWG had a brief call yesterday on FERC Order on SCR resources for summer capability period. ICAP has another meeting next week to discuss GADS Data and a presentation from Mark Younger on April 18, 2011.

d. Interconnection Issues Task Force - Frank Francis

There was nothing to report

e. Market Issues Working Group – Patti Caletka

Ms. Patti Caletka (NYSEG & RGE) said there have been four meetings since the last BIC. From those meetings:

- On March 14, MIWG discussed fuel index issue. We also had a presentation on STR. MIWG will be discussing action items from that meeting at the next meeting on April 15. MIWG also had a multi-duration TCC update.
- On March 23, MIWG had Min Oil Burn presentation that went to the MC on March 30.
- On March 28, MIWG had joint meeting with ISO-NE. Most of this was discussed during today's Seams Report by Rana Mukerji. MPs should make any suggestions on how the two ISOs should go about voting to committee support. Also, MIWG wants to try our best with MPs to discuss alternatives so that we can have those discussions in May prior to any vote in June.
- On March 31, MIWG discussed reliability resource compensation. MIWG will likely be speaking on this in May/June when IPPNY submits their proposal. MIWG also discussed Market-to-Market.

f. Price Responsive Load Working Group - Alan Ackerman

Mr. Alan Ackerman (Customized Energy Solutions) said PRLWG had joint meeting with ICAP on March 18. There were two PRL issues. CARIS was one issue regarding demand response. The other issue was Technical Bulletin 201 to clarify that each SCR had to enroll separately in the DRIS system with unique utility account number. The next meeting is a May 9 afternoon teleconference.

Mr. Boyle asked if his members had discussed guideline numbers for CARIS. Mr. Ackerman said he hadn't heard any discussion on that, but he should bring it up at the next meeting.

Mr. Franey asked if the FERC Order regarding DR performance compensation was being reviewed.

Mr. Ackerman said he asked Donna Pratt of NYISO to bring the issue before the May meeting.

Mr. Boyle asked if PRL is following the NERC GADS system that is currently voluntary, but may likely become mandatory. Mr. Ackerman said he wasn't following it. Mr. David Lawrence (NYISO) said the NYISO is following it and will discuss it at the ICAP meeting on April 18.

g. Credit Policy Working Group - Norman Mah

Mr. Norman Mah (Con Edison Solutions, Inc.) said CPWG had a meeting on March 25 to discuss two topics. The next meeting is May 9. One topic was TCC credit policies for multi-duration, balance of period, and non historic fixed price TCCs. We will discuss this at the June BIC meeting. The other topic was compliance filing to FERC Order 741 on credit reforms. This will also be discussed at the June BIC meeting. The NYISO asked for feedback on offset market obligation. There are three options that FERC allowed NYISO to do. If anyone has any alternatives, they should send them to the ISO ASAP.

h. Load Forecasting Task Force - Bryan Irrgang

Mr. Bryan Irrgang (Long Island Power Authority) said last LFTF was on March 22 to discuss NYISO's revisions to the ICAP schedule to reflect the addition of a small amount of SCRs for some of the zones. LFTF also discussed the expected delivery of the economic database from Moody's Economics and we are looking to set up an economic conference on June 7. We had a brief review of the NYISO's energy and peak demand forecast for the Gold Book. The NYISO is reporting that process should be complete by early next week.

Mr. Fromer asked for clarification on when the Gold Book was being released. Mr. Irrgang said he wasn't sure of the release date, but the forecast should be finalized early next week. Mr. Younger said he thought the forecast was finalized in ESPWG. Mr. Arthur Maniaci (NYISO) said the NYISO finalized the forecast last week. The NYISO is checking all the tables to make sure that the Gold Book is consistent with information the NYISO has received and that it is consistent with the information in Power Trends, as both are to be released concurrently. The release date is imminent.

Mr. Younger commented that Gold Book shouldn't be held up purely for its publication coinciding with Power Trends. He said that Power Trends can be released a couple days after the Gold Book's

publication. Mr. Mukerji said he would speak to Mr. Rumsey about reinforcing Mr. Younger's message.

i. Inter Regional Planning Task Force – Ken Lotterhos

There was nothing to report; the next meeting is scheduled tomorrow on April 14.

9. Other Business

Mr. Lawrence said a notice went out this morning about the ICAP Manual indicating that the NYISO published version 6.1.7.1 included language that was approved re: SCR baseline aggregation rules. The NYISO was waiting for FERC to issue Order. The current effective version includes that language now. This version will form the basis for the next changes in the manual that Mariann Wilzcek presented today at BIC re: import rights.

Mr. Franey wanted to alert everyone about the next BIC meeting that was rescheduled to May 3.

Mr. Brad Kranz (NRG) asked if the NYISO could provide the data of generating facilities in the Gold Book in Microsoft Excel format. Ms. Bullock said she'd speak to Mr. Maniaci about that.

Meeting adjourned at 11:55 p.m.