

**Agenda Item #15**  
**LIPA Appeal of certain portions of Business Issues Committee Action**  
**concerning data postings**  
**1/9/2001-1/10/01 Management Committee Meeting**

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*Separate File   Original BIC Motion*

**Issue Summary**

On September 22, 2000, the Business Issues Committee passed Motion #7, which would require the posting of additional market data by zone on the New York Independent System Operator's (NYISO) web-site. The posting of some of this data on a zonal basis will disclose confidential information that will harm Long Island Power Authority's (LIPA) business interests. LIPA is appealing the release of forecasted load, actual load, forecasted capacity outages and actual capacity outages on a zonal basis to market participants and proposing an alternative.

**Discussion**

LIPA objects to the release of forecasted load, actual load, and capability by zone. The release of such data on a zonal basis does not provide a competitive advantage in a location where there is a significant number of competing generation assets within a zone or able to import into the zone. LIPA, however, is responsible for approximately 95% of the Long Island (LI) load in Zone K and has contractual rights to virtually all of the LI generation in that Zone. In addition, LI is transmission constrained most days and only a limited amount of external generation can be delivered to LI. As a result, Zone K is not a competitive market and will not be competitive until multiple developers build substantial amounts of new generation assets and additional tie line capacity is constructed.

For the reasons cited above, the release of load and generation data would place LIPA in a competitive disadvantage. The relationship among actual and bid loads, transmission and LIPA's available capacity would become transparent. The release of this data in real time would allow other market participants to determine when LIPA is deficient. This would provide marketers a unique insight into LIPA's bidding strategy and allow them to structure their bids accordingly in the Day Ahead and Real Time market, thus possibly raising energy prices on LI and nowhere else in New York. Indeed, the release of this data on a zonal basis may well create market power on LI in favor of marginal bidders, a condition that the FERC recently detected in California and is taking steps to eradicate. This exposure to price manipulation by marginal bidder's market power will increase when the first few merchant plants begin operation on Long Island or true price responsive load bids or virtual load and generation bidding are implemented.

Almost all of the other New York zones are not similarly disadvantaged since there are multiple competing generators within each of these zones, better transmission connections and multiple load bidders that, for the most part, are only bidding load into the NYISO. Zone J, New York City, however, is a recognized load pocket with market power concerns and is contiguous with Zone K. Therefore, it may well be beneficial to both Zones to combine the Zone J and K information. For historical data collection purposes, verification and other longer term interests

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it may be in the interests of certain parties to have the data released on a dis-aggregated basis after the opportunities for gaming have passed. Thus is proposed that the dis-aggregated data be released at the same time that historic bid data is posted. In this manner, the interests addressed in the BIC motion to disclose relevant information to the market will still be met.

**Recommendation**

LIPA proposes that the 9/22/00 BIC resolution be amended to provide that data about forecasted load, actual load, and generation capability as specified in categories 8b, 9, 10a and 10b of that resolution be posted on a combined Zone "K" & "J" basis. When bid data is released, disaggregated zonal data for zones J and K would be posted.

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**Process Discussion**

This appeal is precedent setting since it is the first time that an action taken by a lower committee is being appealed. All previous appeals have been to take action when the lower committee has decided not to act. This raises the question of "How does an appeal work?" Does it take a 58% majority to uphold the action of the lower committee or does it take a 58% majority to overturn the action of the lower committee? Neither the tariff, nor the by-laws address this issue directly. LIPA suggests that the Management Committee first adopt a by-law that defines this process and then act on LIPA's appeal.

Motions for proposed By-law alternatives.

**Option 1.**

Amend the by-laws to add a section 15.06 to the by-laws

15.06 It shall take a 58% majority vote to uphold the action taken by the lower committee.

**Option 2.**

Amend the by-laws to add a section 15.06 to the by-laws

15.06 It shall take a 58% majority vote to overturn the action taken by the lower committee.

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New York ISO Management Committee -27- Adopted: 6 January 2000  
By-Laws Revised: 6 January 2000

**Article XV. Procedures for Appeals from Other Committees**

15.01 The Management Committee shall review and determine appeals taken from actions of the Operating Committee, the Business Issues Committee and any other committee or subcommittee subject to supervision by the Management Committee.<sup>80</sup>

15.02 Any Party may appeal an action of such a committee or subcommittee to the Management Committee by filing a written notice of appeal with the Secretary of the Management Committee within ten business days following the provision of notice to the Members of the action appealed from.<sup>81</sup>

15.03 The written notice shall set forth in concise detail the name of the party or parties appealing the action, a description of the action appealed from, and the grounds for the appeal.<sup>82</sup>

15.04 The Management Committee shall review and determine any such appeal at the next regular or special meeting of the Management Committee, to the extent practicable, or as soon thereafter as possible.<sup>83</sup>

15.05 The Member appealing, or the appealing party, if not a Member, shall be available to appear at such meeting and shall be prepared to support its appeal.<sup>84</sup>

**Article XVI Revisions to By-Laws**

16.01 These By-Laws of the Management Committee shall not be amended, modified, revised, revoked, or repealed except by a 58% vote of the Management Committee at a regular meeting.<sup>85</sup>

16.02 The Chairperson shall cause a review of these By-Laws and, if necessary, the preparation of draft revisions to these By-Laws for consideration by the Management Committee, upon each amendment to the ISO Agreement.

<sup>80</sup> Section 7.13(a).

<sup>81</sup> Section 7.13(a).

<sup>82</sup> Section 7.13(a).

<sup>83</sup> Section 7.13(a).

<sup>84</sup> Section 7.13(a).

<sup>85</sup> Section 7.12.

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*Issue Motion*

The Management Committee adopts the Business Issues Committee motion #7 of the September 22, 2000 with the following amendment. "The zonal data for zones J and K shall added together and posted as combined JK data for the following categories:

- 8b-Zonal Actual loads;
- 9-Zonal Bid Loads;
- 10a-Zonal Supplier Capacity Forecast Outages, and;
- 10b-Zonal Supplier Actual Capacity."

The zonal data for zones J and K shall be released on a disaggregated zonal basis when confidential bid data is released.