

## **Electric System Planning Working Group**

### **Meeting Notes**

March 14, 2006

Pine West Plaza Conference Facility - Albany, NY

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Of the 43rd meeting of the New York Independent System Operator Electric System Planning Working Group held March 14, 2006 at Pine West Plaza in Albany, NY.

#### **In attendance**

Jerry Ancona – Nat Grid	John Adams - NYISO
John Watkza – Central Hudson	Larry Eng - NYISO
Ernie Cardone - NYISO	Leigh Bullock - NYISO
Tom Payntor - NYSDPS	Carl Patka - NYISO
Diane Barney – NYSDPS	Howard Fromer - PSEG
Ralph Rufrano - NYPA	Tim Foxen - NRG
Tim Bush – Navigant Consulting	Ed Kichline - Keyspan
Mat Milhous – Keyspan Energy	Deidre Facendola – Con Edison
Doreen Saia – Mirant	Rick Mancini - CES
Bob Reed - NYSEG	Bill Lamanna – NYISO
Morgan Parke – Multiple Intervenors	Mike Mager – Multiple Intervenors
Paul Gioia – LeBoeuf, Lamb	Audrey Capers - NYSDPS
Jeff McKinney - NYSEG	Harvey Happ - PSC
Jim Mitsche – PowerGEM	William Roberts – Edison Mission
Christopher Raup – Con Edison	Ed Kichline – Keyspan Ravenswood
Ron Mackowiak - Entergy	Tom Rudebush – DWGP
Paul Gioia – LaBoeuf, Lamb	Chris Hall - NYSERDA
Carlos Villalba – Con Edison	Jim Scheiderich - Select

#### **Welcome and Introductions**

Mr. Tariq Niazi welcomed the ESPWG members to the meeting and stated the agenda.

#### **Approval of Meeting Notes from February 2, 2006 and February 23, 2006**

The meeting notes from February 2<sup>nd</sup> and February 23<sup>rd</sup> were approved and will be posted on the NYISO website.

#### **CRPP – Development of Cost Allocation Methodology**

Jerry Ancona presented an overview of the TO Consensus Proposal for Cost Allocation of Regulated Reliability Solutions under the NYISO Comprehensive Reliability Planning Process.

The TO approach is intended to meet elements “a” through “k” as designated in Attach Y of the NYISO Tariff, address the identified reliability violation/s rather than solutions, is independent of the solutions selected and is neutral towards different types of solutions.

Three primary cost allocation scenarios are envisioned that are expected to arise more frequently and need to be addressed:

1. Capacity deficiency resulting in NYCA LOLE violation
2. Voltage or thermal problems resulting in NYCA LOLE violation or transmission security violations (n-x)
3. Combination of A and B

Others more likely to be due to a possible change in system configuration and could be addressed on a case-by-base basis include:

1. Short Circuit Available Exceeds Fault Duty
2. Stability Problems

The TOs were asked to provide detailed examples and walk through them at the next ESPWG meeting.

ESPWG expressed concern on costs and lack of resources for this project.

Diane Barney brought up the guiding principles/free riders and whether the thresholds are addressing all the free riders? Materiality thresholds are needed to bind us since we did agree on beneficiary pays approach. ESPWG members discussed rules regarding approval of projects that were larger than need to solve a reliability problem. Howard Fromer will work with Paul Gioia and the PSC on revisions to the guiding principles language and will also work on incorporating language into the tariff.

The NYISO will be reviewing the methodologies further as well as questions/concerns that came up during the meeting, and will develop a position on this methodology. Specifically, the NYISO needs to examine whether implementation of the methodology is feasible and not too resource intensive. ESPWG members were asked to submit their comments. This will be discussed further at the next ESPWG meeting.

### **Cost Recovery Issues**

Paul Gioia reported that draft language is still being worked on. The PSC’s concern was that competitive LSEs would be disadvantaged if allocation was on a sub zonal basis as TOs would likely distribute the cost to an entire Transmission District. The TOs have discussed this issue and it’s correlation to Retail rates with the PSC.

Carl Patka and Paul Gioia will discuss this further, with involvement from those in billing.

Concern was also expressed that this will impede resolution of other billing issues.

### **Procedures for halting regulated backstop solution**

Carl Patka reported that the current draft with proposed changes from PSC/TOs looks acceptable. The TOs reported that they will be making some minor wording changes to the document.

Howard Fromer requested that the application includes the word “complete” when the application has been submitted to the PSC to avoid situations where the application may seem complete but actually isn’t. Carl Patka responded that a “completeness” determination is a complex regulatory decision that does not provide a bright line for deciding when the NYISO’s ability to halt a regulated solution ends. The NYISO prefers the date of filing of an application as the date when halting regulated solutions becomes a regulatory decision for the PSC or other involved agencies.

### **Agenda - Monitoring Project Status**

John Adams reported that he has not received comments on the draft criteria and will begin integrating these into the manual for comments.

It was brought to the attention of the NYISO that the March 6<sup>th</sup> notice asking MPs to submit Regulated Alternate Solutions included the draft criteria that were never approved, and the regulated backstop solution letter did not include draft criteria. NYISO will issue a notice to the marketplace that the criteria attached are draft and should be regarded as guidelines until they are formally approved.

In order to allow ample opportunity for MP comments, NYISO will distribute the latest versions of the draft guidelines following the ESPWG meeting. The guidelines were circulated to the participants before the meeting ended.

### **Congestion Impact Update**

Manos Obessis reported that the NYISO is now using an automated process to gather data for calculating NY congestion, and the 2003, 2004, 2005 quarterly and annual impact reports have been posted in the Planning section of NYISO website. The excel spreadsheets; separate per report type, includes explanatory documents. The next steps will be to continue update the quarterly results and post reports. Continue ESPWG on a quarterly basis and validate automated data acquisition process.

### **Bill Lamanna – CRPP solutions phase**

Bill Lamanna reported on the progress made after the BOARD approval of the CRPP solutions phase. The NYISO has submitted requests for solutions, both market based and regulated.

A request for regulated solutions was made to responsible Transmission Owners. The NYISO received many types of solutions and TO plans, but their evaluation indicated that reliability needs have not been satisfied; therefore the NYISO has requested the TOs to submit additional regulated solutions.

A request for market based solutions was made to all Market Participants. The NYISO received many types of solutions, but evaluation also indicated reliability needs have not been satisfied at the time. The NYISO has requested Alternative Regulated Backstop Solutions – due April 17<sup>th</sup>. Process is ongoing at this time.

Carl Patka said that he would have a conference call with Doreen Saia, Paul Gioia and Larry DeWitt about when and how much information may be disclosed concerning market solutions and regulatory backstop solutions. The NYISO noted that all solutions that had been filed were accompanied by requests for confidential treatment. ESPWG members will discuss regulated backstop solution confidentiality at the next meeting. .

**Next ESPWG Meeting** – the next meeting will be held on April 11, 2006.