
NYISO Business Issues Committee Meeting Minutes
December 14, 2016
10:00 a.m. – 3:15 p.m.

1. Introductions, Meeting Objectives, and Chairman's Report

Mr. Scott Butler (Consolidated Edison) called the meeting to order at 10:00 a.m. 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 BIC Minutes

There were no comments or questions regarding the draft minutes for the October 20, 2016 meeting that were included with the meeting material.

Motion #1:

Motion to approve the October 20, 2016 BIC meeting minutes.

Motion passed unanimously.

3. Market Operations & Broader Regional Markets Report

Mr. Rana Mukerji (NYISO) reviewed the presentations included with the meeting material. There were no comments or questions on the Market Operations report.

With respect to the Broader Regional Markets report, Mr. Mark Younger (Hudson Energy Economics) asked if the NYISO has the appropriate software in place to address the necessary changes required by FERC Order No. 831 (addressing changes to offer caps). Ms. Kelli Joseph (NRG) asked if the automated mitigation software is prepared to address the changes required by the order. Mr. Mukerji noted that the NYISO was continuing to assess the software revisions that may be necessary to implement the order. Mr. Mukerji also noted that the NYISO would likely seek clarification and/or rehearing with respect to certain aspects of the order that appear more appropriate for *ex post* markets and not the *ex ante* markets administered by the NYISO.

4. Broader Regional Planning Report

Mr. Dana Walters (NYISO) provided a verbal update on notable planning related activities. NYISO presented its plan for the 2016 CRP study at the December 7, 2016 ESPWG. NYISO has completed an additional CARIS study for Empire Connector transmission project, which assessed the economic impact of a new transmission facility connecting Marcy and NYC. PPL Electric Utilities has also requested an additional CARIS study to be performed, assessing the economic impact of a new transmission facility connecting Lackawanna, PA and Ramapo, NY. This additional CARIS study is ongoing. NYISO staff continues to internally assess appropriate metrics for estimating the capacity benefits of public policy transmission project proposals, as well as other potential metrics of assessing project impacts. On December 5, 2016 NYISO submitted comments to the New York State Public Service Commission (NYSPSC) supporting a finding of a need for additional transmission to assist in meeting the State's Clean Energy Standard (CES) goals and bring output from renewable resources located in northern New York to load centers in southeast New York. If the NYSPSC ultimately determines that there is a need for transmission, the NYISO will solicit projects from developers to fulfill any such identified needs. The NYISO is in the process of finalizing its Clean Power Plan report, which will provide input to the State's planning process on issues relating to electric system reliability, electric system efficiency, and emissions. The results of Phase 1 of the NYISO's study were reported to the ESPWG on July 5, 2016. Phase 2 of the study will include a resource adequacy analysis for the year 2030 and will be issued as part of the final report by the end of the year. At the December 9, 2016 IPSAC meeting, it was determined that there were no proposed interconnection projects that may have interregional impacts.

5. Balance-of-Period TCC (BoP) Auctions

Mr. Curt Devenitch (NYISO) reviewed the presentation included with the meeting material.

Mr. Mike Kramek (Boston Energy Trading) stated that the NYISO should focus on a June 2017 implementation date. He also urged the NYISO to come back in January 2017 with more detailed information on the testing schedule. Mr. Greg Williams (NYISO) stated that the current expectation is for the software deployment to occur in June 2017 to implement the auction functionality and related credit requirement changes and for the NYISO to begin conducting balance-of-period auctions in the late summer.

Motion #2:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee approve changes to the NYISO’s Market Administration and Control Area Services Tariff (MST) and Open Access Transmission Tariff (OATT) related to the Balance-of-Period TCC Auction proposal, as more fully described in the presentation entitled “Balance-of-Period TCC Auctions” made to the BIC on December 14, 2016.

Motion passed unanimously.

6. Coordinating without the Con Ed/PSEG Wheel

Mr. Ethan Avallone (NYISO) reviewed the presentation included with the meeting material.

Mr. Howard Fromer (PSEG) asked for confirmation that this was a near-term proposal and not intended to foreclose ability to put different equipment on the lines to allow them to be used as individually scheduled lines in the future or to foreclose the opportunity to develop alternative rules in the future. Mr. Avallone confirmed that Mr. Fromer’s understanding was correct.

Mr. Kevin Lang (Couch White) raised a concern regarding the equity to NY ratepayers in regards to the Operational Base Flow (OBF) aspect of the proposal. Specifically, Mr. Lang noted that there should not be adverse financial impacts to NY ratepayers if the NYISO is unable to accommodate the OBF for reliability reasons. Mr. Liam Baker (EasternGen) and Ms. Jane Quinn (Con Edison) noted that they concurred with the equity concerns raised by Mr. Lang. Mr. Dimitri Kordonis (NY UIU) asked if there could be any changes to the OBF during the five years before sunset. Ms. Emilie Nelson (NYISO) explained that proposed tariff language allows NYISO and PJM to mutually agree to different OBF value without requiring a stakeholder vote on such a change. Ms. Nelson clarified that if a new construct were developed in the future, new revisions would be required to incorporate such a construct into the Joint Operating Agreement (JOA), which would require proceeding through the normal stakeholder process to approve any such changes. Ms. Doreen Saia (Greenburg Traurig) asked for confirmation that absent issues arising once the new construct is implemented, the NYISO is not intended to assess other possible solutions. Ms. Nelson confirmed that Ms. Saia’s understanding was correct. Mr. Younger asked if the OBF could be revised as part of the annual review process if it became apparent that transmission upgrades would lead to a change in the amount required. Ms. Nelson confirmed that this could be the case.

Ms. Quinn stated that Con Edison continues to have concerns with the proposed tariff language in that it does not appear to provide for parity between PJM and NYISO or adequate flexibility to address future changes in conditions that could arise. Mr. Fromer asked if additional potential changes to the tariff language could be assessed between BIC and the Management Committee meeting, while still allowing BIC to act on the proposal today. Ms. Nelson expressed the importance of proceeding with a vote today due to the urgency of getting a revised construct in place by May 2017. Ms. Nelson agreed that the NYISO will reach out to PJM to discuss potential additional refinements to the proposed tariff language prior to the Management Committee meeting.

Motion #3:

Market participants raised concerns regarding OBF reciprocity and the need for a limitation of liability in the event the NYISO cannot reliably provide the initial OBF under the Joint Operating Agreement revisions between the NYISO and PJM. The market participants have asked the NYISO to consider certain revisions to that Agreement to address these concerns and better protect the NYISO’s and its market participants’ interests, and the NYISO has expressed a willingness to do so. Accordingly, the Business Issues Committee (“BIC”) hereby provides conceptual approval for revisions to the Joint Operating Agreement between the NYISO and PJM related to the Coordinating without the ConEd/PSEG Wheel proposal described in the presentation entitled “Coordinating without the ConEd/PSEG Wheel” made to the BIC on December 14, 2016, and conceptual approval that there is a need for associated changes to the NYISO’s Market Administration and Control Area Services Tariff (MST) and the Open Access Transmission Tariff (OATT).

The NYISO shall report to the Management Committee on any modifications that have been or will be agreed to with PJM, as well as on any additional revisions to the tariff changes discussed at the BIC meeting that are needed to reflect such modifications.

Motion passed with abstentions.

7. FERC Order 825 Settlement Intervals & Shortage Pricing Update

Mr. Avallone provided a verbal report indicating that the NYISO believes it is already in compliance with the requirements of Order No. 825 and will demonstrate such compliance in its required filing to FERC in response to the order. There were no questions or comments regarding Mr. Avallone's report.

8. BSM Forecast Enhancements – NYISO Concept Proposal

Mr. Michael Lavilotti (NYISO) reviewed the presentation included with the meeting material.

Mr. Younger sought clarification on whether a generator that is currently operating and has issued a retirement notice would meet the inclusion test because it would not need to make any repairs to keep operating. Mr. Lavilotti confirmed that such a unit would pass the inclusion test if there was no need for significant repair.

Mr. Lang asked how a unit relinquishing or transferring CRIS rights could be in service, but not be in the forecast. Mr. Lorenzo Seirup (NYISO) noted that in the case of one unit relinquishing or transferring CRIS rights to another unit in a Class Year study there is a need to avoid "double counting" of the capacity related to the transfer. Therefore, only one of the two units associated with the transfer should be accounted for in the forecast.

Mr. Younger asked how out of market payments get reflected in the forecast. Mr. Seirup noted that the inclusion test is not limited to solely considering NYISO market revenues. Mr. Younger requested clarification regarding when the NYISO would recognize that a unit may not be leaving because there are state policies to retain a unit. Mr. Shaun Johnson (NYISO) said the NYISO would look at outside sources of revenue only in the sense that those units have firm commitments/contracts.

Mr. Alan Michaels (NYS DPS) sought clarification regarding the purpose of the inclusion test. Mr. Lavilotti said the test is meant to forecast the economic conditions for the mitigation study period associated with a given the class year and which units should be included or excluded from the forecast for that period.

Ms. Joseph (NRG) asked if the test was a one-time snap shot or whether the test could be revised in light of new information that may become available. Mr. Seirup noted that the NYISO works to keep its analysis as up to date as possible. Ms. Saia sought clarification on whether the NYISO would update the test within a Class Year study period or only update from one Class Year study to the next. Mr. Seirup said if a Class Year is in progress, the NYISO would keep it updated as the Class Year continues.

Mr. Fromer expressed a concern about subjectivity and noted the benefits to bright line definitions/tests. He said that subjectivity could lead to parties fighting over why certain assumptions were made.

Mr. Lang sought clarification regarding whether the NYISO would limit its considerations to only publicly available information or also consider other non-public information that may be available to it. Mr. Seirup noted that the NYISO would use publicly available information or other information that the NYISO could verify, which could include generator specific confidential information it has received.

Ms. Saia and Mr. Younger sought clarification on how the NYISO's proposal would apply to UDRs. Mr. Seirup said if a UDR was in an outage state similar to the generator outage states, the NYISO would want to use the same process to understand the cost to for that UDR to return to service in determining whether to include it in the forecast.

Mr. Fromer asked if there was an assumption made that an RMR unit leaves the market at the end of the RMR agreement or does the NYISO look at new circumstances and new information. Mr. Lavilotti said it would be a case-by-case determination based on available information.

Mr. John Borchert (Central Hudson) said the New York Transmission Owners (TOs) have concerns with the economic test and whether the NYISO will have the forecasting capability and insight to effectively do an economic test, as well as whether such a test is appropriate. Specifically, Mr. Borchert recommended that the NYISO further assess eliminating the economic test or significant modification of that test so it becomes more of a bright line prior to bringing a proposal forward to the Management Committee. Mr. Borchert noted that the TOs are in favor of the improvement of the inclusion test and feel that this is a step in the right direction. Mr. Lang agreed with the TOs, but also noted his concerns with the economic test.

Ms. Saia said that, for suppliers, the economic test is a critical aspect of assessing whether the proposal could be tenable. Ms. Saia noted that under the current rules generators are modeled as in unless retired. She further noted that it is important to recognize a generator's 3 year CRIS rights period. Prematurely presuming generators are leaving and modeling them as out in the forecast could produce inaccurate results.

Mr. Raghu Palavadi Naga (Market Monitoring Unit) noted his appreciation for the NYISO's efforts to develop reasonable rules and generally agreed with the overall direction of the proposal, but noted two concerns. Mr. Palavadi Naga noted that the proposal should: (i) incorporate an exclusion test to allow existing units to exit the market when forecasted capacity prices are too low; and (ii) specify how the NYISO will prioritize the assessment of new and existing units. Mr. Johnson said the NYISO was in agreement with the concept of developing an exclusion test, but noted that this would be pursued as a separate initiative. Mr. Younger raised concerns about the implications of potential out of market actions to retain units as it relates to any further discussions regarding an exclusion test.

Motion #4

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve changes to the NYISO's Market Administration and Control Area Services Tariff related to the Buyer Side Mitigation Forecast Enhancement proposal, subject to the development of tariff revisions for UDRs where noted in a manner that is consistent with the provisions associated with generators in the forecast, as more fully described in the presentation made to the BIC on December 14, 2016.

Motion failed with 43.21% affirmative votes.

Motion #4a

Motion to amend motion 4:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve changes to the NYISO's Market Administration and Control Area Services Tariff related to the Buyer Side Mitigation Forecast Enhancement proposal, subject to further development of tariff revisions for UDRs and the inclusion test.

Motion failed with 49.78% affirmative votes.

9. Business Issues Committee Organization

Mr. Scott Butler reviewed the presentation included with the meeting material. The group discussed: (i) combining the BAWG and CPWG into one group; and (ii) eliminating the IPTF by including its scope of work within the ESPWG.

Mr. Butler also proposed a new working group to address certain public policy integration discussions, such as the Distributed Energy Resources (DER) Roadmap and the 2017 Public Policy Integration initiative. Mr. Lang, Mr. Bob Boyle (NYPA), Mr. Chris Hall (NYSERDA), Mr. Chris LaRoe (Brookfield), Ms. Radina Valova (PACE), Mr. Miles Farmer (NRDC) and Mr. Greg Geller (EnerNOC) noted support for the concept as an efficient way of addressing certain topics with cross-market implications in a single forum. Mr. Younger expressed concern about holding discussions related to the energy market outside of the MIWG and the capacity market outside the ICAPWG.

Mr. Butler requested that any additional comments on the proposal be provided by December 21, 2016 and noted that additional discussions would take place at the January 2017 BIC meeting.

10. New Business

There was no new business.

Meeting adjourned at 3:15 p.m.