

NYISO Electric System Planning Working Group Meeting

February 2, 2005
NYISO Washington Ave –Albany, NY

Draft Minutes

Of the 28th meeting of the New York Independent System Operator Electric System Planning Working Group held January 10, 2005 at NYISO in Albany, NY.

In attendance

Bill Palazzo - NYPA	Ernie Cardone – NYISO
Jerry Ancona – National Grid	John Buechler - NYISO
Tim Foxen - NRG	Leigh Bullock - NYISO
Raj Addepalli - NYSDPS	Chris Hall - NYSERA
Diane Barney – NYSDPS	Larry Dewitt - PACE
Janet Besser – National Grid	Howard Fromer - PSEG
Tim Bush – Navigant Consulting	Carolyn Brown - IPPNY
Matthew Vasilow - NYSDPS	Deidre Facendola – Con Edison
Doreen Saia - Mirant	Jim Scheiderich - Select
Bob Reed - NYSEG	Glen McCartney - Constellation
George Dunn - NYPA	Mike Mager – Multiple Intervenors
Paul Gioia – LeBoef, Lamb	Jeff McKinney - NYSEG
Mark Younger – Slater Consulting	Ken Lotterhos – LIPA/Navigant Consulting
Dave Coup - NYSERDA	Liam Baker - Reliant
Bill Lamanna – NYISO	Chris Wentlent - AES
Alan Foster - Dynegy	Paul Steckley - TransEnergie
Mohsen Zamzam – Con Edison	John Watzka – Central Hudson
Mayer Sasson – Con Edison	

Welcome and Introductions

Mr. Bill Palazzo, Chair of the Electric System Planning Working Group welcomed the ESPWG members to the meeting and stated the agenda.

Meeting Minutes

The meeting minutes from the January 10, 2005 meeting were approved and will be posted on the NYISO/MDEX website.

Comprehensive Reliability Planning Process

Mr. Bill Lamanna presented the Comprehensive Reliability Planning Process (CRPP) Scheduling and Implementation.

The schedule for the development of the RNA base case data was reviewed. Mr. Howard Fromer asked if the needs assessment would work off the existing basecase. Mr. Buechler stated that the NYISO tariff includes provisions for solicitation of input from stakeholders to assist in the development of the basecase assumptions. The current schedule calls for this input to be provided by the end of February.

Ms. Liz Grisaru asked for feedback from ESPWG members on treatment of RFP projects for the purpose of the RNA case development. Mr. Ken Lotterhos expressed concern regarding a potential inconsistency in the process. He indicated that if a utility has a signed contract, such as resulting from an RFP process, then it belongs in the basecase.

It was suggested that the NYISO distribute its proposed RNA base case assumptions in early March. A conference call or meeting will be scheduled to review the final basecase. NYISO staff will coordinate this call/meeting with TPAS.

NYISO Comprehensive Reliability Planning Process – Proposed Timeline.

Mr. John Buechler presented the revised CRPP proposed timeline which included comments from ESPWG members.

Revisions were made to months 12-13: The Transmission Owners will prepare and submit regulated backstop solutions to NYISO. This applies when a reliability need is first identified in RNA. Developers may prepare and submit market-based responses to NYISO. This applies in each CRPP cycle.

Revisions were also made to months 14 – 15: NYISO evaluates proposed solutions vs. identified reliability needs. Other developers are requested to submit alternative regulated solutions. This applies only when no market-based proposal is submitted. NYISO will review the potential impact of updated inputs submitted for the following year's Base Case development. If, as a result of this review, an imminent reliability need is identified, the NYISO will propose a "gap" project.

Additionally, it was noted that the timeline may be affected by the dispute resolution and appeals process.

Howard Fromer asked in the 3rd case: what happens when it is decided that a specific need no longer exists based upon updated information. John Buechler replied that the NYISO would still complete the process and issue the CRP for the prior year since the tariff says that we have to address needs for that cycle.

Ms. Doreen Saia said the timeline does not reflect how we will fold in solutions in the annual CRP process as we go forward. (When is the trigger point?) She asked if we need to include a regulated solution that is implemented by the Transmission Owners when the

time has come? Need to establish in the timeline when the solutions will be implemented. She asked that the “NYISO incorporate CRP based solutions in a timely manner” be included to include input from prior years CRPP.

Mr. Howard Fromer asked if, once a problem has been identified and the TO has laid out a backstop solution with the amount of time it will take, why are we requiring people to come up with a proposal with a narrow window rather than allowing them to come in at any time. Mr. Buechler replied that there is a need to establish a schedule for each round of the CRP process—but that it is anticipated that there will be an opportunity for other proposals to be submitted in subsequent CRP cycles as long as that need continues to exist.

NYISO Comprehensive Reliability Planning Process – Compliance Filing

The group reviewed the proposed changes to the Tariff language to address FERC’s December order. There were no apparent concerns with the proposed changes. The compliance filing is due in late February.

PSC Role in the CRPP Process

The need for a PSC process for review of alternative regulated proposals has been made moot by the FERC’s December 28, 2004 Order as the decision was made to make consultation with the PSC voluntary.

The Outline of PSC Dispute Resolution Process for NYISO Comprehensive Reliability Planning was reviewed at ESPWG. PSC staff asked for comments from the group, indicating that their goal was to finalize the process today. Mr. Paul Gioia asked for additional time to review and comment. He asked for clarification on the role of the NYISO in the process. How is this determination treated? What is the standard for overturning decision? He thought the PSC would respond to the questions that were submitted.

Mr. Palazzo asked that questions/comments be submitted to the PSC within the next two weeks.

CRPP Queuing process

Mr. Buechler stated that there is no need for a queuing process as it is the NYISO’s intent to evaluate all proposals that are submitted in a timely fashion. Given the fact that this will be an annual process, after the first round, there will likely be fewer projects coming in the door.

Ms. Saia asked for further clarification and commented that parties want to know in what order their projects will be treated. If the proposal is that no one gets their answer until they’re all done then we need to clarify this.

Ms. Grisar stated that a queuing process is not needed for this planning process. Rights and obligations do accrue in the interconnection process. Everyone who makes it under the wire gets evaluated in the same basket. No one gets preferential treatment.

Cost Allocation Methodology

FERC in their December order did accept NYISO request for additional time. A status report will be sent to FERC by March 26th. Mr. Palazzo asked for additional input from the group before the next meeting.

Mr. Jerry Ancona presented National Grid's proposed Regulated Reliability Upgrade Cost Allocation Rules

Cost allocation – next steps - will be on the agenda for the next ESPWG.

Consideration of Economic Planning Issues

Mr. Buechler commented that the NYISO intends to include the Economic Planning Process Strawman in the March 26th status report to FERC. The strawman reflects a majority but not unanimous position of ESPWG members. The group doesn't agree with tariff as mechanism for recovery. Most people support Con Edison's suggested changes. It was agreed that PSC role will be removed from the NYISO straw man.

The strawman, incorporating the modifications proposed by Con Ed, will be brought to the 2/17 Operating Committee for action.

Action Items

1. Conference call to be scheduled in March to review the CRP basecase with assumptions.
2. ESPWG to submit comments to the PSC on their dispute resolution process by the 18th.
3. ESPWG to provide comments on the development of cost allocation methodology before the March meeting.