

Phase II: NYISO COMPREHENSIVE PLANNING PROCESS CONSIDERATION OF ECONOMIC NEEDS

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Possible Approaches

(Suggested by NYISO on August 11th)

- Information approach
- “PJM-type” approach
- Development of additional market-based mechanisms
- Bill Hogan’s “Transmission Market Design” Concept

Calpine Comments

- Planning for economic needs should allow for consideration of all physical and procedural alternatives on an equal basis
- The presence of transmission congestion should not be the sole measure of whether an “economic need” exists
 - *A transmission solution may not be the most efficient one*
- Strongly favors implementation of an “information approach” to economic needs
- Not in favor of pursuing the other approaches discussed by the NYISO in August

National Grid Comments

- Supports the “PJM Approach” as the only comprehensive economic planning process
- Information Approach is a necessary, but not sufficient, component of the process
- Additional market-based initiatives will not provide a solution if the market does not respond
- Hogan approach is not a comprehensive process—but only addresses one aspect of the issue

NYSEG/RGE Comments

- Favor a “go slow” approach to economic planning for the NYISO
 - *Prefers to let the marketplace decide economic issues*
- Would support some combination of the “informational approach” and the “market-based mechanisms” going forward
 - *Forecasting congestion may pose some problems*
 - *Examining market enhancements appears worthwhile*
 - *Merit in looking at various TCC issues*
- Not in favor of pursuing either the “PJM approach” or the Bill Hogan proposal

Larry DeWitt's Comments

- We agree on using the “bid production cost” definition for congestion costs
- Should develop a plan for estimating current and prospective economic congestion
 - *Define “persistence”*
 - *Define “significant”*
- No immediate need for intervention with a regulated solution
 - *FERC may feel otherwise*
 - *PSC intervention will likely be required*

Larry DeWitt (Cont'd)

- Possible Options to avoid development of a new planning process for economic needs
- **Option 1: General Description**
 - *Details to be worked on an ad hoc basis and filed only when, and if needed*
 - *Specific process requirements will likely be case-specific*
 - *Nothing on the horizon at present*
- **Option 2: Adopt CRP process, with modifications**
 - *Fundamental approaches should be the same*
 - *Put this proposal up for a committee vote*
 - *If no consensus, let NYISO Board decide what to do*

Discussion

- **Information approach**
 - *Scope*
 - *Model to be used (PROBE?)*
- **PJM-type approach**
- **Market mechanisms**
 - *NYISO suggestions*
 - *Others?*
- **Larry DeWitt's procedural suggestions**
- **Other comments/approaches?**