NYISO Electric System Planning Working Group Meeting

July 18, 2003
9:00 a.m.

NYISO
290 Washington Avenue Extension
Albany, NY 12203

Draft Minutes

Of the third meeting of the New York Independent System Operator Electric System Planning Working Group held July 18, 2003 at the NYISO, 290 Washington Avenue Extension, Albany, NY.

PRESENT:

Bill Palazzo, Chair	New York Power Authority
Diane Barney	NYS Department of Public Service
Richard Zambratto	KeySpan/LIPA
Doreen Saia	Mirant
Mark Younger	Slater Consulting
Howard Fromer	PSEG
William Lamanna	NYISO
Rich Felak	Calpine Consulting
A. Ralph Rufrano	New York Power Authority
Paul Gioia	LeBouf, Lamb
Chris Hall	NYSERDA
Pathi Caletka	NYSEG
Bob Reed	NYSEG
Tariq Niazi	CPB
Larry DeWitt	Pace
Stuart Nachmias	Con Edison
Mohsen Zamzam	Con Edison
Larry Eng	National Grid
Ernie Cardone	NYISO
John P. Buechler	NYISO
John Adams	NYISO
Valerie Caputo	NYISO
Leigh Bullock	NYISO

Via Conference Call:

John Watzka	Central Hudson
Susan Chamberlain	Brown, Olsen & Wilson
Ed Kichline	KeySpan-Ravenswood

Laurie Oppel	Navigant
Steve Wemple	Con Ed Energy Solutions
Jim D'Andrea	KeySpan
David Applebaum	Sithe
Aaron Breidenbaugh	NYISO
Al Foster	Dynergy
E. John Tompkins	Atlantic Energy LLC

Welcome and Introductions

Mr. Bill Palazzo, Chairman of the Electric System Planning Working Group welcomed members of the group and stated the agenda for the day.

Review of the Notes of July 2 meeting

ESPWG members agreed to the draft meeting notes as distributed with no changes.

Review of revised Documents

- Scope
- Future Issues List
- Input Data Parameters List

There were no additional comments made on the revised documents that had been posted to the NYISO website.

Historical Congestion Costs

Mr. John Adams presented "Historical Congestion Costs– Reporting and Analysis". Mr. Adams reviewed the discussions from the July 2 meeting. Mr. Adams discussed the existing congestion-related data the NYISO currently posts on its website. Mr. Adams reviewed a proposed method for compilation of the congestion cost data; congestion can be calculated to sum the total congestion in the NYCA or it can be calculated by zone. For planning purposes costs should be identified by constraints. Mr. Adams discussed the methods available to analyze the congestion costs. The Market Operations Department has determined it is not feasible to use SCUC as a tool to determine congestion costs; it may be used for a limited number of analyses but involves a significant amount of time to prepare and run the cases. The NYISO has also considered doing some correlation analysis. Mr. Adams indicated that some past work on transmission studies have shown a handful of areas that would need to be focused on.

Since SCUC is not a feasible tool for this analysis, the NYISO plans on using the Probe model which uses both the input and output data from SCUC. Probe can perform an analysis on the unconstrained case, but it is not currently able to revise unit commitment. Mr. Buechler reported Probe allows manipulation and regrouping of the historical data and also has the ability to do sensitivity analyses in the simulation model; the simulation analysis would require some manual input. *Mr. Palazzo suggested having a staff person or the developer come in to discuss Probe and provide a demonstration of its capability—possibly*

at the next ESPWG meeting. The WG members agreed that this was a good idea. Mr. Adams indicated the NYISO is working on some additional enhancements to the PROBE model, including providing the ability to model ancillary services and perform unit commitment. It was asked if Probe was capable of capturing marginal losses. NYISO staff indicated they thought this could be done. Mr. Fromer asked if the program will be able to parse out unusual events, like a line out of service. Mr. Buechler replied that this is not currently an automated process and that some manual analysis of outage data would first be required. Members discussed separating out the extreme events and discussed whether they should be included but noted that this is not usual. Mr. Ralph Rufrano stated the NYISO needs to have an accurate number based on the historical so that when projected numbers are developed there is a good comparison.

Mr. Adams stated once the tool produces the types of data needed, then the group will need to reach consensus on how to format, present data, and how far back the NYISO needs to go for analysis. Ms. Doreen Saia suggested the analysis should only look back 12 months because of significant system changes occurred prior to that. There appeared to be general agreement that it was more important to develop an appropriate methodology for capturing historic congestion costs going forward, than to expend any significant effort towards historical analysis. ESPWG members emphasized the final report should be clear on how the total congestion costs are calculated.

Mr. Adams discussed additional cost components and recommended that these should be discussed qualitatively (ICAP, operating reserves, effect on bi-laterals, and TCCs); these factors will not be initially included in the quantitative calculations. Members questioned whether TCCs should be included. Mr. Adams indicated the NYISO would like to see how PJM proposal for determining "unhedgable congestion" progresses at FERC and then could reevaluate. *It was decided to leave the TCCs on the list, to add TSCs and to provide an analysis to show that it nets out to a zero sum.*

Initial Phase: Process Issues:

Mr. John Buechler presented "ESP Working Group, Initial Phase: Process Issues". Mr. Buechler reviewed the initial planning process as discussed in previous meetings. He next discussed the list of issues that had been raised during discussion at previous meetings. NYISO proposes that once the plan has been publicized this will be the breakpoint for the initial phase. National Grid has submitted comments that they would like the breakpoint moved further into the process. Members were concerned with finalizing a plan, when the issue of projected congestion costs has not been settled; they did not want to give the impression that this issue had been settled and projected congestion costs were definitely part of the plan. Members discussed this issue and a number of suggestions were made. Members discussed whether the historical congestion should be considered sufficient as part of the initial planning process. Some members felt that projected congestion costs were needed to provide MPs information on how this would affect them. Mr. Buechler stated the NYISO is not proposing to take this off the table; since the NYISO believes that FERC's current direction is that they expect the ISOs to have a responsibility to determine economic needs—which would necessarily involve making projections of congestion. Mr. Palazzo asked whether the group could reach consensus on the initial planning process if the issue of projecting congestion was moved to the Phase II discussions. Ms. Saia stated that if the

group holds out to reach consensus on whether to have projected congestion, then the market place will be delayed in getting any information that would be helpful. Several members stated that historical congestion alone will provide useful information to the market place and that projected congestion could be decided later in Phase II. Following some discussion of this issue, there was a general agreement that if the group could agree on just doing the historical and reliability analyses then the NYISO could begin the initial planning process sooner and that there would be a benefit in doing so. There was general agreement among the group, although not unanimous, ~~(National Grid did not agree)~~ to a working assumption that the initial phase would not include projected congestion. The NYISO will modify the process flow diagram to indicate this. In addition, *the NYISO will provide members with a revised timeline for the initial phase assessment to be completed, under the assumption that projections of congestion would not be required.*

The group then discussed the stakeholder review and approval process. The NYISO had indicated the approval process could be TPAS, Operating Committee, then Management Committee as currently provided for in the (NY)ISO Agreement. Mr. Larry Dewitt was concerned that BIC members are not involved in that process and suggested that the ESPWG should also be involved in the review and approval process for the initial phase. Members discussed the fact that there are business issues as well as reliability issues would likely be involved—even under the assumption that the initial phase would be limited to reliability analysis and reporting of historical congestion costs. Mr. Garry Brown suggested using the ESPWG to do the initial work; this could be reported to TPAS and then go to the OC for approval. Mr. Brown also indicated TPAS should be the group that develops the base case and ESPWG would have input on the scenarios to run. Members agreed the ESPWG and TPAS should have joint responsibility for review of the NYISO's report before it is passed to the OC, and then MC for an advisory vote. It was understood that the Board will have the final approval. NYISO staff will prepare a draft process flow diagram showing a role for both TPAS and the ESPWG in the review and approval process for the initial planning process. Mr. De Witt will confer with Mr. Baker to confirm that their previously agreed-upon voting at the OC only for the development of the planning process would also apply to the implementation phase.

Next Meeting

The next meeting is scheduled for August 1, 10:00 a.m. at the NYPA offices in New York City. The primary focus of that meeting will be on the capabilities of the PROBE model. In addition, NYISO Staff will describe their current practices for conducting reliability analyses.