

NYISO Electric System Planning Working Group Meeting

August 1, 2003

10:00 a.m.

NYPA Offices
501 7th Avenue
NYC, NY

Draft Minutes

Of the fourth meeting of the New York Independent System Operator Electric System Planning Working Group held August 1, 2003 at NYPA, 501 7th Avenue, NYC, NY.

PRESENT:

Bill Palazzo, Chair - New York Power Authority
John Reese - Mirant
Howard Fromer - PSEG
Rich Felak - Calpine Consulting
A. Ralph Rufrano - New York Power Authority
Patti Caletka - NYSEG
Bob Reed - NYSEG
Stuart Nachmias - Con Edison
Jim Parmelee - LIPA
John P. Buechler – NYISO
Garry Brown- NYISO
John Adams - NYISO
Ray Stalter - NYISO
Leigh Bullock - NYISO
Jim Mitske - PowerGEM
Howard Tarler-NYS Department of Public Service
Mohsen Zamzam - Con Edison
John Adams – NYISO
Steve Corey - NYISO
Ed Kichline - Keyspan
Ed Kremzier – National Grid
Larry Eng – National Grid
Tom Piascik – PSEG Power

Via Conference Call:

Mark Younger - Slater Consulting
Richard Wright – Central Hudson
Chris Hall - NYSERDA

Tim Bush - National Grid
Harvey Happ - NYS Department of Public Service
Susan Chamberlain - Brown, Olsen & Wilson
Ed Kichline - KeySpan-Ravenswood
Jeff Mckinney - NYSEG
Larry DeWitt - Pace
Jim D'Andrea - KeySpan
David Applebaum - Sithe

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 18 meeting

ESPWG members agreed to the draft meeting notes as revised on July 31, 2003.

Presentation/demonstration on PROBE model

In response to an action item from the July 18th meeting, Jim Mitsche of Power Gem gave a presentation on "Applying PROBE for Congestion Analysis and Grid Planning". PROBE, the software tool initially developed for use by the NYISO Market Monitoring Department, is being proposed for use in the reporting and analysis of historic congestion costs.

PROBE has the ability to quantify historic congestion costs by constraints. The Market Operations Department has determined it is not feasible to use SCUC as a tool to analyze historic congestion costs as a prohibitive amount of time is involved to prepare and run analysis reports.

PROBE takes data that is used to drive SCUC and runs the calculations that produces same hourly results as SCUC and generates reports examining SCUC results. Advantages of PROBE include:

- Much faster than SCUC (2 minutes vs. 2 hours)
- Network data is available for sensitivity testing
- Capable of producing various summary reports based upon SCUC data
- Real shadow process are calculated and loads are known

Discussion transpired on analysis of historical data; the NYISO and PowerGEM took an action item to provide the group examples of historic congestion summaries/analysis for a recent month, such as June or July 2003, subject to NYISO confidentiality requirements. LIPA voiced concern over running report on June and July data without including generator outages, and objected to doing running a one month test, as the criteria for the study has not been fully developed, including the effect of TCC's in the study.

The group will need to reach consensus on how they would like to see data presented, as well as how far back the NYISO needs to go for analysis. John Buechler suggested that recent data (e.g. – for 2003) be used in the initial phase, and that historical analysis of prior years be considered as a separate Phase II study. This will depend on the ultimate use of the data in the final process.

Garry Brown recommended that ESP Working Group discuss desired modifications to PROBE, as well as address issues pertaining to the software tool at the meeting on August 19th. Market Participants were requested to provide additional comments on desired additional features for the PROBE model in advance of the meeting.

Initial Planning Process

John Buechler presented “ESPWG Initial Planning Process – Stakeholder participation”. Included in the presentation was a process flow diagram for the stakeholder review and approval process indicating a role for both TPAS and the ESPWG. The group agreed that the ESPWG and TPAS would have joint responsibility for the initial review stage as well as review of the NYISO’s draft report, and the final report would be brought to the OC and MC for a vote before going to the Board of Directors.

The initial phase of the report would extend the current reliability analysis models out in time (5 – 10 years). If it is determined that reliability criteria cannot be met with all known resources, the initial report would indicate so and not recommend specific remedies. It was suggested that joint meetings with TPAS and ESPWG be scheduled when there are overlapping issues or concerns. Howard Fromer asked if there are legal mandates from FERC that would require NYISO to file this report. Mr. Buechler responded that he was unaware of such a requirement. The Board would have sole approval responsibility for the report on the results of planning efforts. Bob Reed commented that, while the Board may have final approval authority, developing a plan that meets the reliability needs of the NYCA is a split responsibility of the NYISO and the TO’s.

There was discussion on the process and whether the OC and MC votes would be advisory. There was also a question regarding the Board process and whether they would approve the final report. John Reese expressed concern regarding the long-term ramifications (RTO filings, FERC approvals) the report could have once approved by the Board. The NYISO indicated that it would review these stakeholder comments with Senior Management and respond to them at the next WG meeting.

Mr. Adams then discussed the potential for accelerating the issuance of the first initial planning report by making use of the reliability analyses already in progress for 2003. It agreed that the timeline chart would need to be revised.

The NYISO will prepare a draft of the Initial Planning Process consistent with the consensus view of the ESPWG for the next meeting

Description of NYISO Procedures for Reliability Analyses

Steve Corey presented “Reliability Assessments Currently Conducted by the NYISO. He reported on three types of reliability assessments: Resource adequacy, transmission reliability, and operational and gave an overview of the current practices for conducting these assessments.

There was a discussion on how the analysis would be done and the final report that would eventually be given the OC and MC. The first 5-year period report would be to review the

reliability analyses already completed. . This would be supplemented with the analysis of the future scenarios that will be developed for the initial planning process. . The second 5 years will be focused on a higher-level analysis.

Cost/cash flow for TSC/TCC's

John Adams distributed a TCC Cash/Flow or Flow of Funds diagram and provided an explanation to the group how TCC's/TSC's net.

Next Meeting

The next meeting is scheduled for August 19 10:00 a.m. at the NYISO in Albany. An additional meeting date of September 3rd was set; location is still open.

Action Items

1. NYISO to review the process approval issue
2. NYISO to revise the Initial Phase timeline consistent with its proposal to utilize the current reliability analysis as the base case
3. Market Participants to provide additional comments on desired additional features for the PROBE model
4. NYISO/ Powergem to provide examples of historic congestion summaries/analysis for a recent month (June or July 2003 were suggested) subject to NYISO confidentiality requirements
5. NYISO to prepare a draft of the Initial Planning Process consistent with the consensus view of the ESPWG for the next meeting