

**NYISO Business Issues Committee Meeting Minutes
October 12, 2011**

10:00 a.m. – 12:00 p.m.

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

The chair of the Business Issues Committee (BIC), Mr. Bart Franey (National Grid), called the meeting to order at 10:05 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. Meeting Minutes – August 1, 2011 and August 31, 2011

The draft meeting minutes from August were presented for approval.

Motion 1:

Motion to approve the meeting minutes from August 1, 2011 and August 31, 2011

Motion passed unanimously

3. Market Operations/Seams Report

Mr. Rana Mukerji (NYISO) reviewed the Market Operations and Seams Reports. The NYISO is working with MISO and IESO to address the NYISO's concerns with the proposed OH/MI PAR operating instructions that ITC submitted to the DOE with its application. The comment date at DOE (Docket No. PP-230-4) has been extended to October 14, 2011.

At the September 16, 2011 MIWG, NYISO presented changes to NYISO tariffs and the NYISO-PJM Joint Operating Agreement (JOA) necessary for implementation of Market-to-Market Coordination with PJM. At the September 26 MIWG, NYISO presented stakeholders with details on the incorporation of Ramapo PAR operation into the Market-to-Market Coordination process. Mr. Howard Fromer (PSEG) asked if NYISO spoke with PJM about the issue regarding the disconnect between Real Time pricing reflecting Real Time fuel. He said that NY has that feature, but PJM doesn't and raised a concern about dispatching based on PJM fuel prices. Mr. Mukerji said that is not part of the JOA so it would have to be dealt with separately. Mr. Fromer urged NYISO to bear pressure on PJM to address this issue. Mr. Mukerji said NYISO would have to determine the best way to address it; possibly at the November 3 joint meeting.

NYISO will host a joint stakeholder conference for PJM and NYISO stakeholders on November 3, 2011 to review Market-to-Market congestion management protocols.

NYISO presented tariff revisions necessary for the implementation of CTS at the September 1 MIWG meetings. Additional tariff amendments will be brought to MIWG in October. NYISO expects to seek stakeholder approval for the CTS related tariff changes at the November BIC and MC meetings.

Mr. Rich Miller (Consolidated Edison) requested that the NYISO include updates on CTS with PJM in the monthly seams report an update on reaching an agreement with PJM on CTS.

4. Interregional Data Map

Mr. John Bub (NYISO) provided an overview on the interregional data map that was recently added to the NYISO website. This website enhancement was added in an effort to better visualize Broader Regional Market initiatives, price differences at the borders, and the flows/limits of the external interfaces. Mr. Bub noted this map tool was created without impacting other NYISO projects and any additional IT resources. In response to a question on if the flows were scheduled or actual, Mr. Bub said they are scheduled flows. Mr. Bub wanted to stress this is not new data; the data is pulled from a file that is posted daily on the website.

Mr. Bub also noted that the NYISO is converting the IESO price from Canadian dollars to US dollars through the Google currency converter so that data can be grouped in an easy to understand way.

5. Planning Update

Mr. Henry Chao (NYISO) reviewed the planning and EIPC update included with the meeting material. Mr. Chao reported that EIPC Stakeholder Steering Committee (SSC) met on September 26 and 27 in Philadelphia. The Scenario Task Force presented to the SSC its recommendation for the final three scenarios for the EIPC to study for next year. The final three scenarios recommended by the task force are: National Carbon Constraint with integrated energy efficiency, demand response, distributed generation, and smart grid. For this scenario, one can expect the highest transmission build out. The second scenario is regional implementation of scenario one. Transmission build out would be much smaller regionally. The third scenario is the business as usual. Currently the consultant is working on a final rundown of these scenarios and the results will be presented to the SSC.

Mr. Chao reported that EIPC met in Washington D.C. on September 21 and 22. The group discussed in detail the Phase 1 report which is due for release by the end of this year.

6. Market Monitoring Plan – Tariff Revisions

Mr. Jim Sweeney (NYISO) reviewed the draft Market Monitoring Plan tariff revisions. He described the recent history and changes of the NYISO's Market Monitoring and Analysis department ("MMA"). The proposed tariff language would revise the reporting structure of the MMA to also include the NYISO CEO's designee, the Chief Operating Officer.

Motion 2:

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve revisions to the NYISO's Services Tariff Section 30 addressing the Market Mitigation and Analysis Department acting at the direction of either the NYISO's Chief Executive Officer ("CEO"), or the CEO's designee, the Chief Operating Officer, as described in the presentation made at the October 12, 2011 Business Issues Committee meeting.

The motion passed unanimously by a show of hands

7. Coordinated Transaction Scheduling (CTS) Update

Mr. Chris Brown (NYISO) reviewed the presentation included with the meeting material. He noted that discussion is currently underway at MIWG to review the tariff language for CTS. The NYISO plans on filing the tariff amendments at the end of the year. He spoke of the fee elimination for CTS transactions.

There was a discussion on elimination of New England fees. Mr. Brown said NYISO and ISO-NE have agreed to the reciprocal elimination of the fees. Ms. Saia said it appears that there is a time delay in New England and Market Participants in NE are not expecting the tariff language to be ready by the end of the year as they haven't reviewed tariff language yet with stakeholders. She noted the importance of having closer status reports. Mr. Shaun Johnson (NYISO) said NYISO is in daily contact

with ISO-NE and the message NYISO has received from them is that they are confident the tariff language will be approved by the end of the year.

Mr. Younger suggested the NYISO's filing note that the elimination of NY fees would be dependent on fees eliminated in New England with an explanation for why that is the case. If NE fails to eliminate the fees, then the NYISO doesn't eliminate its fees. Mr. Johnson said this could be discussed and is within the realm of possibilities.

8. Market to Market (M2M) Coordination Update

Mr. Mike DeSocio (NYISO) provided an update for BIC member. FERC has ordered the NYISO to complete M2M by the 4th Quarter of 2012. Mr. DeSocio said M2M provides the ability for the NYISO to request assistance from a neighbor, through re-dispatch and PAR control actions, to solve a NYISO constraint at a lower cost, thereby reducing the overall cost of congestion. He discussed the key concepts in more detail. The next steps for M2M are for NYISO and PJM to work together on the software integration and file tariff revisions by the end of 2011.

Mr. David Clarke (LIPA) asked about the entitlements concept. Mr. DeSocio said this is still under discussion with PJM and will be worked through. He said the entitlement would be used for payment settlements, and is not there to reduce transfer limits or dispatch. Mr. Fromer asked what role the NYISO foresees its stakeholders having in the entitlement value. Mr. DeSocio said the NYISO is working on the concept, and the NYISO would like to get stakeholder feedback on the concept philosophy once it is released to MPs. Mr. DeSocio said M2M cannot go forward without a clear entitlement concept within the JOA. Mr. Fromer asked if NYISO could provide a summary of the entitlements concept to MPs. Mr. Clarke expressed a concern under Attachment N of TOs getting a congestion rent. Mr. DeSocio said the NYISO would bring this along with the entitlement discussion in the future.

Mr. Miller said the end of the year filing seems ambitious and asked for NYISO's opinion. Mr. Mukerji said this is the commitment NYISO made with PJM and stakeholders. He said NYISO agrees that it is ambitious, but it is something the NYISO is working towards.

9. Working Group Updates

a. Billing and Accounting Working Group – Bruce Marley

Mr. Bruce Marley (Central Hudson) reviewed the BAWG meeting summary from September 22. The NYISO announced to the BAWG the following changes at the NYISO: Chris Russell will be temporarily reassigned to the NYISO Management Audit team as Project Manager, Sue Jacon will assume Chris' duties as Manager of Customer Settlements, and Mark Buffaline will assume Sue's duties as Supervisor of Settlement Operations. Mr. Marley provided details on the Grid Accounting and Billing Issues Reports. Also discussed at BAWG was the September release to the Demand Response Information System (DRIS), related to SCR baseline rule changes, and changes to the ICAP Automated Market System, focused on Buyer-Side Mitigation functionality specific to UDR projects. The October deployment will affect changes to the Credit Management System (CMS) with respect to the TCC market collateral rules.

b. Electric System Planning Working Group - Deidre Altobell

Ms. Deidre Altobell (Consolidated Edison) said at the last meeting, NYISO presented the latest update on preliminary CARIS results for 10 year period. There was extensive discussion on the data, most notably on hurdle rates and emission prices. NYISO noted that carbon price is the main driver and essentially most of the results for most recent update seem to be okay. At the next meeting, NYISO is expected to finalize the cost estimates assumed with the various generic solutions. Next meeting is on October 24.

c. Installed Capacity Working Group – Chris LaRoe

There was no ICAP meeting since the last BIC.

d. Market Issues Working Group – Patti Caletka

Ms. Patti Caletka (NYSEG & RGE) said there have been three meetings since the last BIC. On September 16, MIWG discussed a load pocket threshold calculation error. Potomac Economics presented the State of the Market Report, and there was a presentation on Ancillary Service Mitigation. The NYISO is proposing to remove the 10 minutes non-spin reference levels and remove requirement for NYC generating units to offer 10 minute spinning reserves at \$0 per MW/h. The NYISO also proposed on interface pricing that NYISO suggested they would represent the incremental power distribution along Lake Erie to take into account the inability to control the flows if the PARs aren't working correctly. The ISO is looking at a 4th Quarter implementation and no tariff amendments are required for this proposal. M2M and CTS was discussed. On September 26, MIWG discussed the MMP Tariff Revisions, M2M with Ramapo, and multi duration centralized auction. The treatment of solar resources was discussed again as well as CTS tariff language. On October 11, there was teleconference and MIWG discussed regulation of dispatch update and CTS Tariff Language.

e. Price Responsive Load Working Group - Alan Ackerman

There was no PRLWG meeting since the last BIC.

f. Credit Policy Working Group - Norman Mah

Mr. Norman Mah (Con Edison Solutions, Inc.) said CPWG had meetings on August 18 and September 29. At the September meeting, the group discussed multi duration TCC credit policy and FERC Order 741 compliance filing. NYISO also discussed verification of risk management procedures and that the compliance filing will be due on December 14. The NYISO would continue to discuss this and NYISO is encouraging MPs to become involved and offer their suggestions.

g. Load Forecasting Task Force - Bryan Irrgang

No update.

10. New Business

Mr. Bob Boyle (NYPA) asked the NYISO to present as much information as it could share for why ICAP prices jumped \$3 in the last auction in October. He noted he hasn't seen any changes in capacity levels. Mr. Mukerji said NYISO could do that.

Mr. Matt Darcangelo (NYISO) brought up an action item from the last BIC meeting with regards to Cross State Air Pollution Rule and how it would affect reference prices. He said the NYISO is planning a presentation on the topic at a future MIWG.