
NYISO Business Issues Committee Meeting Minutes

February 5, 2009

NYISO – Teleconference

10:05 a.m. to 11:45 a.m.

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

Mr. Stuart Nachmias (Con Edison), the Chair of the Business Issues Committee (BIC) called the meeting to order 10:05 a.m. and welcomed the members of the BIC. Meeting participants introduced themselves and their affiliations.

2. Approval of Minutes**Motion #1:**

Motion to approve the Minutes of the December 17, 2008 Business Issues Committee meeting.

Motion passed unanimously.

3. Market Operations Report – Rana Mukerji (see presentation)

Mr. Rana Mukerji (NYISO) presented the Market Operations Report and stated that the data included in the report was through January 20, 2009 only. He added that the rest of the data would be available at the next Management Committee meeting. Mr. Mukerji indicated that the higher LBMP's in January 2008 as compared to December 2008 were a result of the increase in demand and natural gas prices. Uplift was lower this month than December, with January reporting negative congestion. When asked by Mr. Nachmias what was driving the negative uplift, Mr. Mukerji stated that the negative uplift happens when the congestion model in the SCUC is more restrictive than what occurs in the RT market. Mr. Mukerji referred to chart 4C showing the balancing residuals to be negative as he explained if more congestion occurs in the Real Time Market, perhaps due to an outage, it can result in positive congestion residuals.

4. Seams Report – Rana Mukerji (see presentation)

Mr. Mukerji stated that the Regional Resource Adequacy group was continuing to develop the Forward Capacity Market with a goal to bring it to a BIC vote in the second quarter of this year. He noted the Interregional Congestion Management workshop, scheduled in February, will have PJM representatives to discuss how PJM and MISO jointly manage congestion between their Control Areas. The NYISO will present a potential method PJM and NY may use to implement congestion management between their Control Areas. The upcoming presentation is the starting point for stakeholder input.

Ms. Doreen Saia (Greenberg Traurig) asked if this was part of the response to FERC regarding Lake Erie Loop flow and congestion management in PJM. Rana Mukerji, indicated that, although the NYISO does not directly relate Lake Erie Loop flow to congestion management, this is in response to FERC.

5. Linden VFT Tariff Revisions (see presentation) – Discussion and BIC Action

Mr. John Hickey (NYISO) explained that the Linden Controllable line is a 300 MW controllable line consisting of three 100 MW Channels connecting the PJM control area and the NYCA at Linden, New Jersey. PJM is assigned operational control of the variable

frequency transformer transmission facilities of the VFT. Mr. Frank Francis (Brookfield Power) inquired if the line will initially only operate one way from PJM to NY or, when it becomes fully operable, be bi directional? John Hickey indicated that until PJM begins accepting imports from New York, the line will be unidirectional. Mr. Hickey indicated that the tariff modifications being discussed at BIC today are, essentially, the same modifications as were made to implement the Neptune and Cross Sound Cable Scheduled Lines. The NYISO's goal is to have Tariff rules in place by June 15, 2009 as this is the proposed date to begin scheduling test power over the facility. Mr. Kevin Jones (LIPA) added that LIPA had to have their tariff filed before transactions could schedule across Cross Sound Cable and that the modifications being presented are the same as those currently in place for the Neptune and Cross Sound Cable scheduled lines. Alex Schnell, NYISO, answered a question posed by Stu Nachmius regarding the status of the PJM provisions, by stating Consolidated Edison Operations have been involved in the discussions between NY and PJM and the parties are working on an operating protocol which is expected to address Consolidated Edison's concerns. There was also discussion regarding the operating protocol which resulted in an amendment to the language in the motion to require that a joint New York, PJM and Consolidated Edison emergency operating protocol to be place by the time power is transmitted over the Linden VFT Scheduled Line.

Motion #2:

The Business Issues Committee (BIC) recommends that the Management Committee approve revisions to the NYISO's Tariffs that are consistent with the NYISO's presentation to the Business Issues Committee on February 5, 2009, in order to permit the timely implementation of the Linden VFT Scheduled Line, provided that the NYISO shall not permit power to be transmitted over the Linden VFT Line until a joint NYISO PJM and Con Edison emergency operational protocol is effective.

Motion passed with abstentions.

6. IPSAC Update

Mr. Henry Chao (NYISO) reported at the January 30th IPSAC conference call, it was decided to extend the NCSB report comment period to February 9th, with the anticipation of compiling all comments into the report by February 29th .

Mr. Chao reported that the NYISO and NE ISO have decide to pull their support for the JSCP 2008 study because the study was published even though there was disagreement with the results of the economic portion of the study. PJM, NYISO and IESO stated their concerns with the study in a letter sent to DOE which is posted in the planning section of the NYISO website.

Going forward, NYISO will be part of the process which will use the IRC as a platform to coordinate a more inclusive study by integrating renewable resources and energy efficiencies into the study process. Ms. Deidre Altobell (Con Edison) requested that the NYISO inform its stakeholders regarding any existing forums and time lines to raise their issues and concerns. Mr. Chao stated that the JCSP website can be used as an opportunity to collect comments from the stakeholders and to inform our stakeholders of the future meetings.

7. Billing and Accounting Installment #1 – Discussion and BIC action

Mr. Randy Bowers (NYISO) indicated that this is the first installment of the revisions to the billing and accounting manual which outlines the settlements and invoice processing, and

settlements invoice queries challenges and disputes processes. In the discussions that followed, Ms. Patti Caletka (NYSEG), noted that the proposed wind forecast cost recovery provision was not included in the Monthly invoicing section. Randy Bowers agreed to update the manual to address Ms. Caletka's comments.

Motion #7:

The Business Issues Committee (BIC) approves the first installment of the revised Billing and Accounting Manual, which includes revisions to Appendix A and Sections 1 – 3, as recommended by the Billing and Accounting Working Group on January 21, 2009, and as described and revised at the BIC meeting on February 5, 2009.

Motion passed with an abstention.

8. 2009 Project Schedule Milestone Update, (see presentation)

Ms. Janet Joyce (NYISO) informed the group of the year to date status regarding the 2009 projects. NYISO agreed to consider the various suggestions mentioned to report to the BIC on the project status of projects.

9. Lake Erie compliance filing, Alex Schnell (see presentation)

Mr. Alex Schnell, (NYISO) indicated a follow up discussion concerning proposed revisions 4.1.6 in the NYISO's Market Services Tariff to address the issues raised at the November 11, 2008 meeting will be held at the next Market Issues Working group meeting as well as an update by Robb Pike, Director of Market Design, exploring the possible implications of proposed pricing regimes on Lake Erie loop flows.

10. 10. Working Group Updates:

BAWG – Patti Caletka (NYSEG) stated there were no significant issues to comment with January settlements. BAWG is continuing discussions with NYISO staff regarding the need for, and viability of, opening the MIS history file back to its Pre-SMD2 to allow 45 day viewing of transactions data, or longer, than the current 10 day availability. The second installment of the Billing and Accounting Manual is posted for review, and is intended to be reviewed at the February BIC meeting.

ESPWG – Deidre Altobel (Con Edison) stated ESPWG members discussed changes to procedures to develop a reliable CARIS base case with an additional matrix. The NYISO has scheduled an ESPEG meeting to review the draft 2009 CRP and provided a high level overview of the PJM NYISO work scope.

ICAP – Bob Boyle (NYPA) stated that at the last ICAP WG meeting FCM credit requirement concepts were discussed. Multiple Intervenors gave a presentation regarding FCM design, stating that they were not in support of the demand curve and that 3 years is better lead time and is consistent with the NYISO's neighbors. Working group discussions continue on SCR testing rules, and on the reporting of NERC codes as forced outages that may not be included in the NYISO's EFORD calculation. Mr. Greg Drake (NYISO) also gave a presentation on 2009 external rights and Con Ed presented on the Rider U – DLR program. Mr. Boyle said the net result of the Con Edison study was that there is room for both APMD and CBL methodology.

IITF - Glenn Haake (Dynergy) discussed the FERC order to conditionally approve the deliverability requirements. A 30 day compliance filing was ordered by FERC to address 5

issues with one contentious issue of how imports and external resources will be treated in terms of the deliverability test. An associated issue is how emergency assistance will be treated. The last issue requiring a filing is the funding mechanisms applicable to LSE's on how delayed highway upgrades are funded. The next filing is due Feb 14th.

MIWG - Ray Stalter (Edison Mission) said MIWG met twice by teleconference to address the Linden VTF issue, and there are a number of other issues which will be presented at tomorrow's meeting.

PRLWG - Steve Lynch (Energy Curtailment Specialists) stated as the last meeting reviewed the Demand Response Data System vendor analysis. FERC 719 whole sale competition report and compliance filing was also discussed.

Credit Policy Task Force – Sheri Prevratil (NYISO) reviewed the credit policy enhancement presentation, and discussed the 2 year TCC credit requirements and discussed the cost benefit analysis regarding weekly invoicing. Individual cost benefit analyses were provided to any MP who requested it.

11. New Business.

There was not new business.

The meeting was adjourned at 11:45.