

## **NYISO Business Issues Committee Meeting Minutes**

Jan. 10, 2007

The New York State Nurses Association  
11 Cornell Road  
Latham, NY 12110

### **1. Welcome and Chairman's Report:**

Mr. Bill Palazzo (NYPA), Chairman of the Business Issues Committee (BIC), called the meeting to order at 10:01 a.m. and welcomed the members of BIC.

### **2. Approval of minutes for Oct. 18, Nov. 8 and Dec. 6, 2006**

#### **Motion #1:**

Motion to approve the Minutes of the October 18, 2006, November 8, 2006 and December 6, 2006 BIC meetings.

*(Motion passed unanimously by show of hands.)*

### **3. Market Operations Report**

Ms. Nicole Bouchez (NYISO) provided an overview of the Market Operations Report. The report data was preliminary through Dec. 31.

Mike Mager (Multiple Interveners) asked Ms. Bouchez why uplift went up in December.

Ms. Bouchez said BPCG costs and balancing market residuals, primarily congestion residuals, went up. There were some slightly unusual congestion patterns in December, may have contributed to the situation.

Bart Franey (National Grid) said the Center East transfer limit for December was significantly lower than normal. He asked if NYISO has looked into the situation.

Ms. Bouchez said she did not have any specific information on Central East but changes in limits are part of the daily review by Market Monitoring. Line limits can be lower for a variety of operational reasons. The outages were not the primary cause.

Mark Younger (Slater Consulting) asked for a more detailed explanation of what caused Day-Ahead and Real-Time to deviate in the conditions represented on the transmission system.

Ms. Bouchez said she couldn't answer because she wasn't sure what information might be considered confidential and was not aware of any significant deviations but would refer the question to Operations.

Mr. Franey said that flows from New England seem to have changed and asked if the change was driven by the New England market design changes.

Ms. Bouchez said New York's electricity prices have been quite low because of the warm weather. She suspected that was a good part of what is driving most of the flows.

Mr. Franey said the NYISO owed Market Participants a closer look at the uplift charges. He asked if the analysis would be presented to the Market Structures group.

Ms. Bouchez said several presentation on uplift had been made but that the information Mr. Franey sought didn't exist. She offered to have one last look to see if there was some other way of getting to his concern and list his request as an Action Item.

Ray Kinney (NYSEG/RG&E) asked about Day-Ahead margin assurance payments and suggested taking a look at those payments, which may occur during a Thunderstorm Allert when day ahead committed units are backed down.

Tim Bush (Navigant) said he did bring up the issue. The method used to determine TSA costs uses shadow prices to estimate the changes in bid production costs for the change in transfers. He said he wasn't sure if that was really capturing everything.

Mr. Francis said the NYISO will take it as an Action Item.

Tom Rudebusch (s) asked about the NYISO's January increase to Rate Schedule 2.

Mr. Ray Stalter (NYISO) said there was a report in late December that reported on voltage support rates out of Rate Schedule 2. The numbers are being looked at this week; a revised schedule will be out by end of this week.

#### **4. Regional Market Enhancements**

Jonathan Mayo (NYISO) presented the Northeast Seams Report. He updated the following initiatives:

- Intra Hour Transaction Scheduling
- Regional Resource Adequacy
- Cross-Border Controllable Line Scheduling

Dr. Kevin Jones (LIPA) why the Neptune tariff won't be filed until early February.

Alex Schnell (NYISO) said the filing may be made in late January or early February. In either case, it will be made in time to fulfill NYISO's commitments on Neptune.

Dr. Jones said that LIPA is very concerned about this situation and wanted it noted in the BIC minutes that LIPA wants to make sure the Neptune tariff gets filed as soon as possible.

Mr. Mayo continued his presentation, which included updates on:

- ISO-NE Phase II HVDC Evaluation
- Reserves Participation in Adjacent Regional Markets
- Modeling of Netted Transactions at the NYISO-HQ Interface
- Limitations Due to Loss of Large Source

## **5. Working Group Updates**

### **A. Billing and Accounting (BAWG)**

Dave Hall (NYSEG/RGE) presented a summary of the BAWG's activities.

Howard Fromer (PSEG) asked when the new NYISO policy regarding shortening of the final bill was going to take effect.

Mr. Hall said FERC accepted the tariff language on Dec. 13. The program cycle started Jan. 1. It is effective for the Jan. 2007 invoices going forward.

Mr. Bruce Bleiweis (DC Energy) asked for a clarification regarding the operating reserve order.

Mr. Hall said there is an invoice adjustment that will be discussed at the next BAWG meeting.

### **B. Electric System Planning (Joint OC/BIC WG)**

Tariq Niazi (NYS Consumer Protection Board) reported that considerable progress has been made on the Reliability Needs Assessment (RNA). He commended the NYISO staff and Mr. John Buechler (NYISO) for working hard to pull things back on track. He said the ESPWG is hoping to stick to new schedule and deliver the RNA to the Board of Directors by late February.

Mr. Buechler provided an update on the Jan. 3 ESPWG/TPAS Joint Meeting. He pointed out the Base Case NYCA LOLE and reviewed the updated RNA Schedule. The ESPWG is scheduled to submit the RNA final draft to the Operating Committee in mid February and the Management Committee and Board of Directors in late February. The RNA should be issued in early March.

### **C. ICAP Working Group (ICAPWG)**

Glenn Haake (IPPNY) reported. He reviewed ICAPWG meetings in December. Mr. Haake addressed questions pertaining the wheeling of capacity through Ontario. He said the ICAPWG is waiting for the installed capacity subcommittee report.

Mr. Franey asked about the Hydro Quebec issue. He thought there was an initiative to increase the global limit of 2755 by the same path. He asked if the NYISO is going to pursue that request before the May auction.

Mr. Haake said he understood that the next study, like the Area Transmission Review, would look at if 2755 is still the right number. He didn't know the timing of the new study and suggested asking the NYISO to take up at the next Operating Committee meeting.

#### **D. Interconnection Issues Task Force (IITF)**

Mr. Haake reviewed most recent IITF meeting. A meeting is scheduled for Jan. 29.

#### **E. Resource Adequacy Issues Task Force (RAITF)**

Mr. Haake reported. He said the RAITF is waiting on the completion of the Upstate/Downstate study to set another meeting. That study draft could be out in early February. A meeting will be set when the draft is released.

Mr. Palazzo raised the issue of merging the MSWG and the S&PWG. No opposition was raised, so a vote wasn't necessary. The new group will be named the Market Issues Working Group (MIWG). He said that Mr. Norman Mah (ConEd) will be the chairman of the MIWG.

Mr. Younger requested that the NYISO provides a combined lists of opened issues raised at both the MSWG and the SPWG.

Mr. Palazzo said once the list is up-to-date, it should be updated and distributed to BIC members on a regular basis.

#### **F. Market Issues Working Group (MIWG)**

Mr. Mah reported, reviewing items discussed at meetings in December and January.

Brad Kranz (NYISO) provided an overview of discussions at the MIWG on long-term transition rights. There are aspects of the proposal that MPs have concerns with. Those are being addressed by the NYISO.

Mr. Nachmias asked if the NYISO will be making the filing by the Jan. 29 deadline. Mr. Kranz responded that the NYISO is working to meet the deadline.

Mr. Fromer asked about electric gas coordination issues and the impending FERC filing. He asked if the NYISO had anything further to report on addressing issues raised at working groups in that filing.

Mr. Francis said it is not a practice of the NYISO to share that type of information and that the gas coordination issue is currently scheduled for discussion at the Jan. 22 MIWG.

Mr. Fromer said the whole concept of compliance filings has gotten out of control. The issue is to what extent should MPs have the opportunity to see and vote on something in an advisory capacity, and have that vote reflected in FERC filings made by the NYISO. He suggested it be referred to the Bylaws Committee.

Mr. Schnell said a number of practical issues makes seeing a draft of what the NYISO plans to file difficult. It is the NYISO's responsibility to comply with FERC orders. There may not be enough time to gather MPs' views and incorporate those in the filing, especially if MPs views are different from the NYISO's views. He asked that if the issue is brought up by MPs that they provide notice and formally identify in advance that the issue will come up. The NYISO will probably want the opportunity to address the issue.

Ms. Doreen Saia (Mirant) suggested the NYISO come to the principal committees to let all MPs know what's going on. To the extent that the MPs' views can be known, possibly through a straw poll, it is helpful in having meeting minutes that can be shared with FERC. The minutes can give FERC an overview of where MPs weighed in on an issue.

Mr. Stalter said he will take the request to the Bylaws Committee.

### **G. Price Responsive Load Working Group (PRLWG)**

Mr. Rick Mancini (Customized Energy Solutions) reported. Mr. Younger said he asked the NYISO in September about the calls last summer and whether there were implications for how we were calling the program and potentially for whether our pricing was set up to address how we are calling the program now. Fixing the pricing would appear to be much harder than making sure only people in certain sub-pockets of New York City were called when that's where the problems are. He said the issue crosses agendas at the MIWG, the ICAPWG and PRLWG. The issue should be addressed at all groups.

Mr. Mager said initial discussions could take place in the three groups but a decision needs to be made to see which group the item will be pursued in.

Mr. Nachmias said he was concerned that discussing the issue in a variety of working groups could fragment it. One group needs to be chosen as the primary group to move the proposal forward.

Mr. Palazzo said that every group that has a stake in the issue should discuss it.

## **6. Lean Six Sigma Project Update**

Mr. Frank Deno (NYISO) made the presentation. He provided an overview of the NYISO's Lean Six Sigma project status. He shared information about project improvements and gave MPs a list of projects underway.

Mr. Franey asked if Mr. Deno could report baseline and target expectations for each LSS project.

Mr. Deno said the NYISO has the information and that he will follow up on the request. He explained that LSS projects can be killed at any phase of a project if it is determined that the project offers no cost benefit. He said LSS reports would be coming to board members quarterly.

## **7. 2007 Project Plan**

Mr. Rich Dewey (NYISO) made the presentation of the major project milestones that are targeted by the NYISO for delivery in 2007. He gave a short overview and verbal status of each project that is currently in progress.

Dr. Jones asked if NYISO still expected that the 1385 and Dennison lines will be in place in June and Neptune deployed in July. He asked if there is anything the NYISO is considering that could cause a delay or concern.

Mr. Dewey said not at this point. More testing is needed, but the NYISO believes the software to schedule these lines will be ready by the targeted deadline.

Mr. Bill Heinrich (NYSDPS) asked if the NYISO expects to have the resources to get its proposed projects done.

Mr. Dewey said resources to support the commitments have been allocated and the projects are on schedule to hit the published milestones in 2007. In the event of major schedule changes, or the necessity for reprioritization, the NYISO will work with the Budgets & Priority Working Group (BPWG) to revise targets and report status to the BIC.

Ms. Saia asked for more detail about the proposed market monitoring datamart project.

Mr. Dewey said the NYISO is assessing the requirements that the Market Monitoring group has for performing historical analysis on market data, and has identified shortcomings in query capabilities and reporting. A conceptual design document is being produced that may lead to a project proposal to expand the data warehouse to address Market Monitoring's business need.

Mr. Mager said he believed the NYISO made a filing to FERC in the last six weeks or so confirming "the start of the 3<sup>rd</sup> quarter start-up time." He

asked at what point the NYISO will have more clarity about a schedule for the demand response for Ancillary Services issue.

Mr. Dewey said there are a number of open issues in the requirements for this project that are being addressed at PRLWG. The NYISO is still targeting the 3<sup>rd</sup> quarter for deployment of this capability, but the specific schedule can not be developed until these issues are resolved, and the software design is completed.

Mr. Mager asked that it be reflected in the minutes that the NYISO does preparatory work in advance of the meeting.

Mr. Fromer said the NYISO should create a complete list of items that are being worked on, in addition to the list of active projects. Without it, the project list is incomplete. The NYISO is actively working on issues related to Deliverability and Market Rules Assessment, and those projects are not present of the milestone summary. These and other projects should be on a list so MPs know what the NYISO is working on.

Mr. Dewey said there are indeed other projects the NYISO is working on that aren't on this milestone list. This presentation is intended to be a review of milestones with known, committed dates. Other efforts are underway, but aren't developed enough to have realistic schedules or milestones. He said he will come up with a list or schedule of projects being worked on or will be worked on.

Mr. Younger suggested that there ought to be a page with a title that could be "Areas Where the NYISO is Working with Market Participants But Specific Projects and Deliverables Have Not Yet Been Defined." The page should make clear that certain projects haven't fallen off the table.

Mr. Dewey said he would produce such a summary for the BPWG meeting on Feb. 6.

## **8. Hub Price Posting Update**

Mr. Dewey provided the update on a real-time Hub price posting topic that was previously reported at Market Structures Working Group (MSWG). The NYISO is recommending to:

- Determine if these Hub prices are still used by Market Participants
- Update generator weighting tables to permit correct calculation of Hub prices on a Go Forward basis, if necessary.
- Plan for the retirement of processes for posting Hub prices to the OASIS

Mr. Dewey said the real-time LBMPs used in settlements are the load-weighted LBMPs. The generator-weighted LBMPs (Hub prices) are posted as advisory data at the prior request of certain Market Participants, and

are not used in any manner in NYISO settlements. Hub prices are also not included as part of any of the NYISO's price validation processes.

Mr. Dewey reported that the advisory nature of generator-weighted prices was clearly communicated in February 2005 when the NYISO agreed to continue to post them following the implementation of SMD2.

Mr. Dewey said a TIE list announcement will be sent in order to publish the NYISO recommendation that Hub prices to longer be posted. This will allow a wider Market Participant audience to be aware of the recommendation, and will allow the NYISO to get a better understanding as to whether anyone is using these advisory prices. To date, no one has expressed opposition to the NYISO proposal that they no longer be posted.

#### **9. Advisory Settlement Statements Web Posting Process**

Mr. Randy Bowers (NYISO) gave the report, which was included in the BIC meeting packet. Mr. Bowers noted that the NYISO is looking for BIC guidance to determine whether the NYISO should continue process and posting Advisory Settlement Statements as currently done, or delay the release of advisory settlements until the NYISO has reviewed the advisory data for pricing and metering anomalies.

Mr. Hall noted that the BAWG had discussed this issue, and said that most MPs look forward to getting the data as soon as possible. The concern was raised at the Market Participant Audit Advisory Subcommittee (MPAAS) several months back. Waiting for a fully audited report would cause delays that were not supported by BAWG members. BIC members were asked to express any concerns with continuing with the current process.

Mr. Tom Canino (Central Hudson Gas & Electric) said he'd like to continue getting the information at the earliest possible time. He said he found value in the information he's been getting and he'd like to continue receiving it as expeditiously as possible.

After further discussion, BIC members, without exception, expressed support for maintaining the current advisory settlements release process.

#### **10. New Business**

Mr. Fromer said he was dissatisfied with the new NYISO customer service reorganization. He asked if the NYISO could bring back the issue for review.

Mr. Stalter said he appreciated Mr. Fromer's feedback and asked other MPs for their feedback.



**The meeting was adjourned at 2 p.m.**

Respectfully Submitted,

Michael A. Lisi

Recording BIC Secretary