

**DRAFT****NYISO Business Issues Committee Meeting Minutes****September 18, 2013****10:00 a.m. – 12:15 p.m.**

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

The vice chair of the Business Issues Committee (BIC), Mr. Brad Kranz (NRG), 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. Approval of Meeting Minutes – August 14, 2013**Motion #1:

Motion to approve the Minutes of the August 2013 BIC meeting.

*The motion passed unanimously with an abstention*

**3. Market Operations Report**

Mr. Rana Mukerji (NYISO) reviewed the market operations report included with the meeting material.

**4. Seams Report**

Mr. Mukerji reviewed the Seams Report included with the meeting material.

**5. Planning Update**

Mr. Henry Chao (NYISO) provided the planning update.

**6. Early Termination of Incremental TCCs**

Mr. Gregory Williams (NYISO) reviewed the presentation included with the meeting material.

Mr. Williams noted that the tariff language posted for BIC meeting materials does not clearly indicate that the entire portfolio of incremental TCCs held by a primary holder would terminate upon request by that primary holder to terminate its incremental TCCs. That has been the NYISO's intent and Mr. Williams said the final tariff language, posted for the MC will make that explicit. Mr. Williams concurred with Mr. Mark Younger's (Hudson Energy Economics for Indeck) statement that the portfolio of incremental TCCs to be terminated should be related to whatever transmission addition resulted in the portfolio because theoretically someone could do multiple transmission additions in different places, each producing a portfolio of Incremental TCCs.

Ms. Marji Philips (Hess) thanked the NYISO for presenting the proposal with stakeholders.

Motion #2:

The Business Issues Committee (BIC) recommends that the Management Committee approve changes to the NYISO's OATT Section 19 as described in the presentation entitled "Early Termination of Incremental TCCs", made at the September 18th BIC meeting.

*Motion passed unanimously.*

**7. Special Pricing Rule Tariff Changes**

Mr. Mike DeSocio (NYISO) reviewed the presentation included with the meeting material. Mr. DeSocio noted that the tariff sheets provided to the MC will be amended to correct the order of operations in the Financial Impact Charge calculation.

Mr. Scott Leuthauser (HQUS) asked if BPCG payments will be removed from all external buses and if so, when will that occur. Mr. DeSocio said based on feedback from stakeholders, the NYISO will remove BPCG for imports at all proxy generator buses in early 2014. Mr. Leuthauser noted there wasn't consensus on the feedback to the NYISO. Mr. Frank Francis (Brookfield) noted the forecast is a risk to market participants because they could be exposed and kicked out of the market and disagreed with removing the BPCG payment. Mr. Kranz said the risk is poor forecasting on PJM side and by taking BPCG out, it eliminates the risk to market participants.

Mr. Mike Kramek (Edison Mission) noted that the PJM communication process for 15 minutes scheduling was very good. He requested that the NYISO to do a similar communication process 30 days before implementation so markets know well in advance. Mr. DeSocio agreed to notify the markets.

Ms. Stephanie Staska (Twin Cities Power) expressed a concern for removing BPCG for other imports. Importers are supplying energy into NY. The price they offer should be guaranteed and they shouldn't get paid less from when they established the import. It could result in fewer imports to NY since there is no guarantee to make money for supplying into NY.

Motion #3:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve changes to the NYISO's MST with regard to the Special Pricing Rule updates as more fully described in the presentation made to the BIC on September 18, 2013.

*Motion passed by majority with abstentions.*

**8. Removal of Services Tariff Section M-1**

Mr. James Sweeney (NYISO) reviewed the presentation included with the meeting material.

Motion #4:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve removal of Attachment M-1 from the NYISO's Services Tariff as more fully described in the presentation made to the BIC on September 18, 2013.

*Motion passed unanimously.*

**9. EDRP Manual Update**

Mr. Vijay Ganugula (NYISO) reviewed the presentation included with the meeting material.

Motion #5:

The Business Issues Committee (BIC) hereby approves revisions to the Emergency Demand Response Program (EDRP) Manual as presented at the September 18, 2013 BIC meeting.

*Motion passed unanimously with abstentions.*

**10. 2013 CARIS Phase 1 Report**

Mr. Timothy Duffy (NYISO) reviewed the presentation included with the meeting material.

Mr. Bob Boyle (NYPA) noted that the many stakeholder meetings in which the CARIS study and report were discussed were beneficial to all parties and thanked the NYISO for its efforts. He asked whether

the NYISO tests new versions of the GE-MAPS program to verify that its results are comparable to those produced by the current production version. Mr. Duffy said that it does.

Mr. Rich Miller (Con Edison) thanked the NYISO for separating the energy efficiency solutions from demand response solutions as it increases transparency in the various solutions and will aid in any determinations needed to be made going forward. Mr. Jackson Morris (Pace Energy and Climate Center) agreed with Con Edison. He noted that the DPS staff recently made a filing regarding EEPS program reforms and said that the nature and costs of energy efficiency solutions should be revisited in subsequent CARIS processes in view of these potential changes.

Mr. Miller suggested a ministerial change to the executive summary (page 5) in the draft CARIS report. Ms. Doreen Saia (Entergy) also proposed a change to Section 4.1 of the report. There were no objections to the edits.

Mr. Younger said he will abstain because the CARIS process has substantial flaws, but he recognized that some of those flaws are built into the tariff. He added that it is time to review the tariff rules to address the flaws. He stated that the biggest flaw is that the CARIS process ignores economics and key aspects of the NYISO and NYSRC rules regarding how the markets need to provide capacity. In particular, the CARIS resource plans ignore the TAN 45 requirements of the NYSRC and ISO. It results in a base case that does not represent the location of resources across the state over the ten-year study period that would result from our markets. The second problem relates to the calculation of the benefits for the various solutions and the ignoring of economic responses.

For example: A new generator is modeled at a location and we don't recognize that the base case has generic solutions that haven't been built yet which the new generator would displace. Instead the base case models both generic solutions and new generation. The new generator would make the proposed market solution uneconomic. It therefore inflates the assumed benefits. He noted that Transmission Owners, and the PSC have also made this point in other proceedings. He also added that the process freezes the external resource mix and then inserts into the model massive assumption changes without recognizing an adjustment in the outside world in response to those changes. The NYISO should evaluate the tariff rules with Market Participants. A failure to do so prior to the next CARIS study would result in his opposition to the next CARIS Phase 1 Report.

Mr. Tom Paynter (DPS) said that, while there is always room for improvement and opportunities to review changes to the models, DPS views the CARIS planning process as providing useful information.

Mr. Bruce Bleiweis (DC Energy) said DC Energy will abstain. He expressed concern over the discrepancy in the historical and projected congestion values and the lack of depth with regard to alternatives in the cost-benefit analysis.

Mr. Miller said Con Edison supports the CARIS report and agreed that it provides useful information to the market. He noted that there may be issues with the report but the report does not require anything to be built. CARIS is properly structured to require a beneficiary vote to allow a project to go forward. Con Edison's only issue with the CARIS report is whether the NYISO's base case accurately reflects generator retirements. Con Edison believes that minimal manual changes could address this issue. Ms. Patti Caletka (NYSEG) agreed that the generator retirement issue should be addressed.

### Motion #5

The Business Issues Committee (BIC) recommends that the Management Committee recommend that the Board of Directors approve the NYISO 2013 Congestion Assessment and Resource Integration Study Phase 1 Report (2013 CARIS Phase 1 Report) as presented by the NYISO and further modified as discussed at the BIC at its September 18, 2013 meeting. The 2013 CARIS Phase 1 Report was prepared by the NYISO in consultation with and subject to review by the Electric System Planning Working Group and the Transmission Planning Advisory Subcommittee.

*Motion passed unanimously with abstentions.*

### **11. Working Group Updates**

- **BAWG** – No update
- **CPWG** – No update
- **EGCWG** – Mr. Liam Baker (US Power Gen) reported that the next meeting is October 23.
- **ESPWG** – Mr. Aydemir Nehrozolgu (Con Edison) reported that over the last month the ESPWG has focused on reviewing and finalizing the 2013 CARIS Phase 1 report. Next, the ESPWG will work on developing the CARIS Phase 2 base case update and extension, an important part of this effort being identifying which inputs should be updated. Also on the ESPWG horizon are lessons learned issues from the 2013 CARIS Phase 1, and updates to the economic planning manual.
- **ICAPWG** – Mr. Chris LaRoe (IPPNY) reported that the ICAPWG discussed exemptions for small resources in the new capacity zone. The NYISO will issue a report to FERC on October 4. The group has also discussed defining outage states to include a mothball outage with MIWG and TPAS. The NYISO also discussed its Demand Curve Reset recommendations.
- **IPTF** – Ms. Erin Hogan (NYSERDA) reported that the IPTF has been discussing the regional compliance filing for FERC Order 1000, which is due on October 15. She advised MPs to review the April 29 IPTF meeting materials to get up to speed.
- **LFTF** – Mr. Bryan Irrgang (LIPA) provided an update. The LFTF will meet to discuss the fall NYSRC forecast, the 2014 ICAP forecast, SCRs activated on the peak load day vs. registration, and public appeals.
- **MIWG** – Ms. Caletka reported that the MIWG discussed the state of the market report, an update on the reference level scorecard, and the 10 minute reserve price convergence.
- **PRLWG** – No update.

### **12. New Business**

Mr. Mark Seibert (NYISO) reported that the annual survey will be commencing soon and asked that stakeholders participate in the survey.

Meeting adjourned at 12:15 p.m.