

**NYISO Business Issues Committee Meeting Minutes
December 14, 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. Alan Ackerman (Customized Energy Solutions), 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 – October 12, 2011

The draft meeting minutes from October 12, 2011 were presented for approval.

Motion 1:

Motion to approve the meeting minutes from October 12, 2011

Motion passed unanimously with an abstention.

3. Market Operations/Seams Report

Mr. Robb Pike (NYISO) reviewed the Market Operations and Seams Reports. NYISO and PJM held a joint stakeholder conference for their stakeholders on November 3, 2011 to review the proposed Market to Market (M2M) Coordination Procedures that will be incorporated into the Joint Operating Agreement (JOA) between the two ISOs. NYISO also reviewed the JOA at the November 9, 2011 BIC and plans to file with FERC by the end of 2011. Mr. Howard Fromer (PSEG) asked if NYISO and PJM will jointly file. Mr. Pike said it is expected to be a joint filing. Mr. Roy Shanker (East Coast Power) concurred and said that at yesterday's PJM MIC meeting, PJM did say that they plan on filing by the end of the year. Mr. Mark Younger (Slater Consulting) asked if an agreement has been reached on entitlements. Mr. Pike said there was no agreement yet, but it doesn't need to be done before the JOA filing, as the filing states that there still needs to be terms agreed to after the filing. Mr. Rich Miller (Con Ed) asked if the filing will state an expected implementation date for M2M. Mr. Pike said a filing earlier this year stated that it will be implemented in 4th Quarter 2012.

Mr. Pike reported that the quarter-hour interchange ramp limit at the New York-Hydro Quebec Interface was increased from 25 MW to 50 MW on November 2, 2011 and again from 50 MW to 100 MW on December 1, 2011. Mr. Pike said the NYISO would look into scheduling a presentation on a six-month review of more frequent scheduling at an upcoming MIWG meeting.

At the November 8, 2011 MIWG meeting, NYISO provided an update on EITC Phase 3, which will provide for 15-minute transaction scheduling between NY and PJM. The NYISO anticipates being ready to activate the first PJM Proxy in late Q2 2012. Mr. Pike said the order in which the lines will be activated has yet to be determined. In response to a question regarding ramp reservations and scheduling limitations, Mr. Pike said the NYISO is just beginning the dialogue with PJM and NYISO operations personnel to establish the scheduling criteria.

At the November 9, 2011 BIC meeting, stakeholders passed the motion recommending that the MC approve the CTS Tariff amendments. Stakeholders approved the Tariff changes at the November 29 MC meeting.

Mr. James Sweeney (NYISO) gave an update on the Ontario-Michigan PARs. IESO and MISO have addressed the NYISO's NERC IDC modeling concerns, so NYISO is no longer opposing the implementation of the PARs at DOE the Department of Energy (DOE). However, the DOE hasn't acted on the presidential permit application by ITC. With respect to cost allocation at FERC, the NYISO submitted a motion to dismiss this filing from the Commission yesterday in Docket ER-11-1844. The NYISO would appreciate stakeholders to file in support of the NYISO's motion as the proposal to allocate a portion of the cost of the PARs to the NYISO's customers will have an unjust, unreasonable and unduly preferential/prejudicial cost impact on NY stakeholders.

4. Planning Update

Mr. Henry Chao (NYISO) provided a verbal update on planning activities. Mr. Fromer asked if the NYISO could provide an overview presentation on EIPC at the next BIC, instead of a verbal update. Mr. Chao agreed to look into this.

An IPSAC Webex meeting was held on Nov 29th to discuss: results of the PROMOD Production Cost analyses, updates on Environmental Issues and Order 1000, and the development of the next Northeast Coordinated Regional Plan which is scheduled for completion in the Spring of 2012.

5. Gas Electric Coordination Working Group Charter

Mr. Wes Yeomans (NYISO) reviewed the proposed scope of the working group's charter, which was included with the meeting material. This proposed working group would report to both the BIC and the Operating Committee. He suggested that the BIC and OC chairs can begin discussions to search for a candidate to chair the working group. Stakeholder comments can be sent to Committee Support by December 27, 2011. A final draft scope will be presented in January for approval.

Mr. Scott Butler (Con Ed) said Con Ed wanted to thank the NYISO for taking the initiative on this working group. He said that there is no doubt that the electric and gas industries need to understand each other better. He commented that there may be too much detail in certain sections of the scope, but Con Ed doesn't oppose discussing this detail at the new working group. He noted that some of the language may be perceived as inflammatory by the gas industry. He also asked if the NYISO would do a study of the potential reliability consequences of pipeline contingencies. Mr. Yeomans said NYISO is still contemplating a study. Mr. Fromer noted this process will only be meaningful with the cooperation of entities that are not subject to oversight and jurisdiction of the NYISO. He asked if the NYISO has reached out to them. Mr. Yeomans stated that NYISO has not directly reached out for their input on the working group scope yet, but the NYISO works with the gas industry in other forums such as the IRC and the Northeast Gas Electric Operating Committee and expects that gas industry representatives would be interested in participating. Mr. Carl Patka (NYISO) said the ISO has worked with industry participants on the Electric Gas Coordination Protocol (EGCP) that is part of NYISO's tariff and have contacts with the pipelines and LDCs. Mr. Patka pointed out that the electric market people do not communicate with the gas market people and this limitation is required under certain communication restrictions by FERC to prevent market collusion. When the NYISO worked on the EGCP, the ISO made it clear that it would like the electric reliability people to talk to the gas reliability people at the pipelines and LDCs. And it took an effort to overcome a natural reluctance to have that communication and we will likely experience that again with this working group.

Mr. Matt Renninger (ECS) commented that a reference should be included to natural gas suppliers and producers for participating in this process; not only pipelines.

Ms. Erin Hogan (NYSERDA) asked if NYISO could send a link to the New England gas electric working group to their study and their scope to help frame the issues so NY members can get up to speed. Ms. Hogan also suggested that the scope mention language that notes external factors on the gas system that could impact NY. She noted the Rocky pipeline to Ohio that alleviates the demand in Ohio, which frees up supply for NY.

Mr. Saul Rigberg (NY State Department - Consumer Protection Division) commented that NYISO should reach out to the Public Service Commission as they have monthly meetings with gas industry members. Mr. Yeomans said the NYISO participated at the last PSC monthly call with gas industry participants, and the NYISO announced this proposed working group and invited them to participate. He noted that NYISO does not want to duplicate work being done in other forums.

6. 2012 Consumer Impact Analysis Project List

Mr. Tariq Niazi (NYISO) reviewed the presentation included with the meeting material. Mr. Fromer expressed a concern that the consumer interest liaison included Demand Response Aggregations in DSASP in his list of projects and suggested that it may not have enough significance to consumers. Instead, Mr. Fromer suggested that the NYISO consider including Frequency Regulation Compensation in its list of projects. Mr. Rigberg agreed with Mr. Fromer and asked why the selected 2012 projects were chosen over other 2012 projects that could've made the list. Mr. Niazi said if stakeholders don't see value in including Demand Response Aggregations in DSASP as a proposed project, the NYISO will take it back for reconsideration. Mr. Miller noted that Con Ed supports the idea that there is no specified deliverable for a consumer impact analysis and that it could be different in nature depending upon the market change. Mr. Ackerman suggested that the NYISO take these comments back and give an update at MIWG. Mr. Miller commented that it was great that the NYISO gave this presentation and that it shows that NYISO is responsive to stakeholder input and the process will be beneficial to customers over the long term.

7. Demand Side Ancillary Services Program (DSASP) Direct Communications

Ms. Donna Pratt (NYISO) reviewed the presentation included with the meeting material. The presentation covered requirements for communication between NYISO and the DSASP Providers. Ms. Pratt stated that discussion of market rules associated with DSASP aggregations will begin in January 2012.

8. Working Group Updates

a. Billing and Accounting Working Group – Jim Muscatello

Mr. Jim Muscatello (NYPA) reviewed the BAWG meeting notes from 11/17/2011. There was a billing issues item #446 that dealt with issues of prices going negative. The net impact is approximately \$154K on the market and the result of this is overpayments when generators are over-generating. This is being addressed. The next BAWG meeting is 12/22/2011.

b. Electric System Planning Working Group - Deidre Altobell

Ms. Deidre Altobell (Consolidated Edison) said there was a joint meeting on 12/6/2011 with ICAP and MIWG to review NYISO's proposal on reliability resource compensation. Parties were asked to provide comments by 01/04/2012. In addition, ESPWG had another meeting focused on CARIS issues. NYISO reviewed its proposal to change the way imports are valued when calculating megawatt production savings. It led to a discussion on whether it is appropriate to include benefits external to NYCA in the production cost savings metric. This discussion was tabled for the future; possibly for discussion in

conjunction with FERC Order 1000 compliance issues. NYISO also reviewed the finalized generic solution cost congestion results for the 10 year study term and scenario congestion results. At the next meeting on 12/22/2011, NYISO plans to review the congestion cost results and benefits cost ratios, specific to the 2011 CARIS study. They will also discuss DR impacts, DR's affect on reducing congestion, and the associated benefits. The NYISO anticipates sending out a draft report. The NYISO hopes to send the CARIS study to the BIC and OC for approval by February, if possible, and ask MPs to facilitate an expedited review.

c. Installed Capacity Working Group – Chris LaRoe

Mr. Chris LaRoe (IPPNY) reported that at the next meeting on 12/20/2011, the group will discuss the NYISO's process for coming up with locational capacity requirements based on recently approved IRM at the NYSRC and will also discuss the application of mitigation measures.

d. Market Issues Working Group – Patti Caletka

Ms. Patti Caletka (NYSEG & RGE) reported that there were two meetings. At the 12/1/2011, the group discussed the CSAPR update on EPA's technical correction and review of New York's annual SOx budget, Ozone season NOx budget. There was also a presentation on DSASP direct communication. There. The next meeting is on 12/16/2011 where MIWG will review the survey of the spring 2012 TCC auction, the PJM penalty factor impact analysis, reference level consultation improvement process, and FERC Order 755: Frequency Regulation Compensation.

e. Price Responsive Load Working Group – Brett Feldman

Mr. Brett Feldman (Constellation) reported that the DSASP presentation was given at last meeting. PRLWG is waiting to hear back on Order 745 for compliance, and the study that is required. In 2012, PRLWG will be working on real time energy market participation, SCR baseline study, and also the ICS potential study and reporting requirements. PRLWG will also discuss participation of generation of SCR program in the capacity market.

f. Credit Policy Working Group - Norman Mah

Ms. Leigh Bullock (NYISO) reported that at the 11/18/2011 meeting, the group discussed Multi Duration TCC Credit Phase 1, FERC Order 741a which is about the ability to offset market obligations, and verification of market participation risk management. The next CPWG is on 01/18/2012.

g. Load Forecasting Task Force - Bryan Irrgang

Mr. Bryan Irrgang (LIPA) reported that the LFTF had two meeting. On 11/22/2011, the LFTF reviewed the Load Reconciliation for the July 22 NYCA peak load day. The difference between the ISO and TO data was about 30 MW out of a total of 33,850 MW. The LFTF also reviewed the weather adjustments to the NYCA peak load which was about 2,272 MW downward of 6.7%. The NYISO also presented the economic data Moody's Analytics that would be used to evaluate the TOs RLGf. At the 12/8/2011 meeting, the LFTF reviewed slight changes to the July 22 weather normalization from about 2,272 MW down to 2,241 MW. Also changes to the Load Reconciliation was down to 20 MW from 30 MW. Finally, the LFTF reviewed the ISO's detailed evaluation of RLGf's submitted by the TOs. All RLGf's were found to meet the criteria for acceptance by the ISO. The next meeting is 12/16/2011.

9. New Business

The parking at NYISO during construction was discussed.