
NYISO Management Committee Meeting Minutes**December 21, 2016****10:00 a.m. – 11:55 a.m.**

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

The chair of the Management Committee (MC), Mr. Scott Leuthauser (HQUS), called the meeting to order at 10:00 a.m. by welcoming the members of the MC. Members identified themselves and attendance was recorded. A quorum was determined.

2. President/COO Report

Mr. Rich Dewey (NYISO) welcomed Mr. Leuthauser in his role as the new MC chair and thanked Mr. Andy Antinori (NYPA), for his outstanding leadership as chair of the Management Committee meeting in 2016. He also recognized both the incoming and outgoing chairs for their service, and noted that the important role this plays in the success of the NYISO shared governance process.

Mr. Rick Gonzales (NYISO) provided an update on the market highlights and presented the COO report (presentation included with the meeting material). Mr. Wes Yeomans (NYISO) provided an update on the cold weather last week that moved across NY. He noted that this did not create any operational or reliability issues.

3. Balance-of-Period TCC (BoP) Auctions

Mr. Curt Devenitch (NYISO) provided an overview of the proposed changes (presentation included with meeting material). The proposal provides Market Participants (MP) the ability to reconfigure their portfolios in all the remaining months of a capability period. The Monthly Reconfiguration current auction structure consists of a one-month single period auction that does not provide MPs the ability to reconfigure their portfolios for more than one month in the future. The new BoP structure will allow the NYISO to recalculate TCC credit holding requirements monthly, which will result in holding requirements that more accurately reflect TCC market risk over time.

Mr. Mike Kramek (Boston Energy Trading) stated that the focus should be on a June implementation date. He also urged the NYISO to report back in January with more detailed information on the testing schedule.

Mr. Greg Williams (NYISO) stated that it's his expectation that during the late summer period the NYISO would be ready to run the first of the balance of period TCC auctions using the new software.

In response to a question from Mr. Bruce Bleiweis (DC Energy) on when testing would begin, Mr. Devenitch stated that he expects testing to start in February.

Motion #1

The Management Committee (MC) hereby approves revisions to the NYISO's Market Administration and Control Area Services Tariff (MST) and Open Access Transmission Tariff (OATT) related to the Balance-of-Period TCC Auction proposal, as more fully described in the presentation entitled "Balance-of-Period TCC Auctions" made to the MC on December 21, 2016, and recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

The motion passed unanimously by show of hands.

4. Coordinating without the ConEd/PSEG Wheel

Mr. Ethan Avallone (NYISO) provided an overview of the proposed changes, tariff revisions and next steps (presentation included with meeting material). He noted that following BIC, additional revisions to the tariff language were posted under MC materials. Version 4.0 of the joint white paper on the ConEd/PSEG Wheel Replacement Proposal was also posted under MC materials.

Mr. Avallone noted that the current non-conforming wheeling service will end on April 30, 2017. The new protocol must be in place for use on May 1, 2017

In response to the new revision under Open Access Transmission Tariff (OATT) 35.23, section 7.2, Mr. Ken Carreta (PSEG) commented that he is not entirely sure of the intent of new language. From PSEG's standpoint, PJM has entered into a Transmission Owners (TO) agreement with the TOs within PJM. That agreement defines what the rights and obligations of PJM and its TOs are, one of which concerns the ability of the TOs to make decisions regarding the retirement of their transmission system and to the extent that PSEG owns the facilities that are being discussed here, PSEG does not believe PJM has the right to agree to make decisions regarding whether provisions are replaced or repaired or retired. To the extent that this provision is intended to change the TO agreement, PSEG would not consider it to be an enforceable right.

Ms. Jane Quin (Con Edison) commented that she does not read this as forcing PSEG to do something, but would read it as the Operational Base Flow (OBF) is not to continue unless all the facilities are operating within good utility practice. Mr. James Sweeney (NYISO) stated that the language is not intended to supersede the ISO-Transmission Owner agreements.

Mr. Mark Younger (Hudson Energy Trading) stated that the NYISO needs to provide clarity on how transmission lines are treated after being out-of-service for a period of time. The NYISO should start from a presumption that transmission elements are treated in parallel with what has already been developed for generators. Then NYISO should consider whether there are significant reasons for different treatment than what is in place for generators. If a transmission element is out for 6 months it should be mothballed and before you assume it's coming back there should be clear plans to put it back in service, similar to a generator procedure.

Mr. Younger asked that the NYISO agree to report back to stakeholders on when the annual review process is starting, the main assumptions used in the evaluation, in particular new transmission elements that are coming in that will be included. Rick Gonzales stated that the NYISO will present the findings of the annual review.

Ms. Jane Quin stated that the requirements in the JOA say the other parties should explain the reliability need, describe how the OBF addresses it and identify the expected long term solution. Those items aren't in the JOA for the initial OBF but we anticipate seeing them in the filing letter.

Mr. Fromer (PSEG) asked for confirmation that the planning assumptions from June 2021 into the future, any modeling or assumptions that we use in our studies, will be assumed using zero MWs for the OBF. Mr. Avallone stated yes, that is correct.

Mr. Mike Kramek (Edison Mission) asked about the next steps; in particular the January timeframe for stakeholder discussion on TCC market operations, noting that the first round for the spring auction February 3. He questioned whether market participants would have enough lead time to

prepare for the first TCC auction round. Mr. Greg Williams (NYISO) stated that the NYISO would describe how it intends to represent these changes at an early January MIWG.

Motion #2:

The Management Committee (“MC”) hereby approves revisions to the NYISO’s Market Administration and Control Area Services Tariff (MST) and the Open Access Transmission Tariff (OATT) related to the Coordinating without the ConEd/PSEG Wheel proposal, as more fully described in the presentation entitled “Coordinating without the ConEd/PSEG Wheel” made to the MC on December 21, 2016 and recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

The motion passed unanimously by show of hands with abstentions

5. Modifications to Class Year Regulatory Milestone Requirements

Mr. Thinkh Nguyen (NYISO) provided an overview of the proposed changes (presentation included with meeting material). Earlier this year, FERC accepted tariff revisions submitted by the NYISO that allow a project to enter a Class Year without having met its regulatory milestone requirement. These recent tariff revisions also allow a project more time to meet its regulatory milestone before it is subject to withdrawal from the queue. Developers have expressed concerns that the tariff should be further revised to allow projects to enter and complete a Class Year without satisfying the existing Article 10 milestone.

NYISO proposes to revise the Class Year eligibility requirements with respect to the regulatory milestone in Attachment S to permit either: 1) Demonstration that the project has satisfied an applicable Attachment S regulatory milestones; or 2) Payment of a two-part deposit in lieu of the regulatory milestone.

Mr. Dave Clarke (LIPA) asked if the purpose of the proposal was to streamline the process and whether it would allow more projects that have completed the Class Year the ability to know for sure what their potential system upgrade would be? Mr. Nguyen stated that the proposal intends to allow a project to proceed through the Class Year Study in parallel with, rather than sequentially with, the Article 10 proceeding.

In response to a concern from Dr. Kelli Joseph (NRG), Ms. Sara Keegan (NYISO) said the tariff requires projects to post security for their upgrades through the Class Year process so if it ultimately fails to obtain its regulatory milestone and terminates after the Class Year is completed, and other projects depend on the upgrades for which that project posted security in the Class Year, the security is subject to the forfeiture provisions in Attachment S.

Ms. Erin Hogan, on behalf of UIU, stated that they will abstain on this vote due to uncertainty on whether the \$100,000 portion of the deposit is sufficient enough.

Mr. Mark Reeder (Alliance for Clean Energy) supports these changes and milestones and appreciates NYISO’s willingness to go forward with them. The Clean Energy Standard goal, especially the short term ones will be hard to meet unless more than one renewable energy project gets into the 2017 class year. So they appreciate what can be done to help that.

Motion 3:

The Management Committee (MC) hereby approves revisions to the NYISO’s Open Access Transmission Tariff related to regulatory milestone requirements in the Large Facility Interconnection Procedures, as more fully described in the presentation entitled, “Modifications to Class Year

Regulatory Milestone Requirements” made to the MC on December 21, 2016 and recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

The motion passed unanimously by show of hands with abstentions

6. Energy Market Design – Thomas Golden

Mr. Thomas Golden (NYISO) provided an update on FERC Order 831. Issued on November 17, 2016, the Order directs each RTO-ISO to cap each resources incremental energy offer at the higher of \$1,000/megawatt-hour (MWh) or that resource’s verified cost-based incremental energy offer; and (2) cap verified cost-based incremental energy offers at \$2,000/MWh when calculating locational marginal prices (LMP). FERC believes the Final Rule will improve price formation by reducing the likelihood that offer caps will suppress LMPs below the marginal cost of production, while compensating resources for the costs they incur to serve load, by enabling RTOs/ISOs to dispatch the most efficient set of resources when short-run marginal costs exceed \$1,000/MWh, by encouraging resources to offer supply to the market when it is most needed.

After review and consideration the NYISO has submitted a request for clarification and rehearing of the Final Rule’s directive that RTOs/ISOs are expected to use cost-based incremental energy offers above \$2,000/MWh to determine merit-order dispatch. In addition, the NYISO seeks clarification, or in the alternative rehearing, that the caps imposed in accordance with the Final Rule may be uniformly applied to both incremental energy offers and minimum generation offers in New York. Commission should also clarify what is included in the adders when paying documented costs after the fact.

Additional discussions will be held at the January MIWG meetings. The NYISO will file on or before February 21, 2017.

Mr. Howard Fromer (PSEG) suggested that NYISO talk to the neighboring ISOs about the Order and how seams applies.

7. New Business

There was no new business. The meeting was adjourned at 12:00 pm.