

NYISO Electric System Planning Working Group Meeting

November 21, 2005
NYISO Washington Ave Ext, Albany, NY

Meeting Notes

Of the 37th meeting of the New York Independent System Operator Electric System Planning Working Group held November 21, 2005 at NYISO in Albany, NY.

In attendance:

Jerry Ancona – National Grid	John Watzka – Central Hudson
Chris Wentlent - AES	Tom Rudebusch-Duncan, Weinberg, Genzer Pembroke
Francesco Elmi – Con Ed	Paul Gioia – LeBoeuf, Lamb, Green & MacRae
Kenneth Lotterhos – Navigant Consulting	Matt Milhous – Keyspan Ravenswood
Tim Foxen - NRG	John Adams - NYISO
Joe Langan - PPL	Michael Colby - DPS
Jim Mitsche - PowerGem	Carl Patka - NYISO
Jeff McKinney - NYSEG	Christopher Hall – NYSERDA
Ernie Cardone – NYISO	Ed Kichline – KeySpan Energy Services
Diane Barney - PSC	Audrey Capers - DPS
Leigh Bullock – NYISO	Tim Bush - Navigant
Mike Colby - PSC	Howard Fromer - PSEG
Bill Lamanaa - NYISO	Ralph Rufrano - NYPA
Tom Payntor - PSC	Tariq Niazi - NYSCPB
Tom Simpson	Bob Reed - NYSEG
Penny Rubin - PSC	Deidre Facendola – Con Ed
Christopher Hall – NYSERDA	Ed Kichline – KeySpan Energy Services

Welcome and Introductions

Mr. Tariq Niazi, Chair of the Electric System Planning Working Group welcomed the ESPWG members to the meeting and stated the agenda.

Review of Minutes of September 13 and October 18th meeting

The minutes for September 13th ESPWG meeting were approved, and will be posted to the NYISO website. The minutes for the October 18th meeting were deferred until December 20th to allow for additional review and comments.

Comprehensive Reliability Planning Process

- **RNA – Status of NYISO Board review**

Mr. Carl Patka reported that no action was taken on the RNA at the November 15th Board meeting and explained that the Board wanted to allow for the appeals deadline to expire before acting and considering whether to officially adopt the RNA. Therefore the review was postponed until the December Board meeting.

Mr. Patka noted that the NYISO has been provided with additional technical changes from market participants, intended to ensure that the supporting document and full RNA correspond to each other. A draft version of the changes (redlined and clean) will be available to ESPWG on Tuesday, November 29th.

- **Development of Cost Allocation Methodology**

Mr. Ancona presented the “Draft Proposed Cost Allocation Methodology for Regulated Reliability Solutions”, discussed at the June 3rd ESPWG meeting. The group discussed ICAP deficiency in the NYCA. Three proposals were laid out to address the LICAP deficiency:

1. All loads within the NYCA would be allocated costs
2. ROS (J&K) pay if based on which one has highest LOLE
3. ROS (J&K) pay in proportional basis based on impact of LOLE

Mr. Lottorhos expressed concern that the proposals noted were not what were initially agreed upon in the proposed document.

Mr. Ancona will provide a revised presentation with additional examples to ESPWG members by December 9th. Mr. Patka requested that other alternative proposals be submitted by December 9th for review prior to discussion at the December 20th ESPWG meeting.

Mr. Tariq Niazi asked NYISO for a timeframe on when this issue needed to be resolved. Mr. Patka indicated that there is no deadline in the tariff, but in order to proceed, there must be agreement.

- **Cost Recovery issues**

Mr. Gioia reported that proposed language from the TOs has been sent to the PSC to address their concerns regarding competitive ESCOs being disadvantaged with respect to cost recovery. The new language allows for the TOs to recover the costs of regulated proposals without disadvantaging ESCOs. The PSC’s original concern was that TOs would be able to spread their costs within their district and ESCOs could not.

Mr. Gioia also went through the list of items in the RNA that still needs to be addressed. These items are noted below:

- 6.1a - Regulated backstop solutions
- 6.3 - Qualifications for valid market-based response
- 9.0a/b - Criteria for continued viability of market-based and regulated responses
- 9.0c - Criteria for halting a regulated backstop project
- 9.0d - Cutoff date for market-based project
- 12 - Dispute resolution process

Third Quarter Congestion results

Mr. Mitsche reported that since the last report, PowerGem has been addressing reporting issues with transmission to SMD data formats, and working with the NYISO to improve data acquisition and to update and correct databases.

He said that the 2005 Q1_2 results posted on the NYISO website. Powergem is still working with NYISO to obtain additional data, so the numbers are preliminary and may fluctuate slightly in final update.

Multi-year comparison by numbers charts and the 2005 Q3 metric summary were provided.

2005 Q3 Congestion Impact observations included:

- 2005 Q3 results compared to previous years:
 - HeavierQ3 congestion
 - Annual congestion higher than in previous years
 - Difference tracked to overall higher bids.

Mr. Fromer asked which historical congestion years were used in the approved RNA. Mr. Mitsche stated that the past three years and the first and second quarter of this year have been used.

Next steps will be to:

- Provide final Q3 update to group, once final data received and analyzed
- Post Q3 numbers as soon as available
- Continue updating quarterly results
- Post cumulative annual congestion update
- Improve post-SMD formatting changes

Other

Mr. Fromer asked for a timeline going forward for backstop and market based proposals. TOs shall provide the backstop solution within reasonable time (not defined). “Reasonable time” will need to be defined.

The TOs are to develop a regulated backstop solution – then we make request for market solutions. Mr. Fromer brought up the three paths:

1. The TO’s best solution (backstop)
2. Market Based solution
3. Third party proposed alternative regulated solutions (this piece only happens if there is no market-based solution)

Diane Barney stated that the key was not to have to back stop out while market was responding. Mr. Patka stated that the TOs should be developing backstop proposals now to address the identified reliability needs. If the Board does not act in December, the timeline needs to be revisited.