

Draft

Electric System Planning Working Group

Meeting Notes

February 23, 2006

Pine West Plaza Conference Facility - Albany, NY

Of the 42nd meeting of the New York Independent System Operator Electric System Planning Working Group held February 23, 2006 at Pine West Plaza in Albany, NY.

In attendance

Jerry Ancona – Nat Grid	John Adams - NYISO
Debbie Eckels - NYISO	Larry Eng - NYISO
Ernie Cardone - NYISO	Leigh Bullock - NYISO
Tom Payntor - NYSDPS	Carl Patka - NYISO
Diane Barney – NYSDPS	Howard Fromer - PSEG
Ralph Rufrano - NYPA	Tim Foxen - NRG
Tim Bush – Navigant Consulting	Ed Kichline - Keyspan
Mat Milhous – Keyspan Energy	Deidre Facendola – Con Edison
Doreen Saia – Mirant	Rick Mancini - CES
Bob Reed - NYSEG	Bill Lamanna – NYISO
Morgan Parke – Multiple Intervenors	Mike Mager – Multiple Intervenors
Paul Gioia – LeBoef, Lamb	Audrey Capers - NYSDPS
Jeff McKinney - NYSEG	Rich Felak – Calpine

Welcome and Introductions

Mr. Ernie Cardone, filling in for Mr. Tariq Niazi, welcomed the ESPWG members to the meeting and stated the agenda.

Development of Cost Allocation Methodology

Jerry Ancona reported that details are still being worked out on the cost allocation methodology. Details are still being worked out by the TOs. A full report, including examples, will be distributed to ESPWG members, prior to March 14th meeting. This will be discussed at the next ESPWG meeting. ESPWG members asked that the following be looked at:

- Voltage and thermal levels
- Deliverability standards for new generators
- Scaling MVA load – and considering looking at MVA demand, not load.
- TOS are to work up a formal proposal including examples; and distribute to the group for review, prior to the ESPWG meeting scheduled for March 14th.

Guiding Principles:

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John Adams/Diane Barney reported that no additional comments/proposals have been received. Howard Fromer will work with PSC and the Transmission Owners on revised proposal and distribute to ESPWG a few days prior to the next meeting.

Cost Recovery Issues

Paul Gioia reported that the Transmission Owners have drafted language and submitted to the PSC for review. TOs and PSC have been having ongoing discussions on cost recovery. The PSC's concern was that competitive LSEs would be disadvantaged if allocation was on a sub zonal basis as TOs would likely distribute the cost to an entire Transmission District. The TOs have discussed this issue and it's correlation to Retail rates with the PSC.

Tom Payntor stated that the PSC does not have a mechanism to allocate costs among Transmission Owners for a project that satisfies the need for more than one TO. Paul Gioia stated that cost allocation among TOs would be done at the NYISO level, and that the TO is not going to recover costs from subzone, they would be recovered in a way that doesn't disadvantage competitive LSE customers. Some adjustment could be made by TO or NYISO so customers are not disadvantaged.

The TO-PSC report will be presented and discussed at the next ESPWG meeting.

Halting Reg backstop solution

Carl Patka reported that there have been ongoing discussions between the TOs and the PSC on whether the language reviewed at ESPWG is acceptable or not. Paul Gioia reported that a draft has been sent to PSC and they have sent a revised version of that draft back. Details still need to be addressed, including the precise point at which the NYISO will no longer halt and when the decision to halt will lie with the PSC.

The PSC's main concern is that if we're on a short enough lead time where we can implement a demand response or generation solution, they would be coming in on same track and under milestones and there would be no need to trigger a backstop solution. The PSC pointed out that there is a longer lead time for generator than for transmission. The PSC wants to make sure that merchant generators will get sufficient lead time.

Paul Gioia will review the latest draft changes and present report at the next ESPWG meeting.

Procedures for Monitoring Project Status

John Adams informed the group that the draft procedures document for monitoring of the progress of solutions has been distributed and that to date, no comments have been received. John encouraged people to send their comments to the NYISO. Monitoring procedures will vary slightly by type of solution (regulatory solution versus market solution). An outline of a draft procedures manual will be available for comment at the next ESPWG meeting. As time allows, Carl Patka will draft the procure manual as called for in Section 3 of Attachment Y.

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John Adams gave an overview of the types of solutions that have been received. More specifics will be disclosed at the next ESPWG meeting. The NYISO is considering whether to solicit alternative regulatory solutions on March 1.

Next Meeting - the next ESPWG meeting will be held on March 14, 2006, in Albany, N.Y.