

NYISO Business Issues Committee Meeting Minutes

June 6, 2007

NYISO Conference Center

10 Krey Boulevard

Rensselaer, NY

1. Welcome and Chairman's Report:

Bill Palazzo (NYPA), Chairman of the Business Issues Committee (BIC), called the meeting to order at 10 a.m. and welcomed the members of BIC.

2. Approval of Minutes from the April 20 and May 9, 2007 BIC meetings.

Frank Francis (NYISO) asked Market Participants to approve the minutes.

Motion #1:

Motion to approve the April 20, 2007 and May 9, 2007 BIC meeting Minutes.

(Motion passed unanimously by show of hands)

2. Market Operations Report

Rana Mukerji (NYISO) made the presentation, which was included in the BIC meeting packet and distributed to Market Participants.

Mr. Mukerji explained that uplift was the only notable change in the Market Operations report. He said that TSA, ~~shared activation of reserves~~ and some large unit trips caused the uplift increases. If those events were excluded, uplift would be comparable to past months. [Editors Note: subsequent NYISO staff research indicates that the shared activation of reserves did not contribute to higher uplift.]

Discussion:

Mark Younger (Slater Consulting) asked how much of the uplift was related to New York City. He noted that that New York City SREs have gone up substantially in past months.

Mr. Mukerji said that Nicole Bouchez (NYISO) will look into that issue.

Mike Mager (Multiple Interveners) suggested that the issue be addressed in more detail at the June 11 Management Committee meeting. He said that uplift had risen notably, comparing uplift charges from spring 2006 to spring 2007.

Mr. Mager said that uplift charges in April and May even much higher than compared to those months in 2006.

Dr. Bouchez said the TSA was allocated to the load within the local area; most other real time events have uplift charges allocated statewide.

Tim Bush (Navigant Consulting) asked about shared activation of reserves. He wanted to know why that energy wasn't captured in the LBMP. He asked how the

compensation from the outside party is arranged. He asked if uplift should be used in this case for compensating the generation for covering someone else's unit.

Mr. Bush said the NYISO should look into the issue. If energy is being picked up for another party outside the state, they should pay for it.

Mr. Younger requested that Dr. Bouchez look into the three events more closely and report to the MIWG on how much the events triggered in uplift, what the source of the uplift was, and what caused it not to be captured in the LBMPs – and in the case of the unit trip, covered by the unit buying out of its Day-Ahead schedule.

Dr. Bouchez said it isn't possible to separate out the portion of uplift caused by each real-time event.

Mr. Younger requested that Ms. Bouchez discuss the specific events and where the sources of the uplift were in the Real-Time Market and whether it can be tracked specifically to the event.

Dr. Bouchez said what Mr. Younger requested was not possible but that she would try to prepare the report for the next MIWG meeting that showed the daily Schedule 1 (uplift) charges and which indicated some of the real time events which contributed to uplift.

3. Regional Market Enhancements

Mr. Mukerji presented the Northeast Seams Report, which was included in the BIC meeting packet and sent to Market Participants. He updated the following initiatives:

- Cross-Border Controllable Line Scheduling
- Interregional Congestion Management
- Modeling Netted Transactions at the NYISO-HW Interface

Discussion:

Bart Franey (National Grid) asked Mr. Mukerji if he knew when the Dennison line will be activated.

Mr. Mukerji said he will take the request as an action item.

Regarding HQ Proxy Bus: Alex Schnell (NYISO) said that he believed the two-bus bidding arrangement would be implemented on June 29. However, the 1,200 MW constraints will be reflected commencing July 1.

Bruce Bleiweis (DC Energy) asked about the MS 7040 transfer line. He said it had a 1,500 MW limit and the NYISO continues to model it at 1,490 MW. He asked why that occurs.

Mr. Mukerji said that will be taken as an action item.

Mr. Nachmias asked if the PJM proxy bus that was supposed to be implemented today was implemented.

Michael Martin (NYISO) said the software for that was activated on Monday, in place for the Day-Ahead Market. The software was active as of Tuesday.

Mr. Nachmias asked for a report on what's happened with the flows between New York and PJM as a result of the proxy bus.

Mr. Mukerji said that could be done over the summer.

4. Working Group Updates

A. Billing and Accounting (BAWG)

Dave Hall (NYSEG/RGE) presented the report, outlining the May 23 meeting. It was included in the BIC meeting materials. The BAWG meets next on June 7 and June 18.

B. Electric System Planning (Joint OC/BIC WG)

Tariq Niazi (NYS Consumer Protection Board) provided a rundown of the group's last meeting, on May 31. He said the first draft of the 2008 RNA is tentatively scheduled for October. The 2007 CRP is in the works. The ESPWG will meet next on June 26.

C. ICAP Working Group (ICAPWG)

Mr. Haake reported. The group met on May 29. He provided a rundown of the meeting to the BIC. Meetings are scheduled for June 22 and June 29.

D. Resource Adequacy Issues Task Force (RAITF)

Mr. Haake provided a short update on the Upstate Downstate study, which is due out on June 11. The RAITF will meet on June 7 and June 13.

E. Interconnection Issues Task Force (IITF)

Mr. Haake reviewed the IITF meeting on May 1. He said he understood that the NYISO is working to have a joint compliance filing with the TOs regarding deliverability by the end of June. It may be appropriate to schedule an all-hands meeting for Market Participants. No IITF meetings are currently scheduled.

Discussion

Mr. Mukerji said the intent is to come to a consensus proposal. The NYISO has told FERC it will make a filing in June. That is not a hard-and-fast deadline; the NYISO needs only give FERC an update in June. He said an IITF meeting should be scheduled toward the end of the month.

F. Market Issues Working Group (MIWG)

Norman Mah (Con Edison) provided his report by phone to the BIC. He reported that the MIWG met on May 24 and 14 and reviewed the meetings.

G. Price Responsive Load Working Group (PRLWG)

Rick Mancini (Customized Energy Solutions) stated that the PRLWG did not meet in May. The group's next meeting is scheduled for June 19.

5. Proposed Changes to the Ancillary Services Manual

Kathy Whitaker (NYISO) made the presentation, which was included in BIC meeting materials. She said the proposal was approved at the OC and reviewed by several working groups. She reviewed the changes for BIC members.

Motion #2:

The Business Issues Committee ("BIC") hereby approves revisions to the NYISO Ancillary Services Manual, as discussed at the Market Issues Working Group on May 14, 2007, and as presented to the BIC on June 6, 2007.

(Motion passed unanimously by show of hands)

6. Demand Side Ancillary Services Project – Update

Robb Pike (NYISO) made the presentation, which was included in the NYISO meeting packet and distributed to MPs.

Ray Kinney (NYSEG/RG&E) asked if the NYISO is expecting load to provide regulation service with six-second service.

Mr. Pike said that is true.

Mr. Kinney said he presumed that all of the requirements of a regulation provider – including being able to respond to automatic signals from the ISO – will apply.

Mr. Pike said the criteria are the same as they would be for a generator to provide regulation service.

Mr. Nachmias asked if the rules for establishing testing for DSM resources was implied.

Mr. Pike said yes, it is implied. They have all of the same obligations as the generators do.

Mr. Nachmias said there is a reliability difference. There needs to be some kind of protocol test to verify what can be expected of DSM in certain time frames.

Mr. Pike said that demand response is active in many marketplaces. The purpose of the metering and the telemetry to provide "real time vision" to system operators so they can see in real time what the response is in response to base

point signals and activation of these units. These resources would be subjected to the same performance audits as generators.

Mr. Younger requested that Mr. Pike report back to the PRLWG and to the BIC with a description of the type of testing that will be done before the program is implemented.

Bill Heinrich (NYSDPS) asked about NPCC rules regarding the program. He asked if there is any opposition to this program.

Mr. Pike said the NPCC rules are in the process of being changed and is expected to be completed June 18. Implementation would be immediate after that.

Mr. Mager asked if the NPCC implementation was immediate and would there still be a New York State Reliability Council process that has to be undertaken. He asked if that can start now or until after the NPCC rule is changed.

Mr. Pike said that the NYSRC process can start now.

Mr. Fromer asked what will happen on July 11. Will the NYISO submit a set of proposed rules or will there be another update?

Mr. Pike said the intent is that a set of proposed rules will be presented.

Mr. Fromer said a “host” of tariff provisions will have to be modified to do this. He asked when the BIC will see those proposals.

Mr. Pike said the NYISO is working to identify tariff sections that will need to be revised. He wasn’t sure if the NYISO would have tariff provisions by July 11 but the NYISO intends to bring “the concept” to BIC and gather comments.

Mr. Fromer said the revisions are usually presented to MPs and there is an opportunity for chairmen to look at them. This indicates the “Achilles heel” of what he considers an abuse of FERC’s direction to direct compliance filings not ministerial in nature that go to creating a different market component. That results in doing an “end-run” around the NYISO governance process. The standard review process should be adhered to.

Mr. Mukerji said the NYISO will put the tariff language to committee chairman before it is filed.

Mr. Loughney said he has no problem with the BIC reviewing tariff language. There is a FERC order, however. Those entities that have been waiting for this to be implemented are willing to work with the BIC, but they don’t want to see the FERC deadlines missed.

7. NYISO Excellence in Execution Performance Metrics

Wayne Bailey (NYISO) gave the presentation, which was included in the BIC meeting materials.

Discussion

On point No. 2:

Mr. Fromer said the NYISO should consider augmenting this with some rule about minor software releases. The impact on MPs for minor releases that don't go well can be problematic.

Mr. Bailey said the NYISO will consider the request.

Mr. Fromer said the impact on the market from price reservations is not captured here. That should be captured, such as how many intervals are flagged.

Mr. Nachmias said the three percent of hours standard for price corrections was problematic. He said three percent is on the high side for a going-forward E&E goal. He asked why the NYISO is still at that level.

Mr. Bailey said the good thing about the reporting structure is that MPs can see what the actuals are. Settling on a potential target and/or acceptable levels can be discussed.

Mr. Nachmias strongly encouraged the NYISO look at the actual price corrections and make that number lower, if it can be made lower.

Mr. Bailey said he is proposing reporting to the BIC quarterly on the Excellence in Execution initiative.

Mr. Fromer said that customer service is a category that isn't addressed in Mr. Bailey's proposal. That whole area should be captured.

Mr. Mager suggested that the quarterly goals should include how well the NYISO has done against those targets historically.

Mr. Bush said that there should be a goal providing some metrics on when meeting materials the NYISO is responsible for get sent out. He said two days ahead is acceptable.

Mr. Bleiweis said the customer service metrics should be expanded to include all communications between MPs and the NYISO.

Mr. Bleiweis said there should be some kind of tracking system, so when the NYISO gets a question, it can be tracked in terms of time response as to when an answer is provided.

9. New Business

Ray Stalter (NYIS) reminded MPs that needed to speak at joint MC/Board meeting next week.

The meeting was adjourned at 12:15 p.m.

Respectfully Submitted,
Michael A. Lisi
Recording BIC Secretary

NYISO Business Issues Committee Meeting

June 6, 2007

NYISO

MOTIONS FROM THE MEETING

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New York Independent System Operator - Committee Membership

Business Issues Committee - Attendance June 6, 2007 - Albany, NY - Parties Checked in Attendance

Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Metropolitan Transportation Authority	End Use - Large Cons. Gov.	Jesse Samberg	Gary Caplan	Walter McCarroll					
NYS Energy Research & Develop. Auth.	End Use - Gov. Agency/Aggr.	Paul DeCotis	Karl Michael	✓ David Coup	Erin Hogan	Christopher Hall			
The City of New York	End Use - Gov. Agency/Aggr.	Michael Delaney	Gil Quiniones	Thomas Simpson	Jonathan Wallach	Craig Wilson			
Alcoa/Reynolds Metals Company	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Atco Properties & Management Inc.	End Use - Large Consumer	David Bomke	George Diamantopoulos						
IBM Corporation	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Occidental Chemical Corp.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Praxair Inc.	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
Wegmans Food Markets	End Use - Large Consumer	Robert Loughney	✓ Michael Mager	Cara Lewis					
American Sugar Refining, Inc.	End Use - Small Consumer	John Gebhard	Quintin George	Catherine Luthin	✓ John Dowling	Jennifer Kearney			
Association for Energy Affordability, Inc.	End Use - Small Consumer	David Hepinstall	Larry DeWitt						
Beth Israel Health Care System	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Columbia University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
Mount Sinai Medical Center	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
New York Presbyterian Hospital	End Use - Small Consumer	David Bomke	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner				
New York University	End Use - Small Consumer	Catherine Luthin	✓ John Dowling	Jennifer Kearney	✓ Tariq Niazi	Doug Elfner			
NY State Consumer Protection Board	End Use - State Agency	✓ Tariq Niazi	Doug Elfner						
AES NY	Generation Owners	Doug Roll	Charles Sjoberg	Christopher Wentlent	✓ Dave Evanoski				
Astoria Energy LLC	Generation Owners	Joseph Swift	Leonard Singer	Chuck McCall					
Calpine	Generation Owners	Brett Kruse	Kris Zadlo	Brent Hebert					
East Coast Power Linden Holding LLC	Generation Owners	Roy Shanker	Kurt Schreder	Kurt Schreder	Mark Mellana	Andy Keleman			
Edison Mission Marketing & Trading	Generation Owners	✓ William Roberts	Jeffrey Ellis	Peter Brown	Rich Mooney				
Entergy Nuclear Northeast	Generation Owners	Marc Potkin	Angelo Vai	Ron Mackowiak					
Horizon Wind Energy	Generation Owners	Patrick Doyle	P.J. Saliterman	Charlie Turlinski	Tod Nash	Karen Dressel	Richard McMichael		
Indeck Energy Services	Generation Owners	Mike Ferguson	John Schrage	✓ Mark Younger					
Innovative Energy Systems Inc.	Generation Owners	Carol Muessigbrodt	Peter Zelifff						
KeySpan Ravenswood, LLC	Generation Owners	Rich Hohlman	Joe Vignola	Jim Brennan	Jim D'Andrea	✓ Madison Milhous	Edwin Kichline		
Mirant New York, Inc.	Generation Owners	Philip Smith	Vicki Lynch	Doreen Saia					
New Athens Generating Co.	Generation Owners	Jack Breen	Chris Bursaw	Dan DeVinney	Rich Felak				
Noble Environmental Power LLC	Generation Owners	Thomas Swank	Liz Grisaru						
Selkirk Cogen Partners, L.P.	Generation Owners	Tim Biittig	Steve Kamppila						
TransCanada Power Marketing	Generation Owners	William Taylor	Elaine Beaudry						
UPC Wind	Generation Owners	Mike Jacobs	Steve Vavrik						
AB Energy Inc.	Other Suppliers	Andrew Bachert							
Advantage Energy, Inc.	Other Suppliers	Mark Hess							
Amerada Hess Corporation	Other Suppliers	Kevin LaGuardia	Blas Hernandez	George Braulke					
Brookfield Energy Marketing Inc.	Other Suppliers	Robert Ricketts	Daniel Whyte						
Cinergy Capital and Trading	Other Suppliers	John Deeds	Walt Yeager						
Con Edison Solutions	Other Suppliers	Stephen Wemple	Rich Staines						
Conectiv	Other Suppliers	Robert Steele	Tony Gabrieli	Gloria Ogenyi					
Constellation Energy Commodities, Inc.	Other Suppliers	✓ Glen McCartney	Dan Allegretti	Tim Daniels					
Constellation New Energy Inc.	Other Suppliers	Michael Constantine							
Consumer Powerline	Other Suppliers	Vinay Gupta	Mike Gordon	Ray Stirbys	Chau Shen	Pamela Quinlin			
Coral Power, LLC	Other Suppliers	Matt Picardi	Dave French						
Cross Sound Cable Co.	Other Suppliers	John Miller	Brian Reinhart	Bradley Railing	Jose Rotger				
DC Energy	Other Suppliers	✓ Bruce Bleiweis	Andrew Stevens	Matthew Tate	Sadao Milberg	Chris Carpenter	Matthew Tate		
Dynegy	Other Suppliers	Barry Huddleston	Jason Cox	Kevin White					
Energy Curtailment Specialists, Inc	Other Suppliers	Glen Smith	Stephen Lynch	✓ Marie Pieniazek	Robert Boyle			✓ Kevin Lang	
Energy Spectrum	Other Suppliers	Gary David	Henry Hartstein	Aron Iskovitz	Ruben Brown	Arthur Pearson			
EnerNoc	Other Suppliers	David Brewster	Aaron Breidenbaugh						
Epic Merchant Energy NY, LP	Other Suppliers	Michael Kinsey	Robert Erbrick	Pierre Tournois	✓ Erik Abend	Gordon Scott	Wesley Anderson		
Exelon Generating Co. LLC	Other Suppliers	Denise Foster	Jack Crowley						
Fortistar/Lockport Energy Associates, L.P.	Other Suppliers	Roger Kelley	Tom Gesicki	Mark Younger	Glenn Haake				
FPL Energy	Other Suppliers	✓ David Applebaum	Fernando DaSilva	Ron Scheirer					
Galt Power	Other Suppliers	✓ Rick Mancini	Stephen Fernands						
HQ Energy Services	Other Suppliers	✓ Michel Prevost	✓ Paul Norris	Erik Bellavance					
KeySpan Energy Services	Other Suppliers	Terrence Kain	Jim D'Andrea	Edwin Kichline	James Cross	John Vaughn			
Liberty Power Corp.	Other Suppliers	David Hernandez							
Morgan Stanley Capital Group	Other Suppliers	Patrick Murray	Karen Kochonies	Levon Kazarian	Doron Ezickson				

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Organization	Sector	Representative	Alternate1	Alternate2	Alternate3	Alternate4	Alternate5	Proxy	Guest
Kevin Jones	Hunton & Williams								
James Schmidt	Hunton & Williams								
Rob Fernandez	NYISO								
Mark Lynch	NYISO								
John Buechler	NYISO								
✓ Frank Francis	NYISO								
✓ Mike Martin	NYISO								
Elaine Robinson	NYISO								
✓ Mike Lisi	NYISO								
✓ Leigh Bullock	NYISO								
✓ Ray Stalter	NYISO								
✓ Debbie Eckels	NYISO								
Dave Lawrence	NYISO								
Brad Kranz	NYISO								
	NYISO								
	NYISO								
John Cutting	NYISO								
	NYISO								
Ernie Cardone	NYISO								
John Charlton	NYISO								
✓ Kathy Whitaker	NYISO								

Key:

✓ = In attendance