

NYISO Business Issues Committee Meeting Minutes

May 9, 2007

NYISO - Teleconference

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. Market Operations Report

Rana Mukerji (NYISO) made the presentation. Mr. Mukerji indicated that fuel prices and natural gas was up in April. LBMP was down slightly, and uplift was up. The Market Operations Report was included in the BIC meeting materials folder.

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:

- Intra-Hour Transaction Scheduling
- Cross-Border Controllable Line Scheduling
- Coordinating of Interregional Planning
- NY-PJM Bus Clearing Price Calculations

Alex Schnell (NYISO) said he filed a letter at FERC about two weeks ago, which deferred implementation. At that time, the NYISO was told by TransEnergy that it was going to be four to six weeks; they were going to notify the NYISO when they were going to be ready to go.

Mr. Mukerji said there is a clarification on the PJM Proxy Bus Implementation in this month's Seams Report. A technical bulletin recently issued will need a change in the Operations Manual, which will be updated at a future time. Implementation is targeted for June 6.

Mr. Palazzo asked if there have been any discussions with PJM on Cross Border cost allocations.

Mr. Mukerji said that will be approached through interregional planning aspects of the NYISO's response to FERC Order 890. There have been no discussions with PJM on the issue, beyond what the NYISO has discussed with Market Participants on Order 890.

Mr. Glenn Haake (IPPNY) asked if this will be discussed with NYISO stakeholders.

Mr. Mukerji said that it would be. Part of the Order 890 response is interregional planning, which will be done in the context of the straw proposal.

Mr. Mukerji said PJM has not made any formal requests to meet and discuss it. He said the issue was raised at FERC; this is one of PJM's biggest seams issues. The NYISO will respond through Order 890 and the interregional planning process.

Stuart Nachmias (ConEd) suggested holding an ESPWG conference call to discuss interregional planning aspects to be included in the straw proposal.

Mr. Mukerji said the suggestion will be conveyed to John Buechler.

4. Working Group Updates

A. Billing and Accounting (BAWG)

Dave Hall (NYSEG/RGE) presented the report, included in the BIC meeting materials. He said on May 4, the ISO declared an extraordinary circumstance for October 2005, so there will be no final bill close-out next month.

Howard Fromer (PSEG) asked why there was an issue with October 2005 billing in May 2007. He asked if the October 2005 billing was on the old one-year billing schedule.

Mr. Hall said it was. The problem had to do with a tariff change, which was up for approval later in the meeting.

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

Tariq Niazi (NYS Consumer Protection Board) said the group met on May 3. The NYISO provided an RNA update for 2008 and continues to develop RNA base cases with stakeholders and is in the process of finalizing scenarios. There was also discussion on the straw man for Order 890, due May 27.

C. ICAP Working Group (ICAPWG)

Mr. Haake reported. The group met on May 2. He provided a rundown of the meeting to the BIC. Next meeting is scheduled for May 29.

D. Interconnection Issues Task Force (IITF)

Mr. Haake said the IITF met on May 1. He provided a rundown of the meeting for the BIC.

E. Resource Adequacy Issues Task Force (RAITF)

Mr. Haake provided a short explanation of the Upstate-Downstate study, which was reviewed at the RAITF meeting on May 7. The RAITF will meet on June 13.

F. Market Issues Working Group (MIWG)

Norman Mah (Con Edison) reported that the MIWG met on April 23. He provided an update of that meeting for MPs.

G. Price Responsive Load Working Group (PRLWG)

Mr. Rick Mancini (Customized Energy Solutions) provided his report in writing to the BIC.

5. Proposed Tariff Modification re: Start-Up Cost and Supplemental Guarantee Payments

Tim Duffy (NYISO) made the presentation. Before doing so he, expressed his appreciation to the MIWG, the BAWG, the BIC and the MC for working with the NYISO on issues that came out of the SSR tariff use-case review. He thanked Market Participants for their continued cooperation with NYISO staff to resolve those issues.

Mr. Duffy made the presentation to BIC members. The presentation was included in BIC meeting materials.

Mr. Nachmias asked why the costs in revenues are excluded from the BPCG calculation. He didn't understand why that contribution isn't credited against the daily BPCG.

Mr. Duffy explained that in the market design, this notion of credit was introduced pre SMD-2. The tariff identifies these intervals as being treated separately. The justification is to ensure that units during these events will respond as we need them to respond.

Mr. Mah suggested amending the motion to state "The start up costs will not be recovered separately in the supplemental intervals of maximum generation or large event reserve pickups." The suggested amendment was to provide clarification that the motion was accounting for start-up costs in the daily BPCG.

Ms. Lampi explained that the change is being made to the daily calculation. The clarification is that it is against the daily revenues. We don't take start-up and do an interval-by-interval separation. She also suggested that Mr. Mah's suggested changes to the motion be entered in the minutes.

Ms. Saia said the presentation already says what the NYISO is proposing and why. She suggested that the BIC reference the fact that it approves the concepts set forth in the presentation and recommend the MC go forward with the tariff amendments.

Mr. Mah accepted said that would be okay.

Mr. Nachmias asked that the following statement be reflected in the minutes: "The exclusion of the maximum generation pickups and large event pickups from the start of calculation is pursuant to Attachment C of the tariff and that there will be further discussion at the Market Issues Working Group" on the issue.

Motion #1:

Pursuant to the presentation provided at the Business Issues Committee meeting on May 9, 2007, the BIC hereby approves the concept and recommends the Management Committee approve tariff amendments to include start-up costs in the Real-Time BPCG formula for those intervals that have no Maximum Generation Pickups or Large Event Pickups and to exclude start up costs from the Real-Time BPCG formula for intervals with Maximum Generation Pickups or Large Event Pickups.

(Motion passed unanimously with abstentions)

6. Lean Six Sigma Update

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

He explained that the Lean Six Sigma (LSS) projects undertaken by the NYISO are a small portion of the NYISO's many Excellence in Execution initiatives. Focusing on the LSS projects doesn't provide a full view of the LSS initiative and its accomplishments. Mr. Bailey stated that the NYISO will bring to the June BIC meeting a set of "high-level corporate metrics" proposals that can be used to determine that progress is being made with the NYISO's Excellence in Execution initiative. If MPs agree on the metrics, Mr. Bailey proposed the NYISO begin providing regular reports to the BIC. He provided an update to a number of LSS projects underway at the NYISO, as well as an overview of Lean Six Sigma.

Mr. Palazzo requested that the NYISO provide more detailed information about LSS and a "crib sheet" explaining LSS terminology to Market Participants at a future BIC meeting.

Mr. Bailey said he would do that, as well as provide a draft set of corporate metrics for Market Participants to discuss.

The meeting was adjourned at 11:29 a.m.

Respectfully Submitted,
Michael A. Lisi
Recording BIC Secretary