

NYISO Electric System Planning Working Group Meeting

June 13, 2003

9:00 a.m.

NYISO

*290 Washington Avenue Extension
Albany, NY 12203*

Draft Minutes

Of the first meeting of the New York Independent System Operator Electric System Planning Working Group held June 13, 2003 at the NYISO, 290 Washington Avenue Extension, Albany, NY.

PRESENT:

William Palazzo, Chair
Laurie Opel
Jim Parmalee
Bob Reed
Jeff McKinney
Patti Caletka
Ed Kremzier
Jim Scheiderich
Stuart Nachmias
Ralph Rufrano
Chris Hall
Jeff Gerber
Mark Younger
Doreen Saia
Garry Brown
Howard Fromer
Liam Baker
Larry DeWitt
Tariq Niazi
Diane Barney
Howard Tarler
Tom Paynter
John Buechler
Michael Calimano
Ernest Cardone, NYISO Liaison
Greg Drake
Steve Corey
Aaron Breidenbaugh

NYPA
Navigant Consulting/LIPA
LIPA
NYSEG
NYSEG/RG&E
NYSEG/RGE
National Grid
Select
Con Edison
NYPA
NYSERDA
NYSERDA
Slater Consulting
Mirant
Sithe
PSEG
Reliant
Pace
NYS CPB
NYDPS
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New York Independent System Operator
New York Independent System Operator
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New York Independent System Operator

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| Bill Lamanna | New York Independent System Operator |
| John Adams | New York Independent System Operator |
| Ray Stalter | New York Independent System Operator |
| Valerie Caputo | New York Independent System Operator |

Via Conference Call:

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|------------------|-----------------------------|
| Jim D'Andrea | KeySpan |
| Steve Wimple | Con Edison Solutions/Energy |
| Glen Haake | IPPNY |
| Ed Thompson | Con Edison |
| Pete Chamberlain | NRG |

WELCOME AND INTRODUCTIONS

Mr. Liam Baker, Operating Committee Chair and Mr. Larry DeWitt, Business Issues Committee Chair welcomed members to the meeting and announced Mr. Bill Palazzo will be the Chairman of the Electric System Planning Working Group. The working group will report to both the Business Issues Committee (BIC) and Operating Committee (OC). Items will be voted on in the OC only.

WORKING GROUP SCOPE AND RESPONSIBILITIES

Mr. John Buechler presented “NYISO Planning Working Group Scope of Responsibility”. Mr. Buechler discussed the FERC requirement for ISOs and RTOs to establish a comprehensive planning process. Mr. Buechler reviewed the principle functions of the working group. The Phase I process, objectives, and timeline were reviewed and discussed with members of the working group. The planning process developed in Phase I will be implemented under the existing NYISO agreement without any tariff changes. The existing governance process will remain during Phase I with final approval of the plan at the Management Committee and Board of Directors level. Phase I will avoid more contentious issues that would require changes. Phase II will entail the development of the comprehensive plan; this phase will address the more contentious issues and will require a FERC tariff filing.

Members questioned what facility thresholds(e.g. voltage level) would be used for the planning process. Mr. John Adams, NYISO Director – Analysis and Planning, responded this would be similar to the process used for ATRA, which is down to 115 kV. Mr. Calimano added that before a breakpoint could be established, the group needs to determine what the approved plan should contain and what will be included in Phase I.

INITIAL PHASE PROCESS

Mr. Michael Calimano presented “NYISO Consolidated System Planning Process (Initial Phase)”. Mr. Calimano reviewed the technical drivers that will be used to begin the process. The assumptions that are established will be critical to the planning process. The load forecast and demand response drivers processes that are currently in place will remain the same. Facility retirements and neighboring system conditions and plans will need to be incorporated into the process. Members discussed nuclear power license extensions. NYSERDA representatives indicated an extensive analysis had been performed on nuclear

plant retirement scenarios and it is located on their website. Members were interested in how the “Goldbook” values were determined. Mr. Adams responded under NYPP, the values were developed from the 6-106 filing which was a summation of the TOs’ forecasts. Under the NYISO, the Load Forecast Subcommittee meets to develop the one-year forecast for ICAP purposes; the NYISO plans on having that group develop a 10-year forecast in the future. Mr. Palazzo suggested time be set aside at the next meeting for defining scenarios. Mr. Buechler indicated the NYISO would bring back a matrix of potential scenarios to the group. (Note: Later the Working Group began the discussion on potential scenario variables.)

Mr. Calimano reported the NYISO is working on developing a procedure to coordinate and include neighboring system conditions and the NERC and NPCC assumptions. Stakeholder input will be obtained from TO plans and meetings with the appropriate stakeholder committee(-s). Other sources of information will be obtained from the tariff studies. Resource adequacy analyses will evaluate if the reliability requirements are being met; this will be an ongoing process. Members asked if the reliability requirements would be looked at to see if they need to be changed. Mr. Buechler responded that may entail a separate study which is not contemplated to be a part of the NYISO Planning Process being considered by this Working Group. Mr. Calimano indicated that such a study may need to be addressed by both the NYISO and NYSRC. Mr. Calimano reviewed the Transmission Adequacy Assessments the NYISO currently utilizes. Members asked if the ATBA would be used in addition to the ATRA. Mr. Adams responded the ATBA is a study used for the cost allocation purposes and it is not be integral to the planning process.

Mr. Calimano reviewed the Operational assessments the NYISO currently uses and he discussed the Congestion Performance Assessment. The NYISO plans on analyzing the historical congestion costs from the day-ahead market and calculating an estimate of future system conditions. Mr. Rufrano indicated it was important to define the purpose of the numbers and how they will be used at the onset of discussions. Mr. Younger asked why the NYISO is planning on using historical congestion costs on the DAM and suggested the costs from real-time should be used to measure true congestion. Mr. Calimano stated MAPS (multi-area production simulation) uses real time system data and a credible link will be established. Mr. Calimano stated that members need to consider what outcomes they want from the final report and this will determine what is included in the initial planning process.

Mr. Calimano displayed and reviewed a timeline for the consolidated planning process. Members asked what milestones would be used for including potential projects. It was suggested that a different milestone be used than what is used for the cost allocation process and the NYISO should look into the process used by PJM and ISO-NE. Mr. Calimano responded that a criteria needs to be established on when to include future resource projects in the base case. (Note: that the WG later engaged in discussion of potential criteria)

Members asked if the congestion analysis performed in Phase I would drive the needs assessment. Mr. Calimano stated the congestion analysis would be ongoing. Mr. Buechler responded that the congestion analysis is not intended in the initial phase to develop any threshold for congestion. Once the needs assessment is completed it will be brought to the committees for approval; the committees will review the needs assessment well before the report is complete. Mr. Dewitt added the NYISO is setting up a process and doing the

planning studies and if a plan shows reliability concerns or other issues, these will be shared with the committees.

Members discussed the need to clearly define the reliability and economic factors. The group will need to define the concept of congestion and how it is measured and what needs to be projected. Mr. DeWitt would like assurance that congestion is noted in Phase I, so that it can be addressed in phase II.

Members questioned if the phased approach was a directive of FERC. Mr. Buechler stated this is the NYISO concept, which has been endorsed by the Board of Directors and has been discussed at Sector Meetings. Mr. Buechler added the initial phase will establish a solid foundation for the development of the comprehensive planning process during Phase II.

NEXT STEPS

The group then developed a list of the variables to be considered for the development of scenarios, input assumptions for the planning analysis, the criteria for inclusion of future resources, and the desired output in the report. The lists will be distributed for comments and brought back for discussion at the next meeting.

Members suggested the NYISO should consult neighboring control areas (PJM and ISO-NE) to develop a comparison with their respective planning procedures.. Members also asked if the NYISO had performed an analysis in MAPS on congestion to establish a benchmark. The NYISO has the historical data to perform an analysis. Mr. Buechler indicated that the models used should provide a sufficiently realistic representation of the system.

See Attachment A for Action Items from this meeting.

WORKING GROUP LOGISTICS

The next meeting is scheduled for July 2 at 9:00 a.m. Congestion will be the main topic of discussion on the agenda of the next meeting. Comments on the lists developed in the meeting or congestion should be submitted to Mr. Cardone or Mr. Stalter by June 27. A meeting materials page for the ESPWG has been established; there is a link to the page under both the BIC and OC.