

NYISO Management Committee Meeting Minutes**June 16, 2015****10:00 a.m. – 12:00 p.m.**

1. Introductions, Meeting Objectives, and Chairman's Report

The chair of the Management Committee (MC), Ms. Deidre Altobell (Con Edison) called the meeting to order at 10:05 a.m. by welcoming the members of the MC. The members of the MC identified themselves and attendance was recorded. A quorum was determined.

2. Approval of Meeting Minutes**Motion #1:**

The Management Committee (MC) approves the May 2015 meeting minutes.

The motion passed unanimously by show of hands

3. President/COO Report

On behalf of Mr. Stephen Whitley, Ms. Emilie Nelson (NYISO) thanked everyone for their participation at the June 15 Joint BOD MC, and noted that the overall feedback on the new format was very positive. Market Participants had the opportunity to talk one on one with Board members on two important topics; EPA 111d and REV, and the input received from the meeting was much appreciated. The Board will be using that input for their strategic planning. She also acknowledged FERC for joining the MC today, and looks forward to the FERC Update.

Ms. Nelson provided the Market Operations highlights, included with the meeting material. Mr. Wes Yeomans (NYISO) provided the Operations Performance highlights, included with the meeting material. Mr. Mark Younger asked that the NYISO clarify that the under CTS savings; the number is based on forecast not actual savings.

4. FERC Update

Ms. Anna Cochrane (FERC) provided an update on FERC activities, providing a standard disclaimer that the views she expressed her own and not necessarily those of the commission.

Ms. Cochrane reported on a number of personnel changes, including the appointment of FERC Chairman Norman Bay, who began his term on April 15. She also provided an update on the new satellite office which will be housed on the ISO-NE campus. There is currently an office in Carmel, Indiana for monitoring activities in MISO, an office in Folsom, California for CAL-ISO activities, and this new addition will allow convenient access to ISO-NE, NYISO and PJM. FERC staff plan to attend the bigger stakeholder meetings; this will allow them to be resource for stakeholders and report back to FERC on any issues.

Ms. Cochrane reported on EPA Clean Air Act 111(d), noting that the June 15 Joint BOD- MC round table discussions were very interesting and she appreciated the opportunity to listen in. She noted that the new carbon emissions rules are a big matter facing the industry and FERC, and discussed the series of FERC technical conferences set up for discussion on implications of 111(d). The technical conferences, which included EPA senior staff members, focused on issues related to electric reliability, wholesale electric markets and operation, and energy infrastructure. Ms. Cochrane added that FERC learned a lot from this conference, and will keep that feedback in mind for when the final rule is issued. Some of the issues were region-specific but generally all regions

highlighted issues such as the need for additional infrastructure in certain areas to bring renewables to serve load, and the need for additional natural gas pipeline infrastructure in certain areas. The need for additional electric and gas transmission raised a concern with the long lead time that may be needed for such infrastructure given the expected compliance timeline for 111(d).

Following the conference, the commission received a letter from Ms. Janet McCabe, Acting Administrator of the Office of Air and Radiation at the Environmental Protection Administration thanking FERC for hosting the conferences. In response, FERC issued a letter to the EPA which highlighted two of the key conference discussion topics (1) the “reliability safety valve” process – where affected entities can petition for temporary waiver or adjustments to emission requirements or compliance timelines; and (2) reliability monitoring and assistance. FERC emphasized that if EPA chose to adopt a reliability safety valve process, FERC’s role should be narrow and clearly defined, similar to its role when with EPA’s existing Mercury and Air Toxic Standards (MATS). In its letter, FERC stated that any review process should rely primarily on existing processes for addressing reliability issues, such as those implemented by the North American Electric Reliability Corporation, reliability coordinators, or Regional Transmission Organizations and Independent System Operators. The commission noted that for issues of concern, the commission could convene technical conferences or engage in other forms of outreach such as NARUC or NERC meetings, as requested by EPA.

Ms. Cochrane also reported on the three tech conferences the Commission held to explore price formation in energy and ancillary services markets in ISO/RTOs. Conference participants highlighted the goals of proper price formation: to produce accurate prices that reflect system conditions, minimize total production cost, provide correct incentives for parties to follow commitment and dispatch instructions, promote efficient investments, maintain reliability provide transparencies and ensure all suppliers have an opportunity to recover their marginal costs. The commission staff issued white papers on uplift, on offer price mitigation and offer caps, on scarcity and shortage pricing and on operator actions that affect prices. FERC staff heard a lot from the conferences, and are prioritizing issues and determining next steps.

With respect to the NYISO new capacity zone in the Lower Hudson Valley (LHV), FERC is required to file a quarterly report with Congress thru fiscal year 2016 on the performance of the new capacity zone. The Commission reports are on the appeals, any actions taken by the Commission, estimates of additional planned capacity and consumer costs in the lower Hudson Valley zones. FERC has submitted two reports, with the next due in July and the final report in October. In the first report, FERC told Congress about the joint tech conferences with NY Public Service Commission on November 5. In the second report to Congress, FERC reported on the April 2nd US Court of Appeals ruling which affirmed in all respects the Commission’s approval of the creation of the new capacity zone in the LHV.

Ms. Cochrane provided status updates on Order 1000 and interregional fillings. FERC looks forward to seeing how Order 1000 is working and will have staff monitoring the planning meetings.

5. Update on Stakeholder Services Suite of Tools

Mr. Matt Darcangelo and Mr. Mart Seibert (NYISO) provided an update on the new project that just recently went live. The purpose of implementing the project was to improve the NYISO’s customer service and the experience provided to stakeholders when interacting with NYISO.

These improvements were all due to feedback from the Customer Focus Group, ISO/ RTO benchmarking, Customer Rep feedback and survey input.

Mr. Darcangelo first provided an overview on NYISO's customer service improvement efforts over the last few years, which included customer service training for all NYISO employees, ongoing training for Member Relations and Stakeholder Services as well as consolidation of those two departments, and increased number of market participant visits.

Last year NYISO went live with Bold Chat; located on NYISO.com available during business hours 8am -5pm; this feature is available for general customer questions. In addition, the Google search engine was also upgraded.

In April, NYISO went live with the Microsoft Dynamics Customer Relationship Management tool (CRM). This tool allows us to manage customer questions and track information on organizations and share throughout the NYISO. The benefit is that the new system is linked and integrated and information such as call and origination history is presented to the reps. These tools will allow reps to respond quicker and more accurately. A new improved tool to send out emails to all MPs will also be provided.

Another feature will be the on-line registration tool described by Mr. Mark Seibert. This tool will decrease costs, allow reps to have access to the information faster, and will provide one-stop shopping for stakeholders. This will also combine processes for registering as customer and registering as a participant in NYISO governance.

Going forward, additional applications will be automated in the CRM to benefit the customer.

6. CTS with ISO-NE Tariff Revisions

Mr. Mike DeSocio (NYISO) reviewed the presentation included with the meeting material. Mr. DeSocio reported on the benefits and provided a walkthrough of the tariff changes. CTS will eliminate the barriers to trade between markets and allow greater efficiencies by balancing costs across the regions.

Mr. Howard Fromer (PSEG) asked where ISO-NE is in its implementation of their look ahead pricing capability. Mr. DeSocio said ISO-NE is still working on this; they are still on target to have this implemented in early November.

Mr. Mike Kramer (Edison Mission) asked what NYISO's expectations are for participation and projected/realized savings, given that NE will not release their forward looking prices until November, one month before markets start. Evaluators need to understand that without price discovery in NE it's hard for people to go 100% into this on day one, there has to be a period to allow Market Participants to get comfortable. Mr. DeSocio said that it will take time to build up history on price forecasting, and as we move into November, we will be watching how well the forecasting is working. There will be a month of operation pre-market which will allow Market Participants to get comfortable on how their bidding platform works. There is a good plan to integrate the markets, however, this is a big change, and if it's determined that there are issues, the NYISO will report back to the working group and come up with a plan to move forward. Mr. Kramer asked for confirmation that if expected benefits are not being realized, there will be a reevaluation on the tie optimization. Mr. DeSocio stated yes, adding that moving the interface to the 15 min scheduling is a vast improvement, as currently right now it's only once an hour.

Mr. Howard Fromer (PSEG) asked how flexible the tariff language is with regard to deferring implementation in the event NE's schedule slips. Mr. DeSocio replied that section 4.4.4 of the MST allows the NYISO to check a box and declare the protocol active. Since the NYISO has the authority to do this via a compliance filing, there is flexibility.

Ms. Altobell announced that the BIC passed CTS with an amendment to the original motion which will be introduced here after we put up original motion which needs to be moved and seconded. After the original motion was moved and seconded, Ms. Jane Quin (Con Edison) proposed the amendment to the motion.

Motion #2:

The Management Committee ("MC") hereby recommends revisions to the NYISO's MST and OATT as described in the presentation entitled "CTS with ISO-NE Tariff Revisions" at the June 16, 2015 MC meeting and recommends that the Board of Directors authorize the NYISO staff to file these under Section 205 of the Federal Power Act, and further the Management Committee (MC) hereby requests that the NYISO perform an evaluation and prepare an informational report after one year of experience with CTS with ISO-NE, or earlier as conditions require, that will (1) evaluate the impact of ISO-NE Reliability Limits on the efficiency of CTS pricing and dispatch and; (2) report the instances and amount to which Congestion Rents are not shared equally between the ISOs and in those instances whether Reliability Limits were invoked and if so by which ISO and to which party the Congestion Rents were paid.

The motion passed unanimously by show of hands with abstentions

Motion #2a:

Motion to amend motion 2 as follows:

The Management Committee ("MC") hereby recommends revisions to the NYISO's MST and OATT as described in the presentation entitled "CTS with ISO-NE Tariff Revisions" at the June 16, 2015 MC meeting and recommends that the Board of Directors authorize the NYISO staff to file these under Section 205 of the Federal Power Act, and further the Management Committee (MC) hereby requests that the NYISO perform an evaluation and prepare an informational report after one year of experience with CTS with ISO-NE, or earlier as conditions require, that will (1) evaluate the impact of ISO-NE Reliability Limits on the efficiency of CTS pricing and dispatch and; (2) report the instances and amount to which Congestion Rents are not shared equally between the ISOs and in those instances whether Reliability Limits were invoked and if so by which ISO and to which party the Congestion Rents were paid.

The motion passed unanimously by majority show of hands with an abstention

Meeting adjourned at 12:00 p.m.