

**NYISO Business Issues Committee Meeting Minutes
March 14, 2012**

10:00 a.m. – 12:00 p.m.

DRAFT

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

The chair of the Business Issues Committee (BIC), Mr. Alan Ackerman (Customized Energy Solutions), called the meeting to order at 10:05 a.m. by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

2. Meeting Minutes – January 11, 2012

The draft minutes from the January 11, 2012 BIC were presented for approval.

Motion #1:

Motion to approve the meeting minutes from January 11, 2011

Motion passed unanimously with an abstention.

3. Market Operations/Seams Report

Mr. Rana Mukerji (NYISO) reviewed the Market Operations and Seams reports. On February 24 the DOE granted the ITC's Presidential Permit required to operate the Bunce Creek phase angle regulators (ARs). NYISO has filed a request for a declaratory order with FERC seeking guidance on recovering costs associated with the PARs. Mr. Alex Schnell (NYISO) provided further details on the FERC proceedings.

Mr. Mukerji provided an update on other broader regional market initiatives. NYISO and PJM are making progress toward the resolution of several design issues including the establishment of entitlements and rules for modeling the Michigan-Ontario PARs. NYISO expects to provide stakeholders with an update at a MIWG meeting prior to submission of a compliance filing to FERC by the end of April.

On February 24, 2012 ISO-NE filed tariff revisions necessary for the implementation of CTS. The NYISO is proceeding with ISO-NE towards implementation by the end of 2013. The NYISO expects to bring a market design proposal for a coordinated transaction scheduling mechanism between PJM and NYISO during the second half of 2012.

4. Planning Update

Mr. Henry Chao (NYISO) provided an update on the planning activities. For EIPC, the TOTF meeting was held on February 22-23rd in Arlington, Va. The group reviewed model input data, including locations of new generation and deactivations; preliminary contingencies on first cut for National Carbon Scenario; and discussed future schedule. The next meeting is scheduled for March 28-29th in Memphis, Tennessee.

An IPSAC teleconference is scheduled on March 30, 2012 for review of the draft NCSP; discussion on production cost models of the three areas, and continued discussions on FERC Order 1000.

5. Non Historic Fixed Price TCC Tariff Language – Compliance Filing

Mr. Brian Hurysz (NYISO) reviewed the presentation included with the meeting material. At the February 2 and March 2, 2012 MIWG Meeting, proposed changes to the tariffs describing Non-Historic Fixed Price TCC product were reviewed and suggested clarifications from stakeholders have been incorporated. The NYISO plans to file updated tariff sheets with FERC in April, 2012.

6. Consumer Impact Analysis – Ancillary Service Mitigation

Mr. Tariq Niazi (NYISO) reviewed the presentation included with the meeting material. The report included background, evaluation areas, potential cost impacts and conclusions.

Mr. David Clarke (LIPA) commended the NYISO for undertaking and completing a relatively detailed and informative analysis and this is the direction LIPA would like the NYISO to continue.

Mr. Rich Miller (ConEd) commented that it would be better to characterize the environmental factor of the analysis as “no negative or positive impact expected.” Mr. Brad Kranz (NRG) said that there are soft benefits to improving the efficiency of the market in terms that could be captured in the reliability and environmental pieces of the analysis. Mr. Kranz provided an example of a reliability benefit as the better alignment between the day ahead and real time markets would assist the reaction of suppliers and operations to unanticipated events. He also noted that improved price signals will attract resources that support this reliability product to our markets, whether its repowering or new technology, which ultimately enhances reliability and the environment.

Ms. Saia said it would be helpful to provide more information in the beginning of the presentation on why Potomac Economics is proposing these changes. Mr. Miller stated that this is NYISO’s analysis and it should continue to be the analysis that the NYISO is comfortable making.

7. Changes to Services Tariff Attachment H and O Ancillary Services Mitigation Rules

Dr. Nicole Bouchez (NYISO) reviewed the presentation included with the meeting material. In response to a request at the March 2 MIWG, the NYISO will be modifying the tariff language to add the proposed stepping process to the tariff language and will circulate the tariff language for comment as soon as practicable. The NYISO will present the tariff changes at the March 22 MIWG.

Ms. Saia thanked the NYISO for incorporating MP feedback into the tariff language. There is still concern by some that NYISO could have not used the steps and instead used the provisions that NYISO did when it lifted the bid cap for 10-minute non-synchronized reserves, but this is a positive step forward, especially with the language folded into the tariff to define how NYISO will move forward.

Mr. Lang appreciated the NYISO’s proposal because consumers were concerned about the potential for market power and the stepped approach is very appropriate to address those concerns while simultaneously allowing a market improvement.

Motion #2:

The Business Issues Committee (BIC) recommends that the Management Committee approve changes to the NYISO’s Market Services Tariff Sections 23 and 30 as described in the presentation entitled “Changes to Two Ancillary Service Mitigation Provisions,” made at the March 14, 2012 BIC meeting.

Motion passed unanimously with an abstention.

8. Consumer Impact Analysis – Frequency Regulation

Mr. Niazi (NYISO) reviewed the presentation included with the meeting material. He provided background information pertaining to the FERC Order, Impact Analysis, case study overview, analysis summary of case studies and reliability measures.

Mr. Tom Paynter (DPS) asked if there were any changes that would cause AGC to change the megawatts movement with the 5 days looked at historically. Mr. Johnson said there would be two slight changes with AGC. The NYISO will be dispatching based on amount of available 6 second capacity and ramp that resources have. Because LESRs can move a lot in a 6 second period, one can expect to see significant amount of AGC deployment to those resources so there shouldn't be a large change from current practice. The other change is the NYISO is now moving to a model where resources can bid in with 6-second availability ramp option; so it's possible that resources today that have a linear 5 minute response rate could bid a higher amount on a 6 second period.

Mr. Clarke asked if this proposal provided an incentive for a unit not to bid into the market that currently bids in today. Mr. Johnson said it's possible that units that supply today won't want to supply under 755, but the NYISO's design is not to incent that, but to incent new entry, because of the potential for new movement revenue.

Mr. Miller asked if stakeholders could have discussions on alternative proposals to Order 755 and consumer impact analysis of those alternatives. Mr. Johnson said the NYISO has talked about a few proposals from Market Participants, but given the timing of this Order and the NYISO's time to comply, it is unlikely the NYISO can work on alternatives.

9. Transmission and Dispatching Manual Updates

Mr. David Edelson (NYISO) reviewed the presentation included with the meeting material. On February 7th, the NYISO posted for review a revised manual incorporating numerous changes since the last revision in 2008. Mr. Edelson summarized the significant content changes.

Motion #3:

The Business Issues Committee (BIC) hereby approves revisions to the Transmission and Dispatching Manual as presented at the March 14th, 2012 BIC meeting.

Motion passed unanimously with an abstention.

10. Working Group Updates

a. Billing and Accounting Working Group – Jim Muscatello

Mr. Jim Muscatello (NYPA) reported that BAWG will be working with the NYISO to enhance a few of the DSS reports and offer requests for invoice layouts. The NYISO will have a training session for BAWG on station service settlements.

b. Electric System Planning Working Group - Aydemir Nehrozoglu

Mr. Aydemir Nehrozoglu (Consolidated Edison) reported that ESPWG is in the early stage of RNA development. On 03/06/2012, the NYISO reported their long term demand and energy forecast, including energy efficiency impacts. The NYISO also discussed Attachment Y Clean Up items and Rate Schedule 10 changes. ESPWG is also had a meeting on 02/27/2012 to discuss IPSAC, EIPC, and FERC Order 1000.

c. Installed Capacity Working Group – Chris LaRoe

Mr. Chris LaRoe (IPPNY) reported that ICAP met with PRLWG to discuss a proposal for DR providers to increase their ACLs. ICAP met to discuss two buyer side mitigation topics regarding CRIS rights and repowering. The group will discuss these issues along with mitigation measures for new capacity zones and reliability resource compensation in the future.

d. Market Issues Working Group/MMATF – Patti Caletka/Tim Duffy

An electronic version of the MIWG updates will be posted on the NYISO website. Mr. Tim Duffy (NYISO) reported that the MMA Task Force had 3 meetings to date and identified the objective of the task force as to improve timeliness, efficiency, robustness, and transparency of reference level processes. The MMATF Identified the goals of the task force to address mutual needs of MPs and the

NYISO in administering reference levels and secondly to develop metrics that will monitor the success of the processes developed in meeting the objectives.

e. Price Responsive Load Working Group – Brett Feldman

Mr. Brett Feldman (Constellation Energy) reported that PRLWG discussed changing the baseline calculation for ACLs with the ICAPWG. It is open for comments to the NYISO. There is a joint MIWG/PRLWG to discuss DSASP on 03/21/2012.

f. Credit Policy Working Group - Norman Mah

No update.

g. Load Forecasting Task Force - Bryan Irrgang

No update.

h. Electric Gas Coordination Working Group – Brad Kranz

Mr. Brad Kranz (NRG Energy) reported that at the 03/05/2012 meeting, the gas industry provided an information exchange for NY stakeholders. The NYISO distributed a proposed scope of a gas study and is requesting comments. The next meeting is on 03/27/2012.

11. New Business

Mr. Franey said that in response to recent MP inquiries regarding the status of the Athens SPS, National Grid would like to read the following statement:

“National Grid continues to have confidential discussions with the owners of Athens regarding the future of the Athens SPS. National Grid also recognizes the need to promptly inform the NYISO of system changes that could potentially impact system operations. At this point, National Grid does not intend to change the manner in which the Leads-Pleasant Valley circuits are being operating, yet we continue to assess their operation and the issues associated with the Athens SPS. However, in order to address Market Participant concerns and to the extent practicable, National Grid will commit to provide the NYISO with a 180 day notice of its intent to change its treatment of the Athens SPS.”

Mr. Miller asked for clarification that this means National Grid could state ~~that no current date~~ National Grid could state no currently expected date for any change in status with the SPS. Mr. Franey said that is correct.

Mr. Bleiweis requested that BIC consider for a future agenda item a specific process to how it changes operating procedures for SPS implementation or elimination and that a specific timeframe be considered. Mr. David Allen (NYISO) said this issue for a process was taken up at TPAS several months ago and it was his understanding that ultimately TPAS felt to leave the process as is. SPSs do get studied, but there is no process that the NYISO has that a SPS is valid, in-service or out of service and that it's up to the TO and the generator to determine. Mr. Chao noted there is already a process by NPCC called Directory 7.

Mr. Franey commented that while there is an intent to notify MPs regarding the status of the Athens SPS, it should be noted that this is a good faith effort on National Grid's behalf. There may be circumstances warranting the immediate removal of the treatment of the SPS as not in service and cautioned everyone that reliability needs to be addressed first. Mr. Ackerman said this will go through the OC process and would be presented to BIC for informational purposes.

The meeting was adjourned at 1:30 p.m.