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NYISO Electric System Planning Working Group

Meeting Notes

January 9, 2006

Pine West Plaza Conference Facility - Albany, NY

Of the 39th meeting of the New York Independent System Operator Electric System Planning Working Group held January 9, 2006 at Pine West Plaza in Albany, NY.

In attendance

Tariq Niazi - NYSCPB	John Adams - NYISO
Jerry Ancona – National Grid	Ray Stalter - NYISO
Tariq Niazi - NYSCPB	Leigh Bullock - NYISO
Tom Payntor - NYSDPS	Carl Patka - NYISO
Diane Barney – NYSDPS	Jerry Ancona – National Grid
Audrey Capers - NYSDPS	Jim David - NYISO
Tim Bush – Navigant Consulting	Roy Shanker – East Coast Power
Kim Harriman - NYSDPS	Deidre Facendola – Con Edison
Doreen Saia – Mirant	David Allen - CDKPC
Bob Reed - NYSEG	Glen McCartney - Constellation
Mike Colby - NYSDPS	Mike Mager – Multiple Intervenors
Paul Gioia – LeBoef, Lamb	Kevin Jones – LIPA
Jeff McKinney - NYSEG	Ken Lotterhos – LIPA/Navigant Consulting
Ralph Rufrano - NYPA	Chris Wentlent - AES
Bill Lamanna – NYISO	Joe Langan - PPL
Chris Hall - NYSERDA	Terron Hill – National Grid
Phil Smith - Mirant	Jim Scheiderich – Select Energy
Liam Baker - Reliant	Rick Mancini - CES
Ray Kinney - NYSEG	Tim Foxen - NRG
John Watzka – Central Hudson	Bart Franey – National Grid

Welcome and Introductions

Mr. Tariq Niazi, Chair of the Electric System Planning Working Group welcomed the ESPWG members to the meeting and stated the agenda.

Meeting Notes Approval

The meeting notes from December 20, 2006 were approved and will be posted on the NYISO website.

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Comprehensive Reliability Planning Process

Development of cost allocation methodology - Jerry Ancona, National Grid

Jerry Ancona presented proposal for cost allocation of reliability solutions associated with NYCA LOLE Violations (revised Method D).

- Both real and reactive power causes problems – one doesn't take precedence over another. One may cause a bigger problem than the other but one is not necessarily a bigger contributor.
- Cost Allocation: Jerry presented to cost allocation principles (9) took the general principles to come up with a more specific approach to be applied going forward.
 1. Load decrements can determine contributors
 2. Loads should be decremented to MVA at prevailing PF
 3. Decrementing only real or reactive loads may produce misleading results
 4. Non contributors to a violation should not be allocated costs
 5. All loads contributing to violation should be allocated costs
 6. Cost allocation method should not be dependent on the specific solution
 7. Loads that contribute proportionally more to a violation should be allocated proportionally more cost
 8. Larger load that contributes to a violation equally as a smaller load should be allocated proportionately more cost.
 9. Cost allocation methods should be similar for various violations.
- Method D is intended to: (1) accommodate the 9 cost allocation principles outlined by Jerry in his presentation and (2) apply to NYCA LOLE violations
- Method D Summary
 - Decrement load in each sub-zone (uniformly across the sub-zone) on a MVA basis at the sub-zones prevailing power factor. *Determination is before backstop is done.*
 - Determine sub-zones relative contribution based upon the degree to which its decremented load alleviates a violation
 - Allocate cost to each contributing sub-zone proportionally to the sub-zones relative load size and associated impact on the violation

Cost Allocation Methodology - PSC Comments

PSC reported that they will distribute a document by the next ESPWG meeting. The cost allocation methodology needs to be as generic as possible; the solution should be least cost, least impact proposal. PSC is not convinced we need this prior to proposing solutions. Cost allocation should follow solution.

There was a discussion that the tariff requires NYISO to come up with cost allocation methodology – need to move forward with proposals. ESPWG members were asked to submit comments/proposals to NYISO by next ESPWG meeting.

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Cost allocation – NYISO

- NYISO will look into presenting numeric examples for next ESPWG meeting.
- PSC will put together a proposal.
- Other proposals will be sent to NYSIO and discussed at the ESPWG meetings.
- Agreement needs to be reached on a schedule.
- Definitive report to be sent to OC in February

Cost Recovery

Paul Gioia distributed redlined document with the following change/s: Rather than the competitive LSE recover costs from its customers, the TOs would recover costs from all customers. PSC said this is fine.

- PSC will bring this back and clarify if it's wholesale and retail.
- Need to determine what document this will be noted in - tariff or manual..Further discussion on this at the Jan 17th meeting.

Procedures Related to the Resolution by the PSC of Disputes

- ESPWG member approved the circulated PSC document.

Procedures for Halting a Regulated Solution

NYISO redlined proposal was distributed and discussed. ESPWG members expressed concerns regarding the timeframe between the NYISO telling TOs to go ahead and completion of PSC giving the go-ahead. The PSC and the TOs are discussing this issue further. There was discussion on the need for a bright line. Comments were provided and the revised document will be circulated to ESPWG members.

Action Items

1. PSC will provide Cost Allocation comments by January 17th
2. NYISO to provide numeric examples on cost allocation proposal and subsequently National Grid and LIPA proposals.
3. Documents under market based solution to be distributed tomorrow
4. Cost recovery – halting backstop to be put together by the 17th
5. All proposals to be submitted prior to the 17th