

## NYISO Electric System Planning Working Group Meeting

April 18, 2005

NYISO Washington Ave Ext, Albany, NY

Of the 30<sup>th</sup> meeting of the New York Independent System Operator Electric System Planning Working Group held April 18, 2005 at NYISO in Albany, NY.

**In attendance:**

Jerry Ancona – National Grid	Larry DeWitt - PACE
Tim Bush – Navigant Consulting for MEUA	Tim Foxen – NRG
Howard Fromer – PSEG	Paul Gioia – LeBoeuf, Lamb, Green & MacRae
Kenneth Lotterhos – Navigant Consulting	Michael Mager – Multiple Intervenors
Jim Mitsche – Power Gem	Bill Palazzo – NYPA
Bob Reed – NYSEG	Doreen Saia – Mirant
Diane Barney - NYSPSC	Mark Younger – Slater Consulting
John Adams – NYISO	Garry Brown – NYISO
John Buechler – NYISO	Glenn Haake - IPPNY
Ernie Cardone – NYISO	Liz Grisaru – NYISO
	Deidre Facendola – Con Edison
Leigh Bullock – NYISO	Audrey Capers - NYSPSC
Steve Cory - NYISO	Ralph Rufrano - NYPA
<i>Via Teleconference:</i>	
David Applebaum – Sithe	Rich Felak – Calpine
Charlie Pratt – Dickstein, Shapiro	Chris Hall - NYSERDA
Christopher Hall – NYSERDA	Ed Kichline – KeySpan Energy Services
Glen McCartney – Constellation	Joe Lewis - Constellation
Roy Shanker – East Coast Power	Mohsen Zam Zam – Con Edison
William Roberts – Edison Mission	David Bomke – NYECC, Inc.
Roy Pfeiderer – National Grid	Jim Scheiderich – Select Energy
John Watzka – Central Hudson	Liam Baker - Reliant
Jeff McKinney - NYSEG	Tom Rudebusch – City of Jamestown

**Welcome and Introductions**

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

**Review of Minutes of March 24<sup>th</sup> meeting and March 31<sup>st</sup> Joint ESPWG-TPAS meeting**

The minutes for the March 24<sup>th</sup> ESPWG meeting minutes were approved with revisions, and the March 16<sup>th</sup> Joint ESPWG-TPAS Meeting minutes were approved. Both documents will be posted to the NYISO website.

### **Consideration of Economic Planning Issues**

Mr. John Buechler presented “NYISO Economic Planning: Implementation Issues”. He reported that the monthly postings of historic congestion will soon be available on the NYISO website. A number of issues still need to be finalized including: screening unusual events, the what-if analysis, and other economic parameters. There has been some discussion on the methodology and models to utilize for the analysis; ESPWG will need to reach consensus on these issues. . Additional methodology issues that will need to be resolved include: whether or not all hours should be analyzed, whether to start with top 5 historic constraints, and what to do with the issue of next binding constraint. The analysis and reporting methodology for the other economic parameters will also need to be developed.

Mr. Mark Younger proposed that unusual events be identified and one by one take out the top five and use those results. The monthly posting would use raw data and include unusual event with an explanation of the driving factors. Mr. Buechler will re-circulate PowerGem’s suggested methodology to ESPWG for discussion at the next meeting.

Mr. Buechler discussed the provision to analyze the performance of all NYISO markets, and to identify key drivers and market design problems. Areas of improvement will need to be identified, and impact of intangibles (barriers to entry, fuel diversity, and environmental implications) will be considered. The ESPWG will need to develop the approach and methodology to address these issues.

Future estimates of congestion will be based upon CRPP 10-year planning horizon and base case/scenarios. Additional discussion is needed on the selection of model/s, and what the future system will look like.

Other future market enhancements for consideration include:

- Consideration of TCC options for expansion
- Development of the “end state” TCC auction model
- Development cross-border TCC options
- Evaluate expansion of UDR concept to non-controllable lines
- Development of an alternate methodology for compensation of transmission additions

The group talked about the FERC Technical Conference that will be held on April 22<sup>nd</sup> in Washington. The purpose of this conference is to examine, in a broader perspective, impediments to investment in electric transmission infrastructure and explore potential solutions. Mr. Buechler will be attending, and informed the group that a NY Conference, which is being planned for this summer, may benefit from the FERC discussions.

Mr. Fromer brought up the concern that FERC has recently announced that it will be addressing the need for a long term transmission rights product. Mr. Buechler indicated that the NYISO five year TCC product has not been replicated elsewhere, and since the NYISO has the capability to provide a longer than 5 year product, this should be made known to FERC. Mr. Younger pointed out that at some point we need to develop an end state auction which should provide a long term TCC product.

Mr. Buechler asked for input from ESPWG on:

- Suggestions on how to handle unusual events.
- How to address the other economic parameters
- Future Estimates – key initial items – what kind of modeling should be used going forward.

Mr. Buechler asked for comments from ESPWG members on the NYISO status report by April 19<sup>th</sup>. The NYISO will prepare a strawman based upon these comments for the next meeting.

### **PSC Role in CRPP Process - Dispute resolution process**

Ms. Diane Barney reported on the revised document, noting the only change from the last version is the first paragraph which clarifies that the PSC dispute resolution process would apply only after the NYISO dispute resolution process has been exhausted.

Paul Gioia stated that he did not think this change was intended. The first paragraph states that after NYISO dispute resolution process is exhausted, the dispute would then go to PSC Dispute resolution, and this is not always the case. Mr. Buechler stated that the Tariff indicates that the PSC dispute resolution process may be invoked by a market participant following NYISO Board approval as part of the normal governance process. Ms. Barney agreed, and will revise this and circulate to ESPWG. She noted that this process is still on the table for comment and that the PSC does not want to finalize anything until the FERC hearing.

ESPWG members should send an additional comments on the dispute resolution process to Ms. Barney.

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### **Comprehensive Reliability Planning Process – Criteria for Halting a Regulated Project**

Mr. Buechler reported that the criteria for halting a regulated project document, is still under review. He anticipates having a revised proposal for review at the next ESPWG meeting.

Mr. Fromer asked what the option of going through the PSC would accomplish. He asked if the PSC would lay out a process with timetables or if there is already an existing process?

Ms. Barney replied the purpose of the PSC review was to conclude that the study was valid, and eliminate both the developers concern that they would not be able to get their projects reviewed by the TOs in a timely manner, and the Transmission Owners concern on the number of projects they would have to review. She added that no formal process is contemplated.

### **Comprehensive Reliability Planning Process – Base Case Assumptions/Screening Criteria**

Ms. Liz Grisaru reported that the list of base case facilities distributed at the last ESPWG meeting has not changed. NYISO will re circulate the screening criteria and the base case assumptions to ESPWG members. She noted that NYISO has continued to consider everyone comments regarding the need for certainty in order to begin the Base Case analysis versus the need to recognize changing conditions over the course of the RNA. For example, if there is a project that was extremely close to meeting the screening criteria for inclusion in the base case, it is likely that such projects will be incorporated into one of the

scenarios. Since the tariff requires a review of the base case as well as scenario analysis prior to the determination of a Reliability Need. Therefore, if such a project has progressed to a point where it would meet such criteria prior to the issuance of the RNA, that project will be evaluated by the NYISO in its determination of a Reliability Need.

Mr. Younger expressed concern on the lack of a clearly defined process that will determine a “finding of reliability need”.

Ms. Saia stated that we have to have a date where we freeze base case, but should have a period for parties to meet the obligation that stopped them from being included in the base case. The scenario analysis permits you to find resolution of open reliability need. That way when we do have a project that we think is real, the TO's don't have to do a study, and the developer could continue his project. She asked that the NYISO define the breakpoints for missing the criteria for being in the basecase and in the sensitivity analysis. Mr. Brown stated that the NYISO will write something up to address these concerns. Ms. Facendola asked if the same consideration would be given to both merchant projects or TO projects that do not meet the screening criteria prior to the NYISO's administrative deadline. Mr. Brown acknowledged that the same would apply to both merchant and TO projects.

The CRPP timeline was discussed and Ms. Saia asked that it be reviewed at the next ESPWG meeting, as well as forwarded to BIC and OC. The timeline, which was included in the February 25<sup>th</sup> FERC compliance filing will be distributed to ESPWG and reviewed at the May meeting.

### **Comprehensive Reliability Planning Process Implementation Schedule and Scenarios Analysis.**

Mr. Adams informed ESPWG members that the Gold Book has been posted to the NYISO website. Some information has been deemed confidential and has therefore been redacted from the version that has been posted to the NYISO website.

Mr. Adams reviewed the processes that we have gone through to build the base cases. Individual meetings have been held with Con Edison and O&R to discuss screening process impacts, study process and coordination. In addition, there have been meetings with neighboring ISOs.

### **Comprehensive Reliability Planning Process Scenario Development (GE)**

Mr. Adams reviewed the NYISO suggestions for RNA scenario development. Included in the report was a comparison of 2004 and 2005 base case peak demand forecast, base case additions, and retirements. ESPWG members asked for documentation on the differences in peak demand forecast. Mr. Fromer asked that someone from the Load Forecasting group attend the next ESPWG to discuss these issues. Mr. Adams agreed.

Scenarios that were proposed included:

- Nuclear viability: evaluate potential nuclear retirements.
- Natural Gas Availability:
- Tightened emissions regulations leading to plant retirements
- Demand side management

Mr. Fromer asked if we were looking at the issue of retirements outside of NY. Mr. Adams replied that we are looking very closely at PJM retirements—especially how they will affect the eastern PJM states.

Ms. Saia asked that we check on why the drivers changed and why the potential for gas shortage wasn't included. Mr. Larry DeWitt asked for report on gas infrastructure for electric generation. Mr. Younger suggested sensitivity analysis on dual fuels for combined cycles.

Mr. Palazzo asked that additional comments and suggestions for additional scenarios be sent to NYISO by April 29<sup>th</sup>. Mr. Adams indicated that the schedule calls for finalizing the list of scenarios at the next ESPWG meeting.

### **Comprehensive Reliability Planning Process - Cost allocation methodology**

Mr. Palazzo reported that no feedback has been received on Mr. Anaconda's proposal. He asked that any feedback be sent to the NYISO so we can finalize the document. Mr. Gioia reported that the TO's have been working on a consensus document with some modifications and are sending to Jerry. A revised draft will be circulated for discussion at the next meeting.

### **Northeast Coordinated System Plan: 2005**

Mr Buechler discussed the recently released Northeast Coordinated System Plan for 2005 that was a product of the Northeastern Planning Coordination Protocol executed by PJM, NYISO and ISO-NE in December. He indicated that the first joint stakeholder meeting is planned for June 17<sup>th</sup> in Albany in order to review the subject report and to receive stakeholder input for the development of a regional plan for 2006.

### **Posting of Historic Congestion**

Mr. Adams reported that Historic Congestion will be posted on the NYISO website under the Planning section. Powergem will send over the data; our goal is to make sure it's posted by the next OC meeting.

### **Next Meeting**

The next ESPWG meeting will be held on May 9<sup>th</sup> at the NYISO on Washington Ave.

### **Action Items**

- Historical congestion: Power Gem proposal for identifying unusual events. NYISO to resend that proposal for inclusion at the May meeting
- NYISO to provide details of the proposed approach for dealing with projects which meet the base case criteria subsequent to the establishment of the base case.
- CRPP Implementation schedule out to MP's-Want to also provide to BIC and OC
- NYISO to provide documentation on the differences between the 2004 and 2005 load forecast-Presentation at the next ESPWG meeting
- NYISO will check why the 2005 scenario driver has dropped gas shortages. MP feedback on scenario analysis to be finalized at May meeting – Comments to be submitted by 4/29
- TO's will distribute cost allocation proposal for MP review prior to the May meeting
- NYISO will post Historical congestion info before April OC meeting
- Dispute resolution-additional MP comments to PSC
- Comments on economic planning implementation by 4/29