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**DRAFT**

**NYISO Management Committee Meeting Minutes**

**March 29, 2017**

**10:00 a.m. – 12:30 p.m.**

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

The chair of the Management Committee (MC), Mr. Scott Leuthauser (HQUS), called the meeting to order at 10:00 a.m. by welcoming the members of the MC. Members identified themselves and attendance was recorded. A quorum was determined.

**2. Approval of Meeting Minutes**

The draft minutes for the February 22, 2017 Management Committee meeting were presented for approval. There were no questions or comments.

**Motion #1:**

The Management Committee (MC) approves the February 22, 2017 meeting minutes.

***The motion passed unanimously by show of hands***

**3. President/COO Report**

Mr. Brad Jones (NYISO) reported that Mr. Bernard Dan has announced that he will be resigning his position on the NYISO Board of Directors to pursue other opportunities. Mr. Jones said the NYISO is thankful for his service and wishes him well. A search firm will be selected via the RFP process for the purposed of soliciting a new candidate.

Mr. Jones provided the following report on the NYISO's position with the carbon analysis:

The entire industry is grappling with the intersection of wholesale markets and state public policies. The NYISO's intent, which we expressed in our CES comments, is to evaluate ways to harmonize our markets with the state's ambitious environmental goals. We have acknowledged the need for a bridge that will keep nuclear units in operation until market-based approaches can be developed and implemented. The NYISO hired the Brattle Group to produce a report that would evaluate possible methods for internalizing the cost of carbon into the NISO markets. Internalizing the cost of carbon appears to be one path to maintaining efficient market signals while, at the same time, furthering New York's environmental goals. We have received some preliminary results of Brattles analysis. However, the report is still in a draft form as Brattle plans to conduct some additional sensitivities. In addition, the FERC has recognized the importance of this topic and has scheduled a Technical Conference for May 1 and 2. We may have the opportunity to participate in that conference and we're hopeful that we will get some FERC guidance on this complex issue. We intend to share the report, once it is completed, sometime after the FERC technical conference.

Mr. Howard Fromer (PSEG) encouraged the NYISO, if given the opportunity, to participate in the upcoming FERC Technical Conference, and to report on findings, even if preliminary, from Brattle's analysis. Ms. Marji Philips (Direct Energy) supported Mr. Fromer's statement, agreeing that any

information that can be provided at or in advance of the FERC Technical Conference related to Brattle's analysis would be very helpful.

Mr. Jones mentioned the upcoming Joint Board of Directors and Management Committee meeting, noting that a Save the Date was sent out on March 13, 2017. The event will be held on June 12-13, 2017 at the Sagamore Resort in Bolton Landing, NY. He encouraged all members to attend.

Mr. Rick Gonzales (NYISO) provided the Market Operations highlights and Operations Report. There were no questions or comments.

Ms. Emilie Nelson (NYISO) provided the following update on capacity exports from localities as it relates to potential sales in 2017 to ISO-NE:

As a reminder, in 2016 we developed market rules to modify our treatment of capacity exports from localities. We did so on an expedited basis in response to modifications made by ISO-NE that introduced the possibility that an export could occur as soon as June 2017 through their reconfiguration auction. On March 17, 2017, ISO-NE posted the results of their 3rd Annual Reconfiguration Auction. Resource specific information is not publicly available, so we cannot speak to the positions of any particular supplier. However, we can state that there was 79.2MW of supply offered in the Reconfiguration Auction across the NY AC Ties and only an additional 1.8 MW of supply cleared. The ISO-NE monthly auctions still remain to be run.

#### **4. Transmission Constraint Pricing**

Ms. Jennifer Boyle (NYISO) summarized background information and the proposed changes (presentation included with meeting material).

Mr. David Clarke noted that discussions are currently underway with FERC on the possibility of including start up costs in LBMPs. Mr. Clarke asked if the pricing levels would need to be revisited in the event this occurs. Mr. Robb Pike (NYISO) stated he does not think this would be the case, but the NYISO will continue to look at this as the proposal gets refined and developed at FERC.

#### **Motion #2:**

The Management Committee ("MC") hereby: (i) approves revisions to the NYISO's Open Access Transmission Tariff ("OATT") and Market Administration and Control Area Services Tariff ("MST") related to the NYISO's transmission constraint pricing methodology as more fully described in the presentation entitled "Transmission Constraint Pricing" made at the March 29, 2017 MC meeting; and (ii) recommends that the NYISO Board of Directors authorize the NYISO staff to file such revisions under Section 205 of the Federal Power Act.

***The motion passed unanimously by show of hands with abstentions***

#### **5. 2016 Comprehensive Reliability Plan**

Ms. Laura Popa (NYISO) provided an overview on the 2016 Comprehensive Reliability Plan (CRP) report (presentation and report included with meeting material). The report summarizes the 2016 Reliability Needs Assessment (RNA) findings and subsequent developments leading to the resolution of the reliability needs initially identified in the 2016 RNA. As a result, under the conditions studied in the 2016 RNA, the New York State bulk power transmission facilities meets all applicable reliability criteria over the 2017 through 2026 study period. Ms. Popa also discussed some of the risk factors cited by the 2016 CRP, which NYISO will monitor.

Mr. Kevin Lang (City of New York) encouraged the NYISO to assess the impacts of the potential retirement of Indian Point as soon as possible and not defer such analysis until Indian Point submits a formal notice of retirement or the 2018 RNA.

### ***MMU Review of the 2016 CRP***

Mr. Pallas LeeVanSchaick (Potomac Economics) provided an overview on the Market Monitoring Unit (MMU) comments on the 2016 CRP. The memo discusses the results of the 2016 CRP and the implications for the NYISO's market design.

Mr. Lang expressed concern regarding MMU's statement that the loss of certain resources is in part due to the lack of adequate market incentives. He noted that most of these resources were older coal plants and nuclear facilities that were no longer price competitive. The State has made a clear decision that coal is not part of the NY energy future, and in Mr. Lang's opinion, the MMU's statement does not seem accurate.

Mr. Lang also requested more analysis on cost, impact on prices to consumers, and any proposed changes to the market that would be needed to address the MMU's recommendations. Mr. LeeVanSchaick noted appreciation for the feedback and added that more information will be provided in future reports. Mr. LeeVanSchaick also indicated that this affects the investment incentives of non-coal-fired units. For example, there is potential for repowering coal-fired units to burn natural gas if those units can receive additional market revenue from managing 115 kV congestion. Also, new renewable generation, especially wind turbines, have numerous potential sites to choose from where some of the potential sites would exacerbate congestion on the 115kV system while others would tend to relieve congestion. It is important for wind developers to have incentives to select sites that don't lead to more congestion. Mr. Lang requested further analysis regarding the MMU's statement that price signals would help to guide location decisions for new intermittent renewable resources, such as wind facilities. He noted that such additional analysis should assess whether alternative locations are feasible or whether location decisions being driven by wind/production forecasts would be influenced by pricing dynamics.

Mr. Mark Younger (Hudson Energy Trading) noted that if there are unit investment location decisions that are aggravating constraints within the NYISO that are currently un-priced, and commitment decisions that are being made out-of-merit because they affect these constraints, it is appropriate to look at including these pricing. In the case of wind facilities that locate in areas that aggravate existing constraints, Mr. Younger noted that not pricing these constraints in the market fails to provide the right price signals to developers regarding the value of their generation. Mr. Younger strongly supports looking at incorporating these constraints into the dispatch which can only improve the decisions that are made on resource location. Mr. Pike noted that there is a 2017 project to examine modeling the 100+KV transmission constraints.

Mr. LeeVanSchaick noted that the MMU places a high priority on the recommendation that the NYISO model the 115 kV constraints because the MMU continues to find that the effects of not modeling these constraints leads to sub-optimal dispatch, commitment, and investment incentives. He said these constraints are not localized in their effects--rather the constraints can limit interregional flows, especially imports from Ontario and Quebec..

Ms. Doreen Saia (Entergy) thanked the NYISO staff lead by Ms. Popa on their efforts with the CRP, most specifically the table that was added at the end of the report that shows the differences in

base case assumptions between the RNA and CRP. Ms. Saia noted that this was very helpful to assist in tracking the differences between planning studies. She added that over the last year stakeholders have seen an increased responsiveness to market participant requests and increased focus on transparency and both were apparent in the table that was added to the report.

**Motion #3:**

The Management Committee (“MC”) hereby recommends that the NYISO Board of Directors approve the NYISO 2016 Comprehensive Reliability Plan (“CRP”) as presented and discussed at the March 29, 2017 MC meeting.

***The motion passed unanimously by show of hands***

**6. Emergency Energy Transaction Charges with ISO-NE**

Ms. Pallavi Jain (NYISO) summarized the proposed changes to the coordination agreement between ISO-NE and NYISO (presentation included with meeting material). There were no questions or comments.

**Motion #4:**

The Management Committee (MC) hereby approves the revisions to the NYISO’s Coordination Agreement with ISO-NE as more fully described in the “Emergency Energy Transaction Charges with ISO-NE” presentation made at the MC on March 29, 2017, and recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

***The motion passed unanimously by show of hands***

**7. Real-Time Start-up Cost Treatment**

Mr. Daniel Noriega (NYISO) summarized the suggested tariff revisions incorporating the proposal (presentation included with meeting material). There were no questions or comments regarding the proposed tariff revisions.

**Motion #5:**

The Management Committee (“MC”) hereby approves revisions to the NYISO’s Market Administration and Control Area Services Tariff (“MST”) related to the treatment of Start-up Bids in the Real-Time market, as more fully described in the presentation titled “Start-up Bids Treatment” made to the MC on March 29, 2017, and recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

***The motion passed unanimously by show of hands***

**8. New business**

Mr. Fromer asked for an update on the proposed revisions to the Joint Operating Agreement between NYISO and PJM to address the expiration of the Con Ed-PSEG wheel. Mr. Gonzales stated that the filing to FERC indicated that, unless directed otherwise by FERC, NYISO and PJM intended to implement the revisions as proposed in absence of FERC action within 60 days after filing.

The meeting was adjourned at 12:30 am.