

NYISO Electric System Planning Working Group Meeting

August 22, 2005
NYISO Washington Ave Ext, Albany, NY

Draft Meeting Notes

Of the 34th meeting of the New York Independent System Operator Electric System Planning Working Group held August 22, 2005 at NYISO in Albany, NY.

In attendance:

Jerry Ancona – National Grid	Jeff McKinney - NYSEG
Ralph Rufrano - NYPA	Paul Gioia – LeBoeuf, Lamb, Green & MacRae
Scott Butler – Con Edison	Michael Mager – Multiple Intervenors
Kenneth Lotterhos – Navigant/LIPA	Bill Palazzo – NYPA
Tim Foxen - NRG	Michael Colby - DPS
Manos Obessis – PowerGem	Chris Hall - NYSERDA
John Watzka – Central Hudson	Diane Barney - DPS
John Buechler – NYISO	Mayer Sasson – Con Edison
Ernie Cardone – NYISO	Doreen Saia - Mirant
Raj Adepella - PSC	Tim Bush - Navigant
Leigh Bullock – NYISO	Jeff McKinney - NYSEG
Caroline Brown - IPPNY	Harvey Happ - PSC
Bob Reed - NYSEG	Tariq Niazi - NYSCP
Tom Payntor - PSC	Mark Younger – Slater Consulting
Bill Lamanna - NYISO	Ed Kichline - Keyspan
Penny Rubin - PSC	Bart Franey – National Grid
Christopher Hall – NYSERDA	Jeff McKinney - NYSEG
Marco Padula - NYSDPS	John Adams - NYISO
King Look – Con Edison	Tim Bush – Navigant Consulting
Matt Milhous - Keyspan	Pedro Rada
Garry Brown - NYISO	

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

Approval of Minutes

The July 14, 2005 meeting minutes were deferred to the September meeting

Comprehensive Reliability Planning Process – Implementation and Scenarios

Mr. Lamanna provided an update on the CRPP. He reviewed the preliminary results and steps taken to identify and quantify a reliability need. Preliminary results indicate reliability needs, with MW and MVAR shortages in lower Hudson Valley and downstream.

Mr. Lamanna also reviewed the list of proposed scenario analyses. He reported that the reserve margin screens have been completed.

Mr. Tim Bush stated that rather than the NYISO focusing on resource adequacy, the focus should be on transmission capacity and voltage. He added that if Resource adequacy becomes an issue in the future, the market will provide. He also added that the NYISO needs more specific Load data in order to derive a proper solution.

Generation retirement impacts were discussed. Mr. Lamanna stated that the NYISO is working with PJM and neighboring systems on forecasting retirement impacts. He stated that there are no reliability impacts of retiring units in northern NJ that would impact our system. NYISO is talking to PJM on how they couple their resource adequacy with their transmission security.

The timeline for approval of the RNA was discussed and the target is for final approval to take place in late November. TPAS and ESPWG will have to sign off in September. ESPWG may have to ask OC to schedule a special meeting. Mr. Buechler will look to see if we will need a special meeting to vote on this issue.

Cost Allocation Example of Regulated Reliability Solution for a LICAP Deficiency with Assignment of Benefits.

Jerry Ancona walked through an example of cost allocation associated with a regulated reliability solution (under NYISO's comprehensive Reliability Planning Process). Jerry had agreed to put this together to work through the math and examples on how we work through allocating benefits of reliability projects for LSEs.

Mr. Bush asked a question pertaining to units participating in the ICAP markets and discussion ensued regarding Generator ICAP revenue offsetting cost allocation and the relative effects on Load Payments. Doreen Saia provided a modified approach. In her example, the developer sells ICAP, and you are paying the premium for what they need. Doreen's example is that of a fixed price call option. LSEs can't buy ICAP unless they buy this option. All LSE's would be required to share the gap.

Mr. Lamanna and Mr. Ancona will discuss these options in more detail and including Demand Curve impacts and will be prepared to further discuss this topic at the next ESPWG meeting.

Cost allocation for a regulated solution, Zonal or Transmission District

Mr. Ancona suggested that one approach might be to have TO/Municipalities pay the cost of solutions and recover them from LSEs. A consensus has not been reached.

Mr. Raj Adepella and Mr. Gioa discussed PSC versus FERC cost allocation differences and have agreed to come back at the next meeting with comments.

PSC proposal on cost recovery

The group discussed FERC/PSC jurisdictional issues. At the last meeting, the issue on cost recovery was raised by PSC staff. A proposal that the cost recovery for transmission, generation, or demand side regulated backstop solutions should be detailed in the NYISO Tariff, specifically attachment Y. The costs would be in accordance with NYS public service law. The NYISO and the TOs have no objections.

Ms. Diane Barney stated that within a zone there could be multiple TOs. The PSC would have to be compelling wholesale transactions between the TOs. At the point where it's a generation solution and a wholesale transaction. Ms. Saia asked what was done with Nine Mile Point 2. Ms. Penny Rubin stated that she will look into this and report back. The contract would be between generators and TO, not TO and TO. Wholesale arrangements need to go through FERC.

Mr. Mike Mager requested clarification: if the regulated solution is handled by the NYISO what is the role of the PSC? Mr. Buechler explained: Cost allocation is agreed upon and that we are only talking about a mechanism to provide recovery to TOs that have paid money to implement solution. The PSC does not have jurisdiction over cost recovery for wholesale purchases.

Halting a Regulated Solution

Mr. Buechler reported that an update will be presented at the next ESPWG meeting.

Dispute resolution procedures

Redlined comments based on discussion of last meeting were discussed. This document will be posted through email distribution.

PSC Retirement Procedures

Mr. Raj Adepella reported on the by the PSC notice regarding retirement procedures. The focus of this notice was to ask for comments on whether and how generators should provide notice of retirements. He stated that it doesn't go beyond this and pertains to all generators in the state.

It was asked how this relates to the planning process. Mr. Ancona brought up hard and soft retirements and asked if we will be differentiating? Mr. Adepella stated that the Notice asks for comments.

PowerGem

Mr. Manos Obessis reported on the Economic Planning Considerations. At the last meeting a more sanitized example was requested. In addition, the PSC had asked PowerGEM to give them some sense that the numbers that came out of the "what if" analysis had any relationship to a real life example.

Overall framework:

PowerGem came up with two approaches, (1) the prior approach, relaxing a constraint to gauge benefit and (2) run a specific constraint to model the grid change. Mr. Obessis stated that a validation test was run to evaluate the two approaches.

This validation process was to select a particular persistent constraint, select a sample of days when the constraint was present and caused congestion. BPC was calculated for the fully constrained system model,

then the specific constraint was relaxed and calculated BPC was again calculated. The network model was modified to include representation of a technically feasible solution to the specific constraint and calculated BPC for the modified system model. The results were surprising. In most instances the specific solution yielded bigger BPC savings than the original generic proposed solutions. Generic results were higher, the overall sense, the specific solution seems to yield more BPC savings.

When the network was modified to represent a particular solution to a particular constraint it resulted in congestion being shifted in a different way than would originally with different flow patterns. Congestion due to the specific constraint was still present on some days. System response was subject to (1) system conditions – load levels/generation availability, (2) market conditions (bidding patterns, (3) constraint co-dependency. Small changes result in large BPC changes. At this time, Powergem felt it was time to ask for feedback from the group and rethink process.

Next step is to reevaluate process and objectives. Request feedback from group and NYISO

Technical Conference re: Market Design Enhancements

Mr. Buechler reported that there are no updates.

Action Items

1. TOs will discuss the cost allocation to TOs and Muni's
2. PowerGem will provide “what if” on a seasonal basis.
3. CRPP draft one – comprehensive presentation
4. Develop tariff language on cost recovery issue.

Next Meeting

The next ESPWG meeting will be held on September 13th at NYISO Washington Ave.