
NYISO Business Issues Committee Meeting Minutes

September 9, 2009

10:00 a.m. – 4:00 p.m.

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

Mr. Stuart Nachmias (Con Ed), the Chair of the Business Issues Committee (BIC) called the meeting to order at 10:05 a.m. and welcomed the members of the BIC. Meeting participants introduced themselves and their affiliations. There was a quorum.

2. Market Operations Report

Mr. Rana Mukerji (NYISO) presented the Market Operations Report. He stated the results are preliminary. Highlights include: LBMP was slightly higher in August than it was in July, primarily due to Thunder Storm Alerts. Operations in the month of August also included transient voltage recovery concerns, which required the NYISO to start certain units to avoid voltage issues, which resulted in some Uplift.

3. Seams Report

Mr. Mukerji provided an update on the Seams report. The presentation was included as part of the meeting material and is posted on the NYISO website. The report is now organized in two categories; Broader Regional markets and Broader Regional Planning.

4. Planning Update

Mr. John Buechler explained intensive efforts on the economic planning process are under way to bring the study phase along. A review of the draft CARIS report began last week; Phase 1 will be complete before the end of the year.

FERC Order 890 Technical Conferences have been scheduled; the conference including NYISO, PJM, ISO-NE and the MISO is scheduled for September 21ST in Philadelphia.

A special ESPWG was held last week to present and answer questions on the Eastern Interconnection Planning Collaborative's (EIPC's) draft proposal to DOE on funding for an interconnection wide planning analysis project.

5. Progress on 2009 Project Commitments

Ms. Janet Joyce reviewed the status of the 2009 Projects. The presentation was included as part of the meeting material and is posted on the NYISO website. There were 139 total commitments for 2009. So far, 33 have been completed and 1 was missed. Ms. Joyce reviewed commitments at risk, they include; obtaining approvals to implement Accelerated Cash Clearing and Phase 3 of the Credit Management System. New commitments have been added as well; Broader Regional Markets, DOE Smart Grid Project Management and Eastern Interconnection Planning Collaborative.

Mr. Mark Younger requested a list of all major investments NYISO must make over 5 years and rough estimate of costs related to the DOE Project. Janet stated it will be covered at the September 18 BPWG.

Mr. Rick Mancini (Galt Power) asked if Demand Side Information System is an active project. Ms. Joyce replied there are three phases proposed for 2010 and more discussions will be take place at the BPWG.

6. Adjustment to Energy Market Credit Requirements

Ms. Sheri Prevratil (NYISO) presented the proposed changes to the Energy Market Credit Requirements. The presentation was included as part of the meeting material and is posted on the NYISO website. Current practice is to adjust requirements based on historic purchase volumes and historic energy prices. Market Participants have expressed concerns that this methodology does not adjust for fluctuations in energy prices from year to year.

The proposal is to adjust the existing formula for calculating the Energy and Ancillary Services credit requirement to provide for fluctuations in energy prices from year to year based on projected fluctuations in gas prices. Under the revised credit policy, the NYISO would calculate a Gas Price Ratio approximately two weeks before the start of each Capability Period for each month in the Prior Equivalent Capability Period and updates would be performed monthly.

The "Gas Price Ratio" would equal the average Henry Hub spot gas price for the like month in the Prior Equivalent Capability Period less the futures Henry Hub spot gas price for the like month in the upcoming Capability Period divided by the average Henry Hub spot gas price in the like month in the Prior Equivalent Capability Period. The NYISO would then calculate a "Price Adjustment" equal to one minus the Gas Price Ratio and multiply the Price Adjustment by the amount owed the ISO for purchases of Energy and Ancillary Services in the like month in the Prior Equivalent Capability Period.

Motion #2:

The Business Issues Committee (BIC) hereby recommends that the Management Committee (MC) approve revisions to the NYISO's tariffs to implement the adjustments to energy and ancillary services credit requirements, as more fully described in the presentation made to the BIC at the September 9, 2009 meeting.

Motion passed unanimously with abstentions.

7. Accounting & Billing Manual – Installment 6

Mr. Randy Bowers (NYISO) presented the proposed changes to the Manual, recommended to the BIC by the BAWG.

Motion #3:

The Business Issues Committee (BIC) approves the sixth installment of the revised Billing and Accounting Manual, as recommended by the Billing and Accounting Working Group on August 25, 2009, and as described to this BIC meeting on September 9, 2009. Installment 6 includes revisions to Sections 1.3.2, 3.2.1, 3.2.2, and 3.3.2 to reflect Tariff changes effective May 15, 2009 through Docket No. ER09-1009-000 and Sections 4.1.2 and 5.2.4.2 to reflect Tariff changes effective May 27, 2009 through Docket No. ER09-1027-000.

Motion passed unanimously with abstentions.

8. Ancillary Services Manual Revisions

Ms. Kathy Whitaker (NYISO) presented the Manual Revisions. Upon Market Participant, request the vote was deferred and the item was sent back to the MIWG for more discussion.

9. Strategic Tariff Review Project Overview

Ms. Kathleen Dalpe (NYISO) presented the schedule of the Strategic Tariff Review Project, it was included as part of the meeting material and is posted on the NYISO website. Market Participants expressed concern with the schedule and requested a slower pace and requested the NYISO include an indication of the priority for the review of targeted sections. Mr. Mukerji stated the FERC requested the NYISO review its Tariff, but said the NYISO will work with its Market Participants to develop a revised plan of action. Mollie Lampi added that FERC audit staff recommended that the NYISO complete its Strategic Tariff Review Project in its final audit report, and suggested that the NYISO finish as expeditiously as possible.

9b. Network Integration Service OATT Part 3

Ms. Mollie Lampi reviewed the proposed changes to Network Integration Service OATT Part 3. Market Participants expressed concern and requested additional discussions on this item at the MIWG. Ms. Lampi agreed to take it back to the working group. Mr. Tom Rudebusch (NYAPP) questioned the reasoning behind the proposed elimination of Network Integration Transmission Service from the tariff at this time

10. Market Solutions to Loop Flows

Mr. Robb Pike (NYISO) presented Market Solutions to Loop Flow. The presentation (see 9/9/09 BIC meeting material) included background, recommendations, next steps, solution concepts and schedule. The presentation addressed the NYISO action item to present recommendations to BIC for long-term solutions to loop-flow by 3rd Qtr 2009.

The July 16, 2009 FERC order directed the NYISO to expeditiously develop long-term comprehensive solutions to the loop flow problem with its neighboring RTOs, including addressing interface pricing and congestion management. NYISO must submit a report to FERC detailing its proposed solution, including necessary Tariff revisions, by mid-January 2010.

The concepts have been developed over a series of meetings with the MIWG, Sector Meetings and numerous inter-ISO meetings during the period December 2008 – August 2009. The recommendations include:

- Market Solutions to Loop Flow
 - Buy-Through of Congestion
 - Congestion Management
 - Interregional Transaction Coordination
- Physical Solutions to Loop Flow
 - Installation and Operations of OH-MICH PARs

Further development of the concepts will occur over the remainder of the year in preparation for a January 12, 2010 filing of our response to FERC. NYISO expects to seek concept approval of the solutions and schedule at the December BIC.

11. Statewide DARU Tariff Revisions

Mr. Shaun Johnson (NYISO) presented the proposed tariff changes. The presentation was included as part of the meeting material and is posted on the NYISO website. Doreen Saia (GT) requested clarification on the North Country issue; why is the NY system not solving for the constraint.

Mr. Rich Miller (Con Edison) disagreed with the statement in the presentation that if the NYISO initiated a DARU, and it resulted in bid production cost guarantee payments, then those costs would always be socialized statewide. He further noted that it may be necessary to amend the proposed tariff language to make it clear that such costs could be billed locally or statewide if the commitment was for local reliability. He requested that the NYISO consider the need to make this change prior to the Management Committee meeting if this item passes today at the BIC.

Motion #4:

The Business Issues Committee (BIC) hereby recommends that the Management Committee (MC) approve revisions to the NYISO's tariffs pertaining to State-wide Day-Ahead Reliability Unit (DARU) resource commitment, as more fully described in the presentation made to the BIC at the September 9, 2009 meeting.

Motion passed unanimously with abstentions.

12. Working Group Updates

A. Billing & Accounting Working Group – BAWG met on August 19th and reviewed the grid accounting report, billing issues report, finance product management update, improvement initiatives, and Billing and Accounting Manual update.

B. Electric System Planning Working Group (Joint BIC/OC Working Group) – NYISO reviewed its proposal to rank and group congested elements and in turn make recommendations for the primary elements to evaluate in each of 3 CARIS studies. NYISO reviewed generic solutions that it proposes to evaluate in each of the CARIS studies. NYISO will be releasing the CARIS report in stages to ESPWG/TPAS and already began review of stakeholder comments to the first draft section of CARIS report. The first draft essentially reviewed background, models, and preliminary assumptions. The next round of comments are due close of business Wed 9/9/09, when they will be consolidated and released before the next ESPWG for continued vetting. The goal is to bring final CARIS to BIC/MC for review next month (Oct).

C. Installed Capacity Working Group – ICAP met on September 11 and discussed SCR Workbook Changes for the 2009 – 2010 Winter Capability Period, SCR Shutdown Manual Language, New York City Capacity Mitigation - Follow up, and Operational Considerations with Capacity Exports and Wheels-Through.

D. Interconnection Issues Task Force - Rick Mancini requested the NYISO explain what the approach on aggregation will be.

E. Market Issues Working Group –

Reviewed:

- Inter-regional Transaction Coordination
- Market Solution to Loop Flow
- Enhanced Shortage Pricing
- Strategic Tariff Review: Retail Access
- Strategic Tariff Review: Eligibility and Application
- Strategic Tariff Review: Station Power
- ISO/RTO Council (IRC) Plug-In Hybrid Electric Vehicle (PHEV) Study
- Rate Schedule 1 Proposal
- Strategic Tariff Review: RS-1 DAMAP and Import Supplier Guarantee
- Strategic Tariff Review: Network Integration Service - Follow up
- NYISO Day Ahead Reliability Unit (DARU) Actions
- Strategic Tariff Review: Attachment M & N TCC's
- Disaggregated Virtual Trading - Benefits Analysis
- Update
- Broader Regional Markets Update
- Strategic Tariff Review: Attachment L & K Grandfathered Rights

F. Price Responsive Load Working Group –

PRLWG met on August 17; Donna Pratt provided an update on the three phases of the Demand Response Information System Project. A decision has been made to build DRIS in-house, primarily driven by current and future year budget considerations.

13. New Business : None