

**NYISO Business Issues Committee Meeting Minutes****January 15, 2014****10:00 a.m. – 12:45 p.m.**

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

The chair of the Business Issues Committee (BIC), Mr. Brad Kranz (NRG) called the meeting to order at 10:05 a.m. by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

**2. Approval of Meeting Minutes – December 11, 2013****Motion #1:**

The Business Issues Committee (BIC) hereby approves the meeting minutes of December 11, 2013.

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

**3. Market Operations Report**

Mr. Rana Mukerji (NYISO) reviewed the market operations report included with the meeting material.

**4. Seams Report**

Mr. Mukerji reviewed the seams report included with the meeting material.

On February 4, 2013 one of the two Ramapo PARs suffered an unplanned outage. During the period of the outage, NYISO and PJM obtained a waiver of the terms of their JOA to permit them to operate the remaining Ramapo PAR to reduce the targeted flow for net scheduled interchange over the 5018 line (from 61% of net scheduled interchange to 46%). The return to service of both of the PARs occurred on 12/31/2013, shortly after which the modeled percentage of NY-PJM interchange across the 5018 Branchburg – Ramapo interconnection was modified from 46% back to 61% as the waiver is now expired.

NYISO filed CTS tariff revisions in FERC Docket No. ER14-552 on December 6, 2013 in preparation for activation of CTS bidding with PJM in November of 2014. PJM also filed CTS-related tariff revisions on December 13, 2013 in FERC Docket ER14-623-000.

NYISO will conduct training sessions for the new Joint Energy Scheduling System (JESS) on January 14 and 16, 2014. These sessions will prepare Market Participants to use the new interregional energy transaction bidding platform scheduled for deployment in March 2014. Sandbox testing for Market Participants is scheduled for January 21-23 and February 18-20 to provide an opportunity to test bidding functions using the new platform.

FERC is holding a technical conference on February 26, 2014 to explore the possibility of modeling Zone K as an export constrained zone.

In March of 2014 NYISO is obligated to submit an informational report to FERC [New York Independent System Operator, Inc., 133 FERC ¶ 61,276 (2010)] addressing the effects of various market improvements on loop flow, and assessing the need to implement a Buy-Through of Congestion solution to loop flow at this time. The NYISO will collaborate with neighboring ISOs/RTOs and stakeholders on the report.

**5. Planning Update**

Mr. Howard Tarler (NYISO) provided the planning update. The Reliability Needs Assessment (RNA) process began with the discussion of the TO Local Transmission Plans in the fall of 2013 and the 2014 RNA schedule will be discussed with the ESPWG in the near future. The NYISO and the TOs did not receive any comments on the LTPs. All of the TOs and stakeholders received requests in December to provide updated modeling information to the NYISO by January 13 for use in the 2014 Gold Book and 2014 RNA and for the FERC 715 filing, which is due on April 1. The RNA will have an earlier completion date in order to interact with the new Order 1000 procedures and process, which will be in place for the RNA and CRP. The NYISO has begun its early preparation for the load forecasts and assumptions matrix for the ESPWG and the NYISO is considering a model lockdown date of April 1, 2014.

Mr. Howard Fromer (PSEG) noted that Order 1000 is pending before FERC and there were issues raised regarding a number of aspects, including the Local Planning Process. He asked how the NYISO can move forward if there is no decision by FERC. Mr. Tarler said the pending process will not affect the performance of the RNA, but it will impact the CRP after the RNA is complete. In response to a question, Mr. Tarler said the NYISO will share the assumption matrix in March with ESPWG and TPAS for stakeholder discussion before the Gold Book is completed.

Mr. Tarler also reported that presentations were made on the EIPC Non Grant Study at the January 6 joint IPTF, ESPWG, and EGCWG meeting. The NYSRC also received the presentation. The model roll up report was created by the EIPC members for the 2018-2013 summer peak power flow cases. The report is posted on the EIPC website. Stakeholder comments on the report are due on January 31 and an EIPC webinar will discuss stakeholder feedback on scenario options and finalize the scenarios for those studies. The analysis will begin in April.

## **6. State of the Market Report – 3<sup>rd</sup> Quarter 2013**

Dr. Pallas LeeVanSchaick (Potomac Economics) reviewed the presentation included with the meeting material.

In response to a question from Mr. Rich Miller (Con Edison), Mr. Kranz said historically the State of the Market quarterly reports are discussed at the BIC first and if more detail discussion was warranted, the report would go to the Market Issues Working Group. In response to a question, Dr. LeeVanSchaick said there was an extensive review and comment period for the 3<sup>rd</sup> quarter report and that was why released later than usual.

In response to a question from Mr. Mike Cadwalader (Atlantic Economics), Dr. LeeVanSchaick said Potomac Economics has not done an evaluation of the new regulation market, but it has looked at the movement charges and how, in the past, the charges would have been translated into capacity charges. Potomac Economics expects to get a better assessment of the movement changes and the overall market design in the future. Mr. Bob Boyle (NYPA) asked if the NYISO could pull regulation bills from this year v. last year as it would provide a benchmark. Dr. LeeVanSchaick stated that Potomac Economics could incorporate these charges in the state of the market reports going forward. Mr. Shaun Johnson (NRG) asked if there were any additional compliance requirements under Order 755. Mr. Mike DeSocio (NYISO) said there is a FERC filing regarding the mitigation aspects due by August.

Mr. Tom Rudebusch (New York Association of Public Power) noted that his members were concerned about Zone A pricing volatility and asked if it would likely reoccur. Dr. LeeVanSchaick said there was an increase in hydro generation from a year ago and that increased congestion. He added that the removal of coal fired capacity that provides relief, outages of certain transmission and generation, and variations in Lake Erie circulation accounted for the price differences in Zone A.

Mr. Fromer asked how Potomac Economics determined HTP's performance in its congestion evaluation since it was commercially available in Q3, but was limited due to PJMs issues. Dr. LeeVanSchaick said Potomac looked at the portion of the congestion that was reflected in the NYISO LBMPs so it wouldn't be from the external market to the NYISO, but from the NYISO proxy bus for the external market to an internal location.

Mr. Miller asked how Potomac Economics defined the "NYC Simplified Interfaces" on slide 57. Dr. LeeVanSchaick said that NYC is broken into three categories: transmission lines on the 345 kV system, individual transmission lines that are in load pockets on the 138 kV system, and simplified interfaces which are load pocket constraints. The simplified interfaces do not model individual lines, but groups of lines in certain areas of the city. In the past, Potomac Economics saw that the use of that interface resulted in more congestion costs that would have resulted from individual lines.

Mr. David Clarke (LIPA) said it appears PJM incurred market to market costs by failing to adjust changes to prices on the Thunderstorm Alert (TSA) constraints. He asked if PJM was given enough timely information to make adjustments. Mr. Mukerji said it was not a matter of timing of information. When a TSA event occurs, there is a generation re-dispatch in NYC, which causes an imbalance on the PARs flows.

Mr. Mark Younger (Indeck) asked if part of the reason Potomac Economics was talking about a reserve requirement for SENY was because the reliability rules that called for the commitment of Demand Response (DR) on the July peak days were always there and creating a need for available capacity. On those days, the special pricing rules required the activation of DR and in the absence of a reserve product, it does not get captured the rest of the time. Dr. LeeVanSchaick said that was correct due to the reliability rules.

## **7. Posting of Shadow Prices in the TCC Markets**

Mr. Brian Hurysz (NYISO) reviewed the presentation included with the meeting material. There were no questions.

## **8. Working Group Updates**

- **BAWG** – Ms. Debbie Eckels (NYISO) reported that the BAWG will meet on January 24.
- **CPWG** – Ms. Eckels reported that CPWG will next meet in late February.
- **EGCWG** – No report.
- **ESPWG** – Mr. Aydemir Nehrozolgu (Con Edison) reported that the ESPWG is working on the Economic Planning Process manual updates and CARIS base case update and extension for Phase 2.
- **ICAPWG** – Mr. Chris LaRoe (IPNNY) said the ICAPWG continues to work on the mothballing proposal. The plan is to bring it to a vote in February.
- **IPTF** – Ms. Erin Hogan (NYSERDA) reported that IPTF met jointly with EGCWG to discuss the EIPC non grant work and DOE funded gas interface study. The group will meet jointly with the EGCWG on January 23 to discuss gas-electric scenarios. Also, at this meeting, the group will discuss scenarios the NY stakeholders would like to recommend for the non-grant study.
- **LFTF** – No report.
- **MIWG** – Ms. Patti Caletka (NYSEG) reported that MIWG has been discussing the mothballing proposal with the ICAPWG. In addition, MIWG has discussed the comprehensive shortage pricing. The NYISO requested that stakeholders provide feedback on the topic by January 31.

- **PRLWG** – No report.

## **9. New Business**

Mr. Alan Ackerman (Customized Energy Solutions/MC Chair) announced that the January 2014 MC meeting will likely be cancelled. He explained the process for cancelling an MC meeting.

Mr. Younger said he was interested in hearing the Operating Committee report on the early January cold snap because he wanted to know why the NYISO failed to issue a notice for the Special Case Resources (SCRs). He said it was his understanding that the response received was less than what would have been expected from a mandatory event. The NYISO should be issuing the notices anytime it thinks multiple contingencies would result in it needing the SCRs. Mr. Frank Francis (Brookfield) asked that the NYISO be prepared to answer questions regarding transactions that were curtailed from PJM to New York.

Ms. Eckels reminded stakeholders to contact the NYISO to ensure they were receiving emails about the annual sector meetings.

Mr. Kranz said stakeholders can also register for the Joint Board of Directors/MC meeting. Mr. Fromer asked if the NYISO would reverse its prior policy and make the event available at no charge to MPs. Ms. Eckels said she would look into it.

Meeting adjourned at 12:45 p.m.