

**DRAFT****NYISO Management Committee Meeting Minutes****September 23, 2020****10:00 a.m. – 12:15 p.m.**

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

The chair of the Management Committee (MC), Ms. Jane Quin (Con Edison), called the meeting to order at 10:00 a.m. by welcoming the members of the MC. Members identified themselves and the attendance was recorded. A quorum was determined.

**2. Draft Meeting Minutes – June 16/July 1, 2020**

The draft meeting minutes from July 19, 2020 and August 26, 2020 were presented for approval.

**Motion #1:**

Motion to approve the draft July 19, 2020 and August 26, 2020 Management Committee meeting minutes.

***The motion passed unanimously.***

**3. NYISO CEO-COO Report**

Mr. Rich Dewey (NYISO) provided the following updates:

**FERC Technical Conference**

Mr. Dewey reported that FERC has scheduled a Carbon Pricing technical conference on September 30, which will be held by Webex, and the NYISO will have panel representation by members of the management team, including himself. He encouraged all to attend the meeting.

**Potential Market Problem**

Mr. Dewey reported that on September 18, the NYISO issued a notice of a potential market problem related to an issue with the Net EAS Model used in determining the ICAP Demand Curves for the 2017-2021 reset period. The issue was initially identified as part of the ongoing demand curve reset for the 2021-2025 period. The NYISO is in the process of assessing if this constitutes a tariff violation and/or a market problem, and then determining the appropriate course of action going forward. Mr. Dewey noted that the issue was discussed at yesterday's ICAPWG meeting, and market participants have been asked to provide any additional feedback to Mr. Robb Pike (NYISO). He stated that the NYISO recognizes that there is urgency in reaching a determination on the open issues, and he has asked the NYISO team to work as quickly as possible to finalize the recommended course of action. Mr. Dewey stated that NYISO will strive to have a special ICAPWG meeting on Friday (9/25) to provide a status update and further the discussion with market participants. He also said there have been questions on the upcoming capacity auctions and a request to consider either delaying the October spot market auction, or to make a determination before the auction begins and to act consistent with that determination. Mr. Dewey added while the NYISO is working diligently to make a decision before we get too far along with some of those auctions, based on time needed to complete the required assessment of the issue and potential changes to the models, addressing the issue in advance of the October spot market auction would not be possible. NYISO's plan is to proceed with that auction as scheduled and try to make a determination regarding future changes as quickly as possible. Mr. Dewey stressed that the NYISO is taking this very seriously and will work to get a clearer determination as quickly as possible for the market.

Mr. Liam Baker (Eastern Gen) asked if the NYISO considered putting FERC on notice that there is a potential tariff violation and that the market outcome may need to be re-settled. Mr. Dewey stated that

as covered by market problem procedures in the tariff, we have notified FERC of this issue. He added that internally we have not yet determined whether we do or do not have a tariff violation; the question of whether a tariff violation occurred is separate and distinct from whether there is a market problem. The answer to those two questions will guide the path NYISO follows to address the issue.

Ms. Doreen Saia (Entergy) asked if the NYISO would be willing to inform FERC that there could be a market problem that is a tariff violation, and, therefore, there is a potential that the results of the October spot auction could potential require re-settlement.

Mr. Rob Fernandez (NYISO) agreed to discuss Mr. Baker's suggestions internally.

In response to a question from Mr. Fromer, Mr. Pike stated that the NYISO has received an updated version of the Net EAS Model and has restarted the validation process. Mr. Dewey added that once the NYISO is confident that the revised Net EAS Model is accurate and reflecting the right impact, NYISO will share with its market participants.

Mr. Rick Gonzales provided the Market Operations Highlight and Operations Report. (Presentation included with meeting material).

#### **4. Hot Weather Operations**

Mr. Wes Yeomans (NYISO) provided a verbal update and noted that he had provided a similar update at last week's Operating Committee.

Mr. Yeomans echoed Mr. John Cordi (NYISO) comments from that Operating Committee meeting regarding the significant challenges the COVID virus posed to asset owners in the spring, and that ultimately the assets performed well this summer. Asset maintenance is crucially important to ensure generator and transmission assets perform as designed during high load periods in the summer. In February-March of 2020 (at the start of the asset maintenance period), there was tremendous uncertainty due to the COVID virus, specifically:

- Unknown, increasing infection rates
- Maintenance workforce staff availability
- Safety protocols for staffing-- equipment maintenance usually requires many maintenance staff working together in close proximity
- Potential transportation limitations – impactful to bringing in vendors (subway, air travel, possible restrictions into NYS)
- Availability of parts and ability to transport parts

Mr. Yeomans explained that the NYISO was involved with the communications between asset owners and state agencies. He noted his appreciation to the asset owners, stating that it required a Herculean effort by them to complete necessary asset maintenance and to provide the generator and transmission capability needed to meet hot weather conditions.

Mr. Carlos Garcia (NYC Environmental Justice Alliance) asked Mr. Yeomans if going forward, he could provide are more granular look at Zone J such as wind, solar, and system profile. Mr, Yeomans said that he would consider including the requested information in future presentations.

#### **5. NYS Steam Exemption**

Mr. Chris Hargett (Con Edison) provided an update (presentation included with meeting material). Mr. Hargett noted his appreciation to the NYISO, in particular Mr. James Sweeney (NYISO) for his assistance with shepherding the process and his work on the tariff revisions.

#### **Motion #2**

The Management Committee (“MC”) hereby approves revisions to the NYISO’s Market Administration and Control Area Services Tariff and Open Access Transmission Tariff as more fully described in the presentation titled “New York City Steam Exemption” made to the MC on September 23, 2020 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 with an abstention.**

#### **6.2021 Draft Budget Discussion**

Mr. Alan Ackerman (Customized Energy Solutions and BPWG Chair) provided an overview (presentation included with meeting material).

Mr. Kevin Lang (on behalf of City of New York and Multiple Intervenors) stated his appreciation to the NYISO for sharpening their pencils for 2021 and keeping the budget flat.

Mr. Mark Younger (Hudson Energy Economics) stated that he has no objection to the NYISO maintaining overall headcount, however; it is very clear that more resources are needed in the group that provides supports for the IRM and LCR setting process. Mr. Younger added, over the next few years, that group will have more work to do addressing the impact of increased intermittent and battery storage resources, and making sure they are properly represented in the resource adequacy model.

Mr. Dewey agreed with Mr. Younger and explained that there are a number of areas identified by the NYISO that will need additional resources. When you look at NYISO’s historic strategic budget plans, we had anticipated growing headcount in a couple of key areas. Mr. Dewey said NYISO understands the economic situations that most of the market participants are in and intends to be very responsive to keep costs down. NYISO will be looking very closely at its internal headcount and our strategy is to move appropriately skilled people around the organization to address some of the emerging needs.

Mr. Ackerman noted his appreciation to Ms. Cheryl Hussey (NYISO) and her team for the putting the budget together and holding the line on spending in this challenging year.

#### **7. Annual Solicitation of Market Participant Input On the External MMU’s Performance**

Mr. Shaun Johnson (NYISO) provided an update (presentation included with meeting material).

Mr. Kevin Lang (City of NY) asked if there would be any instances where MMU would not be allowed to disclose a market design flaws to the NYISO. Mr. Johnson said he is not aware of any instances, but that would be a decision made by FERC.

#### **8. ESR Bidding Rules for ICAP Suppliers with an Energy Duration Limitation**

Ms. Sarah Carkner (NYISO) provided an update (presentation included with meeting material). There were no questions.

#### **Motion #3**

The Management Committee (“MC”) hereby recommends that the NYISO Board of Directors (“Board”) approve changes to Sections 5.12 of the NYISO’s Market Administration and Control Area Services Tariff as more fully described in the presentation “ESR Bidding Rules for ICAP Suppliers with an Energy Duration Limitation” made to the MC on September 23, 2020.

**The motion passed unanimously.**

#### **9. Large Scale Solar on Dispatch Tariff Revisions**

Mr. Cameron McPherson (NYISO) provided an update (presentation included with meeting material). Mr. Dave Clarke (LIPA) asked whether solar assets will be able to bid a negative price for opportunity costs?

Mr. McPherson said yes—the main expectation is that they are bidding flexibly and indicating that economic willingness to generate.

#### **Motion #4**

The Management Committee (“MC”) hereby approves revisions to the NYISO’s Market Administration and Control Area Services Tariff as described in the presentation titled “Large Scale Solar on Dispatch Tariff Revisions” made to the MC on September 23, 2020 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.**

#### **10. Unsecured Credit for Public Power and Government Entities**

Ms. Sheri Prevratil (NYISO) provided an update (presentation included with meeting material).

Mr. Tom Rudebusch (NY Association of Public Power) provided the following statement for the minutes:

I want to thank you, Sheri, and Amie and others on the NYISO Staff for the improvements made to this presentation. However, there is still confusion between the treatment of Public Power Entities and Governmental Entities. For example, there are 47 municipal electric utilities and four rural electric cooperatives in New York and, according to the New York Department of State, there are over 1,600 local governmental entities. All of the municipal utilities are governmental entities, but it is not the case that the governmental entities have the characteristics or risk profiles of municipal electric utilities.

Let me start by saying that we are NOT opposed to providing credit to qualified Governmental Entities. And, we are NOT looking to provide unsecured credit to entities that have been rated as below investment grade. Instead, the existing tariff provides a starting point for unsecured credit for Public Power Entities that are not rated at all.

This tariff provision dates from 2003, when there was a review of the risk profiles of Public Power Entities. The characterization made on Slide 8, at the first bullet, is not accurate. We do not think the NYISO has justified making a change to the tariff to require Public Power Entities to be investment grade. So, we will be voting against.

Mr. Chris Wentlent (NYMPA/MEUA) provided the following statement for the minutes:

NYMPA/MEUA Municipal Systems oppose the motion based on the following points:

- We appreciate the ISO Credit Groups availability to discuss this matter on several different occasions
- We do not believe this change is necessary as no credit related issues have been experienced since unsecured credit was granted in 2003.
- Our systems, being distribution companies, have the authority to raise rates if necessary as public power entities.
- We believe a Municipal Annual Report, whether audited or unaudited, submitted annually by each municipality to the NYSDPS should suffice for continued unsecured credit as part of the equivalency test.
- This change will slightly change our available credit for our municipal network of systems as unaudited municipal systems will no longer be eligible for unsecured credit. We do not believe this lower available unsecured credit has been supported.
- Based on the aforementioned, NYMPA/MEUA and its associated municipal systems will oppose this motion today.

**Motion #5**

The Management Committee (MC) hereby approves, and recommends to the NYISO Board, revisions to Attachment K of the Market Administration and Control Area Services Tariff as described in the presentation entitled "Unsecured Credit for Public Power and Governmental Entities," made at the September 23, 2020 MC meeting.

**The motion passed by majority with abstentions.**

**11. Proposed TCC Credit Policy Enhancements**

Ms. Sheri Prevratil (NYISO) provided an update (presentation included with meeting material). In response to a clarifying question from Mr. Lang, Ms. Prevratil noted that the proposed enhancements would result in conducting a one-year auction for TCCs covering the same period as the second year of a two-year TCC 5-6 months earlier than current practices, which will incorporate more up to date prices in the credit calculations.

**Motion #6**

The Management Committee (MC) hereby approves, and recommends to the NYISO Board, revisions to Attachment K of the Market Administration and Control Area Services Tariff and Attachments M and N of the Open Access Transmission Tariff as described in the presentation entitled "Proposed TCC Credit Policy Enhancements," made at the September 23, 2020 MC meeting.

The motion passed unanimously with abstentions.

**12. New Business**

There was no new business. The meeting adjourned at 12:15