
NYISO Business Issues Committee Meeting Minutes
June 20, 2018
10:00 a.m. – 2:00 p.m.

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

Mr. Andrew Antinori (NYPA) called the meeting to order at 10:00 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 BIC Minutes

There were no comments or questions regarding the draft meeting minutes for the May 16, 2018 BIC meeting that were included with the meeting material.

Motion #1:

Motion to approve the meeting minutes for the May 16, 2018 BIC meeting.

Motion passed unanimously.

3. Market Operations Report and Broader Regional Markets Report

Dr. Nicole Bouchez (NYISO) reviewed the Market Operations report posted with the meeting material. There were no questions or comments.

Dr. Bouchez reviewed the Broader Regional Markets report included with the meeting material. There were no questions or comments.

4. Historic Fixed Price TCC Extensions

Mr. Greg Williams (NYISO) reviewed the presentation posted with the meeting material.

Mr. Bruce Bleiweis (DC Energy) asked whether eligibility for Historic Fixed Price TCCs requires that the LSE have a contract with a generator for power supply. Mr. Williams explained that eligibility is based on the transmission service agreement the LSE entered into prior to the commencement of operations by the NYISO.

Mr. Bleiweis asked for clarification regarding the term of the proposed Historic Fixed Price TCC Extensions. Mr. Williams clarified that the Historic Proposed Fixed Price TCC extension product provides a right to extend Historic Fixed Price TCCs for one-year at a time with pricing updated each year.

Mr. Bleiweis raised concerns about the optionality provided to LSEs to elect not to purchase extensions in a given year. Mr. Bleiweis stated that if an LSE elects to not purchase an extension in any given year, such a decision should terminate the LSE's right to purchase any future extensions.

Motion #2:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve revisions to the Open Access Transmission Tariff and the Market Administration and Control Area Services Tariff, as more fully described in the presentation entitled "Historic Fixed Price TCC Extensions" made to the BIC on June 20, 2018.

Motion passed by majority show of hands.

5. AC Transmission Public Policy Transmission Planning Process Report

Mr. Dawei Fan (NYISO) reviewed the presentation posted with the meeting material. Mr. Kevin Lang (Couch White) asked for clarification on the process for finalizing the AC Transmission Public Policy Planning Process (PPTPP) Report. Mrs. Yachi Lin (NYISO) explained the final report is not published until after review and approval by the NYISO Board of

Directors. Mr. Zach G. Smith (NYISO) added the NYISO does not intend to provide any further edits to the report that has been posted with the meeting material for the June 26, 2018 Management Committee meeting.

Mr. Matt Picardi (Shell Energy) asked for clarification regarding the determination of savings related to certain avoided transmission facility upgrades identified by the New York State Public Service Commission (NYPSC) that would otherwise be needed in the absence of the transmission upgrades contemplated by the AC Transmission Public Policy Transmission Need (PPTN). Mr. Fan stated the savings identified are related to the avoided capital cost of the upgrades the NYPSC found would be required in the absence of the transmission additions associated with the AC Transmission PPTN. Mr. Zach G. Smith added that the \$839 million cost figure was developed by The Brattle Group in its role as a consultant to the NYPSC in its proceeding related to the identification of the AC Transmission PPTN and is provided for informational purposes only. Mr. Zach G. Smith clarified that the NYISO did not independently review the cost estimate.

Mr. David Clarke (LIPA) asked whether the NYISO's evaluation calculated the reliability benefits and associated beneficiaries of the proposed projects. Mr. Tim Duffy (NYISO) replied the capacity cost savings were determined through a comparison of capacity costs between a case without the transmission upgrades proposed in response to the AC Transmission PPTN and a modified case including the proposed upgrades. Mr. Clarke raised concerns about the cost allocation for the AC Transmission PPTN upgrades does not appear to align with the allocation of costs based on the beneficiaries of the reliability benefits of the upgrades.

Mr. John Borchert (Central Hudson) read the following statement:

Central Hudson will abstain for this vote. While Central Hudson fully approves advancing this public policy transmission process and the AC Transmission Projects and we are looking forward to the benefits this added transmission will have for the customers in Central Hudson's service territory and in the state, we are dissatisfied with the NYISO's work in the project evaluation. The lack of transparency, the way that aspects of the project were treated during the evaluation - effectively disqualifying projects, and the way that local TO upgrades were handled during the process have led to frustration and confusion for both those developing projects and for the interconnecting transmission owners. If today's vote results in a failed stakeholder vote, this should not be seen as a call to delay the project selection but rather should be seen as a strong call for the NYISO to address these process flaws going forward.

Ms. Jane Quin (Con Ed) read the following statement:

Con Edison is supportive of new transmission buildout in New York. We support the policies behind Order 1000 and the NYISO public policy transmission planning process. We think the AC Transmission Public Policy Transmission Need is an important transmission project for New York State. However, we do not feel confident that the recommended selection for Segment B is in the customers' best interests, due to a lack of transparency in the selection and deficiencies in the evaluation process.

We are concerned that, as part of its evaluation for Segment B of the AC Transmission project, NYISO has not considered the full costs associated with the proposed Middletown upgrades, which are local upgrades on Orange and Rockland's system and are unique to the selected NAT/NYPA Segment B proposal. As noted in its presentations to the Electric System Planning Working Group and Transmission Planning Advisory Subcommittee, NYISO considers these upgrades to be a distinguishing factor in the selected proposal; however, neither NYISO, nor its consultant SECo, has fully vetted the feasibility and costs for this part of the Segment B Project. Orange and Rockland has provided a document detailing its concerns. The Middletown upgrades could cost as much as 20% of the Segment B project cost. Without adequate review, it cannot be

determined whether or not the selected Segment B project is the more efficient or cost effective for the AC Transmission project.

In addition to the project evaluation deficiencies identified herein, Con Edison and O&R are also concerned about the lack of transparency in the selection process. For example, NYISO failed to make clear the technologies or project attributes it would or would not consider and the reasons for such decision, and it did not consider stakeholder input in that decision. As a result, it is not clear if the more efficient, cost-effective solution has emerged.

Due to these concerns, Con Edison and Orange and Rockland are voting to oppose the motion to recommend approval of the report by the NYISO Board of Directors.

Mr. Fan noted that an analysis regarding the proposed Middletown transformer related to the proposed T029 and T030 projects was conducted and noted that the NYISO's independent consultant incorporated a \$16 million cost estimate for the proposed transformer plus a 30% contingency. Mr. Joe Allen (SECo) added that SECo considered concerns raised by Orange & Rockland and did not identify any fatal flaws related to the proposed Middletown transformer for the proposed T029 and T030 projects and the cost estimate developed was conservative and appropriate for this stage of project development.

Mr. Borchert raised concerns about the need to coordinate with interconnecting transmission owners as part of the evaluation of projects in response to a PPTN.

Mr. Carl Patka (NYISO) stated the project evaluation and selection phase does not require proposed projects to have completed the interconnection process at this stage of the PPTPP. Mr. Zach G. Smith added that the interconnection studies related to the proposed T029 project are ongoing and discussions related to the proposed Middletown transformer have been continuing as part of the interconnection study process.

Mr. Lang noted concerns about the potential for issues to arise from allowing transmission owners that are competing with other project developers having too much input into cost estimates of their competitors as part of the project evaluation and selection process.

Mr. Glenn Haake (NYPA) stated the PPTPP has improved materially since the Western New York PPTN. Mr. Haake further noted the ongoing need for the AC Transmission PPTN upgrades, especially in light of public policies that will drive the need for even greater transfer capability to the downstate load centers of New York. Mr. Haake stated that it is important to account for the stage of project development considered in the project evaluation and selection phase of the PPTPP and the fact that facility studies for proposed projects will be undertaken as part of the interconnection process to provide a more detailed review of all proposed projects.

Mr. Lawrence Willick (North America Transmission) disputed contentions that the project evaluation and selection process has not been sufficiently transparent or that comments raised by parties were not considered. Mr. Willick noted that after certain parties raised concerns about the initial cost of the Middletown transformer, adjustments were made by SECo despite the fact that North America Transmission contended that the initial cost estimate was overly conservative.

Mr. Stuart Caplan (Troutman Sanders) raised concerns about the need to ensure that the project evaluation and selection process carefully considers non-bulk transmission impacts related to bulk transmission upgrades proposed in response to identified public policy transmission needs.

Ms. Margaret Janzen (National Grid) noted that while National Grid was supportive of the transmission planning process changes, it has concerns regarding the execution of the project evaluation and selection phase of the PPTPP in this case and recommended that the NYISO work with stakeholders to further improve the process going forward.

Mr. Brian Duncan (NextEra) reviewed a presentation posted with the meeting material noting concerns related to the project evaluation selection process undertaken for the AC Transmission PPTN including the need to account for cost

containment proposals submitted with projects and certain components of the cost estimates developed by the NYISO's independent consultant. Mr. Younger (Hudson Energy Economics) noted that the NYISO's tariff does not include provisions to enforce cost containment proposals submitted by developers, which raises concerns regarding whether any such proposals should be considered. Mr. Duncan replied that NextEra has agreed to a cost containment mechanism as part of settlement proceedings before FERC that would include any projects that it may be selected to develop as part of the AC Transmission PPTPP.

Mr. Clarke noted LIPA's support for consideration of enforceable cost containment mechanisms as part of project evaluation and selection phase of the PPTPP.

Ms. Erin Hogan (UIU) suggested the NYISO provide information regarding cost containment proposals submitted by projects as part of the material for the June 26, 2018 Management Committee meeting. Mr. Zach G. Smith replied that the cost containment proposals submitted vary significantly and the NYISO has not undertaken any detailed analysis of the cost containment proposals. Mr. Zach G. Smith further noted that such a requirement is not provided for in the NYISO's tariff. Mr. Zach G. Smith also stated that the NYISO does not agree with NextEra's position that there are multiple projects that are essentially indistinguishable, noting that there are several factors that distinguish the selected projects from other proposals.

Mr. Patka added that as part of the upcoming comprehensive planning process review, the NYISO has committed to consider tariff enhancements to expressly address consideration of cost containment proposals. Mr. Lang stated that it is critically important to consumers that consideration of cost containment is part of the project selection and evaluation phase.

Ms. Kathleen Carrigan (NY Transco) read the following statement: (waiting for statement)

Mr. Zach G. Smith noted that the draft report and frequently asked questions document relating thereto address the NYISO's consideration of the series compensation technology included as part of the T019 project proposal. Mr. Zach G. Smith also noted that after full consideration of the series compensation element included as part of the T019 project proposal, the NYISO ultimately concluded that this particular aspect of the project presented the potential for adverse impacts to system reliability.

Mr. Nabil Hitti (NY Transco) stated the feasibility and facility study stages of the interconnection process should have been the appropriate forum for addressing any reliability concerns noted by the NYISO regarding the series compensation technology included as part of the T019 project proposal. Mr. Younger noted that sub-synchronous resonance has the potential for adverse impacts to generation facility equipment. Mr. Hitti replied that if sub-synchronous resonance concerns are in fact identified in more detailed design phases of the interconnection process, mitigation measures, to the extent required, would be considered and developed at these later stages of the interconnection process.

Mr. Zach G. Smith stated the NYISO appreciates the feedback provided by all developers and other parties as part of the process and the suggestions that been provided for further improvements going forward.

Ms. Amanda Trinsey (Couch White) read the following statement:

The City fully supports the AC transmission project and moving forward with developing both this and additional transmission projects without delay. The motion seeks confirmation that the NYISO complied with the tariff requirements; based on the information presented by the NYISO and the discussions that have occurred today and at the ESPWG meetings, the City submits that it appears that while some developers have specific concerns, the NYISO has adhered to the tariff requirements; we note, though, that we have not performed any independent assessment of the NYISO's actions. The City does not have any reason to believe that the NYISO's process was unfair and defers to the NYISO and the Board in selecting the appropriate developer.

Motion #3:

WHEREAS, the Electric System Planning Working Group (“ESPWG”) and Transmission Planning Advisory Subcommittee (“TPAS”) have held a series of meetings with NYISO Staff to discuss and review the studies and analyses underlying the NYISO’s findings regarding the AC Transmission Public Policy Transmission Needs; and WHEREAS, NYISO Staff has posted a draft AC Transmission Public Policy Transmission Planning Report dated June 13, 2018, including Appendices (“Draft Report”), for the June 20, 2018 Business Issues Committee (“BIC”) meeting; and

WHEREAS, NYISO Staff has incorporated modifications to the Draft Report based on comments received at six joint ESPWG-TPAS meetings from April 5, 2018 through June 14, 2018 and based on written comments received from stakeholders during that time period;

Whereas, NYISO staff has presented the Draft Report to the BIC at its June 20, 2018 meeting for an advisory vote;

NOW, THEREFORE, based on the posted Draft Report and the presentation made by the NYISO and discussion at the June 20, 2018 BIC meeting, the BIC hereby recommends that the Management Committee recommend approval of the Draft Report by the NYISO Board of Directors.

Motion passed with 76.33% affirmative votes.

Working Group Updates

- **Billing and Accounting and Credit Working Group**: The group met on May 18, 2018 and reviewed the standard accounting/settlement reports.
- **Electric System Planning Working Group**: The group has met three times since the last BIC meeting. The group met on May 22, 2018 and reviewed preliminary results for the evaluation of viable and sufficient transmission solutions submitted in response to the AC Transmission Public Policy Transmission Need, and the proposed schedule for reviewing proposed enhancements to the Comprehensive System Planning Process. On June 1, 2018, the group met and reviewed proposed revisions to the Reliability Planning Process Manual, an update regarding modeling assumptions for the 2018 Reliability Needs Assessment, and the draft AC Transmission Public Policy Transmission Planning Process (PPTPP) report. The group also met on June 14, 2018 and reviewed proposed revisions to the reporting of historic congestion data, an overview of the NYISO's preliminary proposal for complying with FERC Order No. 845, and the draft AC Transmission PPTPP report.
- **Installed Capacity Working Group**: The group has met four times since the last BIC meeting. On May 23, 2018, the group met jointly with MIWG and reviewed an overview of considerations related to developing rules for capacity market participation by energy storage resources (ESRs), and the capacity market outcomes and recommendations included in the 2017 State of the Market report. The group met jointly with MIWG on May 31, 2018 and reviewed proposed enhancements related to the Supplemental Resource Evaluation process for external capacity resources. The group met jointly with MIWG and PRLWG on June 1, 2018 and reviewed the proposed market design for wholesale market participation by Distributed Energy Resources (DER). On June 13, 2018, the group also met jointly with MIWG and PRLWG and reviewed a revised draft Master Plan related to the ongoing Integrating Public Policy Initiative.
- **Electric Gas Coordination Working Group**: The group has not met since the last BIC meeting.
- **Load Forecasting Task Force**: The group met on June 7, 2018 for its annual Spring Economic Conference, and also reviewed proposed revisions to the Load Forecasting Manual.
- **Market Issues Working Group**: The group has met five times since the last BIC meeting. The group met jointly with ICAPWG on May 23, 2018 and reviewed a proposal related to additional reserve procurements for resilience, and proposed settlement rules related to participation of ESRs in the wholesale market. On May 31, 2018, the group met jointly with ICAPWG and reviewed a proposal for re-evaluating ancillary services shortage pricing, a proposal to integrate solar generation that participates directly in the wholesale market within the NYISO's economic commitment and dispatch, a proposal to implement a new Historic Fixed Price TCC extension product, and the energy and ancillary services market outcomes and recommendations included in the 2017 State of the Market report. The group met jointly with ICAPWG and PRLWG on June 1, 2018 and reviewed the proposed market design for wholesale market participation by DER. The group also met jointly with ICAPWG and PRLWG on June 13, 2018 and reviewed the results of a market power assessment conducted with respect to 115 kV facilities

currently being considered for addition to the market models, a proposal to allow use of non-zero constraint reliability margin values of less than 20 MW, a proposal to implement a new Historic Fixed Price TCC extension product, a revised draft Master Plan related to the ongoing Integrating Public Policy Initiative, a proposal related to additional reserve procurements for resilience, and a proposal related to the implementation of a separate 10-minute reserve requirement for NYC. On June 19, 2018, the group met jointly with ICAPWG and reviewed proposed metering requirements ESRs participating in the wholesale market, and the proposed market design for wholesale market participation by DER.

- Price Responsive Load Working Group: The group has met three times since the last BIC meeting. On June 1, 2018, the group met jointly with MIWG and ICAPWG and reviewed the updates to the proposed DER participation model. The group also met jointly with MIWG and ICAPWG on June 13, 2018 and reviewed a revised draft Master Plan related to the ongoing Integrating Public Policy Initiative. The group met jointly with MIWG on June 19, 2018 and reviewed the DER-related agenda topics.

6. New Business

There was no new business.

The meeting adjourned at 2:00 p.m.