

DRAFT**NYISO Management Committee Meeting Minutes****November 17, 2021****10:00 a.m. – 11:30 a.m.****1. Introductions, Meeting Objectives, and Chairman's Report**

The chair of the Management Committee (MC), Mr. Chris Wentlent (NYMPA), 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. Approval of the Draft Meeting Minutes – October 27, 2021

The draft meeting minutes from October 27, 2021 were presented for approval.

Motion #1:

Motion to approve the draft October 27, 2021 Management Committee meeting minutes.

The motion passed unanimously.

3. NYISO CEO-COO Report

Mr. Rich Dewey (NYISO) welcomed members back to the first in-person meeting since the onset of COVID-19, and noted that the last in-person meeting was 615 days ago. Mr. Dewey expressed his appreciation to members for their part in working together remotely during the pandemic. The NYISO will continue to assess pandemic infection rates and work with the committee chairs to determine whether meetings should be held in-person or remote. He added that for those not comfortable attending in-person, remote options will continue to be available.

Mr. Dewey thanked Mr. Aaron Breidenbaugh (Centrica) for his outstanding service as the MC chair; adding that Mr. Breidenbaugh's planning, organization and participation at the June Joint BOD MC helped make the meeting a success.

Mr. Dewey mentioned that Ms. Emilie Nelson (NYISO) would be providing an overview of the Strategic Plan. He said this year was particularly notable for the Board in recognizing where our industry is going and taking very special care to consider what the role of the NYISO is and should be, and what we strive for it to be as the industry transitions.

Mr. Rick Gonzales (NYISO) provided the Market Operations Highlights and Operations Report (presentation include with meeting material).

4. 2021 Strategic Plan

Ms. Emilie Nelson provided an overview (presentation included with meeting material). Ms. Nelson noted that every year the NYISO Board, together with the NYISO team, reviews the strategic priorities of the organization with substantial input from stakeholders through the sector meetings, key topics at the joint MC board, and through survey responses provided by stakeholders. Ms. Nelson walked through the key elements of the Strategic Plan, which was released on November 18.

Ms. Nelson noted the importance of building on NYISO's legacy of customer service while considering the changing industry and the economic, social and environmental impacts of the business. In response to the evolving changes, the NYISO is actively planning for the technological, public policy, and environmental changes

reshaping NY's economy and the power system and the Strategic Plan reflects this work. The Strategic Plan includes an updated mission statement that reflects the NYISO's commitment to the evolving State and Federal energy policy drivers: "Ensure power system reliability and competitive markets for New York in a clean energy future." Included in the strategic plan are six objectives designed to provide guidance to the NYISO for the allocation of human, financial, and technological resources:

- Leader in Reliability
- Excellence in Execution
- Leader in Application of Technology
- Robust System Planning
- Leader in Market Design & Performance
- Authoritative Source of Information on Key Issues

Ms. Nelson updated members on the 2021 Key Accomplishments.

5. Comprehensive Mitigation Review

Mr. Mike DeSocio (NYISO) provided an overview (presentation included with meeting material).

Mr. Kevin Lang (City of NY) asked if it is possible with the changes in the transmission system that the accreditation factors would be changed? Mr. DeSocio said it is possible that as constraints between localities are relieved the accreditation factors in those localities can change due to the enhanced ability for that resource to help serve load in that locality but also to help serve load broadly across the system. That would change as topology changes.

Mr. Lang noted that the new certification language added to 23.4.5.7.5.5, which references what constitutes a violation, is already laid out in 4.1.7 of the market service tariff. He does not see that it serves any purpose being added in this new section and it only creates confusion.

Ms. Doreen Saia (Entergy) thanked the NYISO for putting the certification in the tariff and putting words around the certification. She asked that the last two sentences in 23.4.5.7.2 be updated as follows: "the NYISO shall update the list as necessary" will be moved to the end of the paragraph and "as necessary" will be replaced with "to reflect any changes" about the notification. Mr. Shaun Johnson (NYISO) agreed to make the change.

Mr. Matt Schwall (Eastern Gen) – regarding the additional language that was voted on at BIC and during that meeting Liam Baker asked to confirm that the language added at the end that says "pursue the additional phases related to the more detailed procedure for such change through the stakeholder process prior to implementation thereof" does not contemplate or require an additional stakeholder vote.

Mr. Lang stated that it is premature to say that there will not be additional requirements; there will also be manual changes that need to be voted on. Mr. Lang said it's more likely than not that there will be one additional vote on this before it's implemented.

Mr. Liam Baker (Eastern Generation) stated that he understands that there may be some language down the road that may need to be voted on but does not want to have a debate that we really didn't approve the implementation of capacity accreditation today. While things are not always final he wants to make sure everyone is aligned that the core concepts are being approved today are not subject to a subsequent vote. Mr. Lang agreed, and stated it is his understanding that this is what phase 1 is and what we are voting on.

The motion was revised to reflect changes made at MC.

The following statements were made:

Kevin Lang (City of NY)

On behalf of the City, we just want to note that we think the buyer side mitigation reform is long overdue and we do appreciate the NYISO finally moving forward with the reforms. We think that these reforms are meaningful and as Mike DeSocio said at the top of his presentation, we'll allow all types of renewable resources to participate fully in the markets. And the city therefore supports the BSM reforms. With respect to capacity accreditation, we just want to note that we appreciate the time that the NYISO has spent with us over the last couple of weeks and in particular the time that Potomac Economics has also spent to help us to understand the proposal and the implications for consumers and for the markets. Since the BIC meeting, we have been able to gain a comfort level not just with capacity accreditation but also with the use of the marginal approach. And for that reason, the City will be supporting the proposal today. But we did want to just note for the minutes, and to the NYISO's specially that while we understand there was an interest in moving this process forward quickly, we hope that the NYISO has learned from this process that even if you need to move things forward quickly, you have to support it with analysis. That should be part of any presentation. In particular, we fought for years to get the consumer impact analysis process instituted and it was instituted and we shouldn't have had to ask for project of this magnitude for consumer impact analysis to be performed. That should have been contemplated from the outset. The City does fully agree with the need to move quickly and we are prepared to do so but we still need to understand and see the analysis on the proposals. We would ask the NYISO to make sure that any future significant proposals like this are accompanied with analysis.

Jay Goodman (Multiple Intervenors)

Multiple Intervenors' position has not changed since the BIC vote. Multiple Intervenors opposes the Comprehensive Mitigation Reform proposal at this time and will be voting against it today.

Multiple Intervenors fully supports the proposed Buyer-Side Mitigation reforms and also has no objections to the ICAP/UCAP reference price translation being proposed. If these items were proposed independent of the new capacity accreditation methodology, Multiple Intervenors would support that motion.

We remain concerned, however, that the proposed capacity accreditation methodology needs further analysis and discussion for stakeholders to fully understand its mechanics and the far-reaching effects it will have on the capacity market. There are a number of outstanding issues that need further examination and clarification before this proposal advances. Multiple Intervenors potentially could change its position on the proposed methodology at a later date after it is developed, analyzed, and vetted more fully.

In our opinion, capacity accreditation represents one of, if not the, single biggest modifications to the NYISO's capacity markets that has been undertaken to date. Unfortunately, also in our opinion, today's proposal has been unduly rushed and requires further development, analysis, and vetting by stakeholders and for these reasons Multiple Intervenors opposes the proposal at this time.

Doreen Saia (Entergy)

First, I appreciate the NYISO's work on this which has been a focal point since the summer. I suggested that it was very important that we hold a series of meetings addressing and focusing on this topic alone, and the NYISO did that, which made a very significant difference in this effort. I also appreciate the NYISO's acknowledgment that the buyer side mitigation reforms were very significant, and in order to make them, given the 14 years of precedent, they could not be done without making other modifications to ensure that the prices remained just and reasonable, and the market remained competitive. I appreciate very much the way the structure has been done; it is very similar to how we have rolled out other major initiatives where the NYISO works with stakeholders on the concept and tariff language and then we go back to do the actual design and software that supports that design. The NYISO has committed to doing additional consumer impact analysis that has been much broader than we have seen from the consumer liaison in the past. And also to provide us with a full schedule for how we are going to work through that development of the structure and

the capacity accreditation methodology and the timing for that, with emphasis on getting information to market participants in the first half of the year. I have emphasized that is critical. I appreciate that the NYISO's focus has been much more in understanding its place in this overall major change of our markets as we go forward; and working in a way that aligns with the timing that is being hoisted upon us all, in a way that is effective. The commission in 2020 issued the CES 2.0 Order and defined very clear that NYISERDA finish RECs solicitation by 2026, for NYISERDA to finish Or-REC solicitation by 2027 and therefore it is critical as parties move to respond to those solicitations that they have the information they need so that they can develop bids that make sense and to identify which bids are the ones they should be choosing for the benefit of the state and consumers as we do forward. So I very much appreciate the NYISO's efforts to set a calendar, and I think there is going to be a number of us who will push hard to make sure we stay on that schedule and we will all benefit when that path across the board - consumers developers parties already in the market with existing facilities so we can understand what the framework is going to look like for the next decade, that is going to be very important.

Frank Murray - NRDC

On behalf of NRDC, our views have not changed since our vote to abstain before the BIC committee. I do want to emphasize that we strongly support the BSM reforms proposed in the resolution. This reform is integral to the successful implementation of the CLCPA and the achievement of the states clean energy public policy goals. I really want to complement the ISO on its leadership through recognition of the need for this reform and your support for pushing forward this reform as rapidly as you have. Unfortunately, while we recognize and support the need to address the issue of capacity accreditation, we never quite understood or accepted the need to link that action with the BSM reform here. For the reasons I have articulated at the BIC and many of the same reasons that Jay just articulated, on behalf of the MI, we will be abstaining.

Mr. Raj Addepalli (on behalf of AWEA, Borrego Solar and Cypress Creek):

Our position hasn't changed since the BIC vote. We appreciate and support NYISO's efforts to address the BSM issues that have been raised over a number of years. Agree that reform is needed on this issue with urgency ahead of this 2021 cy study. We do not believe the BSM reform needs to be coupled with the Capacity Accreditation modifications at this time as proposed. We are supportive of necessary modifications to the Capacity Accreditation rules but we believe further study and analysis is required before specific changes can be made to the Capacity Accreditation rules. As a result, we will abstain from the MC vote today.

Michael McCrae (Enel X)

Enel X would like the minutes to reflect we support the removal of Buyer Side Mitigation (BSM), but oppose the amendment today as provided by the NYISO on the grounds that no compelling linkage to the BSM removal has been demonstrated. The analysis to date supporting the NYISO's rushed decision to adopt a marginal capacity accreditation methodology is woefully incomplete and in light of the timeline established by the NYISO to implement these changes we believe there is still sufficient time to continue to evaluate the most appropriate capacity accreditation methodology.

Motion #2

The Management Committee ("MC") hereby: (i) approves revisions to the Market Administration and Control Area Services Tariff as more fully described in the presentation titled "Comprehensive Mitigation Review" made to, and revised at, the MC on November 17, 2021; and (ii) recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act. With respect to implementing the changes to the Installed Capacity market accreditation rules, a three-phase approach is described in the aforementioned presentation, and the MC recommends that the NYISO should, as reflected in the presentation, pursue the additional phases related to the more detailed procedures for such changes through the stakeholder process prior to implementation thereof.

The motion passed with 82.03% affirmative votes.

Following the vote, Mr. Dewey stated that while he hasn't had a chance to speak to everyone yet, there probably wasn't a single market participant that liked every single thing in this proposal. By and large everyone agreed it was necessary to make changes, both to remove what was a large impediment to NYS being able to achieve its goals, but also to preserve market signals in a way that solidifies the integrity of the market and sends clear price signals that are so critically important to reliability. Reasonable compromise is a hallmark of our stakeholder process; the most effective in the country in this regard. Mr. Dewey stated his appreciation for the tremendous number of hours, attention, and involvement of the stakeholders required to get to the point where we are at. He thanked everyone, and wished everyone a happy Thanksgiving.

6. Winter 2021-2022 Assessment & Preparation

Mr. Wes Yeomans (NYISO) provided an overview (presentation included with meeting material). He noted that a longer more detailed presentation was given to the Operating Committee last week.

Key Observations included

- The NYISO expects sufficient capacity margins assuming only firm fuel generation available under normal and extreme weather conditions
- Winter capacity margins assuming only firm fuel generation available has declined significantly
- Continued future reductions in winter capacity margins may result in operational challenges, given the expected reliance on only firm fuel generation during extreme cold weather events

In response to a question from Mr. Lang on whether the significant drop in SCR participation was COVID related, Mr. Robb Pike (NYISO) stated that in general yes, the NYISO saw a downturn year-over-year related to load drop within the SCR program and a significant amount is related to COVID. Mr. Ruben Brown (E-Cubed) stated he would like to see more data on the drop in SCR participation.

Mr. Yeomans noted that the single significant issue this winter is the exit of Indian point 3; this will be the first winter without both 2 and 3.

7. 2021- 2030 Comprehensive Reliability Plan

Mr. Kevin DePugh (NYISO) provided an overview (presentation included with meeting material).

Mr. Lang stated that while the NYC transmission security margin data suggests that while we don't have a problem today or tomorrow, we do have problems coming up in the future, and given that fixes aren't something that typically happen overnight, shouldn't we be starting to think about how to address these issues now?

Mr. DePugh responded that it certainly is a concern, and we are going to keep looking at this, through the RNA that starts early next year as well as the short-term process that we do quarterly, which looks out 5 years.

Mr. Zach Smith (NYISO) added that we definitely see concern, which is exactly the message we want people to take away, as highlighted in the language in the CRP report. We want to continue to explore this; one front on this is to consider our inclusion rules and what is appropriate to be planning for as we head into the RNA this upcoming cycle, and another front is ongoing conversations with the NYSRC and if there is a need to consider the reliability rules as they exist today, and if there should there be any changes to that. Mr. Smith referenced a presentation made to the to the Reliability Council last week; adding that he expects conversations to keep going on that front. There are resources that we aren't counting here because they haven't met our inclusion rules but could have a positive impact. Mr. Smith noted that the NYISO shares Mr. Lang's concern and expects to have more conversation with stakeholders going forward.

Mr. Mark Montalvo (UIU) stated that as we go forward, the NYISO should be pushing to shift its view to something that reflects the conditions we are moving to and will be obligated to operate under as opposed to the current baseline.

Mr. Mark Younger (Hudson Energy Economics) asked that the information available in the CRP used to calculate the implied transmission based minimum capacity requirements should be added to the report and presentations going forward.

Motion #3

The Management Committee (MC) concurs with the draft 2021- 2030 Comprehensive Reliability Plan (CRP) as presented and discussed at the November 17, 2021 MC meeting, and based upon the concurrence and recommendation of MC approval of the draft CRP by the Operating Committee at its November 12, 2021 meeting. The MC further recommends approval of the draft 2021- 2030 Comprehensive Reliability Plan by the NYISO's Board of Directors.

The motion passed unanimously.

8. MMU Comments on the CRP

Mr. Pallas LeeVanSchaick provided MMU comments on the CRP (presentation included with meeting material).

Under conclusions, Mr. Montalvo had a question on the recommendation to implement C-LMP to accurately reflect resource adequacy value at each location, and how all of the components of the market fit together. He noted that there are a lot of components, and it strikes him that there needs to be consistency and alignment of assumptions. He asked for more context on how the MMU sees this all fitting together and why aligning assumption across the various markets and operating timeframes lead you to the sub bullet.

Mr. LeeVanSchaick stated that the idea here is that in the planning process you plan for a lot of potentially constrained transmission interfaces; MARS topology has more than a dozen locations and the transmission security criteria has many more potential bottlenecks. If that's what you are planning for, but your capacity market only has 4 locations, then you are bound to run into problems when the boundaries that emerge as constrained in the planning process aren't the same as the boundaries between the 4 areas. In this particular year we point to 3 problems that arise from that difference. Over time, we see the issues change from period to period, but there are several categories of issues that arise. The first issue is when you have a constrained area in the planning model that is not reflected in the capacity market, which may potentially inflate the requirement in a capacity region and that's a by-product of not having the constrained area accurately reflected in the capacity market. You have a higher IRM as a result of this import constraint than you would have otherwise. That is one issue. Another issue is when the interconnection process prevents resources from interconnecting in areas where they are potentially export constrained. New resources can't enter areas without paying for transmission upgrades, which might be fine if the upgrades would be the efficient investment, but if new resources should just be replacing older inefficient resources, then the cost of the upgrades will place barriers on efficient new entry. That would be rectified if the capacity prices can be allowed to mediate where you can have new entry; rather than the deliverability test performed in the interconnection process. Those are the issues that we would point to as the problems that emerge when you don't have the right locational signal.

Motion #4

The Management Committee (MC) concurs with the draft 2021- 2030 Comprehensive Reliability Plan (CRP) as presented and discussed at the November 17, 2021 MC meeting, and based upon the concurrence and recommendation of MC approval of the draft CRP by the Operating Committee at its November 12, 2021 meeting. The MC further recommends approval of the draft 2021- 2030 Comprehensive Reliability Plan by the NYISO's Board of Directors.

The motion unanimously.

9. New Business

There was no new business. The meeting adjourned at 1:00 p.m.