

NYISO Management Committee Meeting Minutes**May 25, 2022****10:00 a.m. – 11:15 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. A quorum was determined.

2. Approval of the Draft Meeting Minutes – April 27, 2022

The draft meeting minutes from April 27, 2022 were presented for approval.

Motion #1:

Motion to approve the draft April 27, 2022 Management Committee meeting minutes. **The motion passed unanimously.**

3. NYISO CEO-COO Report

Mr. Rich Dewey (NYISO) reminded members of the NYISO Customer Satisfaction survey, currently in the field. He reiterated its importance in gauging how well the NYISO is doing and concerns that the market participant might have.

Mr. Dewey also reminded members of the upcoming Joint Board of Directors and Management Committee meeting, scheduled for June 13 at the Sagamore Resort in Bolton Landing, NY. He noted that the meeting provides an excellent opportunity for the NYISO Board to hear from market participants on their key concerns.

The first topic, *Understanding the Challenges of the Grid in Transition*, will focus on the strategic positioning of the markets and NYISO's systems to accommodate the policy changes driving transition, and to also hear from market participants on their key concerns and the challenges facing their organizations, and how effectively NYISO is providing information and positioning itself to face the challenges.

The second topic, *Enabling the Transition*, will strategically focus on NYISO's path forward; how effectively the organization is accommodating the policy changes and identifying priorities and challenges on the path forward.

Mr. Dewey provided an overview of the meeting structure and stated that he is excited the meeting is being held in person, after 2 years of remote meetings. He added that due to the COVID rates, steps have been taken to protect the safety of all: anyone who attends will need to be vaccinated, the meeting will be held in a larger space to allow attendees to spread out more than in the past, and the social activities are more geared to open air venues to reduce COVID risk.

Mr. Dewey also recognized that there are some individuals who may not be able to attend in person, and that while Monday's roundtable sessions would be challenging to do remotely, Tuesday's summary of key points and Q and A session will allow remote access. The NYISO wants to be responsive to the needs of all of its members. As such, the NYISO is looking into participation options that the NYISO and the Sagamore might be able to provide. Mr. Dewey asked that anyone who might have a significant concern please contact Mark Seibert (NYISO).

Mr. Matt Cinadr (E-Cubed) referenced a television campaign and press release from New Yorkers for Affordable Energy. He stated that a number of distinguished market participants are involved in this coalition that supports the continued use of natural gas in New York

Mr. Dewey provided an organization status update. The NYISO employee vacancy rate is trending in the right direction. The NYISO has had two good recruiting months and the vacancy rate is down in the range of 9%. Mr. Dewey said he will continue to update the group.

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

4. Summer Capacity Assessment

Mr. Aaron Markham (NYISO) provided an update (presentation included with meeting material). Included in the assessment were key observations, summer preparedness, and infrastructure updates. The operational preparedness included:

- ISO Operations is monitoring regional energy supplies and prices as indications are these will be higher than in recent history.
- Weekly fuel surveys indicate oil and dual fuel capability generation have sufficient start-of-summer oil inventories (but lower than past years' inventories).
- ISO MMA group is conducting generator site visits to ensure generators are ready for future operating conditions.
- ISO Operations coordination of transmission and generation maintenance outages helps mitigate the reliability impact of such outages during hot weather periods.

Mr. Matt Cinadr asked that NYISO provide details on the weather assumptions that NYISO is using for the 50/50, 90/10 and 99/1 requirements in the 2022 Summer Assessment, and also look into ways to promote Special Case Resource programs.

Mr. Wentlent asked if the Western NY Public Policy Project is expected to be in service soon. Mr. Markham replied that all of the 345 elements of that are expected to be in service on May 27, including the Dysinger PAR.

Mr. Wentlent asked Mr. Markham if he had any information on the neighboring power pools and their summer preparations. Mr. Markham stated that, as always, the NYISO has been in constant communication with the neighboring balancing authorities, and everyone looks good from a 50/50 forecast perspective. He added that PJM and Quebec have surplus all the way up to 90/10 and above. Similar to what we are seeing in NY with shrinking margins, Ontario and ISO-NE would expect to be a little short, approximately 1500 MW, without emergency operation actions in a 90/10 scenario. Mr. Markham noted that those numbers are available publicly in the NPCC Summer Report.

In response to a question from the April Management Committee meeting about the NOx allowance prices for this summer, Mr. Markham said that the NYISO doesn't expect any reliability issues associated with that, and that at higher prices that there should be some actions that can be taken by generators to reduce their pollution or NOx emissions, or to reflect the increased cost in their offers, which will affect their position in the supply stack.

5. State of the Market Report

Mr. Pallas LeeVanSchaick (Potomac Economics) provided a high-level summary of market outcomes and investment trends, recommended market enhancements for the energy and ancillary services markets, and an update on the capacity market (presentation included with meeting material). Mr. LeeVanSchaick noted that more detail will be covered at tomorrow's MIWG/ICAP meeting, and if need be, he would be happy to

accommodate additional requests for additional information. He pointed out that the sections noted on the upper portion of the slides are consistent with the corresponding sections in the full State of the Market report, posted on the NYISO website.

Mr. LeeVanSchaick noted that the recommendations proposing market enhancement have been focused in recent years on the extraordinary amounts of public driven investments that are coming, so NYISO should be focused on enhancements that help guide renewable investments where it is most deliverable through market signals, encourage retirement of existing generators that have inflexible characteristics, and/or limited availability during gas supply constraints, which will facilitate the state policy goals at the lowest cost and minimize market harm. Mr. LeeVanSchaick added that ultimately, doing this will help facilitate any policy changes that are desired, while ensuring it's being done at the lowest cost.

In response to a question from Mr. Cinadr on if he thinks more SCR would provide a low cost minimized way of looking at the solutions to our dwindling margins and also encourage getting more renewables, Mr. LeeVanSchaick stated that Potomac Economics is focused on making market enhancements on capacity, energy and ancillary services that provide additional revenues to resources based on how flexible and available they are. We focus on that because we want to provide incentives broadly. We want to have the right market design that provides incentives for the right resources.

Mr. Mark Younger (Hudson Energy Economics) stated don't be surprised if in the near term the LOLE risk and the appropriate market signal is small, but it is important to set up the design as the risk posed and the value of the unit improves, that the market sends out the signal that a dual fuel unit is more valuable than a gas only unit in certain areas. Mr. LeeVanSchaick agreed.

Mr. Wentlent said that many of the enhancements depend on new resources showing up in the market. He asked how some of the other tangible issues like speed of commercializing resources, and siting are factored in. Mr. LeeVanSchaick said that these are factors that can be difficult to quantify. Potomac tries to orient towards issues that matter given the state policies and the need to meet reliability requirements, and there are certain ways that we might elevate the importance of criteria we perceive to have a tie-in with new investment.

In response to a question about ramping issues for intermittent generation, Mr. LeeVanSchaick stated that he is expecting that the next quarterly report will include a discussion of the topic.

Mr. Howard Fromer (Bayonne Energy) asked if there was an internal process for preparing a written response to the annual report that would indicate agreement or disagreement with the recommendations and issues identified, and if so, how would the comments be addressed? Mr. Dewey stated that as soon as the NYISO gets the recommendations, they are included in the project prioritization process and discussed with stakeholders and then included in the scoring for consideration, as well as discussion on whether the NYISO can or can't include the recommendation in the upcoming work plan. The full descriptions are included with each of the projects. Mr. Dewey stated that he does not believe this has been done in the past, but is certainly reasonable to consider if this is something market participants are interested in. Mr. Fromer stated that he believed it would be a useful exercise. Mr. Dewey thanked Mr. Fromer and said he would discuss the proposal internally.

The full State of the Market Report is posted on the NYISO web site.

6. New Business

There was no new business. The meeting adjourned at 11:45 am.