
**NYISO Business Issues Committee Meeting
Minutes December 14, 2022
10:00 a.m. – 12:15 p.m.**

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

The chair of the Business Issues Committee (BIC), Mr. Scott Leuthauser (HQUS), called the meeting to order at 10:00 a.m. by welcoming the members of the BIC. A quorum was determined.

2. Market Operations Report

Mr. Rana Mukerji (NYISO) reviewed the Market Operations Report included with the meeting materials. There were no questions or comments.

3. Transmission Expansion and Interconnection (TEI) Manual Attachment for Internal Controllable Lines

Ms. Amanda Myott (NYISO) reviewed the presentation included with the meeting materials.

Mr. Howard Fromer (Bayonne Energy Center) asked for clarification regarding how the impacts of subsequent projects on a previously constructed internal controllable line will be evaluated. Ms. Sara Keegan (NYISO) and Mr. Tinh Nguyen (NYISO) noted that the assessment of potential impacts on a previously constructed internal controllable line would be assessed in future interconnection studies with the nature of, and methodology for, such assessment being dependent on the characteristics and location of such previously constructed facility.

Mr. Mark Younger (Hudson Energy Economics) asked for clarification regarding how subsequent deliverability studies will account for capacity resource interconnection service (CRIS) previously awarded to an internal controllable line. Mr. Nguyen stated that future deliverability studies would account for the CRIS previously awarded to an internal controllable line. Mr. Nguyen further clarified that accounting for CRIS previously awarded to an internal controllable line in future deliverability studies will be consistent with modeling assumptions used for other resources previously awarded CRIS.

Ms. Kaley Bangston (Invenergy) provided the following statement for inclusion in the minutes:

We note that there are wording differences between Sections 1.1.1 and 1.1.2 of Section B of Attachment L of the TEI Manual due to the fact that the NYISO does not have the ability to redispatch a controllable line from an External Control Area. Nevertheless, the NYISO has confirmed that the interconnection studies for an internal controllable line will be subject to the Minimum Interconnection Standard, in which both the proposed internal controllable line and/or existing resources can be considered for redispatch if such redispatch can be performed under Normal Operating Procedures to mitigate Adverse Reliability Impacts. In other words, the proposed internal controllable line can be studied at full, or less than full, capability, as appropriate.

Motion #1:

The Business Issues Committee (“BIC”) hereby approves revisions to the Transmission Expansion and Interconnection (TEI) Manual, as more fully described in the presentation entitled “TEI Manual Revisions for Internal Controllable Lines” made to the BIC on December 14, 2022.

Motion passed unanimously.

4. Capacity Accreditation: Implementation Details

Ms. Maddy Mohrman (NYISO) reviewed the presentation included with the meeting materials.

Ms. Doreen Saia (Greenberg Traurig) requested confirmation that the basis for the development of the proposed implementation details is the overall design for capacity accreditation previously approved by FERC. As such, Ms. Saia stated that the proposed implementation details should be assessed for their consistency with such previously approved design. Ms. Mohrman confirmed that the proposed implementation details are intended to facilitate the administration of the capacity accreditation construct consistent with the design previously approved by FERC.

Mr. Fromer sought confirmation that the proposed timeline provides sufficient time to calculate the resource-specific derating factors for all capacity supply resources to ensure that the UCAP rating for each resource is known in advance of each Capability Year. Ms. Mohrman confirmed that the proposed timeline provides an appropriate time for developing the resource-specific derating factors for all capacity supply resources noting that work to develop these derating factors can commence and be undertaken in parallel with the development of capacity accreditation factor values applicable for a particular Capability Year.

Mr. Fromer requested confirmation that the demand curve reset process will account for the applicable capacity accreditation factors in assessing potential peaking unit technology options. Ms. Mohrman stated that the NYISO's expectation is that the independent consultant would account for, and assess, capacity accreditation factor values of potential peaking unit technologies as part of the quadrennial reset process.

Mr. Mike Cadwalader (Atlantic Economics) and Ms. Saia recommended clarifying revisions to the proposed language of Footnote 8 within Section 7.2.1 of the ICAP Manual. The proposed clarifying edits were reviewed and discussed with no objections noted to their inclusion as part of the proposed manual revisions to be voted on by stakeholders.

Mr. Jay Goodman (Couch White) provided the following statement for inclusion in the minutes:

Multiple Intervenors opposes, and will vote against, the proposed (Tariff/ICAP Manual) changes. Multiple Intervenors does not oppose capacity accreditation per se. We remain concerned, however, with committing to implement it by May 1, 2024 despite knowing that it will not be applied equivalently and accurately to all capacity providers at that time. We perceive the capacity accreditation process as a work in progress, and contend that numerous outstanding issues should be addressed and resolved prior to this vote taking place.

Our concern that it will not be applied equivalently relates, for example, to the likelihood that capacity accreditation initial would treat all thermal units as a single capacity accreditation resource class, or CARC, despite a diversity of operating characteristics among those resources that are expected to result in multiple, and potentially materially-different, CARCs.

Our concern that it will not be applied accurately relates, for example, to anomalous modeling results observed for storage resources when the penetration of renewable resources and batteries exceeds an unknown threshold.

Multiple Intervenors also remains concerned with the ultimate impact on Special Case Resources, which may become increasingly important in terms of maintaining reliability as the state relies more on intermittent resources.

Finally, Multiple Intervenors is concerned with the potential impacts of capacity accreditation on consumers. Although the NYISO's analysis estimated that capacity accreditation would yield cost savings, it is anticipated that a potentially large amount of those avoided capacity procurement payments will be shifted to the indexed REC contracts paid by retail customers. Estimating the retail market impact was beyond the scope of the NYISO's analysis and thus the net customer cost impact is unknown.

Mr. Marc Montalvo (UIU) noted appreciation for NYISO staff's efforts in collaborating with stakeholders to develop the proposed implementation details. Mr. Montalvo stated that the Utility Intervention Unit plans to abstain on today's vote due to the need to further assess the proposed implementation details and the potential impacts thereof on the market.

Mr. Adam Evans (NYDPS) asked whether the plan and timeline for addressing associated resource adequacy modeling improvements are included as part of the implementation details. Mr. Mike DeSocio (NYISO) stated that the NYISO's intent is to continue collaborating with stakeholders over the coming years to assess and development further improvements to resource adequacy modeling and associated capacity modeling enhancements.

Mr. Fromer asked whether the approval of the proposed implementation details represents the completion of Phase 2 of the capacity accreditation initiative. Ms. Mohrman stated that the NYISO considers approval of the proposed ICAP Manual revisions to constitute the completion of Phase 2 of the capacity accreditation initiative, thereby triggering the obligation previously imposed by FERC to submit an informational filing to describe the results of the Phase 2 efforts.

Mr. Fromer recommended that the NYISO consider including in its upcoming informational filing to FERC addressing the results of Phase 2 an identification the additional efforts planned to be undertaken following Phase 2 to assess and develop further modeling enhancements.

Motion #2:

The Business Issues Committee ("BIC") hereby approves the revisions to the Installed Capacity Manual, as more fully described in the presentation "Capacity Accreditation: Implementation Details" made to, and as further revised during, the BIC on December 14, 2022, acknowledging the NYISO's stated commitment to address the Work Plan presented to Market Participants at the Oct. 19, 2022 ICAP meeting and to address associated enhancements, as needed.

Motion passed by majority with abstentions.

Motion #3:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee ("MC") approve the revisions to Section 5.12.7 of the NYISO's Market Administration and Control Area Services Tariff, as more fully described in the presentation "Capacity Accreditation: Implementation Details" made to the BIC on December 14, 2022.

Motion passed by majority with abstentions.

5. Hybrid Aggregated Storage (HSR) Model Market Design Proposal

Mr. Francesco Biancardi (NYISO) reviewed the presentation included with the meeting material.

Mr. Jeff Dannels (Shell Energy) asked for clarification regarding whether the NYISO would account for a hybrid

storage resource updating its operating limit parameters in real-time when assessing whether it failed to meet its availability to provide services. Mr. Biancardi stated that the NYISO will account for instances when a hybrid storage resource updates its limit values in real-time to reflect changes in its capability in determining whether the resource is operating consistent with its real-time availability.

Mr. Montalvo asked whether the potential to disable the ability to provide reserves due to persistent failures to provide scheduled reserves is specific only to the proposed rules for hybrid storage resources or generally applicable to all reserve providers. Mr. Alex Schnell (NYISO) stated the NYISO's authority to disqualify resources from providing reserves for persistent failures to provide scheduled reserves applies to all reserve providers.

Mr. Montalvo asked for clarification regarding whether the application of the outage state rules to the hybrid storage resources is intended to provide for consistency with the application of those rules to other resource types. Mr. Schnell noted that the application of the outage state rules to hybrid storage resources is intended to account for the differences that arise in the case of a hybrid storage resource when a forced outage occurs with respect to the energy storage component of such a resource.

Mr. Fromer recommended that the NYISO consider developing a publicly available summary document to provide a high-level overview of the market participation rules for co-located storage resources versus hybrid storage resources.

Motion #4:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee approve changes to the Market Administration and Control Area Services Tariff and Open Access Transmission Tariff, as posted for review and described in the presentation titled “Hybrid Aggregated Storage Market Design Proposal” made to the BIC on December 14, 2022.

Motion passed unanimously.

6. Working Group Updates

Billing and Accounting and Credit Working Group: The group met on November 18, 2022 and reviewed: (1) the standard accounting/settlement reports; and (2) an update regarding the schedule for conducting market trials related to the distributed energy resources (DER) participation model software enhancements.

Electric System Planning Working Group: The group met on November 18, 2022 and reviewed: (1) a presentation by LIPA regarding considerations related to the potential use of the Ruland Road property in connection with project proposals submitted in response to the Long Island Offshore Wind Export Public Policy Transmission Need (PPTN); (2) lessons learned from the 2021-2040 System & Resource Outlook study; and (3) an overview of the proposed capacity benefit assessment to be conducted as part of evaluating the project proposals submitted in response to the Long Island Offshore Wind Export PPTN.

Installed Capacity Working Group: The group has met jointly with MIWG and PRLWG four times since the last BIC meeting. The group met on November 21, 2022 and reviewed: (1) ICAP Manual and proposed supplemental tariff revisions related to Phase 2 of the improving capacity accreditation initiative; and (2) proposed rules for capacity market participation of hybrid storage resources. On November 29, 2022, the group met and reviewed: (1) proposed revisions to the Load Forecasting Manual to support the implementation of the DER participation model; and (2) a final draft of the 2022 Master Plan outlining a strategic vision for market design initiatives over the next five years. The group met on December 6, 2022 and reviewed: (1) ICAP Manual revisions related to Phase 2 of the improving capacity accreditation initiative; (2) updated results of the consumer impact analysis for Phase 2 of the improving capacity accreditation initiative; (3) proposed supplemental tariff revisions related to the implementation of the DER participation model; (4) proposed rules for capacity market participation of hybrid storage resources; and (5) proposed changes to the current rules governing the expiration and transfer of

Capacity Resource Interconnection Service. The group also met on December 13, 2022 and reviewed: (1) a presentation by the Market Monitoring Unit (MMU) regarding its quarterly market assessment for Q3 2022; (2) considerations regarding the eligibility of resources with non-controllable onsite generation to participate in NYISO-administered demand response programs; and (3) proposed supplemental tariff revisions related to the implementation of the DER participation model.

Load Forecasting Task Force: The group has met twice since the last BIC meeting. On November 17, 2022, the group met and reviewed: (1) preliminary 2022 weather normalized peak loads for use in developing the peak load forecast to be used as part of the administration of the capacity market for the 2023/2024 Capability Year; and (2) proposed revisions to the Load Forecasting Manual to support the implementation of the DER participation model. The group also met on December 5, 2022 and reviewed: (1) the preliminary peak load forecast to be used as part of the administration of the capacity market for the 2023/2024 Capability Year; and (2) regional load growth factors used in developing the preliminary peak load forecast to be used as part of the administration of the capacity market for the 2023/2024 Capability Year.

Market Issues Working Group: The group has met jointly with ICAPWG and PRLWG four times since the last BIC meeting. On November 21, 2022, the group met and reviewed: (1) proposed rules for energy and ancillary services market participation of hybrid storage resources; and (2) survey results related to the upcoming Spring 2023 Centralized TCC Auction. The group met on November 29, 2022 and reviewed: (1) proposed revisions to the Load Forecasting Manual to support the implementation of the DER participation model; and (2) a final draft of the 2022 Master Plan outlining a strategic vision for market design initiatives over the next five years. On December 6, 2022, the group met and reviewed: (1) proposed supplemental tariff revisions related to the implementation of the DER participation model; (2) proposed rules for energy and ancillary services market participation of hybrid storage resources; and (3) the market design concept proposal for the Dynamic Reserves initiative. The group also met on December 13, 2022 and reviewed: (1) a presentation by the MMU regarding its quarterly market assessment for Q3 2022; (2) considerations regarding the eligibility of resources with non-controllable onsite generation to participate in NYISO-administered demand response programs; and (3) proposed supplemental tariff revisions related to the implementation of the DER participation model.

Price Responsive Load Working Group: The group has met jointly with ICAPWG and MIWG four times since the last BIC meeting (i.e., November 21, 2022, November 29, 2022, December 6, 2022, and December 13, 2022). At each meeting, the group reviewed the agenda topics related to distributed energy resources, energy storage resources and/or the NYISO-administered demand response programs.

7. New Business

There was no new business.

The meeting adjourned at 12:15 pm.