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**NYISO Management Committee Meeting Minutes****October 26, 2018****10:00 a.m. – 12:00 p.m.**

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

The chair of the Management Committee (MC), Ms. Erin Hogan (NYS Utility Intervention Unit), 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 June 26, 2018 Meeting Minutes**

The draft meeting minutes from the June 26, 2018 meetings were presented for approval.

**Motion 1**

The Management Committee (MC) approves the June 26, 2018 meeting minutes.

***The motion passed unanimously by show of hands with an abstention.***

**3. CEO/COO Report**

Mr. Robert Fernandez (NYISO) informed members, most of who were already aware, that Mr. Brad Jones had resigned a few weeks ago. Mr. Fernandez stated that the NYISO Board of Directors has appointed him as interim president and CEO. He stated that during the transition period, Ms. Karen Gach (NYISO) will be acting as the NYISO's General Council. Mr. Fernandez asked the members to join him in thanking Mr. Jones for his three years of service to the NYISO. Mr. Fernandez noted his appreciation for Mr. Jones service and wished him and his family the best of luck in the future.

Mr. Fernandez also updated members on the AC transmission selection process. He said the Board continues its due diligence; they have asked NYISO staff to provide them with additional information which NYISO staff continued to provide. The Board has discussed this topic at each meeting since August and will discuss it again in November. They have scheduled a December meeting to solely talk about AC transmission and are targeting a decision by the end of the year, or in early 2019. Once that decision is made, the NYISO will be issuing the appropriate documents for stakeholder review.

Mr. Rick Gonzales (NYISO) provided an update on the Market Performance Highlights and Operations Report (presentations included with meeting material).

**4. Strategic Plan**

Mr. Rich Dewey (NYISO) reported on the NYISO 2019-2023 Strategic Plan (presentation included with the meeting material). The Strategic Plan is a five year look ahead that, with Stakeholder feedback, outlines the mission, guiding principles, and core values under which the NYISO will operate over the next five years.

Mr. Dewey noted that the information gathering process that leads into the development of the Plan includes a review of the existing Strategic Plan, the NYISO budget and Business Plan, and, importantly, feedback received from stakeholders at the Sector meetings and the Joint Board of Directors and Management Committee meeting on topics of importance. Mr. Dewey said that the NYISO has taken great strides in making this an integrated process and stressed the importance of Stakeholder feedback. Mr. Dewey also noted that the five-year Master Plan is very useful in helping to establish the tactical components of the Strategic plan.

Mr. Dewey provided a recap of feedback received from the sector meetings, which centered on Public Policy Integration, DER Roadmap and Energy Storage Integration, and Resilience. Mr. Dewey also recounted stakeholder feedback regarding the Joint Board of Directors and Management Committee meeting topics: Wholesale Markets for the Grid of the Future and The Role of Carbon Pricing in Wholesale Markets. Mr. Dewey noted that agendas for both of these meetings are set by Stakeholders.

Mr. Dewey said the Strategic Plan identifies six strategic initiatives to address the evolving nature of New York's power grid as large-scale renewables and distributed energy resources connect and place new demands on electricity markets and grid operations. The initiatives are:

- Grid reliability and resilience
- Efficient Markets for a grid in transition
- New resource integration
- Integration of public policy
- Technology and infrastructure investment
- Efficient and flexible business model

The final Strategic Plan is approved each year in October, published in December, and then becomes the work plan for the NYISO.

Mr. Dave Clarke (LIPA) asked if the NYISO has thought about the potential new NOx rules as a perspective strategic challenge. Mr. Dewey replied that this is being recognized under Grid Reliability and Resilience (Planning for Environmental Impacts).

Mr. Stu Caplan (Troutman Sanders) said that while the Transmission Owners have committed to work with the NYISO and stakeholders with respect to increased intermittent resources on the system, they do have concerns; they haven't seen enough analysis to be comfortable that NYISO is on the right track and that all appropriate issues have been analyzed and vetted. Mr. Caplan said there would be benefit in scheduling stakeholder discussions and vetting issues associated with this to help guide the NYISO's strategic thinking over the next 5 years. Mr. Dewey stated that he appreciates and welcomes opportunities to analyze this, adding that developing the Strategic Plan is an iterative process that is updated every year. In the event the priorities don't achieve the expected gains, Mr. Dewey explained that the Board is committed and open to adjusting, and recognizes the need to make adjustments to the priorities.

Mr. Chris LaRoe (Brookfield Energy) said he found the Master Plan to be very helpful and asked how the Master Plan gets updated. Mr. Robb Pike (NYISO) stated that the Master Plan, released in June, was based on feedback from Stakeholders, was put out as NYISO's suggestions for moving forward and as an input into the project prioritization process, and also for the Board's consideration as they envision the Strategic Plan. Mr. Pike noted that based on feedback received through survey mechanisms, the Master Plan was altered from what was originally proposed; some items were pulled in because of the priority they were given while others shifted out due to lack of support. Mr. Pike said the Master Plan is a living document that NYISO expects to release year, and will be put out early into the project prioritization process. Ms. Doreen Saia (Entergy) proposed that it would be helpful at year end for the NYISO to post the Master Plan as it has been affected and revised by the project prioritization process so the two continue to track. Mr. Dewey said yes, the NYISO will post the updated Master Plan.

Mr. John Borchert stated that customer impact should become a highlight in the Strategic Plan so it isn't lost as we go through our planning process and make changes to achieve efficient markets. Mr. Dewey noted that customer focus is key piece in the NYISO's mission statement and core values, and an equally important part of the calculus when the Board works on the Strategic Plan. Mr. Rana Mukerji (NYISO) mentioned that there is a Consumer Impact Analysis presented yearly and posted on the NYISO website.

Mr. Howard Fromer (PSEG) stated that he assumes “commitment to the customers”, highlighted in the presentation includes, in addition to rate payers, all of the asset owners in the market. Mr. Dewey confirmed that the NYISO has a broad definition of customers – all of the market participants.

#### **5. Management Committee Vice Chair Election**

Ms. Jane Quin (Con Edison) was approved as the 2019 Management Committee Vice Chair.

#### **6. 2019 NYISO Draft Budget**

Mr. Alan Ackerman (BPWG Chair/Customized Energy Solutions) provided an overview (presentation included with meeting material). Mr. Ackerman noted that this presentation had not changed since the September Management Committee meeting.

Mr. Mike Mager (Multiple Intervenors) noted that, with regret, MI would be opposing the 2019 budget vote. Mr. Mager stated that in the past, Multiple Intervenors has been supportive of the budget, including years where there has been an increase, but from a consumer perspective, this year’s projected spending increase of 8% and a projected Rate Schedule 1 increase of 8.5%, particularly in the current environment, is excessive. Mr. Mager also stated that he understood and appreciated the information in terms of what is driving the budget.

#### **Motion 2**

The Management Committee hereby recommends that the Board of Directors approve the proposed Rate Schedule #1 Revenue Requirement for the 2019 budget year as described in the presentation materials for the October 31, 2018 Management Committee meeting, subject to the following provisions:

Revenue Requirement – The Revenue Requirement is \$168.2 million.

Rate Schedule #1 – The budgeted Rate Schedule #1 is \$1.071/MWh.

Spending Under-runs – If a spending under-run occurs, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings.

Volume Over-collections – If an over-collection on Rate Schedule #1 occurs, the related funds should be utilized to pay down the principal amount of outstanding debt or reduce anticipated debt borrowings.

***The motion passed by majority show of hands with one abstention and four votes against.***

#### **7. Short Term Improvements to Planning Processes**

Ms. Yachi Lin (NYISO) provided an overview (presentation included with meeting material).

When discussing the new requirement to have identical project descriptions to be studied in both interconnection study and public policy planning process, Mr. Glenn Haake (NYPA) asked what would happen if additional local upgrades are identified in the system impact study. Ms. Lin walked through the steps on how the results from interconnection studies could be considered in the public policy transmission planning process.

Mr. Haake stated that his impression was that if the project elements studied in the interconnection study ends up being different due to the additional upgrades identified in this process, that will not be a basis for rejecting the public policy transmission need (PPTN) project although the additional cost estimate would be considered in the public policy transmission planning process.

Ms. Lin stated that Mr. Haake's assumption is correct; it will not disqualify the project. If additional upgrades are identified in the SIS's and, as a result, the project is no longer consistent with the original PPTN project description, the project will not be rejected in the PPTN context.

Mr. Zach Smith added that the network upgrade facilities identified in interconnection studies will continue to be taken into consideration in the public policy transmission planning process. The proposed tariff revisions will not change that. The rejection of proposals would only be the result if different project descriptions were submitted during the initial application phase.

Mr. John Cordi (NYPA) thanked the NYISO planning staff and Stakeholders for their support on improving this continually evolving process. He stated that the discussion around these improvements have not been without difficulty but he does believe the outcome of the discussion has been fruitful to all parties, adding that better defining the needs upfront will result in a greater understanding of evaluation criteria.

In response to Ms. Doreen Saia (Entergy) who asked that the cost containment proposal put out as soon as possible, Ms. Lin noted that a draft proposal would be posted in advance of the Nov 15 ESPWG-TPAS meeting.

Mr. Mager, on behalf of MI and NYC, stated that they are disappointed that cost containment provisions have not been included in these proposed tariff revision. While MI and NYC support the NYISO's efforts to further improve planning processes, they will not support moving any future public policy planning needs forward without cost containment provisions, and wish they were part of this proposal.

### **Motion #3**

The Management Committee (MC) hereby recommends that the Board of Directors approve for filing at the Federal Energy Regulatory Commission pursuant to Federal Power Act Section 205 the revisions to Sections 31.1, 31.2.1 – 31.2.7, 31.4, 31.11 and 31.12 of the Open Access Transmission Tariff (OATT) as more fully described in the presentation entitled "Short Term Improvements to Planning Processes" as presented and discussed at the October 31, 2018 MC meeting.

***The motion passed by majority show of hands with one abstention and five votes against.***

### **8. New Business**

Mr. Mark Younger (Hudson Energy Economics) noted that we have had a number of notices of credit defaults. He asked whether there seems to be something in particular driving the defaults? Mr. Fernandez stated that the defaults involve related entities. Mr. Fernandez said that taking a fresh look at credit and collateral requirements to make sure they balance the needs to protect from defaults while not creating unnecessary barriers to entry was discussed at the last Board meeting.

The meeting adjourned at 12:15.