
NYISO Business Issues Committee Meeting
Minutes
December 13, 2023
10:00 a.m. – 12:00 p.m.

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

The Chair of the Business Issues Committee (BIC), Mr. Scott Leuthauser (HQUS), called the meeting to order at 10:00 a.m. The members of BIC identified themselves and attendance was recorded. A quorum was determined.

2. Draft Meeting Minutes: November 15, 2023

There were no questions or comments regarding the draft minutes from the November 15, 2023 BIC meeting included as part of the meeting material.

Motion #1:

Motion to approve the minutes from the November 15, 2023 BIC meeting.

Motion passed unanimously.

3. Market Operations Report

Mr. Rana Mukerji (NYISO) reviewed the market operations report included with the meeting material. There were no questions or comments.

4. Dynamic Reserves

Mr. Nate Gilbraith (NYISO) reviewed the presentation included with the meeting material.

Mr. Mike Cadwalader (Atlantic Economics) requested confirmation that the indication of certain matters to be further discussed with stakeholders in 2024 is not intended to limit the scope of such discussions. Mr. Gilbraith stated that the identification of certain matters that will continue to be discussed with stakeholders in 2024 is not intended to serve as a limitation on the scope of such continuing discussions. Mr. Gilbraith clarified that such identification is merely intended to catalog certain key matters for inclusion in the ongoing collaboration with stakeholders related to the proposed dynamic reserves construct.

Mr. Leuthauser asked for clarification regarding the anticipated timing to seek stakeholder approval of proposed tariff revisions for the proposal. Mr. Gilbraith stated that the NYISO has not identified a specific timeline for seeking approval of tariff revisions related to the dynamic reserves proposal. Mr. Gilbraith noted that the timing will ultimately depend on the successful completion of prototyping and testing, as well as the additional collaboration with stakeholders to finalize the proposal and tariff revisions relating thereto.

Mr. Dave Clarke (LIPA) noted LIPA's appreciation for the efforts to develop a dynamic reserves construct stating that such a construct will be an important enhancement for helping to maintain system reliability and meet the changing needs of the system in response to the requirements of the Climate Leadership and Community Protection Act (CLCPA).

Mr. Pallas LeeVanSchaick (Potomac Economics) stated that the dynamic reserves construct is a beneficial and innovative design that provides a framework for implementing a mechanism that can adapt to changing system conditions over time. Mr. LeeVanSchaick further noted appreciation for the

NYISO's identification of matters to be further discussed in 2024 as part of the continuing efforts to finalize the dynamic reserves construct.

Mr. Ekene Umeike (Con Edison) noted Con Edison's appreciation for the collaboration and effort to date in developing the dynamic reserves construct, while recognizing that certain outstanding issues will continue to be discussed in 2024 as the NYISO works in collaboration with stakeholders to finalize the proposal and seek approval of tariff revisions relating thereto.

Mr. Yannick Vennes (HQUS) noted that HQUS is generally supportive of the overall concept to develop and implement an innovative dynamic reserves construct recognizing that additional matters will continue to be discussed in 2024 including the proposed forecasted reserved charge component of the dynamic reserves construct.

Motion #2:

The Business Issues Committee ("BIC") hereby endorses the Dynamic Reserves design, as more fully described in, and based on the information known as of the time of, the presentation titled "Dynamic Reserves Market Design" made to the BIC on December 13, 2023. Specifically, this endorsement does not apply to the complete proposed market design, but supports the concepts described in the first part of the presentation to dynamically determine reserve requirements based on grid conditions and topology and supports the NYISO continuing prototyping. Further, the BIC acknowledges that certain Dynamic Reserve market design issues, described in the second part of the presentation, such as cost allocation, congestion revenues, and TCC allocations, will continue to be discussed with stakeholders, beginning in Q1 2024, in parallel with prototyping for possible inclusion in modified prototyping efforts and in the ultimate presentation of proposed tariff revisions to the Business Issues Committee and the Management Committee.

Motion passed unanimously.

5. LCR Optimizer Enhancements Market Design

Mr. John Meyer (NYISO) reviewed the presentation included with the meeting material.

Mr. Mike Mager (Couch White) asked for further clarification regarding the anticipated timeframe to begin discussing testing results with stakeholders. Mr. Meyer stated that the NYISO currently anticipates that initial testing result should be available for review with stakeholders in the February/March 2024 timeframe.

Mr. Mark Younger (Hudson Energy Economics) requested clarification that the proposed enhancements to the LCR optimizer remain subject to further testing and review of such test results with stakeholders prior to seeking further approval of the proposed enhancements. Mr. Meyer noted that today's vote seeks only an endorsement of the market design. Mr. Meyer further clarified that the results of prototyping and testing will be discussed with stakeholders in 2024 to confirm that the proposed enhancements are operating as intended before the NYISO seeks any further stakeholder action on the proposal.

Mr. Younger recommended that the motion be revised to expressly recognize that the proposed enhancements remain subject to testing.

Mr. Howard Fromer (Bayonne Energy Center) recommended that the NYISO ensure that the proposed changes to the optimization are clearly documented for marketplace awareness. Mr. Zach T. Smith (NYISO) noted that the NYISO currently maintains a publicly available procedure that details the optimization function. Mr. Zach T. Smith clarified that, if the proposed enhancements are ultimately approved for implementation, the currently posted procedure document would be revised to reflect the proposed enhancements, including the detailed formulas representing the optimization function.

Mr. Fromer requested clarification regarding whether the NYISO intends to seek endorsement from BIC of the associated tariff revisions before requesting approval from the Management Committee. Mr. Zach T. Smith stated that the NYISO plans to further discuss the results of testing with stakeholders at the ICAPWG before seeking approval from the Management Committee of tariff revisions related to the proposed enhancements.

Motion #3:

The Business Issues Committee (“BIC”) hereby approves the market design for enhancements to the economic optimization used to establish Locational Minimum Installed Capacity Requirements, as more fully described in the presentation titled “LCR Optimizer Enhancements Market Design” made to the BIC on December 13, 2023; provided, however, that, as described in the aforementioned presentation, the NYISO will conduct additional prototyping and testing of the proposed enhancements and discuss the results thereof with stakeholders prior to seeking any further action on this proposal at the Management Committee.

Motion passed unanimously.

6. Modeling Improvements for Capacity Accreditation

Mr. Zach T. Smith reviewed the presentation included with the meeting material.

Mr. Fromer asked whether the NYISO would intend to apply the proposed firm versus non-firm fuel elections to a resource in the future that may elect to operate on hydrogen. Mr. Zach T. Smith stated that the proposed fuel elections should be capable of applying to a facility operating on hydrogen; however, the application of the proposed rules to such a resource would be dependent on the specific circumstances at issue, including consideration of how the facility receives delivery of hydrogen to support its production capability.

Mr. Younger noted that the Market Monitoring Unit (MMU) has raised concerns that the proposal to sunset the capacity limited resource program may not fully resolve the ability for certain generators to utilize normal and emergency upper operating limit values to effectively reduce the functional availability to the energy market of certain operating capability while being compensated for such capability in the capacity market. Mr. Younger requested clarification regarding the steps that will be taken to further evaluate and address this potential concern. Mr. Zach T. Smith stated that the NYISO is willing to further discuss this additional matter identified by the MMU with stakeholders prior to seeking Management Committee approval of the proposal.

Mr. Younger recommended that the motion be revised to expressly acknowledge the commitment to further assess the outstanding concern identified by the MMU prior to seeking approval from the Management Committee.

Motion #4:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee (“MC”) approve the Modeling Improvements for Capacity Accreditation rules, as those concepts were presented and discussed at the December 13, 2023 BIC meeting subject to the NYISO delineating the scope of, solutions, and, if necessary, associated tariff language for, the open issue within the set of issues, coined “Correlated Derates”, by the NYISO that was identified by the MMU near the end of this project at an ICAP working group meeting, prior to discussion and action by the Management Committee on these matters in 2024. Tariff language reflecting these Modeling Improvements shall be further refined and reviewed at an Installed Capacity Working Group meeting prior to discussion and action by the Management Committee in 2024.

Motion passed unanimously.

7. TCC Manual Revisions

Mr. Matt Rodgers (NYISO) reviewed the presentation included with the meeting material. There were no questions or comments.

Motion #5:

The Business Issues Committee (“BIC”) hereby approves revisions to the Transmission Congestion Contracts Manual as described in the presentation titled “Transmission Congestion Contracts Manual Revisions” made to the BIC on December 13, 2023.

Motion passed unanimously.

8. Working Group Updates

Billing, Accounting, and Credit Working Group: The group met on November 17, 2023 and reviewed the standard accounting/settlement reports.

Electric System Planning Working Group: The group met on November 21, 2023 and reviewed: (1) presentations by Con Edison, National Grid, NextEra Energy Transmission New York, NYPA, NYSEG, Orange and Rockland, PSEG Long Island, and RG&E regarding updates to their respective local transmission plans; (2) an update regarding the process associated with the New York City Public Policy Transmission Need; (3) a presentation by the New York Offshore Wind Alliance regarding considerations related to the New York City Public Policy Transmission Need; (4) an update regarding coordination efforts related to the NYPSC-approved Coordinated Grid Planning Process; (5) an update regarding the ongoing 2023-2042 System & Resource Outlook study; and (6) a presentation by DNV regarding its development of updated production profile models for New York solar and land base wind generation.

Installed Capacity Working Group: The group has met jointly with MIWG and PRLWG four times since the last BIC meeting. On November 17, 2023, the group met and reviewed: (1) proposed enhancements to the modeling of natural gas system constraints as part of determining capacity accreditation factors; (2) an update regarding the assessment of potential enhancements to the NYSRC's reserve margin study modeling to account for impacts of natural gas system constraints; (3) the results of the annual update to establish the ICAP Demand Curves for the 2024/2025 Capability Year; (4) preliminary locational capacity requirement values for the 2024/2025 Capability Year; and (5) informational capacity accreditation factor results for the 2024/2025 Capability Year. On November 27, 2023, the group met and reviewed: (1) a presentation by the Joint Utilities regarding considerations related to the metering requirements for distributed energy resources (DER); and (2) proposed capacity accreditation enhancements for: (a) considering natural gas constraints, (b) Special Case Resources, (c) temperature and humidity impacts on the operation of certain generation facilities, and (d) capacity limited resources. The group met on December 4, 2023 and reviewed proposed capacity accreditation enhancements for: (a) considering natural gas constraints, (b) Special Case Resources, (c) temperature and humidity impacts on the operation of certain generation facilities, and (d) capacity limited resources. The group also met on December 6, 2023 and reviewed: (1) a report addressing the initial outreach conducted as part of the Engaging the Demand Side project; and (2) a presentation by the Market Monitoring Unit (MMU) regarding its quarterly market assessment for Q3 2023.

Load Forecasting Task Force: The group has met twice since the last BIC meeting. On November 20, 2023, the group met and reviewed the 2023 preliminary weather normalized peak load for use in developing the 2024/2025 Capability Year capacity market peak load forecast. The group also met on December 5, 2023 and reviewed: (1) regional load growth factors for use in developing the 2024/2025 Capability Year capacity market peak load forecast; and (2) the preliminary 2024/2025 Capability Year capacity market peak load forecast.

Market Issues Working Group: The group has met jointly with ICAPWG and PRLWG four times since the last BIC meeting. On November 17, 2023, the group met and reviewed a proposal for developing a dynamic

reserves construct. The group met on November 27, 2023 and reviewed: (1) a presentation by the Joint Utilities regarding considerations related to the metering requirements for DER; (2) a proposal for developing a dynamic reserves construct; (3) a presentation by the MMU regarding considerations and potential enhancements to the proposal for developing a dynamic reserves construct; (4) the results of the NYISO's initial assessment to consider the potential participation of energy storage resources as a transmission asset; and (5) a presentation by National Grid regarding a proposal to consider the potential participation of energy storage resources as a transmission asset. On December 4, 2023, the group met and reviewed: (1) a proposal for developing a dynamic reserves construct; and (2) a presentation by the MMU regarding considerations and potential enhancements to the proposal for developing a dynamic reserves construct. The group also met on December 6, 2023, and reviewed: (1) a report addressing the initial outreach conducted as part of the Engaging the Demand Side project; (2) a presentation by the MMU regarding its quarterly market assessment for Q3 2023; (3) a proposal for developing a dynamic reserves construct; and (4) survey results related to the upcoming Spring 2024 Centralized TCC Auction.

Price Responsive Load Working Group: The group has met jointly with ICAPWG and MIWG four times since the last BIC meeting (i.e., 11/17, 11/27, 12/4 and 12/6). 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.

9. New Business

There was no new business.

The meeting adjourned at 12:00 p.m.