

DRAFT

NYISO Management Committee Meeting Minutes

February 27, 2019

10:00 a.m. – 12:00 p.m.

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

The chair of the Management Committee (MC), Mr. Chris LaRoe (Brookfield), called the meeting to order at 10:00 a.m. by welcoming the members of the MC. Members identified themselves and attendance was recorded. A quorum was determined.

2. President/COO Report

Mr. Robert Fernandez (NYISO) reminded members of the upcoming sector meetings in March and said he looked forward to everyone participating.

Mr. Rick Gonzales (NYISO) reviewed the market operations and operations performance reports for the month of January 2019. Ms. Emilie Nelson (NYISO) noted that the NYISO would present a summary of cold weather operations at the March Operating Committee meeting, and if desired, at the March MC meeting.

Mr. Gonzales reported that on February 12, 2019, the NYISO added 15 transmission lines to the 115 kV energy market models and provided notice to the marketplace when that change became effective. Mr. Gonzales said the NYISO understands that Market Participants would like to receive advanced notice of these market implementation changes and the NYISO is willing to commit to providing advance notice in the future and have it reflected in the minutes.

Mr. Mark Younger (Hudson Energy Economics) appreciated the NYISO's commitment, but asked if it would be possible for the NYISO to provide a minimum two-week notice. Mr. Gonzales said that was reasonable. Mr. Leuthauser asked if the NYISO could retain the email announcing the notices. Mr. Gonzales said the NYISO would look into it.

Mr. Mike Kramek (Boston Energy Marketing and Trade) appreciated the NYISO looking into providing notices as far in advance as reasonably as possible.

Mr. Bruce Bleiweis (DC Energy) asked why a month in advance notice could not be provided. He noted that people are making investment changes every day. He understood the NYISO's need to balance making market changes for efficiency and/or addressing reliability concerns. Mr. Gonzales said if there was going to be a major system topology change, the NYISO would give more notice compared to what occurred on February 12, which was meant to address outage conditions.

Mr. Younger asked if the recently announced change to the TCC auction model would be reflected in the April 2019 Reconfiguration Auction. Mr. Wes Yeomans (NYISO) stated that the recently announced change to the TCC auction model will be applied for all remaining rounds of the Spring 2019 Centralized TCC Auction, starting with Round 2 of that auction. The change to the auction model will not apply to the April 2019 Reconfiguration Auction.

3. Revised AC Transmission Public Policy Transmission Planning Report

Mr. Zach Smith (NYISO) reviewed the presentation included with the meeting material.

In response to a question, Mr. Smith said that logistical information for oral presentations to the Board in March would be provided to stakeholders.

Mr. Younger opined that the benefits anticipated from capacity savings should be qualified because those savings may not happen. In addition, he said the G-J elimination scenario should be removed from the report because it contained flawed assumptions and is more misleading than useful. The report reinforced that the zone cannot be eliminated because there are substantial needs for capacity in the Lower Hudson Valley. Since the zone supports reliability, the price signal should not be taken away. Also, it is not possible to build capacity in the much more densely populated Zones H and Zones I for what it costs in Zone G. Making that assumption produces misleading results. Mr. Younger said the NYISO also assumed that Zone G can be eliminated without capacity shutting down due to reduced revenues in Zone G. The NYISO should have assumed that generation in Zone G would shut down.

Mr. John Borchert (Central Hudson) disagreed and found the capacity savings information to be reasonable and said it was important to include the scenario in the report as written today. Mr. Mike Mager (Couch White for Multiple Intervenors) said he agreed with Mr. Younger's conclusion but not his reasoning. Mr. Mager did not think the scenario should be in the report because the Board did not grant an appeal nor ask the NYISO to perform market design work in 2019 for zone elimination or zone creation. Mr. Mager found the scenario's inclusion in the report troubling. Mr. Kevin Lang (City of NY) concurred with Mr. Mager and said the City was also struggling with the scenario's inclusion. While he did not agree with Mr. Younger's analysis, Mr. Lang agreed that the scenario should be eliminated from the report. Mr. Fernandez suggested that the members should re-read the Board's decision in the referenced appeal on zone elimination and creation.

In response to a question, Mr. Carl Patka (NYISO) said that the NYISO would have to take back and consider cost recovery for Segment B upgrades which were designated by the PSC to Central Hudson and Orange & Rockland.

Mr. Mager said Multiple Intervenors' concerns are with the overall process itself and asked if the criteria used in the AC Transmission Public Policy planning process were going to be precedential for future processes. Mr. Smith said the NYISO intended to return to stakeholders soon to discuss lessons learned and welcomed stakeholder feedback on ways to improve the process. He noted that after the Western NY public policy transmission process, the NYISO implemented process improvements. Mr. Smith said the NYISO does not envision changing the metrics that are in the tariff, but the tariff does provide flexibility in how those metrics are weighed by the NYISO Board. Mr. Smith agreed that the NYISO wants to provide as much clarity as possible at the beginning of the process.

Mr. Marc Montalvo (UIU) said he felt stakeholders deliberated and made a well informed decision at the time. The UIU is concerned the Board applying qualitative measures in a different way and considering the facts in a different way and coming to a different decision. He said stakeholders do not have the basis to independently assess whether the Board's decision was a better decision. Given how much time and effort developers put into submitting a proposal, the last thing stakeholders want to see happen is developers decide not to participate and reducing the competitive nature of the process. Mr. Montalvo indicated that he supports improving the process

and making sure the rules are understood by everyone from the outset because that will enhance confidence in the process.

Mr. Lang concurred and said, from the City's perspective, the City has been advocating for new transmission between upstate and downstate. The City remains supportive of the AC Transmission project and encourages the Board to move forward expeditiously so that the AC Transmission projects can move forward. The City also believes that the process needs to be open and transparent so that developers are encouraged to participate and not creating a process that gives developers pause. He said there needed to be coordination between the Board and NYISO Staff, between the Board and stakeholders, and between the Board and developers so that everyone understood the important issues and is playing by the same rules. As to this particular selection, the City defers to the NYISO Staff and the Board as to which are the appropriate projects to proceed. Regarding to any possible confusion regarding Mr. Lang's past comments regarding the integrity of the process, the City did not intend to accuse anyone of dishonesty. The NYISO Staff did a superb job in the process and acknowledged that the Board has the ability to look at the technical details in a different manner from the NYISO Staff's analysis. Mr. Lang stated he did not intend to suggest any improprieties. Going forward, the NYISO needs to have a process that is encouraging developers to participate so that the process is as competitive as possible.

Ms. Doreen Saia (Entergy) encouraged NYISO Staff to work with the Board from the outset and providing monthly reports of the status. She noted that if the data for the next public policy process show that one factor is becoming more distinguishing, it would be good to know that sooner. The proposed improvement does not need to be added to the tariff. It is a way to administratively operate more effectively.

Mr. Glenn Haake (NYPA) concurred with Mr. Mager and Mr. Lang and said that NYPA provided similar comments at earlier meetings and in written comments and did not want to re-iterate those concerns at the MC.

Ms. Jane Quin (Con Edison) appreciated the Board having the NYISO conduct additional analysis of the Middletown transformer and looked forward to continuing a discussion with NYISO and stakeholders on how local upgrades can be treated in the future for public policy transmission projects.

Mr. Fernandez thanked stakeholders for their feedback.

MMU Memo

Mr. Pallas LeeVanSchiack (Potomac Economics) reviewed the memo included with the meeting material. There were no questions or comments.

4. AC Transmission Public Policy Transmission Report Addendum Comments – LS Power Grid New York/ New York Power Authority

Mr. Lawrence Willick (LS Power) reviewed the presentation included with the meeting material that advocated for the selection of the combination of T027 and T029 projects.

Mr. Montalvo observed that the project selected impacts possible future transmission expansion options. He noted that T019 and T029 present different options for future enhancement or expansion. The value of those options are different and the selection method applied by the NYISO did not incorporate future optionality but was a more deterministic analysis of scenarios.

That may not be the best way to address some of these differences going forward. Mr. Montalvo suggested the NYISO may want to consider prospective optionality in its public policy planning selection process.

5. Analysis of Project Combinations T027+T019 and T027+T029 as Proposed to the NYISO During the AC Transmission Public Policy Transmission Planning Process

Ms. Kathleen Carrigan (NY Transco) reviewed the presentation included with the meeting material that advocated for the selection of the combination of T027 and T019 projects.

In response to LS Power's presentation, Ms. Carrigan said that the SSR cost estimates for T019 will not be known until subsequent studies are performed. It's possible no mitigation will be required for the SSR. In addition, if LS Power wanted to add the benefits of series compensation to T029, LS Power should have proposed those features as part of its proposal. The NYISO should not evaluate those features at this particular point because it is a competitive process and to do so, would violate the tariff.

Mr. Willick said that it was not appropriate for the NYISO to consider the cost of SSR mitigation as part of the 30% project contingency, rather than as a separate part of the base cost of the T019 project. By comparison, with respect to cost of mitigating the substation and pipeline overlay at Rotterdam in the T027 project, the NYISO included a separate cost item for that mitigation in the cost estimate. LS Power was not suggesting that the NYISO study T029 with series compensation at this point, but was suggesting that series compensation could be added in the future. LS Power was also not suggesting that the terminal equipment was an element of T029 proposal, but the rebuild of the New Scotland terminal was an element of T027. Of course, all of the proposals called for a new substation at Knickerbocker, and New Scotland-to-Knickerbocker would be properly modeled at the conductor rating and not terminally limited.

Ms. Carrigan thanked NYISO Staff for all of the work performed and conducting the ESPWG/TPAS meetings to share results with stakeholders.

Mr. Matthew Schwall (IPPNY) noted for the record that IPPNY submitted comments that argued that the G-J elimination scenario should be granted no weight by the Board and if stakeholders were interested, those comments were posted with the meeting material. Mr. Younger asked if the scenario would be removed from the final report. Mr. Fernandez said the NYISO would take it under advisement and noted that oral presentations to the Board would also occur. In response to a question, Mr. Fernandez said that the oral presentations would take place on March 18, 2019. Mr. Carrigan clarified that New York Transco would only seek to orally present if LS Power asks to present before the Board.

Mr. LaRoe noted that stakeholders were able to submit further written comments to the NYISO.

6. New Business None

The MC adjourned at 12:00 p.m.