
NYISO Management Committee Meeting Minutes
March 27, 2019
10:00 a.m. – 1:00 p.m.

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

The chair of the Management Committee (MC), Mr. Chris LaRoe (Brookfield Renewables), 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. Rob Fernandez (NYISO) provided an update on the committee sector meetings and noted that these meetings are the first phase of the NYISO's annual strategic planning process and will be followed by further discussions at the June 3 Joint Board of Directors and Management Committee meeting. Mr. Fernandez noted that the three themes heard consistently in the sector meetings were 1) the state of carbon pricing in NY, 2) planning for and communicating about the various ambitious goals associated with the Green New Deal and 3) a need to improve the class year process to allow timely entry of new resources. Mr. Fernandez thanked members for their feedback and stated that he looked forward to further conversations at the June meeting.

Ms. Emilie Nelson (NYISO) reviewed the Market Performance Highlights and Operations Performance Report (presentation include with meeting material).

3. Customer Satisfaction and Assessment of Performance

Dr. Don Levy (Siena) provided an update (presentation included with meeting material). Dr. Levy noted that for the end of year assessment of performance, NYISO received an excellent satisfaction score of 90.1%. Dr. Levy reviewed the NYISO's areas of strength which include professionalism of NYISO's personnel, responsiveness to needs, timeliness in communicating key market issues, and reliably operating New York's bulk electricity grid. He also reviewed opportunities for improvement which include explanation of policies and procedures, transparent operations of the NYISO, conducting comprehensive long-term planning for state's electric power system and advancing the technological infrastructure.

Dr. Levy noted that Siena would be launching the next customer satisfaction survey within a few weeks. He asked members to consider taking part in the survey as it is an opportunity for stakeholders to describe their level of satisfaction with departments and assess the NYISO's overall performance.

Mr. Howard Fromer (PSEG) suggested that Siena include a question that reflects how NYISO is performing in comparison to other ISOs. Dr. Levy noted that this was a great idea.

4. Winter 2018-2019 Cold Weather Operating Conditions

Ms. Emilie Nelson provided an update (presentation included in the meeting material). Ms. Nelson explained that her presentation was an updated version of the presentation provided at the March Operating Committee (OC) meeting, with some additional improvements to a few of the graphics, based on feedback from stakeholders at the OC.

5. Clarification of Fixed Price TCC Credit Requirement Calculation

Ms. Sheri Prevratil provided an update (presentation included in the meeting material). Ms. Doreen Saia (Entergy) noted for the record that bringing this tariff language to the MC without voting on it at the BIC

first was an exception to the normal course of action, where proposals involving tariff revisions are presented first at BIC for action and then advance to the MC. Ms. Saia stated, however, that given the circumstances and the nature of the incremental revisions, the process followed was reasonable.

Mr. Howard Fromer (PSEG) stated that a notice was recently sent out notifying stakeholders that the ISO was revising its customer registration agreement for Market Participants that use a financially responsible party to provide the credit support and pay settlement obligations and other responsibilities on their behalf. He asked what the reason was for this change.

Ms. Prevratil stated that the policy change was discussed at the Billing, Accounting & Credit Working Group and that this type of relationship will still be permitted. The updated customer registration agreement will make both parties jointly and severally liable for any type of collateral call or payment obligation that NYISO issues. If the financially responsible party does not pay its bill, the load serving entity or generator would be responsible for their portion of that payment. The policy change will also require MPs that elect to use a financially responsible party to meet all of the minimum participation criteria, which includes capitalization.

Mr. Bruce Bleiweis asked if a date has been determined for further discussion on minimum capitalization requirements for participants in the TCC market. Ms. Prevratil said the NYISO would further review this matter. Ms. Cheryl Hussey (NYISO) added that if the NYISO decides to propose a review of the current minimum capitalization requirements, a project to review such requirements would be included for consideration in the project prioritization process.

Motion #1:

The Management Committee (MC) hereby approves, and recommends to the NYISO Board for filing under Section 205 of the Federal Power Act, revisions to Attachment K of the Market Administration and Control Area Services Tariff as described in the presentation entitled “Clarification of Fixed Price TCC Credit Requirement Calculation,” made at the March 27, 2019 MC meeting.

The motion passed unanimously by show of hands.

6. Establishing Zone J Operating Reserves Ashley Ferrer 11:35 – 11:55

Ms. Ashley Ferrer provided an update (presentation included in the meeting material).

Mr. Mark Younger (Hudson Energy Economics) thanked the NYISO for shepherding this through the process. While the price impacts are not particularly large, it is important to understand that the price signals it sends at critical times are very important and provide the kind of signals that people need to know about the benefits of peaking capacity - whether it be batteries or traditional. The market is making lots of decisions about how to address peaking units, including responding to the DEC’s peaking unit rule and the State’s battery push. While this change is good, we also recently saw reliability studies that show we need more targeted price signals. Mr. Younger stated that he understands that this is part of the continuing effort to provide the right price signals in defined parts of NYC.

Mr. Rana Mukerji (NYISO) stated that the proposed changes will be implemented this summer, but the broader effort is to get more granular reserve regions in NYC defined and approved. The milestone for the broader effort is “market design complete,” so we have to finish that design by the fall of this year. Mr. Mukerji stated that he looks forward to stakeholder participation and engagement on this effort.

Motion #2

The Management Committee (“MC”) hereby: (i) approves revisions to the Market Administration and Control Area Services Tariff and the Open Access Transmission Tariff as more fully described in the presentation entitled “Establishing Zone J Operating Reserves” made to the MC on March 27, 2019; and (ii)

recommends that the NYISO Board of Directors authorize NYISO staff to file such revisions under Section 205 of the Federal Power Act.

The motion passed unanimously by show of hands with abstentions.

7. New Business

Mr. Fernandez provided the following update on the Board compensation.

In 2013, the Board of Directors indicated that they would review their compensation every 3 years. They subsequently modified their compensation in 2016 after stakeholder review and comment as required under the ISO agreement which reads “any change in the Directors compensation will be subject to the ISO Board approval after the Management Committee has had an opportunity to review and comment on any proposed change.” The Board recently went through a process reviewing compensation with the assistance of an independent compensation consultant who advised them on industry trends and gave as well as competitive market practices among similar organizations. This exercise was to give the Board assurance on the reasonableness of their compensation. After some deliberation, the Board concluded that certain discreet adjustments were appropriate to help recruit and retain qualified talent to serve as NYISO directors. Among the factors they considered were the workload of the Board who are very engaged and tend to meet more frequently than their peer organizations. This workload is largely driven by the tariff; they are required to approve 205 filings, and they also get into complicated market decisions such as Demand Curve reset, Public Policy Transmission needs, etc. In addition, due to NYISO rules, Board members are also restricted as to other Board opportunities and employment opportunities. The strict conflict of interest also limits sitting and perspective directors on the types of personal investments they can make, in particular in the energy sector. These are some of the challenges the Board has heard firsthand and have helped shape their thinking in how to best compete in a fairly limited talent pool.

Mr. Fernandez provided an overview on the updated compensation. Comments are welcome and should be sent to Diane Egan by close of business April 5.

The meeting adjourned at 12:45.