
NYISO Business Issues Committee Meeting Minutes
April 17, 2019
10:00 a.m. - 12:50 p.m.

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

Mr. Aaron Breidenbaugh (Consumer Power Advocates) called the meeting to order at 10:00 a.m. by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

2. Approval of BIC Minutes

There were no questions or comments regarding the draft minutes for the February 13, 2019 and March 13, 2019 BIC meeting that were included as part of the meeting material.

Motion #1:

Motion to approve the Minutes of the February 13, 2019 and March 13, 2019 BIC meetings.

Motion passed unanimously with an abstention.

3. Market Operations Report and Broader Regional Markets Report

Mr. Rana Mukerji (NYISO) reviewed the Market Operations report posted with the meeting material. There were no questions or comments regarding the Market Operations report.

Mr. Mukerji reviewed the Broader Regional Markets report included with the meeting material. There were no questions or comments regarding the Broader Regional Markets report.

4. Accounting & Billing Manual Changes

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

Motion #2:

The Business Issues Committee ("BIC") hereby approves the revisions to the Accounting & Billing Manual as described in the presentation to the BIC on April 17, 2019.

Motion passed unanimously with an abstention.

5. External SRE Penalty

Ms. Amanda Carney (NYISO) reviewed the presentation included with the meeting material.

Mr. Howard Fromer (PSEG) thanked the NYISO for being responsive to concerns raised by parties regarding the need to develop a proposal that achieves greater comparability between external and internal capacity supply resources. Mr. Fromer noted, however, that the proposed penalty for external capacity suppliers that do not perform in response a Supplemental Resource Evaluation (SRE) request is a suboptimal measure for seeking to ensure that external capacity suppliers operate when needed for reliability. Mr. Fromer further noted that the current proposal should only be considered as an interim measure, recommending that future improvements to addressing external capacity supplier performance when needed for reliability should be further evaluated and pursued.

Mr. Mark Younger (Hudson Energy Economics) asked how the NYISO plans to address deliverability requirements for external capacity suppliers. Ms. Carney noted that the NYISO will be addressing deliverability requirements for external capacity suppliers as a separate initiative and currently expects to continue discussions with stakeholders on such requirements in May 2019. Mr. Younger recommended that as part of the separate initiative related to deliverability

requirements for external capacity suppliers that the NYISO seek to obtain a more clear commitment from neighboring control areas to confirm that such neighboring areas will maintain energy deliverability from external capacity suppliers into New York absent transmission system issues that prevent such deliveries.

Mr. Pallas LeeVanSchaick (Potomac Economics) raised concerns regarding certain aspects of the make whole payments to external capacity suppliers included as part of the proposal and recommended further review of this aspect of the proposal.

Motion #3:

The Business Issues Committee (“BIC”) hereby recommends that the Management Committee approve revisions to the Market Administration and Control Area Services Tariff, as more fully described in the presentation entitled “External SRE Penalty Proposal” made to the BIC on April 17, 2019.

Motion passed unanimously with abstentions.

6. DER Market Design

Mr. Michael Lavillotti (NYISO) reviewed the presentation included with the meeting material.

Ms. Doreen Saia (Greenberg Traurig) asked for clarification regarding whether after implementation of the proposed Distributed Energy Resources (DER) market design: (1) a demand response resource would have the option to participate either as a Special Case Resource (SCR) or as a DER; and (2) if the resource could elect to participate in a different manner between wholesale market and retail/utility programs. Mr. Lavillotti (NYISO) confirmed that for purposes of wholesale market participation a demand response resource would retain the option to participate as either a SCR or a DER and that elections regarding participation in the wholesale market are separate and distinct from participation elections in retail/utility programs.

Ms. Saia noted concerns with respect to the proposed dual participation rules as it relates to clearly establishing whether the NYISO or the local utility controls operation of resources participating in both the wholesale markets and retail/utility programs. Mr. James Pigeon (NYISO) explained that the rules addressing dual participation will require coordination between NYISO, the DER aggregator and the local utility. Mr. Pigeon stated that under the proposed rules, the aggregator will bid into the wholesale markets, receive a day ahead schedule from the NYISO based on its bids into the wholesale markets. After receipt of its schedule, the DER aggregator will then notify the local utility of the schedule received. The local utility will then verify whether its local system can support the DER aggregator’s anticipated use of resources from within its aggregation. Mr. Pigeon further noted that if the local utility requires operation of a DER aggregator’s resources, the local utility will notify the DER aggregator of such need and the DER aggregator would be expected to reflect its need to operate at the request of the local utility through its bids into wholesale markets. Mr. Pigeon further noted that in the event that a local utility requires operation by a DER aggregator’s resources and the aggregation is not scheduled based on its bids in the wholesale markets, the local utility would, as is the case with other generators under today’s rules, retain the ability to request out-of-market commitments for local reliability. Ms. Emilie Nelson (NYISO) stated that the overall intent of the rules is to facilitate proper coordination between the NYISO and the local utilities akin to the coordination that occurs under the current market rules for commitment and dispatch of resources to meet bulk and local system needs.

Mr. Younger noted that it is critically important to ensure that the rules provide proper incentives and penalty structures to ensure that DER participating in the wholesale markets operate consistent with the schedules produced by the NYISO. Ms. Nelson stated that the NYISO believes the proposal provides appropriate mechanisms to ensure that DER operates when needed by the NYISO.

Mr. Breidenbaugh noted that similar coordination requirements already exist today as it relates to Special Case Resources (SCRs) that participate in retail/utility demand response programs. Mr. Breidenbaugh noted that the rules applicable to such SCRs require that the resources take the actions necessary to ensure that they are available when called upon by the NYISO.

Ms. Julia Popova (NRG Curtailment Solutions) supported Mr. Breidenbaugh's observation regarding coordination requirements already in place for SCRs, noting that the NYISO's tariff includes an existing penalty structure that is sufficient to ensure SCRs are available when called upon by the NYISO.

Mr. Fromer (PSEG) noted that in the case of dual participation it is critically important to ensure that the NYISO's tariffs are clear regarding priority in the event that both the NYISO and the local utility require competing operation of DER. Mr. Vijay Ganugula (NYISO) noted that the tariff clearly identifies that dispatch instructions for DER participating in the wholesale markets are provided by the NYISO. Mr. Ganugula further stated that NYISO and utilities have been working on the coordination framework for more than a year, and that the agreed upon framework provides that operation required for local needs by a utility will be coordinated between the DER aggregator and NYISO.

Mr. Miles Farmer (NRDC) noted appreciated for the NYISO's efforts in developing the proposal and recognized the proposal as an improvement over the status quo. Mr. Farmer, however, expressed concerns regarding certain aspects of the proposal, including the compensation proposed for duration-limited capacity resources and the application of buyer-side mitigation rules to DER located within Mitigated Capacity Zones.

Mr. Peter Dotson-Westphalen (CPower) provided the following statement for the minutes:

CPower thanks the NYISO for the work that they have done and the consideration taken of stakeholder feedback throughout the DER Market Design effort. While CPower has lingering concerns about several aspects of the proposal and tariffs, we appreciate the strides that have been taken to arrive at a design that most stakeholders can support. We appreciate that the NYISO will continue to work with stakeholders to help smooth the transition for end-use customers that currently participate in the SCR program to the DER participation model, and look forward to further collaboration with NYISO staff and stakeholders. CPower supports the DER Market Design being proposed.

Mr. Christopher Hall (NYSERDA) provided the following statement for the minutes:

NYSERDA plans to abstain today and we wanted to read a brief explanation for this vote. We first want to commend the NYISO and stakeholders for the months of hard work on the ELR capacity ("partial capacity") valuation item. Despite some remaining concerns there, we would have been likely to support that portion of this DER package today, had it been a separate proposal. However, the NYISO linked that item to the broader package, leading to our abstention. Regarding the broader package, we hoped to support it to create new DER participation models and capacity market opportunities, but despite many positive elements, we have concluded that there are too many open concerns for NYSERDA to support it. For example, first and foremost, we feel strongly that applying BSM testing to DER resources in mitigated capacity zones is a misuse of the rule. We also believe the NYISO should do more to enable and/or clarify dual market participation under the DER Framework, and we have certain concerns with the ESR proposal or filing that also apply to this DER proposal. We look forward to working through these issues moving forward regardless of the outcome of this vote.

Ms. Jane Quin (Con Edison) provided the following statement for the minutes:

Con Edison and Orange & Rockland appreciate the NYISO's efforts on this project, and close coordination with the joint utilities to coordinate joint distribution-transmission operations to make DER aggregations and dispatch possible. However, with respect to the expanded capacity value proposal, we are relying on the NYISO's assurance that the end proposal meets the reliability needs of the bulk system.

Motion #4:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee ("MC") approve revisions to the Market Administration and Control Area Services Tariff ("MST") and Open Access Transmission Tariff ("OATT") to integrate Distributed Energy Resources in the NYISO-administered markets consistent with the concepts described in the presentation entitled "DER Energy & Capacity Market Design" made to the BIC on April 17, 2019. The specific MST and OATT revisions will be detailed for the MC and are not being approved by the BIC.

Motion passed with 89.25% affirmative votes.

7. Working Group Updates

- **Billing and Accounting and Credit Working Group**: The group met on March 13, 2019 and reviewed additional clarifying tariff revisions related to proposed changes to the credit requirements for Fixed Price TCCs, and changes to customer registration agreements for market participants electing to utilize a third-party financially responsible party.
- **Electric System Planning Working Group**: The group has met five times since the last BIC meeting. The group met on March 19, 2019 and reviewed the 2019-2028 Comprehensive Reliability Plan (CRP) and the scenario analysis related to the New York State Department of Environmental Conservation's proposed "peaker rule." On March 28, 2019, the group met jointly with MIWG and ICAPWG and reviewed a presentation by Analysis Group regarding assumptions and scenarios for the fuel and energy security assessment. The group met April 1, 2019 and reviewed initial considerations for potential improvements to the Class Year Study and interconnection processes, preliminary assumptions for the New York State Reliability Council's study to determine the NYCA Installed Reserve Margin for the 2020/2021 Capability Year, and the long term energy and peak demand forecasts to be included in the 2019 Load and Capacity Data report. The group also met on April 12, 2019 and reviewed initial lessons learned from the AC Transmission Public Policy Transmission Planning Process, an initial straw proposal for addressing upgrades to non-bulk power transmission facilities as part of the Public Policy Transmission Planning Process, the draft 2019-2028 CRP report, proposed revisions to the Economic Planning Process Manual, the NYISO's proposal for complying with FERC Order No. 845, and an overview of key study assumptions for the Generator Deactivation Assessment related to the ICAP Ineligible Forced Outage status for the Hudson Ave. 4 unit. The group met jointly with MIWG and ICAPWG on April 15, 2019 and reviewed a presentation by Analysis Group regarding assumptions and scenarios for the fuel and energy security assessment.
- **Installed Capacity Working Group**: The group has met jointly with MIWG, ESPWG and/or PRLWG seven times since the last BIC meeting. The group met on March 18, 2019 and reviewed proposed changes to the requirements for external capacity resources to respond to Supplemental Resource Evaluation (SRE) requests, and the proposal for revising capacity payment and qualification structures to address duration-limited resources including capacity market participation rules for Distributing Energy Resources (DER). On March 25, 2019, the group met and reviewed initial considerations related to reviewing the deliverability requirements for external capacity suppliers, the proposed documents related to the request for proposals for the 2019-2020 ICAP Demand Curve reset process independent consultant, and the proposal for revising capacity payment and qualification structures to address duration-limited resources including capacity market participation rules for DER. On March 28, 2019, the group met and reviewed a presentation by Analysis Group regarding supplemental analysis being undertaken with respect to the carbon pricing initiative, and a presentation by Analysis Group regarding assumptions and scenarios for the fuel and energy security assessment. The group met on April 5, 2019 and reviewed the proposal to implement a new meter data services construct for DER and demand response participating in the wholesale markets. On April 8, 2019, the group met and reviewed proposed revisions to the calculation of "LBMPc" as part of the wholesale market carbon pricing initiative, a presentation by Covanta regarding the impacts of assessing carbon charges to waste-to-energy generation facilities in New York under the wholesale market carbon pricing initiative, and the proposal for revising capacity payment and qualification structures to address duration-limited resources including capacity market participation rules for DER. On April 10, 2019, the group met and reviewed proposed tariff revisions related to the proposed rules for the participation of DER in the wholesale energy, ancillary services and capacity markets. The group also met on April 15, 2019 and reviewed an overview of the schedule and proposed scope for the analysis being undertaken to assess the potential impacts of the ongoing transition of the electric grid (i.e., the "Reliability and Market Considerations for a Grid in Transition" white paper), a presentation by Analysis Group regarding assumptions and scenarios for the fuel and energy security assessment, and proposed tariff revisions related to the proposed rules for the participation of DER in the wholesale energy, ancillary services and capacity markets.
- **Load Forecasting Task Force**: The group has not met since the last BIC meeting.
- **Market Issues Working Group**: The group has met jointly with ICAPWG, ESPWG and/or PRLWG seven times since the last BIC meeting. The group met on March 18, 2019 and reviewed the proposed rules for the participation

of DER in the wholesale energy and ancillary services markets. On March 25, 2019, the group met and reviewed proposed changes to the Ancillary Services Manual related to voltage support service and automatic fuel swap capability testing for certain generators located in New York City. On March 28, 2019, the group met and reviewed a presentation by Analysis Group regarding supplemental analysis being undertaken with respect to the carbon pricing initiative, the proposed rules for the participation of DER in the wholesale energy and ancillary services markets, and a presentation by Analysis Group regarding assumptions and scenarios for the fuel and energy security assessment. On April 5, 2019, the group met and reviewed the proposal to implement a new meter data services construct for DER and demand response participating in the wholesale markets. The group met on April 8, 2019 and reviewed proposed revisions to the calculation of "LBMPc" as part of the wholesale market carbon pricing initiative, a presentation by Covanta regarding the impacts of assessing carbon charges to waste-to-energy generation facilities in New York under the wholesale market carbon pricing initiative, and the proposed rules for the participation of DER in the wholesale energy and ancillary services markets. The group also met on April 10, 2019 and reviewed proposed revisions to the Joint Operating Agreement with PJM related to market-to-market coordination, and proposed tariff revisions related to the proposed rules for the participation of DER in the wholesale energy, ancillary services and capacity markets. On April 15, 2019, the group met and reviewed an overview of the schedule and proposed scope for the analysis being undertaken to assess the potential impacts of the ongoing transition of the electric grid (i.e., the "Reliability and Market Considerations for a Grid in Transition" white paper), proposed changes to the comprehensive bid management system related to the bidding requirements for energy storage resources participating in the wholesale energy and ancillary services markets, a presentation by Analysis Group regarding assumptions and scenarios for the fuel and energy security assessment, and proposed tariff revisions related to the proposed rules for the participation of DER in the wholesale energy, ancillary services and capacity markets.

- Price Responsive Load Working Group: The group has met seven times since the last BIC meeting. The group met jointly with MIWG and/or ICAPWG on March 18, 2019, March 25, 2019, March 28, 2019, April 5, 2019, April 8, 2019, April 10, 2019, and April 15, 2019 and reviewed the agenda topics related to DER and/or the demand response programs for each meeting.

8. New Business

Thinh Nguyen (NYISO) stated that Class Year 2017-2 study report will be presented at the May 2019 Operating Committee meeting. Jonathan Newton (NYISO) added buyer-side mitigation determinations for affected projects will be issued in conjunction with finalization of the Class Year 2017-2 study report.

The meeting adjourned at 12:50 p.m.