
NYISO Business Issues Committee Meeting Minutes
May 13, 2019
10:00 a.m. - 12:15 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. Market Operations Report and Broader Regional Markets Report

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

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

3. 2018 State of the Market Report

Mr. Pallas LeeVanSchaick (Potomac Economics) provided an overview of the 2018 State of the Market report. A detailed review of the market results and recommendations will take place at the May 17, 2019 ICAPWG/MIWG meeting.

4. Proposed Changes to Allowed Security from Foreign Entities

Ms. Sheri Prevratil (NYISO) reviewed the presentation included with the meeting material.

Mr. Andrew Antinori (NYPA) asked for clarification regarding whether the proposal includes any form of grandfathering or other transitional mechanism for the four foreign entities that currently post cash collateral. Ms. Prevratil clarified that the proposal would prohibit all foreign entities (non U.S. or Canadian entities) from posting cash collateral going forward and the four affected foreign entities would be required to provide an alternative form of allowable collateral to comply with the proposed changes.

Mr. Mark Younger (Hudson Energy Economics) asked whether the four affected foreign entities all post cash collateral. Ms. Prevratil stated that the four affected foreign entities all currently post cash collateral and the NYISO has communicated with the affected entities about the proposal.

Mr. Howard Fromer (PSEG) asked why Canadian entities would be allowed to continue to post cash collateral. Ms. Prevratil (NYISO) noted that with respect to Canadian entities, the NYISO's bankruptcy counsel has informed the NYISO that the Canadian courts would typically defer to U.S. bankruptcy laws as it relates to cash collateral that may have been provided to the NYISO by a Canadian entity; therefore, the NYISO remains comfortable that its ability to utilize cash collateral from Canadian entities would be equivalent to the ability to use cash collateral posted by U.S. entities in the event of a bankruptcy filing.

Mr. Fromer asked for clarification regarding what protections apply to the other allowable forms of secured collateral to ensure that the NYISO is adequately protected in the event of a bankruptcy. Ms. Prevratil stated that applicable rules require other forms of secured collateral (i.e., letter of credit, corporate guaranty and surety bond) be provided by either a qualifying U.S. or Canadian entity.

Motion #1:

The Business Issues Committee (BIC) hereby recommends that the Management Committee approve, and recommend 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 "Proposed Change to Acceptable Collateral for Foreign Market Participants," made at the May 13, 2019 BIC meeting.

Motion passed unanimously.

5. Proposed Revisions to NYISO-PJM Joint Operating Agreement

Mr. Cameron McPherson (NYISO) reviewed the presentation included with the meeting material.

Mr. Fromer asked whether any concerns have been raised by PJM stakeholders as part of their review of the proposed revisions. Mr. McPherson stated that PJM has reported to the NYISO that PJM's stakeholders have not raised any material concerns with respect to the proposed revisions to the Joint Operating Agreement.

Mr. Fromer asked for information regarding the total settlement value of re-dispatch operations under the Joint Operating Agreement during 2018. Mr. McPherson noted that for re-dispatch, New York currently only has two active flowgates and has not utilized re-dispatch for these flowgates since 2016.

Motion #2:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee ("MC") approve revisions to Attachment CC of the NYISO's Open Access Transmission Tariff (OATT), as more fully described in the "NYISO-PJM JOA Changes" presentation made to the BIC on May 13, 2019.

Motion passed unanimously with abstentions.

6. Proposed Revisions to the Economic Planning Process Manual

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

Motion #3:

The Business Issues Committee (BIC) hereby approves the proposed changes to the Economic Planning Process Manual as presented and described at the May 13, 2019 BIC Meeting.

Motion passed unanimously with abstentions.

7. Working Group Updates

- Billing and Accounting and Credit Working Group: The group met on April 26, 2019 and reviewed the standard accounting/settlement reports, and proposed changes to the forms of secured collateral that can be provided by foreign Market Participants.
- Electric System Planning Working Group: The group met on May 3, 2019 and reviewed the key study assumptions for the Generator Deactivation Assessment for the Lyonsdale Biomass facility, the draft study report for Class Year 2017-2, and potential improvements to the Class Year Study and interconnection processes.
- Installed Capacity Working Group: The group has met jointly with MIWG, ESPWG and/or PRLWG five times since the last BIC meeting. On April 23, 2019, the group met and reviewed the initial draft 2019 Master Plan outlining a strategic vision for market design initiatives over the next five years, and a presentation by Analysis Group regarding updates to the scope of its supplemental analysis regarding the potential impacts of the proposed carbon pricing initiative. The group met on April 30, 2019 and reviewed a verbal update regarding the planned response to the supplemental information request from FERC in response to the NYISO's compliance proposal for FERC Order No. 841 related to energy storage resources, and the proposal for calculating "LBMPc" as part of the carbon pricing initiative. The group met on May 3, 2019 and reviewed the draft study report for Class Year 2017-2. On May 6, 2019, the group met and reviewed considerations related to reviewing the deliverability requirements for external capacity suppliers, and a presentation by Potomac Economics regarding its concerns with certain aspects of make whole payments for external capacity suppliers included in the proposal addressing performance requirements for external capacity suppliers in response to a Supplemental Resource Evaluation (SRE) request. The group also met on May 9, 2019 and reviewed a proposal for revising the availability calculation methodologies for capacity supply resources, considerations regarding potential revisions to the competitive entry exemption of the buyer-side mitigation rules to address repowering proposals, a presentation by Potomac Economics regarding

its evaluation of the potential impacts of the proposed carbon pricing initiative, and supplemental tariff revisions related to the proposal for addressing the performance requirements of external capacity suppliers in response to a SRE request.

- 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 and/or PRLWG three times since the last BIC meeting. On April 23, 2019, the group met and reviewed the initial draft 2019 Master Plan outlining a strategic vision for market design initiatives over the next five years, and a presentation by Analysis Group regarding updates to the scope of its supplemental analysis regarding the potential impacts of the proposed carbon pricing initiative. The group met on April 30, 2019 and reviewed a verbal update regarding the planned response to the supplemental information request from FERC in response to the NYISO's compliance proposal for FERC Order No. 841 related to energy storage resources, initial considerations regarding the potential development of load pocket reserve requirements within New York City, data regarding past performance of reserve providers during NYISO-conducted performance audits, and the proposal for calculating "LBMPC" as part of the carbon pricing initiative. On May 9, 2019, the group met and reviewed a presentation by Potomac Economics regarding its evaluation of the potential impacts of the proposed carbon pricing initiative, and a proposal for procuring quantities of reserves in excess of the minimum requirements needed to satisfy reliability requirements.
- Price Responsive Load Working Group: The group has met twice since the last BIC meeting. On April 23, 2019, the group met jointly with ICAPWG and MIWG and reviewed the initial draft 2019 Master Plan outlining a strategic vision for market design initiatives over the next five years. The group also met jointly with ICAPWG and MIWG on April 30, 2019 and reviewed a verbal update regarding the planned response to the supplemental information request from FERC in response to the NYISO's compliance proposal for FERC Order No. 841 related to energy storage resources.

8. New Business

Mr. Chris Russell (NYISO) noted that the NYISO will be re-activating the metering task force in the near future to serve as a forum for discussing the metering requirement for energy storage resources and other distributed resources