
NYISO Business Issues Committee Meeting Minutes
June 20, 2019
10:00 a.m. - 11:40 a.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 April 17, 2019 and May 13, 2019 BIC meetings that were included as part of the meeting material.

Motion #1:

Motion to approve the Minutes of the April 17, 2019 and May 13, 2019 BIC meetings.

Motion passed unanimously with an abstention.

3. 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.

4. NYISO Manual Revisions

Ms. Ashley Ferrer (NYISO) and Mr. Harris Miller (NYISO) reviewed the presentation included with the meeting material.

Mr. Kevin Lang (Couch White) asked for clarification regarding the anticipated start date of the proposed Zone J reserves if approved by FERC. Ms. Ferrer stated that, if approved by FERC, the NYISO anticipates implementing the new Zone J reserve requirements on June 26, 2019.

Mr. Matt Cinadr (E Cubed) asked for clarification regarding the proposed revisions to Section 6.8.1 of the Ancillary Services Manual. Ms. Ferrer clarified that the proposed revisions include the addition of an example of the application of the scarcity reserve pricing logic during an activation of Special Case Resources and/or the Emergency Demand Response Program within New York City. Ms. Ferrer further explained that the new example demonstrates that during a Zone J only activation of Special Case Resources and/or the Emergency Demand Response Program, the 30-minute reserve demand curve for Zone J is adjusted to include a second pricing step of \$500 per MW applicable only to the additional scarcity reserves required to be procured in response to the demand response activation. The normally applicable 30-minute reserve requirement for New York City remains valued at \$25 per MW.

Mr. Cinadr asked for clarification regarding the proposed revision to remove the reference to "synchronous" before the word "generators" from Section 3.2 of the Ancillary Services Manual. Mr. James Sweeney (NYISO) clarified that the proposal to remove the term "synchronous" from Section 3.2 of the Ancillary Services Manual is intended to provide consistency with the provisions of Rate Schedule 2 of the Market Administration and Control Area Services Tariff addressing eligibility to provide voltage support service.

Mr. David Clarke (LIPA) asked for clarification regarding the proposed revisions addressing the ability to assign non-zero constraint reliability margin values less than 20 MW. Mr. Garrett Bissell (NYISO) stated that the proposed changes

addressing the ability to assign non-zero constraint reliability margin values less than 20 MW are intended to provide for consistency with the tariff revisions implemented in November 2018 that permit the use of such values.

Motion #2:

The Business Issue Committee (BIC) hereby approves the revisions to the Ancillary Services Manual, Day-Ahead Scheduling Manual, and Transmission and Dispatch Operations Manual as presented and discussed at the BIC meeting on June 20, 2019; provided, however, that if the Federal Energy Regulatory Commission (FERC) does not approve the proposal to implement a New York City reserve region and associated reserve requirements (FERC Docket No. ER19-1678-000), then the approval of the proposed revisions related to New York City reserves shall be rescinded, without further required action, and such revisions shall not become effective.

Motion passed unanimously with an abstention.

5. Carbon Pricing Market Design

Mr. Ethan Avallone (NYISO) reviewed the presentation included with the meeting material.

Mr. Cinadr asked whether the climate legislation recently adopted by NYS Legislature will impact the carbon pricing proposal. Mr. Sweeney noted that the NYISO would consider any such impacts as part of ongoing discussions regarding the carbon pricing initiative in the stakeholder process.

Mr. Breidenbaugh requested that the NYISO provide a revised analysis to assess the benefits of the carbon pricing initiative in light of the recently passed legislation.

Mr. Matthew Schwall (IPPNY) noted that the recently passed legislation includes a requirement for 70% of the State's electricity requirements to be provided by renewable resources by 2030 and that 100% of the State's electricity needs be provided by carbon-free resources by 2040. Mr. Schwall further stated that the recently passed legislation underscores the importance of implementing carbon pricing in the wholesale market as expeditiously as possible.

Mr. Howard Fromer (PSEG) noted agreement that the recently passed legislation highlights the critical importance of reflecting the cost of carbon emissions in wholesale electricity prices.

Mr. Lang stated that the recently passed legislation raises questions regarding the incremental value of the carbon pricing initiative and agreed that further analysis is necessary to assess the impacts of the recently passed legislation on the proposal.

Mr. Pike noted that intent of the presentation is to provide an overview of the market design construct to implement carbon pricing in the wholesale market if there is ultimately support to move forward with such a construct.

Mr. Mark Younger (Hudson Energy Economics) noted that the carbon pricing initiative continues to provide important value for efficiently accomplishing the targets established by recently passed legislation and properly reflecting the locational value of pursuing carbon emissions reductions in various locations throughout the State.

Mr. Rana Mukerji (NYISO) stated that the wholesale market carbon pricing initiative remains consistent with the objectives of the recently passed legislation and provides a mechanism to assist with efficiently achieving those objectives.

Mr. Mark Reeder (ACE-NY) noted continued support for the need to pursue the wholesale market carbon pricing initiative, especially in light of the recently passed legislation.

Mr. Andrew Antinori (NYPA) asked for further information regarding the schedule for Analysis Group to complete its supplemental analysis of the carbon pricing initiative. Mr. Mukerji stated that Analysis Group will present preliminary

results of its supplemental analysis at the ICAWG/MIWG meeting on June 24, 2019 and will likely provide additional results in July 2019 while working to complete the supplemental analysis.

Ms. Doreen Saia (Greenberg Traurig) requested that the NYISO provide additional analysis regarding the impacts of the requirement for 100% of the State's electricity needs to be met by carbon-free generation by 2040 on system reliability including the implications of generation fleet transition to be driven by the NYSDEC's proposed "peaker" rule.

Mr. Lang noted support for the need for the NYISO to conduct further analysis to help inform the actions needed to ensure that reliability is maintained as the resource fleet transitions in response to meeting the objectives of the recently passed legislation.

Mr. Chris Wentlent (MEUA) stated that the recently passed legislation raises potential issues regarding the resources that the carbon pricing initiative contemplates being exempt from carbon charges in the wholesale market.

Mr. Lang asked for further information regarding how the carbon pricing proposal would address potential circumstances where a generator's emission monitors are not functioning properly and this results in the inability for the resource to timely provide accurate data to the NYISO. Mr. Sweeney noted that the proposal includes prescriptive timelines for submitting carbon emissions data to align with the NYISO billing and settlement processes, as well as a consultation process that would be available to address carbon emissions reporting issues that may arise for a particular resource.

Mr. Fromer noted that the source of the social cost of carbon value to be used as part of the carbon pricing initiative should be adjusted account for the requirements specified in the recently passed legislation directing NYSDEC to develop a social cost of carbon value to be used by State agencies.

Ms. Saia noted that continuing to reference the NYPSC as the source of the social cost of carbon value may continue to be appropriate given that the recently passed legislation appears to direct the NYPSC to utilize the social cost of carbon value determined by NYSDEC. Ms. Saia further stated that continuing to refer to the NYPSC as the source of the social cost of carbon value to be used in the wholesale market provides for involvement of the State agency with jurisdiction over aspects of the electricity market.

Mr. Younger noted that certain entities continue to oppose to the current proposal due to its adverse impacts on resources that entered into hedging contracts prior to carbon pricing being considered for inclusion in the wholesale markets.

6. Working Group Updates

- Billing and Accounting and Credit Working Group: The group has not met since the last BIC meeting.
- Electric System Planning Working Group: The group has met three times since the last BIC meeting. On May 21, 2019, the group met and reviewed an updated straw proposal for addressing upgrades to non-bulk power transmission facilities as part of the Public Policy Transmission Planning Process. The group met on May 31, 2019 and reviewed a proposal regarding a cost containment metric as part of the Public Policy Transmission Planning Process. The group met jointly with ICAPWG on June 10, 2019 and reviewed the key study assumptions for the Generator Deactivation Assessments for the following facilities: (1) Steuben County LFGE; (2) Monroe Livingston LFGE; and (3) Auburn-State St., 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 six times since the last BIC meeting. On May 14, 2019, the group met and reviewed a status update for the 2019 energy and capacity market design projects. The group met on May 17, 2019 and reviewed the Market Monitoring Unit's 2018 State of the Market report. The group met on May 22, 2019 and reviewed an updated draft of the 2019 Master Plan outlining a strategic vision for market design initiatives over the next five years, a proposal related to the deliverability and eligibility requirements for external capacity suppliers, an overview of the proposed methodology for the Consumer Impact Assessment related to the performance requirements for external capacity suppliers, and draft tariff revisions related to the proposed carbon pricing initiative. On May 30, 2019, the group

met and reviewed an initial draft report 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), the proposal for calculating "LBMPc" as part of the carbon pricing initiative, and draft tariff revisions related to the proposed carbon pricing initiative. The group met on June 10, 2019 and reviewed potential improvements to the Class Year Study and interconnection processes. The group also met on June 11, 2019 and reviewed draft tariff revisions related to the proposed carbon pricing initiative.

- Load Forecasting Task Force: The group met on June 18, 2019 for its annual Spring Economic Conference, and also reviewed a presentation from Itron regarding the 2019 climate change impact and resilience study project.
- Market Issues Working Group: The group has met jointly with ICAPWG and/or PRLWG five times since the last BIC meeting. The group met on May 14, 2019 and reviewed a status update for the 2019 energy and capacity market design projects. On May 17, 2019, the group met and reviewed the Market Monitoring Unit's 2018 State of the Market report. The group met on May 22, 2019 and reviewed an updated draft of the 2019 Master Plan outlining a strategic vision for market design initiatives over the next five years, a presentation by Atlantic Economics regarding a proposal to reserve a portion of available transmission capacity for release into the Balance-of-Period Auctions for Transmission Congestion Contracts, and draft tariff revisions related to the proposed carbon pricing initiative. On May 30, 2019, the group met and reviewed an initial draft report 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), the proposal for calculating "LBMPc" as part of the carbon pricing initiative, draft tariff revisions related to the proposed carbon pricing initiative, and an overview of the NYISO's compliance filing obligations related to pricing rules for fast-start resources. The group met on June 11, 2019 and reviewed proposed manual revisions related to the following: (1) New York City reserves; (2) voltage support service eligibility and testing requirements; and (3) procedures related to the reporting of automatic fuel swap testing for certain generators in New York City, draft tariff revisions related to the proposed carbon pricing initiative, and an overview of the inclusion of opportunity costs as part of the bids submitted by energy storage resources.
- Price Responsive Load Working Group: The group has met six times since the last BIC meeting. The group met jointly with ESPWG, MIWG and/or ICAPWG on May 14, 2019, May 17, 2019, May 22, 2019, May 30, 2019, June 10, 2019, and June 11, 2019 and reviewed the agenda topics for each meeting related to distributed energy resources, energy storage resources and/or the demand response programs.

7. New Business

There was no new business.

The meeting adjourned at 11:40 a.m.