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**NYISO Business Issues Committee Meeting Minutes**  
**October 16, 2019**  
**10:00 a.m. – 11:50 a.m.**

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**1. Introductions, Meeting Objectives, and Chairman’s Report**

Mr. Aaron Breidenbaugh (Consumer Power Advocates) called the meeting to order at 10:00 a.m.

**2. Approval of BIC Minutes**

There were no questions or comments regarding the draft minutes from the September 11, 2019 BIC meeting that were included as part of the meeting material.

Motion #1:

Motion to approve the Minutes of the September 11, 2019 BIC meeting.

*Motion passed unanimously.*

**3. Market Operations Report and Broader Regional Markets Report**

Dr. Nicole Bouchez (NYISO) reviewed the market operations report included with the meeting material. There were no questions or comments.

Dr. Bouchez reviewed the broader regional markets report included with the meeting material.

Mr. Scott Leuthauser (HQUS) recommended that the NYISO consider including an update for Item No. 9 to note that further consideration for five-minute transaction scheduling with Quebec has been proposed for inclusion in the 2020 project plan.

Mr. Howard Fromer (PSEG) requested that the NYISO work to provide further information to the marketplace on the expected operational status of the B and C lines beyond December 31, 2019.

**4. Proposed Changes to Enhance Credit Reporting Requirements and Remedies**

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

Mr. Fromer sought confirmation that the requirement to inform the NYISO of ongoing investigations relates only to investigations that could have a material impact on a customer’s participation in the NYISO-administered markets. Ms. Prevratil stated that the requirement to advise the NYISO of ongoing investigations relates to those investigations that could have a material impact on a customer’s financial condition.

Mr. Mark Younger (Hudson Energy Economics) sought clarification regarding whether an applicant denied market entry would have the ability to pursue recourse at FERC. Ms. Prevratil confirmed that an applicant rejected based on the proposed authority to be added to the tariff would have the ability to seek redress at FERC.

Motion #2:

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 Changes to Enhance Credit Reporting Requirements and Remedies,” made at the October 16, 2019 BIC meeting.

*Motion passed unanimously with an abstention.*

**5. Cost Containment Mechanism for Public Policy Transmission Planning Process**

Ms. Yachi Lin (NYISO) reviewed the presentation included with the meeting material.

Mr. Andrew Antinori (NYPA) sought confirmation that the proposed cost containment is a voluntary mechanism. Ms. Lin confirmed that the election to propose a cost containment mechanism is voluntary for a Developer.

Ms. Jane Quin (Con Edison) requested information regarding the past experience relating to the relative level of cost estimates submitted by Developers compared to the estimates developed by the independent consultant utilized by the NYISO. Mr. Carl Patka (NYISO) stated that with respect to the AC Transmission Public Policy Transmission Need, all project proposal cost estimates submitted by Developers were less than the cost estimates developed by the NYISO's independent consultant.

Mr. Fromer asked for confirmation whether Developers are required to undertake some level of preliminary site evaluation to determine potential environmental remediation costs. Mr. Patka stated that the proposed cost containment mechanism is intended to include, within the category of covered costs, the cost of conducting a Phase 1 environmental assessment, as well as any environmental remediation costs that may be known at the time a Developer submits its project cost estimate.

Mr. Fromer asked whether the project cost estimates developed by the independent consultant utilized by the NYISO include an estimate of environmental remediation costs that may exist for a given project. Ms. Lin stated that environmental remediation costs are within the scope of the project cost estimates developed by the independent consultant utilized by the NYISO.

Mr. Fromer sought clarification regarding the process for determining whether cost overruns that may be incurred are outside the reasonable control of a Developer. Mr. Patka stated that such determinations would be addressed by FERC because FERC ultimately retains authority over approval of cost recovery for transmission projects to be recovered pursuant to the NYISO tariffs.

Mr. Fromer asked whether the NYISO's assessment of cost containment proposals will include consideration of potential significant differences between a Developer's estimate for costs subject to a proposed cost containment mechanism and the estimate of such costs developed by the NYISO's independent consultant. Ms. Lin confirmed that such differences would be considered by the NYISO as part of the project evaluation and selection phase noting that the tariff provides the NYISO authority to request additional information from Developers, if necessary, to assist in evaluating a cost containment proposal.

Mr. David Clarke (LIPA) noted support for the proposal as a beneficial improvement to the Public Policy Transmission Planning Process, but recommended that future enhancements also be assessed to potentially include consideration of the carrying costs for various project proposals as part of the project evaluation and selection phase. Mr. Patka stated that FERC ultimately has authority for ensuring that rates recovered through the NYISO tariffs are just and reasonable noting that it may not be feasible to determine reasonable estimates of potential carrying costs at the time the project evaluation and selection phase is conducted.

Ms. Devlyn Tedesco (Couch White) noted that the City of New York does not intend to vote in support of the proposal because, in the City of New York's view, the proposal does not provide sufficient protection and benefit for consumers.

Ms. Quin provided the following statement for inclusion in the minutes:

Con Edison and Orange and Rockland support the proposed cost containment options that have been developed, and very much appreciate the effort the NYISO staff has made to consider the input of many stakeholders. Specifically, we appreciate that the NYISO has included the ability for developers to propose a soft cap, with flexibility as to how the cap will be implemented as part of the FERC rate-setting process.

However, Con Edison and Orange and Rockland are abstaining on today's vote because the tariff changes being made not only include the cost containment options that we have worked so hard to develop, but also include changes to the NYISO evaluation

process. It is in the changes to the evaluation process that we have a concern because there is no step included should a TO decide to upgrade its own facilities. We believe that to the extent the tariff changes specify changes in the NYISO evaluation steps, that process ought to have a step to allow for the possibility that a TO will choose to upgrade its own facilities. Should the NYISO be willing to make that change to the tariff provisions, we believe we would be able to support the proposed tariff changes.

Mr. Patka stated that the NYISO is committed to addressing the application and consideration of voluntary cost containment mechanisms as it relates to facility upgrades that a Transmission Owner may exercise its right to construct as part of the separate, ongoing effort to discuss upgrades in connection with the Public Policy Transmission Planning Process.

Mr. Michael Mager (Couch White) noted appreciation for the NYISO's efforts in developing the proposal and collaborating with stakeholders in its development, stating that Multiple Intervenors intended to vote in support of the proposal.

Mr. Chris Hall (NYSERDA) noted appreciation for NYISO's efforts to develop this proposal stating that NYSERDA would be voting in support of the proposal.

Mr. Steve Gibelli (NextEra) stated appreciation for the NYISO efforts with respect to the development of the cost containment proposal indicating that NextEra intended to vote in support of the proposal.

Mr. Breidenbaugh noted appreciation for the effort of the NYISO and stakeholders to develop the proposal indicating that it represents a beneficial improvement that Consumer Power Advocates intends to support.

Mr. Brian Wilkie (National Grid) provided the following statement for inclusion in the minutes:

National Grid appreciates and supports improvements to the evaluation process for public policy transmission projects. We supported the proposal today because we think it may create benefits for our customers. We also look forward to working with stakeholders to resolve the local upgrades issue.

Mr. David Clarke provided the following statement for inclusion in the minutes:

[LIPA] would like to commend NYISO's thoughtfulness and the quality of the proposal. We consider this an achievable step in a good direction, although do hold that the project's annual carrying cost is highly relevant to what loads will end up paying, and thus ultimately should be included as a selection metric - recognizing that we are not there yet.

Motion #3:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve and recommend that the Board of Directors approve the revisions to Sections 6.10, 31.1, 31.4, and 31.7 of the Open Access Transmission Tariff ("OATT"), as more fully described in the presentation entitled "Cost Containment Mechanism for Public Policy Transmission Planning Process" as presented and discussed at the October 16, 2019 BIC meeting.

*Motion passed with 98.91% affirmative votes.*

## **6. Working Group Updates**

- Billing and Accounting and Credit Working Group: The group has met twice since the last BIC meeting. On September 18, 2019, the group met and reviewed proposed enhancements to certain credit-related reporting requirements. The group also met on October 3, 2019 and further reviewed the proposed enhancements to certain credit-related reporting requirements.

- Electric System Planning Working Group: The group has met four times since the last BIC meeting. On September 11, 2019, the group met and reviewed the preliminary base case results for the 2019 Congestion Assessment and Resource Integration Study (CARIS) Phase 1 analysis, and preliminary assumptions for the 70x30 scenario to be conducted as part of the 2019 CARIS Phase 1 analysis. The group met on September 23, 2019 and reviewed the proposal to add a cost containment metric as part of the Public Policy Transmission Planning Process, an overview of the current financial information required to be submitted by resources in connection with a Generator Deactivation Notice, and the proposal to develop a short-term reliability planning process. On October 1, 2019, the group met jointly with ICAPWG and reviewed proposed improvements to the Class Year Study and interconnection processes. The group also met on October 4, 2019 and reviewed updated base case results for the 2019 CARIS Phase 1 analysis and three constraints identified for further evaluation, an overview of the load forecast assumptions to be used in the scenarios conducted as part of the 2019 CARIS Phase 1 analysis, and an overview of the energy storage modeling assumptions to be used in the 70x30 scenario being conducted as part of the CARIS Phase 1 analysis.
- Installed Capacity Working Group: The group has met five times since the last BIC meeting, including joint meetings with MIWG, ESPWG and/or PRLWG. On September 20, 2019, the group met and reviewed a proposal to add a competitive entry exemption to the buyer-side mitigation rules for additional Capacity Resource Interconnection Service (CRIS) requests, and proposed revisions to the types of permissible contracts allowed as part of the competitive entry exemption from the buyer-side mitigation rules. The group met on September 24, 2019 and reviewed a presentation by Analysis Group regarding the study results and observations from the ongoing fuel and energy security assessment, the study inputs and assumptions for the 2019-2020 New Capacity Zone Study, and proposed revisions to the expiration rules for CRIS rights. On October 1, 2019, the group met and reviewed proposed improvements to the Class Year Study and interconnection processes. The group met on October 3, 2019 and reviewed a presentation by Analysis Group regarding the results of its supplemental analysis of the potential impacts of the proposed carbon pricing initiative, an update regarding the ongoing distributed energy resources (DER) pilot program projects, and preliminary information regarding 2020/2021 Locational Minimum Installed Capacity Requirement values and related transmission security limit values. The group also met on October 11, 2019 and reviewed a presentation by Analysis Group regarding an overview of key considerations for the 2019-2020 ICAP Demand Curve reset (DCR) process, a presentation by Burns & McDonnell regarding preliminary considerations related to the peaking unit technology evaluation to be conducted as part of the 2019-2020 DCR, a proposal to add a competitive entry exemption to the buyer-side mitigation rules for additional CRIS requests, proposed revisions to the types of permissible contracts allowed as part of the competitive entry exemption from the buyer-side mitigation rules, and proposed improvements to the Class Year Study and interconnection processes.
- Load Forecasting Task Force: The group met on September 27, 2019 and reviewed a presentation by Itron regarding the ongoing 2019 climate change impact and resilience study project, the preliminary weather adjusted peak load from 2019 for use in the 2020/2021 capacity market peak load forecast, the preliminary peak load forecast to be used in the development of the statewide installed reserve margin for the 2020/2021 Capability Year, and proposed revisions to the Load Forecasting Manual related to treatment of Behind-the-Meter Net Generation Resources.
- Market Issues Working Group: The group has met four times since the last BIC meeting, including joint meetings with ICAPWG and/or PRLWG. The group met on September 24, 2019 and reviewed a proposal to develop reserve requirements for certain load pockets within New York City, and a presentation by Analysis Group regarding the study results and observations from the ongoing fuel and energy security assessment. On September 26, 2019, the group met and reviewed the NYISO's compliance filing proposal related to pricing rules for fast-start resources, the proposed methodology for the Consumer Impact Analysis related to the NYISO's proposed compliance filing to revise the pricing rules for fast-start resources, and a proposal for procuring quantities of reserves in excess of the minimum requirements needed to satisfy reliability requirements. The group met on October 3, 2019 and reviewed a presentation by Analysis Group regarding the results of its supplemental analysis of the potential impacts of the proposed carbon pricing initiative, and an update regarding the ongoing DER pilot program projects. The group also met on October 8, 2019 and reviewed potential opportunities to improve the current rules that seek to prevent uneconomic production by resources in the wholesale energy markets, and potential opportunities for improving the current load pocket threshold methodology utilized by the energy market mitigation rules.

- Price Responsive Load Working Group: The group met jointly with MIWG and ICAPWG on September 24, 2019 and October 3, 2019 and reviewed the agenda topics for each meeting related to DER, energy storage resources and/or the NYISO-administered demand response programs.

## **7. New Business**

There was no new business.

Meeting adjourned at 11:50 a.m.