

NYISO Business Issues Committee Meeting Minutes**August 14, 2013****10:00 a.m. – 3:00 p.m.**

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

The chair of the Business Issues Committee (BIC), Ms. Deidre Altobell (Con Edison), called the meeting to order at 10:05 a.m. by welcoming the members of the BIC. The members of the BIC identified themselves and attendance was recorded. A quorum was determined.

Ms. Altobell announced that the ICAP Buyer-Side Mitigation (BSM) Modification proposal was pulled from the agenda and a special BIC was scheduled on August 20. Since that meeting was scheduled, the NYISO requested that it be cancelled and the issue be discussed further with stakeholders. Mr. Rana Mukerji (NYISO) said that the NYISO has met with various sectors to bridge the contentious issues that are part of the proposal and the parties agreed to give the package more time for discussion. He added that the NYISO will be adding a fourth proposal to the package to include the conceptual approach to re-defining mothballing.

Mr. Rich Bolbrock (MEUA) said the proposals were not part of the project list and requested that the NYISO perform a consumer impact analysis of the proposal. Mr. Mukerji said that makes sense and he'll see what the NYISO can do.

Mr. Garrett Bissell (Multiple Intervenors and the City of NY) said he struggled how the new addition relates to the other three proposals in the BSM package. Mr. Mukerji said it is related to the capacity markets.

In response to a question, Mr. Mukerji said his preference would bring the proposal for further discussion at ICAPWG and then to BIC. Mr. Bissell highly recommended that the NYISO keep discussions through the stakeholder process.

2. Approval of Meeting Minutes – July 17, 2013**Motion #1:**

Motion to approve the July 17, 2013 meeting minutes.

The motion passed unanimously.

3. Market Operations Report

Mr. Mukerji reviewed the market operations report included with the meeting material. Mr. Liam Baker (US Power Gen) asked that the No. 6 sulfur fuel be tracked in the market operations report. Mr. Mukerji said he would take that back.

4. Seams Report

Mr. Mukerji reviewed the Seams Report included with the meeting material.

5. Planning Update

Mr. Henry Chao (NYISO) provided the planning update.

The NYISO and stakeholders are working on the 2013 CARIS. The goal is to bring the CARIS report to BIC in the near future. On July 17, FERC granted an extension of time –until October 15 for the further

compliance filing on regional requirements in response to the April 18 Order. The NYISO has proposed tariff changes to Attachment Y, as well as a strawman for its evaluation and selection process for stakeholder review and discussion.

For EIPC non grant studies, the result of the roll up analysis and suggested scenarios is to be provided for stakeholder discussion in September-October timeframe. An Eastern Interconnection webinar will be scheduled in November. During the fall, the scenarios will be finalized and a 2014 schedule will be developed. Regarding the EIPC regional gas study, the EIPC has received responses from 17 entities on the RFP that was released on August 2. Responses to the RFPs are due August 30. By the end of September, the DOE will select and approve the contractor. The EIPC will schedule stakeholder meetings to have dialogue with the consultant in October.

6. Public Website: Enhanced Functionality for Tariffs, Filings, and Orders

Mr. John Bub (NYISO) reviewed the presentation included with the meeting material. The zip functionality and speed of the website were also discussed.

7. Minimum Participation Criteria: Credit Policy Enhancement

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

Motion #2:

The Business Issues Committee (BIC) hereby approves revisions to Attachment K of the Market Services and Control Area Tariff ("MST") to revise the Minimum Participation Criteria, as more fully described in the presentation made to the BIC at the August 14, 2013 meeting and recommends that the Management Committee (MC) also approve them for purposes of a Section 205 filing by the NYISO.

Motion passed unanimously with abstentions.

8. Proposed Revision to Prohibited Investment Rules

Mr. Kevin Jones (Hunton & Williams) reviewed the presentation included with the meeting material. The prohibited investment rules are making it increasingly difficult for the NYISO to recruit and retain talented and experienced directors. The proposed revision reforms the rules in a manner that preserves the NYISO's independence without unduly impairing recruiting and retention. Mr. Jones said that the tariff language will be provided to the MC. In response to a question, Mr. Jones said the NYISO intends to keep the blind trust mechanism previously approved by stakeholders. Mr. Rich Miller (Con Edison) said the NYISO was responsive to stakeholder concerns and Con Edison is willing to support the modified proposal.

Motion #3:

The Business Issues Committee hereby approves revisions to the prohibited investment rules for directors, employees, and their families, as described in the materials presented on August 14, 2013.

Motion passed by majority with abstentions.

9. CTS with PJM Proposal

Dr. Nicole Bouchez (NYISO) reviewed the presentation included with the meeting material. The proposal expands the scheduling options with PJM. In addition to the existing options, there will be an intra-hour evaluation of CTS interface bids/offers. CTS Interface bids will be scheduled based on the projected price difference between PJM and NYISO at the interface. PJM and the NYISO will make not pay make whole payments for external transaction at that interface. The elimination of fees is not in the currently proposed scope of CTS. The implementation of CTS is scheduled in Fall 2014.

Mr. Frank Francis (Brookfield) said that considering that the proposal was postponed for approval at PJM and the potential for significant changes, he suggested that the BIC should postpone its approval. Mr. Francis said he didn't think PJM was overly supportive of the proposal. He noted that the NYISO and ISO-NE voted jointly on the proposal. He said that Brookfield generally supports the proposal, but disagreed with the piecemeal fashion of doing away with make whole payments. Ms. Marji Phillips (Hess) agreed that it was premature for the BIC to vote on the proposal. She said there are outstanding issues regarding ramp reservations and how bids are evaluated and the order of priority that bids are accepted. Dr. Bouchez stated that NYISO and PJM staff have been in close coordination in reviewing PJM stakeholder comments and neither side is expected to be making changes to the scope of the proposal. If that did happen to occur, as CTS is a joint design, the NYISO would come back to NY stakeholders for further consideration of the changes. She noted that ultimately one side is going to have to vote on it first and NY stakeholders can take the lead to endorse the proposal.

Mr. Mike Kramek (Edison Mission) agreed with Brookfield and expressed a concern that PJM could change the proposal in September from the version that BIC is approving today. He said that Edison Mission opposes the proposal due to lack of transparency with PJM's RTC program and the NYISO will be making scheduling decisions based on a software program that has no historical prices. It concerns his company deeply even though his company supports NY's markets. Dr. Bouchez stated that she understood Mr. Kramek's concern, but noted that the historical prices will be available in spring 2014 for evaluation; approximately six months before the implementation of CTS with PJM. Dr. Bouchez explained that NYISO would not consider the PJM prices in evaluating a Bid unless a market participant instructed it to do so by submitting a CTS bid.

In response to a question, Ms. Prevratil (NYISO) said the credit requirements that apply for CTS with PJM would likely also apply for ISO-NE when CTS is implemented there. The NYISO would ultimately discuss the requirements with stakeholders at CPWG.

Mr. Andrew Antinori (NYPA) noted that NYPA had concerns with the modeling of the benefits and the NYISO agreed to look further into their concerns and consider options for further analysis.

Mr. Francis requested to table the motion.

Motion #4a:

Motion to table 4.

Motion failed with 36.51% affirmative votes.

Mr. Bissell said it would be useful to know whether the MC vote could be postponed to allow time for PJM stakeholders to vote. Mr. Mukerji said the NYISO would agree to commit to bringing the proposal to the September MC and that this would allow more time to consider the additional analysis that NYPA requested. Ms. Philips said she would vote against the proposal not because she opposes the concept, but because of a lack of clarity. Mr. David Clarke (LIPA) said this proposal is a good idea. Marginal NY generators will be dispatched to address a PJM need and vice versa. Loads get marginal generation from less expensive sources and he supports the efforts to get more clarity of the benefits, but both regions will benefit and LIPA supports the proposal.

Motion #4:

The Business Issues Committee ("BIC") hereby recommends that the Management Committee approve changes to the NYISO's OATT and Services Tariff with regard to Coordinated Transaction Scheduling (CTS) as more fully described in the presentation made to the BIC on August 14, 2013.

Motion passed with 77.3% affirmative votes.

10. Proposed Tariff Revisions Related to the Changes to Concepts for ACL

Ms. Donna Pratt (NYISO) reviewed the presentation included with the meeting material.

Mr. Bissell thanked the NYISO for working with stakeholders and addressing concerns raised. He said he wanted to raise two issues that have come to light as a result of the heat wave and should be addressed in the future. The first issue is the current way SCR event hours are excluded for weather sensitive loads. He said there should be an add-back similar to Transmission Owner programs and EDRP and DADRP in the baseline to accurately reflect the loads. The other issue is to reconsider the need for the one hour mandatory test after resources were run during a multitude of event hours. Ms. Pratt noted that an add-back is based on the CBL performance and not the ACL performance and agreed that more discussion would need to take place for further consideration of an add-back for SCR event hours. She noted that there is a 2014 proposed project at the BPWG to explore new market concepts for revisions to the mandatory test.

Mr. Jim Scheiderich (ECS) agreed with Mr. Bissell's position. He said that ECS is having problem with the exclusion of event hours from the baseline calculations. He also expressed concern with the penalty provisions that are applied on an SCR by SCR basis. Both issues ECS will revisit with FERC in the future to get clarification. Mr Scheiderich stated that the NYISO is getting everything it asked from ECS and other RIPS during events, and in fact often receives more load reduction than was committed to be provide. He indicated that despite the overperformance of some SCRs ECS may still be penalized.

Mr. Scheiderich proposed two amendments to the motion:

a) SCR Load Change Reporting Threshold (definition):

For a Special Case Resource with an applicable ACL greater than or equal to 500 kW, a reduction or increase in total Load **not attributable to random fluctuations in Load, such as those caused by weather or other seasonal Load variations**, that is equal to or greater than (i) thirty (30) percent of the applicable ACL for any month within the Capability Period and (ii) ten (10) MW if in Rest of State or Long Island Locality or five (5) MW in the NYC Locality; whichever is less.

b) **Limit the ISO to determining and assessing any penalty to within 90 days of the close of a Capability Period and providing details of said penalty to the RIP by that time.**

Mr. Miller didn't initially agree that the amendments were friendly and asked for the NYISO's position on the amendments.

Mr. David Allen (NYISO) said the NYISO does take into account weather impacts and if unanticipated weather fluctuation is the cause of an SCR Change of Status the NYISO does not issue penalties. However, the NYISO is concerned with seasonal variability changes to load which should not be attributed to unanticipated weather fluctuations. Seasonal variations that result in a Change of Status should be reported to accurately reflect baselines. He provided an example of seasonal resorts that have variability. The NYISO would rather discuss such amendments further in the stakeholder process.

Mr. Bob Boyle (NYPA) said a RIP is supposed to perform and the load reduction must be verified. A penalty assigned to a RIP because of an individual SCR should never happen. If they are being penalized on an SCR basis, then the program is off in the wrong direction.

Ms. Doreen Saia (Entergy) said it is inappropriate to add amendments that are unrelated to the tariff changes. The sponsor of the motion indicated he did not understand the nature of the amendments

and they were not vetted through in the stakeholder process. They were not adequately noticed for the meeting. It sends a message that anything can be up for grabs in future meetings. It is unfair to other stakeholders that were not aware that this discussion would take place. Mr. David Lawrence (EnergyConnect) said the amendments are relevant as they apply elsewhere in the tariff. Ms. Saia disagreed and said that discussion belongs at the working group level. Mr. Allen and Mr. Mark Younger (Hudson Energy Economics) agreed with Ms. Saia. Mr. Miller understood, but said that parties should be allowed to make a motion to amend and they face a high burden to get it approved.

Mr. Shaun Johnson (NRG) suggested that the language of first half of the sentence be included and the other half regarding seasonal variations be dropped. Messrs. Lawrence and Scheiderich accepted that change. Mr. Miller said given these revisions, he would deem Part A as friendly, and suggested that Part B be withdrawn. He added that the language doesn't need to be included in the motion, but the motion should be clear that it was amended.

Mr. Bissell said that penalties should be issued in an appropriate timeframe. He requested that the parties reflect in the minutes that they would be willing to take up discussion on the particular issue. Mr. Allen said the NYISO has an initiative to reduce the time to evaluate circumstances and issue penalties. The NYISO is seeking to determine why penalties have taken long and to identify appropriate penalty targets. There is information that is not readily available and the penalty process allows entities to provide the NYISO with information and that affects the time it takes to issue penalties. Mr. Allen clarified that the NYISO didn't intend to discuss it with stakeholders, but would consider stakeholder proposals. Mr. Lawrence said it would likely impact all stakeholders and recommended the NYISO's internal initiative be discussed with stakeholders at the proper forum. Mr. Scheiderich agreed to withdraw Part B.

Motion #5

The Business Issues Committee (BIC) hereby: (a) recommends that the Management Committee approve, and recommend to the NYISO Board for filing under Section 205 of the Federal Power Act, amendments to the Market Administration and Control Area Services Tariff ("Services Tariff") consistent with the amendments described in the presentation made to the BIC and amended on this date, August 14, 2013.

Motion passed unanimously with abstentions.

11. New Business

Ms. Altobell said that the working group updates will be postponed for next month.

Ms. Debbie Eckels (NYISO) requested that stakeholders assign representatives for the nominating subcommittee to select the 2014 vice chairs.

Meeting adjourned at 3:00 p.m.