

Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 116 – December 5, 2008
Albany Country Club, Voorheesville, NY

Members and

Alternates:

George C. Loehr	Unaffiliated Member – Chairman
Curt Dahl	LIPA - Member – ICS Chairman
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George E. Smith	Unaffiliated Member
Richard J. Bolbrock	Municipal & Electric Cooperative Sector - Member
Thomas Duffy	Central Hudson Gas & Electric – Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc. - Alternate
Joe Hippius	National Grid, USA - Member
Robert Loughney, Esq.	Couch White, LLP (Large Customers’ Sector) - Alternate
Timothy Bush	Independent Power Producers of New York (IPPNY) - Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member
Chris Wentlent	AES New York – Alternate*
Ralph Rufrano	New York Power Authority – Member - Phone

Others:

Paul Gioia, Esq.	Dewey & LeBoeuf, LLP - Counsel
Steve Fanning	National Grid, USA – RCMS Chairman
Al Adamson	Treasurer & Consultant
Henry Chao	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO)* - Counsel
Ken Davis	New York Independent System Operator (NYISO)* – Counsel
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service

Visitors – Open

Session:

Erin Hogan, P.E.	NYSERDA
Phil Fedora	Northeast Power Coordinating Council (NPCC)
S. Jeremko	New York State Electric & Gas/Rochester Gas & Electric - Phone
Bart Franey	National Grid, USA – Phone*
Mark Younger	Slater Consulting

“*” – Denotes part time attendance at the meeting.

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was not requested.

II. Open Session

1.0 Introduction – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.116 to order at 9:30 A.M. on December 5, 2008.

1.1 Meeting Attendees – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance or on the phone.

1.2 Visitors – See Attendee List, page 1.

1.3 Requests for Additional Agenda Items – None

1.4 Executive Session Topics – None

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 115 (November 14, 2008) – Mr. Raymond introduced the revised draft minutes. Mr. Hipius suggested several editorial changes. Following further discussion, Mr. Smith moved for approval of the draft minutes contingent upon inclusion of Mr. Hipius’ suggestions. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #116-1**.

2.2 Action Items List – The Committee reviewed the Outstanding Action Items list and accepted the following items as complete:

<u>Action Item #</u>	<u>Comments</u>
87-7	The NYISO White Paper on Fuel Diversity was provided on November 26, 2008.
105-5	The 2009/10 IRM Report resolved the issues raised by Dr. Sasson.
109-6	See 87-7.
112-2	Mr. Clayton and others met with Mr. Sliwinski (DEC) on November xx, 2008.
112-4	The 2009/10 IRM Report clarified the IRM used in the ICAP Market.
112-5	RCMS recommended a finding that the NYISO was not in violation of Policy 4 in its November 14, 2009 report to the Executive Committee.
114-3	A letter was sent to Mr. Schwerdt dated November xx, 2009.
115-8	The revised RCMS Report on GADS data reporting was received by the Executive Committee at its December 5, 2008 meeting.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

i. Summary of Receipts & Disbursements - Mr. Adamson presented the Summary of Receipts and Disbursements which showed a balance of \$141,000 at the end of November 2008. Mr. Adamson noted that projected year-end expenses are projected to be \$76,000 below budget.

- ii. **2009 Estimated Monthly Cash Flow** – Mr. Adamson described the estimated Monthly Cash Flow table for 2009. This table is used to determine the Call-for-Funds recommendations for the coming year.
- iii. **2000–2008 NYSRC Expenses** – Mr. Adamson presented a table showing the last nine years NYSRC expenses for information purposes. He noted that the \$50,000 contingency was partially utilized in only two years.
- iv. **1ST Quarter 2009 Call-For-Funds** – Mr. Adamson recommended a 1st Quarter 2009 Call-for-Funds of \$165,000 comprised of a \$5,000 Membership Fee from each Affiliated (\$45,000) Member and an additional \$20,000 Assessment per TO (\$120,000) for a total of \$165,000. Mr. Fleury moved for approval of the recommendation. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee – (13 to 0).

3.2 **Other Organizational Issues**

- i. **Code of Conduct** – Mr. Raymond indicated that he would be circulating the Code of Conduct and associated Acknowledgement Form for Executive Committee Members’ (incl. Alternates) review and signature. Also, the Sub-Committee Chairmen, including the Defensive Strategies Working Group, were asked to distribute the same material and obtain the signed Acknowledge Form from each member and alternate.
- ii. **NYSRC Biennial Report** – Mr. Adamson noted that it was time to begin work on the 2008/09 Biennial Report and with Executive Committee concurrence, he will provide an outline and schedule for discussion at the January 9, 2009 Executive Committee meeting. The Executive Committee decided to proceed with development of a draft report – **AI #116-x**.

4.0 **Installed Capacity Subcommittee (ICS) Status Report/Issue**

4.1 **ICS Status Report and Discussion Issues** – Mr. Dahl reported that ICS met for its regular monthly meeting on December 1, 2008 and focused on finalizing the IRM Study.

4.2 **2009/10 IRM Study** – Mr. Dahl introduced the latest draft IRM Report and described the final changes, including the following:

- (a) the updated “outside World” Model, including the Connecticut tie to Long Island, lowers the base case IRM by 1.0%,
- (b) additional changes in IRM from the prior year’s base case are the updated Generating Units EFORs, 1.5% increase, and Load Forecast Uncertainty, .9% increase, and
- (c) the EFOR sensitivity cases with the highest and lowest zonal EFORs averages of the last five year requires IRMs of 17.9% and 14.5 % to meet the .1 days/yr. LOLE, respectively.

The post 2009 RGGI and HEDD Scenarios show potential increases in the required IRM to 16.6%-17.1% and 28.6%, respectively. Mr. Younger reminded the Executive Committee that the 95% performance factor for SCRs is very ambitious and the latest NYISO forecasts suggest the assumed load model may be understated by up to 250Mws. Mr. Dahl noted that the confidence interval for the base case is 16.0-16.4%. Also, he indicated that the “outside world” modeling will be given high priority in next year’s IRM Report work plan.

Upon completion of Executive Committee questions, Chairman Loehr expressed the Executive Committee’s appreciation to Messrs. Dahl, Adamson, Drake (NYISO) and the entire NYISO Team for the exceptional Report. Dr. Sasson moved for approval of the Report. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

4.3 **IRM Voting Procedure** – Mr. Gioia reviewed the IRM Voting Procedure, which was approved by the Executive Committee March 14, 2008.

4.4 **Selection of the Final 2009/10 IRM** – Per the IRM Voting Procedure, Mr. Raymond distributed the ballots for the secret Straw Poll. The results indicated a starting point for the IRM voting of 16.5%. The IRM ballots were then distributed requesting a “yea” or “nay” vote on acceptance of 16.5 %. The secret ballot approved 16.5% IRM by a 12 to 1 majority. Mr. Chao confirmed that the NYISO will

begin the Locational Capacity Requirements analysis immediately. Mr. Gioia noted that in the past an informational copy of the Report and indication of the selected IRM has been sent to the PSC. He agreed to follow-up by contacting the PSC's General Counsel regarding the need for a formal hearing process – AI #115-2. Also, Mr. Gioia will a filing with FERC since the final IRM changed from the previous year – AI #116-xx.

4.5 Mechanism to Accommodate Expanded MARS Date Base Review – Mr. Patka indicated that following discussions with Messrs. Dahl, Gioia, Davis, and Dr. Sasson and LIPA and ConEd attorneys, he took the data review issue to Mr. R. Fernandez, NYISO General Counsel. Mr. Fernandez agreed to provide the data, part of which is masked in binary form to protect the markets, to authorized LIPA and ConEd personnel for off-site review of the unmasked IRM related data only under an Off-site Access Agreement with LIPA and ConEd, signed by the authorized personnel. Mr. Paka asked that Mr. Gioia, LIPA and ConEd provide their comments to the proposed Agreement such that this issue may be resolved in early January 2009 – AI #116-x. Mr. Bush indicated that the Generators will not stand in the way of an Agreement. However, they continue to believe that this action sets a poor precedent.

4.6 Other ICS Issues

i. IRM Resolution – Mr. Adamson distributed a copy of last year's IRM Resolution as a "strawman" for consideration of a 2009/10 Resolution. The Executive Committee agreed that the Resolution should include the phrase "this result was based on consideration of the base case and sensitivity cases found in the technical IRM Report, as well as other relevant factors that may impact the NYCA IRM Requirement" as stated in policy. Mr. Loughney moved for approval of the modified Resolution. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee - (13 to 0).

5.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

5.1 RCMS Status Report & Discussion Issues – Mr. Fanning indicated that RCMS met for its regular monthly meeting on December 3, 2008. The focus was on finalizing the draft Compliance Report regarding GADS data reporting. the compliance reviews discussed in Section 5.2.

5.2 2008 New York Reliability Compliance Program (NYRCP) – Mr. Fanning reported that each of the following Measures were reviewed by RCMS and found to be in full compliance:

- (a) C-M13, Certification of Disturbance Devices and Data Reporting,
- (b) D-M1, Reporting Statistics on Forecast and Actual Reserves,
- (c) E-M9, NYISO Annual Review of Exception,
- (d) F-M4, TO Load Shedding Capability,
- (e) G-M2, TO Restoration Plan Requirements,
- (f) G-M3, Black Start Provider Requirements,
- (g) G-M4, System Restoration Training Requirements,
- (h) I-M1, NYISO Requirements for ConEd Procedures in accordance with I- R1, I-R3 and I-R4,
- (i) I-M2, NYISO Requirements for LIPA Procedures in Accordance with I-R3,
- (j) I-M5, ConEd Procedures for Local Rules I-R1, R2, and R4,
- (k) I-M6, LIPA Procedures for Local Rule I-R3, and
- (l) K-M2d, Monthly Operating Report.

C-M5, Reporting of Resource Outage Data to the NYISO, is pending approval by the Executive Committee of RCMS report, Reliability Compliance Review of 2004 NERC-GADS Data Misreporting Event, and RRS determination of whether the term "accurate data" as used in Rule C-R2 could be made more definitive.

5.3 RCMS Compliance Review of 2004 GADS Reporting Error(s) – Mr. Fanning introduced the modified RCMS Report, Reliability Compliance Review Of 2004 NERC-GADS Outage Data Misreporting Event and focused discussion on the changes requested by the Executive Committee at its

November 14, 2008 meeting. Recommendation 3, task 1 requires the RRS to clarify the meaning of the measurement term “accurate resource outage data” and task 2 requires a determination by ~~RRS~~ **RCMS** of whether the task 1 clarification is consistent with the current NYISO interpretation. If not, a compliance review of previous cases may be warranted. Mr. Gonzales indicated that a review by the NYISO of its processes and procedures will be done and the review will likely resolve most concerns expressed in Recommendations 4-6. The NYISO will report back at the January 9, 2009 Executive Committee meeting regarding a schedule for its review – **AI #116-x**. After further discussion, Mr. Clagett moved for approval of the RCMS Report. The motion was seconded by Dr. Sasson and approved by the Executive Committee – (12 to 0 with 1 abstention).

5.4 Other RCMS Issues

i. Draft NPCC Governor Response vs. Measurement C-M9 – Mr. Fanning noted that RCMS will begin work on the comparison in January 2009.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Adamson reported that RRS met on December 4, 2008. He indicated that PRR #96, C-M1, CM2: Verification of Resource Capacity, and PRR# 98, NYCA Transmission Review, were previously posted with comments due by January 5, 2009 and December 5, 2008, respectively. The template for PRR# 99, System Restoration, is under review. Mr. Mahlmann (NYISO) is streamlining the Rule and making the necessary changes to conform with the NPCC Criteria guidelines and NERC EOP-005 revisions.

6.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision – See 6.1

6.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Status – Mr. Adamson introduced the NERC Reliability Standards Development Tracking Summary. A number of proposed standards were discussed jointly with NPCC and comments and voting positions decided upon as summarized in the November 24, 2008 NERC Tracking Summary.

ii. Status of NERC “Determine System Operating Limits” – Mr. Adamson indicated that the Drafting Team has agreed to prepare a draft #3 of the SAR. The Team plans to resubmit the SAR for stakeholder balloting comments on whether to proceed with preparation of a new Standard January 2009.

6.4 Other RRS Issues

i. BPS Issues – Regarding PRR# 97, BPS Facilities, Mr. Hipius reminded the Executive Committee that it reached consensus during the November 14, 2008 meeting on the following direction for RRS’s continuing efforts on the BPS issue: (a) While a name for it has not been selected at this point, there should be one list of facilities to which the NYSRC rules generally will apply. The facilities deemed to be bulk under NPCC’s A-10 criteria would only be a small subset of this list. (b) The list will contain groupings, to point out which NYSRC rules are applicable to which facilities. This is an extension of the current NYISO approach, which seems to be reasonable. (c) Criteria or rules that establish how a given facility becomes part of one of the groupings, or is excluded from them, are needed. While the NYISO generally has been reasonable in its application of the rules so far, no such criteria for making these determinations yet exist. As an example, the NPCC A-10 criteria might be adopted for determining which facilities the protection rules should apply to, while other criteria would be needed to establish applicability of other NYSRC rules. (d) The NYSRC should create or identify these criteria, and the NYISO should apply them and notify the NYSRC of its determination of which facilities fall into which groups for application of the NYSRC rules. The NYSRC, through the RRS, should review the NYISO’s determinations. (e) The A1 and A2 lists associated with the NYISO-TO Agreement, while useful and necessary for other purposes, are not appropriate for determining the applicability of NYSRC

rules. (f) Some revisions to the NYSRC mission statement may be needed, and reflected in the NYSRC Reliability Rules.

ii. Reliability Rules vis-à-vis Deliverability – Nothing new to report.

7.0 Key Reliability Issues

7.1 Defensive Strategies – Mr. Smith reported that the Defensive Strategies Working Group (DSWG) met on December 4, 2008. Mr. Tatro (NGrid) presented the NPCC SS-38 UFLS Working Group's final UFLS Report which was approved at the November 19/20, 2008 NPCC RCC meeting. He also described the NPCC implementation plan which is a six-year program to complete all the equipment purchases, setting changes and re-wiring that is required. The implementation plan will follow a one year period to obtain NPCC Membership approval. Mr. Clagett complemented SS-38 study work, but expressed concern regarding the duration of the implementation plan. Mr. Rufrano noted that a large part of the timing issue is due to the difficulty in taking the necessary system outages. Mr. Smith explained that changing existing relay settings, which will capture a large piece of the reliability gains, will be completed in the first two years. After lengthy discussion, it was agreed that (a) Mr. Rufrano would orally present the Executive Committee's concern at NPCC and (b) the TOs will investigate the scheduling with their System Protection personnel – **AI #116-xx**. Mr. Fedora noted that the RCC minutes of the meeting during which the UFLS Report was approved, will indicate that SS-38 is to investigate ways to expedite the schedule. Also, Task #5 has been extended for 6-12 months since SS-38 has responsibility for the Overall NPCC Transmission Study in 2009. Lastly, Mr. Smith noted that Sweitzer Engineering gave the Subcommittee a presentation on its relay and communication state-of-the-art systems. It is planned to have ABB give a similar presentation at the next DSWG meeting in March 2009.

7.2 NPCC Defensive Strategy Activities – Mr. Fedora added that the NPCC 2009/10 Work Plan calls for the Task #5 work to begin in January and end in December 2009.

7.3 Interregional Studies of Proposed Transmission

- i. SEP** – Nothing new to report.
- ii. NYISO** – Mr. Chao noted that the Interregional Planning Stakeholders (PJM, NYISO, and NE-ISO) Advisory Committee (IPSAC) will meet in Albany, NY on December 11, 2008 to scope out interconnection studies for 2009.
- iii. NPCC** – Mr. Fedora reminded the Executive Committee that the NPCC Board has confirmed its commitment to conducting timely future year interregional studies and noted that funding for such studies was included in the 2009 NPCC Business Plan and Budget. The studies will go forward via the ERAG study forums—RFC-NPCC, RFC-SERC(East), and RFC-MRO-SPP-SERC(West). Also, Mr. Fedora circulated an updated version of the study scope, RFC-NPCC Assessment of Year 2014 Summer System Conditions (Draft #2-December 2, 2008) prepared by Mr. Paul Roman (NPCC). It was requested that comments be forwarded to Mr. Fedora or Mr. Roman. Completion is expected by the end of 2009. In addition, the NPCC SS-38 Working Group on Inter-Area Dynamics will conduct an overall NPCC dynamics assessment for 2013 conditions during 2009 – **AI #115-4**. SS-38 will seek participation of neighboring entities in the study.

8.0 State/Federal Energy Activities

8.1 Energy Planning Board (EPB) – Ms. Hogan stated that the next meeting of the Board will be during the week of December 7, 2008.

- i. Energy Coordinating Working Group (ECWG)** – Ms. Hogan indicated that the ECWG will not be meeting again until January 2009. This will provide time for drafts being circulated within member agencies to be thoroughly reviewed.

- 8.2 SEP Update** – Ms. Hogan reported that the draft State Energy Plan is under review by State Agencies. The schedule for completion of the Electric and Gas analyses has been pushed back to the original January 9, 2009 date.
- 8.3 NYSERDA – Update** – Ms. Hogan indicated that a replacement for NYSERDA Director, Paul Tonko, is expected to be named at the next Board meeting in January 2009.
- 8.4 RGGI Update** – Mr. Clagett expressed concern that the December 17, 2009 auction of CO2 credits could go to entities who will retire the credits. The NYISO is investigating attaining an operating waiver during emergencies. Also, Mr. Gonzales noted that the environmental costs will be factored into the generators bid. Mr. Patka added that the cost of credits would have to reach \$35 per ton before the coal plant operation would be impacted. Mr. Wentlent felt that the differential between the price of coal and gas is the key factor together with different commercial (financial) arrangements that exist between stakeholders.
- 9.0 NYISO Status Report/Issues –**
- 9.1 NYISO 2009 Comprehensive Reliability Planning Process (CRPP)** – Mr. Chao reported that the 2009 Reliability Needs Assessment (RNA) was released. The need for new generation resources has extended to 2018.
- 9.2 NYISO Fuel Diversity Study** – Mr. Chao indicated that the Fuel Diversity Study is complete and may be found on the NYISO web site.
- 9.3 Other Studies/Activities**
- i. **NYCA Reactive Power Study** - Nothing new to report.
 - ii. **Wind Integration Study/Activities** – Nothing new to report.
- 10.0 Other Items**
- 10.1 NYISO Operations Report** – Mr. Gonzales indicated that November 2008 was a relatively uneventful month with a peak load of only 22,749 Mws. There were no major emergencies declared. The new wind forecasting capability is showing 5-6% error on a one hour ahead basis and about 10% for 24 hours ahead. During the noon hour on December 4, 2008 the wind output exceeded 600Mw for the first time.
- 10.2 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth indicated there is a NAESB Board meeting in two weeks which should be followed shortly by the next Quarterly Report.
- 10.3 NPCC Report** – Nothing additional to report.
- 11.0 Visitors’ Comments** – None
- 12.0 Meeting Schedule**

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#117	Jan. 9, 2009	NYSERDA Headquarters, Albany, NY.	9:30 A.M.
#118	Feb.13, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No. 116 was adjourned at 3:15 P.M.

