

Revised Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 122 – June 12, 2009
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 |
| Micheal Mager, Esq. | Couch White, LLP (Large Customers’ Sector) - Member |
| Richard J. Bolbrock | Municipal & Electric Cooperative Sector – Member |
| Thomas Duffy | Central Hudson Gas & Electric – Member |
| Mayer Sasson | Consolidated Edison Co. of NY, Inc. - Member |
| Joe Hippius | National Grid, USA - Member |
| Joe Fleury | New York State Electric & Gas/Rochester Gas & Electric – Member - Phone |
| Tim Bush | Independent Power Producers of New York (IPPNY) – Member - Phone |
| Glenn Haake, Esq. | Dynegy, Inc. - Alternate |
| Ralph Rufrano | New York Power Authority – Member |

Others:

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| Paul Gioia, Esq. | Dewey & LeBoeuf, LLP - Counsel |
| Roger Clayton | Electric Power Resources, LLC – RRS Chairman |
| Rick Gonzales | New York Independent System Operator (NYISO)* |
| Henry Chao | New York Independent System Operator (NYISO) |
| Carl Patka, Esq. | New York Independent System Operator (NYISO) – Counsel* |
| John Adams | New York Independent System Operator (NYISO) |
| Steve Jeremko | New York State Electric & Gas/Rochester Gas & Electric – Phone* |
| Don Raymond | Executive Secretary |
| Edward Schrom | NYS Department of Public Service* |

Visitors – Open

Session:

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| Phil Fedora | Northeast Power Coordinating Council (NPCC) - Phone |
| Erin Hogan, PE | NYSERDA* |
| Michele Mizumori | Western Electric Coordinating Council – Phone* |

“*” – 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.122 to order at 9:30 A.M. on June 12, 2009.
 - 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** – An Executive Session was not requested.

- 2.0 **Meeting Minutes/Action Items**
 - 2.1 **Approval of Minutes for Meeting No. 121 (May 8, 2009)** – Mr. Raymond introduced the revised draft minutes. Following discussion, Mr. Smith moved for approval of the draft minutes contingent upon inclusion of a correction noted by Dr. Sasson. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee Members in attendance – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #122-1**.
 - 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> |
|----------------------|--|
| 116-4 | Comments were provided in February 2009. |
| 119-4 | Mr. Gioia reviewed the Master Consulting Agreement in May 2009. |
| 119-5 | The Executive Committee approved “Posting for Comment” PRR #99 on June 12, 2009. |
| 121-2 | The NYISO provided names and addresses in May 2009. |
| 121-3 | Comments were provided by the Executive Committee on the SEP Interim Report on May 12, 2009. |

- 3.0 **Organizational Issues**
 - 3.1 **NYSRC Treasurer’s Report**
 - i. **Summary of Receipts & Disbursements** - Mr. Raymond presented the Summary of Receipts and Disbursements which shows a balance of \$123,000 at the end of May 2009. Further, he requested Executive Committee approval to issue a Call-For-Funds for the 3rd Quarter 2009 of \$25,000 per TO. Mr. Bolbrock moved for approval of the request which was seconded by Mr. Ellsworth and approved unanimously by the Executive Committee – (13 to 0). Lastly, Mr. Raymond requested that the Executive Committee consider a \$5.00 per hour salary increase for Carol Lynch in recognition of her excellent work as the NYSRC’s Administrative Assistant. Following discussion, Mr. Bolbrock moved for approval of \$5.00 per hour salary increase. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0).
 - 3.2 **Other Organizational Issues**
 - i. **General Liability Insurance** – Mr. Gioia noted that the General Liability Insurance expires June 15, 2009. A renewed policy with similar terms was bound at a cost of \$7,094.24 for one year.
 - ii. **Amendment to NYSRC Agreement/Code of Conduct** – Mr. Gioia reminded the Executive Committee that currently the NYSRC Agreement excludes members from belonging to NYISO Committees. This restriction has been limited by the Executive Committee to the Standing Committees of the NYISO, but still remained difficult for some parties. Also, NYSRC member participation in NYISO would be of value to the NYSRC. Consequently, the Executive Committee

has received a request to amend the NYSRC Agreement and a related provision in the NYSRC Code of Conduct to prohibit only serving as an officer, employee, or consultant of the NYISO, or membership on the NYISO Board. Furthermore, approval on any change would be contingent upon agreement that the filing with FERC would not be exploited as an opportunity to raise other provisions within the NYSRC Agreement. After discussion of the proposed changes to the NYSRC Agreement and Code of Conduct, Mr. Clagett moved for approval of the changes to both documents subject to the contingency above. The motion was seconded by Mr. Rufrano and unanimously approved by the Executive Committee – (13 to 0). Mr. Gioia will prepare the filing with FERC on the NYSRC Agreement and modify the Code of Conduct once FERC has approved the change to the Agreement. – **AI- 122-2**.

iii. Executive Committee – Selection of Members – Mr. Gioia reported that Membership (2 yrs.) and Officer (1 yr.) terms on the NYSRC Executive Committee expire at the end of July 2009. Notices for selection of representatives of the Wholesale Sellers, Large Customer, and Municipal and Electric Cooperative were posted on April 28, 2009 with responses requested by May 29, 2009. The TOs are required to send letters to the Executive Secretary designating their Representatives and Alternates. Also, a letter was sent to the Executive Committee on April 28, 2009 indicating that the Officers are elected for one year terms without limitation on the number of terms served. It has been practice for the Officers to serve two full and consecutive terms. Both Messrs. Loehr and Mager have expressed interest in serving second terms (1 yr. each) as Chairman and Vice Chairman, respectively. The letter also requested any additional officer nominations be sent to Mr. Gioia prior to the May 8, 2009 Executive Committee meeting – **AI #120-3**. Mr. Gioia reported that he had not received additional nominations for the Officer’s positions. Mr. Ellsworth moved for approval of Messrs. Loehr and Mager for second term as Chairman and Vice Chairman, respectively. The motion was seconded by Mr. Rufrano and unanimously approved by the Executive Committee – (13 to 0). Mr. Raymond acknowledged receipt of letters from each TO renewing its current Member and Alternate for another two year period. Also, Mr. Raymond indicated that eighteen votes had been registered for the representative of the Large Customer Sector. The votes unanimously selected Multiple Interveners as the entity felt to best represent large customers. Mr. Gioia reported receipt of a letter from IPPNY appointing Mr. Bush as the Wholesale Sales Sector Member and Messrs. Haake and Wentlent as the Alternates. Also, Mr. Gioia indicated he had received a letter from the New York Municipal Power Agency appointing Mr. Bolbrock as its Member and Mr. Cordiero as the Alternate. Mr. Ellsworth moved for approval of the non-TO Market Participants named above. The motion was seconded by Mr. Mager and unanimously approved by the Executive Committee – (13 to 0). Mr. Loehr, then, noted the desire of the current Unaffiliated Members to serve another two year term and that there were no additional nominations. Mr. Rufrano moved for approval of Messrs. Loehr, Ellsworth, Clagett, and Smith. The motion was seconded by Dr. Sasson and unanimously approved by the Executive Committee – (13 to 0).

4.0 State/Federal Energy Activities

4.1 Energy Planning Board (EPB) – SEP Update – Ms. Hogan indicated that the draft SEP will be released to the press on July 16, 2009. There will be opportunity for comments and public hearings downstate, Albany, Syracuse, and Buffalo. Also, she noted that Mr. Decotis, NYS Deputy Secretary of Energy, is leaving government to become Vice President – Power Markets at LIPA.

i. Energy Coordinating Working Group – Mr. Loehr noted that Mr. Gioia sent the NYSRC’s comments on the NYSEPB’s Interim Draft SEP on May 15, 2009.

4.2 NYSERDA Update – Nothing new to report.

4.3 FERC Proceeding on 100kv “Bright Line” – Mr. Loehr introduced Michele Mizumori who works for WECC and is heavily involved in the development of a definition for Bulk Power System (BPS). Ms. Mizumori indicated that WECC has issued for comment a proposal comprised of two voltage

thresholds defining a region for “material impact assessment, i.e., “bright line” thresholds of 100 and 200kv. Above 200kv all facilities are designated as part of the BPS. Facilities below 100kv are excluded. The facilities between 100 and 200kv would be subjected to a “material impact” assessment to determine whether it is part of the BPS. A set of facility characteristics, i.e., an interconnection between two balancing areas, included in a special protection system and/or an offsite supply to a nuclear plant, would be defined and used to evaluate “material impact”. Mr. Loehr described the Transmission Distribution Factor (TDF) approach that has been suggested to NPCC through its development process by Mr. Gonzales. Mr. Fedora indicated that NPCC is expecting to receive preliminary reliability and economic impacts of the FERC proposed 100kv “bright line” by July 20, 2009. NPCC-RRC will review stakeholder comments on September 10, 2009 prior to going to the Board on September 17, 2009. Filing with FERC is scheduled for September 20, 2009. Mr. Clayton noted that RRS is considering the TDF approach for identifying the NYCA facilities that would be subject to NYRSC specific reliability rules. He showed a table of TDFs vs. voltage level which indicated that more than 95% of the 765 and 345kv lines, 67% of the 230kv lines, 38% of the 138kv lines and 62% of the 115kv lines had TDFs greater than 1%. RRS is investigating further the results at 138kv and below. Mr. Loehr noted that about 50% of the facilities between 100kv and 200kv have TDFs greater than 1%. Mr. Hipius emphasized that Nat’l Grid and New England have no interest in the TDF approach. He further indicated that Nat’l Grid analysis shows little incremental cost provided up to 100Mws of load shedding is allowed after an (n-1)-1 contingency.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith reported attending a NYSERDA/EPRI Conference on May 12, 2009 relating to Phasor Measurement Units (PMU) applications. Through Mr. Chao, he had the opportunity to meet Mr. Dejan Sobajic, Director of R&D for the NYISO. Mr. Sobajic indicated that the NYISO is working on PMU applications and preparing a consortium proposal (NYISO and TOs) with PSC support for stimulus money from the DOE. Mr. Smith raised the possibility of including some of the DSWG’s work in the proposal. He provided Mr. Sobajic with a “DSWG Stimulus Proposal Outline” identifying three project areas; Dynamic Studies, Hardware Installation Studies, and Demonstration. Mr. Chao indicated that the consortium proposal is an opportunity to put forward one integrated application supported by the PSC. So far the proposal will include PMU applications, reactive support as part of a “Smart Grid”, a new Control Center, advanced communication systems and Dr. Sun’s EPRI Project, “Interactive System Restoration & Adaptive Islanding”. The PSC would like to see the proposal by June 22, 2009 to determine what aspects will be supported by rate payer matching funds. The final proposal must be received by DOE on or before July 29, 2009. Mr. Mager suggested that a cost benefit analysis be completed before use of any rate payer money. If the DSWG related portion of the proposal receives funding, the DSWG would serve in an advisory and coordination role. Mr. Hipius suggested that the proposal should acknowledge NYSRC support. Mr. Mager moved that the NYSRC send a letter of support for the PMU portion of the consortium proposal to Kim Harriman, Esq. (PSC) with copies to NYISO and NYSERDA. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0). Mr. Gioia was asked to prepare the letter for mailing before June 20, 2009 – **AI #122-3**. Lastly, Mr. Smith provided the Executive Committee with an overview of the EPRI Project, Real-Time Applications of Phasor Measurement Units (PMU), presented at the NYSERDA/EPRI May 12, 2009 Conference. Application of PMUs on the NYS power system is being investigated to improve control room visualization displays, reactive power monitoring, and stability protection. EPRI hopes to complete the voltage stability and reactive support component by October 2009. The remainder will extend through the middle of 2010.

5.2 NPCC Defensive Strategy Activities – Nothing additional to report.

5.3 Interregional Studies of Proposed Transmission

i. **NYISO** – Mr. Adams indicated that the next IPSAC meeting is June 30, 2009. Participants will receive a status report on the PJM and PV-20 (NY-Vermont) interconnection studies. Mr. Chao noted that on June 18, 2009, the Eastern Interconnection planners will meet to formulate an Agreement for a joint analysis of “Wind by Wire” from the Midwest to east coast.

ii. **NPCC** – Mr. Fedora will provide a presentation at the July 10, 2009 Executive Committee meeting.

5.4 TO’s Strategic Transmission and Reliability Study (STARS) – Mr. Dahl reported that STARS is moving forward with current focus on a complete re-calculation of 2018 transfer limits and assumptions for the 2028 expansion plan. The contractor is ABB.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

6.1 ICS Status Report and Discussion Issues – Mr. Dahl distributed the ICS Chairman’s Report from the regular June 3, 2009 ICS meeting. ICS is planning a conference call for June 17, 2009. The next ICS meeting is changed from June 24, 2009 to July 1, 2009.

6.2 Mechanism to Accommodate Expanded MARS Database Review -

2010/11 IRM Filing – 2010-11 IRM Study Assumptions – Mr. Dahl report that NYSERDA presented an update to the wind project forecast for 2010 IRM Study. Preliminary results indicate about a 150 MW increase in wind resources in NY State from last year’s study (total over 1400 Mw). ICS reviewed an analysis showing continued degradation of EFORD for the 2008 time frame. Zones J and K, in particular, showed poor performance. NYISO was requested to provide further information with higher zonal resolution. Also, ICS had extended discussion regarding the transmission model and increased Canadian imports from HQ through OH. The NYISO is evaluating a proposal to increase transfer capabilities from HQ to OH from 350 MW to 1250 MW to reflect installation of new HVDC line. Work is underway on the Hudson Valley voltage transfer limit and the Central East transfer limit. ICS discussed a new proposal for modeling Special Case Resources which would introduce an additional derate factor based on a differing different methodology for computing SCR peak hour performance. Other aspects of the model being developed include, load shape, load forecast uncertainty, and updating DMNC information. ICS discussed the potential for the NYISO deliverability filing commitments to impact IRM external capacity assumptions and reviewed a new scheduling tool for tracking IRM study progress week by week.

6.4 Other ICS Issues

i. **Analysis of EFORD Trends** – Nothing additional to report.

ii. **FCM IRM Study Scope & Assumptions** - Mr. Dahl indicated that ICS reviewed and commented on a draft report. Results of the IRM/LCR Tan45 analysis were not completed; therefore, the review focused primarily on format. Sensitivity analysis and development of the environmental model were also discussed. Preliminary results (not Tan45) indicated an increase in requirements resulting from consideration of updated 2008 forced outage rates. The study remains on schedule for a summer 2009 completion. Mr. Haake noted that the NYISO Business Committee has voted not to implement a FCM at least for the time being. The ICS analysis will be issued to the Executive Committee as an internal document – **AI #122-4**. Ms. Hogan counseled that a well defined methodology is important when selecting wind project for the base case.

iii. **ISO-NE vs. NYCA 2009 IRM** – Mr. Dahl attended the May 21, 2009 NEPOOL Power Supply Planning Committee (PSPC) and discussed assumptions and methodology for determining the NYCA IRM. The main area of focus was the potential difference between NY and NE modeling approaches including application of MARS computer program, capacity model (GT derates, summer maintenance, and wind), emergency operating procedures (SRC limitations), outside world model (per policy 5), transmission model (use of nomograms) and the integrated approach to determining IRM/LCR (tan 45). The presentation was very well received with

numerous questions from NE market participant. PSPC will be reviewing the “as is” vs. design methodology for representing the NYCA in its IRM studies beginning at the next meeting.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on June 4, 2009. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8 and 52 remain under development. Also, PRR #97, BPS Facilities, is under development (See Item #4.3). The NYISO is providing the TDFs for the various facilities lists – **AI #121-7**. PRR #102, K-M2d; Reliability Assessment, a new proposal designed to consolidate reporting requirements, is expected to be approved by RRS at its June 2009 meeting. PRR #103, C-R4; System Data Requirements, was proposed to clarify Rules and Measurements C-M9, C-M10 and C-11. Messrs. Clayton and Adamson met with the NYISO (Messrs. Cory, Smith and Adams) and found that the NYISO’s Transmission Manual, through its Procedures, requires “due diligence” by the NYISO in maintaining data bases. It was agreed that the NYISO would present the current review process and areas for improvement at its June 2009 RRS meeting.

7.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (“PRR”) Changes

b. Status of New/Modified Reliability Rules

1. PRRs for EC Final Approval

2. PRRs for EC Approval to Post –

- PRR #99, System Restoration, was posted on April 20, 2009. Con Ed provided comments during the normal 45 day comment period. Therefore, after review of the comments, RRS has resubmitted PRR #99 to the Executive Committee containing many of ConEd’s proposed revisions. Mr. Clayton presented each change for the benefit of the Executive Committee. The Generator Sector (Messrs. Bush, Haake, et al.) strongly objected to ~~the requirement~~ Measurement G-M3 for requiring quarterly tests of critical facilities and reporting the results to the NYISO. The provision was felt to create unnecessary additional work and subjects the Generator owners to additional risk of penalties for a service that offers minimal payment.. Mr. Rufrano expressed concern that the proposed testing cannot be measured. Dr. Sasson clarified that G-M3 requires that Generator Owners develop a list of critical components to be tested from which compliance can be measured. After further discussion, the Executive Committee remanded PRR #99 back to RRS with a request for comments to be forwarded to Mr. Clayton as soon as possible.. Dr. Sasson asked the Generator Sector to provide the items they feel to be onerous as quickly as possible to Mr. Clayton. The PRR will be re-posted once approved by the Executive Committee.
- Mr. Clayton indicated that RRS is resubmitting PRR #101, Modifications to Resource Adequacy, which addresses “due diligence” by the NYISO regarding generator outage data. RRS has added clarification that assures the Rule changes apply to Generating Units only. Mr. Gioia offered a definition of “suspect data”. Mr. Patka indicated that the NYISO is developing a screening criteria to identify the outliers. It was agreed that the definition would apply to data that has not met the screening criteria and that the NYISO has not yet been able to verify its acceptability. Secondly, Mr. Gioia offered language which would clarify that the NYISO will notify the NYSRC within 5 days after discovering that certain data provided for use in reliability studies should be replaced by generic data. After further discussion, Mr. Mager moved for approval to post PRR #101 contingent upon the changes offered by Mr. Gioia. The motion was seconded by Mr. Claggett and unanimously approved – (13 to 0).

3. PRRs for EC Discussion

- Dr. Sasson noted that upon reflection on the discussion during the May 8, 2009

Executive Committee, he now concurs that a new Reliability Rule on dual fuel capability is not necessary. Further, he concurs with the Executive Committee's decision to address the issue without specifying a particular solution and to make its voice heard through comments on the SEP – AI #121-8.

7.3 NPCC/NERC Standard Tracking

i. NERC Standards Development

1. TPL-000-1, NERC Transmission Planning Standards – Mr. Clayton noted that the Standard is out for comment for the third time. Most significant is Table 1 which consolidates the A, B and C Criteria. Curiously, the Rules apply to EHV and/or HV facilities rather than the Bulk Power System as in the past. RRS will examine the proposal at its July 1, 2009 meeting.

7.4 Other RRS Issues

i. Cyber Security Presentation – Deferred to the July 10, 2009 meeting.

8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

8.1 RCMS Status Report & Discussion Issues – Mr. Fanning indicated in writing that RCMS met for its regular meeting on June 11, 2009.

8.2 2009 New York Reliability Compliance Program (NYRCP) – Mr. Fanning further indicated that the following Measurements were reviewed for compliance:

- a) K-M2d, Monthly Operating Report, -- full compliance,
- b) E-M6a, Pre-Seasonal Fault Duty Assessment -- Extended 30 days to allow the report to be finalized,
- c) K-m2b, 2009 Resource Adequacy Assessment, -- Extended 30 days to allow for additional member comments, and
- d) K-M2c, Interregional Reliability Assessment – full compliance.

8.3 RCMS Compliance Review of 2004 GADS Reporting Error(s) – The status of recommendations from the approved RCMS Report, Reliability Compliance Review Of 2004 NERC-GADS Outage Data Misreporting Event are summarized below.

| Rec. # | Recommendation Excerpt | Status Excerpt |
|--------|--|-----------------|
| 1 | The EC should find the NYISO to be non-compliant regarding C-M5, but not issue a letter of non-compliance. | Complete |
| 2 | The NYISO should include mitigation measures in future non-compliance letters to Market Participants. | Complete |
| 3.1 | RRS interpretation of Measurement C-M5 meaning “accurate resource outage data” | Complete |
| 3.2 | RRS determines if NYISO definition of measurement C-M5 matches their definition | Complete |
| 3.3 | RCMS recommendation to EC as to whether or not further compliance reviews of previous cases are warranted. | Complete |

| | | |
|-----|--|--|
| 3.4 | RRS to prepare a PRR to modify Measurement C-M5 | Mr. Clayton presented PRR #101 to revise C-R 2, and C-M 4, 5 and 6 to the EC for posting on June 12, 2009. EC approved "posting for comment" Complete |
| 4 | Improving the outage screening process | A NYISO group continues to develop the process. Completion is expected in the 1 st quarter of 2010. Pending |
| 5 | NYISO conducting in-house NERC-GADS workshop | Complete |
| 6 | MMU to notify Resource Planning during its investigation | Complete |
| 7 | Joint NYISO/ICS EFOR trend analysis | See item 6.4i - ICS has scheduled completion for July 2009. Pending |

8.4 Other RCMS Issues – Nothing additional to report.

9.0 NYISO Status Report/Issues –

9.1 NYISO 2009 Comprehensive Reliability Planning Process (CRPP) – Nothing new to report.

9.2 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 reported that there were no Major Emergencies in the month of May 2009. Also, he described a new graphic showing 60 minute forecast error for load and wind generation.

10.2 North American Energy Standards Board (NAESB) Report – Nothing new to 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> |
|-----------------|---------------|--|-------------|
| #123 | July 10, 2009 | Albany Country Club, Voorheesville, N.Y. | 9:30 A.M. |
| #124 | Aug 14, 2009 | Albany Country Club, Voorheesville, N.Y. | 9:30 A.M. |

The open session of Committee Meeting No.122 was adjourned at 3:30 P.M.