

Revised Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 125 – September 11, 2009
Albany Country Club, Voorheesville, NY

Members and

Alternates:

George C. Loehr	Unaffiliated Member – Chairman
Curt Dahl	LIPA - Alternate – ICS Chairman
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George E. Smith	Unaffiliated Member
Michael Mager, Esq.	Couch White, LLP (Large Customers’ Sector) – Member
Thomas Duffy	Central Hudson Gas & Electric – Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc. - Member
Carol Sedewitz	National Grid, USA – Alternate Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member - Phone
Chris LaRoe	Independent Power Producers of New York (IPPNY)
Ralph Rufrano	New York Power Authority – Member

Others:

Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Steve Fanning	National Grid, USA – RCMS Chairman
Rick Gonzales	New York Independent System Operator (NYISO)*
Carl Patka, Esq.	New York Independent System Operator (NYISO) – Counsel*
Henry Chao	New York Independent System Operator (NYISO)
John Adams	New York Independent System Operator (NYISO)
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service

Visitors – Open

Session:

Phil Fedora	Northeast Power Coordinating Council (NPCC)
Erin Hogan, PE	NYSERDA
Scott Leuthauser	Consultant

“*” – 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.125 to order at 9:30 A.M. on September 11, 2009.
 - 1.1 Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee with the exception of Mr. Bolbrock were in attendance or on the phone. At the request of Mr. Bolbrock his proxy vote was given to Mr. Rufrano.
 - 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. 124 (August 14, 2009)** – Mr. Raymond introduced the revised draft minutes including all comments received through mid-day September 10, 2009. Mr. Leuthauser requested clarification that the Executive Committee did not preclude consideration of sensitivity analysis under Section 6.2 of the draft minutes regarding the HQUS wheel-through issue. The Executive Committee confirmed that it did not intend to preclude the sensitivity analysis (also see Section 6.2 below). Following further discussion, Dr. Sasson moved for approval of the draft revised minutes. The motion was seconded by Mr. Fleury and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #125-1**.
 - 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>
80-11	The Scheduled Completion Date was changed to “on-going”.
119-2	The Scheduled Completion Date was changed to “11/13/2009.
122-2	Mr. Gioia provided the modified NYSRC Agreement on September 2, 2009.
123-6	PRR #99 was approved by the Executive Committee on August 14, 2009.
124-3	The waiver was provided on September 2, 2009 by Mr. Gioia.
124-5	Ms. Hogan contacted Mr. Sennett regarding attending an Executive Committee meeting to discuss Cyber Security.

- 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 \$135,000 at the end of August 2009. The projected end-of-year variance from the 2009 Budget stands at an excess of about \$54,000. Mr. Adamson requested a 4th Quarter Call-For-Funds of \$20,000 per TO due on October 1, 2009. Mr. Fleury moved for approval of the request. Mr. Rufrano seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).
In response to his request, Mr. Adamson, he noted receipt of a letter from Slocum DeAngelus & Assoc. describing the scope for a 2009 Audit. The cost estimate is \$2675.00, an increase of \$325.00 above the 2008 Audit. The increase is largely due to additional Form 990 requirements.

Mr. Mager moved for approval of the Audit proposal. Mr. Ellsworth seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).

3.2 Other Organizational Issues

- i. **2010 Draft Budget** – Mr. Adamson presented the proposed budget for 2010. The \$715,500 proposal was \$11,500 above the 2009 approved budget. Dr. Sasson expressed the view that the new budget should be held to the 2009 level. Messrs. Clagett and Rufrano reminded the Executive Committee that salary adjustments for 2010 had not been addressed and should be a part of the budget process. After discussion, Mr. Loehr called for an Executive Session (less Unaffiliated Members) to address salary adjustments. Mr. Mager called the Executive Committee back into open session and indicated the need for additional data before the salary adjustments could be thoroughly addressed. He requested that the Treasurer provide the Executive Committee with the current salaries and date of last adjustment for the Unaffiliated Members and other individuals providing Professional Services, as soon as possible – **AI #125-2**. Further, salary considerations for this year were deferred to the October 9, 2009 Executive Committee meeting. In the future, it was agreed that salary revisions would be considered in July of each year and the approval of the budget would be advanced one month to August to better align with the TO's internal budget processes – **AI #125-3**.
- ii. **Funding Mechanism** – Deferred to October 10, 2009 meeting.
- iii. **NYSRC Procedure For Public Review** – Mr. Ellsworth raised a question regarding the practices for approval of Proposed Reliability Rules (PRRs) including Reliability Rule modifications. In summary, RRS requests authorization from the Executive Committee to post a PRR for comment on the NYSRC web site, usually with a 45 day comment period. Following consideration of the comments, RRS presents the final PRR to the Executive Committee for final approval. On occasion, the Executive Committee has exercised its authority under NYSRC Policy 1 to make substantive changes to the proposal before voting to approve. Mr. Ellsworth noted that his concern was not with Policy 1, but instead, he suggested that conscious consideration be given to whether or not a re-posting is warranted in those instances in which the Executive Committee has made substantive changes. Following lengthy discussion, the Executive Committee agreed that in the future (a) it would strive to resolve any issues it may have before authorizing the initial "Posting For Comment" and (b) consideration will be given to re-posting, if the Executive Committee makes substantive changes to a PRR received from RRS for "Final Approval" – **AI #125-4**.

4.0 State/Federal Energy Activities

4.1 **Energy Planning Board (EPB) – SEP Update** – Ms. Hogan emphasized that the written comments on the draft SEP are due by October 19, 2009. Messrs. Gioia and Adamson are preparing a draft response for Executive Committee consideration at its October 9, 2009 meeting – **AI 124-2**. Mr. Adamson noted that he has forwarded comments to Mr. Gioia concerning the role of a nuclear power option, Defensive Strategies for the transmission system, and the reliability impact of proposed environmental regulations. Also, the proposed SEP failed to acknowledge the NYSRC as the State's provider of reliability standards. Mr. Mager suggested including the NYSRC 2007-08 Annual Report with the comments.

4.2 **NYSERDA Update** – Nothing new to report.

4.3 **NPCC Report** – Mr. Fedora indicated that the RCC is finalizing the NPCC Assessment of the Bulk Power System Definition. The report is responsive to the NPCC Board's charge pursuant to the December 2008 FERC Order to investigate the implications of adopting FERC's "100kv Bright Line" definition for delineating Bulk Power System elements. The Report is expected to go to the Board on ~~October~~ **September** 14, 2009 including NPCC's definition of "radial exclusions" and an estimated cost to comply of nearly ~~\$160M~~ **\$280M** with little reliability improvement. The TDF approach to delineating BPS elements is included as an option. The FERC filing date is ~~October~~ **September** 21, 2009.

4.4 FERC Proceeding on 100kv “Bright Line” – Mr. Rufrano indicated that NPCC did not change the definition of BES, but instead broadened the interpretation of “radial system”, thereby creating “exclusions”. Once this approach is filed, WECC and FRCC are expected have shown interest to and may follow suit. Also, on September 10, 2009 FERC issued a Notice of Public Meeting to be held on September 22, 2009 to present research conducted by the University of Wisconsin-Madison, sponsored by the Commission, on Topological and Impedance Element Ranking (TIER). Clearly, FERC is now considering a performance based approach (vs. a “bright line”) which may be akin to the TDF approach being considered by NPCC. At the suggestion of Dr. Sasson, Mr. Clayton agreed to view the webcast of the Public Meeting – **AI #125-5**.

4.5 Petition to Amend the NYSRC Agreement – Mr. Loehr requested that those TOs that have not yet done so, to follow up by signing sign the waiver consenting to an amendment of the NYSRC Agreement regarding membership of NYSRC Members on NYISO committees and return the signed waiver to Mr. Gioia.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith indicated that the next DSWG meeting will be in November 2009 at which time the status of the NYISO application for Stimulus Funds will be much clearer. Mr. Dahl noted that the application has been accepted by DOE as being complete and will now enter the evaluation phase.

Mr. Clagett indicated that he and Mr. Loehr Smith have been talking with Brookhaven National Labs (BNL) regarding the NYSRC and the special role it plays in maintaining reliability in NYS. BNL has links with Northwest Labs which specifically addresses utility issues and has apparent connections with NYSERDA. Ms. Hogan agreed to investigate the relationship more thoroughly.

Mr. Patka reminded the Executive Committee that the NYISO made its single filing (for NYCA) for Federal Stimulus Funds on August 6, 2009. The application (\$77-78million) includes funding for PMUs and Bulk Power System capacitor additions. The NYISO agreed to give a presentation on the application at the October 9, 2009 Executive Committee meeting – **AI #124-4**. A second filing will be made with the government’s Office of Technology for advanced control room communications technologies. The PSC will match up to 50% of the “Smart Grid” funding. Mr. Patka indicated that a third application (\$23M) was filed on October 10, 2009 by the Eastern Interconnection Planning Collaborative (EIPC), created by a consortium of Regional Planning Authorities to conduct transmission analyses of mutual interest over an interconnection-wide footprint. The analyses undertaken will inform policy makers and stakeholders regarding future expansion options and also the potential implications of changes which may result from proposed legislation or other policy initiatives. An informational webinar will be held by EPIC on October 13, 2009 beginning at 11:00 AM.

Mr. Chao noted his attendance at the FERC Technical Conference to examine the planning process under Order 890 in Atlanta, Georgia in which a question was raised regarding cost allocation for the transmission line to deliver renewable energy from the mid-west to the east coast. It was suggested by the representative of the Mid-America Transmission Co. that all entities within the interconnection would benefit and, therefore, the cost should be socialized across the entire interconnection. There seemed to be a general consensus that FERC needed to regulate an interconnection-wide cost allocation methodology. Mr. Loehr has observed that socializing transmission costs regardless of who benefits is a growing concern across the country regardless of who benefits. Mr. Patka noted that the United States 7th Court of Appeals in Chicago has recently thrown out PJM’s request to socialize the costs of transmission at 500kv and above across PJM because FERC has not articulated a rational basis for how customers remote from the transmission will benefit. Mr. Patka will circulate the Court’s Decision – **AI #125-6**. The cost allocation of projects built for reliability (vs. economics) also remains open.

- 5.2 NPCC Defensive Strategy Activities** – Mr. Fedora indicated that at the June 3, 2009 RCC meeting, Mr. Tatro reported priorities, including the Overall Transmission Assessment, have left little time for Task 5. Completion of the technical work is now expected by May 2010 with the final report completed in September 2010.
- 5.3 Interregional Studies of Proposed Transmission**
- i. **NYISO** – Mr. Adams reported there will be a webex on October 1, 2009 for discussion of the scope of the NYISO Economic Study (a.k.a. Market Efficiency Study). Mr. Chao added that the group will also discuss the PJM – NYISO Interface Study.
 - ii. **NPCC** – Nothing additional to report.
- 5.4 TOs Strategic Transmission and Reliability Study (STARS)** – Mr. Dahl reported that the STARS Team is finishing Phase 1 which is the determination of the ~~transfer limits~~ **constraining interfaces** for six scenarios in 2018 and 2028. The Team is just beginning Phase 2, the reinforcement phase, which is expected to be completed in December 2009. The next meeting with NYISO Staff is scheduled for October 1, 2009. An update of the status of STARS will be given to IPPNY on September 22, 2009.
- 5.5 Cyber Security** - Mr. Loehr requested that Ms. Hogan contact Mr. Sennett, the PSC Director of Utility Security, and invite him to either the October or November 2009 Executive Committee Meeting to discuss issues pertaining to overly prescriptive cyber security rules and how these issues are coordinated with Homeland Security – **AI #124-5**.
- 6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue**
- 6.1 ICS Status Report and Discussion Issues** – Mr. Dahl reported that ICS met for its regular monthly meeting on September 9, 2009.
- 6.2 2010/11 IRM Study** – Mr. Dahl indicated that ICS discussed the HQUS letter to the NYSRC Executive Committee dated August 13, 2009 regarding modeling of the HQ interface for the 2010-11 IRM study. HQUS believes the HQ interface should not be used to provide any tie reliability benefit to NY since it believes energy “wheel throughs” from Chateaugay to New England are non-curtable given that they pay a TSC and transmission congestion costs. ICS discussed HQUS’s concerns and requested the NYISO Operations Staff provide a written description of how it would handle energy and capacity transactions during various NY resource deficient scenarios involving the loss of NY load. The NYISO Staff expected to have a preliminary written response to ICS by September 11, 2009. ICS agreed that to maintain the IRM study schedule this issue would be handled as a sensitivity case, if at all (contingent on the NYISO response). Given the tariff implications, ICS recommended this issue also be reviewed by the NYISO ICAPWG. The issue was placed on the ICAPWG agenda for its September 11, 2009 meeting.
- Also, the NYISO reported on progress toward incorporating the assumptions approved at the August 2009 Executive Committee meeting into the 2010-11 IRM MARS base case. Each assumption is input individually and a MARS LOLE impact is reviewed to ensure proper model implementation. NYISO has completed input of about 50% of the input assumptions. As expected, revised SCR and FOR modeling assumptions result in increased LOLE and Reserve Margin requirements. A few of the assumptions have produced anomalous results and were tagged by ICS for further scrutiny by NYISO. An ICS conference call has been scheduled for September 22, 2009 to discuss the results from input of all the assumptions. ICS plans to present the proposed sensitivity cases to the Executive Committee for approval at its October 9, 2009 meeting. The base case results will be available for approval at the Executive Committee’s November 14, 2009 meeting and the final report and IRM recommendation will be completed in the first week of December 2009.
- 6.3 Upstate/Downstate Study** – Mr. Dahl noted that the Study will be done for one more year beginning in January 2010 in order to fulfill the NYSRC’s commitment to FERC.
- 6.4 Other ICS Issues**
- i. **FCM IRM Study** - Mr. Dahl noted that completion of the draft report requires resolution of anomalous IRM/LCR results. NYISO engaged General Electric to assist in the review and

resolution of anomalies.

- ii. **NYISO EFORD GAD Screening Initiative** – Mr. Dahl noted that Kathy Whittaker (NYISO Auxiliary Market Operations) presented a new process for Generator Unit EFORD screening which will supplement to the existing Market Monitoring Unit’s (MMU) activities. The new process involves comparing the annual forced outage rate relative to the five (5) year average for each plant. This methodology has been determined by the NYISO to best identify suspect data. ICS commended NYISO proactive efforts and offered several comments and suggestions for improvement including more frequent review (quarterly rather than once per year), enhanced use of automated systems, and criteria/thresholds for suspect data. Messrs. Dahl and Adamson will be providing written comments to Ms. Whittaker. Mr. Gonzales stressed that this screening process will be implemented on a “stand alone” bases and should not be confused with the separate screening done by MMU.
- iii. **2009 IRM MARS database “Information Use Agreement”** – The NYISO reported that GE will be requested to modify the MARS program to mask additional contract data it deems confidential. The NYISO is also in the process of obtaining approvals from neighboring Regions for dissemination of the data.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 **RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met on September 3, 2009. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8 and 52 are waiting for completion of the Reactive Power Study and NPCC investigation of governor response and the UFLS program, respectively. Also, PRR #97, BPS Facilities (See Item #4.3), PRR #103, C-R4; System Data Requirements, PRR #104, Verification Testing of Resource Capacity, PRR #105, Rescission of Exception to NYSRC Reliability Rules, are under development. PRR #105 development is proceeding on the premise that the removal of facilities from the Exceptions List will not adversely impact reliability. PRR #99, System Restoration, was given final approval at the August 14, 2009 Executive Committee meeting and PRR #101, Modifications to Resource Adequacy, was approved for posting. Regarding PRR #97, RRS received a list of facilities from the NYISO that are on either the A1, A2, ATR, or the A10 lists. RRS is trying to associate the facilities with its TDF. Each TO is doing the transcription for its facilities.

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

- None

2. PRRs for EC Approval to Post

- Mr. Clayton presented PRR #102, K-M2d, Reliability Assessment, which had been approved for posting by RRS on September 3, 2009. The PRR consolidates reporting requirements for D-M1, D-M3, E-M2, and F-M5 into Reliability Rule K-M2d. After lengthy discussion, the Executive Committee asked Mr. Clayton to develop a more straight forward method to explain the changes suggested by the proposal.

3. PRRs for EC Discussion

- None

7.3 NPCC/NERC Standard Tracking

- i. **NERC Standards Development** – Mr. Adamson noted that balloting on TPL-001-1, Transmission Planning Performance Criteria, has been delayed until at least the 4th Quarter of 2009.

7.4 Other RRS Issues

i. **Modification to Exceptions – Policy 1** – Mr. Clayton presented PRR #105, Rescission of Exceptions to NYSRC Reliability Rules. He indicated that RRS is struggling to find a metric to determine whether an Exception should or should not be removed from the Exceptions List. Mr. Rufrano expressed the view that the matter is economics (not reliability) and therefore, the TOs should have the prerogative to remove facilities as they see fit. Mr. Clayton is concerned about “push-back” from the generators. After further discussion, Mr. Clayton agreed to take the Executive Committee comments back to RRS. PRR #105 development will proceed on the premise that the removal of facilities from the Exceptions List will not adversely impact reliability.

ii. **RRS BPS List** – Nothing additional to report.

8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

8.1 RCMS Status Report & Discussion Issues – Mr. Fanning indicated that RCMS met for its regular meeting on September 11, 2009. The NYISO reviewed its NERC Compliance Audit with RCMS. The final Audit Report is due in September 2009. NERC indicated only very minor comments.

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 Operations Reports, – Full Compliance delayed 30 days for date corrections, and

b) E-M8, Application of Reliability Requirements, - approval was held pending additional information within one week.

8.3 RCMS Compliance Review of 2004 GADS Reporting Error(s) – Mr. Fanning reported that Kathy Whittaker (NYISO Auxiliary Market Operations) gave an excellent presentation on the new process for Generator Unit EFORD screening which will supplement to the existing Market Monitoring Unit’s (MMU) activities (See item 7.1). RCMS will be joining with ICS to provide comments to Ms. Whittaker. The final RCMS Implementation Report will be available by the October 9, 2009 Executive Committee meeting – **AI #125-x**.

8.4 Other RCMS Issues – Nothing additional to report.

9.0 NYISO Status Report/Issues

9.1 NYISO 2009 Comprehensive Reliability Planning Process (CRPP) – Mr. Chao reported that the mid-cycle update of the RNA will be undergoing stakeholder review and is expected to be sent to the NYISO Board by year end. The new RNA will begin in the 1st Quarter of 2010.

Another segment of the CRPP is the TOs Local Transmission Plans which are due in September 2009 and will be reviewed by stakeholders in mid-October 2009. So far Plans have been received from Nat’l Grid, NYPA and Con Ed. The Plans will be incorporated in next year’s RNA.

9.2 Economic Study of Transmission Congestion – Mr. Chao noted that the NYISO’s ten year projection of congestion is complete and approved by the ESPWG. The solution phase of the Economic Study has just begun.

9.3 Federal Stimulus Fund Activities – See Item 5.1.

9.4 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 – The NYISO Operations Report for August 2009 showed a peak load of 30,844 Mws for the month. The all-time summer peak is 33,939Mws which occurred in August 2006. There were no Major Emergencies. TLR Level 3 was invoked 17 times during the month for a total of 87 hours. Frequency Threshold Excedances have declined noticeably over the last three months.

10.2 North American Energy Standards Board (NAESB) Report – Nothing new to report.

10.3 NPCC Report – Nothing new to report.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	Date	Location	Time
#126	Oct 9, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#127	Nov 13, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No.125 was adjourned at 2:50 P.M.