

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 214 – February 10, 2017
Conference Call

Members and Alternates

in Attendance:

Curt Dahl, P.E.	PSEGLI – Member – Chair
Peter Altenburger	National Grid, USA – Member – Vice Chair
George Loehr	Unaffiliated Member
William H. Clagett	Unaffiliated Member
Bruce Ellsworth	Unaffiliated Member
George Smith, P.E.	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
Matt Schwall	Independent Power Producers of NY – Member
Ray Kinney	New York State Electric & Gas/RG&E - Member
Frank Pace	Central Hudson Gas & Electric – Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.- Member
Mike Mager	Couch White (Large Customer Sector) – Member
Sunil Palla	NYPA – Member

Other

Paul Gioia, Esq.	Counsel
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)
Rana Mukerji	New York Independent System Operator (NYISO)*
Dana Walters	New York Independent System Operator (NYISO)
Zach Smith	New York Independent System Operator (NYISO)*
Don Raymond	Executive Secretary
Mariann Wilczek	PSEGLI - ICS Chair
Roger Clayton	Electric Power Resources, LLC – RRS/RCMS Chair
Al Adamson	Treasurer, Consultant
Leka Gjonaj	NYS Department of Public Service

Visitors- (Open Session)

Philip Fedora	Northeast Power Coordinating Council (NPCC)
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“*” Denotes part-time

- 1.0 Introduction** – Chairman Dahl called the NYSRC Executive Committee (Committee) Meeting No.214 (Conference Call) to order at 9:30 a.m. on February 10, 2017.
- 1.1 Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance.
- 1.2 Visitors** – See Attendee List, page 1.
- 1.3 Requests for Additional Agenda Items** – None
- 1.4 Declarations of “Conflict of Interest”** – None
- 1.5 Executive Session Topic** – None

2.0 Meeting Minutes/Action Items

- 2.1 Approval of Minutes for Meeting No. 213 (January 12, 2017)** – Mr. Raymond introduced the revised draft minutes of the January 12, 2017 Executive Committee meeting which included all comments received to date. Mr. Gioia offered clerical corrections. Mr. Ellsworth moved for approval of the draft minutes. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC website – **AI #214-1.**
- 2.2 Action Items List** – The Executive Committee reviewed the Outstanding Action Items list and accepted removal of the following items:

<u>Action Item #</u>	<u>Comments</u>
209-2	Replaced by Item #213-2.
213-5	Mr. Gioia submitted comments to the PSC on January 30, 2017.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. Summary of Receipts & Disbursements** - Mr. Adamson introduced the Summary of Receipts and Disbursements which showed a surplus of \$225,000 at the end of January 2017. Also, Mr. Adamson noted that in December 2016 the Executive Committee approved a Call-For-Funds of \$165,000 for the 1st Quarter of 2017. He received a total of \$160,000 in December 2016 and January 2017 and an additional \$5,000 in early February 2017. As a result, the 1st Quarter Call-For-Funds is complete. Further, Mr. Adamson indicated that the Accountant and he provided the Auditor, Slocum, DeAngelus & Associates, Inc., with the required accounting records for the 2016 Audit in January 2017. The Auditors sent out requests in early February 2017 to the affiliated members for their 2016 payments to the NYSRC. Mr. Adamson expects to have the Audit Report available for the March 10, 2017 Executive Committee meeting - **AI #214-2.**
Also, the Accountant has sent out the IRS Forms 1099 and submitted Form 1096 to the IRS which provides copies of the 1099 Forms.

3.2 Other Organizational Issues –

- i. Unaffiliated Position Search** – Mr. Altenburger led a discussion of the process for selecting a new Unaffiliated Member when a vacancy occurs. The discussion suggested that the process be divided into two parts: (a) the selection of candidates for consideration by the Executive Committee (EC) and (b) the EC voting procedure.
The selection of candidates will be carried out by a Search Committee (SC) appointed by the EC and include: (a) posting of the vacancy on the NYSRC and NYISO home pages for a minimum of three weeks, (b) the pre-screen of potential candidates (c) the selection of up to six candidates for

individual interviews and (d) the selection of up to three qualified candidates for presentation to the EC.

The EC voting process will take place in Executive Session. Also, at Dr. Sasson suggestion, the voting process will assure that the winning candidate receives more than 50% of the votes cast. The SC will announce the candidate(s) and summarize the basis for their selection. If there are fewer than three candidates, a confidential vote will be taken with each EC Member having a single vote. A majority vote of the EC Members present will determine the new Unaffiliated Member.

If three candidates are selected by the SC, a confidential vote will be taken with each EC Member selecting their top two candidates. In the absence of a tie for the second candidate, the EC will vote on the two candidates receiving the most votes. The majority vote of the EC Members present will determine the new Unaffiliated Member. If a tie occurs during the EC voting process, further discussion and additional votes by the EC will take place until a single candidate receives a majority vote.

- ii. **Code of Conduct** – Mr. Raymond reported that signed Code of Conduct Acknowledgement Forms were received from ICS and all but one individual on both the Executive Committee and RRS/RCMS. He expects to have all signed Acknowledgement Forms within a week – **AI #213-4**.
- iii. **FERC Acceptance of 2017 IRM Filing** – Mr. Gioia reported that FERC has accepted the informational filing of the NYSRC titled “2017-2018 Installed Capacity Requirements for the New York Control Area” for filing. The effective date is February 15, 2017. The PSC is still in the process of determining whether it will adopt the 18.0% IRM. The Executive Committee submitted comments on January 30, 2017.

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

- 4.1 **ICS Chair Report** – Ms. Wilczek reported that the ICS met on February 1, 2017. She focused attention on the 2018-19 IRM Study Milestone Schedule and indicated that the Schedule was updated to include more clarity on the timing of the database quality assurance process and the schedule for preparation of the transmission topology. Ms. Wilczek highlighted certain items on the Milestone Schedule with associated Executive Committee approval dates:

<u>Items</u>	<u>EC Approval Date</u>
(a) EA model white paper	May 12, 2017
(b) Preliminary 2018 IRM Study Assumptions Matrix	July 14, 2017
(c) List of sensitivity cases	August 11, 2017
(d) Review of the preliminary base case IRM and parametric results	September 11, 2017
(e) Final 2018 IRM Base Case Assumptions Matrix	October 13, 2017
(f) EC review and comments on the initial draft IRM Report	November 9, 2017
(f) Final base case IRM	November 9, 2017
(g) 2018 IRM Report	December 8, 2017

Ms. Wilczek indicated that ICS recommends approval of the 2018-19 Study Milestone Schedule. Following discussion, Mr. Bolbrock moved for approval of the Milestone Schedule. The motion was seconded by Mr. Altenburger and unanimously approved by the Executive Committee – (13 to 0). Also, Ms. Wilczek discussed the 2017 ICS Task list summarized below:

- (a) Modeling of NYISO Locality Sales – The NYISO is providing monthly status updates to ICS. The NYISO has engaged GE to work with them on determining if MARS can be used to examine capacity exports in a more probabilistic manner. They will not conduct a Tan 45 analysis or determine the impact on LCRs.
- (b) Emergency Assistance Limit Analysis – Mr. Adams is working with the NYISO to obtain additional data required to continue the analysis.

(c) Review NYISO Alternative LCR Methodology – ICS provided the NYISO with a list of questions in December 2016. The NYISO expects to respond to the questions and provide a presentation at the March 2017 ICS meeting.

Also, some ICS members expressed interest in performing a full Tan 45 analysis on the deactivation of the Indian Pt. units. This will be discussed further in July or August 2017 when the sensitivity cases are developed for the 2018-19 IRM Study.

(d) The Impact of a High Penetration of Renewable Resources on the IRM – Mr. Adamson will present a scope for the analysis at the March 2017 ICS

(e) Review of A/B/C, J/K and 5018 Lines for Topology – The NYISO and ConEd Transmission Planning Departments will coordinate the topology review.

In addition, Ms. Wilczek noted that ICS reviewed the initial 2018 Assumptions Matrix provided by the NYISO. The discussion focused on the treatment of Forward Capacity Market sales, notably Roseton. Several members felt it should be handled explicitly by the markets. Others felt it should be reflected in the IRM/LCR process. Discussion will continue at ICS.

5.0 Reliability Rules Subcommittee Status Report/Issues

5.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that a joint RRS/RCMS meeting was held on February 2, 2017. Two separate meetings were held, each with its own agenda and minutes. He summarized RRS’s current activities which are included in Sections 5.2 – 5.5 below.

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (“PRR”) Changes – Mr. Clayton introduced the “List of Potential Reliability Rule Changes”.

PRR #128, Definition of Bulk Power System is tabled pending the NPCC review of A-10 revisions.

PRR #136, I.4 (R1 & R2), Clarification of the MP Screening Guidelines will assure that the MPs are using the same screening guidelines as the NYISO for identifying suspect data as was intended by I.4. The new Requirement R.1.4 states that “Market Participants are required to apply the NYISO data screening guidelines to data provided to the NYISO”.

RCMS recommends approval of PRR #136. Dr. Sasson moved for approval of PRR #136 to be “posted for comment”. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0).

5.3 Proposed NYSRC Reliability Rule Revisions

a. Status of New/Modified Reliability Rules

1. PRRs for EC Final Approval

- PRR #136, I.4 (R1 & R2), Clarification of the MP Screening Guidelines - See Section 5.2i.a. above.

2. PRRs for EC Approval to Post

- None

3. PRRs for EC Discussion

- None

5.4 NERC Standards Development – Mr. Adamson noted the NYSRC voted “Yes” on the balloting of: (a) EOP-004-4, Emergency Operations and CIP-132-1, Cyber Security Supply Chain Risk Management. The “Yes” votes are consistent with the positions of NGrid, ConEd, and NPCC.

5.5 Other RRS Issues

i. RRS Status Report – See Sections 5.2 and 5.4.

6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

Mr. Clayton reported that RCMS met on February 2, 2017 following the RRS meeting to review the 2016

Compliance Program Highlights and the status of the 2017 Reliability Compliance Program.

6.1 2016 Compliance Program Highlights – Mr. Clayton introduced the annual 2016 Compliance Program Highlights to the Executive Committee for its information. He noted the conclusions below:

- i. The NYISO staff continued to provide valued assistance during the NYSRC reliability compliance review process.
- ii. The NYISO and Market Participants were fully in compliance with all 58 NYSRC reliability requirements assessed by RCMS in the 2016 NYSRC Reliability Compliance Program. In addition, NPCC found the NYISO in full compliance with all NERC reliability requirements and NPCC directories that were assessed during 2016.
- iii. All required NYISO compliance documents associated with the 2016 Reliability Compliance Program were submitted on time to RCMS and found to be complete.

6.2 2017 New York Reliability Compliance Program (NYRCP) – Mr. Clayton discussed the 2017 New York Reliability Compliance Program and requested Executive Committee approval. Following further discussion, Mr. Ellsworth moved for approval of the 2017 New York Reliability Compliance Program. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee – (13 to 0).

Mr. Clayton reported that the RCMS found the NYISO to be in full compliance with the following Requirement(s):

- (a) I.4 (R1), Transmission Data Reporting Requirements.

Also, Mr. Clayton reported that the NYSRC/NYDEC Group will be holding a Conference Call on February 16, 2017. The call-in information is available by contacting him.

7.0 Reliability Initiatives

7.1 Defensive Strategies – Mr. Smith reported that work is underway on draft 3 of the MDMS Study. Draft 1 was the initial draft of Tasks 3 and 4 which are the crux of the analysis. Tasks 3 and 4 address: (a) the development of an algorithm to detect impending instability and (b) the testing of mitigation measures. Messrs. Smith and Loehr and the NYISO commented on draft 1 leading to a second draft which in turn was reviewed by the MDMS Working Group and the NYISO. The remainder of the Report includes among others: (a) an Executive Summary, (b) Literature Review, (c) Simulation Case Development and (d) Technology Transfer Plans. Draft 3 will incorporate Tasks 3 and 4 into the Report. The full Report will be submitted by EnerNex to the Working Group and the NYISO within the next two weeks for final approval – **AI #201-9**.

8.0 State/NPCC/Federal Energy Activities

8.1 NPCC Board of Directors (BODs) – Mr. Forte provided a summary of the NPCC BOD Policy Input to the NERC Board of Trustees from the February 1, 2017 BOD meeting. The NERC Board is seeking input on two issues: (a) the Electric Reliability Organization Enterprise Strategic Planning Process and (b) the potential next steps for the Distributed Energy Resources Task Force Final Report. Questions may be directed to Mr. Forte or Dr. Sasson.

The next NPCC BOD meeting will be held on March 22, 2017.

8.2 NPCC Report – Mr. Fedora reported that BOD approved the 2017 corporate goals for NPCC at their February 1, 2017 meeting. The goals are organized by: (a) Risk response to Reliability Standards, (b) Objective and Risk Informed Compliance Monitoring and Enforcement, (c) Identification and Mitigation of Significant Existing Risks to Reliability, and (d) Identification and Mitigation of significant emerging Risks, and (e) Activities and goals related to efficient and effective operation of the ERO Enterprise System.

The next NPCC Reliability Coordination Committee meeting is March 1, 2017. The format has been adjusted to allow more opportunity for discussion by the RCC members on selected topics. Mr. Fedora noted that the topics will include: (a) The scope of the document A-10 review and (b) The NPCC

consideration of existing or alternative methodologies that result in a set of risk based critical facilities within NPCC. The set of consistent critical facilities across NPCC will then be applied to the applicable Reliability Criteria.

9.0 NYISO Status Report/Issues

9.1 Reliability Planning Process – The 2016 Comprehensive Reliability Plan (CRP) is the next phase of the Reliability Planning Process, following the 2016 RNA. The 2016 CRP was presented to the ESPWG at its December 7, 2016 meeting and a status update was provided at the February 9, 2017 ESPWG meeting.

9.2 CARIS – The CARIS 2 base case is complete and no specific 2016 CARIS 2 project proposals were submitted as of January 31, 2017. The 2017 CARIS 1 process will begin in February 2017. PPL Electric Utilities has requested an additional CARIS study, assessing the economic impact of a new transmission facility connecting Lackawanna, PA and Ramapo, NY. This study is on-going. The NYISO staff is continuing its internal assessment of appropriate metric methodologies for estimating the capacity benefits of transmission projects as well as other potential metrics of project impact.

9.3 Public Policy Transmission Planning Process – On July 16, 2015, the PSC declared a Public Policy Transmission Need (PPTN) in Western New York. The NYISO issued a solicitation for solutions on November 1, 2015 and received 15 proposals by the December 31, 2015 due date. The NYISO performed the Viability and Sufficiency Assessment (VSA), and published the final report on May 31, 2016. The draft VSA was issued on April 29, 2016, and the final report was published on May 31, 2016. The NYISO identified ten viable and sufficient projects and recommended certain non-bulk transmission upgrades also be made to fulfill the objectives of the transmission need. On October 13, 2016, the PSC issued an Order confirming the WNY PPTN and directed the NYISO to proceed with the evaluation and selection of more efficient or cost-effective transmission solutions. On December 17, 2015, the NYPSC issued an Order identifying the AC transmission PPTN. The NYISO issued a solicitation for solutions on February 29, 2016, and received 16 projects by April 29, 2016. The NYISO performed VSAs, and published the final VSA report identifying 13 viable and sufficient projects on October 27, 2016. The NYISO filed the VSA report with the PSC along with the cost allocation method on October 27, 2016. On January 24, 2017, the PSC issued an Order confirming the AC Transmission Need and adopted the refined cost allocation methodology submitted by the NYISO. Based on the Order, NYISO will: (a) ask developers to confirm their intent to proceed with their projects, (ii) commence the next phase of the Public Policy Process to evaluate and select the more efficient or cost effective transmission solution, and (iii) file the PSC's prescribed cost allocation methodology for the new transmission projects at the FERC for its consideration. On August 1, 2016, the NYISO initiated the 2016 Public Policy Transmission Planning Process (PPTPP) cycle by issuing a solicitation for proposed transmission needs driven by Public Policy Requirements. Twelve entities submitted proposals by September 30, 2016. The NYISO filed the proposals with the PSC on October 3, 2016, for its consideration. If the PSC determines that there is a need for transmission, the NYISO will solicit projects from developers to fulfill that need.

9.4 Interregional Transmission Studies

i. IPSAC - The Joint ISO/RTO Committee (JIPC) reviews on an ongoing basis interconnection projects that may have interregional impacts. Through 2017, the JIPC will also continue efforts to develop and improve procedures for interregional coordination.

The JIPC is continuing to develop, coordinate, and maintain an interregional production cost database. An IPSAC Webex meeting was held on December 9, 2016 to discuss Regional planning needs and plans for each of the ISO/RTOs and Interconnection projects potentially affecting neighboring systems.

ii. EIPC Study – The Final 2015 EIPC Roll-up Report was completed in March 2016 and posted to the EIPC website: <http://www.eipconline.com/non-doe-documents.html>. The Production Cost Task Force

(PCTF) is developing an Eastern Interconnect-Wide (EI-Wide) working production cost model that provides value to regional planning studies and EI-Wide studies.

9.5 Other Studies/Activities – None

10.0 Market Initiatives Impacting Reliability – Mr. Mukerji (NYISO) discussed updates to market initiatives that are felt to have significance from a reliability perspective.

The NYS Public Service Commission (PSC) initiated the “Proceeding on Reforming the Energy Vision (REV)” with the goal of aligning electric utility practices and the regulatory paradigm with technological advances in information management, power generation, and distribution. These changes include: (a) a new business model in which Distributed Energy Resources (DER) become a primary tool in the planning and operation of electric systems. Utilities would be encouraged to invest in DER that help to avoid or defer the need for more historically traditional distribution system investments and (b) the establishment of a Distributed System Platform Provider (DSPP) that actively manages and coordinates DER while providing a market in which customers are able to utilize DER in response to dynamic system conditions. Such customers would provide, and be compensated for, any system benefits associated with their responses.

The NYISO is supporting efforts by the Joint Utilities reviewing ISO-DSP interaction and coordination. On November 17, 2016 FERC issued a Notice of Proposed Rulemaking (NOPR) that would require each RTO and ISO to revise its tariff to establish a participation model for storage resources in wholesale markets and define distributed energy resource aggregators as a type of market participant that can participate in organized wholesale markets.

The NYISO has initiated stakeholder discussion on evaluating alternate Methodologies for Setting Locational Capacity Requirements (LCRs). There are multiple possible approaches to determine the requirement for a Capacity Zone after the IRM has been set under NYSRC’s Policy 5. The NYISO recognizes that some methodologies may require modifications to the NYSRC’s Policy 5 which must be approved by the NYSRC.

The NYISO continued discussions with stakeholders on alternative methods for determining Locational Minimum Installed Capacity Requirements (LCRs). This effort will look for ways to optimize LCRs based on minimizing capacity costs statewide while maintaining minimum Loss of Load Expectation criteria, and address any cost allocation rules to ensure that loads are paying their fair share of capacity costs. The NYISO is continuing analysis and discussions on the viability and stability of the process, and will discuss these with stakeholders and NYSRC’s ICS committee.

Since the announcement of the NYS PSC REV initiative, there has been a growing interest in Energy Storage Resources Integration. Currently, the NYISO has several resource classifications that can accommodate participation of storage in the wholesale markets including: (1) Energy Limited Resource (ELR); (2) Limited Energy Storage Resource (LESR); and, (3) Demand Side Ancillary Services Program (DSASP). New storage resource characteristics may facilitate additional opportunities to participate in the markets. The NYISO initiated discussions in the Market Issue Working Groups to engage stakeholders in: (1) a review of resource characteristics, (2) existing market rules that define the opportunities for storage resources to participate in the markets, and (3) an evaluation of revisions that may be necessary to accommodate new storage resources. At the end of September 2016, the NYISO reviewed market concepts and an anticipated timeline for pursuing revisions to the market capabilities. On November 17, 2016 FERC issued a NOPR that would require each RTO and ISO to revise its tariff to establish a participation model for storage resources in wholesale markets and define distributed energy resource aggregators as a type of market participant that can participate in organized whole sale markets.

The NYISO MMU has raised concerns with the capacity market pricing outcomes if resources located in import constrained localities sell their capacity to external control areas (Capacity Exports from Localities). The NYISO has initiated discussions with stakeholders on reviewing the underlying market concerns and the MMU’s proposed solution, and is reviewing methodologies for evaluating the impacts

of a locality capacity export to the IRM and LCRs with ICS. Stakeholders approved an approach for reflecting Capacity Exports from Localities in the 2017/2018 Capacity Markets, encouraging ongoing analysis and development of market rules for enhancing the modeling treatment for future years and providing for a default treatment for future years if additional modifications are not approved. The NYISO has commenced stakeholder conversations in an effort to prioritize the items to be pursued.

11.0 Other Items

11.1 NYISO Monthly Operations Report - Mr. Gonzales provided the Monthly Operating Report. The monthly peak load occurred on Monday, January 9, 2016 at 23,526Mws. The Operating Reserve requirement at the time was 1965Mws resulting in a minimum Operating Capacity requirement of 25,491Mws. There were no Major Emergencies during the month.

Alert states were declared on 15 occasions – 11 times for emergency transfers. There were no TLR Level 3s declared during the month for a total of zero hours. Reserve activations occurred 6 times, 3 pickups were for simultaneous activation of reserves.

There were no NERC/NPCC Reportable DCS Events.

11.2 North American Energy Standards Board (NAESB) – Mr. Ellsworth noted that there is a NAESB Advisory Council meeting on February 11, 2017. He will inform the Executive Committee of any pertinent information that is discussed.

12.0 Visitors’ Comments – None

13.0 Meeting Schedule

Mtg.

<u>No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
215	March 10, 2017	Albany Country Club, Voorheesville, NY.	9:30 A.M.
216	April 13, 2017	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The Executive Committee Meeting #214 adjourned at 10:45 A.M.