

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 102 – October 12, 2007
Albany Country Club, Voorheesville, NY

Members and

Alternates:

Thomas J. Gentile	National Grid, USA – Chairman
George C. Loehr	Unaffiliated Member – Vice Chairman, RCMS Chairman
Bruce B. Ellsworth	Unaffiliated Member
Richard. J. Bolbrock	Long Island Power Authority (LIPA) – Member - Phone
Curt Dahl	LIPA - Alternate – ICS Chairman
William H. Clagett	Unaffiliated Member
Timothy Bush	Muni. & Elec. Cooperative Sector - Member
Glenn Haake	IPPNY - (Wholesale Seller Sector) - Member
Chris Wentlent	AES - (Wholesale Seller Sector) - Alternate
George E. Smith	Unaffiliated Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member
A. Ralph Rufrano	New York Power Authority – Member - Phone
Thomas Duffy	Central Hudson Gas & Electric – Member – Phone*
Mayer Sasson	Consolidated Edison Co. of NY, Inc. - Member
Michael Mager, Esq.	Couch White, LLP (Large Customers’ Sector) - Member

Others:

Al Adamson	Treasurer & Consultant
John Adams	New York Independent System Operator (NYISO)
Bob Waldele	New York Independent System Operator (NYISO)*
Ken Davis, Esq.	New York Independent System Operator (NYISO) – Counsel*
Peter Carney	New York Independent System Operator (NYISO)*
Henry Chao	New York Independent System Operator (NYISO)*
William Lamanna	New York Independent System Operator (NYISO)*
P. L. Gioia, Esq.	Dewey & LeBoeuf ,LLP – Counsel for NYSRC
Hal Turner	Central Hudson Gas & Electric
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric - Phone
Bart Franey	National Grid, USA
Carol Sedewitz	National Grid, USA
Carlos Villalba	Consolidated Edison Co. of NY, Inc. – Phone*
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service

Visitors – Open

Session:

Erin P. Hogan, PE	NYSERDA
Phil Fedora	Northeast Power Coordinating Council (NPCC)

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – None requested
- II. **Open Session**
- 1.0 **Introduction** – Mr. Gentile called the NYSRC Executive Committee (Committee) Meeting No.102 to order at 9:30 A.M. on October 12, 2007. The Committee was saddened to hear from Mr. Loehr that Ray Malizewski, retired electric industry expert from AEP, has been diagnosed with terminal cancer. AEP will name a 765kv Station in his honor.
- 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** – At the completion of the meeting, Mr. Gentile (Chairman) announced that he had accepted an “early out” offer from Nat’l Grid effective October 31, 2007. The Executive Committee expressed its appreciation for Mr. Gentile’s contributions over the last four years and outstanding leadership as Vice Chair and then Chairman. Mr. Loehr will be Acting Chair until an election of a new Chair could be held.
- 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. 101 (September 14, 2007)** – Mr. Raymond introduced the revised draft minutes. There being no changes, Dr. Sasson moved for acceptance of the minutes. Mr. Bolbrock seconded the motion which was unanimously approved by the Executive Committee – (13 to 0). The Executive Secretary will issue the final minutes for Meeting No. 101 and post them on the NYSRC web site **AI - #102-1**.
- 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>Comment</u>
92-7	ICS completed the review during its September 2007 meeting.
96-8	The Action Item was re-scheduled for March 12, 2008.
99-3	The Environmental Assessment was presented to the Executive Committee on October 12, 2007.
100-3	A new IRM voting methodology was approved at the October 12, 2007 Executive Committee meeting.
101-2	Duplicates were removed from the Action Items List for the October 12, 2007 Executive Committee meeting.
101-3	The final minutes of meeting #100 were posted on September 15, 2007.

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 \$194,000 in cash at the end of September 2007 and a projected year-end surplus of \$43,500. Two thirds of the October 1, 2007 Call-for-Funds was received in September 2007 and the remaining \$50,000 was received in the first week of October 2007. The receipts from the Transmission Workshop total about \$10,500 with another \$1500 expected.

3.2 Other Organizational Issues

- i. **IRM Voting Methodology** – Mr. Gioia, Chair of the Sub-Group on IRM Voting Methodology, discussed his October 10, 2007 memorandum to the NYSRC Executive Committee describing and commenting on five separate proposals. Also, Mr. Adamson provided a matrix containing a description of each proposal, an indication of consistency with Policy 5, and the type of “Adders”, if any. Chairman Gentile proposed a process to bring the proposals to a vote. The proposal provided each sponsor an opportunity to respond to questions and make a presentation if the Committee expressed such an interest. The Executive Committee concurred with this approach. After the Q/A session, during which the sponsors of each proposal responded, the number of proposals was reduced, by “hand” vote of the Executive Committee to two. Mr. Mager, then moved for approval of the following method:

Each member provides his preferred IRM in a secret ballot. The Secretary announces the results. The EC then votes on the IRM that received the most votes in the secret ballot. If the necessary votes (9) are not received, a vote is taken on the IRM that received the second most votes, and so on. A process would have to be adopted for cases where more than one IRM receives the same number of votes in the secret ballot. (T.Duffy/M.Mager sponsors)

Mr. Ellsworth offered an amendment which would add to the motion a sentence at the beginning “The first vote would be on the base case IRM.” Mr. Haake seconded the proposed amendment, which was approved by the Executive Committee – (10 to 3). The amended original motion was seconded by Mr. Smith and approved by the Executive Committee – (10 to 3).

- ii. **Interpretation of the Code of Conduct** – Discussion of Code of Conduct was tabled until the November 9, 2007 meeting.
- iii. **Policy 1-4 Revision – Exceptions to Reliability Rules** – See Item 7.2.
- iv. **Other** - Mr. Gioia noted that attempts to gain a NYS Sales Tax exemption as a non profit organization were unsuccessful. Also, Ms. Hogan informed the Committee that the draft proposed RGGI Rule will be issued in the next few days.

4.0 State/Federal Energy Activities –

4.1 **Status of FERC NOPR on Reliability Standards** – Mr. Gioia pointed out that the joint comments with the NYISO regarding FAC-011 were filed on September 19, 2007.

4.2 **Environmental Impact Analysis** – Mr. Carney (NYISO) updated the Executive Committee on the status of the NYISO’s Integration of Pending Environmental Initiatives into the 2008 Reliability Needs Assessment. The investigation considered two emerging environmental regulations, HEDD and RGGI, which may not have economically feasible emission control technologies and are the most critical in the view of the ESPWG. HEDD focuses on low capacity factor generators with minimal controls and high NO_x emission rates, e.g., high emitting CTs, and load following boilers. The HEDD scenario based on the 2008 RNA base case indicated violation of the Reliability Criteria in 2009. Therefore, additional options need to be developed to simultaneously achieve the desired NO_x reductions and satisfy the reliability criteria. The regulatory options that the NYSDEC will consider are: (a) unit specific RACT limits, (b) trading schemes, (c) energy efficiency based emission reductions and (d) a daily NO_x market. Other important considerations are: (a) the impact of surrounding area limits which may reduce import, (b) load pockets, and (c) generators may be inclined to retire higher level emitters. Possible solutions are: (a) emission control retrofits, (b) source averaging, (c) timely permitting of new low level emitters, (d) and/or measurable energy efficiency and demand response programs. On August 31, 2007, the NYSDEC filed State Implementation Plan revisions with the EPA. Stakeholder meetings are resuming (including the PSC and DEC). The regulations are effective June 1, 2008 and will be implemented in 2009.

In general, it is felt that RGGI will not cause units to shutdown provided there is an adequate CO₂ market. However, an untested 100% allowance auction, no available control technology and very limited use of offsets are reason for market concern. Furthermore, the loss of a single nuclear unit will require an additional 10 million tons per year of allowances. Market system concerns include (a) the need for protection against abuses, (b) coordination of allowances across ten States and (c) a provision for at least 52,000,000 Ton CO₂ bank for the NYCA to maintain reliability. In conclusion, Mr. Carney emphasized that the NYSRC, NYISO, Market Participants and the involved State agencies must collaborate on solutions for HEDD to avoid down grading reliability. In addition, RGGI has significant market design issues requiring major development work.

4.3 Feasibility of I-R3 and I-R5 – Mr. Carney noted that on 20 out of 27 HEDDs in the Summer 2007, the minimum oil burn units operated.

4.4 NERC Definition of “Adequate Level of Reliability” – Mr. Clayton indicated that FERC has required NERC to develop a definition of “Adequate Level of Reliability” by which to measure all existing and future Standards. On October 1, 2007 the Operating and Planning Committees of NERC posted a draft definition and requested comments by October 31, 2007. The five points in the NERC Summary are not definitive, however, the “Reliability Criteria and Operating Limits Concepts” is a must read. Still, it is not clear whether the same standards apply to both operating and planning. The (N-1)-1 issue is discussed, but only vaguely. Category C contingencies and Local Reliability Rules are recognized, but controlled load shedding is permitted with Category C. RRS is planning to prepare comments for presentation at the NPCC – RSC meeting on October 25, 2007. RRS comments will emphasize: (a) one size does not fit all, (b) regions can have more stringent criteria, (c) Category C contingencies should exclude load shedding, (d) (N-1)-1 should apply, and (e) a process for exceptions should be included. Mr. Clayton asked Executive Committee members to provide their organization’s comments to him and Mr. Rufrano, a NPCC-RSC member, as soon as possible – **AI #102-2**.

4.5 NYSRC Filing Regarding ISO-NE Method of Determining ICR – Nothing new to report.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith indicated that per Phil Tatro, NPCC SS-38 Under frequency Load Shedding (UFLS) studies continue with focus on three issues:

- (a) Investigation of SENY and Connecticut Islands - A modeling error in the load conversion file was uncovered and corrected (this data was supplied by the Multi-regional Modeling Working Group or MMWG). With this done, the 2006 assessment more closely follows the 2002 assessment.
- (b) Review of governing response - A review in this area has resulted in modeling improvements and will provide a better assessment of how frequency decline is arrested. A "white paper" on modeling has been drafted.
- (c) A questionnaire was developed and sent requesting additional information regarding the characteristics of the M-G sets on the 5 nuclear plants requiring further investigation. This information will allow NPCC- SS-38 to re-simulate limiting contingencies in islands including the nuclear plants. However, some units have not responded and others responded only in part.

Also, the final UFLS results will be presented to the NPCC Reliability Coordinating Committee (RCC) at its November 27-28, 2007 meeting.

5.2 NPCC Defensive Strategy Activities – Mr. Fedora indicated that the Defensive Strategies Study will not start until the completion of additional follow-up analysis for the NPCC SS-38 UFLS study. The study is expected to be presented at the November 27-28, 2007 NPCC Reliability Coordinating Committee (RCC) meeting.

5.3 PSC Case to Establish Criteria for Interruptible Gas – Nothing new to report.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that ICS met on October 3, 2007 as well as holding conference calls on September 19 and 25, 2007. ICS continues to refine modeling details for major study assumptions to be included in the 2008-09 IRM MARS study database. All major modeling issues have been resolved with the exception of newly proposed Combustion Turbine (CT) derates. On 9/28/07 NYISO issued a draft report entitled “Adjusting for the Overstatement of the Availability of Combustion Turbine Capacity in Resource Adequacy Studies”. This report recommends derating downstate CT units in Zones J and K by approximately 14% in the IRM base case founded on peak day performance; this equals about 500 MW of downstate capacity. LIPA and Con Edison questioned the study findings and are preparing comments. Resolution of this issue in a timely manner is critical to avoid delays to the IRM schedule. Other noteworthy items include:

Load Model - On 10/3/07 ICS reviewed and approved a revised load forecast from NYISO based on 2007 summer actual data and revised regional growth factors from Economy.com. The new 2008 forecast is 33,730 MW, which is 141 MW less than the NYISO Gold book forecast.

Sensitivity Tests - ICS reviewed and approved a list of suggested sensitivity tests for submission to the Executive Committee at its October 12, 2007 meeting.

IRM Report - ICS is revising the structure of the IRM report. The format of the main body of the report will focus more on current issues.

GE MARS Data Review Workshop – A Workshop was held 10/3/07 to discuss GE review of latest MARS database. GE identified several data anomalies for further review with NYISO. NYISO verified major inputs such as transmission model and EOPs steps. The NYISO will incorporate appropriate changes into the MARS model.

Finally, Mr. Adams indicated that two units in the NYCA market face fines in the \$ million for failing DMNC tests in the amount of 120Mws.

6.2 Mechanism to Accommodate Expanded GE-MARS Database Review – Mr. Gioia reported at the September 12, 2007 Executive Committee meeting that the NYISO was confirming the willingness of neighboring control areas to allow disclosure of the data with “masking”. Mr. Patka indicated that the necessary approvals (or otherwise) would take about one month. The NYISO continues to wait for the PJM response.

6.3 2008 IRM Study – See Item #6.1. Also, Mr. Mager moved for approval of the proposed sensitivity cases noted above. The motion was seconded by Dr. Sasson and unanimously accepted by the Executive Committee members – (13 to 0).

6.4 Other ICS Issues

i. NYISO/NE Mutual Emergency Assistance Study – Nothing new to report.

ii. Calculation of Transmission Transfer Limits – Mr. Lamanna (NYISO) presented the methods used to calculate transmission transfer limits and apply the limits to the MARS model. The emergency transfer limits are determined based on Thermal Transfer Capability, Steady State Voltage Drop, Voltage Collapse/Voltage Stability, and Transient Stability Analyses. Normal transfer limits are based on a list of contingencies termed (a) through (g). Emergency thermal transfer limits are based on contingencies (a) through (d). Emergency transfer limits for resource adequacy e.g., MARS analysis, require “fitting” to the MARS transportation model, which aggregates resources in to zones. Dynamic limits are used to capture unit and load dependencies via nomograms. Dr. Sasson made a number of comments during the presentation which Mr. Lamanna agreed to incorporate and circulate prior to the November 9, 2007 Executive Committee meeting – **AI #102-3**.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on October 4, 2007. PRRs #8, 84 and #52 are on hold pending final approval of other influencing items. PRR #93, a NYISO proposal to include controllable load in the 10 minute synchronous reserve and align with the proposed change to NPCC A-6 Document, was posted for comment on September 28, 2007. Comments on the PRR #93 posting are due November 12, 2007. Mr. Mager requested that the Committee consider conditional approval of PRR #93 at its November 9, 2007 meeting pending any last minute comments. The Committee concurred. Then, Mr. Clayton presented proposed changes to Policy 1-4, which would provide an annual review mechanism for exceptions to the Reliability Rules. Next, Mr. Clayton re-introduced PRR #94, Exceptions to the NYSRC Reliability Rules, which implements the modifications to Policy 1-4. During discussion, it was agreed that use of the word “relevant” in both the Policy 1-4 and PRR #94 would be changed to “valid”. Mr. Fleury moved for approval of the Policy 1-4 modifications and PRR #94 with the clarification above. Dr. Sasson seconded the motion which was unanimously approved by the Executive Committee members – (13 to 0).

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 Final EC Approval – See Item 7.1.

2. PRRs for EC Approval to Post for Comments – None

3. PRRs for EC Discussion – None

7.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Status – Nothing new to report.

ii. Status of NERC “Determine System Operating Limits” – Mr. Adamson reminded the Committee that several months ago NPCC began to develop a SAR on the Category C multi-element requirements. In September 2007, the NYSRC submitted comments to FERC renewing its concern regarding Category C contingencies. In the interim NPCC adopted a policy that once the NERC Board approves a standard, it will no longer comment. Mr. Guy Zito, Chairman of the NPCC Standards Committee, requested that the NYSRC adopt the SAR and send the SAR as may be modified, to NERC. Mr. Adamson requested Executive Committee approval for Messrs. Loehr, Clayton, Schiavone (Nat'l Grid), Rufrano, Campoli (NYISO), Waldele (NYISO), and himself to review and modify the NPCC SAR and bring it back next month for final Committee approval. Mr. Loehr moved to approve Mr. Adamson's request. The motion was seconded by Mr. Clagett and unanimously accepted by the Executive Committee members – (13 to 0).

iii. NYCA Impact of New A-10 Document (Definition of Bulk Power System) – Mr. Fedora indicated that the NPCC-RCC approved the Implementation Plan at its September 6, 2007 meeting.

7.4 Other RRS Issues –

i. Policy 1-4 Revision – Exception to Reliability Rules – See Item 7.1

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

8.1 RCMS Status Report and Discussion Issues – Nothing new to report.

8.2 2007 NYRCP – Nothing new to report.

8.3 Compliance Template Manual (Intro) – Mr. Gioia indicated that the changes to Policy 4 were sent to Mr. Patka for comment. Mr. Patka responded that NYISO comments would be sent to RCMS prior to its October 10, 2007 meeting – **AI #101-7**. The comments remain outstanding.

8.4 Other RCMS Issues – Nothing additional to report.

9.0 NYISO Status Report/Issues –

9.1 NYISO 2007 Comprehensive Reliability Planning Process (CRPP) – Mr. Adams reported that the

Management Committee approved the 2007 Comprehensive Reliability Plan. The 2008 RNA Report was reviewed by stakeholders and has been circulated via email. 2012 is the first year of additional resource need under the base case. The assessment includes scenarios for the Environmental Plans (HEDD and RGGI), the Governor's 15 X 15 Plan, and the 600Mw BESICorp facility.

9.2 Studies – Status

i. **Electric Deliverability Study** – Mr. Haake indicated that a conceptual plan was filed with FERC on October 5, 2007. The NYISO is proceeding with the preparation of the Tariff in anticipation of FERC approval of the conceptual plan and filing of the Tariff by the end of 2007. The NYISO will provide a presentation on the conceptual plan at the November 12, 2007 Executive Committee meeting – **AI #101-8**.

9.3 Other Studies/Activities –

i. **NYCA Reactive Power Study** – Nothing new to report.

10.0 Other Items

10.1 ConEd Power Local Power Interruption on June 27, 2007 – Dr. Sasson indicated that a final report, prepared in response to NPCC policy, is under review by NPCC.

10.2 NYISO Operations Report (September 2007) – Nothing new to report.

10.3 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth noted that the first “NAESB Bulletin”, Vol 1, Issue 1 for September – October 2007, has been distributed.

10.4 NPCC Report – Mr. Fedora reported on the September 28, 2007 Regional Standards Committee (RSC) meeting which included coordinating a Regional response with TFSS and TFCP to the posted “Assess Future Transmission Needs and Develop Transmission Plans” and tracking the activities of the NAESB Electric Quadrant Version 1.1 Standards for reliability issues. Regarding the NPCC Compliance Committee (CC), Mr. Fedora noted that there are nine (9) post-June 18, 2007 violations pending. To date four (4) on-site audits and an additional ten (10) audits are scheduled for the remainder of the year. Seven (7) off-site have also been completed; four (4) are in progress and nine (9) are scheduled for 2007. An NPCC Compliance Workshop will take place on November 14-15, 2007 in Washington D.C. On September 6, 2007, the NPCC Reliability Coordination Committee (RCC) approved the scope and schedule for the Winter 2007-08 Multi-Area Reliability Assessment. The approval included recognition of fuel supply disruptions.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#103	Nov. 9, 2007	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#104	Dec. 14, 2007	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 102 was adjourned at 4:00 P.M.

