

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 110 – June 13, 2008
Albany Country Club, Albany, 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
Richard J. Bolbrock	Municipal & Electric Cooperative Sector
A. Ralph Rufrano	New York Power Authority – Member
Thomas Duffy	Central Hudson Gas & Electric – Member - Phone
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Alternate Member
Joe Hipius	National Grid, USA - Member
Mike Mager, Esq.	Couch White, LLP (Large Customers’ Sector)
Timothy Bush	Independent Power Producers of New York (IPPNY)
Glenn Haake	Dynegy – Alternate Member
Joseph Fleury	New York State Electric & Gas/Rochester Gas & Electric - Phone

Others:

Paul Gioia, Esq.	Dewey & LeBoeuf, LLP - Counsel
Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Al Adamson	Treasurer & Consultant
Steven Fanning	National Grid, USA – RCMS Chairman - Phone
John Adams	New York Independent System Operator (NYISO)
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)*
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric – Phone

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 was requested.

- II. **Open Session**
- 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.110 to order at 9:30 A.M. on June 13, 2008.
- 1.1 **Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance or on the phone.
- 1.2 **Visitors** – See Attendee List, page 1.
- 1.3 **Requests for Additional Agenda Items** – None
- 1.4 **Executive Session Topics** – An Executive Session was not requested.

2.0 Meeting Minutes/Action Items

- 2.1 **Approval of Minutes for Meeting No. 109 (May 9, 2008)** – Mr. Raymond introduced the revised draft minutes. Dr. Sasson offered items of clarification. Mr. Bolbrock moved for approval of the minutes, contingent upon inclusion of the clarifications. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0). The Executive Secretary will make the necessary changes and post the minutes on the NYSRC web site **AI - #110-1**.
- 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>
74-15	Replaced by AI #108-7
107-6	Mr. Gioia provided a letter offering guidance on the FERC/PSC IRM filing issues for the June 13, 2008 Executive Committee meeting.
108-2	The Voting Procedure is documented in Policy 5-2.
108-4	Executive Committee members met with Mr. DeCotis on May 2008.
108-9	Mr. Clayton circulated the draft on April 22, 2008.
108-4	Mr. Gioia set up a meeting with Mr. DeCotis that took place on May 7, 2008.
109-2	The extension letter prepared by Mr. Gioia was re-posted on May xx, 2008.
109-5	Comments by the Executive Committee were provided on or before May 22, 2008.

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 \$120,000 in cash at the end of May 2008. A new unbudgeted item has been added to cover Subcommittee Expenses. Mr. Adamson requested approval of a call-for-funds for the 3rd quarter 2008 of \$20,000 per TO. The motion was made by Dr. Sasson and seconded by Mr. Ellsworth. The Executive Committee unanimously approved the motion – (13 to 0). Further, Mr. Adamson noted that the Statement of Receipts and Disbursements will begin showing a year-end projection with the June 2008 Report. The budget projection is expected to show a surplus.

3.2 Other Organizational Issues

- i. **Executive Committee - Selection of Members** – Mr. Loehr acknowledged receipt of a letter from IPPNY offering Mr. Bush as its nominee Executive Committee Member and Messrs. Haake and Wentlent as Alternates. Mr. Ellsworth moved for approval of the nominees. Mr. Clagett seconded the motion which was approved unanimously by the Executive Committee – (13 to 0). The nominees were selected by IPPNY in accordance with the procedures established by the NYISO Board. The Executive Committee will vote on the New York Municipal & Coop. Sector nominees upon receipt of a letter of nomination from the New York Municipal Power Agency .
- ii. **IRM Voting Procedure** – See Item # 6.6i.
- iii. **Liability Policy** – Mr. Gioia noted that a new Liability Policy was bound with similar coverage as in the past at a slightly lower cost.
- iv. **NPCC Representation** – Mr. Loehr noted the NPCC by-laws do not permit an individual to represent more than one organization. Since Messrs. Rufrano and Forte represent NYPA and ConEd, respectively on NPCC committees, they cannot continue to represent the NYSRC. Therefore, the Executive Committee agreed that Mr. Loehr will represent the NYSRC on NPCC RCC.

4.0 State/Federal Energy Activities –

4.1 **NYSRC Filing Regarding ISO-NE’s Method of Determining ICR** – Nothing new to report.

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

4.3 **Energy Planning Board** – Mr. Loehr noted that on May 30, 2008, Messrs. Mager, Adamson, Dahl and Gioia and Ms. Hogan met with the Energy Coordinating Working Group (ECWG) of the State’s Energy Planning Board chaired by Mr. Congdon, the Assistant Secretary of Energy. Mr. Gioia reported that the ECWG is meeting with various parties involved in the Energy Industry to gather information for the State Energy Plan (SEP). The NYSRC representatives gave a presentation based on the presentation given on May 7, 2008 to Mr. DeCotis, the Deputy Secretary of Energy and Chair of the Energy Planning Board. Mr. Gioia felt that the ECWG recognizes the expertise of the NYSRC and expressed a desire to work with the NYSRC as the SEP develops. There are comments due on July 8, 2008 on the draft SEP scope.

Messrs. Gioia and Adamson and Ms. Hogan will work together to develop draft comments for Executive Committee review – **AI #110-2**. Mr. Hipius noted the need to include consideration of the reliability aspects of wind power. The nature of the NYSRC Reliability Rules and how they are impacted by the SEP will also be included in the comments. Ms. Hogan indicated that all comments will be posted on the NYSERDA website. Mr. Bush requested that the Wholesale Sellers be included in any such small group meetings in the future.

4.4 **RGGI Comments** – Mr. Gioia reported that the DEC has posted revised RGGI regulations for comment by June 22, 2008. Also, they issued a response to previously received comments on the Model Rule. Regarding reliability, the DEC noted that despite allegations of negative impacts, studies by the NYISO and ICF Consulting, Inc. state that RGGI will not impact reliability and no coal fired generation would be forced to shutdown for economic reasons. Regarding monitoring and inclusion of a specific provision in the proposed Rule for emergency actions, the DEC noted the existing authority of the PSC and NYISO as being sufficient. Mr. Gioia indicated that at a minimum, the DEC misinterpreted both the risks involved and the NYSRC comments, particularly in the short term. Mr. Haake and the NYISO pointed out that no consideration was given by the DEC to the combined impact of RGGI and HEDD and the NYISO Study referenced by the DEC required 52 million tons of allowance credits to preserve reliability. Furthermore, Mr. Haake reminded the Executive Committee that the ICF Consulting, Inc. Study was based on outdated input assumptions. Following further discussion, it was agreed that Messrs. Adamson and Gioia would prepare draft comments for review by the Executive Committee. A copy of the final will be sent to Messrs. DeCotis and Condon and consideration will be given to a meeting with the DEC after the July 11, 2008 Executive Committee meeting – **AI #110-3**.

4.5 Discuss Meeting with PSC on IRM Approval – Mr. Gioia reminded the Executive Committee that the PSC Order adopting the 2008 IRM requested that the IRM be completed earlier to provide time for review and approval by the PSC. Mr. Gioia feels it is neither appropriate nor an obligation of the NYSRC to obtain PSC approval before or after filing a new IRM with FERC under NYSRC Agreement. Mr. Gioia indicated that annual PSC proceedings to adopt an IRM would necessarily result in uncertainty and confusion. The PSC is represented throughout the IRM development process with ample opportunity to raise any issues it wishes at any time. Furthermore, the PSC has the authority to ask for a formal proceeding if it feels the basis exists to do so. Mr. Gioia will put his views in writing for consideration by the Executive Committee at the July 11, 2008 meeting – **AI #110-4**. This would be in anticipation of a following meeting with the PSC. Mr. Mager suggested that the Executive Committee try to schedule a meeting directly with the PSC Chair, Mr. Garry Brown. Mr. Patka emphasized that the NYISO is bound to act on the IRM established by the NYSRC.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith reported that NPCC SS-38 presented the results of its Under Frequency Load Shedding (UFLS) Study to the NPCC RCC on May 28, 2008. The preliminary findings are that 5 smaller frequency steps bottoming at about 58Hz. are preferable to the current 2 steps. The recommendation is to raise the first step to 59.5Hz, the number of stages will be five and each stage will be between 5 and 6%. Also, there will be an additional anti-stalling stage of 2% if recovery is failing. Some of the islands studied showed high voltage during shedding suggesting the need for capacitor switching. It is uncertain at this time whether the capacitor switching would be part of the UFLS program. More simulation work is planned to fine tune the final results which should be available in September 2008. The final report, including costs, is scheduled for year end.

5.2 NPCC Defensive Strategy Activities – Mr. Fedora indicated that in parallel with the UFLS study, the Standards Group is moving forward with the drafting of a framework for a Regional Reliability Standard on UFLS. It appears that NERC will be looking to the Regions for UFLS Standards. Hydro Quebec is doing its own study which is scheduled for completion coincident with the SS-38 work.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

6.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that work continues on development of a MARS model to simulate the impact of a remote ICAP purchase from Michigan/MISO through Ontario into Zone A. NYISO presented the results of modeling a 100 MW transaction including forced outage rates which showed a slight reduction in NYCA LOLE (from 0.1 to .096). The NYISO increased the purchase proxy to 100 MW from 20MW based on information received from Brookfield Energy Marketing, Inc. Also, representatives from Stony Brook University gave ICS a presentation on an alternate methodology to compute load forecast uncertainty for load zones in New York State. ICS requested the NYISO Load Forecast Task Force review the methodology and make a recommendation to ICS regarding possible implementation in this year's IRM study. Also, NYISO mentioned LFTF would review the issue of load saturation at extreme temperatures.

6.2 2009/10 IRM Assumptions – Mr. Dahl indicated that ICS continues to refine a summary for tracking the status of proposed wind turbine projects as the basis for IRM base case modeling. It was agreed to have Pete Carney attend the next meeting to discuss NYISO Environmental modeling recommendations. The NYISO discussed progress on its calculation of NYCA import limits and a draft of the transmission transfer limit model. NYISO agreed to follow up with documentation covering the basis of proposed changes and several refinements suggested by ICS to the transmission model. ICS is continuing to prepare the Assumptions matrix. A methodology for projecting SCR penetration was approved. Areas of continued discussion include handling of external ICAP for this year's IRM study. It was also reported that NYISO is developing its own routine for automating the computation of the IRM/LCR curve and it would review this algorithm and a competing program by Con Edison to determine which to

implement. The Assumptions Matrix is expected to be available for Executive Committee review at its August 8, 2008 meeting.

- 6.3 Scope of Forward Looking IRM Calculation** – Mr. Dahl noted that Mr. Adamson sent the NYISO a letter requesting information regarding status of NYSRC involvement in establishing a Forward Capacity Market (FCM). Mr. Chao indicated that the NYISO continues to study a FCM, but many issues remain unresolved at this time. Mr. Bolbrock expressed skepticism regarding setting a future IRM, though he acknowledged that a self-adjusting advisory mechanism may be feasible. Mr. Adamson reminded the Executive Committee of the need for a tariff change and additional NYISO manpower to perform the FCM study in accordance with the existing scope.
- 6.4 DEC Request for Data** – Mr. Dahl indicated that Mr. Carney is creating an environmental model based on information from the DEC.
- 6.5 Mechanism to Accommodate Expanded MARS Database Review** – Mr. Gioia indicated that LIPA has provided comments on the Confidentiality Agreement. Dr. Sasson indicated that ConEd will be providing its comments to Mr. Gioia shortly.
- 6.6 Other ICS Issues**
- i. Policy 5-2 Revision** - Mr. Dahl indicated that ICS discussed updates to NYSRC Policy 5. Changes were made to the sections covering sensitivity testing and the IRM Voting Procedure based on comments received at the May 2008 Executive Committee meeting and from Paul Gioia. Mr. Adamson reviewed the changes to Policy 5 with the Executive Committee. The Executive Committee indicated that the document should include clarification that if the Voting Procedure does not result in an IRM that receives at least nine votes, then the previous years IRM will be retained for another year. Since there may be additional comments from the Executive Committee and Mr. Gioia, the approval vote was tabled until the July 11, 2008 meeting.
- 7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues**
- 7.1 RCMS Status Report & Discussion Issues** – Mr. Fanning indicated that RCMS met on June 12, 2008.
- 7.2 2008 New York Reliability Compliance Program (NYRCP)** – Mr. Fanning reported that seven RCP Items enumerated below were reviewed. Six were found to be in full compliance:
- (a) K-M2a, Annual Transmission Assessment,
 - (b) B-M3, Demonstration that System is Planned Considering Ease of Restoration,
 - (c) I-M4a, Consideration of Local Rules in Transmission Planning,
 - (d) K-M3, Extreme System Conditions Assessment,
 - (e) E-M6a, Pre-seasonal Fault Duty Assessments, and
 - (f) I-M4b, Establishment of Operating Limits.
- Measurement K-M2b, Annual Resource Adequacy Assessment, was received from the NYISO on June 12, 2008 and the Subcommittee members were given one week to provide comments. Two additional measurements will be reviewed at the Subcommittee's July 10, 2008 meeting, F-M1, Maintain Procedures for Frequency, Reserve and Transfer Limits Violations, and G-M1, Procedure for Maintaining a NYCA System Restoration Plan. Also, the special investigation by the NYISO regarding Measurement C-M5, Reporting of Resource Outage Data to the NYISO, is complete and undergoing review by the NYISO Legal Department. Resolution is expected by the July 10, 2008 Subcommittee meeting.
- 7.3 Other RCMS Issues** – Nothing additional to report.
- 8.0 Reliability Rules Subcommittee Status Report/Issues**
- 8.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met on June 5, 2008. PRRs #8, #52 and #84 remain on hold pending completion of related pre-requirements. PRR# 95, System Restoration Training, was approved by the Executive Committee at its June 13, 2008 meeting and may be found on the NYSRC web site together with Version 22 of the Reliability Rules Manual.

PRR #96 is waiting for NPCC action on A-13 and A-14. RRS is monitoring the governor response issue and investigating the possibility of a governor response rule.

8.2 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 – None

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

3. PRRs for EC Discussion – None

8.3 NPCC/NERC Standard Tracking

i. **NERC Standards Development – Status** – Mr. Adamson introduced the NERC Reliability Standards Development Tracking Summary. He noted that the NYSRC voted “yes” on EOP-002-2, and submitted comments on INT-005-3,006-3 and 008-3 revisions based on input from the NPCC Standards Committee.

ii. **Status of NERC “Determine System Operating Limits”** – Mr. Clayton introduced a revised SAR for modifying NERC Standard FAC-011, Determine System Operating Limits. The revised FAC-011 SAR will retain most multi-element contingencies in the calculation of Interregional Operating Limits (IROLs). The changes to FAC-011 will require the Reliability Coordinator to document how System Operating Limits (SOLs), including IROLs are utilized and the criteria for selection of multi-element contingencies. FAC-014 requires the Reliability Coordinator to make available the selected list of contingencies for review by adjacent Regions. The revised FAC-011 will be reposted for comment shortly.

8.4 Other RRS Issues

i. **BPS Issues** - Mr. Clayton reported that RRS continues to re-consider the NYSRC definition of Bulk Power System (BPS), but is in need of the various facility lists currently maintained by the NYISO. For example, it is the RRSs’ understanding that the NYISO uses different lists for the Bulk Power System elements in the application of the Reliability Rules for Transmission Capability – Planning versus System Protection. Therefore, the RRS has requested that the NYISO provide the Reliability Rule and its associated list of system elements for each Reliability Rule in which the NYSRC Reliability Rule references the “NYS Bulk Power System”, the “NYS Power System”, and/or the “NYS Secured Transmission System”. Mr. Gonzales indicated that the NYISO will assist the NYSRC to the extent necessary, but wishes it to be clear that the NYISO effort should not be construed as an attempt to limit the authority of the NYSRC. He expects the work to take 2-3 months.

9.0 NYISO Status Report/Issues –

9.1 **NYISO 2008 Comprehensive Reliability Planning Process (CRPP)** – Mr. Adams reported that the Comprehensive Reliability Plan (CRP) for 2008 will go to the Operating Committee for approval during the week of June 15, 2008 followed by the Management Committee. The goal is to complete the NYISO Committee structure reviews in time for NYISO Board of Directors (BOD) review and approval on July 14, 2008. Further, Mr. Adams noted that the NYISO RNA 2009 process has begun.

9.2 **Electric Deliverability Study** – Mr. Adams reported that the details of the testing protocol are still being discussed by the stakeholders. The May 2008 deadline has been extended to July 21, 2008. The NYISO will present the Electric Deliverability Compliance Plan to the Executive Committee once it becomes available – **AI #108-10**.

9.3 **NYISO Fuel Diversity Study** - Mr. Adams indicated that the Study is being done by the NYISO Strategic Group. Completion is expected by the end of 2008 – **AI #111-5**.

9.4 Other Studies/Activities –

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

- ii. **Wind Integration Study/Activities** - Mr. Adams indicated that an Eastern Interconnection Wind Integration Study is being undertaken by MISO, PJM, AEP, TVA and NYISO. It appears that up to 8-10,000Mws of additional transfer capability is required to bring wind power from the upper mid-west to the east coast for a 20% wind scenario.

10.0 Other Items

10.1 NYISO Operations Report (May 2008) – Mr. Gonzales reported that May 2008 was a light load month reaching a peak of only 22,422Mws. Monday June 9, 2008 was nearly 10,000Mws higher. There were two major emergencies during May 2008: (a) the Colton-Flat Rock 115kv line exceeded its LTE rating, and (b) Central-East exceeded its voltage collapse limit by 5% for loss of Marcy South due to a lightning strike on a single tower causing loss of both 345kv circuits. Also, Mr. Gonzales noted that the NYISO met recently with wind developers to discuss market rules that would address system reliability. The NYISO is proposing that wind resources need to respond to security constrained dispatch instructions to preserve reliability.

10.2 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth noted that the NAESB Board will be meeting at the end of June 2008.

10.3 NPCC Report – Mr. Fedora reported that a CP-11 Working Group is enhancing the A-10 process for determining BPS elements and developing an implementation procedure. Implementation is expected in the fall of 2008. Also, the Working Group is doing a survey within NPCC to determine the impact of a “bright line” test. Mr. Fedora noted that the NPCC General Meeting will be held in Saratoga, NY. on September 24, 2008.

11.0 Visitors’ Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#111	July 11, 2008	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#112	Aug 8, 2008	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 110 was adjourned at 3:15 P.M.