

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 112 – August 8, 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
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
John Hauber	New York State Electric & Gas/Rochester Gas & Electric – Alternate - Phone

**Others:**

Paul Gioia, Esq.	Dewey & LeBoeuf, LLP - Counsel
Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Al Adamson	Treasurer & Consultant
Steve Whitley	New York Independent System Operator (NYISO)*
John Adams	New York Independent System Operator (NYISO)
Henry Chao	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)*
Pete Carney	New York Independent System Operator (NYISO)*
Peter Simaan	New York Independent System Operator (NYISO)*
Carl Patka, Esq.	New York Independent System Operator (NYISO) - Counsel
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service

**Visitors – Open**

**Session:**

Phil Fedora	Northeast Power Coordinating Council (NPCC)
Ray Stalter	Edison Mission Marketing & Trading

“\*” – 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.112 to order at 9:30 A.M. on August 8, 2008. He introduced Mr. Steve Whitley, the newly appointed NYISO CEO.

**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. 111 (July 11, 2008)** – Mr. Raymond introduced the revised draft minutes. There being no additions/deletions, Mr. Ellsworth moved for approval of the minutes. The motion was seconded by Mr. Smith and unanimously approved by the Executive Committee – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #112-1**.

**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>
106-7	Mr. Gioia and others met with the PSC Chairman August 7, 2008.
111-2	Mr. Loehr provided a proposed meeting schedule for 2009 on July 20, 2008.
111-3	Mr. Patka provided a summary of the Non-Compliance Letter at the Executive Committee's August 8, 2008 meeting.

**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 \$114,000 in cash at the end of July 2008. Mr. Adamson projects year-end expenses will be \$27,000 below budget. Also, the final \$20,000 was received toward the 3rd quarter Call-for-Funds. Mr. Adamson will be providing the 2009 proposed budget at the September 12, 2008 Executive Committee meeting.

**3.2 Other Organizational Issues**

**i. Meeting Schedule – 2009** – Mr. Loehr summarized the proposed Executive Committee meeting schedule for 2009. Following discussion, the Executive Committee decided to delay voting on the schedule until the September 12, 2008 meeting.

**ii. Election of Officers** – Mr. Gioia indicated that the current term for Officers expired July 31, 2008. The Executive Committee has normally elected officers for at least two one year terms. Both Mr. Loehr (Chairman) and Mr. Mager (Vice Chairman and Secretary) have expressed willingness to serve another term. Following discussion, Dr. Sasson moved for approval of Messrs. Loehr and

Mager for an additional one year term, ending July 31, 2009. Mr. Clagett seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).

#### **4.0 State/Federal Energy Activities –**

- 4.1 Energy Planning Board (EPB)** – Mr. Bush reported that the Board approved the draft SEP scope. Also, the EPB plans to review NYISO Markets to determine whether the proper price signals are being sent vis-a-vis infrastructure. Mr. Patka confirmed that a number of comments on the draft scope was received from anti-Market entities. Mr. DeCotis emphasized that the approved scope should be viewed as an evolving document.
- 4.2 NYSERDA – Update** – Nothing new to report.
- 4.3 RGGI Comments** – See Section 6.2. Mr. Clayton will schedule a meeting with Mr. Silwinski (DEC) to discuss RGGI impacts on reliability – **AI #112-2**. Messrs. Haake, Dahl and Adamson will join Mr. Clayton in representing the NYSRC.
- 4.4 Meeting with PSC on IRM Approval** – Mr. Gioia summarized an August 7, 2008 meeting with Mr. Garry Brown, Chairman of the PSC, and several staff members, Messrs. Cohen, Dvorsky, Addepalle, McGowan and Drexler. Representing the NYSRC were Messrs. Loehr, Mager, Gioia, Adamson and Dr. Sasson. The purpose was the development of a process that would be consistent with both FERC and PSC regulatory responsibilities with respect to the establishment of an IRM for the NYCA. The process would need to safeguard the NYSRC's ability to exercise its responsibilities to establish the IRM and the integrity of its technical studies and professional judgment. The NYSRC 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 the NYSRC Agreement. Mr. Gioia indicated that annual PSC proceedings to adopt an IRM would necessarily result in uncertainty and confusion. He acknowledged the PSC's authority over reliability adequacy, but suggested that the NYSRC annual IRM determination proceed without intervention unless the PSC feels a problem exists. PSC staff did not indicate that they would change their position. However, Chairman Brown indicated that the PSC would look into possible ways to accommodate the NYSRC's concerns. Further, PSC Counsel, Mr. McGowan, noted that the PSC does not approve all actions subject to jurisdiction and that it may be possible to develop procedures under which the PSC would act on the IRM .

#### **5.0 Key Reliability Issues**

- 5.1 Defensive Strategies** – Mr. Smith indicated that Phil Tatro had advised him of advances in the UFLS study. Mr. Fedora reported that the NPCC UFLS Working Groups initial load shedding parameters did not work well for Ontario. After further analysis, the Working Group is testing four blocks of load shedding at 7% each. Additionally, there are another two anti-stall blocks at 2% each. This strategy works well for Ontario and is not expected to be problematic in the other NPCC sub-Regions. The Working Group could come to the September 2008 RRC meeting with a full set of parameters. In which case, the System Protection Task Force would begin costing out the necessary changes and setting an implementation schedule. The final report from SS-38 is expected in November 2008 and full member voting for acceptance will follow shortly thereafter.
- 5.2 NPCC Defensive Strategy Activities** – See item 5.1.

#### **6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue**

- 6.1 ICS Status Report and Discussion Issues** – Mr. Dahl indicated that ICS met on July 31, 2008 and held two conference calls on July 24, 2008 and August 4, 2008. Each session focused on finalizing the Assumptions Matrix for the 2009/10 IRM Study.
- i. 2009/10 IRM Assumptions**

Mr. Dahl introduced the Base Case Modeling Assumptions for 2009-2010 NYCA IRM Requirement Study document. He noted, in particular, that Wind Resources have an 11% summer peak hour Capacity Factor based on data collected on June 1 – August 31 from 2:00 – 5:00PM. Forced and

Partial Outage Rates are from the “2008 Gold Book” plus units indicated to be online by August 1, 2008. The NYCA EFORd has trended upward due largely, though not exclusively, to the performance of New York City (NYC) units. The latter two parameters (Wind Resources and Outage Rates) have a possible “High(+)” impact on the IRM Study results. RRS will request that the NYISO examine the causes of the apparent deteriorating performance of the NYC units – **AI #112-3**. The 2002 load shape is being used internally as well as for the “outside world”. The load uncertainty model is currently being reviewed by ConEd and the NYISO. The DMNC Unit capacities include 282.5MWs of new wind resources and a 30MW increase in the rating of Gilboa Unit#1. Special Case Resources will be modeled as 2061 MWs based on historical growth and EDRP Resources will be represented as 356 MWs in July and August and proportional to monthly peaks otherwise. Non-Wind new generation totals 371 MWs of which 310 MWs and 45 MWs are located on Long Island and NYC, respectively. No retirements are indicated. There are no new transmission additions, but the internal and external models have been updated based on recent transmission studies. The VFT will be treated as a 100 MW sensitivity case. Further, it was agreed that the next IRM Report would clarify the difference between the NYSRC’s IRM and the use of the IRM used in determining the Demand Curve for the ICAP auction – **AI #112-4**. Although the NYSRC IRM may increase significantly due to wind resources, UCAP will not increase commensurately since UCAP reflects the low wind resource availability.

- ii. Presentation of the Environmental Model** – Mr. Peter Carney, NYISO, reminded the Executive Committee that the 2008 NYISO Comprehensive Reliability Planning Process and the NYSRC considered the possible implementation of a High Electric Degree Day (HEDD) program in 2009. However, on July 11, 2008, the United States Court of Appeals for the District of Columbia vacated the USEPA’s Clean Air Interstate Rule (CAIR) which had been the basis of New York’s State Implementation Plan (SIP) to achieve compliance with Ambient Air Quality Standards (NAAQS) for ozone. The Court ruling moves the electric industry from an arena of known emissions reductions and schedules to one of complete chaos. The SIPs will require major retooling raising the possibility of reverting to a command and control approach. Given the degree of uncertainty created by the decision, it is unlikely that a new NOx control program will be in effect in 2009. Further, Mr. Carney presented the “Environmental Assumptions for 2009 IRM Base Case” prepared by Mr. Carney and Mr. Simaan (NYISO). He noted that the RGGI carbon program for NYS will likely be in place by year end. A partial auction of 12 million tons (of a total 188 million tons) of allowances will take place on September 25, 2008. Mr. Raymond expressed the view that opening the auction initially to entities that will purchase allowances to then retire, seems to introduce an unnecessary risk given the infancy of the RGGI Model and its uncertain impact on reliability. A simulation analysis was done using the ABB GridView Model. GridView is a least cost, security constrained unit commitment and dispatch simulation program. It is designed to combine power system analysis with accurate economic models such that emissions can be derived as a function of allowance prices. The transmission model is the NERC 2010 Eastern Interconnection system. The Poletti Unit is retired; Neptune is at full capacity; imports are fixed at 2006 levels plus Neptune, and wind penetration is 867 MWs and 2.5 million MWs. Given a range of forecasts for CO<sub>2</sub> allowance costs (\$20/ton ceiling) and a reasonable supply and demand balance, the GridView analysis predicts that less than 100 MW of capacity will fall below 50% capacity factor over the 3 year compliance period. The floor for allowances to avoid reliability impacts is about 42 million tons versus a NYCA budget of 64 million tons. Therefore, it is reasonable to assume no impact in the 2009 base case IRM. However, sensitivity cases should consider the possibility of Allowance Market disruption, Renewable Portfolio Standards, extended loss of a nuclear plant and/or NO<sub>x</sub> reductions.

**6.3 Mechanism to Accommodate Expanded MARS Date Base Review** – Nothing new to report.

**6.4 Other ICS Issues** – Nothing new to report.

## **7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues**

- 7.1 RCMS Status Report & Discussion Issues** – Mr. Adamson indicated that RCMS met on August 7, 2008. The NYISO provided a presentation on the GADS audit findings. A Non-Compliance letter was sent to a MP for violations in the reporting of forced outage data. The MP was found by the NYISO to be in Level 2 non-compliance for Measurement C-M5. RCMS will prepare an initial report to the Executive Committee in September 2008 indicating follow-up action(s) and requests for additional information from the NYISO needed to recommend appropriate NYSRC action(s) per Policy 4. The recommendations will be available in October 2008 – **AI #112-5**. Mr. Patka noted that the Non-Compliance letter had also been sent to the PSC and a fine of \$2.5 million had been levied. An NYISO audit found the generator’s log book to be inadequately maintained and in 2004 showed 136 forced outages versus the 5 that were reported. The NYISO will provide RCMS a presentation on the data reporting procedures and training given to generators regarding data reporting requirements. Also, Mr. Patka agreed to take under advisement a request by the Executive Committee for information on the number of on-going NYISO alleged compliance investigations – **AI #112-6**. In the view of the Executive Committee, EFORd data reported during an audit investigation should be changed to reflect NERC class averages for use in IRM studies. Mr. Bolbrock offered that from experience, the NYISO should be particularly vigilant in monitoring the reporting of scheduled outages. Also, the NYISO provided a supplemental report to RCMS reflecting updated data regarding the Annual Resource Adequacy Assessment. Dr. Sasson requested that RRS review related NYSRC rules and measurements based on the 2004 incident and report back to the Executive Committee recommendations for potential changes. He cited as an example for RRS discussion having a rule that requires generation owners to provide the NYISO with the name of a designated individual responsible for providing GADS data to the NYISO.
- 7.2 2008 New York Reliability Compliance Program (NYRCP)** – Mr. Adamson provided a summary report indicating that:
- (a) G-M1, Review of Emergency Restoration Procedures, requires further NYISO input,
  - (b) C-M6, Review of Resource Outage Data Requirements, RCMS concluded that C-M6 allows the ICS to request the NYISO undertake analysis of Outage data trends, and
  - (c) K-M2, Transmission and Extreme Conditions Assessments, RCMS is preparing a PRR which will provide more specific guidelines for the Assessments.
- 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 August 5, 2008. PRRs #8 and #52 remain on hold pending completion of related pre-requirements. PRR#96, Resource, System, and Demand Requirements, is waiting for NPCC action on A-13 and A-14 and NERC action on MOD24/25. PRR# 97, BPS Facilities, is under review and PRR# 98, NYCA Transmission Review, is investigating the need for additional specificity in the reliability assessment requirements.
- 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. A number of proposed standards was discussed and comments and voting positions decided upon as summarized in the July 22, 2008 NERC Reliability Standard Development Tracking Summary.

- ii. **Status of NERC “Determine System Operating Limits”** – Mr. Clayton reported that the revised SAR, modifying NERC Standard FAC-011, Determine System Operating Limits, has been posted by NERC for comment. 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. In addition, Mr. Clayton was contacted by Mr. Frank Koza (PJM) who is heading up development of a new SAR that is similar to the revised SAR and would like to work with Mr. Clayton toward the possibility of merging the two proposed SARs.

#### 8.4 Other RRS Issues

- i. **BPS Issues** – Mr. Clayton indicated that RRS received a presentation from Dean Ellis (NYISO) which associated the Reliability Rules and Measurements with the name of the pertinent transmission facilities list. RRS has prepared the following objectives for a modification of B-R6 and B-M4 which address BPSs (a) align with NPCC A10 and (b) create an NYSRC mission focused definition resulting in specific facilities lists. Mr. Hipius asked whether RRS is clear regarding what is needed from them to address the bulk power system definition issue. He noted that the "list of lists" recently provided to RRS by the NYISO is very helpful and appreciated, but much more needs to be done. He indicated the following as being what is needed from RRS: (a) appropriate names for each list, (b) non-arbitrary rules for placing something on each list, and (c) fully-populated lists indicating what facilities are on each. Items (a) and (b) would be established by the NYSRC once it has received RRS’s recommendations, and (c) would be created by the NYISO by applying (a) and (b). Mr. Clayton expressed the belief that RRS understands and is addressing Mr. Hipius’s statement of needs.
- ii. **Unit Frequency Response** – Mr. Clayton reported that Dean Ellis (NYISO) gave RRS a presentation on the increasing frequency deviations in the Eastern Interconnection. Particularly note worthy is the lack of frequency response guidelines, criteria or Standards throughout the Eastern Interconnection. RRS will follow-up on the issue – **AI #112-7**. Mr. Adams added that there are indications that governor responses are being overridden by Market and environmental controls.

#### 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 2007 was approved by the NYISO Board. The ESWG is working with the stakeholders to finalize the 2009 RNA. Treatment of the “outside world” and integration of efficiency standards remain at issue.
- 9.2 **Electric Deliverability Study** – Mr. Adams reported that the Electric Deliverability Compliance Plan was filed with FERC. The NYISO will provide a presentation on the filing to the Executive Committee at its September 2008 meeting – **AI #112-8**.
- 9.3 **NYISO Fuel Diversity Study** – Nothing new to report.
- 9.4 **Loop Routing** – Mr. Gonzales reported that the NYISO filed tariff changes with FERC on July 31, 2008 to terminate inefficient use of circuitous contract path scheduling in the absence of flow control devices, in particular, the delivery of power from New York to PJM through Ontario and the MISO. The result is additional congestion charges collected via uplift. The filing specifically prohibits indirect path scheduling when there are direct path interconnections. Also, the filing requests that the Market Monitoring function have access to external line flows. Mr. Whitley noted that the TLR methodology acts to protect reliability. Mr. Bolbrock expressed the view that Market mechanisms should be exhausted first, before considering Reliability Rules to remedy situations of this nature.

#### 9.5 Other Studies/Activities

- i. **NYCA Reactive Power Supply Study** – Mr. Chao noted that recent measurements at several 345kv stations showed Power Factors in the order of 45%. The Reactive Power Working

Group is looking further into the results.

- 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. The group is currently waiting for the completion of wind profiles.

## 10.0 Other Items

**10.1 NYISO Operations Report (July 2008)** – Mr. Adams reported that there were two major emergencies, on July 8 & 17, 2008. The Central East Stability limit was exceeded due to loss of the Edic-New Scotland #14 line in both instances. The first event was lightning related and in the latter case the #14 line struck a tower during contractor line maintenance.

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

**10.3 NPCC Report** – Mr. Fedora reported that at the September 4, 2008 RCC meeting, the Task Forces will be asked to help develop NPCC work plans for System Protection Systems, System Disturbance Analysis and Under Frequency Load Shedding to begin the process of creating Regional Standards. Also, Mr. Fedora noted that preliminary results of the NPCC Long Term Resource Adequacy indicate capacity is tight in New York and Hydro Quebec in 2017. The LTRA will be issued on or before October 1, 2008.

**11.0 Visitors' Comments** – None

## 12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#113	Sept 12, 2008	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#114	Oct 14, 2008	Power Control Center, Guilderland, NY.	9:30 A.M.

The open session of Committee Meeting No. 112 was adjourned at 2:55 P.M.