

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 126 – October 9, 2009
Albany Country Club, Voorheesville, NY

Members and

Alternates:

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

Others:

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

Visitors – Open

Session:

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

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was initiated by Mr. Loehr to discuss compensation (See Item 3.2i).

- II. **Open Session**
 - 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.126 to order at 9:30 A.M. on October 9, 2009.
 - 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 held to discuss compensation.

 - 2.0 **Meeting Minutes/Action Items**
 - 2.1 **Approval of Minutes for Meeting No. 125 (September 11, 2009)** – Mr. Raymond introduced the revised draft minutes including all comments received through mid-day October 8, 2009. Following further discussion, Dr. Sasson moved for approval of the revised draft minutes. The motion was seconded by Mr. Fleury and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #126-1**.
 - 2.2 **Action Items List** – The Committee reviewed the Outstanding Action Items list and accepted the following items as complete or modified:

<u>Action Item #</u>	<u>Comments</u>
80-11	The Scheduled Completion Date was changed to “on-going”.
113-3	The Scheduled Completion Date was changed to “06/13/2010”.
119-2	The IRM selection process will be documented in the minutes.
122-2	Mr. Gioia provided the modified NYSRC Agreement on October xx, 2009.
123-7	The Scheduled Completion Date was changed to “on-going”.
124-3	Replaced by AI #126-9.
124-5	Mr. Sennett regarding attending the October 9, 2009 Executive Committee meeting to discuss Cyber Security.
124-7	The Scheduled Completion Date was changed to “on-going”.
125-2	Mr. Adamson provided salary and date information on September 30, 2009.
125-3	The Policy 3-5 revision was approved by the Executive Committee at its October 9, 2009 meeting.
125-5	Messrs. Clayton and Duffy and Dr. Sasson gave presentations on the TIER methodology at the October 9, 2009 Executive Committee meeting.
125-6	Mr. Patka circulated the Court Decision on September 15, 2009.

- 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 \$156,000 at the end of September 2009. The projected end-of-year variance from the 2009 Budget has increased to an excess of about \$84,000. In response to a question from Mr. Ellsworth, Mr. Adamson indicated that the uncertainty of legal expenses mitigates against reducing the forecast. Also, he noted that any surplus carried over to

2010 will reduce the 1st Quarter 2010 Call-for-Funds.

3.2 Other Organizational Issues

- i. **Salary Adjustments for 2010** – Mr. Loehr called the Executive Committee into Executive Session to consider salary adjustments. Following the Executive Session, Mr. Mager announced that the hourly rate for Consultants will increase to \$175.00/hr. effective January 1, 2010. For the Unaffiliated Members, the Quarterly fee will remain unchanged. However, the meeting fee is increased to \$1150.00 and if the Unaffiliated Member is chairing a meeting, the meeting fee will be \$1500.00. Conference call fees will remain at \$500.00 per conference. The other compensated positions will remain at 2009 levels.
- ii. **2010 Draft Budget** – Mr. Adamson presented the proposed NYSRC budget for 2010. With inclusion of the salary adjustments for 2010 and retention of \$180,000 for legal fees, the proposed total is \$740,500. Following discussion, Mr. Mager moved for approval of the 2010 salaries and the proposed budget of \$740,500. The motion was seconded by Mr. Clagett and unanimously accepted by the Executive Committee – (13 to 0).
- iii. **Funding Mechanism** – Mr. Adamson introduced the Funding Mechanism for the 2010 budget. There being no changes from 2009 other than the budget level, Mr. Mager moved for approval. The motion was seconded by Mr. Ellsworth and unanimously accepted by the Executive Committee – (13 to 0). The final document will chronicle the unanimous approval of the Executive Committee – **AI #126-2**.
- iv. **Policy 3, Accounting Procedure-Revision 5** – Messrs. Adamson and Gioia discussed the changes to Policy 3 necessary to reflect a schedule change whereby salary revisions are considered in July of each year and the approval of the budget is advanced one month to August to better align with the TO's internal budget processes. Mr. Adamson agreed to prepare a revised Policy 3 for consideration at the November 13, 2009 Executive Committee meeting – **AI #126-3**.
- v. **2010 Meeting Schedule** – Mr. Loehr introduced the 2010 proposed meeting schedule. The proposal is for the Executive Committee to meet on the 2nd Friday of each month with the exception of December and March which would be the 3rd and 11th, respectively. Mr. Ellsworth moved for approval of the proposed dates. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee – (13 to 0).
- vi. **Committee Rosters** – Mr. Raymond requested that the Subcommittee Chairs review their rosters and provide any updates to Carol Lynch, NYSRC Administrative Assistant – **AI #126-4**.

4.0 State/Federal Energy Activities

- #### 4.1 Energy Planning Board (EPB) – SEP Update
- Mr. Gioia referenced the draft comments which he prepared based on the input from Mr. Adamson and Executive Committee Members. Rather than focus on items in the SEP draft that the Executive Committee agreed with, Mr. Gioia emphasized issues of particular interest to the NYSRC: (a) the maintenance of reliability through effective Reliability Rules and reference to the work of the NYSRC, (b) recognition that State energy and environmental policy can have a significant impact on reliability and the IRM and, therefore, the imperative for continuing dialogue between the NYSRC and State agencies, and (c) specific reference to the need to support “Smart Grid” investments and the Defensive Strategies initiative undertaken by the NYSRC. Mr. Gioia asked Messrs. Adamson and Dahl to carefully review item (b) – **AI #126-5**.

Dr. Sasson suggested reviewing whether the discussion of renewables and energy efficiency should be separated due to the differences in impact on reliability and bias toward overstating the impact of energy efficiency. Renewables tend to have a negative impact on reliability while energy efficiency tends to have a positive impact. Ms. Hogan noted that changes in power factor as a result of efficiency may impact reliability. For example, CFLs have 50% power factor. Mr. Schrom noted that CFLs also have poor harmonics.

Mr. Gioia requested that further comments be provided to him by Wednesday, October 14, 2009 – **AI #126-6**. Mr. Adamson made a strong plea for including support for nuclear power in the SEP as a part

of an on-going reliability and environmental plan and working with the Federal Government to resolve security and waste disposal issues.

4.2 NYSERDA Update – Ms. Hogan reported that Brookhaven National Laboratory (BNL) and NYSERDA are proposing a New York State Smart Grid Consortium. The objective of the consortium is to coordinate the collective efforts of key energy stakeholders and implement an electric power supply and delivery system that is efficient, secure, and reliable. BNL is a member of the Consortium and will be participating under the “Research Department” which will initially be managed by NYSERDA. The NYSRC has been invited to participate in the Consortium. Ms. Hogan spoke with the NYSERDA representative, Mark Torpey, and he explained that the NYSRC could participate in the working groups and/or as a board member. Ms. Hogan agreed to email the First Year Proposal which describes the relationship between NYSERDA and Brookhaven National Laboratory (BNL) – **AI #126-7**. Mr. DeCotis expressed interest in participating.

4.3 NPCC Report – Nothing new to report.

4.4 FERC Proceeding on 100kv “Bright Line” – Messrs. Clayton and Duffy and Dr. Sasson presented prepared information on the TIER methodology for identification of Bulk Power System facilities. First, Mr. Clayton summarized the current FERC position per EPAct 2005, indicating that FERC is currently using the NERC BES definition, e.g. 100kv and above excluding radial transmission facilities serving only load. Recognizing the technical issues surfacing regarding a “100kv bright line”, FERC has introduced for comment the Topological and Impedance Element Ranking (TIER) methodology prepared by the University of Wisconsin-Madison. Mr. Clayton described the TIER method and concluded that “the method weighs against exclusive use of voltage level as the distinguishing metric in identifying BPS”. The method ranks system branches on their ability to transmit power from source to load using the congestion component of LBMP from a production cost objective function minimization.

Dr. Sasson furthered the discussion by describing the theoretical basis of TIER and providing several examples of rankings for the elements of an illustrative system. The results are independent of whether a bus is a load or generator bus, i.e. the methodology uses topology and susceptances, only. As is the case with Messrs. Clayton and Duffy, Dr. Sasson concluded that TIER is not rooted in the fundamentals of the power systems reliability as is NPCC’s A-10 method. Mr. Duffy used the four cases detailed by Dr. Sasson to create a slide presentation of how the sample system of Dr. Sasson is built based on the TIER Rankings. As was noted by Dr. Sasson, the ranks vary depending on the order the buses are selected. Mr. Chao noted concern that PARs are not reflected in the TIER methodology. It was agreed that Mr. Gioia would prepare a draft for review with the assistance of Dr. Sasson and Messrs. Clayton, Duffy and Adamson – **AI #126-7**. Mr. Fedora will keep the Executive Committee updated on NERC/NPCC’s position. The comments are due to FERC by October 28, 2009.

4.5 Petition to Amend the NYSRC Agreement – Mr. Gioia indicated that he had received TOs signed waivers consenting to an amendment of the NYSRC Agreement regarding membership of NYSRC Members on NYISO committees. Mr. Gioia will provide a draft petition for review before the November 13, 2009 Executive Committee meeting – **AI #126-8**.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith indicated that the Defensive Strategies Working Group plans to meet at NYSERDA on November 12, 2009. GE will be attending to provide an update on its phasor technology and relay technologies that relate to the DSWG’s work on controlled separation. They will also give an overview of their developments on the “Smart Grid”. In addition, Jim Misewich of Brookhaven Labs will be attending to talk about New York’s “Smart Grid” Consortium. Phil Tatro has left NGrid and is now working for NERC. Phil will no longer chair the NPCC SS-38 Dynamics Working Group but hopes to continue to support the Task 5 work in the future. Alex Rost of the New Brunswick System Operator will be taking over as chair. The Defensive Strategies Working Group and the NYSRC has greatly benefited from Phil’s contributions.

- 5.2 NPCC Defensive Strategy Activities** – Nothing new to report.
- 5.3 Cyber Security Issues** – Ms. Hogan introduced Mr. John Sennett, the PSC Director of Utility Security, and noted that she had asked Mr. Sennett to discuss the potential for overly prescriptive cyber security rules and coordination activities with Homeland Security. Mr. Sennett indicated that his position is one of compliance and in particular, compliance with the NERC CIP Standards. He feels the issue is of such a large magnitude that NERC may need to share control. Concerns regarding SCADA have been addressed for at least six years. However, the advent of the “Smart Grid” adds a substantial new dimension to the security problem. DPSs throughout the country are being pressured politically, and are looking to NERC for direction. In New York, the PSC focus for the last six months has been on physical security of the Control Centers and transmission infrastructure through various rate cases. Ms. Hogan noted that Homeland Security has had discussions with NERC, but asked if they have the technical expertise to take the lead. Mr. Sennett feels the Power Industry needs to take the lead, while fully recognizing that many feel the Industry would rather take the risk to avoid costs. Mr. Loehr expressed hope that NERC would provide educational training wherever needed. Mr. Fedora noted that NERC, in partnership with the DOE, is planning a workshop to review the impact of High Impact, Low Frequency (HILF) events on the bulk power system. The workshop will be held in Washington, DC on November 10-11, 2009.
- 5.4 Interregional Studies of Proposed Transmission** – Deferred to the November 13, 2009 Executive Committee meeting.
- 5.5 TOs Strategic Transmission and Reliability Study (STARS)** – Mr. Dahl reported that the STARS Team is finishing Phase 1 which is the determination of the constraining interfaces for six scenarios in 2018 and 2028. The Team is just beginning Phase 2, the reinforcement phase, which is expected to be completed in December 2009.
- 6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue**
- 6.1 ICS Status Report and Discussion Issues** – Mr. Dahl reported that ICS met for its regular monthly meeting on September 30, 2009 and held two conference calls on September 25 and October 7, 2009.
- 6.2 2010/11 IRM Study** – Mr. Dahl indicated that ICS continues the process of incorporating approved 2010-11 IRM assumptions into the MARS base case. Each assumption is input individually and MARS LOLE impact is reported to ensure proper model implementation. Preliminary Tan45 analyses indicate a bias toward increased IRM and LCR resource adequacy requirements resulting primarily from changes in EFORD, Wind and SCR assumptions. ICS has begun drafting the main body and appendix of the IRM report.
- Also, Mr. Dahl introduced a list of sensitivity test cases for consideration by the Executive Committee. Two additional cases were identified: (a) varying the capacity shifting in the Tan45 calculation and (b) measuring the sensitivity of the ConEd energy efficiency assumption. After discussion, the Executive Committee requested inclusion of a long term outage (1 year) of an Indian Pt. unit. Mr. Dahl moved for approval of the sensitivity cases for the 2010/11 IRM Study. Mr. Bolbrock seconded the motion and the motion was unanimously accepted by the Executive Committee – (13 to 0). The base case results will be available for approval at the Executive Committee’s November 14, 2009 meeting and the final report and IRM recommendation will be completed in the first week of December 2009.
- 6.3 HQ modeling in the 2010-11 IRM Study** – Mr. Dahl indicated that ICS continues to discuss HQUS’s position regarding modeling of the HQ interface for 2010-11 IRM study. HQUS believes the HQ interface should not be used to provide any tie reliability benefit to NY since it believes energy “wheel throughs” from Chateaugay to New England are non-curtable (except for transmission security) given they pay any applicable TSC and transmission usage costs (congestion + losses). At the September 30, 2009 ICS meeting, the NYISO operational staff gave a presentation on how it would handle energy and capacity transactions during various NY resource deficient scenarios involving loss of NY load. Given the tariff implications, ICS recommended that the matter be reviewed by the

NYISO ICAP WG. Mr. Dahl sent a letter to the NYISO requesting this issue be placed on the ICAP WG agenda for its October 8, 2009 meeting, Due to the number of outstanding issues and to maintain the IRM study schedule, ICS agreed this issue would be handled as a sensitivity case.

6.4 Other ICS Issues

- i. **FCM IRM Study** - Nothing new to report.
- ii. **NYISO EFORD GAD Screening Initiative** – Mr. Dahl noted that on September 29, 2009, ICS issued a joint letter with RCMS to the NYISO with comments on a new process for Generator Unit EFORD screening which will supplement existing NYISO Market Monitoring activities. The new process involves comparing the annual forced outage rate relative to the five (5) year average for each plant (this has been determined by the NYISO to be the best identifier of suspect data). ICS offered several comments related to appropriate thresholds and notifications of units with suspect data.
- iii. **ISONE Emergency Assistance** – On September 25, 2009, Mr. Dahl sent a letter to NPCC TFCP in response to a ISONE request of NPCC TFCP to review the potential reliability issues associated with assuming high levels of emergency assistance and a 4% ISONE ICR. The NYSRC letter reiterated NYSRC reliability concerns previously stated at FERC regarding the reliability impact of ISONE ICR assumptions. ISONE thanked the NYSRC for its comments.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on October 1, 2009. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8 and #52 are waiting for completion of the Reactive Power Study and NPCC investigation of governor response and the UFLS program, respectively. Also, PRR #97, BPS Facilities (See Item #4.4), PRR #103, C-R4; System Data Requirements, PRR #104, Verification Testing of Resource Capacity, PRR #105, Rescission of Exception to NYSRC Reliability Rules, are under development. PRR #105 development is proceeding on the premise that the removal of facilities from the Exceptions List will not adversely impact reliability. Regarding PRR #97, BPS Facilities, RRS received a list of facilities from the NYISO that are on either the A1, A2, ATR, or A10 lists. RRS is trying to associate the facilities with its TDF. Each TO is doing the transcription for its facilities.

7.2 Status of New/Revised Reliability Rules

- i. **Proposed NYSRC Reliability Rules Revision**
 - a. **List of Potential Reliability Rules (“PRR”) Changes**
 - b. **Status of New/Modified Reliability Rules**
 1. **PRRs for EC Final Approval**
 - Mr. Clayton introduced PRR #101, Modifications to Resource Adequacy, which was approved for posting on August 14, 2009. The comment period ended on October 5, 2009 without any comments being received. Following discussion of the proposed Rule modification, Dr. Sasson moved for final approval of PRR #101. The motion was seconded by Mr. Claggett and unanimously accepted by the Executive Committee – (13 to 0).
 2. **PRRs for EC Approval to Post**
 - Mr. Clayton presented PRR #102, K-M2d, Reliability Assessment, which had been approved for posting by RRS on September 3, 2009. The PRR consolidates reporting requirements for D-M1, D-M3, E-M2, and F-M5 into Reliability Rule K-M2d. After discussion, at the September 11, 2009 Executive Committee meeting, Mr. Clayton was asked to develop a more straight forward method to explain the changes suggested by the proposal. He discussed the clarified PRR #102 and following Q/As, Dr. Sasson moved for approval of PRR #102 to post for approval. The motion was seconded by Mr. Claggett and unanimously accepted by the Executive Committee – (13 to 0).

3. PRRs for EC Discussion

- None

7.3 NPCC/NERC Standard Tracking

- NERC Standards Development** – Mr. Adamson noted that comments on TPL-001-1, Transmission Planning Performance Criteria, are due by October 16, 2009.

7.4 Other RRS Issues

- Modification to Exceptions – Policy 1** – Nothing additional to report
- RRS BPS List** – Nothing additional to report.

8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

8.1 RCMS Status Report & Discussion Issues – Mr. Fanning indicated that RCMS met for its regular meeting on October 8, 2009. All Members were in attendance.

8.2 2009 New York Reliability Compliance Program (NYRCP) – Mr. Fanning further indicated that the following Measurements were reviewed for compliance:

- K-M2d, Monthly Operations Reports, – Full Compliance,
- B-M4, List of Bulk Power System Facilities, - Full Compliance,
- E-M6b, Pre-seasonal Fault Duty Assessment, - Full Compliance, and
- E-M7, MP Evaluation of NYISO Fault Duty Assessment, - Full Compliance

8.3 RCMS Compliance Review of 2004 GADS Reporting Error(s) – Mr. Fanning introduced the final report, Implementation of Recommendations in Reliability Compliance Review of 2004 Outage Data Misreporting Event, which provides the status of recommendations in the November 2008 C-M5 Report. He indicated that five of the original seven recommendations are fully implemented. Recommendation #4, the NYISO data screening process, is progressing well, with an end of 1st Quarter 2010 completion date. Recommendation #6, reporting of potentially incorrect outage data, remains a concern of RCMS and ICS. The NYSRC was recently informed of incorrect data identified by the NYISO MMU eight months earlier. The NYISO forwarded a proposal to RCMS on September 24, 2009 for mitigating those concerns. RCMS will forward the proposal to ICS for its review. Following further discussion, Dr. Sasson moved for approval of the Report to include the status provided by Mr. Fanning and sending the report to ICS to review the NYISO proposal stated under Recommendation #6. Mr. Hipius seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).

8.4 Other RCMS Issues – Nothing additional to report.

9.0 NYISO Status Report/Issues – Deferred to November 13, 2009 meeting.

10.0 Other Items - None

11.0 Visitors' Comments – None

12.0 Meeting Schedule -

<u>Mtg. No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#127	Nov 13, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#128	Dec 4, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No.126 was adjourned at 3: 45 P.M.

