

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 131 – March 11, 2010
Albany Country Club, Voorheesville, NY

**Members and
Alternates in
Attendance:**

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 - Phone
Bruce B. Ellsworth	Unaffiliated Member
George E. Smith	Unaffiliated Member
Michael Mager, Esq.	Couch White, LLP (Large Customers' Sector) – Member Vice Chair
Michael Forte	Consolidated Edison Co. of NY, Inc. – Alternate Member
Joe Hipius	National Grid, USA – Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member - Phone
Arnie Schuff	New York Power Authority – Member
Tom Duffy	Central Hudson Gas & Electric – Member
Paul DeCotis	LIPA - Member

Others:

Paul L. Gioia, Esq.	Dewey & LeBoeuf LLP - Council
Al Adamson	Consultant - Treasurer
John Adams	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
Wesley Yeomans	New York Independent System Operator (NYISO)
Steve Fanning	National Grid, USA
Roger Clayton	Electric Power Resources, LLC – RRS Chairman

Visitors – Open

Session:

Phil Fedora	Northeast Power Coordinating Council (NPCC)
Erin Hogan, PE	NYSERDA
Scott Leuhauser	HQUS

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was not requested.

- II. **Open Session**
 - 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.131 to order at 9:35 A.M. on March 11, 2010 at the Albany Country Club.
 - 1.1 **Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance with the exception of the IPPNY Representative.
 - 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. 130 (February 12, 2010)** – Mr. Raymond introduced the revised draft minutes. Following discussion, Mr. DeCotis moved for approval of the revised draft minutes. The motion was seconded by Mr. Smith and approved by the Executive Committee Members – (12 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #131-1**.
 - 2.2 **Action Items List** – The Committee reviewed the Outstanding Action Items list and accepted removal of the following items:

<u>Action Item #</u>	<u>Comments</u>
124-6	Mr. Patka indicated the NYISO screening process for outage data was completed in January and tested in February 2010.
128-2	Replaced by Action Item #130-2.
128-3	The Executive Committee decided at its March 11, 2010 meeting to send an observer to the BNL “Smart Grid” Consortium Board meetings.
128-9	Mr. Patka confirmed at the March 11, 2010 Executive Committee meeting that the NYISO requests for Modifications to Exceptions to the Reliability Rules will not jeopardize reliability.
129-3	Mr. Gonzales resubmitted the letter on Modification of Exceptions on January 28, 2010.
129-5	Mr. Fanning provided the 2009 NYRCP final report at the March 11, 2010 Executive Committee 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 \$152,800 at the end of February 2010. In addition, all 1st Quarter 2010 assessments were paid, a total of \$165,000. Mr. Adamson requested approval to issue the 2nd Quarter Call-for-Funds in the amount of \$25,000 per TO. Following discussion, Mr. Ellsworth moved for approval of the request. The motion was seconded by Mr. Forte and

approved by the Executive Committee – (12 to 0).

- ii. **2009 Audit** – Mr. Adamson distributed copies of the Audit, prepared by Slocum, DeAngelus & Associates P. C., to Members, Alternates, and Messrs. Gioia and Raymond. He noted the letter from the independent auditor which states; “In our opinion, the financial statements of the New York State Reliability Council, LLC for the years ending December 31, 2009 and 2008 present fairly, in all material respects, the cash receipts and disbursements of the of the New York State Reliability Council”. Also, Mr. Adamson provided the auditor with a “Representation Letter” dated February 19, 2010 certifying that the information provided by the NYSRC to the auditor was correct. Further, Mr. Adamson noted that the Auditor provides IRS Form 1099. The Form 1099 now requires information regarding the NYSRC treatment of “conflict of interest”. The NYSRC has a “conflict of interest” policy which, in turn, references the Code of Conduct. However, Mr. Gioia noted that the Code of Conduct speaks only in general terms. Therefore, Mr. Gioia agreed to prepare a resolution on disclosure of potential “conflicts of interest” for Reliability Committee consideration. Also, an agenda item will be introduced for acknowledgement of potential conflicts - **AI #131-2**.
- iii. **Computer Purchase** – Mr. Adamson requested Executive Committee approval to replace the four year old laptop computer used by the Administrative Assistant, Carol Lynch. Following discussion, the Executive Committee concurred. The current laptop will be retained as back-up.

3.2 Other Organizational Issues

- i. **Participation on the BNL “Smart Grid” Consortium** – Mr. DeCotis reminded the Executive Committee that he was asked to investigate whether the NYSRC could participate on the BNL “Smart Grid” Consortium Board on a no cost basis. The Consortium has recently determined that participation on the Board will be at a fee of \$100,000 per entity with the exception of Departments of Public Service which may participate without cost. Mr. Clagett suggested that the NYSRC should participate as a non-voting observer, at least initially. Meetings are often in the New York City area. Mr. Smith agreed to attend the meetings and Mr. DeCotis will serve as back-up – **AI #131-3**.
- ii. **D & O Policy** – Mr. Gioia noted that he has submitted an application for renewal of the D & O Policy. The current policy expires on April 6, 2010.

4.0 Key Reliability Issues

- 4.1 **Defensive Strategies** – Mr. Smith reported that the DSWG will meet next on April 18, 2010. Siemens will be presenting its PMU technology. The DSWG will provide Siemens with a list of pre-submitted questions to focus its presentation. The NYISO and DSWG are nearing conclusion on the NYISO DOE grant regarding contracting for the dynamic studies. Since the studies will go to bid rather than to EPRI, Mr. Smith is writing a more generic scope of work for review at the meeting. Also, Cyber Security will be a primary agenda item. The focus will be the Smart Grid and system integrity. As a general comment, Mr. Smith noted that the term “controlled separation” does not necessarily imply the formation of an island, a common misconception.
- 4.2 **NPCC Defensive Strategy Activities** – Mr. Fedora indicated that the NPCC is coordinating its defensive strategy activities with the DSWG. Also, he noted that Bob Cummings is undertaking a frequency response study to investigate the reasons for Under Frequency Load Shedding (UFLS) not tripping load per design. Mr. Cummings will be discussing the study at the Joint OC/PC/CIPC WebEx in Phoenix, AZ. on March 16, 2010. NERC and others are concerned with the real-time frequency response of the Eastern Interconnection to system disturbances. The initiative is hindered by specific knowledge of what the response should be.

Mr. Fedora added that the FERC Reliability Office is becoming interested in frequency response, but in terms of the impact of wind generation. NERC and FERC staffs are coordinating their frequency response investigations.

4.3 Smart Grid – Status of Activities - Mr. Patka indicated that the Department of Treasury and the Department of Energy announced on March 10, 2010 new guidance on the tax treatment for grantees receiving Recovery Act funding under the \$3.4 billion Smart Grid Investment Grant program. Under the new guidance, the Internal Revenue Service is providing a safe harbor under section 118(a) of the Internal Revenue Code for corporations receiving funding under the program. However, liens and encumbrances remain as legal issues. The DOE has said they will be dealt with on a case by case basis. Also, a decision by FERC as to whether the “smart grid” will be categorized as a FERC critical cyber asset, has yet to be forthcoming.

4.4 Interregional Studies of Proposed Transmission

i. NYISO – EIPC Study – Mr. Chao reported that the EIPC is currently concentrating on three activities: completing the contracting and funding with DOE/NETL; coordination with EISPC on stakeholder participations; and formation of working groups on technical and economic studies. Specifically, EIPC will be holding three 1½ hour-webinars on Wed., Mar. 17 (10 AM EDT), Fri., Mar. 19 (11 AM EDT), and Tues., Mar. 23 (11 AM EDT). The webinars will be an opportunity to discuss EIPC's Stakeholder Steering Committee (SSC) formation and selection process and the SSC's Purpose, Roles and Responsibilities. EIPC encourages all interested parties to participate in one of these webinars.

ii. NPCC – Mr. Fedora noted that the RCC met on March 10, 2010. NPCC SS-38 Working Group reviewed results of objective #3 of the Overall Transmission Assessment regarding the impact of varying levels of wind penetration. A report is expected to be completed by the end of March 2010. Mr. Fedora added that the National Renewable Energy Laboratory under DOE has recently completed an Eastern Wind Interconnection and Transmission (EWIT) study.

4.5 TO's Strategic Transmission and Reliability Study (STARS) – Nothing new to report.

5.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

5.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that ICS met on Monday, March 3, 2010. He noted that the NYISO indicated the results of the “Upstate/Downstate Study” will be available April, 2010 for ICS review. Also, ICS discussed a concern put forth by a market participant regarding the viability of different types of resource capacity to satisfy NYCA capacity needs if relied upon in large amounts. In particular, SCRs have grown from a few hundred MWs to well over 2400MWs currently. Further, it was noted a significant study effort was undertaken to understand the reliability implications associated with integration of large amounts of wind capacity. Therefore, Mr. Dahl is preparing a letter to Mr. Chao suggesting that other forms of emerging resource capacity, SCRs in particular, warrant similar level of review as wind, which has reached only 1200MWs – **AI #131-4.**

Mr. Dahl reported that ICS also discussed the following:

i. 2010 Work Plan

a) Unified Method Improvements – ICS representatives presented possible improvements to the capacity shift methodology used to achieve LOLE=0.1 under the Unified Methodology. The presentations included several illustrative examples which demonstrated the benefits of shifting capacity from all zones. Results were compared to the existing Policy 5 shift method which shifted capacity from only the capacity surplus zones. The NYISO discussed the results of a preliminary MARS simulation to partially quantify the impact of this change. It was agreed to run additional simulations considering the UCAP rating of resources within the target zone to allow for a more precise transfer shift calculation.

- b) NYISO presentation on “Environmental Impacts and Timing of Regulations”- Pete Carney reviewed a presentation covering emerging Environmental initiatives with ICS. Environmental initiatives expected to arrive by 2015 include; BART, NOx RACT, MACT, BTA, reCAIR, NSPS CO2, LFCS, and NAAQS. The NYISO is in the process of quantifying the impact of these standards on generation availability for use in this year’s RNA and IRM studies. Results are expected by June 2010 – **AI #131-x**.
- c) MARS Program Revision- NYISO determined that a recent revision to the MARS program had a negligible impact on NYCA Loss of Load Expectation calculations.
- d) Policy 5 Revision – The NYISO is working with Al Adamson on proposed revisions to Policy 5, Procedure for Establishing New York Control Area Installed Capacity Requirements, for consideration by ICS.

5.2 Other ICS Issues

- i. **NYSRC Review of 2009 State Energy Plan** – ICS reviewed a draft write-up covering SEP recommendations which could potentially impact reliability or NYSRC Reliability Rules . ICS is in the process of finalizing the draft write-up including a discussion of how the final SEP addressed NYSRC comments on draft plan dated 10/19/09.
- ii. **PSC Request For More Time For Its IRM Review** – Mr. Patka raised Mr. David Drexler’s, Esq.(PSC Counsel) request for a longer period of time between the NYSRC determination of the IRM and the NYISO’s requested effective date for the PSC’s IRM order. He indicated that the NYISO requires action by the PSC and FERC by mid-February, given the 45 day lead time to prepare for the March 31 capacity auction, but was inquiring whether the NYSRC could move back its early December target date for determination of the IRM. Mr. Gioia reiterated his view that the early December date provides no leeway as a result of being moved back from January in recent years. Further, he indicated that he has conveyed this information to Mr. Drexler. Mr. Mager suggested that the PSC could save time by issuing the State Administrative Procedures Act (SAPA) notice earlier without stating a specific IRM. Messrs. Gioia and Patka agreed to discuss this approach with Mr. Drexler.
- iii. **Discrimination Against Variable Energy Resources** – Mr. Gioia noted that FERC has issued a notice regarding whether there are reasonable barriers against discrimination of variable energy resources, in particular wind. Comments are due to FERC by April 12, 2010.
- iv. **Treatment of HQ Wheel** – ICS agreed to perform a MARS sensitivity study to determine the impact of the HQ wheel-through considering New England-HQ Phase 2 and High Gate transmission circuits in the model representation. MARS “Loop flow” logic previously hindered direct modeling of these two external transmission facilities. Use of the MARS “Loop flow” logic was eliminated in the 2010-11 IRM study.

6.0 Reliability Rules Subcommittee Status Report/Issues

- 6.1 **RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met on March 4, 2010. 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. PRR #104, C-R1, Verification Testing of Resource Capacity, remains under development. PRR #105, Rescission of Exception to NYSRC Reliability Rules, is being modified to provide more specificity to Measurement E-M9. Also, Policy 1 will be revised accordingly. Delivery to the Executive Committee is expected prior to its April 9, 2010 meeting.

6.2 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

- None

2. PRRs for EC Approval to Post

- Mr. Clayton summarized PRR #103, C-R4; System Data Requirements. The purpose is to improve transmission data by developing a mechanism to identify and correct “suspect data”. The PRR will formalize the practices currently in use at the NYISO and assure that the Market Participants, who are in receipt of data from the NYISO, verify the accuracy of the data for their facilities. Mr. Dahl emphasized the importance of the timing of the MPs response and the notification of equipment changes. Messrs. Dahl and Clayton agreed to review Measurement C-M10 under Reliability Rule C-R4 to determine whether a revision to Measurement C-M10 or NYISO Procedures is appropriate – **AI #131-5**. Following further discussion, Mr. Bolbrock moved for approval to post PRR #103 for comment with inclusion of revisions offered by the Executive Committee. The motion was seconded by Mr. Forte and approved by the Executive Committee – (12 to 0).

3. PRRs for EC Discussion

- None

6.3 NPCC/NERC Standard Tracking

- NERC Standards Development** – Mr. Clayton noted that the NERC balloting on the proposed TPL-001-1, Transmission Planning Performance Criteria, was soundly defeated (35% for, 65% against). Next steps are unknown at this time. Dana Walters (National Grid and Drafting Team) indicated that the largest objection was the unresolved 100kV “bright line” issue.

6.4 Other RRS Issues

- Modification to Exceptions – Policy 1** – Mr. Clayton acknowledged RRS receipt of a March 1, 2010 letter from Mr. Gonzales, re: Request for NYSRC Modifications to Exceptions to Reliability Rules. The request was from National Grid: Exception #9: Post Contingency Flows on Oswego-Volney #12 which removes the exception for post contingency flows to exceed its STE rating for the simultaneous loss of the Oswego-Elbridge-Lafayette #17 line and the Oswego-Volney #11 line. National Grid wishes to rescind the exception since the installation of TB #7 relieves the post contingency flow to below Summer LTE ratings. The request has gone through the Operating Committee review process and was accepted for transmittal to the NYSRC. Mr. Clayton indicated that RRS has reviewed the request and recommends approval. Mr. Clagett moved for approval of the request. The motion was seconded by Mr. Bolbrock and approved by the Executive Committee – (12 to 0).
- BPS Definition for NYSRC Rules** – Mr. Clayton reminded the Executive Committee that RRS has been trying to associate distribution factors with all branches of the NYCA system. Two additional approaches were offered by the NYISO and National Grid:

- NYISO – 100kV and above, additional A10 elements, and elements associated with Local Reliability Rules
- National Grid – based on a list of attributes.

Following discussion, RRS agreed to consider further a compromise, i.e., the NYISO approach but with a 200kV “bright line”. Greg Campoli (NYISO) will be investigating the compromise more closely.

7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

- 7.1 RCMS Status Report & Discussion Issues** – Mr. Fanning reported that RCMS met for its regular meeting on March 10, 2010. All members were in attendance.
- 7.2 2009 New York Reliability Compliance Program (NYRCP) Report** – Mr. Fanning indicated the NYRCP Report for 2009 covers 32 Measurements; 20 were NYISO reporting requirements and 12 were MP reporting requirements. The 32 Measurements represent 56% of all measurements. Thirty were found to be compliant. The RCMS did not pass judgment on the two remaining Measurements because the associated Reliability Rule changed during 2009. Following discussion, Mr. Hipius moved for approval of the 2009 Report. Mr. Ellsworth seconded the motion which was approved by the Executive Committee – (12 to 0).
- 7.3 2010 New York Reliability Compliance Program (NYRCP)** – Mr. Fanning indicated that the following Measurements were reviewed and found to be in full compliance:
- a) K-M2d, Monthly Operations Report,
 - b) C-M1, Procedure for Resource Capacity Verification Testing,
 - c) C-M2, Reporting Resource DMNC Test Results to the NYISO, and
 - d) C-M3, Reporting Generator Reactive Power Capacity Test Results to the NYISO.

Also, the NYISO provided the Annual Transmission Review. A conference call will be initiated to address questions.

- 7.4 Other RCMS Issues** – Mr. Fanning showed a graph from June 2009 to today indicating that NERC penalties for non compliance are on a clearly upward trend. Half way through March exceeds the previous high month (February 2010) which had \$700,000 in penalties.
- 8.0 State/Federal Energy Activities**
- 8.1 Energy Planning Board (EPB) – SEP Update** – Nothing new to report.
- 8.2 NPCC Report** – Nothing additional to report.
- 8.3 FERC’s Proceeding on the 100kv “Bright Line”** – Nothing new to report
- 8.4 Comments on DEC’s Revised NO_x RACT Rule** – Mr. Gioia noted that since the prior meeting, the NYSRC submitted its comments on the DEC’s proposed revisions to the NO_x RACT Rule. The comments were filed on February 17, 2010. He added that Mr. Schrom brought to his attention that a PSC Order in 2000 states that if the NYISO orders a generator to go to full output for reliability reasons, the NYISO order would constitute a legitimate defense for the generator against the violation of any NO_x limit in the RACT Rule.

9.0 NYISO Status Report/Issues

- 9.1 NYISO 2010 Comprehensive Reliability Planning Process (CRPP)** – Mr. Chao indicated that the Electric System Planning Working Group (ESPWG) expects to finish the Assumptions Matrix for the 2010 RNA and updating and issuing of the “Gold Book” by the end of March 2010. RNA study drafts will be presented to ESPWG/TPAS in the May-June 2010 timeframe and, after OC and MC approval, presented to the NYISO Board at its August 17, 2010 meeting. Immediately upon Board approval, the NYISO will begin work on the CRP with the goal of presenting the results to ESPWG/TPAS in November and to the OC, MC, and Board by December 2010.
- 9.2 Economic Study of Transmission Congestion** – Mr. Chao reported that the NYISO’s Congestion Study Phase 2 (a.k.a. CARIS Phase 2)) preparations are underway. By April 13, 2010 the NYISO must file with FERC on the CARIS treatment of bilaterals, TCCs, and ICAP. The NYISO has presented final drafts of the documents for requesting CARIS Phase 2 studies and respective Agreement templates to the ESPWG. Other CARIS preparations include developing voting procedures and how to address the database for projects which will have their first ten years of commercial operation extending beyond the

current ten year planning horizon. Phase 2 CARIS studies are performed throughout the year as requests are submitted from Interested Parties.

The next CARIS Phase 1 study will begin in 2011.

9.3 Other Status Reports/Issues

- i. NYCA Reactive Power Study** – Mr. Chao indicated that the Reactive Power Working Group in conjunction with the PSC is developing a Power Factor Standard. The TO’s and NYISO have had opportunity to provide comments. Currently, RPWG plans to bring a draft power factor guideline to the NYSRC in the 3rd Quarter of 2010.
- ii. Screen Process for Outage Data** – Mr. Patka reported that the NYISO data screening process is complete.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans indicated that the peak load for the month of February 2010 occurred on Monday, February 8, 2010 at 22,889MWs. On February 1, 2010 eight of eleven EHV breakers at Niagara Station opened unexpectedly over a period of 27 minutes. The NYISO operators adjusted imports and exports properly averting additional loss of facilities. Mr. Schuff noted that the cause was a loss of the 480Volt station service which took the gas compressors and heaters off-line. As the gas pressure dropped, the 345KV breakers began opening.

10.2 North American Energy Standards Board – Nothing new to report.

11.0 Visitors’ Comments – None

12.0 Meeting Schedule -

<u>Mtg. No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#132	April 9, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#133	May 14, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No.131 was adjourned at 2.25 P.M.