

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 132 – April 9, 2010
Albany Country Club, Voorheesville, NY

**Members and
Alternates in
Attendance:**

| | |
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| 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 |
| Michael Mager, Esq. | Couch White, LLP (Large Customers’ Sector) – Member Vice Chair |
| Mayer Sasson | Consolidated Edison Co. of NY, Inc. – Alternate Member |
| Joe Hippius | 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 |
| Chris LaRoe | IPPNY - Member |

Others:

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| Paul L. Gioia, Esq. | Dewey & LeBoeuf LLP - Council |
| Al Adamson | Consultant - Treasurer |
| John Adams | New York Independent System Operator (NYISO) |
| 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)* |
| Roger Clayton | Electric Power Resources, LLC – RRS Chairman |

Visitors – Open

Session:

| | |
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| Phil Fedora | Northeast Power Coordinating Council (NPCC) |
| Erin Hogan, PE | NYSERDA |
| Scott Leuhauser | HQUS |
| Ken Davis | NYISO Legal Consultant |

“*” – 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.132 to order at 9:30 A.M. on April 9, 2010 at the Albany Country Club. Mr. Fleury announced that Mr. Hauber, the New York State Electric & Gas/Rochester Gas & Electric Alternate Member on the Executive Committee, is retiring. In behalf of the Executive Committee, Chairman Loehr thanked John for years of devoted service to the industry.
- 1.1 Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance with the exception of one Unaffiliated Member.
- 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. 131 (March 11, 2010)** – Mr. Raymond introduced the revised draft minutes. Following discussion, Mr. Ellsworth moved for approval of the revised draft minutes. The motion was seconded by Mr. Mager and approved by the Executive Committee Members – (12 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #132-1**.
- 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> |
|----------------------|--|
| 128-3 | The Executive Committee decided at its March 11, 2010 meeting to send an observer to the BNL “Smart Grid” Consortium Board meeting. |
| 128-10 | Mr. Fanning presented the annual RCMS Compliance Report on March 11, 2010. |
| 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. |
| 129-6 | Mr. Waldele (NYISO Consultant) presented the results of the Wind Integration Study at the February 12, 2010 Executive Committee meeting. |
| 129-7 | Mr. Ellsworth gave a presentation on NAESB at the Executive Committee’s February 12, 2010 meeting. |
| 130-3 | Mr. Gioia presented his prepared comments at the March 11, 2010 Executive Committee meeting. |
| 130-4 | Mr. Adamson distributed the Audit Report for 2009 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 \$186,400 at the end of March 2010. Mr. Adamson noted that the 2nd Quarter Call-for-Funds is paid with the exception of one TO.

3.2 Other Organizational Issues

- i. D & O Policy** – Mr. Gioia reported that the D & O policy was bound. The premium is the same as 2009, i.e. \$46,327 plus the 3.8% surplus lines taxes.
- ii. Resolution on “Conflict of Interest”** – Mr. Gioia reminded the Executive Committee that at its February 12, 2010 meeting the Committee acknowledged adopting a procedure requiring all NYSRC Personnel to certify annually that they have read the Code of Conduct and agree to comply with its provisions. However, this requirement has not been documented in writing and posted on the NYSRC web site. Mr. Gioia reviewed a proposed Resolution addressing the foregoing requirement and a requirement for an annual disclosure by Unaffiliated Members (as defined in the Code of Conduct and Resolution) indicating his or her business or commercial relationships with any other entity that may present a potential conflict or interfere with the duties owed to the NYSRC. During discussion, the Executive Committee offered several changes. Mr. Gioia agreed to make the necessary changes and circulate the final language for comment – **AI #132-2**. With this understanding, Mr. Mager moved for approval of the Resolution subject to inclusion of the new language. Mr. Ellsworth seconded the motion which was unanimously approved by the Executive Committee (12-0).

4.0 Key Reliability Issues

- 4.1 Defensive Strategies** – Mr. Clayton indicated that the DSWG met on April 8, 2010 during which Siemens presented its PMU technology including a very impressive demonstration. Next, the DSWG reviewed the scope of work for the NYISO DOE grant regarding the dynamic studies presented by Randy Bower (NYISO). Since the studies will go to bid rather than directly to EPRI, the scope is more generic than originally written. Mr. Chao expects to have a contract in place by the end of April 2010 – **AI #132-3**. Mr. Clayton noted that in the last eight months since the DOE award, the number of available PMU channels has increased from about 16 to over 300.

- 4.2 NPCC Defensive Strategy Activities** – Mr. Fedora indicated that the NPCC is coordinating its defensive strategy activities with the DSWG. Now that NPCC-TFSS has completed the Wind Study, work can begin on the Blackout Study. Donald Kidney (NPCC) will be following the NPCC-TFSS work.

- 4.3 Smart Grid – Status of Activities** – Nothing new to report.

- 4.4 Interregional Studies of Proposed Transmission** – Nothing new to report.

- 4.5 TO's Strategic Transmission and Reliability Study (STARS)** – Mr. Dahl reported that the TOs had agreed to a limited re-study of Phase 1 since a number of assumptions had changed including the Astoria Energy II 550MW natural gas fired unit, the LIPA 60 MW Solar facility and the retirement of two small upstate units. Mr. Dahl will present the results as they become available. The system reinforcement (Phase2) phase is expected to be available in the summer of 2010.

Mr. Bolbrock suggested that a regular update of potential new facilities would be very helpful for the Members. Mr. Chao agreed to provide the quarterly NYISO Interconnection Projects Tracking List – **AI #132-4**.

5.0 **Installed Capacity Subcommittee (ICS) Status Report/Issue**

5.1 **ICS Status Report and Discussion Issues** – Mr. Dahl reported that ICS met on Tuesday, March 30, 2010 and held a conference call on April 8, 2010. He noted that he is preparing a letter to the NYISO requesting that the performance of alternate forms of emerging resource capacity be investigated – **AI 131-4**. SCRs in particular, warrant a similar level of review as wind, which has reached only 1200MWs relative to 2400MWs of SCRs. Also, Mr. Dahl received a request from Roy Fleiderer (NGrid) and Chairman of the Reactive Power Working Group for a closer liaison with ICS to share information of mutual interest.

Mr. Dahl reported that ICS also discussed the following:

i. 2010 Work Plan

- a) Unified Method Improvements – Subcommittee representatives discussed comments on improvements to the capacity shift methodology used to achieve LOLE=0.1 under the Unified Methodology. Approval of a final paper is scheduled for an April 8, 2010 ICS conference call.
- b) New England Model - ICS agreed to review the impact of changing from a 5 zone to 13 zone representation of ISONE control area.
- c) Policy 5 Revision – The major focus of the Policy 5 redraft relates to Unified Method improvements. It was agreed that any change to Policy 5 needs to be completed in the June-July 2010 timeframe to be used in the IRM cycle.

ii. Treatment Of Power Wheels through New York - It was announced that HQ and Brookfield have executed power contracts from Canada through NY to New England. ICS held a long discussion on whether present NY tariff rules permit power wheels through NY. ICS members also expressed concerns regarding the consistency between modeling of external transactions in the RNA and IRM studies. The issue was remanded to the NYISO ICAP Working Group for consideration. ICS discussed the details of a proposed MARS sensitivity study to determine the impact of the HQ wheel-through taking into consideration the New England-HQ Phase 2 and High Gate transmission circuits. Also, ICS discussed existing 900 MW HQICC and 500 MW HQ-NE contracts on New England's ties with Canada which limit availability of emergency assistance to NYCA and the need to adjust Load and Capacity in New England to account for this capacity. It was agreed that a written summary of the discussion would be drafted and serve as the subject of discussion during the April 8, 2010 ICS conference call.

iii. IRM Capacity Resource Mix Concern - ICS is drafting a letter to the NYISO requesting an analysis be undertaken to better understand the reliability implications associated with integrating large amounts of emerging capacity such as Special Case Resources (similar to previous wind integration studies). ICS suggested that the letter be issued by the Executive Committee – **AI #131-4**.

iv. NYISO Scope of GE Work - NYISO reported masking confidential contract data in MARS database will take approximately 8 weeks to complete.

5.2 **Upstate/Downstate Study** – Mr. Dahl noted that the Upstate/Downstate Study results are expected in May, 2010 for ICS review.

5.3 **NYSRC Review of 2009 State Energy Plan (SEP)** – ICS reviewed a draft write-up covering the SEP recommendations which could potentially impact reliability or NYSRC Reliability Rules. The draft write-up includes a discussion of how the final SEP addresses NYSRC comments on the draft plan dated October 19, 2009. Mr. Dahl noted that while the SEP could impact reliability in a number of areas (i.e. environmental, expanding the RPS and, “Smart Grid” concepts), it does not appear that any new reliability rules need be considered at this time. ICS is recommending that the NYSRC Horizon Year Study consider various actions addressed in the SEP that could impact the IRM and continuation of the ad hoc group meetings with the DEC. Various State Energy Planning Board simulations were completed showing no LOLP violations in the reference cases. However, if

only 30% of the assumed 15 x 15 EEPs is achieved, violations will appear in 2012. A violation occurs in 2018 if both Roseton Units are retired. No violations occurred under the 30% RPS reference case.

ICS recommends that the Executive Committee monitor thirteen SEP Recommendations/Action Plans. Mr. DeCotis agreed to provide a matrix of the thirteen Action Plans including an implementation schedule – **AI #132-5**. Further, it was agreed to add an agenda item each month for Executive Committee Members and others from the Lead Agencies to update the Committee – **AI #132-6**.

Then, Mr. DeCotis informed the Executive Committee that the Climate Action Council, created by Executive Order 24, is developing a visioning statement for what New York State will look like in 2050. There is a Power Supply and Delivery Working Group looking at phasing out all fossil generation by 2050. Of particular concern, is the small representation by entities that can assure that reliability issues are properly brought to bear. The meetings are open to the public and the public has the opportunity to speak at the end of the meeting. Ms. Hogan expressed the view that the NYSRC and Government Agencies could benefit from expanded involvement by the NYSRC beyond just the DEC. Mr. Loehr expressed his concurrence and agreed to discuss with Ms. Hogan and Messrs. DeCotis, Schrom, Clayton, and Chao the appropriate part that the Executive Committee might play – **AI #132-7**. It was suggested that Mr. Clayton, with support from Mr. Dahl, might participate on the Power Supply and Delivery technical working group.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on April 1, 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 the NPCC investigation of governor response and the UFLS program, respectively. PRR #103, C-R4; System Data Requirements was approved for posting at the March 11, 2010 Executive Committee meeting. PRR #104, C-R1, Verification Testing of Resource Capacity, remains on hold at the request of Ms. Whitaker (NYISO). 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 May 14, 2010 meeting – **AI #132-8**.

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

- None

3. PRRs for EC Discussion

- Mr. Clayton noted receipt of comments from Messrs. Gioia and Liam Baker (U.S. Power Generating Co.) on PRR #103, C-R4; System Data Requirements, which was posted for comment on March 15, 2010.

6.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Mr. Adamson indicated that the NERC balloting on the proposed TPL-001-1, Transmission Planning Performance Criteria, (consolidation of the existing rules TPL-001-1-4) was soundly defeated (35% for, 65% against). Mr. Loehr noted that most of the “for” votes came from Reliability First and WECC. He further noted that FERC’s comments regarding the failure of TPL-001-1 to be approved suggests that FERC is taking a dangerous path that will, in

effect, authorize it to make rules without going through the NERC balloting process. Mr. Adamson emphasized that NERC, not FERC, is authorized by the Energy Policy Act to make the rules.

ii. **FERC NOPR – Development of NERC Standards** – Mr. Gioia indicated that FERC has ordered NERC to come back with proposed modified procedures for the development of Reliability Standards. FERC contends that the current procedures permit the Standards drafting team and the ballot body to prevent NERC from complying with a FERC directive to issue a new or modified Reliability Standard. NERC was directed to file its proposed revised procedures within 90 days of the Order, issued on March 18, 2010. The proposed revised procedures will be issued for public comment before FERC issues its subsequent order.

6.4 Other RRS Issues

i. **FERC Interpretation Per TPL-002** - Mr. Clayton raised concern regarding a FERC interpretation pertaining to Rule TPL-002 whereby “non-operation of a non-redundant primary protection system is not a contingency and should be simulated as such in the base case”. Today’s system could not be operated under such an interpretation and is particularly egregious against the background of a “100kv Bright Line”.

ii. **DEC Meeting** – Mr. Clayton reported that there was a meeting held with DEC on March 23, 2010 to review the latest proposed regulations. Mr. John Barnes (DEC) is now attending the ESPWG meeting thereby providing direct feedback to the DEC. For example, Mr. Carney’s CARIS presentation was seen by DEC prior to issuing the proposed modification to the NOx RACT Rule. Mr. Clayton agreed to circulate the minutes of the meeting – **AI #132-9**. Another meeting is set for May 13, 2010.

7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

7.1 **RCMS Status Report & Discussion Issues** – Mr. Adamson reported that RCMS met for its regular meeting on April 8, 2010.

7.2 **2010 New York Reliability Compliance Program (NYRCP)** – Mr. Adamson indicated that the following Measurements were reviewed and found to be in full compliance:

- a) A-M2, Establishing LSE ICAP & LCR Requirements,
- b) E-M1, Procedures to Ensure Proper Actions when Transmission Limits are Violated,
- c) E-M3, Procedures to Ensure Transmission Outages are Coordinated, and
- d) E-M4, Procedures for Operating During Severe Weather Conditions.

Also, a conference call was held on March 25, 2010 to complete the annual 2009 Transmission Review, K-M2a. It too, was found to be in full compliance.

7.4 **Other RCMS Issues** – Mr. Adamson noted that Kathy Whitaker (NYISO) gave an excellent report on the NYISO GADS Data Screening Tool. The tool is the last of the seven recommendations to be completed from the November 2009 RCMS report, Implementation of Recommendations in Reliability Compliance Review of 2004 Outage Data Misreporting Event. The first results from the GADS Screener were generated in January 2010. The NYISO has reviewed the results internally as well as with the Market Participants to help develop a screening criteria to accompany the results of the GADS Screener. Using the current criteria, 31 units were identified for further consideration. Discussion with the facility owners has identified 3-4 candidates for proxy data. There will be a NYISO meeting in June 2010 to decide on the final proxy data to be recommended to ICS during its July 8, 2010 meeting for use in the next IRM study – **AI #132-10**. Mr. Dahl asked that the recommended proxy data be made available to ICS in June 2010, if possible.

Mr. Dahl, the ICS Chairman, congratulated Ms. Whitaker, the NYISO, and the Generation Owners for their outstanding effort in developing a new screening tool that will, without any doubt, significantly improve the quality of data used in all reliability studies.

8.0 State/Federal Energy Activities

8.1 Energy Planning Board (EPB) – SEP Update – Nothing new to report.

8.2 NPCC Report – Mr. Fedora indicated that NPCC-TFSS has sent the Wind Penetration Study to the NPCC-RCC for approval by email vote on April 23, 2010. He offered to present the results at the next Executive Committee meeting on May 14, 2010 – **AI #132-11**. The RCC is also reviewing the 2010 Summer Transmission Assessment. The NPCC Board is expected to approve the Assessment on April 27th followed by a one hour Media Conference on April 29, 2010.

8.3 FERC’s Proceeding on the 100kv “Bright Line”

i. FERC NOPR on the BES Definition – Mr. Gioia indicated that FERC has issued a NOPR with respect to the NERC definition of Bulk Electric System (BES). The NERC definition provides a 100kv “bright Line”, but allows the Regions to substitute their own definition. NPCC, which is characterized as an outlier, has expressed the view that a performance test is superior to a “Bright Line” and the intent to continue to use a performance based approach to define BES. FERC provides several reasons why they view the NPCC position to be unacceptable. Among those are: (a) it fosters inconsistency across the Interconnections, (b) there are a number of examples where 115kv and below faults have caused widespread disturbances, (c) there are examples of 115kv lines connected to nuclear plants and (d) interconnections cannot be both in and out of two Regions BES List. However, FERC does provide for exception, but on a detailed, facility by facility basis requiring approval by NERC and FERC. Comments are due to FERC by the 10th of May 2010.

Mr. Schwerdt, NPCC CEO, has indicated that NPCC’s response will focus on the need for the development of a robust reliability-focused assessment process for industry requests for exclusions as well as an orderly transition to the application of any new definition. Most members felt an obligation to again raise the superiority of the performance based approach. Mr. Dahl agreed to provide a draft response for comment within about 1-2 weeks – **AI #132-12**.

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. Adams indicated that the Assumptions Matrix for the 2010 RNA has been reviewed at the ESPWG and a presentation given to ESPWG-TPAS on April 7, 2010. With the shift in the CRPP cycle as a result of Order 890, the RNA will now be performed ahead of the IRM Study (the RNA is now required bi-annually on even numbered years). The 2010 RNA will be based upon load forecasts developed for the 2010 Gold Book and accepted by the ESPWG as appropriate for the RNA. The system configuration is based on the latest information from all market participants and neighboring systems. The study analysis began in late 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 for 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.

CARIS Phase 2 preparations are underway. By April 13, the NYISO must make a filing at FERC on the CARIS treatment of bilaterals, TCCs, and ICAP. The NYISO has posted the documents requesting CARIS Phase 2 studies and respective agreement templates. Other CARIS preparations include developing voting procedures and determining how to extend 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 will be performed throughout the year as requests are submitted from Interested Parties. The next CARIS Phase One will begin in 2011.

9.2 Other Status Reports/Issues

i. NYCA Reactive Power Study –Mr. Chao indicated that currently, RPWG plans to bring a draft power factor guideline to the NYSRC in the 3rd Quarter, 2010 - **AI #132-13**.

The RPWG started working on this topic in Sept 2009. About the same time, the PSC issued an Order "Adopting Reactive Power Tariffs With Modifications in Case 07-M-0548". Therefore, RPWG and its TO members have actively participated in a PSC's Technical Conference and follow up work to address: (a) the optimal power factor level for use in reactive power tariffs; (b) the lowest level of usage (e.g., 500 kW, 300 kW or 200 kW) to which the optimal power factor should be required; and (c) whether it is necessary for the PSC to adopt an economic power factor standard to be maintained at specific points on the state's electric delivery systems.

PSC staff is taking RPWG's comments and discussions as input to the standard development proceeding. It's necessary to coordinate with the PSC staff on this matter as well.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Chao indicated that the peak load for the month of March 2010 occurred on Wednesday, March 3, 2010 at 23,255Mws versus the all time winter peak of 25,541Mws on December 20, 2004. No Major Emergency States were declared during March 2010. TLR level 3 was declared for a total of 277 hours during the month.

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> |
|-----------------|---------------|--|-------------|
| #133 | May 14, 2010 | Albany Country Club, Voorheesville, N.Y. | 9:30 A.M. |
| #134 | June 11, 2010 | Albany Country Club, Voorheesville, N.Y. | 9:30 A.M. |

The open session of Committee Meeting No.132 was adjourned at 2:25 P.M.