

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 135 – July 9, 2010
Albany Country Club, Voorheesville, NY

Members and Alternates

in Attendance:

George C. Loehr	Unaffiliated Member – Chairman
Curt Dahl, PE	LIPA - Alternate – ICS Chairman - Phone
Richard J. Bolbrock, PE	Municipal & Electric Cooperative Sector – Phone
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George Smith	Unaffiliated Member
Michael Mager, Esq.	Couch White, LLP (Large Customers' Sector) – Member - Vice Chair
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Member
Mike Forte	Consolidated Edison Co. of NY, Inc. – Alternate Member
Joe Hippius	National Grid, USA – Member
Brian Gordon	New York State Electric & Gas/Rochester Gas & Electric – Member - Phone
Arnie Schuff	New York Power Authority – Member
Tom Duffy	Central Hudson Gas & Electric – Member
Glenn Haake	Dynegy (Wholesale Sellers) – Alternate 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)
Henry Chao	New York Independent System Operator (NYISO)
Kristin Bluvas, Esq.	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)*
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service
Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Steve Fanning	National Grid, USA – RCMS Chairman - Phone

Visitors – Open Session:

Phil Fedora	Northeast Power Coordinating Council (NPCC) - Phone
Liam Baker	U. S. Generating Co.
Scott Leuthauser	HQUS - Phone

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was requested for discussion of NYSRC compensation.
- II. **Open Session**
 - 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.135 to order at 9:30 A.M. on July 9, 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.
 - 1.2 **Visitors** – See Attendee List, page 1.
 - 1.3 **Requests for Additional Agenda Items** – None
 - 1.4 **Declarations of “Conflict of Interest”** - None
 - 1.5 **Executive Session Topics** – An Executive Session was held to discuss NYSRC compensation.
- 2.0 **Meeting Minutes/Action Items**
 - 2.1 **Approval of Minutes for Meeting No. 134 (June 11, 2010)** – Mr. Raymond introduced the revised draft minutes and suggested clarifying changes. Following further discussion, Mr. Mager moved for approval contingent upon including the changes. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #135-1**.
 - 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>
120-8	Completion date was extended to October 8, 2010.
131-2	A declaration of “Conflicts of Interest” is a monthly agenda item.
131-4	Mr. Loehr sent the request for the NYISO for investigation of SCRs on May 17, 2010.
132-12	Mr. Fedora presented the NPCC Wind Penetration Study at the June 11, 2010 Executive Committee meeting.
133-2	The Code of Conduct Resolution was posted June 5, 2010 on the NYSRC Website.
133-4	Mr. Gioia filed the NYSRC comments on July 8, 2010.
133-5	Mr. Clayton circulated the minutes on June x, 2010.
134-2	Mr. Fedora circulated the EIPC overview prepared by Mr. Buechler on June 9, 2010.
134-5	Mr. Hipius reported at the July 9, 2010 Executive Committee meeting that the certification requirements under PRR #103 were clarified to his satisfaction by Mr. Chao.

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 \$159,200 at the end of June 2010. Also, he reported that \$100,000 has been received toward the 3rd Quarter Call-for-Funds. Further, he reminded the Executive Committee that the 2011 Budget and Funding Mechanism will be discussed at the August 13, 2010 Executive Committee meeting.

3.2 Other Organizational Issues

- i. NYSRC Compensation** – The Executive Committee discussed NYSRC compensation in Executive Session. Following the Session, Mr. Mager indicated that a new Compensation Subcommittee has been established. Messrs. Mager and Gioia and Dr. Sasson are the initial members.
- ii. Proposed 2011 Meeting Schedule** – Mr. Loehr presented the proposed meeting schedule for 2011. The proposed schedule is the second Friday of each month with the following exceptions: (a) Thursday, April 7, (b) Thursday, November 10, and (c) Friday, December 2. The Executive Committee concurred with the proposed dates.

4.0 Key Reliability Issues

- 4.1 Defensive Strategies** – Mr. Smith indicated that a recent Webinar titled “The Wide Area View: Synchronphasors” made it clear that the Government Stimulus Package has spurred (a) the purchase and installation of PMUs and (b) applications involving wide area protection and control are seen as the wave of the future. The webinar was hosted by Intelligent Utilities Daily and included presentations by Southern California Edison, the Salt River Project and PJM. Those utilities with weak communication systems will face expensive communication upgrades before gaining the full benefit of PMUs. It is felt that wide area control and protection phasor projects are at least 3-5 years away. Mr. Smith agreed to contact other Regions to determine the breadth of interest in Phasor Technology – **AI #135-2**.

Also, Mr. Smith noted that he will be attending the next NPCC-TFSS meeting to explain the scope of the Phasor Technology work being done in New York State in conjunction with the NYISO. NPCC has a Task 5, which is a portion of the Blackout Study and similar to the NYSRC Plan. NPCC is interested in coordinating its work with that of the NYISO/NYSRC. The Study is currently scheduled for completion in 2010 due to the extent of the validation (system testing) phase. The NYISO is planning on having the RFP issued by the end of July 2010 for the feasibility study. Mr. Smith added that a Review Committee will be established with representation from the NYSRC, NYISO, NPCC and NERC (Phil Tatro).

- 4.2 NPCC Defensive Strategy Activities** – Nothing additional to report.

- 4.3 Smart Grid – Status of NYISO Activities** – Mr. Patka reported that the NYISO commenced the Smart Grid Investment Grant project on July 1, 2010. The project is to install synchronphasors and new capacitors on the bulk power system. This will be funded by a Department of Energy grant with matching funding from the New York State Public Service Commission. Mr. Patka pointed out that the project and other new initiatives challenge the capacity of the telecommunications systems that support the power grid and that upgrades will likely be needed in the future.

4.4 Interregional Studies of Proposed Transmission

- i. Eastern Interconnection Planning Collaborative (EIPC)** – Mr. Adams reported that the Eastern Interconnection Planning Collaborative (EIPC) announced the 29 members elected to serve as the EIPC Stakeholder Steering Committee (SCC) on July 8, 2010. The group will provide strategic input to the interconnection-wide transmission analysis and planning efforts established by the EIPC and funded by the U.S. Department of Energy (DOE). Maryam Sharif

(NYPA), Stu Nachias (ConEd) and Mark Volpe (Dynergy) were elected to the SSC. Mr. Adams agreed to circulate the NYISO press release – **AI #135-3**.

Mr. Patka noted that it is important that the EIPC Study be designed to be responsive to the recent FERC Interregional Planning NOPR. FERC has claimed the right to override States that fail to approve transmission projects in the National Electric Transmission Corridors (Federal Energy Act).

ii. NPCC – Nothing new to report.

4.5 TOs Strategic Transmission and Reliability Study (STARS) – Mr. Dahl indicated that the STARS Group presented the STARS scope and results-to-date to the NYISO-TPAS on June 25, 2010. The presentation is posted on the NYISO web site. Mr. Dahl noted that more dialog is required with the stakeholders on the economic phases of the study which are expected to be completed by the end of 2010. Mr. Smith requested a presentation for the Executive Committee on the design of the economic analysis – **AI #135-4**.

5.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

5.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that ICS met on June 23, 2010 and continued to work on the Assumptions Matrix for the 2011/12 IRM study. Discussion of the major modeling parameters included:

i. 2010 Work Plan –

- (a) Load shape – The peak load will be adjusted in early September 2010 based on the normalized NYCA peak load experienced in 2010 and the DEC second quarter EEPS achievement report.
- (b) Wind – NYISO discussed an analysis of 2006 wind performance and observed diversity in wind shape. Based on this analysis, it was suggested that the current 10% average availability of wind resources at peak may be conservative. NYISO is recalculating the 2002 load duration curve on which to superimpose the 2006 wind shape to determine its impact and value as a possible sensitivity analysis. NYSERDA continues to work with the ICS to refine the projection of wind resources. The overall total appears to show little change from last year's assumption.
- (c) Transmission Model – The NYISO continues to refine implementation of the 13 zone model for New England. Optimization of MARS switch settings has substantially reduced run time requirements.
- (d) Non-NYPA Hydro Capacity Modeling: The NYISO presented a 5 year average calculation that resulted in a derating factor of 45.7%. The presentation also illustrated that 2007 was the worst year of the five years that were averaged with an approximate 75% derating. Based on these calculations, ICS concluded that the 45% derating was still a valid number to use.
- (e) Forced Outage Rates – Preliminary analysis identified two units with potential suspect data. The NYISO will meet with ICS on July 19th to provide ICS with final recommendations. If there is no change, proxy data will be used to model the two units in question.
- (f) Policy 5 – ICS continues to work on revisions to policy 5 including load forecast uncertainty, outside world emergency operating procedures, use of proxy data, and outage data.

An ICS conference call is scheduled for July 19, 2010.

ii. New England Survey of Resource Adequacy Methods – The NYCA response was sent on June 14, 2010. As participants, NY will receive a summary of the results.

5.2 Assessment of SCR Performance – The NYISO scheduled an internal meeting to discuss its response to NYSRC SCR study request.

5.3 Other ICS Issues

i. Information Use Agreement for the MARS IRM database – The NYISO reported that GE has completed the programming changes required to mask confidential MARS data. The NYISO will perform acceptance testing on the executable module before release of any information.

ii. SEP Action Item Update – Nothing new to report.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on July 2, 2010.

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

- PRR #103, C-R4; System Data Requirements was approved for posting at the March 11, 2010 Executive Committee meeting. The comment period expired on May 21, 2010. Mr. Hipius agreed with the proposed RRS modifications to Reliability Rule C-R2 and Measurements C-M9 and C-M11, but requested at the June 11, 2010 Executive Committee meeting documentation from the NYISO that spelled out the process by which the NYISO plans to implement the Rule. Mr. Hipius indicated that communication with the NYISO since the June 11, 2010 meeting has satisfied his concern. Following further discussion, Mr. Ellsworth moved for final approval of PRR #103. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0).

2. PRRs for EC Approval to Post

- Mr. Clayton indicated that PRR #104, C-R1, Verification Testing of Resource Capacity addresses the reactive power testing frequency of generators in the leading mode. The modification, recommended by Kathy Whitaker (NYISO), would change the testing frequency (leading mode) from one to three years. However, at the June 11, 2010 Executive Committee meeting, Dr. Sasson expressed concern regarding the criticality of over voltage conditions at light load. He further indicated that this action reduces the scant information operations have currently on the leading reactive capability of generating units. Further discussion between the parties was directed by the Executive Committee.
Today, Mr. Patka suggested resolving the issue by amending the Ancillary Services Manual to clarify that the generators will test “true” leading vars. Dr. Sasson indicated that with “true” testing, ConEd will support testing in the leading mode every three years. Mr. Baker (U.S. Generating Co.) emphasized that the NYISO, and other Market Participants must recognize that changes are likely from test-to-test and the changes should not be construed as a basis for any form of penalty. The Executive Committee decided to postpone further consideration of PRR #104 until the September 10, 2010 meeting, once the NYISO has revised the Manual and received the necessary internal approvals.
- Mr. Clayton presented PRR #105, Review of Exceptions, and indicated that RRS recommended approval to post for review and comment. Following discussion of the associated changes necessary in Policy 1, Dr. Sasson moved for approval to post for comment. Mr. Clagett seconded the motion which was unanimously approved by the

Executive Committee – (13 to 0).

3. PRRs for EC Discussion

- Dr. Sasson gave a draft presentation, “Is There a need for Revising Blackstart Measurement G-M3”, which raises questions regarding inconsistencies in the period for testing as found in Measurement G-M3, Blackstart Provider Requirements, and the NYISO Tariff and Procedures. As a result, the Executive Committee requested a review of the issue by RRS and recommend clarifying word changes, if they are felt to be necessary – **AI #135-5**.

6.3 NPCC/NERC Standard Tracking – Nothing new to report

- NERC Standards Development
- TPL -002-1, TPL-003-0 – Status
- FERC Order Modifying NERC Procedures - Status

6.4 Other RRS Issues

- DEC Meeting** – Mr. Clayton reported that a meeting was held on July 8, 2010 with the DEC. The Group discussed the latest draft of the RNA. Four of the environmental initiatives in process, based on what is known today, could have major impacts on system reliability. Also, Mr. Clayton clarified the DEC Declaratory Ruling dated July 7, 2000. The Ruling states that if the NYISO declares an emergency, then the generators are exempt from penalties under NOx RACT limits and opacity requirements. This Ruling does not protect the generators from Local Rules, since the anticipation of a major emergency is not a basis for a waiver. Mr. Haake noted that there will be follow-up discussion of this matter at the next DEC meeting on September 22, 2010. Mr. Baker expressed skepticism about ever obtaining a waiver for an anticipated major emergency regardless of whether there is sufficient time to react. The Executive Committee expressed elevated concern that the advent of new regulations and their impacts on reliability deserves a fresh look at existing regulations to assure that adequate operating flexibility still remains. Mr. Patka agreed to forward the DEC Declaratory Ruling to Mr. Gioia – **AI #135-6**. Mr. Gonzales agreed to review with Counsel whether a request from a market participant anticipating a system problem would be sufficient to declare an emergency or whether a specific EOP step must be reached – **AI #134-7**.

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 July 8, 2010.

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

- K-M2d, Monthly Operations Report,
- C-M6, Report Depicting Generation Unit Outage Statistics, and
- F-M3, Procedure for Assuring that Sufficient Load Shedding Capability Exists.

C-M4, Procedures for Reporting & Reviewing Generation Unit Availability Data, was extended to July 29, 2010 to allow the NYISO to provide an amended report. The NYISO failed to provide the necessary report regarding F-M4, TO Load Shedding Capability. Failure to provide the report within 30 days will result in a non compliance letter being sent. Also, regarding F-M6, Voltage Reduction Testing, the NYISO is waiting for results from the TOs. The testing was postponed due to low load conditions on the system.

Also, RCMS discussed: (a) the establishment of guidelines for the NYCA Transmission Assessment review, and (b) Compliance template format changes.

7.3 Other RCMS Issues – Nothing additional to report.

8.0 State/Federal Energy Activities

8.1 **NYSERDA - Update** – Nothing new to report.

8.2 **NPCC Report** – Mr. Forte indicated that the NPCC Board is reviewing its structure, for example, whether to include unaffiliated members. A committee has been formed to spearhead the review. Also, he noted that CIP is the most violated NERC Standard.

8.3 **FERC 100kV “Bright Line” – Status** – Nothing new to report.

8.4 **Participation on the Climate Action Plan** – Mr. Dahl reported that he will be giving a presentation on the reliability impacts of renewable resources to the Climate Action Working Group on July 20, 2010.

9.0 NYISO Status Report/Issues

9.1 **NYISO 2010 Comprehensive Reliability Planning Process (CRPP)** – Mr. Adams indicated that with the shift in the CRPP cycle as a result of Order 890, the RNA will now be performed ahead of the IRM Study (RNA is now required bi-annually - even numbered years). The 2010 RNA is 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 and the study analysis began in late March 2010. The second RNA study draft was presented to ESPWG/TPAS on June 29, 2010 and a revised version will be reviewed again by ESPWG on July 12 and 23, 2010 before sending it to the Operating (OC) and Management (MC) Committees for approval. It will be presented to the NYISO Board for its September 2010 meeting. In the June 29, 2010 draft RNA Report, LOLEs of 0.00 (rounded) were presented for the years 2011-2018 for NYCA and the LOLEs for 2019-2020 were reported as 0.01 (rounded) for NYCA and also for Zone J with Zone K reported at 0.01 for 2020.

Immediately upon Board approval, the NYISO will begin work on the CRP with the goal of presenting the results to ESPWG/TPAS in November 2010 and to the OC, MC, and Board by December 2010.

CARIS Phase 2 preparations are underway. On April 13, the NYISO made a filing at FERC on the CARIS treatment of bilaterals, TCCs, and ICAP. The NYISO has posted the documents for requesting CARIS Phase 2 studies and respective agreement templates. The Voting Procedure for CARIS Phase 2 projects was approved at the BIC on June 2, 2010 and the revised Initial CARIS Manual has been posted to the web site. The methodology for extending the database for projects which will have their first ten years of commercial operation extending beyond the current ten year planning horizon has been reviewed by ESPWG and is going to BIC on July 14. Phase 2 CARIS studies will be performed throughout the year as requests are submitted from Interested Parties. The first CARIS Phase 2 Specific Project request could be under study by this summer.

(The next CARIS Phase One will begin in 2011.)

9.2 **Other Status Reports/Issues** – Nothing new to report.

10.0 Other Items

10.1 **NYISO Operations Report** – Mr. Gonzales reported that the peak load for the month of June 2010 occurred on Monday, June 28, 2010 at 30,235Mws versus the all time summer peak of 33,939Mws on August 2, 2006. No Major Emergency was declared in June 2010. TLR level 3’s were declared for a total of 54 hours during the month.

Also, Mr. Gonzales summarized the peak loads during the 90+ degree heat wave on July 6, 7 and 8, 2010.

	<u>NYCA Peak Load(Mws)</u>	
Tues. July 6	33,453	486Mws less than all time on August 2, 2006
Wed. July 7	32,923	
Thu. July 8	31,363	

LIPA reached a new peak on Tuesday and NGrid experienced a new peak each day. The NYISO activated SCRs (440Mws) in NYC on Tuesday and Wednesday to mostly maintain voltage at the SprainBrooke Station. Ocean cooling is expected to have caused the load drop-off on Wednesday and Thursday.

Windpower provided only about 150, 100 and 0 Mws over the peaks on Tuesday, Wednesday and Thursday, respectively. Three to four thousand Mws were imported each day, mostly from HQ.

10.2 North American Energy Standards Board – Mr. Ellsworth noted the article on Smart Grid, from the House’s Science and Technology Subcommittee on Technology & Innovation Hearing, on July 2, 2010. He highly recommended reading the speech by George Arnold, the National Coordinator for Smart Grid interoperability at the Department of Commerce’s National Institute of Standards and Technology (NIST).

11.0 Visitors’ Comments – None

12.0 Meeting Schedule -

<u>Mtg. No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#136	Aug. 13, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#137	Sept. 9, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No.135 was adjourned at 3:10 P.M.