

Revised Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 139 – November 12, 2010
Albany Country Club, Voorheesville, NY

Members and Alternates

in Attendance:

George C. Loehr	Unaffiliated Member – Chair
Curt Dahl, PE	LIPA - Alternate – ICS Chair - Phone
Richard J. Bolbrock, PE	Municipal & Electric Cooperative Sector
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
Joe Hippius	National Grid, USA – Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member
Tom Duffy	Central Hudson Gas & Electric – Member
Arnie Schuff	New York Power Authority – Member
Chris LaRoe	IPPNY (Wholesale Sellers) – Member - Phone

Others:

Paul L. Gioia, Esq.	Dewey & LeBoeuf LLP - Counsel
Al Adamson	Consultant - Treasurer
John Adams	New York Independent System Operator (NYISO)
Henry Chao	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) - Counsel
Kristin Bluvas, Esq.	New York Independent System Operator (NYISO) - Counsel
Wes Yeomans	New York Independent System Operator (NYISO)
Roger Clayton	Electric Power Resources, LLC – RRS Chair
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service - Phone

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA
Philip Fedora	Northeast Power Coordinating Council (NPCC)
Scott Leuthauser	HQUS
Dean Ellis	Dynegy Corp.

“*” – 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.139 to order at 9:30 A.M. on November 12, 2010 at the Albany Country Club. He noted the Committee’s sincere appreciation to Mr. Joe Fleury for his superior contributions and dedication to the principles of an independent NYSRC for more than eleven years.. Mr. Fleury was an original member of the Executive Committee, representing New York State Electric & Gas, and its 1st Secretary serving from June 16, 1999 until September 12, 2003. He will be sorely missed.

Mr. David J. Kimiecik will become the New York State Electric & Gas/Rochester Gas & Electric Executive Committee Member effective November 13, 2010. The alternate member will be Mr. Raymond P. Kinney.

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” – Mr. Clayton indicated that he is no longer representing NRG.

1.5 Executive Session Topics – None

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 138 (October 8, 2010) – Mr. Raymond introduced the revised draft minutes. Mr. Smith offered clarifying comments. Following further discussion, Mr. Claggett moved for approval contingent upon inclusion of Mr. Smith’s comments. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee Members in attendance – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI #139-1**.

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>
123-7	The modification to Policy 1 and PRR#105, <u>Exception Reviews</u> , were approved at the October 8, 2010 Executive meeting
134-3	Mr. Chao assigned Mr. Yeomans to represent the NYISO in the SCR investigation.
134-7	Mr. Gonzales clarified the requirements to declare a system emergency at the August 13, 2010 Executive Committee meeting.
136-2	The Executive Committee provided comments prior to the September 10, 2010 Executive Committee meeting.
137-5	The PRR#106 was broadened to include all Blackstart providers and approved for posting for “Review and Comment” during the November 12, 2010 Executive Committee meeting.
138-3	The Dynegy issues were resolved and PRR#104, <u>Verification Testing of Resource Capacity</u> , received final Executive Committee approval during the November 12, 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 \$176,000 at the end of October 2010. The projected year-end variance from budget is \$135,000 under budget. Also, Mr. Adamson reported that the 4th Quarter Call-For-Funds of \$150,000 was paid in full. The 2011 Monthly Cash Flow Report will be available for the January 7, 2011 Executive Committee meeting.

3.2 Other Organizational Issues – Nothing additional to report.

4.0 Key Reliability Issues

4.1 Defensive Strategies – Mr. Smith noted that he will be working with the NYISO in analyzing the technical aspects of the responses to the NYISO’s Controlled Separation RFP. The bids were due by October 21, 2010. A process is being established with the NYISO whereby the DSWG may also participate in the bid review. This RFP goes deeper into the validation phase than the NPCC investigation as part of the 2002 Blackout Report. The validation phase will test all criteria contingencies to protect against miss operations.

4.2 NPCC Defensive Strategy Activities – Mr. Smith reported that NPCC is just beginning its work on Task 5 of the Blackout Report under the auspices of NPCC SS-38 Task Force, chaired by Mr. Isen Widjaja (OH).

4.3 Smart Grid – Status of NYISO Activities – Mr. Patka indicated that the NYISO has provided comments to the PSC in its generic inquiry into the “Smart Grid”. The NYISO recommended a collaborative proceeding, discussed the NYISO projects that are in place, and offered general support in proceeding at a measured pace. The next phase of the Proceeding will begin in the December/January timeframe.

There is a NYISO study, lead by Dan Sobajic (NYISO R&D Consultant), to determine the appropriate locations for future PMUs. The study should be completed in December 2010. Also, the “Smart Grid” Consortium, a non-profit organization of private companies, universities, state agencies and authorities, and research organizations that is dedicated to promoting smart grid technologies and the future smart grid, met recently and entered a letter into the proceeding requesting participants to specify “Smart Grid” priorities for NYS in 2011.

The DOE has issued a request for information (RFI) on the marketing of “Smart Grid”. The NYISO provided its and the Consortium’s marketing “white papers”. The National Institute of Science and Technology (NISTE) issued proposed Standards for the “Smart Grid”. FERC is holding a technical conference on November 14, 2010 in Atlanta, GA to discuss “Smart Grid” compatibility with the proposed NISTE Standards.

4.4 Interregional Studies of Proposed Transmission

i. Eastern Interconnection Planning Collaborative (EIPC) – Mr. Adams reported that the EIPC Stakeholder Steering Committee (SSC) Modeling Working Group is continuing development of the Regional 2020 “Roll-up Case” and addressing modeling gaps between neighboring systems. A revised draft “Roll-up” Model Report is scheduled for November 17, 2010. The revisions are in response to hundreds of stakeholder questions. Completion is expected by December 28, 2010.

Flowgates for use in the CRA’s economic analysis will be developed based on input from each participating area and guidance from the linear transfer analysis results. A Macroeconomic Analysis Workshop with stakeholders was held on November 8-9, 2010 in Baltimore, MD to discuss: (a) the coordination of the MRN-NEEM model and high level transmission analysis (Task 5), (b) the overview of the Business-as-usual case and (c) the MRN-NEEM assumptions. The next Stakeholder Steering Committee Meeting is scheduled for December 13-14, 2010 in Charlotte, NC to discuss (a) the Roll-up case, (b) modeling issues, and (c) macroeconomic futures.

ii. IPSAC – Mr. Adams indicated that an IPSAC webinar was held on October 29, 2010 focusing on economic modeling in each region. NYISO/ISO-NE/PJM data inputs and assumptions have

been coordinated in the IREMM model for inter-area production cost studies. The models are being updated to represent a horizon year of 2015 (vs. 2013) which requires a significant updating of resource data. Once the models are complete, production cost analysis will begin. The Northeast Coordinated System Plan will include the following metrics: (a) production costs, (b) load serving entity energy expense, and (c) congestion by constraint. A report is expected during the first Quarter of 2011.

iii. NPCC – Nothing new to report.

- 4.5 **TO's Strategic Transmission and Reliability Study (STARS)** – Mr. Dahl indicated that work is continuing toward completion of the economic study. The methodology and modeling assumptions for the STARS economic evaluation are based on the NYISO CARIS process. The work is being done by the NYISO for the TOs. The STARS has been asked to review some of the recommendations in the Climate Action Council's (CAC's) Interim Report. In particular, STARS will investigate the economic impacts of the selected recommendations from a transmission perspective. Comments on the Interim Report are due by February 7, 2010. Ms. Hogan noted the NERC Report, Potential Resource Adequacy Impacts of U.S. Environmental Regulations, released on October 26, 2010 and urged the NYSRC to provide comments on the CAC Interim Report, particularly tangible examples from an operating perspective. The Executive Committee concurred and Messrs. Dahl and Gioia offered to develop a draft response – **AI #139-2**.

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

5.1 **ICS Status Report and Discussion Issues** – Mr. Dahl reported that ICS met on November 4, 2010.

5.2 **2011 IRM Study** - Mr. Dahl informed the Executive Committee that while reviewing preliminary base case results a significant issue arose regarding the impact and basis of the forced outage rate (EFOR) “true up” assumption. This issue has delayed release of the draft IRM report and IRM/LCR base case determination. A summary of the EFOR issue and study status follows:

- ICS first discussed the need to review the methodology the NYISO uses for calculating the transition rates in March, 2009. During the spring of 2010, ICS agreed that it was a laudable goal to have the forced outage data used in MARS for NY resource adequacy calculations generally match the EFORd used by NYISO Auxiliary Market Operations to administer the capacity market (it is noted NYISO administers markets based on an 18 month vs. 5 year rolling weighted average EFORd for the IRM studies). The NYISO developed a methodology intended to modify the transition state EFOR model to match NYISO Auxiliary Market Operation EFORd's. The details of this were generally discussed at ICS meetings.
- Use of the EFORd “true up” assumption was unanimously adopted by ICS and EC in August 2010. This was estimated by ICS to be a minor modeling change which would result in a “low” impact on IRM.
- IRM results presented in October 2010 indicated a relatively large impact of approximately 1.3% from the new (“true up”) EFORd model. Given the magnitude of the observed impact, the NYISO prepared a white paper providing details of the “true up” methodology and issued the white paper to ICS.
- After reviewing the NYISO white paper, Con Edison presented an analysis suggesting deficiencies in the NYISO approach based on the view that the equivalent two state system cannot be compared to the EFORd used by the market since they use different types of event data and time periods. Con Edison questioned the specific events that were being considered in the transition rate calculation. Con Edison further suggested that the NYISO should better describe to ICS members

the type of data it is using to develop the transition rates and that the methodology required further vetting with ICS.

- It is noted the Con Edison calculation was based upon the IEEE 762 EFORd calculation. The NYISO uses a slightly different formulation for computing forced outage rate and administering the NY capacity markets. It has been suggested use of the different EFORd formula may account for the some or all of the -1.3% impact. Con Edison suggested it may be possible to adjust the event data to address differences in the IEEE and NYISO EFORd formula.
- ICS agreed at the November 4, 2010 ICS meeting that given the questions brought up by Con Edison, the EFOR change recommendation is not ready for "prime time" without further information on the details and technical benefits of change. ~~There was ICS consensus also agreed~~ to include the "true up" method as a sensitivity case in this year's IRM Study, and to continue ~~its~~ efforts to resolve outstanding issues to support possible ~~implementation of~~ ~~resolve~~ this methodology ~~for use~~ in next year's (2012-13) IRM study. Further, ICS requested GE review NYISO EFOR calculations for MARS (both the NYISO white paper and the Con Ed analysis) and report back in writing to ICS. NYISO sent a request to GE on November 5, 2010. It is unclear when GE will complete its review, though Mr. Chao felt GE would respond by Tuesday, November 16, 2010.
- Further, the ICS requested that the NYISO produce another IRM/LCR curve based on removing the EFORd "true-up" assumption for presentation to the EC. Issuance of the draft IRM report was delayed until November 15, 2010 as a result. To maintain schedule, the sensitivity studies are proceeding using the EFORd "true up" case. ICS agreed it is reasonable to apply the sensitivity delta change results to the non-"true up" case.

The ICS Chair has scheduled an ICS conference call for November 16, 2010 to discuss results of non-"true up" cases and sensitivity runs. Mr. Dahl recommended that a NYSRC Executive Committee conference call be held on or about November 18, 2010. Following discussion, Mr. Loehr indicated that a conference call would be held on November 19, 2010 beginning at 9:00 A.M. EST to (a) consider an amendment to the assumptions matrix for the 2011-2012 IRM Study previously adopted by the Executive Committee, and (b) adopt a base case for the IRM Study for the 2011-2012 Capability Year. The approval of the IRM Report and selection of the IRM for 2011-2012 will take place during the regularly scheduled December 3, 2010 Executive Committee meeting.

5.3 Other ICS Issues – Mr. Dahl noted receipt of a phone call from Peter Wong (ISO-NE) indicating that their survey of how major areas determine resource adequacy is completed. ICS had responded to the survey six months ago along with about 50 other areas. The survey results will be sent to Mr. Dahl shortly.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on November 4, 2010. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8, #52 and #97 remain under development.

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

- Mr. Clayton introduced PRR #104, Verification Testing of Resource Capacity, which

was posted on August 16, 2010 for review and comment by October 1, 2010. The only comments received were from Dynegy (Dean Ellis). The comments were resolved at the November 4, 2010 RRS meeting and summarized by Mr. Clayton for the benefit of the Executive Committee. Following discussion, Mr. Clagett moved for final approval of PRR #104. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee members in attendance – (13 to 0).

2. PRRs for EC Approval to Post

- Mr. Clayton introduced PRR #106, Modification of G-M1 and G-M3: Blackstart Facility Testing Requirements, which aligns the Blackstart Testing Procedures with the NYISO Tariff and permits blackstart testing outside the Capability Period under certain conditions specified under G-M1 and G-M3. Following discussion, Mr. Ellsworth moved for approval to post the proposed changes for review and comment. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0).

3. PRRs for EC Discussion

- None

6.3 NPCC/NERC Standard Tracking

- i. **NERC Standards Development** – Mr. Adamson indicated that NPCC Standards under consideration will be added to the Reliability Standards Tracking Summary – AI #139-3.
- ii. **FERC Order Modifying NERC Procedures – Status** – Nothing new to report.

6.4 Other RRS Issues

- i. **DEC Declaratory Rule Regarding Emergencies** – Mr. Clayton reported that a meeting was held with the DEC on October 14, 2010. The following discussion items were noted:
 - (a) State Climate Action Plan – After hearing a presentation, it was concluded that application of the Plan as presented would drastically underestimate ICAP costs and result in very large IRMs,
 - (b) It was estimated that approximately 3000Mws would be subject to the LOG MOB Rule. The Generators indicated that having a choice between switching to oil or violating an environmental regulation, they would shutdown. The DEC remains adamant that relief from the regulations would only be offered after an emergency has been declared. That is, the Declaratory Rule does not apply in anticipation of an emergency event. DEC's (John Barnes) position is that the generators have options: (a) buy environmental credits or (b) in anticipation of violating their limits, increase their Caps. Liam Baker (U. S. Generating Co.) expressed the opinion that both options are impractical. Also, he noted that the generators are being affected by other environmental restrictions in addition to LOG MOB. He agreed to prepare a presentation for the next meeting scheduled for December 9, 2010.

Mr. Clayton noted that the NERC Report, Potential Resource Adequacy Impacts of U.S. Environmental Regulations, mirrors the concerns of the NYSRC.

- ii. **NYPA/Alcoa UFLS Exemption** – Mr. Clayton noted that RRS discussed whether an NPCC exemption from NPCC UFLS Rules would be recognized by the NYSRC. The Executive Committee confirmed that it would recognize the exemption.

7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

7.1 RCMS Status Report & Discussion Issues – Mr. Adamson reported that RCMS held a Conference Call on November 11, 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, Certifying LSE ICAP Obligations,
- b) E-M6, Pre-seasonal Fault Duty Assessments, and
- c) K-M2d Monthly Operations Reports.

7.3 Other RCMS Issues

- i. Compliance Template Manual Revision** – Mr. Adamson indicated that RCMS has been revising the Compliance Template Manual regarding Market Participants (MPs) compliance requirements. The clarifying language states that the NYISO does compliance reviews of the MPs. Then the NYISO provides a Certification Statement documenting that the NYISO has reviewed the MPs' compliance documentation and found the MPs to be in full compliance. Next, the RCMS reviews the NYISO's Certification Statement and supporting material.
Mr. Gioia requested that approval of the Compliance Template Manual revisions be held until the December 3, 2010 Executive Committee meeting. Mr. Adamson and the Executive Committee concurred.
- ii. Transmission Review Procedure** – Mr. Adamson reminded the Executive Committee that the NYISO prepares each year an Annual Transmission Review which demonstrates conformance with the reliability rules particular to transmission design. The review includes thermal, voltage, stability and short circuit as required by NPCC. In addition, the NYSRC Reliability Rules require: (a) a System Restoration Assessment, (b) a Local Rules Assessment, and (c) an Extreme Conditions Assessment. RCMS feels that to avoid any confusion regarding the scope of the Assessments, a transmission review procedure would be helpful. The NYISO concurred and a draft procedure has been written and approved by RRS and RCMS for distribution and approval of the Executive Committee. The Procedure would appear as an appendix to the Reliability Rules Manual. Mr. Loehr asked that the Procedure be present for approval at the December 3, 2010 Executive Committee meeting. Comments should be sent to Mr. Adamson by November 26, 2010 - **AI #139-4**.
- iii. NPCC Compliance Committee** – Mr. Adamson noted that he receives periodically a summary of the NPCC Compliance Committee's activities including violations of NERC Standards. NERC's website contains a list of all violations and the associated sanctions. RCMS receives a summary list for NYS prepared by Mr. Adamson. The Executive Committee asked Mr. Adamson to prepare an annual summary that compares NYS to the rest of the Country – **AI #139-5**.

8.0 State/Federal Energy Activities

- 8.1 NYSERDA - Update** – Nothing additional to report.
- 8.2 NPCC Report** – Mr. Fedora noted that the NPCC General Meeting will be held on December 1, 2010.
- 8.3 FERC 100kV "Bright Line" – Status** – Dr. Sasson noted that the definition of BES is on the FERC agenda for November 18, 2010.

9.0 NYISO Status Report/Issues

- 9.1 NYISO 2010 Comprehensive Reliability Planning Process (CRPP)** – Mr. Adams indicated that the NYISO Board of Directors approved the 2010 RNA on September 21, 2010. The finalized draft of the 2010 Comprehensive Reliability Plan will be sent to the OC for review during its November 18, 2010 meeting.
The CARIS II base case model was presented to BIC on October 6, 2010. The NYISO provided the developer with a draft of the Study Agreement. The ESPWG has requested six specific scenarios be run, and the developer has indicated an interest in four or five additional scenarios. A consultant will be used to perform the studies.
- 9.2 Other Status Reports/Issues** – Nothing new to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans reported that for October 2010, the peak load occurred on Wednesday, October 27, 2010 at 20,747Mws versus the all time summer peak of 33,939Mws on August 2, 2006. There have not been any Major Emergencies declared since May 2010. One TLR level 3 was declared for the month for a total of 5 hours. Clockwise Lake Erie circulation remains low.

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>
#140	Dec. 10, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#141	Jan. 7, 2011	NYSERDA Offices, Albany, N.Y.	9:30 A.M.

The open session of Committee Meeting No.139 was adjourned at 2:30 P.M.