

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 152 – December 2, 2011
Albany Country Club, Voorheesville, NY

Members and Alternates
in Attendance:

Mike Mager, Esq.	Couch White, LLP (Large Customers' Sector) – Member - Chair
Curt Dahl, P.E.	LIPA - Alternate – ICS Chair - Phone
Bruce Ellsworth	Unaffiliated Member
George Loehr	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
William H. Clagett	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of N.Y. – Vice Chair
George Smith	Unaffiliated Member
Mike Forte	Consolidated Edison Co. of N.Y. - Alternate
Arnie Schuff	New York Power Authority – Member
Joe Hippius	National Grid, USA – Member
Tom Duffy	Central Hudson Gas & Electric – Member
Chris LaRoe	IPPNY (Wholesale Sellers) – Member
Ray Kinney	New York State Electric & Gas/Rochester Gas & Electric
Chris Wentlent	Constellation

Others:

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

Visitors – Open Session:

Glenn Haake	Johnson Controls
Phil Fedora	Northeast Power Coordination Council – Phone*
Scott Leuthauser	HQ USA
Mark Younger	Slater Consulting

“*” Denotes part-time

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – None

II. Open Session

1.0 Introduction – Chairman Mager called the NYSRC Executive Committee (Committee) Meeting No.152 to order at 9:30 A.M. on December 2, 2011 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 – None

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 151 (November 10, 2011) – Mr. Raymond introduced the revised draft minutes which included all comments received to date. Messrs. Gioia and Bolbrock provided additional clarifying comments. Following further discussion, Mr. Ellsworth moved for approval of the draft minutes contingent upon inclusion of comments of Messrs. Gioia and Bolbrock. 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 #152-1**.

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>
138-2	Mr. Smith presented the PMU technology in June 2011.
150-1	Mr. Raymond posted the final minutes of Executive Committee meeting #150 on October 18, 2011.
151-2	Comments were provided to Mr. Gioia by November 23, 2011.

Also, several participants updated the scheduled completion dates for Action Items under their responsibility.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. Summary of Receipts & Disbursements** - Mr. Adamson introduced the Summary of Receipts and Disbursements which showed a balance of \$134,500 at the end of November, 2011. He noted that the variance from the 2011 annual budget projection is \$120,000 below budget.
- ii. 2012 Cash Flow** – Mr. Adamson presented the “2012 Monthly Cash Flow Estimate” prepared per the NYSRC Budget and Funding Mechanism approved by the Executive Committee on August 12, 2011. The cash flow estimate includes an annual contingency of \$50,000. The total payment by each TO in 2012 is expected to be \$20,000 above 2011 assuming the budgeted contingency is spent and \$10,000 above 2011 if the contingency is not spent. Based on the cash flow estimate, Mr. Adamson requested approval of a 1st Quarter Call-for Funds comprised of a Membership Fee of \$5,000 per each affiliated Member and an additional \$20,000 from each TO.

Following discussion, Dr. Sasson moved for approval of the 1st Quarter Call for funds. The motion was seconded by Mr. Claggett and unanimously approved by the Executive Committee – (13 to 0).

3.2 Other Organizational Issues – Nothing additional to report.

4.0 Key Reliability Issues

4.1 Defensive Strategies – Mr. Smith reported that work by EnerNex on the Controlled Separation System Study (CSSS) continued with a webinar hosted by the NYISO on November 22, 2011. A preliminary coherency assessment was performed for one of the scenarios under investigation, the “summer peak 2015”. The system was perturbed with 16 different disturbances ranging from mild to severe and time domain data was collected for each of the cases. The purpose is to disturb the system in different ways to determine how coherency may vary with location and severity of the disturbance.

The coherency assessment software utilized Power Spectral Density (PSD) and Cross Spectral Density (CSD) analyses to identify coherency groups. The PSD is used to determine the size of the oscillation of a given generator while the CSD is used to determine how each generator’s oscillation correlates with each of the other generators in the system.

While specific coherency patterns were identified, a number of questions were raised regarding the frequencies identified in the results. EnerNex admitted that they were in an early stage of the analysis and would review their analysis in view of the questions raised. Also, the possible use of an alternate analysis approach was raised to provide verification or validation of the results. EnerNex agreed to pursue this. The next meeting will be a face to face meeting on December 20th at NYISO.

4.2 NPCC Defensive Strategy Activities – Mr. Fedora indicated that the NPCC-RCC met during the week of November 28, 2011 and approved the SS-38 Blackout Study. Next the Study will be sent to the NYISO and the DSWG. Also, Mr. Fedora agreed to request that NPCC provide a presentation of the Blackout Report at the January 6, 2012 Executive Committee meeting – **AI #152-2**.

4.3 Response to TC Ravenswood Complaint – Mr. Gioia reminded the Executive Committee that TC Ravenswood filed a complaint against both the NYISO and NYSRC. The complaint focused on the PSC’s Declaratory Ruling requiring Blackstart providers to gain the approval of the PSC before exiting the Blackstart Program. TC Ravenswood contends that the PSC is usurping FERC authority and that it has taken the steps necessary to leave the Program.

Mr. Gioia discussed a proposed response that, among other things, requests that FERC dismiss the proceeding with respect to the NYSRC since the NYSRC sets the Rules requiring an effective Blackstart Program, but it is the responsibility of the NYISO and TOs to designate the Program participants, establish the testing protocol and certify compliance. Also, the NYSRC has not expressed any opinion regarding either the PSC or FERC rulings. The NYSRC response further states a strong interest in ensuring that the NYISO is able to provide an effective restoration program since the consequences of a blackout are particularly severe in Metropolitan NYC.

After discussion, Mr. Gioia was authorize to file the Response with due consideration to the comments received – **AI #152-3**.

4.4 Definition of Bulk Electric System and Exceptions – Mr. Fedora reported that the BES Definition and the Technical Criteria to Support an Exception Request were approved in the re-circulation ballot with 81.32% and 81.48% in favor, respectively. A filing will be prepared by NERC for issuance to FERC by January 25, 2012. The filing will include the RTO/ISO Implementation Plans. Mr. Yeomans noted that the NYISO is working with NPCC to develop a template for reporting regional plans to NPCC and then to NERC.

Also, the BES Definition Drafting Team will prepare a list of Industry questions deferred from Phase 1 and present the list to the Standards Committee for approval. Then the Drafting Team will turn its attention to the development of the responses beginning in January 2012.

5.0 State/ NPCC Federal Energy Activities

5.1 NPCC Report – Mr. Forte reported that early in the week of November 27, 2010 there were both an NPCC Board of Directors meeting and the Annual Meeting of Members. Although the meetings dealt predominantly with administrative and organizational items, including approval of committee and task force memberships, there was approval of the NPCC Regional Standard on “Under-frequency Load Shedding”.

In addition, the new governance structure for the Board was approved. This new structure includes a new Sector for Independent Directors, and reduces the number of Directors in each of the Stakeholder Sectors from three Directors to two. Michael Forte was confirmed for another term as the Reliability Council’s representative on the NPCC Board of Directors.

Mr. Fedora noted that the DOE has “Noticed” regional workshops and has requested information regarding the tri-annual conduct of the 2012 Electric Transmission Congestion Study. Mr. Fedora offered to include in the NPCC response any Executive Committee information that Members send him – **AI #152-4**.

5.2 FERC RFP – Economics of Resource Adequacy Standards – Mr. Gioia agreed to check whether FERC has selected a consultant to evaluate the economic implication of the Resource Adequacy Standards. Mr. Fedora received input from FERC that “the evaluation is just an internal report for its own benefit” but FERC refused to comment further.

5.3 NYSRC/DEC Meeting – Mr. Clayton reported that the next meeting with DEC will be held on December 6, 2011 at the DEC Offices. He added that over the last two days he listened to a FERC Technical Conference (webinar) on the implications of new Federal environmental regulations on reliability. The general conclusion was that in certain regions compliance could be very difficult. It was suggested that a “safety valve” mechanism be put in place whereby FERC could grant exceptions on a case-by-case basis.

Also, NERC has issued its 2011 Long Term Reliability Assessment which concludes that New York State should not have difficulty meeting the new environmental regulations through 2015. However, New England and ERCOT could have difficulties. A similar finding has been reported by DOE.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Chairman’s Report and Discussion Issues – Mr. Dahl summarized the November 28, 2011 ICS meeting as shown below:

(a) 2012/13 IRM Study

ICS discussed comments and revisions to the 2012-13 IRM report and Appendices and updated the sensitivity results. Of particular focus was the development of notes to accompany Table 2 sensitivity results in the main body of the report. Clarifying comments were requested for several of the cases. In particular, some ICS members expressed concern about the Special Case Resource case and requested that clarification be added to the report.

ICS discussed the results of the sensitivity studies involving PJM modeling and Con Edison load forecast changes. ICS also reviewed the Appendices and offered several comments and revisions. It was agreed to send a final draft of the IRM report to the NYSRC Executive Committee by November 29, 2011.

ICS agreed to discuss the organization and typesetting of future IRM reports further at the January 2012 ICS meeting.

(b) SCR Analysis

ICS discussed preliminary LOLE results associated with limiting SCR performance. ICS had a number of questions regarding this analysis which NYISO agreed to pursue. ICS discussed comments on NYISO's method for estimating demand response. In particular, there were a number of questions about the standard deviation of the load estimate, upon which the SCR projection is based, creating an error in the SCR calculation. The NYISO agreed to further review the data. It was reported that more detailed analysis of SCR performance may be available at its January 2012 meeting once all data issues have been resolved. ICS requested a detailed timeline from NYISO to provide the results of its SCR performance investigation. ICS discussed PRR #109 which is under development to require general performance information for SCRs in the future. It was agreed to further discuss the specific schedule for reporting and implementation with the NYISO.

6.2 2012-13 IRM Report – Mr. Dahl introduced the draft final report, New York Control Area Installed Capacity Requirements For The Period May 2012 – April 2013. Since the report had been discussed at the November 10, 2011 Executive Committee meeting, Mr. Dahl focused on changes, in particular to the footnotes on Table 2: “Sensitivity Cases; NYCA 2012 IRM and Related NYC and LI Locational Capacity Impacts”. Generally, the footnotes provide significant information that the Executive Committee could use in weighing the significance of sensitivity cases addressing: (a) the new EFORD model, (b) retirement of Indian Pt. Units 2 & 3, (c) a one in two ConEd load forecast and (d) the updated PJM representation. Following lengthy discussion, Mr. Bolbrock moved for approval of the report contingent upon inclusion of the clarifications offered by the Executive Committee. Dr. Sasson seconded the motion which was unanimously approved by the Executive Committee – (13 to 0). Mr. Dahl thanked the NYISO and Mr. Chao for their efforts in supporting development of the report. In turn, the Executive Committee thanked ICS under the outstanding leadership of Mr. Dahl.

6.3 IRM Discussion and Voting – Mr. Gioia described the voting protocol for determining an IRM for May 2012 through April 30, 2013 as documented in NYSRC Policy 5-5, Procedure for Establishing New York Control Area Installed Capacity Requirements. A secret straw vote, in which each Executive Committee member designate a “preferred” IRM to begin formal balloting, resulted in a secret initial “yes” or “no” ballot on a 16.0%. On the initial secret ballot a 16.0% IRM received 12 votes in favor and 1 vote opposed, thereby specifying 16.0% as the IRM beginning May 1, 2012 through May 30, 2013. As provided for in Policy 5-5, Dr. Sasson requested a “confirming” ballot in an effort to attain a unanimous result. The result of the confirming vote sustained the 12 yes, 1 no conclusion. Next, Mr. Gioia read the proposed, Resolution Approving the Amendment to The Certificate of Formation And The Amendment And Restatement Of Article 22 Of The Operating Agreement Of New York State Reliability Council, LLC. Mr. Bolbrock moved for approval of the Resolution as read. Mr. Clagett seconded the motion which was unanimously approved by the Executive Committee – (13 to 0). Mr. Gioia agreed to file the approved Resolution with FERC and prepare a letter to Mr. Whitley and a press release – **AI #152-5**.

6.4 Other ICS Issues – None

7.0 Reliability Rules Subcommittee Status Report/Issue

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the joint RRS/RCMS meeting occurred on November 30, 2011. Two separate meetings were held, each with its own agenda and minutes. Mr. Clayton introduced the List of Potential Reliability Rules Changes – Outstanding and noted that PRR #8, Reactive Load and Resource Power Factor, PRR #97, BPS Facilities, and PRR #109, SCR Performance Data, are under development. PRR #107, Revision of Compliance Elements, and PRR #108, Revision of Major Emergency Declaration in F-B1, received final approval at the November 10, 2011 Executive Committee meeting. RRS is considering comments provided by NYPA on PRR #110, B-R1

Post Contingency Thermal Criteria.

7.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (“PRR”) Changes

b. Status of New/Modified Reliability Rules

1. PRRs for EC Final Approval

- None

2. PRRs for EC Approval to Post

- None

3. PRRs for EC Discussion

- None

7.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Mr. Adamson reiterated that the BES Definition and the Technical Criteria to Support an Exception Request were approved via a NERC re-circulation ballot (See Section 4.4).

ii. NPCC Standards – Nothing new to report.

7.4 Other RRS Issues – Mr. Clayton indicated that RRS is monitoring the issue regarding new facility impacts on transfer limits. The NYISO has agreed to give a presentation in February 2012 on the trends in transfer limits with a status report at the January RRS meeting. It is expected that a draft of the new Transmission Interconnection Manual will also be available for reference. Mr. Bolbrock noted that FERC has approved a reliability standard requiring grid operators to assess their transmission transfer capability each year. FERC feels that this standard requires a broader assessment of “approved and projected transmission than the current NERC standards”.

Mr. Clayton reminded the Executive Committee that RRS wishes to add specificity to the glossary by redefining the definition “contingency” to include electric **or gas** since some of basic contingencies include examining gas outages. RRS is currently developing alternative means for capturing RRS’s intent.

8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

8.1 RCMS Status Report & Discussion Issues – Mr. Clayton indicated that RCMS met following the RRS meeting.

8.2 2011 Reliability Compliance Program (NYRCP) – Mr. Clayton introduced the Reliability Compliance Program for 2011 (a.k.a. the Scorecard) and reported that RCMS found the following Measurements in full compliance:

- (a) C-M2, Reporting Resource DMNC Test Results to the NYISO,
- (b) C-M3, Reporting Generator Reactive Power Capacity Test Results to the NYISO,
- (c) I-M5, ConED Local RuleI-R1, R2 and R4 Procedures, and
- (d) I-M6, LIPA Local RuleI-R5 Procedures.

Regarding Measurement G-M3, Blackstart Providers Requirements, Mr. Clayton reported that the NYISO sent a non-compliance letter to a Blackstart Provider (BP) indicating failure to comply with Blackstart testing requirements and, therefore citing the BP as being in non-compliance. RCMS discussed at length the actions taken by the NYISO for encouraging the Blackstart Provider to meet testing for the 2011-12 Capability Period in order to comply with G-M3. Mr. Clayton further indicated receipt of a letter dated December 2, 2011 from Mr. Yeomans documenting the actions taken by the NYISO. RCMS will provide a recommendation to the Executive Committee regarding what action, if any, should be taken by the Executive Committee.

Lastly, Mr. Clayton noted that RCMS has begun the process of preparing the 2012 Reliability Compliance Program.

8.3 Other RCMS Issues – Nothing additional to report.

9.0 State/Federal Energy Activities

9.1 NYISO 2010 Comprehensive Reliability Planning Process (CRPP) – Mr. Adams reported that the NYISO provided a confidential report to the developer with the results of the benefit/cost analysis for the proposed CARIS 2 Leeds-Athens PARs project. The developer requested additional supporting information for that analysis and it was provided. The developer has been asked for a decision on whether to proceed.

The 2011 CARIS I MAPS congestion results for 2011-2020 were reported to the ESPWG in October 2011 along with generic transmission, generation, and demand response solution costs. The NYISO also provided the descriptions of the eight scenarios that it intends to study. Additional results plus a first draft of the report are expected at the November 2011 meeting.

9.2 Interregional Transmission Studies

i. EIPC Study – Mr. Chao reported that all results from the Phase I MRN-NEEM macroeconomic analysis (Task 5) are now posted at http://eipconline.com/Modeling_Results.html. Three final scenarios were selected: (a) national carbon constraint with increased energy efficiency/demand response/distributed generation, (b) regionally implemented national RPS, and (c) “business as usual”. Draft 3 of the Phase I report is posted at http://epiconline.com/Resource_Library.html/. The report is expected to be finalized by the end of 2011.

The Phase II schedule is posted at http://epiconline.com/Phase_II_Resources.html/. The three future resource scenarios will be evaluated with fully developed transmission build-out options that meet reliability requirements (Tasks 7 & 8). Production cost analysis will be performed for each scenario based upon the power flow modeling and transmission expansion options developed under Tasks 7 & 8. High-level estimates of the capital costs of the interregional generation resources and transmission expansion options will be developed. A Phase II report is scheduled for October 2012.

A Transmission Options Task Force (TOTF) has been formed as a forum for stakeholders to review and comment on the development of transmission build-out alternatives during Phase II. The initial TOTF webinar was held on Friday, November 4, 2011. A face-to-face meeting is scheduled for January 10-11, 2012.

ii. IPSAC Study – Mr. Chao indicated that IPSAC met via WebEx on November 29, 2011. The agenda included an update of: (a) production cost studies, (b) environmental issues, (c) the Northeast Coordinated System Plan, and (d) the FERC Order 1000.

The next steps include: (a) coordination of 2011 ISO-NE/NYISO/PJM production cost models and development of 2017 models, (b) production cost analysis with IREMM and Gridview (ISO-NE), MAPS (NYISO), and PROMOD (PJM), and (c) a draft 2011 Northeast Coordinated System Plan to be available by the 1st Quarter of 2012.

9.3 Other Studies/Activities – Nothing additional to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans indicated that the NYISO Operating Report will be circulated once it becomes available.

10.2 North American Energy Standard Board (NAESB) – Mr. Ellsworth reported that the NAESB Board of Directors will be meeting during the week of December 4, 2011.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg.</u> <u>No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#153	Jan 6, 2012	NYISO, Krey Rd. Rensselaer, NY.	9:30 A.M.
#154	Feb 10, 2012	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No.152 was adjourned at 2:30 P.M.