

Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 165 – January 11, 2013
NYSERDA Offices, Albany, NY

Members and Alternates
in Attendance:

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

Others:

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

Visitors – Open Session:

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|---------------------|---|
| Bart Franey | National Grid, USA - Phone |
| Mark Younger | Hudson Energy Economics, LLC |
| Erin P. Hogan, P.E. | NYSERDA |
| Phil Fedora | Northeast Power Coordinating Council (NPCC) |

“*” Denotes part-time

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was held to discuss the latest FERC Black Start Settlement Conference.
- II. **Open Session**
- 1.0 **Introduction** – Chairman Mager called the NYSRC Executive Committee (Committee) Meeting No.165 to order at 9:30 A.M. on January 11, 2013 at the NYSEERDA Offices, 17 Columbia Cir., Albany, NY.
- 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** – See item I above.
- 2.0 **Meeting Minutes/Action Items**
- 2.1 **Approval of Minutes for Meeting No. 164 (December 7, 2012)** – Mr. Raymond introduced the revised draft minutes which included all comments received to date. Following discussion, Mr. Loehr moved for approval of the draft minutes. The motion was seconded by Mr. Smith and approved by the Executive Committee Members in attendance – (13 to 0, 1). The Executive Secretary will post the minutes on the NYSRC website – **AI #165-1**.
- 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> |
|----------------------|---|
| 163-3 | The 2013-14 IRM Study Report was approved by the Executive Committee on December 7, 2012. |
| 164-3 | Mr. Gioia provided the letter to Mr. Whitley, press release and FERC filing by December 18, 2012. |

- 3.0 **Organizational Issues**
- 3.1 **NYSRC Treasurer’s Report**
- i. **Summary of Receipts & Disbursements** - Mr. Adamson provided the Summary of Receipts and Disbursements which showed a balance of \$138,500 at the end of December 2012. However, this includes \$40,000 received from four members toward the 1st Quarter Call-For-Funds that will be applied toward the 2013 budget. The year end budget variance is \$74,000 below the budget for 2012.
- ii. **2012 Audit** - Mr. Adamson indicated that he and Colleen Campoli, NYSRC Account, have begun providing information to the Auditors, Slocum DeAngelus & Associates, for 2012. He noted that the Executive Committee can expect to receive requests for information from the Auditor within the next two weeks.
- 3.2 **Other Organizational Issues**
- i. **Biennial Report** – The Executive Committee decided to continue the practice of providing a NYSRC biennial report. Mr. Adamson requested that the Executive Committee members email

him their suggested NYSRC topics, issues, and achievements for 2011-12 for inclusion in the report. Mr. Adamson will then provide an outline of the report for discussion at the February 8, 2013 Executive Committee meeting – **AI# 165-2**. The target for completion of the biennial report is May 10, 2013 – **AI # 165-3**.

4.0 Installed Capacity Subcommittee Status Report/Issues

4.1 ICS Chairman’s Report – Mr. Boyle indicated that ICS met on January 2, 2013. The Subcommittee focused on developing “lock down” dates for the MARS base case and associated data elements. ICS discussed two options:

- (a) The preliminary data base is updated with the final load forecast, UDR elections, and changes necessary to correct errors discovered by General Electric during the data “scrubbing” process. Other known assumption changes will be updated at this time creating the “final base case”. Any changes necessary thereafter (October) will be run as new sensitivity cases. The Tan 45 analysis will be run with the final base case.
- (b) The base case is updated with the final load forecast, UDR elections, and changes necessary to correct errors discovered by General Electric, only. Any changes determined necessary thereafter will be run as a new sensitivity case. A Tan 45 analysis is performed using the sensitivity data base.

Determination of when a Tan 45 will be performed in conjunction with a sensitivity run will be based on the amount of change in the IRM. Bright line thresholds of 0.25 and 0.5 percentage point changes in the IRM were discussed. Mr. Boyle expects to complete the “lock down” discussion at the February 2013 ICS meeting and present ICS’s recommendations at the February 8, 2013 Executive Committee meeting – **AI# 165-4**.

He also expects to finalize the 2012 ICS “lessons learned” at its February 2013 ICS meeting.

4.2 2013-14 Locational Capacity Requirements (LCRs) – Dr. Sasson informed the Executive Committee that the NYISO’s LCR report that was released yesterday is scheduled for approval by the Operating Committee on January 17, 2013. ICS has not been asked nor had the opportunity to review the report. The NYISO proposes to include the impact of last week’s announcement of the retirement of the 500 MW Danskammer Plant (Units 1-6) in the Central Hudson system. The report does not suggest that the IRM be recalculated; only that NYC and Long Island greatly increase (nearly 3 percentage points each) its LCRs to compensate for the impact of the retirement on the entire NYCA.

The Executive Committee discussed the issue including: (a) Guidance contained in the NYISO Tariff, (b) The magnitude of the LCR increases, (c) The plausibility of recalculating the IRM, and (d) Whether or not, the increased LCRs were consistent with the Policy 5 requirement that the IRM falling at (or close to) the Tan 45 point of the IRM/LCR curve and, (e) Whether a significant unjustified cost shift from upstate to downstate customers may result. Dr. Sasson also proposed, while acknowledging that it was not an issue for the NYSRC, that the NYISO could decide not to represent the Danskammer retirement until next year’s IRM and LCR determination.

Following the discussion, Dr. Sasson moved that the NYISO be asked to recalculate the IRM using short cut methods to speed-up the process where possible. Tan 45 cases would be run only if the IRM without Danskammer Plant is significantly different. The motion was seconded by Mr. Dahl and defeated by the Executive Committee – (2 yes, 10 no and 1 abstention). Mr. Mager emphasized once again the importance of a policy for post-IRM treatment of events that have the potential for impacting the IRM – **AI#164-4**. Mr. Clayton noted that future retirements will likely be the larger NYCA units and, therefore, potentially even more problematic.

4.3 Other ICS Issues – Nothing additional to report.

5.0 Reliability Rules Subcommittee Status Report/Issue

5.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the joint RRS/RCMS meeting

was held on December 31, 2012. Two separate meetings were held, each with its own agenda and minutes.

Mr. Clayton introduced the List of Potential Reliability Rule Changes and noted that PRR #114, System Restoration G-M1 & G-M3 was posted for review and comment on November 8, 2012. No comments were received by the December 29, 2012 due date.. PRR#114 is nearly identical to RR#112-12-03 of the same title, except that the latter was processed on an expedited basis and therefore is not permanent per Policy 1. Following discussion, Mr. Mager moved for the approval of PRR#114 which used normal processing guidelines. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

PRR #113 is under development to add specificity to the present Reliability Rule G-R1's black start requirement that the system shall be restored in a "prompt" manner following a blackout.

5.2 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

5.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Nothing new to report.

ii. NPCC Standards – Nothing new to report.

5.4 Other RRS Issues – Mr. Clayton indicated that progress is being made on the NYSRC Reliability Rules Re-formatting Project. RRS has decided to proceed with Option A which requires fewer changes to the existing Rule's format. A specific example of Reliability Rules Section C: Resources, System and Demand Data Requirements was provided and discussed by Mr. Clayton. Mr. Adamson pointed out that re-formatting is only one Phase of a three Phase project: (a) Re-formatting, (b) Revising the NYSRC Reliability Rules to ensure consistency with NERC and NPCC standards and criteria, while maintaining Rules that are more stringent and/or specific, and (c) Revise the introduction to the NYSRC manual. The Project (all Phases) will take one year and cost about \$6,000 – **AI #165-5**. Mr. Clayton further reported that RRS was discussing the requirement that restoration be done in a prompt manner to better define the meaning of the term "prompt".

Also, Mr. Clayton noted that a meeting will be held with the NYSDEC on January 17, 2013.

6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

6.1 RCMS Status Report & Discussion Issues – Mr. Clayton

6.2 2012 New York Reliability Compliance Program

6.3 2012 New York Reliability Compliance Program

6.4 Other RCMS Issues

i. Modifications to Policy 4 – Mr. Clayton introduced NYSRC Policy 4, Procedure for Monitoring Compliance with the Reliability Rules. He pointed out several proposed modifications including:

- (a) Clarification of the process for self-reporting by the NYISO for violations or any possible violations,
 - (b) Moving some information from the Compliance Template Manual to Policy 4, and
 - (c) Defining what the NYISO needs to do to secure market participant compliance in the event non-compliance is found.
- Following discussion, Mr. Loehr moved for approval of the

proposed modifications to Policy 4. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee members – (13 to 0).

- ii. **Follow-up on Hurricane Sandy** – Mr. Clayton reported that Mr. Yeomans is leading a NYISO review of ‘lessons learned’ and compliance with the NYSRC Rules during Hurricane Sandy. Mr. Yeomans noted that the NYISO is also working with NERC on an Event Disturbance Report similar to what was done by NERC with ERCOT two years ago. This effort appears to be an opportune starting point for any additional NYISO investigation.

7.0 Key Reliability Issues

- 7.1 **Black Start – FERC Settlement Conference** – During the Executive Session, Mr. Gioia led a discussion of the implications of Ravenswood's decision to terminate the Black Start negotiations at FERC. The Executive Committee requested Mr. Gioia to prepare a draft FERC Filing for the Executive Committee's consideration – **AI# 165-6**.

8.0 State/NPCC/Federal Energy Activities

- 8.1 **NPCC Report** – Mr. Fedora reported that the Board of Directors meets on January 29 & 30, 2013 to set priorities and direction for 2013. FERC issued Order 773 (BES Final Rule) on December 20, 2012 which included several directives pertaining to the NERC January 2012 filing on the Definition of the Bulk Electric System (BES) and the Rules of Procedure (ROP). Order 773 was noticed in the Federal Register on January 4, 2013. This date serves as the starting point from which the deadlines for the FERC directives are measured. Requests for clarification or rehearing must be filed with FERC by January 22, 2013. NERC is currently in the process of reviewing the Order. The effective date of Order 773 is March 5, 2013. The NERC informational filing detailing its plans for maintaining a BES list and specifying how NERC will make the list available to FERC, Regional Entities, and other interested parties is due within 90 days of the effective date of the Final Rule. Application of the revised BES Definition will become effective on July 1, 2013 which begins the 24 month implementation period for newly defined BES facilities. NERC may request an extension of the implementation period due to the extent of the new directives. The TOs should have a list of their BES facilities reviewed by NPCC prior to July 1, 2013. An Exceptions Process is available in accordance with the ROP. NERC will determine acceptance or rejection of requested exceptions. An appeals process is available throughout. The Standards Committee is meeting January 16 & 17, 2013 to review the draft Supplemental SAR prepared by the Standards Drafting Team (SDT). The SDT has a conference call on January 25, 2013 to further discuss the draft and a meeting in February 2013 to discuss the Guidance Document. There is an IT tool being developed by NERC for the submittal of exception requests.

9.0 State/Federal Energy Activities

- 9.1 **NYISO 2012 Comprehensive System Planning Process (CSPP)** – Mr. Adams provided a written summary indicating that the market-based and regulated solutions to Reliability Needs were submitted by November 26, 2012. They are being evaluated for the Comprehensive Reliability Plan (CRP) study and report using the updated Local Transmission Plans (LTPs). A draft CRP Report was submitted for review at the January 9, 2013 ESPWG meeting. A letter requesting the necessary updated information for the 2013 Gold Book was sent to all market participants.

9.2 Interregional Transmission Studies

- i. **EIPC Study** – The Phase II Reliability analysis has been performed for each of three scenarios (Tasks 7 & 8). The production cost analysis has been performed for each scenario (Task 9). The results and a map of constraints and transmission build-outs are posted at: <http://eipconline.com/PhaseII Modeling>

[Results.html](#) (Task 9).

High-level estimates of the capital costs of the interregional generation resources and transmission expansion options will be included in the report (Task 10). A final draft of the Phase II report was submitted to DOE for review on December 22, 2012. The Report is posted at:

<http://eipconline.com/Phase II Resource.html>. The Stakeholder Steering Committee (SSC) held its last meeting in Charlotte, NC on December 4 & 5, 2012. The meeting material is posted at: <http://eipconline.com/Phase II SSC Meetings.html>.

- ii. **IPSAC Study** – Two projects are undergoing a coordinated evaluation: (a) PJM/PSEG Hudson back-to-back HDVC and (b) Northern Pass HDVC (HQ to ISO-NE tie). The back-to-back HDVC will replace the B & C PARs, mitigate fault current levels to PSEG, and evaluate the potential for degradation of transfer limits into NYC.

The HQ to ISO-NE tie project will evaluate potential dynamic stability issues. In addition, the FERC Order 1000 discussions are on-going. A Compliance filing is due April 11, 2013.

9.3 Other Studies/Activities – Nothing additional to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Adams provided the NYISO Operations Report for December 2012.

The peak load occurred on Wednesday, December 27, 2012 at 23,037Mws versus the all time winter peak of 25,541Mws on Monday, December 20, 2004. There were no Major Emergencies declared during the month. Alert states were declared on 16 occasions; 7 times for system frequency. There were 5 TLR Level 3s declared for a total of 36 hours. On 13 occasions reserves were activated due to loss of New York Control Area generators. There were no NERC/NPCC reportable DCE events.

10.2 North American Energy Standard Board (NAESB) – Nothing new to report.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

| <u>Mtg. No.</u> | <u>Date</u> | <u>Location</u> | <u>Time</u> |
|-----------------|--------------|--|-------------|
| #166 | Feb. 8, 2013 | Albany Country Club, Voorheesville, NY | 9:30 A.M. |
| #167 | Mar. 8, 2013 | Albany Country Club, Voorheesville, NY | 9:30 A.M. |

The open session of Committee Meeting No.165 was adjourned at 3:30 P.M.