

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 194 – June 12, 2015**  
**Albany Country Club, Voorheesville, NY**

**Members and Alternates**

**in Attendance:**

Mayer Sasson	Consolidated Edison Co. of N.Y. – Member - Chair
Curt Dahl, P.E.	LIPA – Member – Vice Chair
George Loehr	Unaffiliated Member
William H. Clagett	Unaffiliated Member
George Smith, P.E	Unaffiliated Member
Bruce Ellsworth	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
Chris LaRoe	Independent Power Producers of NY. – Member
Frank Pace	Central Hudson Gas & Electric – Alternate
Peter Altenburger	National Grid, USA – Member
Ray Kinney	New York State Electric & Gas/RG&E – Member
Arnie Schuff	New York Power Authority – Member
Mike Mager	Couch White (Large Customer Sector) – Member
Scott Leuthauser	Generation Sector – Alternate Member

**Other**

Paul Gioia, Esq.	Counsel
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Henry Chao	New York Independent System Operator (NYISO)
Howard Tarler	New York Independent System Operator (NYISO)
Wes Yeomans	New York Independent System Operator (NYISO)
Dana Walters	New York Independent System Operator (NYISO)*- Phone
Rana Mukerji	New York Independent System Operator (NYISO)
Ed Schrom	NYS Department of Public Service
Don Raymond	Executive Secretary
Al Adamson	Treasurer, Consultant
Roger Clayton	Electric Power Resources, LLC – RRS/RCMS Chair

**Visitors- (Open Session)**

Phil Fedora	NPCC
Kelli Joseph	NRG
Liam Baker	Constellation – Phone*
Herb Schrayshuen	Power Advisors, LLC.

“\*” Denotes part-time

## II. Open Session

**1.0 Introduction** – Chairman Sasson called the NYSRC Executive Committee (Committee) Meeting No.194 to order at 9:30 a.m. on June 12, 2015.

**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 were requested.

**1.4 Declarations of “Conflict of Interest”** – None.

**1.5 Executive Session Topics** – An Executive Session was held to discuss compensation for 2016.

### **2.0 Meeting Minutes/Action Items**

**2.1 Approval of Minutes for Meeting No. 193 (May 8, 2015)** – Mr. Raymond introduced the revised draft minutes and one additional comment which together included all comments received to date. There were no additional comments. Mr. Ellsworth moved for approval of the updated draft minutes. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee members or representatives in attendance – (13 to 0). The Executive Secretary will post the minutes on the NYSRC website – **AI #194-1.**

**2.2 Action Items List** – The Executive Committee reviewed the Outstanding Action Items list and accepted removal of the following items:

<u>Action Item #</u>	<u>Comments</u>
169-2	Reminder no longer necessary.
191-5	The revision was presented by Mr. Clayton during the May 8, 2015 Executive Committee Meeting.
192-2	Mr. Gioia canvassed the Unaffiliated Members in May 2015.
192-3	The modified ICS work scope was presented at the May 8, 2015 Executive Committee meeting.
192-4	The disposition of the “errata” changes were stated at the May 8, 2015 Executive Committee meeting.
192-7	Mr. Clayton confirmed that Ms. Garzone would back up Ms. Lynch when she is unavailable.

### **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 \$127,000 at the end of May 2015. He noted receipt of two payments which completed the 2<sup>nd</sup> Quarter 2015 Call-For-Funds.

- ii. **3<sup>rd</sup> Quarter Call-for-Funds** – Mr. Adamson recommended a 3<sup>rd</sup> Quarter Call-for-Funds of \$30,000 per TO due on July 1, 2015. Following discussion, Mr. Bolbrock moved for approval of Mr. Adamson’s recommendation. The motion was seconded by Mr. Altenberger and unanimously approved by the Executive Committee – (13 to 0).

### 3.2 Other Organizational Issues

- i. **Selection of Non-TO Affiliated Members** – Mr. Gioia reported that the terms of the Executive Committee Members and Officers expire July 31, 2015. Mr. Dahl has agreed to assume the Chair position on August 1, 2015. Mr. Gioia further indicated that he has canvassed the unaffiliated members and each has agreed to serve another two year term. Dr. Sasson indicated that Mr. Altenberger has volunteered to serve as Vice Chair. Mr. Raymond reported the receipt of written “Notices of Membership” and one verbal Notice from the current Affiliated Members and Alternates noting that each will be returning for another two year term. Kelli Joseph (NRG) will become an additional Alternate of the Wholesale Sales Sector. “Notices of Membership” have been received from each TO. The proposed changes are: (a) Mr. Pfliederer is nominated to replace Ms. Sedewitz as NGrid’s Alternate Member, (b) Anie Philip is nominated as LIPA’s Alternate member and (c) Mr. S. Palla has been nominated to replace Mr. Schuff as NYPA’s Member. Dr. Sasson moved for approval of the full slate. The motion was seconded by Mr. Clagett and unanimously approved (13 to 0).
- ii. **Next Meeting** – Mr. Raymond reminded the Executive Committee that the July 10, 2015 meeting will be held at the NYISO, 10 Krey Blvd., Rensselaer, NY.
- iii. **Compensation Committee** – Held in Executive Session.
- iv. **Notice of Membership** – See 3.2 (i).
- v. **Code of Conduct** – Mr. Raymond indicated that a large majority of the Executive Committee’s signed “Code of Conduct” have been received. The ICS and RRS/RCMS affirmations should be provided by the respective subcommittee Chairs by the July 10, 2015 Executive Committee meeting – **AI #194-2**.
- vi. **Liability Policy Renewal** – Mr. Gioia indicated that the General Liability Policy expires on June 15, 2015. The broker (Wells Fargo) has received two proposals, one from the current provider, Covington Specialty Insurance Co., and a much less costly last proposal from U. S. Underwriters. The cost difference is about \$6,000. The Executive Committee asked Mr. Gioia to investigate the U. S. Underwriters, even though the broker recommends the current insurer as its coverage is much broader – **AI #194-3**.
- vii. **Biennial Report** – Mr. Adamson distributed the final “2013-14 Biennial Report” to the Executive Committee.

### 4.0 Capacity Subcommittee (ICS) Status Report/Issue

#### 4.1 ICS Chair Report – Mr. Adamson indicated the ICS met on June 3, 2015 and focused on the following topics:

- i. **Assumptions Matrix** – Mr. Adamson indicated that the Assumptions Matrix will be presented to the Executive Committee at its July 2015 meeting. The methodology for the Load Forecast Uncertainty (LFU) model is unchanged due to the mild summer of 2014. The 2016 IRM MARS topology is very similar to last year’s representation, except for minor changes in the dynamic ratings of the Dysinger East, Zone A group, Central East/Fraser-Gilboa, and Central East interfaces.
- ii. **Outside World Modeling/PJM** – Mr. Adamson indicated that ICS is considering two potential models for PJM. One model is the same four zone model used last year, but updated for load, capacity, and Demand Resources (DRs). As an option, ICS is testing a five zone model currently being used by NPCC-CP8. Both the 2015 approved base case and the optional 5 zone model are being run with and without the updates noted previously. One of the two potential models is

scheduled to be recommended as the base case at the July 10, 2015 Executive Committee meeting – **AI #194-4**.

The forecasts for PJM have changed substantially in some areas. The DRs, for example, have been reduced to 1800-1900Mws, one-third of last year. On the other hand, the load forecast has declined significantly. Again this year, ICS is not using PJM’s “Limited” DRs as they are EOPs in NYSRC parlance. ICS is continuing to follow the Policy 5 guidelines by not using EOP assistance from any outside Area when calculating the NYCA IRM.

**4.2 Other ICS Issues** – Mr. Dahl noted that in May 2015 the NYISO Monitor issued a report, 2014 State of the NYISO Markets, which stated that, “The rules for determining the IRM and LCRs are not optimal and we recommend changing the rules that will lower the costs of satisfying the NYISO planning requirements.” Mr. Mukerji clarified that the Tan 45 methodology is based on a one megawatt change affecting reliability equally up and downstate. Dr. Sasson added that the Tan 45 methodology was developed as the most stable point recognizing that actual values of all parameters modeled may deviate from the levels approved in the Assumption Matrix. The Monitor’s report suggests that using cost instead of reliability could reduce overall customer costs.

## **5.0 Reliability Rules Subcommittee Status Report/Issues**

**5.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that a joint RRS/RCMS conference call was held on June 4, 2015. Two separate meetings were held, each with its own agenda and minutes. He indicated that there are no changes to the table of “Candidates for Changes to NYSRC RR&CM Manual” (a.k.a. the Bucket List).

### **5.2 Status of New/Revised Reliability Rules**

#### **i. Proposed NYSRC Reliability Rules Revision**

**a. List of Potential Reliability Rules (“PRR”) Change** – Mr. Clayton introduced the List of Potential Reliability Rule Changes. He noted PRRs #120, #121, and #122 are on-hold pending NPCC Directory 1 approval. PRR #123 is a nomenclature change whereby, i.e. Rule A-R1 becomes Rule A-1. PRR #124 is proposed to re-label “Reliability Rule” to “Purpose”, but remains under discussion at RRS.

### **5.3 Proposed NYSRC Reliability Rule Revisions**

#### **a. Status of New/Modified Reliability Rules**

**1. PRRs for EC Final Approval** – Nothing new to report.

**2. PRRs for EC Approval to Post** – PRR #127 was approved for posting at the May 8, 2015 Executive Committee meeting.

**3. PRRs for EC Discussion** – PRR #128, Definition of NYS Bulk Power System is under consideration at RRS with guidance from the Executive Committee to start with the A-10 list less any radial facilities with a remote bus not identified as a BPS bus.

### **5.4 NPCC/NERC Standard Tracking**

**i. NERC Standards Development** – Mr. Adamson indicated that the NYSRC voted “yes” on CIP-014-2, Physical Security and “no” on PRC-027-1, System Protection Coordination.

### **5.5 Other RRS Issues** –

**i. Proposed New NYC Local Rule on Gas Generation** – Mr. Clayton reported that ICS is determining the extent of the reliability issue before consideration of Rule changes – **AI #193-3**. Mr. LaRoe is preparing text on whether or not market forces are adequate to solve the operating issues. Mr. Baker is addressing the same matter. Mr. Mukerji indicated that the NYISO would prefer to have the Market determine the number of days of fuel backup. Dr. Sasson expressed support for the NYISO preference.

**ii. Should the NYSRC Comment on HR 1558** – Mr. Patka reported that there are several proposed bills in the Senate addressing the EPA’s authority to issue regulations that would limit the ability of generators to operate when needed for reliability. Similar bills are pending in the House. Committees

of both Houses are preparing Mark-ups. Congress appears interested in having a consolidated Energy Title that would address EPA's authority and cyber and physical security before the August 2015 recess.

Mr. Clayton noted that NERC issued a notice on April 21, 2015, Assessment Use Scenario Analysis to Identify Potential Risks from Proposed Steam Power Plants. NERC and FERC have sent letters to the EPA indicating that the Clean Power Act will have a significant impact on reliability. They proposed a "Reliability Safety Valve" whereby generators would be excluded from environmental constraints if reliability is at risk.

- iii. **Exceptions List** – RRS had lengthy discussion with IECO regarding the NYSRC Exception #6, which is a SPS that trips generation in Ontario for overloads detected on NYPA lines. IESO wants to extend the Exception to a portion of the generation at Beauharnois. NYPA and the NYISO are willing to consider the change upon receipt of an application. Mr. Schuff indicated that the IESO is the beneficiary, but may not be a NYISO Market Participant.

The next RRS/DEC meeting will be held on June 18, 2015.

## **6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues**

- 6.1 **RCMS Status Report & Discussion Issues** – Mr. Clayton reported that RCMS met on June 4, 2015 following the RRS meeting.

- 6.2 **2014 New York Reliability Compliance Program (NYRCP)** – RCMS found the NYISO to be in full compliance with the following Measurements:

- (a) A-R3/R1, 2015 NYCA Resource Adequacy Assessment,
- (b) C-R5/R1 to R3, NYISO Fault Current Assessment, and
- (c) C-R8/R1.1 to R1.8, Real-Time Operations of the NYS BPS.

C-R8 applies to the April and May 2015 Operations Report. All previous 2015 monthly reports were found to be in full compliance.

Mr. Clayton brought to the attention of the Executive Committee that 19 emergency transfers were declared in April 2015 and 35 in May 2015. Mr. Yeomans explained that the cause is primarily in western NY due to generator retirements, heavy maintenance, and generator shutdowns in western PA. This set of circumstances has contrived to cause large line flows off of the 345kV to serve the city of Buffalo and surrounding areas with little opportunity for cost effective re-dispatch. Looking forward, there is a proposal to repower three of the Dunkirk Units on gas, and build the NGrid Five Mile 345kV Substation which would help relieve the current congestion. Also, NGrid has filed in the "Public Policy" process for additional transmission. Messrs. Clayton/Yeomans will report on the emergency transfer situation at future Executive Committee meetings – **AI #194-5**.

- 6.3 **Draft Policy 4-7** – Mr. Clayton introduced Policy 4-7, Procedure for Monitoring Compliance with the NYSRC Reliability Rules. The proposed revision is to bring the Procedure up-to-date with the new NYSRC format for the RRCM Manual. At the suggestion of Mr. Gioia, approval will be held until PRR #124, Re-Label Rule Section A Titles and Change Reliability Rule to Purpose, is approved. The Executive Committee concurred.

## **7.0 Reliability Initiatives**

- 7.1 **Defensive Strategies** – Mr. Smith reported that work is continuing on Task 3 which is the development of the algorithms to detect impending instability. Several approaches are being considered. There are no results as of yet.

## **8.0 State/NPCC/Federal Energy Activities**

- 8.1 **NPCC Board of Directors (BODs)** – Mr. Forte provided a summary of NPCC's 2016 draft Business

Plan and Budget. NPCC's total budget and assessments for 2016 is \$15,072,998, versus a 2015 budget of \$14,778,539. The increase is approximately \$300,000. NPCC proposes to increase its total budget and assessments by 2.0% with Regional Entity division increases of 2.0% and Criteria Services division increases of 2.4%. Questions should be directed to Dr. Sasson or Mr. Forte.

**8.2 NPCC Report** – Mr. Fedora reported that the NPCC Reliability Coordinating Committee met on June 3, 2015 and approved a number of items including an update to the A-10 List. The next NPCC Board meeting is on June 25, 2015.

**8.3 2015 Summer Capacity Assessment** – Mr. Yeomans discussed a table titled, “2014 & 2015 Summer Capacity Assessment & Comparison.” The table is a deterministic analysis of Capacity Margin based on the actual and forecast summer peak day for 2014 and 2015, respectively. For the 2015 baseline load forecast, the Capacity Margin including SCRs, purchases and sales, unavailable capacity, operating reserve is 1,657Mws. This compares to 879Mws for 2014 using the same Methodology. When using a 90/10 load forecast the Capacity Margin for 2015 is a -638Mws. While the assessment shows a -638Mw deficiency for the 90th percentile load forecast, no involuntary load curtailment is forecast to occur because it is expected that up to 1,890Mws will be available under Emergency Operating Procedures.

For normal weather conditions, 9.2% of SENY (1,538Mws) load would be met by upstate generation. Under extreme weather conditions, 14.7% (2,568Mws) would need to be met by Upstate generators. In either case, Demand Response resources would be required to secure UPNY-SENY transmission if more than 1,385 and 2,568Mws respectively, become unavailable in SENY.

**8.4 Reliability Impacts of FERC Generation Outage States** – Mr. Dana Walters (NYISO) discussed the reliability implications of FERC's newly defined generator outage states. He focused on the objectives as follows:

- (a) Create greater certainty in planning around generator long term and mothball outages,
- (b) Create greater understanding of what is available as possible solutions to reliability issues,
- (c) Improve the description of mothball and force outage definitions and durations,
- (d) More specificity regarding the definition of capacity available for the Capacity Market, and
- (e) Clarity regarding whether it is justifiable to remove a generator from the Capacity Market.

Dr. Sasson requested the NYISO to discuss these items because together they add relevance to the NYISO reliability study results.

## **9.0 NYISO Status Report/Issues**

**9.1 CARIS** – The NYISO staff continues the 2015 CARIS 1 database development effort. On June 11, 2015 a presentation will be made to the ESPWG on base case CARIS draft results for 2015-2024. No specific 2014 CARIS 2 project proposals were submitted as of April 31, 2015. NYISO staff is continuing its internal assessment of appropriate metric methodologies for estimating the capacity benefits of transmission projects.

**9.2 Order 1000** – The new Public Policy Transmission Planning Process Manual is being reviewed by the stakeholders. On August 1, 2014, the NYISO issued a solicitation for transmission needs driven by public policy requirements. Eight responses were received and were provided to the NYPSC for its determination of transmission needs, if any. The eight responses can be found on the NYISO web site at: [http://www.nyiso.com/public/webdocs/markets\\_operations/services/planning/documents/index.jsp](http://www.nyiso.com/public/webdocs/markets_operations/services/planning/documents/index.jsp). Solicitation of Public Policy solutions and technical analyses, as needed, may occur in the fall of 2015.

**9.3 2014 RNA** – Requests for Developer Qualification applications were received from both NYCA TOs and out-of-state companies for construction of reliability based transmission solutions.

**9.4 2014 CRP** – The 2014 CRP has determined that the NY BPS will meet all applicable reliability criteria over the 2015 through 2024 study period, and confirms that the initially identified Reliability Needs in the 2014 RNA are resolved. The draft report was approved by the Operating Committee in April 2015.

Subsequently, the report was reviewed by the Market Monitoring Unit, and in May 2015 it was recommended by the Management Committee for Board approval.

## 9.5 Interregional Transmission Studies

i. **EIPC Study** – For 2015, EIPC members will create roll-up integration for summer and winter peak power flow cases of the Eastern Interconnection representing the year 2025. The gap analysis and linear transfer analysis will be performed and compiled in a Roll-up Model Report. In late 2015, EIPC will seek stakeholder feedback on potential scenarios of interest for analysis in 2016.

The Gas-Electric System Interface Study is being performed by Levitan & Associates. The baseline assessment of the existing system was completed on April 14, 2014. It included an evaluation of the capability of the gas system to satisfy the needs of the electric system completed on March 10, 2015 and the identification of gas-side contingencies that could impact electric reliability completed on March 27, 2015. A review of dual fuel capability was completed on December 1, 2014.

The draft report was presented to stakeholders in May 2015. A final report is scheduled to be delivered to DOE in June 2015.

A SSC webinar was held on May 28, 2015 to discuss all results. Written comments on the draft report were due June 3, 2015.

ii. **IPSAC** – An IPSAC WebEx meeting was held on December 12, 2014. The agenda included discussion of system needs, interconnection queue projects, and production cost database updates. FERC issued an order on May 14, 2015 on the NYISO/PJM/ISO-NE interregional compliance filing from 2013.

FERC largely accepted the Amended Northeastern Protocol and associated tariffs, but a further compliance filing is required to address relatively minor issues. Revisions will be discussed at the NYISO IPTF prior to filing, due July 13, 2015.

## 9.6 Other Studies/Activities – None

10.0 **Market Initiatives Impacting Reliability** – Mr. Mukerji discussed updates to market initiatives that are felt to have significance from a reliability perspective. The SCR Performance Obligations project is on hold until the implications of the NYPSC’s “Reforming the Energy Vision” (REV) proceeding and the uncertainty surrounding the Court of Appeal action on FERC Order 745 are resolved.

The Behind the Meter: Net Generation Model would look to clearly define rules to allow incremental generation behind the meter to participate in the NY Wholesale Electricity market. The NYISO is having on-going stakeholder discussions to fully develop the market design and establish the rules. The NYISO is expected to seek concept approval of the market design proposal in the August / September 2015 time frame.

The Comprehensive Shortage Pricing tariff changes were approved by FERC and a November 2015 implementation date was established. In parallel, the NYISO has engaged stakeholders in a Comprehensive Scarcity Pricing review of market design improvements to enhance the scarcity pricing mechanisms. The NYISO will seek stakeholder approval in the 3<sup>rd</sup> Quarter of 2015.

The NYISO initiated review of a Fuel Constrained Bidding Feature to evaluate interest in further developing the concept. Recognizing the uncertainty introduced by the EPA’s Clean Power Plan and the steps that may be necessary to achieve compliance, Consolidated Edison’s request to the NYSRC to consider imposing additional dual-fuel obligations on New York resources and to allow the improvements in resource performance, the NYISO recommends further evaluation of the scope and scale of the capacity market design changes to ensure steps taken achieve the necessary objectives.

The NYISO engaged the Analysis Group to perform the assessment of the value of transitioning the

capacity market from a spot market structure to a Forward Capacity Market Structure. The Analysis Group has completed its evaluation and concluded that the benefits are not sufficient to warrant a change at this time. The results have been presented to stakeholders. The NYISO has reviewed the Analysis Group’s assessment, as well as comments provided by the MMU and stakeholders, and concurs with the study findings that a transition to a forward capacity market structure is not warranted at this time.

The NYISO is actively participating in the PSC’s proceeding, Reforming the Electric Vision, directly supporting working groups formed under Track One to facilitate conceptual discussions of REV market design, system architecture, and potential interactions between retail activities and wholesale markets. Currently, two working groups have been formed from among the parties to the proceeding to further develop these concepts. These groups expect to issue their report on July 1, 2015. The report will be used by PSC staff in their drafting of Distributed System Implementation Plans (DSIP) guidelines, which will be issued August 3, 2015.

The FERC directed the NYISO to develop and file a set of rules to designate resources for Reliability Must Run (RMR) service to ensure the continued reliable and efficient operation of the power system and the NYISO Markets. The NYISO has developed a proposed solution framework and is working with stakeholders to review the program structure. In order to allow full vetting of the proposal in the stakeholder process, NYISO has filed a request with FERC for an extension of time until October 19, 2015 to submit its compliance filing.

The NYISO has initiated stake-holder discussion on evaluating alternate Methodologies for Setting Locational Capacity Requirements (LCRs). There are multiple possible approaches to determine the LCR requirement for a Capacity Zone after the IRM has been set under NYSRC’s Policy 5. The NYISO is facilitating a discussion in an ICAP Working Group Task Force to identify appropriate methodologies. ICS is participating.

**11.0 Other Items**

**11.1 NYISO Operations Report** – The monthly peak load occurred on Tuesday, May 26, 2015 at 24,285Mws. The Operating Reserve requirement at the time was 1965Mws resulting in a minimum Operating Capacity requirement of 26,260Mws. No Major Emergencies were declared. Alert states were declared on 44 occasions - 35 times for declared emergency transfers. There were no TLR Level 3s declared during the month. Reserve activations occurred ten times. No emergency action was taken. A NERC/NPCC Reportable DCS Event began at 17:55 on May 9, 2015. A RPU and SAR were initiated for loss of Indian Pt. 3 loaded at 1045Mws. Ace crossed zero and the RPU was terminated at 18:01. The SAR was terminated at 18:13.

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

**12.0 Visitors’ Comments** – None

**13.0 Meeting Schedule**

**Mtg.**

<u>No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
195	July 10, 2015	NYISO, 10 Krey Blvd, Rensselaer, NY	9:30 A.M.
196	Aug. 14, 2015	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Executive Committee Meeting #194 adjourned at 2:30PM.



