

Final Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 53 – September 12, 2003
Albany Country Club – Voorheesville, NY

Members and Alternates:

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| Richard J. Bolbrock | Long Island Power Authority (“LIPA”) |
| Curt Dahl | LIPA – Alternate & ICS Chairman |
| William H. Clagett | Unaffiliated Member |
| Mark J. Cordeiro | Muni. & Elec. Cooperative Sector; PLM, Inc |
| John J. Mucci | Consolidated Edison Co. of NY, Inc. - Alternate |
| Bruce B. Ellsworth | Unaffiliated Member – Vice Chairman |
| Joseph C. Fleury | New York State Electric & Gas Corp. |
| A. Ralph Rufrano | New York Power Authority - Alternate |
| George C. Loehr | Unaffiliated Member & RCMS Chairman |
| Michael B. Mager | Large Consumer’s Sector; Couch, White, LLP – Alternate |
| Thomas M. Piascic | Wholesale Seller's Sector; PSEG Power, LLC |
| Mayer Sasson | Consolidated Edison Co. of NY, Inc. (phone)* |
| Thomas J. Gentile | National Grid, USA |
| Larry Eng | National Grid, USA – Alternate |
| George E. Smith | Unaffiliated Member |
| Glenn D. Haake | Independent Power Producers of New York, Inc. |

Others:

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| John M. Adams | New York Independent Systems Operator (“NYISO”) |
| William Calimano | NYISO * |
| Robert Pike | NYISO* |
| Brad Kranz | NYISO* |
| Rick Gonzales | NYISO* |
| Andrew Hartshorn | NYISO* |
| Edward Schwerdt | NPCC (phone)* |
| Alan M. Adamson | Consultant & Treasurer |
| Paul L. Gioia | LeBoeuf Lamb Greene & MacRae (“LLG&M”) |
| Don Raymond | Executive Secretary |
| Edward C. Schrom, Jr. | NYS Department of Public Service (“NY DPS” or “PSC”) |
| Roger E. Clayton | Conjunction, LLC – RRS Chairman * |

Visitors – Open Session:

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| Erin P. Hogan, P.E. | New York State Energy Research Corp.* |
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“*” – Denotes part time attendance at the meeting.

Agenda Items – (Item # from Meeting Agenda)

I. **Executive Session** – An Executive Session was conducted beginning at 9:30 am and lasting until 10:30 am to discuss issues regarding the August 14, 2003 blackout and investigations.

II. **Open Session**

1.0 **Introduction** – Mr. Ellsworth, Vice Chairman, conducted the meeting in Mr. Haase’s absence. Mr. Clayton led the NYSRC Executive Committee (Committee) in recognizing Mr. Fleury for his dedicated service to the Committee as Secretary since its inception four years ago. Mr. Fleury will continue on the Committee as NYSEG’s member. Mr. Ellsworth acknowledged receipt of correspondence from Eleanor Stein, DPS – Administrative Law Judge for the Proceeding on a Retail Renewables Portfolio Standard. At the request of the NYSRC made on August 20, 2003 for a meeting to explore the impact of significant amounts of renewable generation on the reliability of the New York State bulk power system and further based on supplemental information including impacts on capacity reserves, transmission system design and operations provided by the NYSRC on September 8, 2003, the ALJ has scheduled a meeting to take place on October 7, 2003 from 2:00- 5:00pm in the hearing room on the third floor of Three Empire State Plaza. Messrs. Dahl, Loehr and Smith will accompany the Chairman and Vice Chairman to the meeting. Mr. Dahl agreed to prepare “talking points” for the meeting – **AI#53-1**. Mr. Ellsworth requested that Committee members provide comments to either him or Mr. Haase in preparation for a conference call to be scheduled, if necessary, at a later date. As a consequence of the DPS meeting, the next NYSRC Executive Committee meeting is tentatively rescheduled for October 8, 2003 at Albany C.C. beginning at 9:30am.

Meeting Attendees – Twelve (12) Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting.

1.1 **Visitors** – See Attendees List above.

1.2 **Requests for Additional Agenda Items** – The Committee approved the Revised Agenda with no additional items.

1.3 **Executive Session Topics** – The Committee conducted an Executive Session for one hour beginning at 9:30am to discuss: (1) the Committee’s role vis-à-vis the August 14, 2003 Blackout (2) the Committee’s coverage of the various institutional studies of the Blackout and (3) potential issues based on information arising from the Blackout, albeit cursory, at this time.

2.0 **Meeting Minutes/Action Items List**

2.1 **Approval of Minutes for Meeting No. 52 (August 8, 2003)** – Mr. Bolbrock moved that the Committee approve the Revised Draft Minutes for Meeting No. 52 which was seconded by Mr. Fleury and approved unanimously by the Committee Members in

attendance (12 to 0). The Secretary shall issue the final minutes for Meeting No. 52 and post them on the NYSRC web site – **AI #53-2**.

2.2 Action Items List – The Committee reviewed the Outstanding Action Items List. Discussion of various items took place under their respective Agenda Items below.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report – Mr. Adamson presented the Treasurer’s Report to the Committee.

i. Summary of Receipts & Disbursements – Mr. Adamson presented the August 2003 Summary of Receipts and Disbursements, noting that as of August 31, 2003, the NYSRC had a balance of approximately \$82,000. Mr. Adamson recommended a fourth quarter Call for Funds of \$25,000, which was moved by Mr. Bolbrock, seconded by Mr. Loehr and unanimously approved (12 to 0). Mr. Adamson asked for Committee approval authorizing the new Vice Chairman and Executive Secretary to sign checks in his absence. A motion to approve the request was made by Mr. Bolbrock, seconded by Mr. Fleury, and approved unanimously by the Committee Members in attendance (12 to 0). Lastly, Mr. Bolbrock requested that the Treasurer enhance the format of the Summary of Receipts and Disbursements to include variance and year-end projection; Mr. Adamson concurred - **AI #53-3**.

3.2 Other Organizational Issues

i. Funding – Mr. Adamson provided 2004 funding requirements to support the \$625,000 approved budget and the approved allocation of the Executive Secretary’s position:

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| Annual Membership Fee (9 x \$5000) | = | 45,000 |
| Assessment – NYSEG/RG&E | = | 90,000 |
| Other TOs (5 x \$98,000) | = | <u>490,000</u> |
| | | \$625,000 |

ii. Code of Conduct -- Mr. Fleury reminded the Committee of the need for all NYSRC Committees, Subcommittees, and Working Group Members and Alternates as well as the Auditor, Accountant, Administrative Assistant and all other contractors and consultants to sign the Acknowledgement Form and return them to the Secretary. Mr. Gioia will look into whether it is appropriate to ask NYISO and PSC representatives to sign the Form.

iii. Executive Secretary Agreement -- Mr. Gioia indicated that the Contract was complete with only minor changes from the last e-mailed version. Accordingly, the Operating Agreement will require minor revisions. A motion to approve the Executive Secretary Contract and related changes to the Operating Agreement was offered by Mr. Clagett, seconded by Mr. Mager and unanimously approved by vote of the Committee (12 to 0). It was further moved by Mr. Clayton that the

vacated Secretary position be filled by the Vice Chairman. Mr. Loehr seconded the motion and it was approved unanimously by the Committee (12 to 0).

4.0 Status of NYISO August 14, 2003 Blackout Analysis – Mr. Calimano distributed the U.S. /Canada Power Outage Task Force’s “Initial Blackout Timeline” and the “Events of August 14, 2003.” The latter document is specifically from the perspective of the NYCA. He noted that prior to about 4:10:40 p.m. the NYCA load was a moderate 28,700 MW, there were normal counter clockwise flows of 1000 MW around Lake Erie and no voltage problems on the system. As of 16:11:10 all major NYISO transmissions tie lines were opened with the exception of the 765kv tie with Hydro Quebec and the 345kv and 230kv ties with Ontario. In addition, the Total-East interface had severed, creating two islands with scattered pockets of load remaining on-line. Subsequently, the entire southeastern island collapsed. Restoration began by re-establishing ties to the Eastern Interconnection to stabilize frequency. Ramapo was synchronized at 19:07 and the ties to New England were reconnected about 01:00 on August 15. Mr. Calimano further noted that NPCC has built the pre-disturbance load flow model, a NYISO/TO investigation team will have its first meeting September 18, 2003 and a Restoration Working Group will be established through the NYISO Operating Committee.

5.0 Reliability Rules Subcommittee Status Report/Issues

5.1 RRS Status Report & Discussion Issues -- Mr. Clayton indicated that RRS last met on September 9, 2003; there are no new discussion items at this time.

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (PPR) Changes – Mr. Clayton briefly reviewed the status of PRRs No. 8 and 52; No. 8 is waiting completion of the operating reactive study while No. 52 is on-going.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval

- Mr. Clayton noted that PRR#57 (RR03-06), Fault Current Assessment – Operating, was posted and no comments were received. After discussion, Mr. Bolbrock moved that the new Rule be adopted. The motion was seconded by Mr. Fleury and unanimously approved by the Committee (12 to 0). The Executive Secretary shall post the new Rule on the NYSRC web site: **(AI #53-4)**.
- Mr. Clayton reminded the Committee that PRR#63 (RR03-08) – New Measurement C-MII, related to Reliability Rule C-R4, “System Data Requirements” was posted and no comments were received. Mr. Gioia noted that he met with Mr. Clayton to resolve the issue of NYSRC imposing compliance requirements on Market Participants. He will draft a memorandum on the issue: **(AI #53-9)**. Furthermore, he will propose changes to the Reliability Rule Definitions and

Compliance Responsibilities White Paper and some Reliability Rules/Measurements. Mr. Bolbrock moved for final approval of PRR #63, seconded by Mr. Smith and unanimously approved by the Committee Members in attendance (12 to 0). The Executive Secretary shall post the new Rule on the NYSRC web site: **(AI #53-5)**.

2. PRRs for EC Approval to Post for Comments

- Mr. Clayton noted that RRS reviewed and revised the template for PRR #65, modification of Rule D-R3 “Operating Reserve Availability and Category”, to include loads of a market participant that is interruptible by contract. Mr. Smith moved approval by the Committee of the PRR for posting, seconded by Mr. Loehr and unanimously approved by the Committee (12 to 0). The Executive Secretary shall post PRR#65 on the NYSRC web site for comment: **(AI #53-6)**.

3. PRRs for EC Discussion

- PRR#59 (RR03-07) – Mr. Adams requested additional time as a result of the work load caused by the Blackout.
- PPR#64 (RR03-09) – Mr. Clayton noted that the PRR was posted August 8, 2003 with comments due by September 26, 2003.

c. NPCC/NERC Criteria Tracking

- 1. NERC Permanent Cyber Security Standard** – NPCC has provided substantial comments on the proposed SAR. Mr. Loehr noted that NPCC is preparing a Physical and Cyber Security White Paper which will be posted shortly.
- 2. NERC Standard Transition Status** – Mr. Clayton reviewed the process RRS uses to monitor NERC Standard Transition as set forth in the “Scope of NYSRC Reliability Rules Subcommittee Review of Proposed NERC Organization Standards” approved by the Executive Committee on September 13, 2002. He emphasized that this topic is a regular agenda item for RRS meetings and assured the Committee that all requirements, including coordination with NPCC, CP-9, are on-going as anticipated by the Scope.

5.3 Other RRS Issues

- i. PSC Renewable Proceeding– Reliability Concern – See item II.1.0 Introduction**

- ii. **NYISO Proposed Real-Time System (“RTS”)** – Mr. Adams introduced the NYISO representatives (See Visitors List above). Mr. Gonzales presented an overview of the proposed RTS Market Design. The design will incorporate a new scheduling and dispatch methodology to eliminate known limitations in the legacy system and seams issues related to real-time transaction management. Mr. Hartshorn followed with a discussion of the Reserve Demand Curves within the calculation of reserves by the RTS. The Curves will aid in the setting of rational prices when reserves are scarce. If the demand curves result in available reserves not being scheduled, Operation will step in. The Market Participants and NYISO are discussing options should this event occur.

6.0 Installed Capacity Subcommittee’s Status Report/Issues

6.1 & 2 ICS Status Report and 2004 – 05 IRM Study Status Report – Mr. Dahl reported that the ICS had met on September 4 and 11, 2003 to continue the process of incorporating assumptions for the 2004-05 NYCA Installed Capacity Requirements (“IRC”) study. Mr. Dahl provided a draft handout showing planned sensitivity cases and a description of the new Transmission capacity Model. The subcommittee is about a week away from having preliminary results for the base case. The Executive Committee should get any desired additional sensitivity cases to Mr. Dahl/ICS by the next EC meeting- **AI #53-7**.

6.3 Other ICS Issues – none

7.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues

7.1 RCMS Status Report & Discussion Issues – Mr. Loehr gave a brief report on the activities of the Reliability Compliance Monitoring Subcommittee (“RCMS”) which last met on September 11, 2003. Mr. Loehr noted that several new SARs will be posted soon. NPCC is responding to the Rating Facilities methodology and Operating Limits proposed by NERC. Larry Eng raised the issue of uncertainty regarding the interpretation of NERC criteria as a ceiling or floor. The Committee expressed strong support for an interpretation that accommodates Reliability Rules that may exceed NERC criteria. Messrs. Eng and Rufrano will brief Mr. Haase on the discussion before the next NPCC Reliability Coordinating Committee meeting.

7.2 Status of NYSRC Reliability Compliance Program (NYRCP) - Mr. Loehr reported that New York’s 2003 – 06 Resource Adequacy Study was required by NPCC Reliability Rules. He note that the results are favorable provided planned generators meet their scheduled in service dates. Should new generation(2003-04 ISD) on the Con Ed system be delayed one year, the Con Ed system would fall below acceptable in-city generation levels.

7.3 Other RCMS Issues - Mr. Loehr requested that the RCMS be kept fully apprised by RRS regarding the NERC Standards development process.

- 8.0 NYISO Studies – Status Report** – Mr. Adams reported on the following studies:
- 8.1 Transmission Reliability Study** – delayed about one month due to August 14, 2003 Blackout related work.
- 8.2 Reactive Resource Adequacy Study** – The report is in draft with preliminary findings; timely review is being hindered by the Blackout.
- 8.3 NYSERDA/NYISO Gas Study** – A meeting was held on August 25, 2003 with the DPS resulting in formation of a DPS/NYSERDA/NYISO group to investigate adequacy/reliability and economic issues. Mr. Adams noted that an e-mail has been received from the DPS suggesting start of the Study’s scoping process, but no meeting dates were proposed.
- 8.4 Other Studies/ Activities**
- i. Northeast Pipeline Adequacy Study** – The report has been finalized and the findings support overall adequacy in NY, IMO, PJM, and England.
- ii. Wind Study** – The RFP is out and proposals are expected by September 29, 2003. A team of NYISO and NYSERDA representatives has been established to evaluate the proposals. It is hoped that the contractor can be selected by the end of the first week in October 2003.
- 9.0 Other Items**
- 9.1 Millennium Gas Pipeline Proceeding** – The New York State Business Council urged Governor Pataki to drop NYS opposition to the pipeline. There has been no response to date.
- 9.2 Reliability Legislation Update** – A Congressional Conference Committee is working to resolve House and Senate differences on the Energy Bill. Both NPCC and Con Ed have sponsored testimony arguing in favor of more stringent reliability rules at the discretion of states or regional Reliability Councils. Mr. Gioia noted that a similar provision was included in gas industry legislation. Mr. Loehr acknowledged contact with staffers of Senator Domenici through which he provided strongly written support for optional criteria that is more stringent than called for by NERC Reliability Rules. Mr Gioia suggested that those members whose companies have lobbying efforts may want to bring them to bear on this issue.
- 9.3 NYISO Operations Report** – Mr. Bolbrock questioned whether the Report could be enhanced to include non-synchronous reserves. Mr. Adamson agreed to check with Mr. Campoli at the NYISO – AI #53-8.
- 9.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth will attend the annual meeting next week and report the results to the Committee.
- 9.5 FERC Wholesale Power Market Platform Proceeding** - FERC is holding regional conferences to get a national perspective. A conference is scheduled in New York on October 20, 2003. The NYISO will have an opportunity to participate.
- 9.6 FERC ICAP Demand Curve Proceeding** - See 5.3.ii above.
- 9.7 NYISO Draft Strategic Plan** – nothing new.
- 9.8 NPCC REPORT** – Mr. Bolbrock reported that the NPCC Executive Committee had

approved the 2004 Budget Proposal of \$6.1M. He further noted that the NPCC EC adopted Code of Conduct.

- 9.9 Other Reliability Strategies** – Mr. Smith gave a very brief tutorial presentation outlining strategies to reduce the impact of major disturbances. Mr. Ellsworth suggested that this topic be pursued further at the next EC meeting.
- 10. Visitors Comments** - No visitor comments were received.
- 11. Meeting Schedule** – The Committee agreed to tentatively change the date of Meeting No. 54 from October 7 to October 8. Location to be the Albany Country Club.

| <u>Mtg. No.</u> | <u>Date</u> | <u>Location</u> | <u>Time</u> |
|-----------------|---------------|--|-------------|
| #54 | Oct. 8, 2003 | Albany Country Club, Voorheesville, NY | 9:30 A.M. |
| #55 | Nov. 14, 2003 | Albany Country Club, Voorheesville, NY | 9:30 A.M. |
| #56 | Dec. 11, 2003 | Albany Country Club, Voorheesville, NY | 9:30 A.M. |

The Open Session of Committee Meeting No. 53 was adjourned at 3:50 P.M.

Completed By: P. D. Raymond, Executive Secretary
Issue Date: October 8, 2003