

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 54 – October 7, 2003
Albany Country Club – Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (LIPA) (phone)*
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.
Thomas C. Duffy	Central Hudson Gas & Electric (CHG&E)
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

Others:

John M. Adams	New York Independent Systems Operator (NYISO)*
Michael Calimano	NYISO*
Robert Waldele	NYISO*
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)

Visitors – Open Session:

Erin P. Hogan, P.E. New York State Energy Research Corp.*

“*” – Denotes part time attendance at the meeting.

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was conducted following lunch.

II. Open Session

1.0 Introduction – Mr. Haase reported that he and Messrs. Ellsworth, Clagett, Gioia and Loehr met prior to the NYSRC EC meeting with Messrs. Museler, Calimano, Brown, and Adams representing the NYISO. Mr. Haase presented a draft list of NYSRC expectations of the NYISO derived from the August 14, 2003 Blackout to the

participants. The intent is to provide a letter to the NYISO which will focus on NYISO's demonstration of compliance with the Reliability Rules and NYISO Operating Procedures prior to, during, and after (restoration) the Blackout. Secondly, Mr. Haase discussed a recommendation in Power Alert 3 for a comprehensive review of reliability criteria in New York which appeared to be headed toward a lower Loss-of-Load Expectation(LOLE). Mr. Museler stated that this was not the case. He did, however, indicate that the NYISO is working on a strategic plan which will expand on this issue as part of their expectations for a more comprehensive review of reliability criteria. Finally, Mr. Haase asked whether the current governance structure is supportable by the NYISO. Mr. Museler stated that the NYISO feels the structure is appropriate, at least in the short term and he will, if asked, emphasize this viewpoint at the October 20, 2003 conference with FERC. It was further confirmed that the NYSRC, NYISO, and NPCC agree that if the NERC criteria become mandatory, it should be viewed as a minimum requirement, allowing more stringent criteria by regions, states, or other reliability entities.

Meeting Attendees – Thirteen 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 beginning at 1:10 p.m. and lasting until 1:50 p.m. to discuss: 1) the Blackout expectations referenced in the introduction above and 2) strategies to reduce the impact of major disturbances. Mr. Gioia will prepare a letter to Mr. Museler based on the discussion of expectations of the NYISO pertaining to the Blackout . Defensive strategies will be considered once again when a full understanding of the Blackout causes is available.
- 2.0 Meeting Minutes/Action Items List**
- 2.1 **Approval of Minutes for Meeting No. 53 (September 12, 2003)** – The NYSRC Executive Committee (Committee) offered several points of clarification. Subject to these changes, Mr. Gentile moved that the Committee approve the revised draft minutes for Meeting No. 53 which was seconded by Mr. Smith, and approved unanimously by the Committee members in attendance (13-0). The Executive Secretary will issue the final minutes for Meeting No. 53 and post them on the NYSRC web site.
 - 2.2 **Action Items List** – The Committee reviewed the outstanding Action Items list and accepted the following items as complete:

<u>Action Item #</u>	<u>Comments</u>
53-1	Mr. Dahl will e-mail the “talking points” to the Committee.
53-2	Final minutes for Meeting No. 52 were issued and posted by Mr. Fleury on 9/14/2003.
53-3	Receipts & Disbursement Summary format was enhanced by Mr. Adamson on 9/12/2003.
53-4	New RR #57 was posted 9/15/2003 by Mr. Fleury.
53-5	New RR #63 was posted 9/15/2003 by Mr. Fleury.
53-6	PRR #65 was posted for comment 9/15/2003 by Mr. Fleury.
53-7	The Committee provided final comments during its 10/7/2003 meeting.

Regarding Action Item #48-7, Mr. Haase agreed to discuss the scheduling of a meeting with Mr. Boston, Chairman of the NYISO Board. Mr. Adamson, per Action Item #53-8, noted that he had spoken to the NYISO Operating Staff, and they agreed to look into including non-synchronous reserves in the Operating Report. A response is expected tomorrow, October 8, 2003.

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 Summary of Receipts and Disbursements, noting that as of September 30, 2003 the NYSRC had a balance of approximately \$119,000. This included, as shown under the Member Receipts category, \$50,000 received from two Transmission Owners. Another \$50,000 has been received so far this month, while \$50,000 remains outstanding from September’s Call-For-Funds. Mr. Ellsworth questioned how the over-run of the Unaffiliated Members’ meeting fees would be covered. Mr. Adamson indicated that there is sufficient contingency in the 2003 budget. The Committee acknowledged its appreciation for the summary’s enhancements to include projected year-end and variance headings for the Disbursement categories.

3.2 Other Organizational Issues

- i. Funding Mechanism for 2004** – Mr. Adamson presented a document entitled “Draft NYSRC Funding Mechanism for 2004” for approval by the Committee.

The proposed mechanism is consistent with past years with the exception that NYSEG/RGE is exempt from the Executive Secretary's cost as agreed at the September 12, 2003 Committee meeting No. 53. At the request of Mr. Haase, the last paragraph was supplemented to clarify that the \$5000 figure applied to the three Representative Members. Subject to the clarification noted, Mr. Ellsworth moved to approve the Funding Mechanism for 2004. The motion was seconded by Mr. Mager and unanimously approved by the Committee (13-0). It was further agreed that the Funding Mechanism would be reconsidered for subsequent years after the current governance issues are resolved with FERC, NERC, and the NYISO.

- ii. **Code of Conduct** – Mr. Fleury reported that all Executive Committee members with the exception of Con Ed's member and second alternate and National Grid's alternate have signed the Acknowledgement Form. Further, Mr. Fleury indicated that a status list was given to each of the Subcommittees' chairmen. Mr. Gioia reported that upon review neither the NYISO nor DPS participants are required to sign the Acknowledgement Form.
- iii. **2004 Meeting Schedule** – Messrs. Loehr and Bolbrock agreed to discuss a Thursday versus Friday schedule and to obtain Committee approval as soon as possible to avoid complications in scheduling the Albany Country Club.
- iv. **Other Issues** - Mr. Gioia reported that the IRS had sustained the NYSRC's federal tax exempt status and accepted its tax returns as filed. Also he provided the Chairman with a form from the Attorney General's office which establishes Mr. Gioia's offices in Albany, NY as the location of "Service of Process" for the coming year.

4.0 Status of NYISO August 14, 2003 Blackout Analysis – Mr. Calimano reported on the status of the NYISO's investigation into the causes and lessons to be learned from the August 14, 2003 Blackout. He noted the following on-going activities:

- The ISO/RTO Council (IRC) has met to address from an operating viewpoint, potential "quick fixes" i.e. the NYISO is becoming more engaged in NPCC activities to stay abreast of key issues.
- The NYISO is responding to interrogatories which are part of the DPS investigation of the Blackout.
- The NYISO and Transmission Owners have formed an investigation team to exchange information on what went well and what did not during and after the Blackout.
- The NYISO Operating Committee is activating the Restoration Working Group. Their first meeting is October 9, 2003.
- The MEN base case group met last week in Baltimore to pull together the regional pieces into a comprehensive MEN loadflow base case. Also, the dynamics data base was reviewed and is felt to be nearly complete.

Mr. Waldele followed with a detailed status report of the benchmark base cases being developed at the NPCC offices. A preliminary report is expected by October 31, 2003 focusing on an initial assessment of the benchmark cases, accuracy of the data, reproducibility in the loadflow, the dynamics representation, assessment of the reactive supply pre and post each tripping event to be simulated, and a preliminary assessment of

relay performance. Mr. Waldele indicated that solved base cases have not been achieved after 15:00:00. The proper sequencing of events which is critical for a viable case is being hindered by major problems with time synchronization and data granularity in all affected regions.

5.0 Reliability Rules Subcommittee Status Report/Issues

5.1 RRS Status Report & Discussion Issues -- Mr. Adamson reported for Mr. Clayton and indicated that there were no new discussion issues.

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (PRR) Changes – Mr. Adamson indicated that the status of PRRs No. 8, 52, 57, 59, and 63 had not changed. PRR No. 65 was posted for comment on September 15, 2003 with comments due on October 31, 2003; no comments have been received to date.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval

- Mr. Adamson noted that PRR#64 (RR03-09), New Measurement F-M5, related to Reliability Rule FR-5, “Operating Reserve Deficiency” was posted for comment on August 12, 2003. No comments have been received. After discussion, Mr. Fleury moved that the Rule be adopted. The motion was seconded by Mr. Claggett and unanimously approved by the Committee (13-0). The Executive Secretary shall post the new rule on the NYSRC web site.

2. PRRs for EC Approval to Post for Comments

- None

3. PRRs for EC Discussion

- Mr. Adamson noted that PRRs No. 66 and 67 will be submitted to the Committee at its next meeting for approval to post for comment. Mr. Sasson inquired whether the Rule could be approved on an expedited basis in accordance with Policy 1, given that NPCC compliance (per Document A-3, Emergency Operations) with a one-year (versus current 5-year) testing period for Black Start capability will begin November 1, 2003. Following discussion, it was agreed to document in the minutes that the NYSRC rules cannot be less stringent than those of NPCC. Further, the next update of NYSRC’s Policy #1 will clearly document this principle. Therefore, approval of PRRs No. 66 and 67 on an expedited basis is not required.

4. NYSRC Reliability Rules (Version 8)

- Mr. Adamson introduced RRS's proposed updates to the Guidelines section of the Reliability Rules Manual that pertain to transmission capability for planning and operations. The proposed updates have the concurrence of the NYISO. Mr. Eng raised concern that Exhibit 3 under NYISO OP1 Voltage Limits, referenced in the proposed updates, does not appear on the ISO's web site. Subject to resolution of the location of this reference, Mr. Fleury moved that the proposed updates to the Guidelines be accepted. The motion was seconded by Mr. Gentile and approved unanimously by the Committee (13-0). The Executive Secretary will post the next version of the Reliability Rules Manual (Version 8) to include the updates to the Guidelines as approved.

5.3 Other RRS Issues

- i. **NPCC/NERC Criteria Tracking** -- Mr. Adamson addressed the proposed NERC Standard 600, Determining Facility Ratings, Operating Limits, and Transfer Capabilities, noting that comments have been provided to NERC principally by NPCC. He reported that RRS had two major concerns:
 - the proposed NERC Standard is less stringent than NPCC and NYSRC requirements
 - NERC continues to take the position that regional differences will be considered part of the NERC Standards

NPCC has prepared a white paper on proposed NERC criteria that will go to the NPCC Executive Committee at its November 5, 2003 meeting in Toronto, Canada. The white paper is critical because NERC's position regarding the approval process for regional differences and the implementation of sanctions is unclear. At its October 3, 2003 meeting, RRS asked Messrs. Loehr, Clayton, Eng, and Adamson to prepare a memorandum on NERC criteria issues for consideration by the Committee at its October 7, 2003 meeting. Mr. Loehr introduced the memorandum by first reiterating the historical background leading to the current disagreement between NERC and the NYSRC/NPCC/NYISO. Mr. Loehr then noted three specific principles recommended in the memorandum:

- NERC criteria are minimum criteria; any entity may have more stringent criteria,
- any entity with more stringent criteria should not be required to obtain approval from NERC, and
- the NYSRC through the RRS and RCMS should have direct membership on the NPCC CP-9 Working Group.

Following lengthy discussion by the Committee, Mr. Haase asked Messrs. Gioia and Loehr to prepare a letter for his signature to be addressed to all Senate and House Representatives with copies to the DPS, FERC, NERC, NPCC, and NYISO addressing the first two principles above and including the following items that arose during discussion:

- an explanation of the need for regional differences

- a renunciation of the “uniformity” argument as a prerequisite to a viable electricity market
- a paragraph that may be inserted directly into the Federal Energy Bill that clearly states the NYSRC position

Messrs. Gioia and Loehr agreed to prepare a draft and circulate it for comment as soon as possible with the goal of a final mailing prior to the NPCC meeting on November 5, 2003.

- ii. **PSC Renewables Proceeding – Reliability Concerns** – Mr. Dahl discussed the presentation developed from the “talking points” in response to **AI#53-1**, for the meeting of the Parties on October 10, 2003 pursuant to the Proceeding on a Renewables Portfolio Standard. He indicated that the reliability issues highlighted are based on the September 8, 2003 correspondence from the NYSRC to the ALJ. Further, the conclusions emphasize the need to (a) thoroughly assess the reliability issues, (b) monitor reliability impacts on an “as you go” basis, (c) maintain flexibility in the Standard including the ability to step back, if proven necessary, and (d) endorse the NYSEDA/NYISO Wind Study. The Committee asked Mr. Dahl to make the presentation at the October 10, 2003 meeting. Mr. Mucci agreed to be available as an alternate.

6.0 Installed Capacity Subcommittee’s Status Report/Issues

6.1 & 2 ICS Status Report and 2004 – 05 IRM Study Status Report – Mr. Dahl reviewed the preliminary base case results of the NYCA IRM Requirements Study 2004-05 by describing the impact of key parameter changes from the 2003 study. The preliminary results indicate a net reduction in IRM of .4% i.e. 17.1% versus 17.5%. Mr. Dahl noted that the updated load model resulted in a net increase in IRM of .5% largely due to the migration of load downstate. In addition, he indicated that a relatively large reduction of 1.5% was the result of shifting from Generation Availability Data System(GADS) average Equivalent Forced Outage Rates(EFORs) to NYCA historical data for units that had reached three years of operation. Mr. Sasson asked that a sensitivity case be carried out in view of this relatively large impact. The NYISO is currently completing the sensitivity cases described at the September 14, 2003 Committee meeting. Mr. Dahl expects to have a initial draft report, designed in accordance with NYSRC Policy 5, for ICS member comment by October 17, 2003. The Committee is scheduled to receive a draft report at its November 14, 2003 meeting and a final report for approval at the December 11, 2003 meeting. Finally, Mr. Dahl asked for Committee approval to post the non-confidential portion of the Multi-Area Reliability Simulation(MARS) data base on the NYSRC web site. The Committee concurred; the Executive Secretary will post the MARS data base absent EFORs following completion of the study.

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 reported the monthly RCMS meeting will be held tomorrow, October 8, 2003.
- 7.2 Status of NYSRC Reliability Compliance Program (NYRCP)** - Mr. Loehr pointed out that the Annual Assessment of Resource Adequacy for the NYCA – 2003-06 was finalized and e-mailed to the Committee along with a short summary. He noted that the findings are favorable for the NYCA and New York City and Long Island on a locational basis provided planned generators meet their scheduled inservice dates. However, should the generation under construction be delayed one year, the Con Ed system would fall slightly below its required in-city generation level in 2004.
- 7.3 Other RCMS Issues** – No new issues were reported.
- 8.0 NYISO Studies – Status Report** – Mr. Adams reported on the following studies:
- 8.1 Transmission Reliability Study** – The study will be delayed another month due to August 14, 2003 Blackout related work.
- 8.2 Reactive Resource Adequacy Study** – The NYISO Staff prepared a draft report summarizing the findings of the load power factor assessment. The draft report has been sent to the Operating Studies Task Force for review.
- 8.3 NYSERDA/NYISO Gas Study** – Mr. Adams indicated that a proposed scope is under review by a DPS/NYSERDA/NYISO Study Group and a meeting has been scheduled for next week. Mr. Bolbrock is representing the NYSRC. The Executive Secretary will send a copy of the study scope to the Committee members.
- 8.4 Other Studies/ Activities**
- i. Wind Study** – Three proposals to conduct the Wind Study have been received and are currently under review by the NYSERDA/NYISO Technical Assessment Team. There is a meeting with NYSERDA scheduled on October 9, 2003 to review the findings of the technical assessment. A recommendation will be forwarded to NYSERDA Senior Management as soon as possible, and it is expected that a contractor will be selected by October 17, 2003.
- 9.0 Other Items**
- 9.1 Millennium Gas Pipeline Proceeding** – Nothing new to report.
- 9.2 Reliability Legislation Update** – The Congressional Conference Committee is having difficulty resolving House and Senate differences on the Energy Bill. Resolution is not expected for another two weeks
- 9.3 NYISO Operations Report** – The report for September 2003 has not been issued as of yet.
- 9.4 North American Energy Standards Board (NAESB) Report** – Nothing new to report.
- 9.5 FERC Wholesale Power Market Platform Proceeding** - A conference will be held in New York City on October 20, 2003.
- 9.6 FERC ICAP Demand Curve Proceeding** – Mr. Gioia will investigate the status of the Proceeding **AI#54-15**.
- 9.7 NYISO Draft Strategic Plan** – Another draft is expected in November which will include discussion of the August 14, 2003 Blackout and the need for a comprehensive review of reliability criteria in New York.

9.8 NPCC Report -- Nothing new to report.

9.9 Other Reliability Strategies – None.

10. Visitors Comments - No visitor comments were received.

11. Meeting Schedule –

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#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. 54 was adjourned at 3:30 P.M.

Completed By: P. Donald Raymond, Executive Secretary

Issue Date: November 20, 2003