

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 59 – March 12, 2004
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (LIPA)
Bruce B. Ellsworth	Unaffiliated Member – Vice Chair.
William H. Clagett	Unaffiliated Member
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
Joseph C. Fleury	New York State Electric & Gas Corp./Rochester Gas & Electric (Phone)
Thomas C. Duffy	Central Hudson Gas & Electric (CHG&E)
George C. Loehr	Unaffiliated Member & RCMS Chairman
Thomas M. Piascik	PSEG Power, LLC (Wholesale Seller Sector)
Glenn D. Haake	IPPNY (Wholesale Seller Sector) – Alternate Member
Michael B. Mager	Large Consumer’s Sector; Couch, White, LLP
Curt Dahl	LIPA – Alternate Member – ICS Chairman
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
Thomas J. Gentile	National Grid, USA
H. Kenneth Haase	New York Power Authority
George E. Smith	Unaffiliated Member (Phone)

Others:

John M. Adams	New York Independent System Operator (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:

David Coup	NYSERDA
------------	---------

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – No Executive Session was held.

II. Open Session

1.0 Introduction – Mr. Haase called the NYSRC Executive Committee (Committee) Meeting No. 59 to order at 9:35 A.M.

Meeting Attendees - Thirteen Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting. Mr. Fleury was not in attendance; however, he was phone conferenced in.

1.1 Visitors – See Attendees List, page 1.

1.2 Requests for Additional Agenda Items – Mr. Haase requested the addition of **Agenda Item 9.7, NYC Council Hearing**.

1.3 Executive Session Topics – No session was held.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 58 (March 12, 2004) –The Committee offered several points of clarification. Subject to these clarifications, Mr. Ellsworth moved that the Committee approve the revised draft minutes for Meeting No. 58. The motion 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. 58 and post them on the NYSRC web site – **AI #59-1**.

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>
49-15	Replaced by AI #59-2 ; ICS will monitor the PSC Renewables Proceeding.
52-8	Replaced by AI #58-11 .
57-2	Letters were sent by the NYISO to those generators on the Black Start List.
58-2	Audit Report was approved on March 12, 2004.
58-3	Mr. Gioia provided the Energy Legislation letter March 4, 2004.
58-5	RRS and RCMS provided comments on March 12, 2004.
58-6	The Committee provided comments to Mr. Adams on the NYISO Planning Process, February 2, 2004.
58-7	Mr. Dahl provided the scope of a joint ICS/NYISO review of the consistency between IRM and LCR study methodology.
58-8	Messrs. Adamson and Loehr discussed the requirements for Extreme Contingencies.
58-12	Comments on Standard 100 were provided to the Drafting Team, March 1, 2004.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

- i. **Summary of Receipts & Disbursements** – Mr. Adamson presented the Summary of Receipts and Disbursements, noting that the Call-For-Funds issued for the 1st quarter of 2004 (due January 1, 2004) was complete. He requested approval of a Call-For-Funds for the 2nd quarter (due April 1, 2004) of \$20,000 for each TO except NYSEG/RG&E which will be assessed \$18,000. Mr. Claggett made a motion to approve the request which was seconded by Mr. Bush and approved unanimously by the Committee (13 to 0).
- ii. **Audit for 2003** – Mr. Adamson presented the calendar year 2003 audit, Financial Statement and Independent Auditor's Report, prepared by the firm Slocum, DeAngelus & Associates. In addition, the auditor provided IRS Form 990 (tax exempt filing). A Management Letter identifying shortcomings was unnecessary as none were found. Mr. Adamson indicated that at the Committee's April 15, 2004 meeting he would formally propose the use of the same auditor for the 2004 Audit – **AI #59-3**.

3.2 Other Organizational Issues

- i. **Directors and Officers (D&O) Policy** – Mr. Gioia reported that the Committee's D&O Policy expires on April 6, 2004. A recent discussion with Marsh (Marsh & McLennan) indicates an estimated cost of ~ \$47,000 with a \$50,000 deductible for 2004 (April- March, 2005) the Committee instructed Mr. Gioia to finalize the policy provided the cost does not exceed \$48,000 – **AI #59-4**. Also, Mr. Gioia noted that the general liability coverage with Liberty Mutual will come due in June 2004. Liberty Mutual has provided notice that it will no longer write policies with premiums of less than \$100,000. Marsh has undertaken to place the policy with another insurer – **AI #59-5**.

4.0 Reliability Legislation

- 4.1 **Energy Bill – Proposed Letter** - Mr. Gioia reported that the letter and attachments had been sent to the two New York State (NYS) Senators with a copy to the NYS Congressional Delegation. Before hand, a draft was sent to the NYISO and the PSC. Chairman Flynn's office requested the inclusion of words acknowledging the Chairman's support and that of the Governor. Mr. Gioia indicated that modified energy legislation focusing on Electric Reliability is unlikely to pass the House, which remains in favor of comprehensive legislation. Still, Mr. Gioia felt it would be worthwhile forwarding the letter to the Congressional Leadership and to Lisa Epifani, electric expert for the Senate's Energy and Natural Resources Committee and a member of Senator Demenici's staff – **AI #59-6**.
- 4.2 **Comments on US/Canadian Joint Blackout Investigation** – Mr. Haase indicated that the Blackout Investigation Task Force's final report is scheduled to be issued March 29, 2004. The dynamics portion of the report may not be completed by then, in which case there would likely be a follow-up report.
- 4.3 **Comments on PSC Initial Blackout Report** – Messrs. Adamson/Loehr reported that RRS and RCMS had discussed the report and do not see reason to develop any new/revised Reliability Rules and/or Compliance Measurements at this time. The review of restoration performance by the NYISO will be included in the Phase 2 report.
- 4.4 **NERC Recommendations – Mitigate Future Cascading Blackouts** – Mr. Adamson reported that RRS/RCMS will analyze the recommendations for implications regarding new/revised Rules and/or Compliance Measurements once the NPCC-RCC completes their assessment – **AI #58-5**. The

Committee asked Mr. Gioia to investigate whether a reliability rules change stemming from one of the fourteen NERC Recommendations must abide by the Standards Development Process (i.e., SAR, comment period, ballot, etc.) or is exempt by virtue of the Boards approval of the Recommendation – **AI #59-7**.

4.5 NERC Action – Strengthen Reliability Compliance Prgm. – FERC’s review of the NERC Compliance Program (NERC Recommendation #2) concluded that the NERC Standard compliance requirements as presently stated were not “crisp” enough to be implemented. NERC is currently in the process of updating the Program document. Mr. Gioia offered to review the NYSRC Reliability Rules and Compliance Measurements to assure that clear lines of responsibility exist from the NYSRC to NYISO to Market Participant – **AI #59-8**.

4.6 MISO Information Report on Regional Reliability – Mr. Gioia will continue to track this item – **AI #58-4**. Also, the Executive Secretary will monitor the MISO web site.

5.0 NYISO Status Report/Issues – Mr. Adams reported that the NERC Operating Committee had requested that all Reliability Coordinators conduct self-assessments based on the questionnaire directed to MISO and PJM by NERC. This is viewed as an initial step toward the more comprehensive audits to be performed by NERC. The NYISO issued their self-assessment to NERC on March 10, 2004.

5.1 Status of NYISO August 14, 2003 Blackout Investigation – Mr. Haase reminded Mr. Adams of the Committee’s request for the NYISO to identify whether any Reliability Rules were violated during the August 14, 2003 incident and the restoration that followed. A stand alone report is to be forwarded to the NYSRC no later than 30 days following issuance of the US/Canadian Joint Investigation Task Forces final report, currently scheduled for March 29, 2004.

5.2 NYISO Strategic Plan – Nothing new to report.

5.3 NYISO Planning Process – Mr. Adams reported on two separate planning initiatives dubbed (a) the Initial Planning Process and (b) the Comprehensive Planning Process. The former process anticipates completion of a reliability assessment in early May 2004. The Electric System Planning Working Group has decided to divide the Comprehensive Planning Process into two separate initiatives. The first initiative will focus on the development of a comprehensive planning process which addresses “Reliability Upgrades” and their “Cost Allocation”. The goal is to achieve a consensus with the market participants for the first initiative by the summer of 2004 and file with FERC in the fall of 2004. The second initiative builds upon the first and extends the comprehensive process to address system upgrades that may be warranted on a market efficiency basis. Mr. Adams will report monthly on progress and provide the Committee with the working papers – **AI #59-9**.

5.4 Studies – Status

i. LSE and Locational Capacity Requirements – See Item 7.3.

ii. Transmission Reliability Study – Extreme Contingencies – See Item 8.3.

iii. Reactive Resource Adequacy – Mr. Adams reported that the study is being reviewed by the NYISO Operating Committee. Questions remain as to whether the study and its underlying criteria for reactive resource adequacy needs further technical review. Mr. Adamson advised the Committee that RRS cannot begin investigating reactive support criteria under PRR #8 until the study is complete along with the three Blackout Reports (US/CN, PSC, NYISO).

iv. NYSERDA/NYISO Gas Study – Mr. Adams reported on the progress of each topic comprising the study scope, e.g., (a) adequacy of the pipeline system, (b) contractual issues and (c) oil infrastructure to support dual fuel units. He indicated a RFP has been issued regarding

the latter topic and that the NYISO is working with the PSC to develop topic (b). Topic (a) will be addressed initially by reviewing the Northeast Gas Study sponsored by NYISO, ISO-NE, PJM and the IMO.

- v. **NYSERDA/NYISO Wind Study** – Mr. Adams reported that a technical conference was held on March 8, 2004 on Phase I as part of the PSC Renewables Proceeding. GE/NYSERDA answered questions from attendees. Mr. Gioia indicated that there were no new issues raised and that the prior written comments of the Committee will be addressed in Phase II. There are currently 46MWs of windpower installed in the NYCA and another 1100MWs under study.
- vi. **Other Studies/Activities** – Mr. Adams advised the Committee that as a result of the FERC Interconnection Order, the NYISO has initiated an Electric Deliverability Study. The study will rely on the MARS analyses to date, but will further look into the possibility of intra-zonal bottling of capacity. A study scope is expected in 2-3 weeks.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 **RRS Status Report & Discussion Issues** – Mr. Adamson gave the RRS report in Mr. Clayton’s absence.

6.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

- a. **List of Potential Reliability Rules (PRR) Changes** – Mr. Adamson updated the Committee on the status of the following PRR changes:

<u>PRR#</u>	<u>Status</u>
8	Once the operating reactive study is complete, RRS will develop appropriate proposed reliability rules.
52	Nothing new to report.
67	RRS is conferring with the NYISO to introduce more specificity regarding communications testing requirements.

b. Status of New/Modified Reliability Rules

- 1. **PRRs for Final EC Approval** – none
- 2. **PRRs for EC Approval to Post for Comments** – none
- 3. **PRRs for EC Discussion** - none

6.3 Other RRS Issues

i. NPCC/NERC Criteria Tracking

- a. **NYSRC Regional Differences Letter** – Mr. Gioia agreed to develop a Statement Of Principle(or Resolution) regarding the Committee’s position on the relationship between the NERC SARs process and the promulgation of reliability standards by the NYSRC - **AI #58-10**. The Statement will be forwarded to Mr. Bolbrock prior to the April 2004 NPCC Executive Committee (EC) Meeting. Mr. Bolbrock will provide the Statement to the NPCC EC members prior to the meeting during which the NPCC EC will reconsider the inclusion of Regional Differences in the new NERC Standards. Also, the Committee agreed that the Statement should be sent to the other regional organizations with expressed views that are similar to the NYSRC position, i.e., AEP, CALISO, PJM, SPP and SERC – **AI #59-10**.
- b. **NERC Standards Transition – Status** – Mr. Adamson reviewed the NERC Reliability Standard Development Tracking document.

- **Standard 100 – Coordinate Operation** – Comments on version 1 are under review by the Drafting Team.
- **Standard 200 – Operating Within Limits** - The proposed Standard has been revised by the Drafting Team and re-issued. RRS will provide comments by the April 14, 2004 deadline.
- **Standard 400 – Coordinate Interchange** – Comments are under review by the Drafting Team.
- **Standard 500 - Develop Transmission Plans** – SAR drafting has just begun.
- **Standard 600 – Determining Facilities’ Rating, Operating Limits, and Transfer Capabilities** – The Drafting Team is preparing responses to the comments received. Mr. Eng (Team Member) indicates that the Standards Development Process is becoming bogged down. Further, Mr. Haase noted that apparently the Drafting Team is out of step with Mr. Gent’s February 24, 2004 pronouncement in opposition to monetary sanctions.
- **Standard M – Amend Process Manual** – RRS provided comments on the Standards Authorization Committee’s (SAC) recommendation of an amendment to the Process Manual that would allow limited changes to the Manual without going through the entire Standard Development Process.

7.0 **Installed Capacity Subcommittee’s Status Report**

7.1,2 **ICS Status Report and Discussion Issues** – Mr. Dahl reported that the ICS Subcommittee met on March 5, 2004 and began drafting the assumptions for the 2005 IRM Study. Two forced outage rate (FOR) issues dominated the discussion:

- i. **FORs For Radial Generator Leads and Step-up Transformers** – ICS is developing an adder, however, software changes by the NYISO are necessary to extract past data from the NERC GADS and accept new data going forward. Pre-NYISO data is available.
- ii. **NYISO Audit Results** – Initial examination of the audit results of about 50% of the NYCA capacity suggests the collected FOR data may be low by ~1.7 percentage points. Mr. Adams is taking steps to make the data available to Mr. Adamson for further analysis.

Mr. Dahl also noted that the Subcommittee has not reached a decision regarding the use of 5 or 10 years of historical data. Ten years of data, which provides 3-4 percentage points higher FORs was used last year because of awareness of the two items above and insufficient time to incorporate the information directly into the determination of the base case assumptions. Also, Messrs. Mager/Bush expressed concern about last year’s SCR model. Dr. Sasson was wary of a single year switch from the use of 10 years of FOR data to 5 years.

7.3 **Other ICS Issues** – Mr. Dahl described a scope for Review Of The Procedures And Methodology For Establishing LSE Locational Installed Capacity Requirements. The review, which will be carried out in conjunction with the NYISO, is expected to be completed near the end of the 2nd quarter of 2004 – **AI #59-11**. Following discussion by the Committee Mr. Dahl moved for Committee approval of the scope. The motion was seconded by Mr. Claggett and approved unanimously by the Committee (13 to 0).

8.0 **Reliability Compliance and Monitoring Subcommittee Status Report/Issue**

8.1 **RCMS Status Report & Discussion Issues** – Mr. Loehr reported that RCMS met on March 11, 2004 and spent much of the meeting discussing issues related to various NERC, NPCC and NYSRC

activities on the newly proposed reliability standards.

8.2 Status of NYSRC Reliability Compliance Program (NYRCP)

i. 2003 NYRCP Report – Mr. Loehr presented the 2003 Reliability Compliance Program Report. The Committee offered several points of clarification which will be incorporated into the Report for approval at the Committee’s April 15, 2004 Meeting – **AI #57-9**. Any additional comments should be quickly forwarded to Mr. Loehr.

ii. 2004 NYRCP Responsibilities and Milestones – The 2004 Compliance Program was approved by the Committee on January 9, 2004. Mr. Loehr reported that RCMS is reviewing Measurement J-M2, Control Center Communications. Ms. Bushnell (NYISO) will be meeting with the Subcommittee to sharpen the members understanding of the Communications function.

iii. 2004 NYRCP Assessments – None to report.

8.3 Other RCMS Issues - Mr. Loehr indicated that RCMS discussed the conceptual framework behind the use of Extreme Contingencies and found no reason to change current practices.

9.0 Other Items

9.1 Defensive Strategies – Since the last Committee meeting, Mr. Smith reviewed the status of work being done by Messrs. Stuart(chair-NERC BIT Transmission System Performance Team), Waldele (NYISO), and MR. Engleson (NPCC- TFSP). In particular, he noted that Mr. Engleson was looking into all relay zones, not just zone 3, in response to NERC’s fourteen Recommendations stemming from the August 14, 2003 Blackout.

9.2 FERC Wholesale Power Market Platform Proceeding – Nothing new to report.

9.3 Millennium Gas Pipeline – Mr. Gioia reported that the Millenium developers are considering phasing the project; Phase I – Coyne to Ramapo and Phase II – crossing the river.

9.4 NYISO Operating Report – Mr. Raymond introduced the 2004 report through February. He noted that the NYCA reached a new seasonal peak of 25,262Mw in the 15th hour on January 15, 2004. No major emergencies took place in January or February 2004.

9.5 North American Energy Standards Board (NAESB) Report – The Advisory Committee met on March 6, 2004 addressing, in particular, communications between the electric and gas industries and the differing timing of the gas/electric business day.

9.6 NPCC Report – Nothing to report.

9.7 New York City Council Hearing – Mr. Haase submitted written testimony on behalf of the NYSRC to the Committee on Environmental Protection of the New York City Council. The Committee conducted a hearing on March 13, 2004 to consider a report prepared by the New York City Energy Policy Task, entitled New York City Energy Policy: an Electricity Resource Roadmap.

10.0 Visitor’s Comments – No visitor comments were received.

11.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#60	Apr. 15, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#61	May 14, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 59 was adjourned at 3:25P.M.

