

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 60 – April 15, 2004
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (LIPA)
Bruce B. Ellsworth	Unaffiliated Member – Vice Chairman
William H. Clagett	Unaffiliated Member
Mark J. Cordiero	Muni. & Elec. Cooperative Sector – Alternate Member
John D. Hauber	New York State Electric & Gas Corp./Rochester Gas & Electric – Alternate Member (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)
Anthony M. Giasi	Consolidated Edison Co. of NY, Inc. (Phone)
Thomas J. Gentile	National Grid, USA
H. Kenneth Haase	New York Power Authority - Chairman
George E. Smith	Unaffiliated Member

Others:

John M. Adams	New York Independent System Operator (NYISO)*
Michael Calimano	New York Independent System Operator (NYISO)*
Alan M. Adamson	Consultant & Treasurer
Paul L. Gioia	LeBoeuf Lamb Greene & MacRae (LLG&M)
Don Raymond	Executive Secretary
Hebert Joseph	NYS Department of Public Service (NY DPS or PSC)
Roger E. Clayton	Conjunction, LLC – RRS Chairman

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA
Hubert Bianco	Freeport Electric

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was held following the Open Session to discuss security related issues.

- II. **Open Session**

- 1.0 **Introduction** – Mr. Haase called the NYSRC Executive Committee (Committee) Meeting No. 60 to order at 9:32 A.M.

Meeting Attendees - Twelve Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting. Messrs. Hauber and Giasi were not in attendance; however, they were teleconferenced in.

1.1 Visitors – See Attendees List, page 1.

1.2 Requests for Additional Agenda Items – none

1.3 Executive Session Topics – Mr. Loehr requested an executive session to discuss security related issues.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 59 (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. 59. The motion was seconded by Mr. Clagett and approved unanimously by the Committee Members represented (12-0). The Executive Secretary will issue the final minutes for Meeting No. 59 and post them on the NYSRC web site – **AI #60-1**.

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>
57-9	The 2003 Reliability Compliance Program report was completed on April 11, 2004.
58-5	RRS/RCMS found no reasons for modified or new Rules or Compliance Measures.
59-3	Mr. Gioia reported that the D&O Policy was completed and signed. See item 3.2i.,ii .
59-4	The Energy Bill position letter was forwarded to the congressional leadership and Ms. Epifani by Messrs. Gioia and Loehr.
59-7	Any new Rules will be part of the Version (0) Reliability Rules, if adopted before November 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 for March 2004. He noted that the 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 has been met by all but one member.

ii. Audit for 2003 – Mr. Adamson reported that the firm of Slocum, DeAngelus & Associates was asked to provide a proposal for doing the 2004 audit. The proposal will be available for consideration at the next Committee meeting – **AI #60-2**.

3.2 Other Organizational Issues

i.,ii. Directors and Officers (D&O) Policy – Mr. Gioia reported that the Committee’s D&O Policy with Marsh (Marsh & McLennan) has been renewed for \$48,687. Also, Mr. Gioia noted that he is waiting for feedback from Marsh regarding the General Liability Policy - **AI #59-5**.

4.0 Reliability Legislation

4.1 Energy Bill – Proposed Letter – See item **2.2** (Action Item #59-4) above. Mr. Gioia reported that the status of the Bill is in constant flux. The issuance of the Joint US/Canadian Blackout Investigation Task Force’s final report has provided some impetus to those favoring reliability only legislation in the Senate. Still, Mr. Gioia indicated that modified energy legislation focusing on Electric Reliability is unlikely to pass the House, which remains in favor of comprehensive energy legislation.

4.2 NYSRC Regional Standards/Differences Policy – Mr. Bolbrock reported that he had raised the Regional Differences issue at the recent NPCC Executive Committee meeting. The NPCC EC agreed to review the NYSRC EC’s Policy and their own position (eg., including regional differences in the NERC Standards) at their next meeting in early June 2004. In the interim, NPCC staff, which opposes reopening the issue, will complete a risk assessment. Mr. Bolbrock will provide the TOs with any information that becomes available from NPCC in order to brief their executives before the next NPCC EC meeting – **AI #60-3**. The Committee decided not to finalize the NYSRC EC Policy until after the NPCC EC meets. Mr. Adamson reported that comments from several industry entities on NERC Standard 600 shared a common view with the Committee that regions may have more stringent standards without their inclusion within the framework of the NERC standards. Mr. Adamson was asked to share the Policy with these entities and inquire whether they had a similar policy statement that could be provided - **AI #60-4**. Mr. Gioia will look into the definition of “region” as implied by FERC – **AI #60-5**.

4.3 Comments on US/Canadian Joint Blackout Investigation – Mr. Haase, a member of the Electric System Working Group of the Blackout Investigation Task Force, indicated that the Task Force’s final report was issued on April 5, 2004. The final report both extended and replaced the interim report. In particular, sections on dynamics and recommendations were added. Among many, the recommendations suggest a thorough review of the NERC and Regional Council structure and funding mechanisms. The final report does not imply any culpability on the part of the NYISO or NY Market Participants for the Blackout. However, the PSC has raised several “what if” questions with FERC that will be discussed on April 28, 2004 at the NPCC offices in New York City. FERC, DOE, NERC, NPCC and the PSC will be in attendance. Mr. Haase reminded the NYISO of their obligation to provide the Committee with a stand alone report which reviews each reliability rule for violations just prior to, during and after the Blackout including system restoration. At Mr. Museler’s request, the Committee agreed to extend the deadline for the report to 60 days following April 5, 2004 – **AI #60-6**. Also, the RRS and RCMS were asked to evaluate the US/Canadian, PSC, and NYISO final Blackout reports and FERC’s Utility Vegetation Management Report for new or modified Rules and compliance issues – **AI #60-7**.

4.4 Comments on PSC Initial Blackout Report – Nothing new to report.

4.5 NERC Recommendations – Mitigate Future Cascading Blackouts – Mr. Smith reported (per Mr. Engleson (NYISO)) that the SPAS (NYISO) will be meeting on April 20, 2004 to discuss the individual TO’s analysis of zone 2 and 3 relay settings and will be issuing a report to the NPCC TFSP for consideration at their August 2004 meeting. The goal is not to trip a line before it is 50%

overloaded and to allow 5-15 minute delays to provide the operator time to react. Mr. Haase added that the US/CN Blackout Investigation Report raised the issues of integrated looks at zone settings over larger areas and the advisability of instituting under voltage tripping.

4.6 MISO Developments on Regional Reliability – Mr. Gioia indicated that NERC had just approved the PJM and MISO Reliability Plans subject to audit and reports on meetings with neighboring Reliability Coordinators and control areas before the summer season to discuss communication protocols and expected summer operating conditions.

5.0 NYISO Status Report/Issues

5.1 Status of NYISO August 14, 2003 Blackout Investigation – Mr. Calimano reported that the two day NERC Audit of the NYISO operations was going smoothly and a final debriefing was expected in the afternoon of April 15, 2004. Also, Mr. Calimano presented a list of follow-up items stemming from the US/Canadian Joint Investigation Task Force final report. He asked the Committee to review the list and provide comments including what the Committee wants to see from the NYISO – **AI #60-8**. Mr. Haase reminded Mr. Calimano 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. See **Item 4.3** above.

5.2 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 in early May 2004 of a reliability assessment that looks ten years ahead. This planned infrastructure assessment will also consider “what if” questions such as delayed construction and early retirements. 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 Electric System Planning Working Group is meeting on April 15, 2004 and will receive a “Cost Allocation” proposal by the TOs. 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**.

5.3 Studies – Status

- i. Reactive Resource Adequacy** – Mr. Adams reported that the study is being reviewed by the NYISO Operating Committee. Questions remain between SOAS and the TOs as to whether the study and its underlying criteria for reactive resource adequacy need further technical review. In particular, there is disagreement over the Zero-Mvar Interchange criterion within zones (eg., between TOs).
- ii. NYSERDA/NYISO Gas Study** – Mr. Adams reported that a meeting was held at the PSC on April 6, 2004. The primary focus was a presentation by ConEd regarding the NYC gas system including plans to accommodate new merchant generation – **AI #60-9**. The meeting also addressed the relationship between the gas and electric markets and the dynamics of the gas system. The next step is to have Richard Levitan present the study of the Northeast that he previously performed for PJM, IMO, NYISO, ISO-NE and NERC to help solidify future direction of the Study Group. In addition, Mr. Adams noted that a RFP on alternate fuels was released. Also, Mr. Ellsworth indicated that the AGA/INGA have completed a gas infrastructure study that may be available for presentation to the Group. Regarding the relationship between gas and electric markets, Messrs. Gioia, Raymond, and Gentile and Ms. Hogan focused the

Committee on two potential reliability issues: (a) the possibility of commercial disincentives for generators to switch to their oil alternative and (b) the incentive for generators to sell their gas in emergencies to the LDCs rather than generate. The Committee asked ICS to add item (b) to their list of issue for consideration in preparing for the subsequent IRM Study (eg., not the current study that is underway) – **AI #60-10**. Also, Messrs. Adams and Ellsworth were asked by the Committee to initiate discussion of items(a) and (b) at future NYSERDA/PSC Gas Study meetings – **AI #60-11**.

- iii. **NYSERDA/NYISO Wind Study** – Mr. Adams reported that the Phase II Study is proceeding with the technical support of GE. Mr. Gioia indicated that the ALJ will issue a Recommended Decision soon, but it is expected that the PSC will make only the decisions necessary for the Study to proceed and wait until completion of Phase II to make final commitments.
- iv. **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. The NYISO will present a proposed scope at the Study Group’s April 21, 2004 meeting. Mr. Adams will e-mail the scope to the Committee – **AI #60-12**.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met last on April 1, 2004.

6.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

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

<u>PRR#</u>	<u>Status</u>
8	Once the NYISO Reactive Study is complete, RRS will develop appropriate proposed reliability rules.
52	RRS is waiting for NPCC RCC to complete its work on governor response and the Under Frequency Load Shedding program.
67	RRS is conferring with the NYISO to introduce more specificity regarding communications testing requirements. The NYISO will be making a presentation on the issue at the next RRS RCMS meeting.

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. **NERC Plan To Accelerate Standards Transition** - Mr. Adamson reported that NERC is accelerating the Standards Transition process by creating Version (0) Standards from the existing Operating Policies and Planning Standards, but combined into a common format. The Version (0) Standards will go to the Ballot Body in late October 2004 with a target of final approval by February 2005. The current Standard Development Process will continue “as is” and be treated as modifications to the Version (0) Standards.
- ii. **NERC Recommendations – Implications on NYSRC Rules** – Mr. Adamson reported that he is creating a table of the fourteen NERC Recommendations indicating those requiring NYSRC action – **AI #60-13**. He is working with RCMS on the following: (a) review the compliance

templates based on the NERC Recommendations, and (b) review the results of the Readiness Audit performed by a NERC Audit Team - **AI #60-14,15**. The Readiness Audit Team, comprised of representatives from NERC, NPCC, PSC, Oak Ridge Labs and five other control areas, was chaired by Jim Jensen(NERC consultant). Mr. Adamson was asked by the NYISO to serve as a NYSRC observer. The Team focused particularly on training and the alternate Control Center. They expect to have a report available for NYISO comment by May 5, 2004 and a final report to NERC by May 14, 2004.

iii. NPCC/NERC Criteria Tracking - Status

a. NERC Standards Development – Status – Mr. Adamson reviewed the NERC Reliability Standard Development Tracking document.

- **Standard 100 – Coordinate Operation** – Version (2) is expected to be posted in May 2004 for RRS review.
- **Standard 200 – Operating Within Limits** - RRS provided comments to the Drafting Team on April 14, 2004.
- **Standard 300 – Balance Resources And Demand** – Expected to be posted in May 2004 for comment.
- **Standard 400 – Coordinate Interchange** – Comments are under review by the Drafting Team.
- **Standard 500 - Develop Transmission Plans** – SAR is expected to be posted for comment in May 2004.
- **Standard 600 – Determining Facilities’ Rating, Operating Limits, and Transfer Capabilities** – The revised SAR is expected to be posted for ballot about May 1, 2004. Following the review period, voting should take place in June 2004.
- **Standard 1200 – Urgent Action Cyber Security** – Balloting for a one year extension is expected before August 2004.
- **Standard 1400 – Certification of the Balancing Authority Function** – Comments are due to the Drafting Team by May 15, 2004.
- **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,.3 ICS Status Report and Discussion Issues – Mr. Adamson reported that the ICS Subcommittee met on March 31, 2004. The Subcommittee focused on the LSE Locational Capacity Requirements (LCR) methodology and also began drafting the assumptions for the 2005 IRM Study. The NYISO Staff has completed some test runs of the LCR methodology, but further analysis is required. The consideration of IRM Study assumptions included FORs, the hydro representation (water availability), and the gas turbine representation (ambient temperature). Also, the Subcommittee is considering a request by ConEd to phase-in modeling changes that have a large impact on the IRM.

8.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issue

8.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on April 14, 2004 and spent much of the meeting discussing issues related to various NERC and NPCC activities.

RCMS review of the fourteen NERC Blackout Recommendations indicates “no changes” to the Compliance Program are necessary at this time.

8.2 Status of NYSRC Reliability Compliance Program (NYRCP)

i. 2003 NYRCP Report – Mr. Loehr presented the revised 2003 Reliability Compliance Program Report. Following a short discussion, Mr. Bolbrock moved approval of the Report with the changes noted during the discussion. The motion was seconded by Mr. Claggett and unanimously approved by the Committee Members represented (12-0).

ii. 2004 NYRCP Responsibilities and Milestones – Nothing new to report.

iii. 2004 NYRCP Assessments – None to report.

8.3 Other RCMS Issues

i. NERC Revised Compliance Templates – Mr. Loehr reported that NERC has issued 38 revised templates as a result of the fourteen NERC Blackout Recommendations which are under review by RCMS. See item **6.3ii**.

9.0 Other Items

9.1 Defensive Strategies – Mr. Smith noted that the NPCC Task Force on System Protection had met with representatives of WECC to learn about protection schemes used in the West. Mr. Smith intends to meet with Mr. Engleson, Chair of the NPCC TFSP, and system protection experts from the New York TOs to discuss applicability of WECC’s protection schemes. Mr. Haase noted the discussion on system protection in the US/Canadian Joint Investigation Task Force’s final report and the work being done by the NPCC TFSS. Also see item **4.5**.

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

9.3 Millennium Gas Pipeline – Nothing new to report.

9.4 NYISO Operating Report – Mr. Raymond introduced the 2004 Operating Report through March 2004. He noted that the results showed nothing unusual for the month.

9.5 North American Energy Standards Board (NAESB) Report – Nothing new to report.

9.6 NPCC Report – Nothing additional to report. See item **4.2**.

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>
#61	May 14, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#62	June 11, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No.60 was adjourned at 2:05 P.M.

