

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 63 – July 9, 2004
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Curt Dahl	Long Island Power Authority – Alternate Member, ICS Chairman
Bruce B. Ellsworth	Unaffiliated Member – Vice Chairman
William H. Clagett	Unaffiliated Member
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
Thomas C. Duffy	Central Hudson Gas & Electric (CHG&E)
George C. Loehr	Unaffiliated Member & RCMS Chairman
Glenn Haake	Independent Power Producers of New York, Inc. – Alternate Member
Thomas J. Gentile	National Grid, USA
Michael B. Mager	Couch White, LLP (Retail Sector-Alternate Member)
H. Kenneth Haase	New York Power Authority - Chairman
George E. Smith	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.

Others:

Alan M. Adamson	Consultant & Treasurer
John M. Adams	New York Independent System Operator (NYISO)*
Michael Calimano	New York Independent System Operator (NYISO)*
Paul L. Gioia, Esq.	Counsel, LeBoeuf Lamb Greene & MacRae (LLG&M)
Hank Masti	New York State Electric & Gas Corp./Rochester Gas & Electric
Don Raymond	Executive Secretary
Edward C. Schrom, Jr	NYS Department of Public Service (NY DPS or PSC)
R. E. Clayton	Conjunction, LLC – RRS Chairman

Visitors – Open Session:

Erin P. Hogan	NYSERDA
Karl Michael	NYSERDA*
Steve Jurenko	New York State Electric & Gas Corp./Rochester Gas & Electric – by phone

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was not requested.

II. Open Session

1.0 Introduction – Mr. Haase called the NYSRC Executive Committee (Committee) Meeting No. 63

to order at 9:38 A.M.

Meeting Attendees - Thirteen Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting. Mr. H. Masti was in attendance representing Mr. J. Fleury, the Committee Member for New York State Gas & Electric/Rochester Gas & Electric. He was authorized to participate with all the rights of a Committee Member per correspondence from Mr. Fleury.

1.1 Visitors – See Attendees List, page 1.

1.2 Requests for Additional Agenda Items – none

1.3 Executive Session Topics – none

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 62 (June 11, 2004) – Mr. Raymond pointed out several minor changes to the draft minutes. Messrs. Haase and Gioia offered several other points of clarification. Subject to these corrections and clarifications, Mr. Ellsworth moved that the Committee approve the revised draft minutes for Meeting No. 62. The motion was seconded by Mr. Gentile and approved unanimously by the Committee Members (13-0). The Executive Secretary will issue the final minutes for Meeting No. 62 and post them on the NYSRC web site – **AI #63-1**.

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>
59-11	Mr. Dahl presented, <u>Examination of Locational Capacity Requirements Methodology</u> at the June 11, 2004 meeting.
61-13	Mr. Dahl introduced and discussed the NYISO “White Paper” on the derivation of IRM data adders at the July 9, 2004 meeting.
62-2	The Committee provided comments to Mr. Gioia on the draft Motion for Clarification by June 18, 2004.
62-3	The Committee completed its review of the draft NYSRC Regional Standards/Differences Policy and approved the document on July 9, 2004.
62-4	Messrs. Gioia, Clayton, Haake, Loehr and Adamson met with the NYISO on June 22, 2004 to discuss the responsibilities of the NYISO with respect to MP compliance with the Rules.
62-14	At the July 9, 2004 meeting, Mr. Adamson agreed to provide the tracking of all Blackout recommendations.

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 June 2004. He noted that a Call-For-Funds was issued on June 11, 2004 for a total of \$118,000. To date, \$69,000 has been received. The end-of-year projection remains \$45,000 under budget.
- 3.2 Other Organizational Issues**
- i. **Subcommittee Staffing** – Mr. Haase reminded the Committee of a request by RRS/RCMS at the June 11, 2004 meeting for 2-3 additional members with some experience from the TO or non TO membership. Members should provide their volunteers to the Executive Secretary by July 16, 2004 - **AI #63-2**. If the response is not sufficient, the Chairman will issue a formal written request to the Membership for additional participants.
- 4.0 Key Reliability Issues**
- 4.1 Energy Bill – Status** – Mr. Gioia reported that passage of either a comprehensive or partial Energy Bill this year is very unlikely.
- 4.2 FERC Policy Statement on Power System Reliability –**
- i. **Clarification of “Physical Differences” Requirements** - Mr. Gioia reported that on June 28, 2004 the Motion For Clarification Of The New York State Reliability Council was filed with FERC. The Motion was in response to FERC’s Policy Statement on Reliability and , in particular, the Policy Statement’s reference to “physical differences”. Copies of the Motion were sent to each Commissioner, FERC Staff, the newly appointed FERC Reliability Coordinator, and Mr. Schwerdt (NPCC). Mr. Gioia will make the appropriate follow-up calls – **AI #63-3**.
- 4.3 Future Role Of Regional Reliability Councils** – Mr. Haase reported that as a result of recommendation #3 in the Final US/Canadian Report on the Blackout and, in particular, the expressed need to clarify the future role of the Regional Councils, Mr. Schwerdt (NPCC) will chair a Regional Manager’s assessment of the issue and provide a preliminary briefing at the NERC Board’s August retreat in Chicago. By letter dated July 2, 2004, Mr. Schwerdt requested input from interested parties by July 30, 2004. Mr. Haase asked the Committee to review the scope presented in Mr. Schwerdt’s letter and provide comments to Messrs. Loehr and Gioia in one week. Messrs. Loehr and Gioia will then circulate a draft for comment by July 23, 2004. – **AI #63-4**. Mr. Adamson noted that The draft NERC Functional Model excludes organizations like the NYSRC.
- 4.4 NYSRC Regional Standards/Differences Policy** – Mr. Gioia introduced the proposed new Policy, Relationship Between NYSRC Reliability Rules And NERC Reliability Standards Development Process, which documents the Committee’s position on regional differences. Following discussion and acknowledgement of a few editorial changes, Mr. Loehr made a motion to approve the new Policy #6-0. Mr. Clagett seconded the motion which was approved unanimously by the Committee Members (13 to 0). Mr. Gioia will finalize the new Policy for posting on the NYSRC web site – **AI #63-4a**.
- 4.5 Responsibility for Compliance With Reliability Rules** – Mr. Gioia reported that he met on June 22, 2004 with Messrs. Clayton, Loehr, Haake and Adamson and the NYISO represented by Messrs. Schnell, Campoli, Adams, and Ms. Grisarue to discuss Mr. Gioia’s May 12, 2004 memo, re: Responsibility For Compliance With Reliability Rules, which addresses the relationship of the NYSRC to the NYISO and Market Participants regarding the responsibilities for compliance with the Rules. The attendees did not wish to diminish the description of the Market Participant’s (MP’s) responsibilities as expressed in NYSRC documents, but instead, to add provisions making it clearer that the NYISO is responsible to oversee compliance with all Reliability Rules by the MPs. Mr. Gioia agreed to provide the group a re-draft along the lines discussed – **AI #63-5**. Still unresolved is

the NYISO's concern about receiving a "finding of non compliance" for violations by the MPs. This issue and the re-draft will be the subject of a second meeting on August 9, 2004.

4.6 MISO Developments on Regional Reliability – Mr. Gioia noted that the FERC 2004 Summer Reliability Workshop will be held on July 15, 2004 in Cleveland, OH. Mr. Haase asked Mr. Raymond to circulate a copy of the First Energy Readiness Audit to the Committee – **AI #63-6**.

4.7 Regional Greenhouse Gas Initiative – Ms. Hogan introduced Mr. Karl Michael who is a Senior Project Manager in NYSERDA's Energy Analysis Group and represents NYSERDA on the Regional Greenhouse Gas Initiative (RGGI). Mr. Michael was invited to address the questions raised by Mr. Fleury in his July 2, 2004 e-mail to the Committee regarding RGGI. Mr. Michael indicated that the goal of RGGI is the development and implementation of a regional (ME, NH, VT, MA, CT, RI, NY, NJ, and DE) CO₂ and cap and trading model rule for electric generators by April 2005. The initiative is managed by a Staff Working Group with representatives from each of the RGGI States' environmental agencies. The Stakeholder Group of 25 representatives is a cross-section of generators, environmentalist, academics, TOs, and others. There is also a Resource Panel with representation from each ISO which provides technical input. The NYISO participants are Ms. Lampi and Messrs. Lamanna and Lawrence. The technical work is being done by a Modeling Subgroup chaired by Mr. Michael. An ICF IPM model will be used to determine the impacts of potential model rules on electric prices, emissions and reliability. Internal State transmission is represented by zones (4 in NYS) and a transportation model. A confirmation of significant results using MAPPs was advised because of its more precise transmission representation. The model will also consider impacts on emissions outside the RGGI States. The Committee raised concerns regarding increased dependence on natural gas in face of a potentially limiting gas delivery infrastructure and the large loss of generation due to a single pipeline contingency. The addition of a gas infrastructure expert to the Staff Working Group and Stakeholder Group was deemed advisable given its potential impact on the feasibility of any results. Others expressed the view that the aging coal fired generation in the NYS could not survive additional environmental costs imposed by regulators causing a potential reliability issue. Mr. Michael assured the Committee that their concerns would be addressed. It was agreed that Ms. Hogan would provide regular updates to the Committee on the progress of the Initiative – **AI #63-7**.

5.0 NYISO Status Report/Issues

5.1 Status of NYISO August 14, 2003 Blackout Investigation – Mr. Calimano indicated that the final Report is expected to go the NYISO Board in July 2004. He also noted that the NYISO Readiness Audit Report by NERC was posted on the NERC web site on July 6, 2004. In general, the Report was positive though a stronger relationship needs to be established with the nuclear plant ownership community. In reponse to questions by Messrs. Clagett and Adamson, Mr. Calimano noted that the NPCC TFSP is reviewing Under Voltage Load Shedding and fault recorder clock synchronization issues. Also, the NYISO is looking into additional use of power system stabilizers and voltage needs at the nuclear plants.

5.2 DOE Report – NYISO Follow-up List – Mr. Calimano indicated that the NYISO Blackout Follow-up List will be updated from April 2004 early in the week of July 12, 2004 and forwarded to the Committee and RRS/RCMS together with any supplemental reports - **AI #62-6**.

5.3 NYISO Report to NYSRC on the Blackout – Mr. Calimano discussed the draft report which included system restoration following the August 14, 2004 Blackout. The Report contains recommendations, but not proposed new reliability rules or reliability rule changes. Mr. Haase indicated that the Committee would like Rule specific input from the NYISO as their investigation

continues. Mr. Calimano concurred and indicated that the Report would be viewed by the NYISO as a “work in progress” and recommendations of specific Rules will follow – **AI #62-8**. Mr. Adamson pointed out that Mr. Campoli (NYISO) is preparing a template for modifying current system restoration Rules based on NYISO recommendations stemming from the Blackout experience.

- 5.4 Verify NYISO Blackout Report Meets NYSRC Expectations** – Mr. Loehr reported that RCMS only briefly discussed the report. The NYISO will attend the next RCMS so that a thorough review can be completed and reported on at the Committee’s August 13, 2004 meeting – **AI #62-9**.
- 5.5 NYSRC Consolidated Final Blackout Report Recommendations** – Mr. Clayton reported that RRS had reviewed the consolidated status report, NYSRC Actions on Report Recommendations, prepared and updated by Mr. Adamson. Mr. Adamson noted that the sources of the information are (a) a monthly NPCC status report on the fourteen NERC recommendations, (b) NERC’s Recommendation Tracking System covering the full forty-six DOE recommendations, and (c) the NYISO’s Blackout Follow-up List. Mr. Adamson’s Report will include updates of actions by both the NYSRC and others.
- 5.6 PSC Blackout Report** – Nothing new to report.
- 6.0 NYISO Status Report/Issues**
- 6.1 NYISO Reliability Criteria Study – Status** – Mr. Adams indicated that a second meeting to review the scoping document has been delayed. As soon as the meeting takes place, the scope will be forwarded to the Committee – **AI #63-8**.
- 6.2 NYISO Planning Process** – Mr. Adams reported that the Initial Planning Process Study is under review by the Electric System Planning Working Group (ESPWG). If approved at the ESPWG’s July 15, 2004 meeting, the Study will go to the Operating Committee for consideration at its July 2004 meeting. Also, Mr. Adams reported that the Comprehensive Planning Process was approved by the Management Committee on June 30, 2004. The next step is to put together the tariff language and file with FERC. Implementing the process will require agreement on reliability cost allocation and discussions with the stakeholders on economic planning. Mr. Adams hopes to have clear direction on the latter issues by year end.
- 6.3 Studies – Status**
- i. Reactive Resource Adequacy** – Mr. Adams reported that information exchange and Q/As continue with the TOs. Single points of contact are being established with each TO in order to expedite resolution of the issues. However, the final draft will probably be delayed until August 2004. Mr. Adams will follow-up to be sure that the TOs will see the draft Report before it becomes public – **AI #62-11**.
 - ii. NYSERDA/NYISO Gas Study** – Mr. Adams reported that on June 12, 2004, the New England Working Group addressed its experience over the past winter. More than 3600MWs of capacity did not come on line on the coldest day. The generators were able to get gas, but opted out of the electric market in favor of selling their gas. Mr. Adams agreed to provide the NE presentation to the Committee – **AI #63-9**.
 - iii. NYSERDA/NYISO Wind Study** – Mr. Adams reported that the special wind data conversion contractor has begun providing the more finely broken down data to General Electric for the Phase II Study. The draft Report is now expected in January 2005.
 - iv. Electric Deliverability Study** – Comments on the draft study scope are in the hands of the Study Group for consideration. The Study has been delay in deference to the Comprehensive Planning

Study draft scope. However, Mr. Adams has revised the scope which he will provide to the Committee – **AI #63-10**.

6.4 Other Studies/Activities

- i. Field Survey of Reactive Data** – At the request of Mr. Raymond, Mr. Calimano agreed to investigate and report back to the Committee on the availability of reactive data and the amount of effort needed to provide the data for the bulk power system during peak hour and low load periods – **AI #62-13**. This data can be used to verify reactive power studies being carried out by both the TOs and NYISO.
- ii. NYISO Readiness Audit By NERC** – Mr. Calimano reported that NYISO Readiness Audit by NERC was issued July 6, 2004 and may be found on the NERC and NYISO web sites. The report was generally positive, particularly regarding the operator’s knowledge, flexibility, and training. Some concerns were expressed such as the need for additional frequency metering and coordination between the NYISO and nuclear plant operators including the documentation of voltage restrictions at the plants. Regarding the nuclear issues, a Joint Task Force (NYISO and Nuclear Plant owners) will likely be established in the fall. Mr. Calimano also noted that the NPCC’s Task Force on System Protection (TFSP) is investigating Under Frequency Load Shedding (UFLS) and the synchronization of fault recorder clocks.

7.0 Installed Capacity Subcommittee Status Report/Issues

- 7.1 ICS Status Report and Discussion Issues** – Mr. Dahl reported that the ICS Subcommittee met on June 30, 2004. The Subcommittee continues to work with ConEd on a methodology for phasing in new assumptions. The ICS also sent a template to RRS to modify the NYSRC Statewide IRM Requirement Rule as a result of NPCC’s changes to its A-2 document.
- 7.2 Preparation for 2005-2006 Statewide IRM Study** – Mr. Dahl introduced and discussed in detail a table, Preliminary Base Case Modeling Assumptions for 2005-06 NYCA IRM Requirement Study, which includes an estimate (high, medium or low) of the impact of recommended assumption changes on last years’ IRM requirements. Comments can be provided to Mr. Dahl, but to keep on schedule, the assumptions must be approved at the August 13, 2004 meeting of the Committee. Mr. Dahl also acknowledged the White Paper prepared by the NYISO to support the forced and partial outage rate assumptions. Mr. Haase requested that ICS consider an approach that uses the probabilistic impact of the sensitivity cases to determine the expected IRM – **AI #63-11**.
- 7.3 Review of LCR/IRM Methodology** – Mr. Dahl indicated that quantification of the IRM vs. LCR (at constant LOLE) curve will hopefully be available in the August to September 2004 timeframe.
- 7.4 Other ICS Issues**
 - i. PSC Renewables Proceeding** – Mr. Gioia noted that at the Committee’s request, he prepared and circulated for consideration comments on the Recommended Decision issued recently by Judge Stein. The final written comments were filed on June 23, 2004 with the Commission. The filing reaffirmed that the Commission should (a) carefully review the reliability impacts identified in Phase 1 of the Wind Study and incorporate any modifications necessary to safeguard reliability and (b) secondly, indicate up front that the Commission will be tracking reliability impacts of the RPS program closely as the program progresses and making the necessary adjustments to the program as necessary to protect reliability.

8.0 Reliability Rules Subcommittee Status Report/Issues

- 8.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met last on June 3,

2004.

8.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. **List of Potential Reliability Rules (PRR) Changes** – Mr. Clayton introduced the table, List of Potential Reliability Rule Changes - Outstanding and reviewed the status of RRS actions on a number of PRRs as summarized on the List. The recent NPCC changes to its A-2 Document will result in at least six new or modified Reliability Rules.

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

8.3 **RRS Discussion Issues** – Mr. Clayton noted that the RRS received a presentation from Carl Tammer (NYISO) on the Version (0) Standard which was issued for comment on July 8, 2004. A cursory review by Mr. Clayton suggests that portions of the existing criteria had been omitted. Final comments are due on August 9, 2004. RRS will be working with the NPCC CP-9 to address the 50⁺ individual standards. On a positive note, Mr. Adamson indicated that the proposed Standard does acknowledge the opportunity for more stringent criteria at the Regional level for certain criteria, though sub-regions were not specifically addressed. RRS plans to provide comment that this acknowledgement should cover all Version (0) Standards. The NYISO will be working with other ISO/RTOs on their review.

8.4 NPCC/NERC Standard Tracking -

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

- **Standard 100 – Coordinate Operations** – Comments were submitted on July 2, 2004.
- **Standard 300 – Balance Resources & Demand** - Comments were submitted on July 2, 2004.
- **Standard 1200 – Urgent Action Cyber Security (One Year Extension)** – Mr. Adamson indicated that balloting is closed on July 14, 2004. The NYISO supports the Standard as do the NERC Regions. RRS recommends a “yes” vote. Mr. Ellsworth moved that the Committee submit a favorable vote with a comment opposing the inclusion of monetary sanctions. The motion was seconded by Mr. Clagett and unanimously approved by the Committee Members (13 to 0).
- **Standard 1900 - Transmission System Vegetation Management** – Comments were submitted on July 2, 2004.
- **Standard M – Amend NERC Reliability Standards Process Manual** – Comments were submitted on July 2, 2004: balloting is expected in August 2004.

9.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issue

- 9.1 RCMS Status Report & Discussion Issues** – Mr. Loehr reported that RCMS met on July 8, 2004.
- 9.2 Status of NYSRC Reliability Compliance Program (NYRCP)**
- i. 2004 NYRCP Responsibilities and Milestones** – Mr. Loehr indicated that the Subcommittee discussed the Compliance Template J-M2, NYISO Communications Testing and System Loss Report, from the 2003 NYRCP regarding the wording of the current Rule relative to the actions being taken by the NYISO to implement the Rule. A revised template has been sent to RRS for its approval of the wording changes to the Rule.
- ii. 2004 NYRCP Assessments** – Mr. Loehr indicated the Subcommittee focused on the NYISO draft NYCA Short Circuit Study which used a new data base prepared by the NYISO and TOs for the entire NYCA. The Study found seven stations where circuit breakers face potential over-duty of 100-104%: Ramapo, Sprainbrook, Farragut, Greenwood, Fitzpatrick, Nine Mile Point #1 and Packard. For downstate, it was recommended that the ConEd Fault Current Mitigation Plan be completed. The NYISO would implement its procedures for day-ahead and real-time assessment of faults and generation on line and dispatched would be a function of the day-ahead assessment. There are a number of breakers being replaced downstate. Upstate Nat.Grid has ordered replacement breakers for Packard, but nothing has been reported by either Entergy or Constellation regarding Fitzpatrick and Nine Mile Point #1, respectively. Mr. Loehr also reported that the NYISO has issued a NYCA Adequacy Review for 2004-07. The Subcommittee reviewed the Report and concluded that it fully satisfied the requirements of the appropriate Compliance Measurement. A summary of the results will be available by the next Committee meeting – **AI #63-12**.
- 9.3 Review of NYISO Readiness Audit By NERC** – See **Item #6.4ii.** above.
- 9.4 Other RCMS Issues**
- i. Verification Testing of Resource Capacity** – Mr. Loehr noted that the Procedure for Resource Capacity Testing covers only the generators under the NYISO Voltage Support Service Tariff. A modified Rule (C-R1) containing all generators over 5MWs was sent to RRS for consideration.
- 10.0 Other Items**
- 10.1 Defensive Strategies** - Mr. Smith indicated that the NPCC TFSS Blackout Study is progressing at a moderate pace. The NPCC TFSS has developed a Blackout Study Plan, based on the NERC/MEN Blackout Replication Study, to help further explain the Blackout event and investigate possible mitigation measures including Defensive Strategies i.e., protection design modifications, new SPSs, transmissions additions, and new “black box” technologies. Mr. Smith noted that time tagging problems have been uncovered resulting in new information from the recording devices which is helping to better time sequence the event. Mr. Smith also indicated that the Relay Zone 3 Assessment will be provided to NERC in September 2004.
- 10.2 Millennium Gas Pipeline** – Nothing new to report.
- 10.3 NYISO Operating Report** – Nothing new to report.
- 10.4 North American Energy Standards Board (NAESB) Report** – Nothing new to report.
- 10.5 NPCC Report** – Nothing additional to report. The NPCC Executive Committee meets next in September 2004.
- 11.0 Visitor’s Comments** – No visitor comments were received.

12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#64	August 13, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#65	September 10, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 63 was adjourned at 3:40 P.M.