

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 65 – September 10, 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
Tom M. Piascik	PSEG Power, LLC(Wholesale Seller Sector)
Thomas 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.
Joseph C. Fleury	New York State Electric & Gas/Rochester Gas & Electric

**Others:**

Alan M. Adamson	Consultant & Treasurer
John M. Adams	New York Independent System Operator (NYISO)
Paul L. Gioia, Esq.	Counsel, 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.                      NYSERDA

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

**Agenda Items – (Item # from Meeting Agenda)**

**I.        Executive Session** – An Executive Session was scheduled to follow the Open Session.

**II.      Open Session**

**1.0     Introduction** – Mr. Haase called the NYSRC Executive Committee (Committee) Meeting No. 65 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.

- 1.1 Visitors** – See Attendees List, page 1.
- 1.2 Requests for Additional Agenda Items** – Mr. Haase announced to the Committee that he will be retiring on December 3, 2004 after almost 35 years with the New York Power Authority and 5½ years with Con Edison. Committee Members offered their congratulations and wished him well. Mr. Haase will remain as Chairman through the November 2004 meeting.
- 1.3 Executive Session Topics** – Following the Open Session, the Committee went into Executive Session to discuss the NPCC TFSS Blackout Study scope and various options for filling the Chairman position.
- 2.0 Meeting Minutes/Action Items List**
- 2.1 Approval of Minutes for Meeting No. 64 (August 13, 2004)** – Mr. Raymond pointed out several minor changes to the draft minutes. The Committee offered several additional points of clarification. Subject to these corrections and clarifications, Mr. Fleury moved that the Committee approve the revised draft minutes for Meeting No. 64. The motion was seconded by Mr. Smith and approved unanimously by the Committee Members (13-0). The Executive Secretary will issue the final minutes for Meeting No. 64 and post them on the NYSRC web site – **AI #65-1**.
- 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>
61-5a	Mr. Adams provided the draft on September 7, 2004.
62-7	The EC provided comments during its July 9 and August 13, 2004 meetings.
62-12, 63-9	Mr. Adams provided the Levitan Gas Study presentation on September 9, 2004.
62-13	The data will be available through the Reactive Resources Study.
63-8	Mr. Adams provided the scope of the NYISO Reliability Criteria Study on August 23, 2004.
64-1	The minutes of EC Meeting No. 64 were posted on the NYSRC web site on September 13, 2004.
64-4	Mr. Raymond e-mailed the Subcommittee rosters to the Committee on August 15, 2004.
64-5	Messrs. Loehr/Adamson provided a draft “Non Compliance Letter” at the September 10, 2004 Committee meeting.
64-6	Mr. Gioia indicated that to his knowledge a “dispute resolution” process for MPs does not exist.
64-8	Mr. Gioia indicated that sufficient information was provided by Mr. Adams.
64-11	The Committee discussed the First Energy Readiness Audit at its September 10, 2004 meeting.
64-12	Mr. Raymond reported that Mr. P. Roman (NPCC) is the

contact for MEN activities.

### **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 August 2004. He noted that the Call-For-Funds for the 3<sup>rd</sup> quarter of 2004, issued on June 11, 2004 is complete. The end-of-year Budget Projection remains \$30,000 under budget. Mr. Adamson then proposed a final Call-For-Funds for 2004 of \$25,000 per TO with the exception of NYSEG/RG&E which is \$24,000. The assessment will be due October 1, 2004, if approved. Mr. Smith moved for approval and Mr. Loehr seconded the motion. The motion was unanimously approved by the Committee (13-0). Mr. Adamson further indicated that the Reliability Council's insurer, Liberty Mutual, met with him to audit the books. Liberty Mutual's particular interests were the NYSRC's last tax return (Form 990), the 2003 Audit Report, and invoices for consulting services. Also, Mr. Adamson reminded the Committee that in accordance with NYSRC Accounting Policy 3, the Funding Mechanism for 2005 will need to be approved at the October 8, 2004 meeting – **AI #65-2**.

#### **3.2 Other Organizational Issues**

- i. **Subcommittee Staffing** – Mr. Raymond reported that one (CHG&E) out of the two- three volunteers needed had come forth. Consequently, Mr. Haase will prepare a formal written request to the Committee Membership for additional participants – **AI #64-3**. It is hoped that the non TO members, in particular, will respond favorably in order to broaden the Subcommittee's perspectives.

- 3.3 Proposed 2005 Budget** – Mr. Adamson presented a draft 2005 Budget for comment. Mr. Gioia explained the 10% increase in Insurance, but also indicated that the estimate is more uncertain than in prior years. Mr. Fleury noted that the draft estimates for Meeting Fees and Consulting are less than the corresponding projected year end estimates for 2004. After discussion, including consideration of the Funding Mechanism, the Committee decided to increase the Consulting Item by \$10,000 and retain a \$50,000 overall Contingency. The Budget will be up for approval at the October 8, 2004 meeting.

### **4.0 Key Reliability Issues**

- 4.1 Energy Bill – Status** – Nothing new to report.

- 4.2 Future Role Of Regional Reliability Councils – Feedback** - Mr. Haase will contact Mr. Schwerdt regarding his presentation to the NERC Board - **AI #65-3**.

- 4.3 Responsibility for Compliance With Reliability Rules** – Mr. Gioia reminded the Committee that this item refers to the on-going discussion with NYISO of his 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. Mr. Gioia believes that under the tariffs and agreements approved by FERC, the NYISO is responsible for overseeing compliance with all Reliability Rules. The NYISO remains concerned about the potential liability that may arise from receiving a “finding of non compliance” for violations that are caused by

the failure of MPs to take required action. Further, it is Mr. Gioia's belief that the NYISO has, under its Tariff, sufficient authority to implement, monitor compliance and enforce the Rules. If additional authority is necessary, it should be sought. At the August meeting, Messrs. Loehr/RCMS and Adamson were asked to prepare a "Prototype Letter of Non-Compliance" for review by the parties which could help mitigate the NYISO concerns. Mr. Loehr presented the prototype letter to the Committee for its consideration. After lengthy discussion, the Committee asked Messrs. Gioia and Loehr/RCMS to try once again to craft, by the October 8, 2004 meeting, a "Non Compliance Letter" that is acceptable to the Parties – **AI #65-4**. Mr. Haase asked Mr. Gioia whether a process is in place to address a violation that is disputed by a MP – **AI #64-6**. Mr. Gioia felt that the NYISO had such a process. He further agreed to review the NPCC Dispute Resolution process for violations of Reliability Rules as a basis for developing a NYSRC Dispute Resolution Process regarding, at least, the NYISO - **AI #65-5**. Also, Mr. Adams agreed to provide for comment the newly drafted NYISO Technical Bulletin regarding their enforcement process. Mr. Gioia noted that once agreement is reached, it is likely that Policy 4 and perhaps other NYSRC documents will require changes.

**4.4 MISO Developments on Regional Reliability** – Nothing new to report.

**4.5 Regional Greenhouse Gas Initiative** – Ms. Hogan reported that the schedule for comments on the modeling assumptions has been pushed back. She agreed to provide the NYS Stakeholder Group assumptions to the Committee as soon as they become available – **AI #64-7**. The Committee will have one week to provide its comments. Further, Mr. Haase asked for a copy of the Regional assumptions once they are finalized – **AI #64-7**.

**4.6 FERC Comments on the Role of the NYSRC Regarding Local Reliability Rules** – Mr. Gioia reminded the Committee that this item originated from a FERC Order on August 6, 2004 addressing transmission interconnections. In response to the Order, IPPNY raised questions regarding its applicability to local rules established by Transmission Districts. Mr. Haake indicated that the cause of IPPNY's protest is that the District rules do not go through the same level of public scrutiny (often none) prior to becoming a requirement as do the NYISO Procedures and NYSRC Rules. In response, FERC denied IPPNY's protest because in the FERC 1998 Order creating the NYISO, it was established that Local Reliability Rules (LRRs – Reliability Rules I-R1-4) would be addressed in the same way as all other Rules. Upon review of the Order, Mr. Gioia indicated that whether FERC understood IPPNY's protest or not, FERC's statements regarding the Reliability Rules including the LRRs was correct. Therefore, NYSRC intervention was not necessary. Subsequently, IPPNY filed a petition arguing that any Transmission District interconnection requirement should be subject to independent review. Mr. Gioia recommended, and the Committee concurred, that the NYSRC should not anticipate the FERC response but, instead, wait for FERC's response before considering the filing of NYSRC comments.

**5.0 NYISO Status Report/Issues**

**5.1 Status of NYISO August 14, 2003 Blackout Investigation** – Mr. Adams indicated that the final Report has not yet received NYISO Board approval. He agreed to forward a copy to the Executive Secretary for distribution to the Committee once it becomes available – **AI #64-9**.

**5.2 DOE Report – NYISO Follow-up List** – Mr. Adams noted that an updated NYISO Blackout Follow-up List was forwarded to the Committee on August 22, 2004.

**5.3 Verify NYISO Blackout Report Meets NYSRC Expectations** – Mr. Loehr indicated that RCMS reviewed the Report on September 9, 2004. Several areas were identified as needing additional work including whether NERC/NPCC requirements were fully met, the need for studies sited in the Report to be attached, and the addition of a table of contents. Mr. Adamson noted that a separate report

within the full report regarding System Restoration is being used by RRS to develop new Rules templates. Mr. Loehr will send a letter to Mr. Calimano informing him of the RCMS findings. RCMS is preparing a written Report that should be ready for review at the October 8, 2004 Committee meeting – **AI #62-9**.

- 5.4 NYSRC Consolidated Final Blackout Report Recommendations** – Mr. Clayton reported that RRS reviewed the items on the consolidated status report, NYSRC Actions on Report Recommendations, designated for RRS. He emphasized that a number of the items are assigned directly to the Executive Committee. 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, (c) the NYISO’s Blackout Follow-up List, and (d) the Committee’s activities. The Report includes updates of actions by both the NYSRC and others. Mr. Clayton noted that PRR #s 8 and 72, which will be discussed under Agenda Item #8.0, received their impetus from items #23 and #29 on the NYSRC Actions Report. Mr. Adamson agreed to check with Mr. Bolbrock regarding item #2, i.e., development of a funding mechanism for NERC and the Regional Councils – **AI #65-6**.
- 5.5 NPCC Blackout Restoration Report** – Mr. Clayton indicated that the Report is under review by RRS for new and/or modified Reliability Rules – **AI #64-10**.
- 5.6 PSC Blackout Report** – Mr. Schrom indicated that the Report will likely be issued in October 2004.
- 6.0 NYISO Status Report/Issues**
- 6.1 NYISO Reliability Criteria Study – Status** – Mr. Adams indicated that the Study is in a holding pattern due to higher priority issues.
- 6.2 NYISO Planning Process** – Mr. Adams reported that a new draft of the Initial Planning Process Study has been forwarded to the stakeholders and the ESPWG. The plan is to present the draft to the Operating Committee this month. Also, Mr. Adams reported that the implementation of the Comprehensive Planning Process, which has been filed with FERC, will begin in the week of September 19, 2004 in anticipation of FERC approval. ESPWG has received comments from the stakeholders on Phase 2, Treatment of Economic Projects Under the NYISO Planning Process. Discussions with the stakeholders will begin shortly with the hope of reaching agreement by year-end.
- 6.3 Studies – Status**
- i. Reactive Resource Adequacy** – Mr. Adams reported that the Working Group distributed the Load Power Factor Study and Operations Reactive Studies Summary and Status Report – August 2004 for comment. Another round of comments on the Load Power Factor Study is expected, at a minimum. Dr. Sasson raised concern about the use of a “zero interchange” requirement under certain conditions. Mr. Clayton indicated that RRS was following developments that have both reliability and economic implications. Mr. Haase asked Mr. Adams to make arrangements for Mr. Waldele to present the Study at the October 8, 2004 NYSRC EC meeting – **AI #65-7**.
- ii. NYSERDA/NYISO Gas Study** – Ms. Hogan reported that delays until August 2004 in the contracting associated with the fuel supply component of the Study have put the analysis on hold pending completion of the public comment period in October 2004. The NYISO/DPS on-going work on the interaction between the gas and electric markets will culminate in an information document in December, 2004. There is nothing new to report regarding the process for determining how gas pipeline contingencies can cascade into the electric system. Ms. Hogan noted that she is looking into a hydraulic model that would be included in the NYSERDA 2005 budget.

- iii. **NYSERDA/NYISO Wind Study** – Mr. Adams reported that the Study Group will meet in early October after which a detailed status of Phase II will be provided. The draft Report is expected in December 2004 and the Final Report in January 2005. Mr. Adams agreed to set up a presentation on the Study for the Committee’s October 8, 2004 meeting – **AI #65-8**. He also noted that the interconnection queue has over 1300 Mws of wind power registered. The target for renewables in NYS is 25%. Currently, NYS is at about 18%.
- iv. **Electric Deliverability Study** – Mr. Adams indicated that FERC had granted an extension until February 7, 2005. The Study is a requirement under the FERC Interconnection Order, which had provided for a 60-day comment period. Also, the NYISO has filed for rehearing regarding whether the NYISO can opt out of the Deliverability Product given the NYCA’s Locational Capacity Requirements.

**6.4 Other Studies/Activities**

- i. **First Energy Readiness Audit Results** – Mr. Adams reported that FERC is holding a Technical Conference September 27, 2004 on their Readiness Audits. He agreed to provide feedback to the Committee.- **AI #65-9**.

**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 September 1, 2004. He announced that Mike Hogan (CHG&E) will be replaced by Sephir Hamilton (CHG&E) on the Subcommittee.

**7.2 Preparation for 2005-2006 Statewide IRM Study** – Mr. Dahl indicated that in the course of running benchmark tests for the approved modeling assumptions for the 2005-06 Study, questions arose that require additional analysis. A phone conference is scheduled on September 15, 2004 for ICS to give final approval to the Base Case. Mr. Dahl then discussed a summary table of sensitivity cases representing base, high and low cases with probabilities of 60%, 20%, and 20%, respectively. These cases will serve as the inputs in a probabilistic analysis that, along with the base case IRM requirements, will be used to determine a recommended NYCA 2005-06 IRM requirement. The probabilities and associated assumptions represent the judgment of the ICS members. Mr. Dahl emphasized that the probabilistic approach will not replace any of the information provided in prior years. Mr. Bush and others stated their belief that it appeared that the ICS had made a judgmental assignment of probabilities to the various sensitivity cases, and that such an approach has very little technical merit. Further, they added that there would have to be a development of a defensible probability distribution for each sensitivity, with an analysis of the means and standard deviations in order to provide any meaningful data from this approach. Others felt that the probabilistic approach added new and valuable information for the Committee to use in selecting a final IRM requirement for 2005. Following discussion of various methods for presenting the results, the Committee agreed that multiple methods should be provided by ICS. Also, Mr. Dahl asked the Committee to identify any additional sensitivity cases as quickly as possible. Mr. Haase asked that Committee Members provide their thoughts on the probabilistic methodology within by September 26, 2004. – **AI #65-10**.

**7.3 Review of LCR/IRM Methodology** – Mr. Dahl indicated that quantification of the IRM vs. LCR (at constant LOLE) curve has uncovered some questions that need to be resolved. Once resolved, a white paper will be presented which recommends an ICS consensus “anchor” point – **AI #62-16**.

**7.4 Other ICS Issues**

- i. **PSC Renewables Proceeding** – Nothing new to report.

- 8.0 Reliability Rules Subcommittee Status Report/Issues**
- 8.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that the RRS met last on September 2, 2004, see Agenda **Item #5.4**.
- 8.2 Status of New/Revised Reliability Rules**
- i. Proposed NYSRC Reliability Rules Revision**
- a. List of Potential Reliability Rules (PRR) Changes** – Mr. Clayton referred to the table, List of Potential Reliability Rule Changes - Outstanding and reviewed the status of RRS actions. There has not been any action on PRRs #8 and 52.
- 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** – None requiring discussion at this time.
- 8.4 NPCC/NERC Standard Tracking -**
- i. NERC Standards Development – Status** – Mr. Adamson reviewed the NERC Reliability Standard Development Tracking document.
- **Standard 000 – Version (0) Reliability Standards** – Mr. Adamson reported that comments were posted on August 9, 2004. Draft 2 was posted on September 3, 2004 together with a twenty-five page Comment Form. RRS is working with NPCC on comments and then will develop its own comments, which are due on October 15, 2004. Draft 2 did not include all our comments. Draft 3 will be posted in November 2004 for balloting in December 2004.
  - **Standard 1200 – Urgent Action Cyber Security (One Year Extension)** – Mr. Adamson indicated that the NERC Board of Trustees approved a one year extension of Standard 1200 effective August 13, 2004. The plan is to have the Permanent Cyber Security Standard 1300 in place within one year.
- 9.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues**
- 9.1 RCMS Status Report & Discussion Issues** – Mr. Loehr reported that RCMS met on September 9, 2004. He noted that RCMS reviewed the NYISO Readiness Audit and found no compliance issues. Also, he expressed concern regarding the NERC Functional Model, in particular the breakdown of functional responsibilities (or overlapping functions). He recommends waiting to see if the issue is addressed by Mr. Schwerdt in the context of the Role of the Regional Councils.
- 9.2 Status of NYSRC Reliability Compliance Program (NYRCP)**
- i. 2004 NYRCP Responsibilities and Milestones** – Nothing new to report.
- 9.3 Other RCMS Issues** – See Agenda **Item #5.3**.
- 10.0 Other Items**
- 10.1 Defensive Strategies** - Mr. Smith indicated the TOs have found more Zone 3 issues than originally expected and some of the TOs have begun making the necessary corrections. The remediation plan must be completed by December 31, 2004 and the actual changes made by December 31, 2005. Mr. Smith pointed out that the current limiting Superconducting Device described in an article circulated by Mr. Gioia is in the R&D phase with availability expected in 2007. He further indicated that the Phasor Project, discussed at the last meeting, is a “super” SCADA system with GPS time tagging at a fairly high sampling rate. There is an effort underway to deploy the system in the

Eastern Interconnection. In NYS, NYPA is participating. Mr. Smith also noted that the NPCC TFSS Blackout Study has progressed to the point in time that NYS began to separate.

**10.2 Millennium Gas Pipeline** – Nothing new to report.

**10.3 NYISO Operating Report** – Mr. Raymond reported that the July 2004 Operating Summary showed no unusual trends. However, there was one major emergencies on July 7, 2004 for L34P St. Lawrence-Moses 230kv line exceeding its LTE rating from 01:19 to 01:21.

**10.4 North American Energy Standards Board (NAESB) Report** – The Board meets next during the week of September 12, 2004.

**10.5 NPCC Report** – Nothing additional to report. The NPCC Executive Committee meets next on September 14, 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>
#66	October 8, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#67	November 12, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 65 was adjourned at 3:50 P.M.