

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 67 – November 12, 2004
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority
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
George C. Loehr	Unaffiliated Member & RCMS Chairman
Tom M. Piascik	PSEG Power, LLC(Wholesale Seller Sector)
Larry Eng	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
Thomas Duffy	Central Hudson Gas & Electric – by Phone*

Others:

Alan M. Adamson	Consultant & Treasurer
John M. Adams	New York Independent System Operator (NYISO)
Robert Waldele	New York Independent System Operator (NYISO)*
Roger E. Clayton	Conjunction, LLC – RRS Chairman
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)
Steven Keller	NYS Department of Public Service (NY DPS or PSC)

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA
Frank Vitale	Consultant

“*” – 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. 67 to

order at 9:35 A.M. He noted that Mr. Ralph Rufrano will become the Primary Member representing NYPA upon his retirement, and that Mr. Ed Hubert will become the new alternate. The Committee thanked Mr. Haase for his many years of technical guidance and devoted service to the NYSRC and the Industry.

Meeting Attendees - Thirteen Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting. Mr. Duffy attended via phone.

1.1 Visitors – See Attendee List, page 1.

1.2 Requests for Additional Agenda Items – No requests were made.

1.3 Executive Session Topics – None

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 66 (October 8, 2004) – The Committee offered several additional points of clarification. Subject to these corrections and clarifications, Mr. Smith moved that the Committee approve the revised draft minutes for Meeting No. 66. The motion was seconded by Dr. Sasson and approved unanimously by the Committee Members (13-0). The Executive Secretary will issue the final minutes for Meeting No. 66 and post them on the NYSRC web site – **AI #67-1**.

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>Comment</u>
63-11	ICS presented the probabilistic approach at the Committee’s October 8, 2004 meeting.
64-7	Ms. Hogan provided the final RGGI data on November 10, 2004.
65-7	Mr. Waldele presented the Load Power Factor Study at the Committee’s November 12, 2004 meeting.
66-1	The minutes of EC Meeting No. 66 were posted on the NYSRC web site on November 19, 2004.
66-2	Mr. Raymond followed up on the status of the request for added subcommittee participation.
66-4	Mr. Gioia forwarded the transcript of September 27, 2004 Audit Conference on November 15, 2004.
66-7	ICS forwarded the IRM Requirements Report to the Committee on November 5, 2004.
66-8	The Exec. Secretary posted PRRs #67, 69, 70, 71, and 75 for comment on October 25, 2004.
66-9	The Committee voted to approve changes to Section B, Introduction to the Reliability Rules Manual at its November 12, 2004 meeting.

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 October 2004. He noted that all payments in response to the Call-For-Funds for the 4th quarter of 2004, issued on September 10, 2004 had been received. The end-of-year Budget Projection is now \$40,000 under budget.
- ii. General Liability Insurance Premium** – Mr. Gioia briefly discussed the civil complaint filed by New York Attorney General, Eliot Spitzer, against Marsh, the NYSRC's insurance broker. The Committee asked Mr. Gioia to seek the advice of the NYSRC's Insurance Advisory Group as to whether the NYSRC should take action with respect to the continued use of Marsh as its broker – **AI #67-2**.

3.2 Other Organizational Issues

- i. Subcommittee Staffing** – Mr. Haase asked Mr. Raymond to forward a letter under Mr. Ellsworth's signature to the Transmission Owners (TOs) and affiliated members not currently participating on the NYSRC Subcommittees requesting that they offer new members – **AI #67-3**.

4.0 Key Reliability Issues

4.1 Future Role Of Regional Reliability Councils – Feedback – Mr. Bolbrock indicated that the final report remains on schedule for year-end. Mr. Haase added that, per conversation with Mr. Schwerdt (NPCC), the leadership of ECAR, MAIN, MAPP, and MRO has directed their respective Regional Managers to hold joint discussions to determine alternatives for a broader Regional Council(s). Mr. Schwerdt feels that two Councils from the current four, versus a single Council, is more likely. It remains unclear whether changes regarding Sub-Regional Councils are an issue. Mr. Loehr noted that MAPP was setting up an independent Reliability Organization under the MAPP umbrella.

4.2 Responsibility for Compliance With Reliability Rules – Mr. Gioia reported that he had received an e-mail from Mr. Museler expressing concern regarding the generic "Non-Compliance Letter" approved at the October 8, 2004 Committee meeting that would be issued to the NYISO in cases where the NYISO's non-compliance with a Reliability Rule appears to be the result of the failure of a market participant to comply with NYISO procedures. Mr. Gioia responded by advising Mr. Museler that the letter was adopted by the Executive Committee as a draft which would be modified as appropriate, if such a letter were needed in the future. He also advised Mr. Museler that the Executive Committee had agreed that the NYISO would have an opportunity to raise any concerns with the Executive Committee prior to issuance of such a letter. Mr. Museler, subsequently, requested a meeting with the NYSRC leadership to discuss the matter further. Mr. Haase noted that the NYSRC practice with respect to the issuance of a non-compliance letter to the NYISO based on the actions of a market participant appears to be similar to the practice currently used by NPCC. The Committee requested that a meeting (Messrs. Ellsworth, Gentile, and Gioia) be set-up with Mr. Museler to resolve the matter – **AI #67-4**. Mr. Adams will distribute a copy of the NPCC Non-Compliance Letter sent to ISO-NE by NPCC – **AI #67-5**. Also, the Committee asked Mr. Clayton to disregard Rule changes pertaining to compliance responsibilities until the issue with the NYISO is resolved.

4.3 Regional Greenhouse Gas Initiative – Ms. Hogan reported that the remaining part of the Study assumptions were sent out to the Committee on October 5, 2004. A base case has been run and is currently undergoing technical review. She noted that the assumption had been reviewed and supported by the NYISO representatives.

- 4.4 FERC Order Granting Request For Clarification (Physical Differences)** – Mr. Gioia noted that FERC’s favorable response to the NYSRC Request For Clarification had been circulated to NPCC, SERC, PJM, MAAC and the major Control Areas with the assistance of Mr. Schwerdt.
- 5.0 NYISO Status Report/Issues**
- 5.1 Status of NYISO August 14, 2003 Blackout Investigation** – Mr. Waldele indicated that the final Report will go to the NYISO Board for approval in December 2004. Mr. Adams will 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. Waldele circulated an updated NYISO Blackout Follow-up List and discussed the items that had status changes relative to the prior list.
- 5.3 Verify NYISO Blackout Report Meets NYSRC Expectations** – Mr. Loehr reviewed a letter that will be sent to Mr. Calimano informing him of the results of RCMS’ review. In the letter the NYISO is requested to issue a supplement to the Report responding to various issues.
- 5.4 NYSRC Actions on Blackout Report Recommendations** – Mr. Clayton discussed six recommendations (#19, 23, 24, 26, 28, and 29) that have directly lead to new PRRs (#76, 8, 73, 74, 77, 67) which are either under development or posted for comment. Mr. Adamson added that NERC is developing a new Vegetation Management Rules and NPCC is updating its A-3 document, Emergency Operations Criteria in response to other Blackout Report recommendations.
- 5.5 PSC Blackout Report** – Mr. Schrom reported that the final Report is expected before year-end.
- 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 indicated that the Initial Planning Report has gone to the Management Committee for approval. It should reach the NYISO Board in January 2004. Mr. Adams will arrange for a presentation of the Report to the Committee once it is approved by the Board – **AI #67-5**.
- 6.3 Studies – Status**
- i. Reactive Resource Adequacy** – Mr. Waldele gave the Committee a slide presentation update on the Operations Reactive Studies and Voltage Support Services (VSS) analysis being performed by the NYISO. Dr. Sasson pointed out that the Phase 1, Load Power Factor Study, will not be issued in final form. Rather, the NYISO will perform a new study based on Summer 2005 conditions. VSS issues have been identified, testing requirements clarified and near term enhancements proposed. New comprehensive testing requirements will be proposed once the NERC Standards Development Process and work on the Blackout Recommendations are complete. The current rate for VSSs will be retained for 2005. However, some structural changes are possible by mid 2005.
- ii. NYSERDA/NYISO Gas Study** – Mr. Adams indicated that there is nothing new to report regarding the process for determining how gas pipeline contingencies can cascade into the electric system and the interaction between gas and electric markets. Phase 3, the ability to substitute oil for gas in dual fuel units during emergencies, is progressing with the next meeting scheduled for the week of November 14, 2004.
- iii. NYSERDA/NYISO Wind Study** – Mr. Adams reported that the Study Group will meet with the contractor during the week of November 14, 2004. He will ask the contractor, GE, to make a

presentation at the Committee's December 10, 2004 meeting – **AI #65-8**. The final draft Report is expected by the end of December 2004 and the review process will begin in January 2005. So far it does not appear that large numbers of wind turbine (3200MW) on the system presents any operating problems.

- iv. **Electric Deliverability Study** – Mr. Adams indicated that an IITF meeting is scheduled following the ESPWG meeting at which time the technical analysis being carried out in conjunction with GE and PowerGen will be presented. Both probabilistic (MARS) and loadflow analyses are being done to determine potential “bottled” generation.

6.4 Other Studies/Activities – Nothing new to report.

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 November 2, 2004 following a conference call on October 19, 2004 to finalize the draft 2005 Statewide IRM Requirements Study and additional documents to aid the Committee in deciding upon the IRM requirement for 2005.

7.2 Preparation for 2005-2006 Statewide IRM Study – Mr. Dahl summarized the draft technical study report, New York Control Area Installed Capacity Requirements for the Time Period May 2005 Through April 2006, which included discussion of the study procedure, base case results, sensitivity cases and the comparison with 2004 study results. The base case for 2005 is 17.6%, .5% above 2004. The largest single assumption impacts were DMNC Unavailability (+2.3%), and EFORs (-1.0%). The “White Paper” provided by the NYISO in August, 2004 describes the derivation of the 711Mw DMNC adjustment in the MARS capacity model. Also, he noted that the impact of downstate transmission constraints has increased from .9% previously to 1.7% for 2005, e.g., the IRM Requirement would decline to 15.9% absent the transmission constraints. Sixteen (16) sensitivity cases, modifying input data assumptions by reasonable higher and lower amounts, were run with thirteen (13) falling below the current 18.0% IRM requirement. Among those falling above 18% was a case with generation availability below that of the Base Case which resulted in 18.8%. Mr. Dahl noted that Emergency Assistance can have a major impact in reducing the IRM Requirement. Therefore, the ICS will be re-evaluating the models for surrounding areas prior to next year's IRM study – **AI #67-6**. ICS would like to receive any comments by November 19, 2002 – **AI #67-7**.

- i. **ICS Suggested Issues and Sensitivity Results** - Mr. Dahl discussed three probabilistic methods used by ICS in conjunction with the high and low sensitivity cases to capture the effect of imperfect data for illustrative purposes. The results showed a range of -.75% to .70% around the base case of 17.6%. Next, Mr. Dahl presented a document prepared by ICS, Suggested Issues to Consider, which provides the arguments favoring a 17.5% decision and those favoring 18.0%. The ICS believes that either level of IRM is creditable based on the studies performed. A non binding polling of ICS participants was evenly split. The PSC and NYISO favored 18.0% while ICS' technical experts preferred 17.5%. Finally, Mr. Dahl noted that at the request of the ISO-NE, Mr. Vitale will be making a presentation to them on the use of MARS. ISO-NE's impetus is that their current method for determining IRM lacks the recognition of transmission constraints and provides results significantly below (~2.0%) that of New York. Mr. Bush noted the lower FORs in NE's modeling and the lack of consideration of EOPs in New York's analysis.

- ii. **Analysis of IRM Results** – Dr. Sasson presented an analysis that he had prepared, Analysis of IRM Results, on the statistical significance of IRM results. He explained that assuming perfect input data accuracy, the accuracy of the Monte Carlo trials leads to a probability of 50% that the “one day in ten years” criteria is met at the Base Case IRM of 17.6%. Furthermore, at +/- three-

sigma (17.1% and 17.9% this year) the probability of not meeting the criteria is 99.85 and 0.15%, respectively. Dr. Sasson also emphasized that as the Study report demonstrates, reasonable variations in imperfect input data can produce significant changes in IRM. This effect is over and above the variations caused by the limited number of Monte Carlo trials. For example, the sensitivity cases show a range of 15.9% to 20.4% this year.

7.3 Review of LCR/IRM Methodology – Mr. Dahl indicated that the white paper that recommends an ICS consensus “anchor” point for determining LCR has been delayed until early 2005.

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 November 6, 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 referred to the table, List of Potential Reliability Rule Changes - Outstanding and reviewed the status of RRS actions. He indicated that RRS is becoming more involved in the NYISO Reactive Resource Study as requested by the Committee; specifically, Mr. Clayton has joined one of the Working Groups. Also, Mr. Clayton noted that RRS has discussed the possibility of new Rules addressing defensive strategies, but decided to hold off until the on-going Reactive Studies are completed including the joint work of Messrs. Loehr, Clagett, and Smith.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval – none

2. PRRs for EC Approval to Post for Comments – Mr. Clayton indicated that five PRRs, #67, #69, #70, #71, and #75 have been posted for comments.

3. PRRs for EC Discussion – Mr. Clayton discussed PRR #68 which will be voted on at the December 10, 2004 Committee meeting – **AI #67-8**. The Committee should provide comments as soon as possible to Mr. Clayton – **AI #67-9**. He also updated the Committee on the status of PRRs #72, #73, #74, #75, #76, and #77.

8.3 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 Draft 3 was posted on November 3, 2004. It appears on initial review that the past “show stoppers” have been adequately addressed. Balloting will begin on December 1, 2004 and end December 13, 2004. NPCC’s CP 9 comments will be available for review in about two weeks. Mr. Adamson emphasized the importance of NYSRC members registering as part of the Balloting Body.
- **Standard 600 – Determine Facility Ratings, Operating Limits, and Transfer Capabilities** – Mr. Eng reported that the Drafting Team had completed its work, but posting for comment has been deferred until Standard 000 is voted upon.
 - **Standard 1300 – Permanent Cyber Security** – Mr. Adamson indicated that NPCC and

NYISO comments were provided on November 1, 2004 and supported by the NYSRC. It is expected that the next draft will be balloted since the current extension given to the interim Cyber Security Standard expires in August 2005.

- **Standard 1400 – Certification of the Balancing Authority Function** - Mr. Adamson indicated that NPCC and NYISO comments are being relied upon.

8.4 Revision to the Reliability Rules Manual; Section B, Introduction – Mr. Clayton indicated that the vote on the revision was deferred to this meeting. Mr. Bolbrock moved for approval of the revision to the Introduction of the Reliability Rules Manual. The motion was seconded by Mr. Clagett and approved unanimously by the Committee (13 to 0) – **AI #67-10.**

9.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues

9.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on November 10, 2004. He noted that RCMS is up-to-date regarding actions on the Blackout Report recommendations. Also, there is a NARUC proposal being circulated that would have FERC perform an unbiased evaluation of the relationship between the Blackout and the recent Industry changes. Further, Mr. Loehr noted that RCMS is preparing a list of topics to recommend to the Committee for inclusion in the 2005 Reliability Compliance Program.

9.2 Status of NYSRC Reliability Compliance Program (NYRCP)

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

9.3 Other RCMS Issues – None

10.0 Other Items

10.1 Defensive Strategies - Mr. Smith reported that the NPCC Blackout Studies are progressing well, but are behind schedule by about three months. Mr. Loehr indicated the joint (Loehr, Smith, and Clagett) “white paper” on Defensive Strategies will focus on separation before and after a contingency and identifying strategies that should be given serious consideration. Completion is expected in February 2005 – **AI #67-11.**

10.2 Millennium Gas Pipeline – Nothing new to report.

10.3 NYISO Operating Report – Mr. Raymond reported that the September 2004 Operating Summary showed no unusual trends. However, two NERC/NPCC Reportable Events took place on September 1 and 24, 2004 with the tripping of Indian Point 2 in both instances. The system responded as planned.

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

10.5 NPCC Report – Nothing new to report.

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>
#68	December 10, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#69	January 13, 2005	290 Washington Ave. Ext., Albany, NY.	9:30 A.M.

The open session of Committee Meeting No. 67 was adjourned at 3:30 P.M.