

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 69 – January 13, 2004
Desmond, Albany, NY.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority
Bruce B. Ellsworth	Unaffiliated Member – Chairman
William H. Clagett	Unaffiliated Member
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
George C. Loehr	Unaffiliated Member, RCMS Chairman
Thomas J. Gentile	National Grid, USA – Vice Chairman*
Michael B. Mager	Couch White, LLP (Retail Sector-Alternate Member)
Ralph Rufrano	New York Power Authority
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
Thomas M. Piascik	PSEG Power, LLC(Wholesale Seller Sector)

Others:

Alan M. Adamson	Consultant & Treasurer
John M. Adams	New York Independent System Operator (NYISO)
Roger E. Clayton	Electric Power Resources, LLC - RRS Chairman
Paul L. Gioia, Esq.	Counsel, LeBoeuf Lamb Greene & MacRae (LLG&M)
Don Raymond	Executive Secretary
Hebert Joseph	NYS Department of Public Service (NYDPS or PSC)

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric – Phone

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – There were no requests for an Executive Session.

II. Open Session

1.0 Introduction – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 69 to order at 9:35 A.M. Mr. Gentile indicated that Larry Eng has announced his retirement. He further asked

that the minutes reflect the Executive Committee's appreciation for Mr. Eng's 30+ years of devoted and expert service to the Executive Committee, NERC, NPCC, NYPP and the NYISO.

Meeting Attendees - Thirteen Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting.

1.1 Visitors – See Attendee List, page 1.

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

1.3 Executive Session Topics – There were no requests for an Executive Session.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 68 (December 10, 2004) – The Committee did not have an opportunity to review the latest revised draft minutes for Meeting No. 68. Mr. Ellsworth suggested that the Members forward any further comments to the Executive Secretary by December 14, 2004. Assuming no major changes, the Executive Secretary will issue the final minutes for Meeting No. 68 and post them on the NYSRC web site – **AI #69-1**.

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>
62-13	Real-time reactive data is available through the NYISO.
67-9	The Committee provided comments on PRRs #72, 73, 74, 75, 76, and 77 at its December 10, 2004 meeting.
68-1	The minutes for meeting #67 on November 12, 2004 were posted to the NYSRC web site on December 15, 2004.
68-2	The letter was forwarded to Mr. Museler on December 29, 2004.
68-10	The press release was issued on December 22, 2004.
68-11	The informational filing to FERC was forwarded on December 22, 2004.
68-14	The Wholesales Sector provided comment at the January 6, 2004 RRS 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 December 2004 which indicates a year-end surplus of \$85,000. Further, Mr. Adamson indicated that four members (\$80,000) had responded to the Call-For-Funds (\$165,000) for the 1st quarter of 2005 due January 1, 2005 prior to preparing the Summary. Subsequently, an additional \$30,000 was received from two members. Colleen Campoli will be mailing the Form 1099 Federal Income Tax statements during the week of January 16, 2005. Also, the annual Audit by Michael Ryan of Slocum, DeAngelus, and Associates will begin on

January 20, 2005. Again, this year, Ms. Campoli, NYSRC Accountant, will assist Mr. Adamson. Shortly, Mr. Ryan will be requesting via mail the amount of the payments to the NYSRC provided by each Committee Member during 2004.

3.2 Other Organizational Issues

- i. Subcommittee Staffing** – Mr. Ellsworth indicated that a letter was sent (under Mr. Ellsworth’s signature) to the Transmission Owners (TOs) and affiliated members not currently participating on the NYSRC Subcommittees requesting that they provide Subcommittee members. He requested their response prior to the Executive Committee meeting on February 11, 2005.
- ii. Non-Deductibility of Lobbying Expenses** – Mr. Gioia indicated that as a non profit entity the NYS Reliability Council can participate in lobbying activities. However, the members of the Council should be notified in advance of any political expenditure because the portion of membership dues attributable to lobbying activities is non-deductible as business expense. Mr. Gioia has largely limited LeBoeuf Lamb Greene & MacRae expenditures to monitoring and reporting on the status of pending federal energy legislation. However, next year (2005) could be an active year with the likely resurgence of federal energy legislation. After discussion, the Committee agreed to limit any lobbying to the extent possible and to address the non-deductibility requirements, if and when lobbying activities become necessary.

4.0 Key Reliability Issues

4.1 Future Role Of Regional Reliability Councils – Feedback – Nothing new to report.

4.2 Responsibility for Compliance With Reliability Rules – Mr. Gioia reported that a meeting with Mr. Museler was scheduled for January 26, 2005 beginning at 10:00 A.M. at the NYISO Control Center to clarify responsibilities of the NYSRC and NYISO regarding compliance with the Reliability Rules –**AI #68-13**. Mr. Ellsworth requested that Mr. Adams allow for 10-15 minutes of one-on-one discussion between himself and Mr. Museler. The Executive Committee will be represented by Messrs. Ellsworth, Gentile, and Gioia. Mr. Adams indicated that Ms. Grisaru and Messrs. Museler, Buechler, Calimano and Adams would be attending from the NYISO.

4.3 Regional Greenhouse Gas Initiative – Ms. Hogan reported that the RGGI modeling Reference Case had not been finalized due to ongoing discussions of the nuances of the model. The sensitivity cases are prepared so that once the Reference Case is approved, the sensitivity case can move forward quickly.

4.4 FERC Order on the NYISO’s Comprehensive Reliability Planning Process – Mr. Adams reported that on December 28, 2004 FERC issued an order accepting the proposed tariff amendments and agreement between the NYISO and NYTOs filed by the NYISO to establish a comprehensive planning process for reliability needs in New York. However, FERC did reject one procedural issue regarding PSC screening of potential projects and other minor inconsistencies and State/Federal jurisdictional matters pertaining to dispute resolution. The NYISO is working through these issues with the stakeholders for inclusion in its compliance filing. Discussion within the ESPWG raised the possibility of the PSC being available upon request to offer informal pre-Article #7, 8 and 10 reviews for both market driven and cost-based projects.

5.0 NYISO Status Report/Issues

5.1 Status of NYISO August 14, 2003 Blackout Investigation – Mr. Adams will forward a copy of the Report to the Executive Secretary for distribution to the Committee once it becomes available – **AI #64-9**. It is expected that the Report will be released by the end of January 2005.

- 5.2 DOE Report – NYISO Follow-up List** – Mr. Adams indicated that Mr. Calimano will address the Follow-up List at the February 11, 2004 Committee meeting.
- 5.3 Verify NYISO Blackout Report Meets NYSRC Expectations** – Mr. Adams reported that Mr. Campoli (NYISO) is updating the Report to include all the items requested in Mr. Ellsworth’s Letter to Mr. Museler.
- 5.4 NYSRC Actions on Blackout Report Recommendations** – Mr. Clayton reported that RRS continues to work on six new PRRs (#76, 8, 73, 74, 77, and 67) which are either under development or posted for comment. The new PRRs are derived directly from Blackout Report recommendations (#19, 23, 24, 26, 28, and 29).
- 5.5 PSC Blackout Report** – Mr. Joseph indicated that issuance of the Report is expected shortly after the NYISO issues its final Blackout Report in early February 2005.
- 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 such as the recent focus on the Version (0) Reliability Standards. Any recommendations from the Study will involve the NYSRC through the Reliability Rules process. Mr. Gioia reminded Mr. Adams of prior agreement to have the NYSRC involved throughout the study phase – **AI #69-2**.
- 6.2 NYISO Planning Process** – Mr. Adams indicated that the Comprehensive Planning Process was approved by FERC per its December 28, 2004 Order (See **Item #4.4**). Work on the economic phase of the Planning Process has progressed to the point that a “strawman” is expected to be ready for stakeholder review in February 2005. The NYISO favors an informational process whereby economic information is posted for the market place. Mr. Adams noted that LICAP is not currently part of the economic analysis.
- 6.3 Studies – Status**
- i. Reactive Resource Adequacy** – Mr. Adams indicated that the Load Power Factor (LPF) process is proceeding with the formation of a joint TPAS and SOAS Working Group to address gaps between planning and operations issues. A 2005 reactive resource analysis has begun, but a completion date has not yet been established. The joint working group will be solicited to address any LPF issues that arise. PJM is studying the same reactive resource issues. A FERC Workshop on March 9, 2005 will also focus on reactive resources.
- ii. NYSERDA/NYISO Gas Study** – Mr. Adams indicated that the kick-off meeting for the Infrastructure Analysis phase of the Study has taken place. A contract has been signed with ICF and a draft report is expected by mid year. Mr. Ellsworth noted that the American Gas Association and INGAA sponsored a gas pipeline failure, either natural or terrorist inflicted, impact assessment of supplies to critical northeast locations conducted by the consultant EEA. DOE and the Gas Technology Institute (GTI) then funded similar assessments for other parts of the country. Two weeks ago, the GTI decided to examine one area (New York) to determine how best to use the information already gathered. Its next step will be to solicit the assistance of the NYSERDA/NYPSC. It is clear that far more than the electric industry’s ability to supply power is subject to significant impacts.
- iii. NYSERDA/NYISO Wind Study** – Mr. Adams reported that a draft report was received from GE which is currently under in-house review. Comments are due to GE by January 17, 2005. A revised draft will become available to the public on January 31, 2005. Also, there will be a technical conference on the Report at the Albany Nanotech Center on February 10, 2005 after which the PSC will accept comments through February 18, 2005. A final report will be issued on March 1, 2005 –

AI #68-5.

Further, Mr. Adams noted that the NERC Wind Task Force, under the auspices of the NERC Planning Committee, started with a conference call on January 11, 2004. The Task Force will address, among other issues, the impact of wind power on reliability standards and operating practices. Mr. Adams added that FERC is expected to issue a Wind NOPR on January 19, 2005.

- iv. **Electric Deliverability Study** – Mr. Adams indicated that the technical analysis carried out in conjunction with GE and PowerGen was presented to the stakeholders. The analysis found no significant deliverability problems in today’s system or the expected 2009 system. Mr. Rufrano noted that the analysis was for the Bulk Power System only and that the results do not assure that requirements for an ICAP contract have been met. A final Report is due to IITF by January 23, 2005 – **AI #68-7**. The NYISO must report back to FERC by February 7, 2005 – **AI #69-3**.

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. Adamson reported that the ICS Subcommittee met on January 8, 2005 to discuss two specific issues, (a) “Cedars”, e.g., the counter-intuitive increase in IRM when generation (Cedars) is added upstate and (b) the Locational Capacity Requirements (LCR) methodology which has been under review for nearly a year with the expectation of reaching a consensus and presenting the conclusions to the Executive Committee in early 2005. ICS expects to provide the Committee with a report on the “Cedars” issue in March 2005 – **AI #68-9**. Further, ICS will report on the status of the review of the LCR methodology at the Committee’s February 11, 2005 meeting – **AI #68-8**.

- 7.2 FERC Informational Filing on the New IRM** – Mr. Gioia reported that the informational filing was submitted on December 22, 2004.

- 7.3 IRM Requirement – “Cedars” Issue** – See **Item #7.1**.

- 7.4 Locational Capacity Requirement (“Anchor Point”, etc.)** – See **Item #7.1**.

- 7.5 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 January 6, 2005. Nine Wholesale Seller Sector representatives were in attendance to discuss PRR #68, Verification Testing of Dual Fueled Units.

- 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. He noted that a new “Status” category has been added to the table. Further, Mr. Clayton reminded the Executive Committee that PRR’s #67, 70, 71, and 75 were approved for posting at its December 10, 2005 meeting. PRR #68, Verification Testing of Dual Fueled Units, was remanded to RRS for further consideration. The objective of the PRR is to assure that dual fuel units could actually switch in emergencies. Wholesale seller sector representatives pointed out that as written, PRR #68 would place a burdensome testing requirement on the generation owners for an obligation they do not currently have and which is not currently compensated under the NYISO Tariff. It is estimated by the wholesale sellers that lost economic opportunities are

about \$100,000 per test. Further, LDCs have testing requirements which may satisfy the Executive Committee's needs and testing uses environmental allowances thereby impacting both the economics of the owner and reliability. Mr. Rufrano suggested that RRS consider coordinating the dual fuel testing with the testing being done by the LDC. Mr. Ellsworth added that the generators are given a sizable price incentive in the gas market to agree to the LDC gas shut-off tests. Also, it was noted that the PSC has imposed fuel storage requirements for reliability reasons, yet no accompanying performance testing is required. Other Committee members questioned the need and/or authority to impose the test. It was also noted that under emergency conditions there would be significant political incentive to switch, if requested by the NYISO. Mr. Clayton will bring these comments and others back to RRS for further consideration and follow-up information gathering – **AI #68-12**.

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 introduced PRR #69, Disturbance Monitoring, which included language that is consistent with the Non-Compliance Letter recently approved by the Committee. At the request of Mr. Adams, the Committee decided to postpone consideration of the PRR until after the joint meeting with the NYISO regarding the disposition of Compliance responsibilities. The meeting is scheduled for December 26, 2004. Next, Mr. Clayton introduced for posting PRR #77, Voltage Sensitive Load Testing, which had been discussed at prior Committee meetings. Mr. Loehr seconded the request for posting which was unanimously approved by the Committee (13 to 0) – **AI #69-4**.

3. PRRs for EC Discussion – Mr. Gioia indicated that it would be appropriate at this time for the NYSRC to consider an informational filing with FERC to update them on the latest Reliability Rules. The Committee agreed to file the latest Reliability Rules Manual with FERC on an annual basis – **AI #69-5**.

8.3 NPCC/NERC Standard Tracking -

i. NERC Standards Development – Status – Mr. Adamson reported that Standard (000) received 94.4% approval, thereby requiring a re-circulation ballot which received 95.5% “yes” votes. The NERC Board of Trustees will be adopting Standard (000) at its February 2005 meeting and the rules will go into effect April 1, 2005. Also, he noted that eight new Standards addressing Transmission Operator Certification and three addressing Vegetation Management are out for comment by February 17, 2005. In addition, there are six new Standard Authorization Requests (SARs). RRS has filed comments on five of the six. NERC hopes to have these Standards ready to be balloted by May 2005. Two additional SARS, Frequency Response and Resource Adequacy, will be posted for comment on January 17, 2005 – **AI #69-6**.

8.4 Other RRS Issues – Mr. Gentile raised the question of whether NYSRC absence from the NERC Functional Model process would diminish the NYSRC's influence in guiding reliability in NYS. In general, the Committee was satisfied that current monitoring, participation in the Standards Development Process and the ability to establish more stringent criteria than NERC were adequate for now. However, concern was raised regarding the SAR balloting process whereby less informed voters carry the same weight as acknowledged experts (ISOs, RTOs, RCs, etc) who are combined in one of the nine ballot groups.

9.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues

9.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on January 12, 2005. He noted that two NPCC documents, A-3, Emergency Operation Criteria and A-8, Reliability Compliance and Enforcement Program, are under open process review through the end of January 2005.

9.2 Status of NYSRC Reliability Compliance Program (NYRCP)

i. 2004 NYRCP Responsibilities and Milestones – Mr. Loehr reviewed the status of the 2004 NYRCP:

- B-M4, List of NYS Bulk Power System Facilities – Waiting on NPCC CP-11 action.
- B-M1, NYCA Short Circuit Study – Completed and included in the 2004 NYISO Resource Adequacy Report.
- C-M4, Procedures for Reporting Resource Availability Data – Since approved in 2004, the NYISO has discovered data problems which will be cleared up in 2005.
- K-M2.d, Monthly Operating Reports – Completed
- C-M2, Reporting Resource Capacity Test Results – Completed
- C-M5, Resource Availability Data Reporting – ICAP providers reported on time, but with some errors due to misunderstanding of NYISO requirements.
- E-M6, Pre-seasonal Fault Duty Assessment – Being held over to 2005 because two generating companies have not provided the data.

ii. 2005 NYRCP – Mr. Loehr reported that the proposed list of measurements and responsibilities provided at the previous meeting received no comments from the Committee. Mr. Clagett moved that the 2005 NYRCP as proposed by Mr. Loehr and amended by Mr. Gentile to include Market Participant requirements be approved. Mr. Smith seconded the motion which was then unanimously approved by the Committee (13 to 0).

9.3 Other RCMS Issues – None

10.0 Other Items

10.1 Defensive Strategies - Messrs. Loehr, Smith, and Clagett will present their joint “white paper” on defensive strategies to the Executive Committee during its February 11, 2005 meeting – **AI #57-14**.

10.2 Millennium Gas Pipeline – Nothing new to report.

10.3 NYISO Operating Report – Mr. Raymond reported that the NYCA set a new all time winter peak load of 25,541MW on December 20, 2004 for the hour beginning at 17:00. This exceeds the previous winter high (January 20, 2004 at 18:00 hours) by 279MW. It appears that Christmas lighting was a large contributor which has not been the case for a number of years. There were no major emergencies during December 2004, but a NERC/NPCC Reportable Event occurred on December 21, 2004 at 17:44 hours with the trip of Bowline Pt. 2 loaded at 567MW. Share activation of reserves terminated at 17:54 hours within full Compliance.

10.4 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth noted that a number of industry groups that are similar to the NYSRC have joined the Wholesale Electric quadrant of NAESB. He requested that the Executive Committee Members give thought over the next month to whether the NYSRC should join – **AI #69-7**.

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>
#70	February 11, 2005	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#71	March 11, 2005	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 69 was adjourned at 2:45 P.M.