

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 70 – February 11, 2005**  
**Albany Country Club, Voorheesville, NY.**

**Members and Alternates:**

Richard J. Bolbrock	Long Island Power Authority
Curt Dahl	LIPA – Alternate Member – ICS Chairman
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)
Edward Hubert	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 - Phone
Glenn Haake	IPPNY (Wholesale Seller Sector – Alternate Member)
Thomas Duffy	Central Hudson Gas & Electric - Phone

**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
Edward Schrom	NYS Department of Public Service (NYDPS or PSC)

**Visitors – Open Session:**

Erin P. Hogan, P.E.	NYSERDA
Liz Grisaru, Esq.	New York Independent System Operator (NYISO) - Counsel
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** – Mr. Dahl requested an Executive Session to discuss Contractor salaries.

II. **Open Session**

**1.0 Introduction** – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 70 to order at 9:40 A.M. Mr. Smith announced that the Vermont Public Service Board had just approved 55 miles of new EHV (35mi-345kv and 23mi.-115kv) transmission to be built from W. Rutland to N. Haven and N. Haven to Burlington, respectively by VELCO. Also, +/- 300 Mvar of dynamic vars will be added at Granite Station in two stages.

**Meeting Attendees** - Twelve 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** – An Executive Session was held following the open session to discuss Contractor salaries.

**2.0 Meeting Minutes/Action Items List**

**2.1 Approval of Minutes for Meeting No. 69 (January 13, 2005)** – Mr. Raymond provided several corrections received from Dr. Sasson. The Committee offered several additional points of clarification. Subject to these corrections and clarifications, Mr. Clagett moved that the Committee approve the revised draft minutes for Meeting No. 69. The motion was seconded by Mr. Smith and approved unanimously by the Committee Members in attendance (13-0). The Executive Secretary will issue the final minutes for Meeting No. 69 and post them on the NYSRC web site – **AI #70-1**.

**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>
66-5	The NYISO Initial Planning Report was distributed on February 22, 2005.
66-10	Messrs. Clagett, Loehr, and Smith presented their Defensive Strategies Review to the Committee during its February 11, 2005 meeting.
67-11	The Committee provided comments on PRRs #72, 73, 74, 75, 76 and 77 at its December 10, 2004 meeting.
68-5	Mr. Schrom distributed the Wind Study (Phase 2) at the Committee's February 11, 2005 meeting.
68-7	The NYISO filed the Electric Deliverability Study to FERC on February 7, 2005.
68-13	Messrs. Ellsworth, Gentile, and Gioia met with Mr. Museler on January 26, 2005.
68-14	The Wholesale Sales sector provided its comments to RRS at its January 6, 2005 meeting.
69-4	Reliability Rule #77 was posted for comment on February 2, 2005.
69-3	See item #68-7 above.

### 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 January 2005 which indicates \$176,000 in cash as of the end of January. Further, Mr. Adamson indicated that \$85,000 had been received during January 2005 thereby fulfilling the Call-For-Funds (\$165,000) for the 1<sup>st</sup> quarter of 2005. Also, he reported that the Form 1099 Federal Income Tax statements were mailed out on January 21, 2005. Mr. Adamson met with the auditor, Michael Ryan of Slocum, DeAngelus, and Associates, and Colleen Campoli on January 20, 2005. Mr. Ryan focused on reviewing invoices. Apparently, no concerns were uncovered in the audit. He expects to complete the audit before the next Committee meeting. Then Mr. Ryan will begin work on the Form 990, Tax Exempt Status, which is due in May 2005.

#### 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 received a single response from Couch White, LLP stating that the Large Consumer sector is unable to provide additional participation.
- ii. **NYSRC Transmission Workshop Proposal** – Mr. Loehr discussed his proposal for a transmission workshop to be presented by himself and Committee and NYISO members who wish to participate. A similar workshop, but on resource adequacy, was given nearly two years ago, and was deemed very successful. The workshop would be open to anyone in New York wishing to sharpen his/her basic understanding of how bulk power transmission systems function and the criteria that guide their operation and planning. The Committee supported the proposal and asked Messrs. Loehr and Adams to come back with a detailed outline and date. Mr. Gentile volunteered National Grid participation.
- iii. **NYSRC Biennial Report** – Mr. Ellsworth indicated that he had asked Mr. Adamson to assemble for the Committee's consideration an outline for a biennial 2003-04 report similar to the NYSRC's 1999-2002 Report describing the contributions the NYSRC has made to the reliability process in New York over the past two years. The Committee enthusiastically supported the request. Mr. Adamson asked that the Committee provide suggestions as quickly as possible so that a draft report could be ready for discussion at the Committee's next meeting - **AI #70-2**.
- iv. **Meeting With FERC** – Mr. Ellsworth indicated that he and Messrs. Gentile and Gioia will be meeting with Joseph McClelland, the Director of the new Reliability Division at FERC. The meeting will be held to introduce Mr. McClelland to the NYSRC, its responsibilities, relationship with the NYISO and to raise awareness of filings anticipated by the NYSRC. Also, the meeting is intended to address the importance of more stringent sub-regional Reliability Rules, mandatory compliance, sanctions and other issues of mutual interest.

#### 3.5 Blackout Reporting – (Also see Section 6.0 below)

- 3.5.1 **NYISO August 14, 2003 Blackout Investigation – Status** – Mr. Calimano reported that the Report should be issued by the end of February 2005. All the information in the Report has been discussed

previously. The Dynamics Working Group has obtained reasonable results beyond the time the disturbance reached New York. A report on its findings is expected in April 2005.

**3.5.2 DOE Report – NYISO Follow-up List** – Mr. Calimano discussed the updated Blackout recommendation list. He noted that the results of a zone 3 relay review have been forwarded to NERC.

**3.5.3 Verify NYISO Blackout Report Meets NYSRC Expectations** – Mr. Calimano agreed to have the Report to the NYSRC completed by the Committee’s March 11, 2005 meeting. Also, he noted that the new EMS System began operation on February 1, 2005 with only minor problems in transition. Further, New England has become an RTO. However, there are no operating impacts. Currently, there does not appear to be interest in a New York RTO.

**4.0 Defensive Strategies** – Messrs. Clagett, Loehr, and Smith gave a presentation titled, Defensive Strategies; Two Concepts. The two concepts are, (1) separation prior to the disturbance using HVDC, and (2) separation during the disturbance using modern Protection and Control technology. The former would involve making NY/NE/Maritimes, or NY/NE/Maritimes/Ontario, an independent synchronous interconnection, separating it from the Eastern Interconnection by replacing or converting the existing AC ties with asynchronous HVDC ties. The latter would use existing “smart” protection technologies to establish a disturbance protection system independent of and separate from today’s fault protection systems. Both approaches are based on the belief that proven technology exists which could substantially reduce the likelihood of outages caused by external disturbances. The presentation, among other things, described the “pros” and “cons” of each approach and provided rough cost estimates. The costs, while large, are well below the estimates of the societal costs of the August 13, 2003 Blackout. The Committee suggested that the Eastern Interconnection Phasor Project (NYPA, LIPA, and National Grid) be considered as a potential ally in advancing the Defensive Strategies. The EIPP Group meets quarterly with the next meeting in April 2005. Mr. Ellsworth asked the Committee to review the presentation with its individual company experts and be prepared to discuss “next steps” at the March 11, 2005 Executive Committee meeting – **AI #70-3**.

## **5.0 Key Reliability Issues**

**5.1 Future Role Of Regional Reliability Councils – Feedback** – Mr. Bolbrock reported that the NERC Board met during the week of February 6, 2005 to further discuss the Regional Managers Report which was approved in November 2004. The Report made recommendations in three major areas: (a) A self assessment in accordance with certain principles such as governance and membership, (b) Functioning going forward including coverage in the Federal Energy Legislation, and (c) Boundary definitions for reliability regions. Regarding the latter, discussions are underway to form a Large Regional Reliability Council (LRRC) made up of MAAC, ECAR and part of MAIN. The target is January 2006. Also, a Midwest Reliability Organization (MRO) has been formed from MAPP, and the remaining part of MAIN. The Regional Managers will be providing a follow-up report on all recommendations at the May 2005 NERC Members’ Meeting. The NERC Board also expressed the view that lacking Federal Energy Legislation, there is a critical reliability need to strengthen the States’ regulatory backstop.

**5.2 Responsibility for Compliance With Reliability Rules** – Mr. Ellsworth reported that a meeting with Mr. Museler took place as scheduled on 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**. The Executive Committee was represented by Messrs. Ellsworth, Gentile, and Gioia. Messrs. Museler, Campoli, and Adams and Ms. Grisarue attended from the NYISO. Mr. Ellsworth indicated that the most significant outcome was the mutual understanding that the NYSRC authority extends to the NYISO and no further. Mr. Museler also recognized that the NYISO is

responsible for compliance with all Rules. However, Mr. Museler cautioned that the Reliability Rules must be clear and transparent in their development. It is the NYSRC's intent that following a violation, but before issuing a Non Compliance Letter, there would be thorough discussion and mutual understanding of the problem. Mr. Gioia emphasized that from the perspective of the NYSRC, a "potential infraction" does not become a violation of NYSRC Reliability Rules until it is voted as such by the Executive Committee. However, the reporting requirements of NPCC, NERC or FERC, must be honored. Mr. Adams stated that it is the NYISO's understanding that the Reliability Rules will continue to specify the Market Participant responsibilities.

**5.3 Regional Greenhouse Gas Initiative** – Ms. Hogan reported that the RGGI modeling Reference Case is waiting for final Regional Staff input. It was discussed with all stakeholders at meetings held on February 10 and 11, 2005. The sensitivity cases are prepared so that once the Reference Case is approved, the sensitivity case can move forward quickly. The Committee expressed the view that when results become available reliability considerations will need to be reviewed – **AI #70-4**.

## **6.0 NYISO Status Report/Issues**

**6.1 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).

**6.2 PSC Blackout Report** – Mr. Schrom indicated that issuance of the Report is expected by the end of February 2005.

## **7.0 NYISO Status Report/Issues**

**7.1 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 development process in accordance with NYSRC Policy 1.

**7.2 NYISO Planning Process** – Mr. Adams indicated that the NYISO is in the implementation phase of the Comprehensive Planning Process. At the last ESPWG meeting, a time line was determined. Data requests have been sent to the TOs and other market participants. The Process will be investigating the impacts of the retirement of Huntley Units #63-66 and the expiration of Lower Hudson River Environmental Agreements affecting Roseton, Danskammer, Lovett, Bowline, and Indian Point #2. 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.

## **7.3 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 asked to address any LPF issues that arise. There is a FERC Workshop scheduled on March 9, 2005 which will 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. ICF is expected to complete a draft report by mid year 2005 – **AI #70-5**. Mr. Ellsworth noted that the American Gas Association (AGA) and INGAA sponsored a gas pipeline failure 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. The AGA/INGAA sponsored Study was presented to the NYSERDA/NYISO Gas Study Group on February 7, 2005.

- iii. **NYSERDA/NYISO Wind Study** – Mr. Adams reported that GE presented the Wind Study to all participants and parties to the Renewables Proceeding. The Study concluded that if latest technology and “best practices” are employed (e.g. load ride through and voltage regulation capability), there should not be reliability problems for up to 3300Mws of new wind capacity. However, since the Study was carried out at bulk power levels, problems, such as “bottled” generation, could occur at lower voltages. Final comments are due on February 18, 2005. The Executive Committee will hold a conference call on February 16, 2005 to prepare comments.
- iv. **Electric Deliverability Study** – Mr. Adams indicated that the NYISO made its compliance filing to FERC, supported by all TOs except National Grid and LYPA who filed their own, on February 7, 2005. The NYISO Filing indicated a desire for one year of continuing study, though results so far do not show any significant reliability issues through 2009. Mr. Gioia added that one reason the NYISO requested additional time is for coordination with the NYSRC regarding the methodology used by the NYISO in its deliverability studies and the methodology used by the NYSRC to determine statewide ICAP requirements – **AI #70-6**. The National Grid’s filing noted the same issue.
- v. **Locational Capacity Requirements (LCR)** – Mr. Adams indicated that the NYISO has completed the translation of IRM Study results to LCRs. The LCRs will be reviewed by the Operating Committee on February 17, 2005. Mr. Adams then gave a short presentation on the LCRs analysis. Mr. Dahl noted ICS’s concern about differences in the methodology used to calculate the NYCA statewide IRM and the method used by the NYISO for the LCR analysis that are causing apparent inconsistencies in the results. Mr. Dahl emphasized the importance of bringing the two assessments into conformity. RCMS is planning to review the soon to be issued “NYISO 2005-06 Locational Capacity Report” at its next meeting for NYISO compliance with Reliability Rule A-R2. Also, Mr. Bolbrock raised a concern that looking just one year ahead may not protect reliability as thoroughly as could be done. The Committee asked Mr. Dahl/ICS to investigate whether there is benefit to be derived from a horizon year assessment of both IRM and/or LCRs where the horizon year is sufficiently ahead in time to accommodate the lead time for new generation and/or transmission – **AI #70-7**.

#### 7.4 Other Studies/Activities –

- i. **FERC Reactive Power Study** – Dr. Sasson noted that FERC is holding a technical conference on March 8, 2005 to address questions raised by its Reactive Power Report. TPAS/SOAS will begin a joint investigation of reactive power in March 2005 - **AI #70-8**.

#### 8.0 Installed Capacity Subcommittee Status Report/Issues

- 8.1 **ICS Status Report and Discussion Issues** – Mr. Dahl reported that the ICS Subcommittee met on February 2, 2005 and discussed the Locational Capacity Requirements (LCR) and IRM methodologies, which ICS feels strongly must be brought into conformity – **see Item #7.3v**. ICS also reviewed the “Cedars” issue ,e.g., the counter-intuitive increase in IRM when generation (Cedars) is added upstate, and expects to provide the Committee with a white paper on the issue at the March 11, 2005 Executive Committee meeting – **AI #68-9**. Further, ICS worked on the 2006-07 IRM study plan by developing an assumptions matrix based on an internal ICS “Lessons Learned” document spearheaded by Steve

Jeremko. Mr. Dahl asked Mr. Gioia to review whether the current December schedule would conflict with FERC Tariff filing date requirements should the Committee decide to change the IRM – **AI #70-9**.

**8.2 IRM Requirement – “Cedars” Issue – See Item #8.1.**

**8.3 Locational Capacity Requirement (“Anchor Point”,etc.) – See Item #8.1.**

**8.4 Other ICS Issues**

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

**ii. NYSRC IRM Filing With FERC** – Mr. Ellsworth noted that the NYSRC received acknowledgement from FERC on January 21, 2005 of the NYSRC’s IRM filing received by FERC on December 22, 2004.

**9.0 Reliability Rules Subcommittee Status Report/Issues**

**9.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that the RRS met last on February 8, 2005. He announced that Roy Pfleiderer will replace Larry Eng as National Grid’s representative.

**9.2 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 reviewed with the Committee the status of PRRs #8, 52, 68, 69, 72, 73, 74, 76, 77. The latter, PRR #77 has been posted for comment. Further, he noted a response from Reliant regarding PRR #68, Verification Testing of Dual Fueled Units, which indicated Reliant had never experienced a fuel switching problem. Mr. Waldele also noted that he could not recall any problems during his tenure with the NYPP or NYISO. This item will remain open for the time being. At a meeting with the NYISO regarding PRR #73, Reactive Testing, it was agreed that the testing would apply only to the generators in the VSS Market. Most of the remaining PRRs are being updated to accommodate the new Compliance responsibilities agreed to with the NYISO. Messrs. Adamson/Clayton also expressed interest in having the NYSRC web site become more “user friendly” and the capability expanded to archive meeting materials. The Committee agreed that Tracy Cross should proceed to make the necessary changes to expand the archival capability with the understanding that it would take about five hours of her time. A re-design of the overall web site will be discussed further at the March 18, 2005 Committee meeting – **AI #70-10**.

**b. Status of New/Modified Reliability Rules**

**1. PRRs for Final EC Approval** – None at this time.

**2. PRRs for EC Approval to Post for Comments** – None at this time.

**3. PRRs for EC Discussion** – See Item #9.2i.a. above.

**9.3 NPCC/NERC Standard Tracking -**

**i. NERC Standards Development – Status** – Mr. Adamson reported that the NERC Board of Trustees adopted Version 0 Standards at its February 8, 2005 meeting. The rules will go into effect April 1, 2005. Standard FAC 008-1, Determining Facility Ratings, Operating Limits, and Transfer Capability, will be posted for comment on February 17, 2005. He noted that a series of Permanent Cyber Security standards will be responded to by NPCC. Eight new Standards addressing Transmission Operator Certification and three addressing Vegetation Management are posted for comment by February 17, 2005. Comments are also due February 17, 2005 on a new SAR, Frequency Response, and another new

SAR, Resource Adequacy, will be posted for comment on the same date. RRS will be providing comments to NERC on both of the above Standard groups and both SARs.

**9.4 Other RRS Issues –**

**i. Reliability Rules Informal Filing With FERC** – Mr. Gioia indicated that the filing with FERC would be made during the week of February 13, 2005 – **AI #69-5**.

**10.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues**

**10.1 RCMS Status Report & Discussion Issues** – Mr. Loehr noted that RCMS met on February 10, 2005.

**10.2 Status of NYSRC Reliability Compliance Program (NYRCP)**

**i. 2004 NYRCP Responsibilities and Milestones** – Mr. Loehr reported that RCMS reviewed its 1<sup>st</sup> draft of the 2004 NYRCP report and expects to have a final draft for Executive Committee approval at its March 11, 2005 meeting. One case of breaker over-duty requires mitigation and was therefore added to the 2005 NYRCP.

**ii. 2005 NYRCP** – Mr. Loehr reminded the Committee that the 2005 NYRCP was approved at the Committee's January 13, 2005.

**10.3 Other RCMS Issues** – Mr. Loehr reported that MAPP will be replaced by MRO on NERC.

**11.0 Other Items**

**11.1 Energy Bill** – Mr. Gioia noted that movement on the Energy Bill may begin soon, probably in the House. Mr. Loehr added that Senator Domenici has taken several opportunities to speak favorably of nuclear power.

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

**11.3 NYISO Operating Report** – Nothing new to report.

**11.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth noted that the Advisory Council of NAESB meets on February 14, 2005.

**11.5 NPCC Report** – Mr. Bolbrock indicated that a NPCC representative will begin attending NYSRC Executive Committee meetings.

**12.0 Visitor's Comments** – No visitor comments were received.

**13.0 Meeting Schedule**

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#71	March 11, 2005	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#72	April 15, 2005	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 70 was adjourned at 3:30 P.M.



