

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 72 – April 15, 2005**  
**Albany Country Club, Voorheesville, NY.**

**Members and Alternates:**

Bruce B. Ellsworth	Unaffiliated Member – Chairman
Thomas J. Gentile	National Grid – Vice Chairman
Richard J. Bolbrock	Long Island Power Authority
Curt Dahl	LIPA – Alternate Member – ICS Chairman
William H. Clagett	Unaffiliated Member
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
George C. Loehr	Unaffiliated Member, RCMS Chairman
Michael B. Mager	Couch White, LLP (Retail Sector-Alternate Member)
Ralph Rufrano	New York Power Authority
George E. Smith	Unaffiliated Member
Joseph C. Fleury	New York State Electric & Gas/Rochester Gas & Electric
Glenn Haake	IPPNY (Wholesale Seller Sector – Alternate Member)
Thomas Duffy	Central Hudson Gas & Electric
Thomas Piascik	PSEG Power, LLC (Wholesale Seller Sector)

**Others:**

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

John Beck	Consolidated Edison Co. of NY, Inc. - RRS Member*
Edward C. Schrom, Jr	NYS Dept. of Public Service
Steven Keller	NYS Dept. of Public Service
Steven Jeremko	New York State Electric & Gas – phone*

**Visitors – Open Session:**

Erin P. Hogan, P.E.	NYSERDA
Karl Micheal	NYSERDA*
David Coup	NYSERDA*
Philip Fedora	Northeast Power Coordinating Council (NPCC) - Phone
Chris Wentlent	AES
Mark Younger	Slater Consulting
Radmila Miletich	IPPNY, Inc.

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

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

**III. Executive Session** – There were no requests for an Executive Session.

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**II. Open Session**

**1.0 Introduction** – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 72 to order at 9:30 A.M. He suggested a change in the order of the Agenda to accommodate several participant obligations for the day. The Committee concurred with the suggested change.

**Meeting Attendees** – Thirteen Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were present 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 not requested.

**2.0 Meeting Minutes/Action Items List**

**2.1 Approval of Minutes for Meeting No. 71 (March 11, 2005)** – Mr. Raymond introduced the revised draft minutes. The Committee offered several additional points of clarification. Subject to the changes, Mr. Bush moved that the Committee approve the revised draft minutes for Meeting No. 71. The motion was seconded by Mr. Gentile and approved unanimously by the Committee Members in attendance (13-0). The Executive Secretary will issue the final minutes for Meeting No. 71 and post them on the NYSRC web site – **AI #72-1**.

**2.2 Action Items List** – The Committee reviewed the Outstanding Action Items list and accepted the following items as complete:

Action Item #

Comment

- 2 -

NYSRC Exec. Comm. Meeting No.72  
 Initial Draft – April 26, 2005  
 Revised Draft – May 6, 2005  
 Final Minutes – May 20, 2005

<u>2-0</u>	Replaced by AI #70-6.	← Formatted: Bullets and Numbering
<u>3-0</u>	Mr. Dahl presented the “Cedars” White Paper at the April 15, 2005 Committee meeting.	
68-12	The wording of PRR #69 was approved at the March 11, 2005 Committee meeting.	
<u>2-0</u>	The Committee provided comments through April 11, 2005.	← Formatted: Bullets and Numbering
<u>2-0</u>	Mr. Raymond reported that the NYSRC Cash Management account at Trustco is backed by Bank reserves, not the FDIC.	
71-5	The McClelland letter was sent on April 3, 2005.	
71-7	The Biennial NYSRC Report was approved at the April 15, 2005 Committee meeting including the closing section.	
<u>2-0</u>	See AI #70-2.	← Formatted: Bullets and Numbering
<u>3-0</u>	A meeting with the NYISO was scheduled verbally by Mr. Gentile.	
<u>4-0</u>	Mr. Dahl circulated comments prior to the April 15, 2005 Committee meeting.	← Formatted: Bullets and Numbering
<u>2-0</u>	PRRs #69 and 72 were posted on April 7, 2005.	← Formatted: Bullets and Numbering
<u>3-0</u>	Comments on FAC-010-1 were circulated and sent to NERC on April 2, 2005.	← Formatted: Bullets and Numbering

**3.0 Organizational Issues**

**2.0 NYSRC Treasurer’s Report**

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- i. **Summary of Receipts & Disbursements** - Mr. Raymond presented the Summary of Receipts and Disbursements for March 2005 which indicates \$159,000 in cash as of the end of March. Further, Mr. Raymond noted that funds for the 2<sup>nd</sup> quarter Call-For-Funds (\$20,000 per TO) due on April 1, 2005 were received from two TOs as of March 31, 2005. Mr. Raymond also indicated that the NYSRC’s Cash Management Account at Trustco is not protected under the FDIC but instead by bank reserves required by the Federal government. Mr. Adamson had spoken with the Auditor who confirmed that the account was sufficiently protected. The Committee concurred. Mr. Raymond then noted that Tracy Cross is still working with the Web-Master to resolve the web site posting problems. It was suggested that a new Web-Master should be considered when the new web site design is implemented – **AI #72-2**.

**3.2 Other Organizational Issues**

- i. **Renewal of D&O Policy** – Mr. Gioia reported that Marsh originally proposed a renewal premium effective April 6, 2005 that was 2.8% above last year’s premium. On the advice of the NYSRC’s Insurance Advisory Group, Mr. Gioia requested a reduced D&O premium proposal from AEGIS. As a result the premium for 2005 was reduced to slightly below last year at \$47,764, a \$2,269 reduction. Mr. Gioia did bind the policy. Also, Mr. Gioia noted the he will be asking the Chairman to sign the application for renewal of the General Liability policy.
- ii. **Amendment to the Certificate of Formation and the Operating Agreement** – Mr. Gioia reported that at the request of the Treasurer he investigated the requirements for exemption from New York State (NYS) sales tax. To attain the exemption, the NYSRC must revise the

Certificate of Formation and the Operating Agreement to indicate that a substantial part of the activities of the NYSRC does not consist of lobbying, and that the NYSRC does not participate in political campaigns. The revision does not prevent lobbying activities, however, should the NYSRC decide to do lobbying at a later date, the associated expenditures would not be exempt from income taxes. Mr. Bolbrock moved that the revisions be accepted, and the motion was seconded by Mr. Mager. Following Committee discussion, the Committee unanimously approved the motion (13 to 0) – **AI #73-3**.

iii. **NYSRC Service Agreement** – Mr. Fleury circulated a proposed new Service Agreement for the Administrative Assistant, Tracy Cross, to include the new web site development and purchase of the new computer. The Committee offered several comments which Mr. Fleury, with the assistance of Mr. Gioia, will incorporate and circulate a revised Agreement for comment – **AI #72-4**. Mr. Gioia agreed to review whether the NYSRC Liability Insurance covers Ms. Cross – **AI #72-5**.

ii. **NYSRC Transmission Workshop Notification** – Mr. Loehr reported that between 80-90 people had signed up. Discussion with Mr. Haake indicated IPPNY’s experience suggests that 100 participants is not unmanageable. Following discussion, Mr. Bush moved that the Committee go ahead with the workshop without charging the participants for the presentation or lunch. Mr. Bolbrock seconded the motion which was approved unanimously by the Committee (13 to 0). Mr. Rufrano offered that NYPA would professionally video record the session and provide a reasonable number of copies. The offer was accepted with the expressed appreciation of the Committee.

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v. **NYSRC Biennial Report** – Mr. Raymond presented the NYSRC 2003-04 Biennial Report which has been under review for two months. The Committee offered several comments that will be incorporated in the Report. Subject to the inclusion of these comments, Mr. Clagett moved that the Report be accepted. Mr. Smith seconded the motion which was unanimously approved by the Committee (13 to 0). Mr. Raymond will revise and post the Report on the NYSRC web site – **AI #72-6**.

ii. **McClelland Letter** – Mr. Ellsworth reported that the letter was sent to Mr. McClelland, Director, Division of Reliability at FERC, on March 29, 2005. Mr. Clayton reminded the Committee that the comparison with NERC and NPCC Criteria contained in the letter included just 10 of the 47 NYSRC Reliability Rules. The Committee requested that the comparison be completed for all 47 NYSRC Reliability Rules – **AI #72-7**.

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iii. **Membership Renewal** – Mr. Gioia noted that the terms of the Executive Committee and Subcommittees expire on July 31, 2005. He will circulate a proposed notice for comment that will then be posted on the NYSRC web site – **AI #72-8**. The TOs and will need to submit letters indicating their representatives, the non-TO sector will be selected pursuant to the procedures to be posted, and the Executive Committee will elect the unaffiliated members. Mr. Fleury noted that the Confidentiality Agreement will need to be signed by all Committee, and Subcommittee members.

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#### 4.0 Key Reliability Issues

#### 4.1 Defensive Strategies –

i. **NPCC TFCP “White Paper”**- Mr. Loehr briefly described TFCP’s “white paper” on NERC Recommendation 8c and the response prepared by Messrs. Clagett, Smith and Loehr. The response is critical of statements suggesting that opening inter-Area ties would do more

harm than good, particularly without any definitive analysis or mention of positive impacts. In discussion with Mr. Henderson, Chairmen of TFCP, Mr. Loehr agreed to edit the “white paper” to project a more balanced posture. Mr. Henderson accepted the edited version with very little change. Messrs. Loehr, Clagett, and Smith are planning on meeting with TFCP during its May meeting.

- ii. **Agenda For NYISO Meeting** – At the suggestion of Mr. Gioia, Mr. Gentile reported that he contacted Mr. Calimano and tentatively set up a meeting with the NYISO to discuss defensive strategies on June 8, 2005 beginning at 1:00 PM. Mr. Calimano indicated the NYISO was thinking about this subject and would be interested in sharing information. Mr. Gentile requested the Committee provide proposed agenda items to him as soon as possible – **AI #72-9**. Mr. Adams will confirm the date with Mr. Calimano because of potential conflict with a NERC Open Committees meeting.

4.2 **Future Role of Regional Reliability Councils - Feedback** – Nothing new to report.

4.3 **Regional Greenhouse Gas Initiative** –

- i. **Comments of Wholesale Sellers Sector** - Mr. Haake introduced Messrs. Chris Wentlent (AES) and Mark Younger (Slater Consulting). They provided the Committee with a technical presentation focusing on reliability issues raised by the Governor’s Regional Greenhouse Gas Initiative, which is being led by the NYSDEC. Most notable were issues pertaining to fuel diversity, capability of the gas infrastructure, and the timing of unit retirements. They also

provided data from EIA showing that over the past fifteen years the nine RGGI states have reduced CO<sub>2</sub> emissions by 7%, while the rest of the U.S. increased emissions by 27%. The Chairman thanked Messrs. Wentlent and Younger for their very informative and helpful discussion.

- ii. **ICS Comments** – Mr. Dahl reviewed the comments that ICS had prepared on RGGI. The intention is for Mr. Gioia to prepare a letter based on this material. The recipients would include Chairman Flynn (NYSRSC) and other appropriate participants in the RGGI process.

5.0 **Blackout Reporting**

5.1 **NYISO August 14, 2003 Blackout Investigation – Status** – Mr. Smith reported that a protection system review indicated that out of 268 terminals in the NYCA, 19 did not meet criteria. Of the 19, 18 will be mitigated this year and there was 1 technical exception granted. In NPCC, 58 out of 1329 terminals failed to meet criteria. Of the 58, 51 will be corrected this year, 6 were given temporary exceptions and 1 received a technical exception. Mr. Adams will investigate the degree to which the non-compliant terminals were out of compliance and whether they operated during the Blackout – **AI #72-10**.

5.2 **DOE Report – NYISO Follow-up List** – Nothing new to report.

5.3 **Verify NYISO Blackout Report Meets NYSRSC Expectations** – Mr. Adams indicated that the NYISO Report has been delayed another month.

5.4 **NYSRSC Actions on Blackout Report Recommendations** – Nothing new to report.

5.5 **PSC Blackout Report** – Mr. Schrom indicated the Report would be issued by the end of April 2005.

6.0 **NYISO Status Report/Issues**

6.1 **NYISO Reliability Criteria Study – Status** – Nothing new to report.

**6.2 NYISO Planning Process** – Mr. Adams indicated that the NYISO has begun implementing the Comprehensive Planning Process. The base case is under development with the stakeholders as well as finalizing the scope. The base case will include only units under construction and all announced and planned retirements. These assumptions result in an installed reserve margin of about 14% in 2008. For new transmission, the project must have an approved Reliability Impact Study and an in-service date within the next three years to be included in the base case.

**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. Mr. Rufrano noted that Mr. Calimano is developing a proposed scope of study.

**ii. Electric Deliverability Study** – Mr. Adams indicated that the NYISO filed a request with FERC for an extension of the Study until March 2006. A proposed study scope will be filed with FERC on May 1, 2005. The stakeholders will be reviewing the proposal during the week of April 17, 2005.

**iii. NYSERDA/NYISO Gas Study** – Nothing new to report.

**ii. NYSERDA/NYISO Wind Study** – Mr. Adams reported that the Economic Study, which is a follow on from the PSC’s Renewables Portfolio Standards hearings, has been received from the consultant, David Patton, and is undergoing internal review. The Study is expected to be released by April 29, 2005.

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**6.4 Other Studies/Activities –**

**i. FERC Reactive Power Study** – Nothing new to report.

**ii. Regional Greenhouse Gas Initiative** – Ms. Hogan introduced Karl Michael and David Coup, NYSERDA principles on the Governor’s RGGI. Mr. Michael distributed and presented a document, RGGI Update, which provided the Committee with key results primarily from the reference. However, marginal energy prices, change in generation mix, and imports were presented through time for various levels of a CO<sub>2</sub> Cap. The Committee expressed some concern about the gas infrastructure requirements to meet new gas fired capacity requirements, the level of imports and the impact on the schedule of retirements of coal and oil steam units. Further the Committee requested input showing the generation mix in MWs through time for each of the various cases. Mr. Michael generously offered to provide additional information needed for the Committee’s review. Mr. Ellsworth indicated that the Committee would forward a letter documenting any reliability concerns. Mr. Raymond agreed to collect additional questions that Committee Members may have and forward them to Messrs. Coup and Michael and Ms. Hogan as soon as possible. The Chairman requested that the minutes reflect the appreciation for the excellent discussion and the openness of the presenters.

**iii. Load and Capacity Data Book** – Mr. Adams indicated that the Book should be posted on the NYISO web site by April 18, 2005. In addition, Mr. Adams noted that PJM is suggesting a potential capacity deficiency in southeast PJM of 4000Mw.

**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 April 6 2005. The Subcommittee reviewed the Assumptions Matrix for the 2006-07 IRM Study and developed scopes for the Matrix components. The Matrix should be available for Committee discussion at its August 12, 2005 meeting – **AI #72-11**. ICS also reviewed an analysis showing there is no impact on last year’s IRM results from removing the Poletti unit.

7.2 **IRM Requirement – “Cedars” Issue** – Mr. Dahl described the report, The Impact of Capacity Additions on NYCA LOLE and IRM Requirements. The analysis explains why when using the current methodology for calculating IRM, the IRM increases with the addition of “Cedars” or any upstate capacity. The analysis also indicates that Cedars contributes positively to reliability as measured by the LOLE. However, the analysis was not intended to evaluate the virtues, or otherwise, of the methodology which Mr. Dahl indicated was based on existing NYSRC Policy 5 and is consistent with the methodology used for all past IRM Studies. Mr. Dahl further indicated the methodology issue was being reviewed as part of the NYSRC 2006-07 NYCA IRM Study Work Plan. Mr. Bush stated that he understood the reasons for the Cedars effect using the current method. However, he still views this as a problem. A simple addition of capacity in a constrained or bottled area should not result in an increase in the IRM. It simply should result in some units not delivering all their energy due to the transmission constraint. The capacity needed to maintain the .1 days per year should be the same in either case. Mr. Bush requested that the ICS look into methods to accomplish this. Mr. Dahl noted that due to transmission constraints Cedars was less effective installed capacity than the average NYCA resource mix. It was pointed out that this result was no different than less effective installed capacity from wind turbines increasing the IRM due to higher forced outage rates.

7.3 **Locational Capacity Requirement (“Anchor Point”,etc.)** – Mr. Dahl emphasized the need for consistency in the methodologies used to determine IRM requirements and LCRs. The NYISO Installed Capacity Subcommittee is interested in participating with the NYSRC in resolving the apparent inconsistencies. The methodology issue will be addressed under the NYSRC 2006-07 NYCA IRM Study Work Plan. Mr. Gentile urged that the methodology issue be addressed in time for the 2006-07 IRM Study. This position was vigorously supported by Messrs. Bush, Mager, and Keller. Mr. Dahl indicated that ICS is working on the issue, but it is a very difficult problem, and therefore a quick solution cannot be guaranteed. The Committee discussed the need to have General Electric work with ICS to review the issue and provide a recommended solution. Mr. Dahl indicated that GE was already working with ICS to resolve this issue. The Committee directed Mr. Dahl to have ICS proceed with a June 2005 target for completion – **AI #70–6**.

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 Subcommittee met on April 7, 2005. Messrs. Bush and Haake attended representing the municipal and wholesale sellers sectors, respectively. Further, Mr. Clayton noted that Mr. Haake has requested full membership on the Subcommittee.

8.2 **Status of New/Revised Reliability Rules**

**ii. 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 reported that PRRs #72, Extreme System Conditions Assessment, and #69, Disturbance Recording were posted for comment on April 7, 2005. PRRs #73 through #76 are waiting posting per the comments received on PRRs #69 and #72. Further, Mr. Clayton indicated that ConEd has requested re-consideration of PRR #68, Verification Testing of Dual Fueled Limits. The Committee discussed the pros and cons of the need for testing. Particularly, noteworthy was the NYISO’s view that testing is not necessary at this time. Therefore, it was agreed that, barring some demonstration of the

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reliability need by ConEd, the PRR should be held for consideration when, and if, a need can be more clearly defined.

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

1. **PRRs for Final EC Approval** – Mr. Clayton noted that PRR #77, Voltage Sensitivity Load Testing, has gone through the comment period with no comments offered. Mr. Bolbrock moved that the PRR be approved. With the understanding that the Rule applies to automatic (quick-response) voltage reduction, the motion was seconded by Mr. Smith and unanimously approved by the Committee (13 to 0).
2. **PRRs for EC Approval to Post for Comments** – None at this time.
3. **PRRs for EC Discussion** – None at this time.

**8.3 NPCC/NERC Standard Tracking -**

- i. NERC Standards Development – Status** – Mr. Clayton indicated that NPCC is upgrading the A-3 Document to be more specific. For example, compensatory load shedding is no longer a viable substitute for a unit that prematurely trips. The reason is that the TOs no longer control both the load and generation as a result of deregulation. Mr. Clayton also noted that NPCC has posted A-10, Criteria for the Classification of Bulk Power System Elements, for comment. It appears that the only impact on the NYSRC will be the need to define “Local Area”. Mr. Clayton added that comments on NERC’s proposed FAC-010-1 (Determining Facility Ratings, Operating Limits, and Transfer Capabilities) were provided on April 2, 2005. The comments indicate an unacceptable weakening of Reliability Standards by excluding Category C contingencies. NERC will likely go to a ballot next.

**8.4 Other RRS Issues –**

- i. Web Site Update** – Mr. Clayton reported that he had taken upon himself to re-design a new NYSRC web site, which will be reviewed with RRS at their May meeting. He expressed concern about the service being provided by the current WebMaster. Therefore, RRS will monitor the situation for the Executive Committee – **AI #72-12**.

**9.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues**

**9.1 RCMS Status Report and Discussion Issues** – Mr. Loehr noted that the RCMS met on April 14, 2005.

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

- i. 2004 NYRCP Responsibilities and Milestones** – Mr. Loehr introduced the 2004 NYRCP Report and asked the Committee for final approval. Following discussion, Mr. Bolbrock moved to accept the 2004 NYRCP Report. The motion was seconded by Mr. Claggett and unanimously approved by the Committee (13 to 0).

**ii. 2005 NYRCP** – Nothing new to report.

**9.3 Other RCMS Issues** – None at this time.

**10.0 Other Items**

**10.1 Energy Legislation** – Mr. Gioia noted that an Energy Bill passed the House and has been sent to the Senate.

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

**10.3 NYISO Operating Report** – Mr. Raymond reported that the number of excessive frequency excursions had increased substantially in both February and March 2005. Mr. Adams indicated that the source is external to the NYCA and is under investigation.

**10.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth will compile a package for the Committee’s review before addressing formal membership in the NAESB – **AI #71-18**.



**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>
#73	May 6, 2005	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#74	June 10, 2005	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 72 was adjourned at 4:20 P.M.