

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 75 – July 8, 2005
Albany Country Club, Voorheesville, NY.

Members and Alternates:

| | |
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| Bruce B. Ellsworth | Unaffiliated Member – Chairman |
| Thomas J. Gentile | National Grid – Vice Chairman |
| Bart D. Franey | National Grid – Alternate Member* |
| Richard J. Bolbrock | Long Island Power Authority |
| Curt Dahl | LIPA – Alternate Member – ICS Chairmen |
| 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 |
| Thomas C. Duffy | Central Hudson Gas & Electric |
| Mayer Sasson | Consolidated Edison Co. of NY, Inc. |

Others:

| | |
|----------------------|--|
| Alan M. Adamson | Consultant & Treasurer |
| John M. Adams | New York Independent System Operator (NYISO) |
| Bob Waldele | New York Independent System Operator |
| Karl Tammer | New York Independent System Operator |
| P. L. Gioia, Esq. | LeBoeuf Lamb Greene & MacRae, LLP - Council |
| R. E. Clayton | Electric Power Resources, LLC – RRS Chairman |
| Don Raymond | Executive Secretary |
| Edward C. Schrom, Jr | NYS Dept. of Public Service |
| Steve Keller | NYS Dept. of Public Service |

Visitors – Open Session:

| | |
|---------------------|---|
| Erin P. Hogan, P.E. | NYSERDA |
| Jerry Mosier | Northeast Power Coordinating Council (NPCC) |
| Michael Delaney | New York City Economic Development Corp. |
| Mark Younger | Slater Consultants, Inc. |
| Wesley Yeomans | National Grid* |
| James Rouse | Multiple Intervenors – Phone* |
| Raymond Kinney | New York State Electric & Gas/RG&E – Phone* |

“*” – 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. 75 to order at 9:30 A.M. The Committee welcomed Mr. Yeomans and Mr. Delaney representing National Grid and The City of New York, respectively.

1.1 Meeting Attendees – Twelve Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were present at the meeting.

1.2 Visitors – See Attendee List, page 1.

1.3 Requests for Additional Agenda Items – None.

1.4 Executive Session Topics – An Executive Session was not requested.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 74 (June 10, 2005) – Mr. Raymond introduced the revised draft minutes and noted several minor corrections. The Committee offered additional points of clarification. Subject to these corrections and clarifications, Mr. Fleury moved that the Committee approve the revised draft minutes for meeting No. 74. The motion was seconded by Mr. Bush and approved unanimously by the Committee Members in attendance (12-0). The Executive Secretary will issue the final minutes for meeting No. 74 and post them on the NYSRC web site – **AI #75-1**.

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> |
|----------------------|---|
| 59-2 | The PSC Renewables Proceeding has ended. |
| 73-14 | The NYSRC/NERC Reliability Rules cross-reference was presented to the Committee on July 8, 2005. |
| <u>2-0</u> | The NYSRC Biennial Report was distributed at the July 8, 2005 Committee meeting. |
| 74-2 | The Committee agreed that further consideration was unnecessary. |
| 74-3 | Option #3 for implementing the IRM requirements was presented at the July 8, 2005 Executive Committee meeting by National Grid and NYSEG/RGE. |
| 74-4 | PRR#69 was re-posted on June 14, 2005. |
| 74-5 | New Reliability Rule #72 will be posted with the next Reliability Rules Manual revision. |

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- 74-10 The Summer Voltage Study was e-mailed to the Executive Committee on June 30, 2005.
- 74-14 The RGGI letter was presented at the July 8, 2005 Executive Committee meeting by Mr. Gioia.

3.0 Organizational Issues

2.0 NYSRC Treasurer's Report

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- i. **Summary of Receipts & Disbursements** - Mr. Adamson presented the Summary of Receipts and Disbursements for June 2005 which indicate \$86,500 in cash as of the end of June. He noted that projected year-end variance from budget remained at (\$13,000). Further, Mr. Adamson noted that \$125,000 toward the 3rd quarter Call-For-Funds had been received from the TOs.
- ii. **NYSRC Service Agreement** – Mr. Adamson further noted that Tracy Cross has signed the new Service Agreement. A copy will be sent to Messrs. Gioia and Raymond for the record. Ms. Cross is currently addressing the installation of historical data on the web site.

3.2 Other Organizational Issues

- i. **NYSRC Transmission Workshop Status** - Mr. Loehr indicated that the Workshop held on June 28, 2005 was attended by about 142 people of which two-thirds were engineers. Both Mr. Loehr and Mr. Waldele, who presented the New York specific material, have received very positive feedback. Mr. Loehr thanked John Adams, Judy Cox (NYISO), Michele Goyette (NYISO), and Tom Piascik for their support and the Nurses Assoc. for use of its facility. Mr. Loehr also noted the efforts of Erin Hogan in making continuing educational credits available. Mr. Raymond will prepare a thank-you note for the Chairman's signature – **AI #75-2**. The Committee formally congratulated Messrs. Loehr and Waldele and their team for a job well done. The presentation slides are on both the NYSRC and NYISO web sites. Also, Mr. Tarler (DPS) has expressed interest in the Workshop for DPS employees.
- ii. **NYSRC Biennial Report for 2005** – Mr. Adamson distributed the final report to meeting attendees and asked Committee Members to take extra copies for distribution to their colleagues. The Committee (or others) should forward the names of desired recipients to Mr. Raymond who will prepare a cover letter for the Chairman's signature and complete the mailing – **AI #75-3**. The cost for 500 copies was less than \$2000. Mr. Ellsworth expressed to Mr. Adamson and Ms. Cross the appreciation of the Committee for the excellent document.

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ii. **NYSRC Web Site Makeover** – Nothing new to report.

iii. **Attorney General Action Against Marsh** – Mr. Gioia reminded the Committee that the NYS Attorney General had taken action against Marsh for the receipt of contingency payments from insurers. Marsh and the Attorney General's office have entered into a settlement agreement, whereby if the NYSRC participates there would be a refund of about \$1500 paid out over a period of four years. In doing so, the NYSRC is foregoing its legal rights against Marsh with respect to the issues raised by the Attorney General. Following discussion and with the recommendation of Mr. Gioia, Mr. Bush moved that the Committee participate in the settlement. The motion was seconded by Mr. Mager and approved unanimously by the Committee Member in attendance (12-0).

- v. **Code Of Conduct** – Mr. Fleury reminded the Committee that by August 1, 2005 the Executive and Subcommittees (Members and Alternates) should review the Code of Conduct, sign the Acknowledgement Letter and return the Letter to the Executive Secretary – **AI #75-4**. Mr. Raymond will forward the documents to the Members.

4.0 Blackout Reporting

4.1 NYISO August 14, 2003 Blackout Investigation – Status – Nothing new to report.

4.1 DOE Report – NYISO Follow-up List – Mr. Raymond indicated that Mr. Calimano had provided an updated NYISO Blackout Tracking Program dated June 3, 2005.

4.2 Verify NYISO Blackout Report Meets NYSRC Expectations – Mr. Loehr reported that RCMS has reviewed the Report, which was in response to the original request from Mr. Haase to Mr. Museler, and suggested a few minor changes. Subject to those changes, RCMS approved the Report. The Report will be distributed to the Committee for review prior to its August 12, 2005 meeting – **AI #75-5**.

4.3 NYSRC Actions on Blackout Report Recommendations – At the request of Mr. Gentile, Mr. Adamson agreed to place the monthly NYSRC Actions on Report (DOE) Recommendations on the web site – **AI #75-6**.

4.4 NPCC Blackout Recommendations – Mr. Mosier reported that the NPCC tracking schedule was just updated on the Member Site section of the NPCC web site. He noted that Under Voltage Load Shedding and Data Recorder recommendations are behind schedule. NERC has originated several new recommendations that are included on the NPCC tracking schedule. Mr. Mosier will forward the new list of recommendations to Mr. Raymond for distribution to the Committee – **AI #75-7**. A NERC Recommendation Review Task Force has been established to provide NERC level status on the Recommendations.

4.5 PSC Blackout Report – Nothing new to report.

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1,2 ICS Status Report and Discussion Issues – Mr. Dahl noted that ICS had met twice since the last Executive Committee meeting: first, on June 13, 2005 to complete its prior agenda and discuss the IRM Assumptions Matrix and a second time on June 29, 2005 to prepare for the Executive Committee's discussion of IRM/LCR implementation options including consideration of the new Option 3 (Supplemental Req.). Since Mr. Dahl had described all but Option 3 at the prior Executive Committee meeting on June 10, 2005, Mr. Franey presented, NY ICAP Requirements – Option 3, a discussion of the reasoning behind Option 3 and a description of how it would be implicated. The Option was jointly developed by National Grid and NYSEG/RGE. Mr. Fleury circulated additional information describing Option 3 for the benefit of the Committee. This implementation option is driven by the need to project proper signals (reliability and economic) to the market which must provide the needed resources. Some Committee Members, however, are concerned about issues of consistency with NYSRC governing documents. Mr. Bolbrock presented the principles he felt should guide the establishment of the statewide IRM. Among those principles were the consistency issue noted above and the consideration of economic issues by the NYSRC. Other Committee Members spoke to the need to strike a balance between reliability and economics since most reliability solutions affect economics to differing degrees. Mr. Bolbrock concluded that the IRM should be established at the reflection point of the "unified curve" as defined during the Committee's meeting on June 10, 2005 (Option 2a). At the request of the Chairman, Mr. Gioia reviewed his thoughts on governance in the context of Option 3. Without making any recommendations, he noted that the governance documents seem to suggest a sequential process whereby the NYSRC determines the IRM first, followed by determination of the LCRs by the NYISO. He also raised a number of questions that were responded to in writing by Mr. Fleury. In addition, he advised that the governance documents are subject to revision and should not be viewed as necessary constraints.

Mr. Dahl then summarized the presentation, Joint ICS/NYISO Conclusions Related to the Methodology of Conducting NYCA Installed Reserve (IRM) & Locational Capacity Requirement Analyses given at the last Executive Committee meeting on June 10, 2005. Regarding a recommendation from ICS, he indicated that the Subcommittee is evenly split between Option 2a (LCR-anchor at (-)tan 45) and Option 3 (Supplemental Req.). Following additional discussion of the Pros and Cons of each, Mr. Gentile moved for the selection of Option 3. The motion was seconded by Mr. Fleury and the vote was five in favor and seven against (5-7). A motion to select Option 2a, seconded by Dr. Sasson, failed to receive the necessary nine votes in favor for passage (5-7). Given that a final choice of the Option was not necessary at the meeting and a preference by some Members to have additional time for review, the Chairman directed that the issue would be tabled until the August 12, 2005 meeting. Dr. Sasson requested that Mr. Gioia review Policy #5 to determine if guidance is offered regarding whether the IRM work can continue even though the voting is deadlocked – **AI #75-8**.

5.2 IRM/LCR Implementation Options – See Item 5.1.

5.3 Study Assumptions – Nothing new to report.

5.4 Other ICS Issues

i. PSC Renewables Proceeding – Nothing new to report.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the Subcommittee met on June 30, 2005.

6.2 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 in regard to PRR# 8, Reactive Load and Resource PF Requirements at the BPS/LSE Boundary, RRS is monitoring the work of the new Reactive Power Working Group at the NYISO which reports to SOAS and TPAS. Mr. Clayton indicated there is no change in the status of PRR #52, Generator Governor Response, and PRR #68, Verification Testing of Dual Fueled Limits, is on hold until such time that ConEd and/or LIPA demonstrate a definitive need. Mr. Clayton then reminded the Committee that PRR #69, Disturbance Recording, was re-posted on June 14, 2005 with comments due before July 29, 2005. Further, Mr. Clayton indicated that PRRs #72, Extreme System Conditions Assessment, received final Committee approval at its June 10, 2005 meeting. Mr. Clayton noted that PRRs #73, #74, and #76 have been waiting for resolution of the jurisdictional issues within PRR #69. The requests for approval to post for comments may be made by RRS at the August 12, 2005 Committee meeting. Finally, the template for PRR #78, Operating During Major Emergencies, is being prepared by RCMS.

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** – None at this time.

6.3 NPCC/NERC Standard Tracking -

i. NERC Standards Development – Status – Mr. Adamson indicated that balloting for 1200, Urgent Action Cyber Security one-year extension, and the Process Manual, Amendments to NERC Reliability Standards, ends July 15, 2005. The objective of the Process Manual amendments is to streamline the development of a NERC Standard. One of the amendments permits a second one-year extension for urgent actions as long as a permanent Standard is under development. Following discussion, Mr.

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Bolbrock moved that the Committee vote “yes” on the proposed standard with inclusion of prior comments issued by the NYSRC. The motion was seconded by Mr. Bush and approved by the Committee Members in attendance (11-0, 1-abstention). Similarly, a “yes” vote on 1200 was moved and seconded by Messrs. Loehr and Rufrano. The Committee Members in attendance unanimously approved the motion (12-0). Mr. Adamson then discussed NERC’s proposed FAC-010-1 (Determining Facility Ratings, Operating Limits, and Transfer Capabilities). NYSRC comments were provided on April 2, 2005 indicating an unacceptable weakening of Reliability Standards by excluding Category C contingencies. Nevertheless, the NERC Drafting Team decided not to include Category C contingencies in its final draft for balloting. NPCC will be voting against FAC-010-1 and RRS recommends that the Committee do so also. Balloting will take place in September 2005.

ii. **E-mail to Ballot Pool on Category C Contingencies** – Mr. Adamson introduced a draft letter to the Ballot Pool re-emphasizing the Committee’s position on Category C contingencies. Mr. Ellsworth asked the Committee to provide comments and potential recipients to Mr. Adamson – **AI #74-6**.

6.4 Other RRS Issues –

i. **NYSRC Reliability Rules/NERC Standards Cross-Reference - Status** – Mr. Adamson indicated that the cross-reference was complete and will be placed on the web site – **AI #75-9**.

ii. **NYCA Impact From New A-10 Document (Definition of Bulk Power System)** – Mr. Mosier (NPCC) advised that difficulty has arisen in defining “local area”. Nevertheless, the intention remains to provide a recommendation to the NPCC RCC in September 2005 for testing by the Areas – **AI #74-7**.

iii. **Gas Supply Impact on the Electric System** – Mr. Clayton noted the RRS is discussing the impact on electric generation of a (n-1) contingency on the gas supply system. Dr. Sasson expressed support for investigation. While not disagreeing with the value of such an investigation, some Members urged a thoughtful plan be developed and a further airing of the characterization of the loss of a single gas pipeline as a Normal versus Extreme Contingency for the electric system.

vi. **Other Issues** – Mr. Clayton further noted that RRS is looking into a potential Rule addressing actions by the NYISO for events external to the NYCA.

7.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

7.1 **RCMS Status Report and Discussion Issues** – Mr. Loehr noted that the RCMS met on July 7, 2005. The NYISO Fault Duty Assessment for 2005 was distributed to the RCMS members for their review. Dean Ellis of the NYISO will attend the next RCMS meeting to discuss the report and answer questions.

2.0 **Status of NYSRC 2005 Reliability Compliance Program (NYRCP)** – Mr. Loehr reported that RCMS reviewed and accepted the NYISO’s annual Resource Adequacy Assessment for 2005-08. The final report, including an RCMS cover memo, will be sent to the Committee prior to its August 12, 2005 meeting.

7.3 **Other RCMS Issues** – As reported earlier, Mr. Loehr informed the Committee that the NYISO delivered the revised Blackout Report in response to the inquiry of Mr. Haase, the prior NYSRC Executive Committee chairman. RCMS accepted the Report subject to minor changes. Mr. Loehr also noted that NERC is preparing its ERO filing with FERC and wants authority to reach below the ISO level.

8.0 NYISO Status Report/Issues

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

8.2 **NYISO Planning Process** – Mr. Adams indicated that there will be a meeting of the ESPWG on July 13, 2005.

8.3 **Studies – Status**

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- i. **Reactive Resource Adequacy** – Mr. Adams reported that the Working Group has met once and will meet again on July 12, 2005.
- ii. **Electric Deliverability Study** – Mr. Adams indicated that on July 1, 2005 the NYISO and NYTO’s jointly filed the first Status Report contemplated in the Work Plan filed with FERC on April 29, 2005 regarding their Deliverability Analysis.
- iii. **NYSERDA/NYISO Gas Study** – Nothing new to report.
- iii. **NYSERDA/NYISO Wind Study – Economic Analysis** – Mr. Adams agreed to provide the Economic Analysis to the Committee – **AI #73-17**.
- v. **Series Reactor Study** – The Study is being re-done based on new input from ConEd staff. The report is expected to reach SOAS for consideration at its August 2005 meeting.

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8.4 Other Studies/Activities –

- ii. **FERC Reactive Power Study** – Nothing new to report.
- iii. **NYSERDA Oil Infrastructure Study** – Ms. Hogan noted that while additional data has been gathered, the report has not yet been issued.

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9.0 Key Reliability Issues

9.1 Defensive Strategies – Nothing new to report.

9.2 NYISO Authority - During the June 2, 2005 meeting with the NYISO regarding defensive strategies, the NYISO indicated it is in the process of requiring additional data points from outside New York State. One impediment to full use of the data is an unawareness of what’s behind the data. A second concern is whether the NYISO has authority to prepare the system for an emergency when an event outside New York is not simultaneously affecting New York. The Committee agreed that RRS, in conjunction with Mr. Gioia, should look into the issue – **AI #74-12**.

9.3 NYISO Operating Reserve Sharing – Mr. Adams noted that NPCC has approved operating reserve sharing. Mr. Karl Tammer (NYISO) then described the sharing mechanism to the Committee. Areas experiencing a contingency will be able call on 100MWs (10 min. reserve) from its neighbors for one hour. Also, the NPCC sharing mechanism (Reserve Activation Procedure C-38) allows the Areas to plan on 50 MWs of assistance (credit).

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

9.5 Regional Greenhouse Gas Initiative –

- i. **Letter to RGGI on Scheduled Response to NYSRC** – Mr. Gioia described the RGGI letter which expresses concern that Phase 2 is scheduled post issuance of the Model Rule. Further, the letter urges that if it is not feasible to complete the reliability investigation prior to beginning the rulemaking process, any resulting regulation should be subject to revision based on the findings of the Phase 2, reliability analysis. Further, if any regulations are put in place, there should be a provision providing for revisions should reliability prove to be adversely impacted.
- ii. **RGGI Questions** – Ms. Hogan indicated that NYSERDA has begun answering questions posed by the NYSRC and others. However, Mr. Gentile expressed a lingering concern of the Committee that the Model Rule will become politically impossible to correct if issued prior to a thorough consideration of reliability issues.
- iii. **Next Steps** - There will be another NYS agency head (PSC & DEC) meeting in the fall, 2005.

10.0 Other Items

10.1 Energy Legislation – Mr. Gioia indicated that the Conference Committee report is unlikely before the fall 2005.

- 10.2 Millennium Gas Pipeline** – Nothing new to report.
- 10.3 NYISO Operating Report** – Mr. Raymond reported that the frequency excursions in May 2004 were 34, continuing four months of an abnormally high number of Alert States for this cause.
- 10.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth reported that the NYSRC is now an official member of NAESB. Also, the NYSRC was elected to the Retail Electric Quadrant and Mr. Ellsworth was appointed to the NAESB Board and will keep the Committee informed of any relevant matters.
- 10.5 NPCC Report** –
- i. Eastern Interconnection Frequency Excursions** – Messrs. Waldele and Tammer indicated that SOAS is investigating the root causes of the excursions as is the Resources Subcommittee of NERC’s Operating Committee. Though the causes are speculative, they did note that there were two new 100,000MW markets established in the last year. Also, some Control Areas do not start taking remedial action as quickly as the NYISO. The Resources Subcommittee is investigating on a national basis appropriate frequency thresholds and operator actions.
 - ii. Ontario May 27, 2005 Incident** - Mr. Mosier noted that the IESO’s Milton Report, which analyzes the May 27, 2005 incident, was available on the NPCC web site.

11.0 Visitor’s Comments – None

12.0 Meeting Schedule

| <u>Mtg. No.</u> | <u>Date</u> | <u>Location</u> | <u>Time</u> |
|-----------------|-------------------|---|-------------|
| #76 | August 12, 2005 | Albany Country Club, Voorheesville, NY. | 9:30 A.M. |
| #77 | September 9, 2005 | Albany Country Club, Voorheesville, NY. | 9:30 A.M. |

The open session of Committee Meeting No. 75 was adjourned at 4:05 P.M.