

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 86 - June 9, 2006
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Bruce B. Ellsworth	Unaffiliated Member – Chairman
Joseph C. Fleury	New York State Electric & Gas/Rochester Gas & Electric
Thomas Gentile	National Grid, USA – Vice Chairman
Bart Franey	National Grid –Alternate Member
Thomas C. Duffy	Central Hudson Gas & Electric
Curt Dahl	LIPA – Alternate Member – ICS Chairman -Phone
William H. Clagett	Unaffiliated Member - Phone
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
George C. Loehr	Unaffiliated Member, RCMS Chairman - Phone
Glenn Haake, Esq.	IPPNY (Wholesale Seller Sector)
George E. Smith	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
A. Ralph Rufrano	New York Power Authority
Michael Mager, Esq.	Retail Sector

Others:

Alan M. Adamson	Consultant & Treasurer
John Adams	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO)
John Pade	New York Independent System Operator (NYISO)*
P. L. Gioia, Esq.	LeBoeuf Lamb Greene & MacRae, LLP - Council
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service
Roger E. Clayton	Electric Power Resources, LLC – RRS Chairman

Visitors – Open Session:

Erin Hogan, P.E.	NYSERDA - Phone
Phil Fedora	Northeast Power Coordinating Council (NPCC)

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was requested by Dr. Sasson to discuss issues relating to the local reliability rule pertaining to minimum oil burn in the New York City area.

II. Open Session

1.0 Introduction – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 86 to order at 9:30 A.M.

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

1.2 Visitors – See Attendee List, page 1.

1.3 Requests for Additional Agenda Items – Mr. Raymond requested that the “NYSRC Response to Nat’l Grid and NYSEG – RGE’s Comments” on the NYSRC and NYISO 90 Day Report filed with FERC be added to the Agenda.

1.4 Executive Session Topics – An Executive Session was held to discuss issues related to the local reliability rule pertaining to oil burn in the New York City area.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 85 (May 12, 2006) – Mr. Raymond introduced the revised draft minutes including several updates. Additional corrections and/or clarifications were provided by the Committee. Mr. Raymond will make the indicated updates and email the further revised minutes to the Executive Committee for final review before posting them on the NYSRC web site - **AI #86-1**.

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>
58-12	NERC’s Standard Tracking Summary is a monthly agenda item.
65-6	No changes to the NYSRC Funding Mechanism are anticipated.
73-9	NPCC reports monthly on its actions regarding the Blackout Recommendations.
79-2	RRS/RCMS completed their review of the PSC Blackout Report on June 9, 2006.
84-3	The Addendum to the January 31, 2006 IRM Report was updated on June 9, 2006.
85-1, 2	The minutes of Executive Committee meeting No. 84 and Special Meeting No. 2 were posted on May 20, 2006.
85-4	The updated Addendum was posted on the NYSRC website on March 28, 2006.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. **Summary of Receipts & Disbursements** - Mr. Adamson presented the Summary of Receipts and Disbursements which shows a balance of \$110,000 in cash at the end of May 2006. Mr. Fleury noted that Meeting Fees and Consulting Expenses, in particular, need to be watched carefully since expenditures to date suggest the possibility of overruns. Mr. Adamson requested Committee approval to issue the 3rd Quarter Call-for-Funds of \$25,000 per TO due on July 1, 2006. Following discussion, Dr. Sasson moved for approval which was seconded by Mr. Smith and unanimously approved by the Committee (13-0).
- ii. **Auditor for 2006** – Mr. Adamson discussed the proposal for auditing services for 2006 received from Slocum DeAngelus & Associates. The scope is identical to last year, including a review of accounting procedures and management controls, and tests of the balance sheet and related statements of operations. Also, the services will include preparation of Form 990 for 2006 and a management letter if there are matters needing Executive Committee attention. The fee for services is \$2,195 for the year ending December 31, 2006, an increase of \$120 over last year. Mr. Mager moved for acceptance of the proposal. The motion was seconded by Mr. Clagett and unanimously approved by the Committee (13-0).

3.2 Other Organizational Issues –

- i. **Liability Coverage** – Mr. Gioia reported receipt of a quote from Acordia of \$8,286 for renewal of the General Liability Coverage. This amount is slightly below last year’s total premium of \$8,513. The aggregate limit under the policy has increased from \$1 million to \$2 million. This information was emailed to the Executive Committee on June 2, 2006. Receiving no objections, Mr. Gioia proceeded to have Acordia bind the policy.

4.0 Federal Energy Legislation –

4.1 **FERC Technical Conference on Staff Analysis of NERC Reliability Standards** - Mr. Gioia reported that there will be a technical conference on the proposed ERO Reliability Standards in Washington, DC on July 6, 2006. Mr. Adamson is working with NPCC CP-9 and Mr. Gioia in developing proposed comments by NPCC and NYSRC on the FERC Staff assessment. Mr. Gioia will circulate the proposed draft comments prior to the June 26, 2006 filing date – **AI #86-2**.

4.2 **Proposed NYSRC Comments on FERC Staff Analysis of NERC’s Reliability Standards** – Mr. Adamson distributed an outline of the NYSRC comments on the FERC staff analysis of the 102 NERC Standards filed with FERC as part of NERC’s ERO filing. He reported that NPCC CP-9 met on June 5-6, 2006, devoting its time largely to review of the FERC staff analysis of NERC Reliability Standards. Mr. Adamson noted that he agreed with much of the FERC staff analysis and felt it was, in general, very well done. However, Mr. Adamson noted concern with the “lowest common denominator” approach with reference to Category C Contingency issue. Mr. Gentile advised careful tracking of progress and providing vocal support whenever possible on this issue. Also, Mr. Adamson suggested that NYSRC support the implementation of Risk Violation Factors and clarification of the enforceability of “Fill-in-the-blank” Standards. Mr. Gentile will work with Mr. Adamson on the definition of Bulk Power System. In addition, Mr. Adamson is preparing a matrix of the Reliability Standards indicating the Risk Violation Factor (H,M,L), any deficiencies, and recommendations (Approval, Conditional Approval, Remand, Withdraw) for each. Mr. Rufrano is preparing a more detailed discussion of the deficiencies for NPCC CP-9 which will be included with the NYSRC comments.

5.0 Blackout Reporting

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

5.2 NPCC Blackout Report Recommendations – Mr. Fedora indicated that NPCC will be posting its Blackout Recommendations Tracking Summary update quarterly on the NPCC website.

5.3 PSC Blackout Report Recommendations

i. RRS, RCMS Follow-up – Mr. Loehr reported that an email had been sent to Mr. Tarler indicating the comments of RCMS on the PSC’s Blackout Report.

ii. PSC/TO Follow-up – Nothing new to report.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl indicated that ICS met on the morning of June 7, 2006 and RAITF met in the afternoon. A conference call was scheduled for June 13, 2006 to complete the ICS agenda. HQUS made a presentation to ICS on its proposal to wheel approximately 500 Mw of capacity to New York through Ontario, Canada entering New York at Niagara, NY. Wheeling arrangements remain to be worked out. The NYISO must determine whether to increase the NYCA import limit above the current 2755 Mw. Next, ICS began discussion of the 2006 Lessons Learned document. The NYISO has committed to provide the load forecast in the fall, which will allow the IRM and LCR Studies to go forward in parallel. Mr. Gioia indicated that the 2007 IRM Report would be required by January 15, 2007 to meet regulatory and NYISO auction schedules should a change in IRM be necessary. The sensitivity cases are being reviewed to determine whether the process might be accelerated. During a discussion of the Tan 45 methodology, GE indicated that some past results changed with an updated version of the MARS Model provided to the NYISO in July 2005 due to correction of an identified problem in the treatment of Emergency Operating Procedures. The transmittal memorandum from GE was not clear as to its impact and the process to benchmark anew MARS version is time consuming. Consequently, the 2006 IRM Study proceeded with the then current version of the Model. It is expected that the IRM is slightly overstated as a result. However, ICS does not recommend redoing the 2006 IRM Study. Unfortunately, an evaluation of the updated version using a single point on the IRM/LCR curve does not clearly indicate that significant changes could result. A meeting is scheduled with GE to clarify the impact. Mr. Bush stated that it is extremely important for the EC to understand the impact that not using the most up to date MARS version had on IRM. If the impact is found to be significant, a change to the IRM for the Winter Capability Period could be considered. Following further discussion, Mr. Ellsworth requested that ICS (a) determine the impact, presumably at GE’s expense, (b) document “lessons learned”, and (c) obtain an explanation of why potentially large changes are not clearly indicated by GE when issuing a new version – **AI #86-3**. Mr. Adamson noted that in the future GE will inform the NYSRC of any new MARS releases. Also, ICS and the NYISO have a very thorough benchmarking process before any new version is approved for use.

6.2 Mechanism for Expanded MARS Database Review - Nothing new to report.

6.3 National Grid and NYSEG-RGE Complaint Filed With FERC

i. Comments on the NYSRC and NYISO 90 Day Report - Nothing new to report.

ii. Response to National Grid, NYSEG-RGE Comments – Mr. Gioia circulated a draft response to the National Grid and NYSEG – RGE comments on the 90 Day Report and indicated that the NYISO has not indicated that it will be a co-respondent. Mr. Gioia noted that the National Grid comments included a claim that the 90 Day Report did not address the issues in the Complaint and requested that FERC retain jurisdiction and direct the NYSRC/NYISO to provide regular 90 day status reports. Mr. Gioia recommended a response that (a) reaffirms the importance of the stake-

holder process, (b) opposes FERC's need for retaining jurisdiction, and (c) suggests FERC not impede progress by requiring periodic reports when a detailed report is anticipated at the end of the RAITF Study. The response must be filed by June 12, 2006. Therefore, any comments were requested by Mr. Gioia over the weekend by email. Mr. Gentile reminded the Committee that the issues raised in the Complaint are very important to National Grid. Lengthy discussion followed regarding the RAITF schedule and the extent to which the RAITF Study scope addresses the issues raised in the Complaint. Mr. Ellsworth asked ICS and the RAITF to ensure that the issues raised in the Complaint were clearly understood by the Task Force and that the RAITF Study scope addressed those issues – **AI #86-4**.

- iii. **RAITF Study – Status** – Mr Dahl noted that a status report for the Committee can be expected by August 1, 2006 – **AI #85-6**. The Upstate/Downstate component of the work scope was initiated during the week of May 1, 2006.

6.4 2007 IRM Study -

- i. **Proposed Capacity Additions/Retirements** – Mr. Dahl reported that the capacity schedule for the 2007 IRM Study is under review by ICS.
- ii. **Tan 45 White Paper** – Mr. Dahl indicated that ICS has been trying for more than three months to reach a consensus document for presentation to the Executive Committee. Unfortunately, it has become clear that the Subcommittee is unable to settle the long standing disagreement within ICS between the Tan 45 and Free Flow Equivalent methodologies. Given the fundamental differences in viewpoint, ICS is proceeding with the development of separate position papers for presentation at the next Executive Committee meeting on July 14, 2006. Mr. Gioia reminded the Subcommittee that the focus should be on the merits as pertains to reliability. He, also, noted that if the NYISO is able to assign different IRMs to LSEs in different areas of the State in order to avoid an undue subsidy or if necessary to send an appropriate market price signal, and still satisfy the single statewide IRM established by the NYSRC, that might be helpful in better defining the relative responsibilities of the NYSRC and the NYISO. Also, it was noted that under the Tan 45 Method for implementing the resulting NYSRC state-wide IRM, the NYISO would be free to examine options for reallocating LSE ICAP requirements or costs that may satisfy Nat'l Grid and NYSEG-RGE concerns. Dr. Sasson emphasized that any zonal form of allocation must be shown in aggregate to achieve the specified NYCA IRM. Mr. Gentile indicated that this form of allocation could be helpful as a transition to full resolution of the National Grid and NYSEG-RGE Complaint.
- iii. **Tan 45 vs. Free Flow Equivalent** – A request for a ConEd presentation was withdrawn by Dr. Sasson since a consensus ICS White Paper was not presented (See Item 6.4ii.).

6.5 Other ICS Issues

- i. **NYISO/NE Mutual Emergency Assistance Study** – Mr. Dahl indicated that Peter Wong from ISONE-PSPC will be attending the July 5, 2006 ICS meeting to present preliminary results.
- ii. **NERC Resource Adequacy Assessment Drafting Team** – Mr. Dahl reported that the Task Force has completed a third version of the SAR. Task Force comments are due by July 15, 2006. The proposed SAR will then go to the SSAC to determine posting requirements.

7.0 Reliability Rules Subcommittee Status Report/Issues

- 7.1 **RRS Status Report & Discussion Issues** – Mr. Clayton indicated that RRS met on June 1, 2006. NYSEG-RGE announced that Jeffery S. Crandall will replace Raymond P. Kinney as its RRS

representative. Mr. Clayton recognized Mr. Kinney for his excellent contributions to the Subcommittee. Mr. Clayton then referred to the table, List of Potential Reliability Rule Changes – Outstanding, noting that PRRs #8 and #52 remain under review. PRRs #84 will revise F-R8 & F-M3, Operating During Major Emergencies to assure that the NYSRC rules are consistent with recent changes to NPCC Documents A-3. RRS asked the Committee to approve for posting PRR #85, D-R2, Minimum Operating Reserve Requirements, to assure consistency with NPCC Document A-6 and NERC BAL 002-2. Mr. Rufrano moved for approval. The motion was seconded by Mr. Clagett and approved unanimously by the Committee (13-0). PRR #86 is a potential modification to B-R2 & R3, Voltage and Stability Assessments, to bring them in line with the NPCC A-2 document. The NYISO is proposing changes to the NYSRC Transmission Planning Rules B-R2 and B-R3. RRS is currently waiting for a citation from the NYISO regarding the current approach to calculating voltage and transient stability Emergency Transfer Limits. Also, PRR #87 is being drafted to address wind generators in the vicinity of transmission lines.

7.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (PRR) Changes –

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval – Nothing new to report.

2. PRRs for EC Approval to Post for Comments – See Item 7.1.

3. PRRs for EC Discussion – Nothing new to report.

7.3 NPCC/NERC Standard Tracking -

i. **NERC Standards Development – Status** – Mr. Adamson noted that NERC has developed a 2007 Business Plan assuming its selection as the ERO. The 2007 budget is 25% above 2006 and includes 37 new employees. The drafting team for FAC 010, Determine Facility Ratings, Operating Limits and Transfer Capabilities, has met twice since the proposed Standard was withdrawn. NPCC has been asked to propose language incorporating Category C contingencies. The NPCC Operating Committee will be providing the input to the Drafting Team. A new draft will then be posted for comment. The NERC Reliability Standards Process Manual has undergone revisions to conform with the NERC ERO application. NPCC and NYSRC opposed the separation of the Compliance Elements from the Reliability Standards with balloting on the Standards only. NERC staff would develop the Compliance Elements for approval directly by the NERC BOT. Based on the comments received, NERC will proceed to ballot the Standards including the Compliance Elements. Mr. Adamson noted that seven new Standards will be balloted in the next few weeks. Also, Risk Factor recommendations for a large number of Standards were ~~provided~~ submitted to NERC on June 2, 2006.

ii. **NYCA Impact of New A-10 Document (Definition of Bulk Power System)** – Nothing new to report.

7.4 Other RRS Issues –

i. **Reliability Rules Manual Update** – Mr. Clayton indicated that there have been changes to the introduction of the Rules Manual as well as the introduction to the Transmission Planning section. Following discussion, the Executive Committee asked RRS, with the assistance of Mr. Gioia, to modify the proposed changes in accordance with the discussion including consistency with Rule ER-8 and Measurement EM-8.

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

- 8.1 RCMS Status Report and Discussion Issues** – Mr. Loehr reported that RCMS met on June 8, 2006. He indicated that RCMS is concerned by an increasing focus at NERC on process versus substance. Mr. Loehr added that RCMS expects to recommend for approval the Measurement K-M2a, Annual Transmission Assessment at the July 14, 2006 Executive Committee meeting. Also, RCMS is waiting for feedback from the NYISO on the Compliance Template Manual before issuing a final update. Mr. Patka and Mr. Gioia will work together to develop compliance language that protects the NYISO in a situation in which a market participant fails to follow a directive given by the NYISO and a compliance violation occurs – **AI #86-5**.
- 8.2 Status of 2006 NYRCP** – Mr. Adamson indicated that no Measurements/Compliance Template Items were approved by RCMS on June 8, 2006. In several instances, additional information was requested from the NYISO due to new Rules in 2005 that required enhanced NYISO procedures.
- 8.3 Other RCMS Issues** – Nothing additional to report.

9.0 Key Reliability Issues

- 9.1 Defensive Strategies** – Mr. Smith indicated that the Defensive Strategies Team met on May 11, 2006. The goal was to work with NPCC TFSS and the SS-38 Working Group to get as many New York related issues into Task #5, Evaluation of Potential Mitigation Measures, of the NPCC Northeast Blackout Study Plan. As a result, the scope of Task #5 now includes, among others: (a) the measures should result in dependable formation of islands based on identification of coherent generation groups within NPCC, (b) the measures should be applicable to a wide range of conditions, including events originating both within and outside of the NPCC Regions, (c) supplementing existing transmission protection schemes to enable reliable formation of islands containing coherent generation groups, and (d) evaluating new protection systems capable of detecting abnormal system conditions. The study will be performed by SS-38 under the general direction of NPCC TTSS. The schedule for completion is December 2006. Work will begin following completion of the NPCC Under Frequency Load Shedding (UFLS) Assessment and the NPCC Unit Governing Response Study. Further, a NERC System Protection Working Group is studying the coordination of generator response within a coherent generator group. Each of these studies will strengthen the base for proceeding with Task #5.
- 9.2 NPCC Defensive Strategy Activities** – See Item #9.1.
- 9.3 Regional Greenhouse Gas Initiative** –
- i. RGGI – Status** – Ms. Hogan reported that comments were received in May 2006 on the draft Model Rule and are posted on the RGGI website. The Staff working Group is currently reviewing the comments to determine what, if any, changes to the Rule will be made. The final Model Rule is expected in July 2006. The States will then initiate their respective regulatory processes.

10.0 NYISO Status Report/Issues – Mr. Adams reported that DOE had hired the Academy of Science to study what would be required when Indian Pt. is retired or shutdown – **AI #86-6**. The Academy concluded that there would be a need for replacement in kind from generation, transmission and/or DSM including reactive support. Their major concern was the need for an orderly plan for carrying out the replacement.

10.1 NYISO Planning Process – Mr. Adams indicated that the NYISO ESPWG met on June 8, 2006 to review findings to date from the market based assessment and alternative regulated solutions for the 2008-2012 time frame. The goal is to issue a draft report by June 27, 2006 and provide the NYISO Board with a final report in August 2006. The market solutions included 950 Mw of new generation in zone J and 250

Mw of generation in zone K. Three transmission proposals were received: (a) a HVDC line into the Lower Hudson-Valley, (b) a 115kv rebuild to Pleasant Valley Station and an additional cable on the cable interface into New York City, and (c) a back-to-back DC line from PJM to New York City.

10.2 Studies – Status

- i. **Electric Deliverability Study** – Mr. Adams indicated that the FERC filing was made on June 8, 2006 which included an additional work plan. One year of analysis is expected to complete the scope.
- ii. **NYSERDA/NYISO Gas Study** – Nothing new to report.

10.3 Other Studies/Activities –

- i. **NYCA Reactive Power Study** – Nothing new to report.
- ii. **NYSERDA Oil Infrastructure Study** – The final report is expected in July 2006.
- iii. **Windpower Interconnection Study** – Fifteen new projects well in excess of 1200Mw will go to the NYISO OC on June 15, 2006 for approval.

11.0 Other Items

- 11.1 NYISO Operations Report** – Mr. Raymond indicated that frequency excursions continued at a high level in April 2006. The other tracked parameters remained in the normal range.
- 11.2 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth noted that NAESB meets at the end of June 2006.
- 11.3 NPCC Report** – Nothing additional to Report.

12.0 Visitors’ Comments – None

13.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#87	July 14, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#88	Aug 11, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 86 was adjourned at 4:00 P.M.

