

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 88 August 11, 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 J. Gentile	National Grid, USA – Vice Chairman
Bart D. Franey	National Grid, USA – Alternate Member
Thomas C. Duffy	Central Hudson Gas & Electric - Phone
Richard J. Bolbrock	Long Island Power Authority (LIPA)
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
Glenn Haake, Esq.	IPPNY (Wholesale Seller Sector)
George E. Smith	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
Michael Forte	Consolidated Edison Co. of NY, INC. – Alternate Member
A. Ralph Rufrano	New York Power Authority
Michael B. Mager, Esq.	Couch White, LLP (Retail Sector)

Others:

John Adams	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Peter Gonzales	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
Steve T. Jeremko	New York State Electric & Gas
Raymond Kinney	New York State Electric & Gas – Phone*
Bart D. Franey	National Grid, USA – Alternate Member*
Hank Masti	New York State Electric & Gas/Rochester Gas & Electric

Visitors – Open Session:

Erin Hogan, P.E.	NYSERDA
Stan Kopman	Northeast Power Coordinating Council (NPCC)
Tim Foxen	NRG Energy - Phone*
Madison Milhous	KeySpan Ravenswood LLC - Phone*

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was requested by Mr. Bolbrock to discuss NPCC governance options.

II. Open Session

1.0 Introduction – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 88 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 – None

1.4 Executive Session Topics – An Executive Session was held to discuss NPCC governance options.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 87 (July 11, 2006) – Mr. Ellsworth introduced the revised draft minutes including several updates. There were no additional corrections and/or clarifications. Mr. Haake moved for approval of the revised minutes. The motion was seconded by Dr. Sasson and unanimously approved by the Committee Members in attendance or on the telephone (13-0). Mr. Raymond will post the approved minutes on the NYSRC web site - **AI #88-1**.

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	The tracking of NERC Reliability Standards development has become a standard agenda item.
65-6	Mr. Adamson indicated that he had reviewed various funding mechanisms without finding a mechanism appropriate for the NYSRC.
85-8	The Executive Committee approved the Assumption Matrix less the transmission model on August 11, 2006.
86-6	Mr. Adams circulated the Academy of Sciences Indian Point Study on July 15, 2006.
87-1	The final minutes of Committee meeting #86 were posted on July 15, 2006.
87-2	The letter was sent to Mr. Lynch on July 26, 2006.
87-3	RRS discussed the ConEd request during its August 2006 meeting.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

- i. **Summary of Receipts & Disbursements** - Mr. Adamson presented the Summary of Receipts and Disbursements which shows a balance of \$155,000 in cash at the end of July 2006. The balance includes a refund of \$484.52 from the insurance provider. Including contingency, the projected year-end variance from budget is \$30,000 below budget. Also, Mr. Adamson noted that the entire 3rd Quarter Call-for-Funds of \$150,000 was received by July 1, 2006.

3.2 Other Organizational Issues –

- i. **Election of Officers** – Nothing new to report.

4.0 Federal Energy Legislation –

4.1 NYSRC Comments on Staff Analysis of NERC Reliability Standards - Mr. Gioia reported that FERC will be issuing a NOPR later in the year on the Reliability Standards.

5.0 Blackout Reporting

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

5.2 NPCC Blackout Report Recommendations – Mr. Kopman indicated that NPCC-TFSS is tracking a number of Blackout Report recommendations. All recommendations are on schedule. TFSS will present a status report to the NPCC-RCC at its September 6, 2006 meeting. Apparently, NERC has given up trying to create a computerized “Summary of Blackout Actions”.

5.3 PSC Blackout Report Recommendations

- i. **RRS, RCMS Follow-up** – Nothing new to 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 July 24, 2006 to discuss the Upstate/Downstate Study. The Subcommittee met again on August 3, 2006 to review the Assumptions Matrix and on August 8, 2006 to discuss the Transmission Model. The Upstate/ Downstate Study, being a new type of analysis, has raised a number of modeling issues, e.g., emergency assistance, reserve sharing, and Upstate to Downstate capacity contracts. ICS requested that GE address these additional issues that are required to for the Study formulation to be valid. The Upstate/Downstate Study will use the same database being developed for the 2007 IRM Study.

6.2 Mechanism to Accommodate Expanded MARS Database Review – Messrs. Gioia and Patka met on July 22, 2006 and agreed in general that the individuals seeing the data would be working for the NYSRC under a Confidentiality Agreement with the NYISO. The data reviewed would only apply to the 2007 IRM Study and future IRM Studies. Mr. Patka agreed to discuss the nature of a Confidentiality Agreement within this context with Ken Davis, Hunton & Williams, NYISO Council. Mr. Gioia received a call from Mr. Davis on August 10, 2006 during which Mr. Gioia expressed the importance to both the NYSRC and the NYISO of having the IRM study based on accurate data. Mr. Patka indicated that Mr. Davis is looking into a waiver approach as well as confidentiality. Mr. Haake emphasized that the generator sector would want to know who is doing the review and the data being reviewed. Mr. Gioia emphasized that the issue should be approached from a “must be done” perspective, but done in the best way possible for all interested parties.

6.3 RAITF Study – Status – Mr. Dahl noted that a large portion of the August 3, 2006 meeting was spent hearing and commenting on the Tan 45 and Free Flow Equivalent (FFE) anchoring methodologies. Also, Mr. Adamson presented for each methodology the actions that in his view are required by the NYSRC and NYISO. Mr. Adamson summarized the actions for the Executive Committee. Under the Tan 45 Method, after the NYSRC establishes the statewide IRM and minimum LCRs, the NYISO would review the claimed subsidy and price signal implications of the UPNY-SENY transmission constraints. If the claims are founded, the NYISO would develop options to resolve the claims, some of which may include revision of the NYISO Tariff. Under the FFE Method, after the NYSRC establishes the statewide free flow IRM and minimum LCRs, the NYISO would establish final LCRs and Upstate and Downstate LSE IRM requirements. Dr. Sasson asked whether under current Agreements/Tariff the NYISO could apply different IRM requirements to different customers, if the NYCA achieved the design IRM? Mr. Patka pointed out that Section 5.11 of the NYISO Tariff indicates that the LSEs reserve requirement is a function of the single NYCA IRM. Mr. Haake expressed concern regarding implications of more than one IRM on the Demand Curve. Mr. Gioia discussed the procedural aspects of the issue indicating that it would be advantageous to re-establish to the extent possible, the separate responsibilities of the NYSRC (Reliability) and NYISO (Markets) regarding the IRM and LCR determinations. Mr. Mager expressed the view that any statement establishing responsibilities should be prepared jointly with the NYISO. After lengthy discussion, Mr. Haake moved that Mr. Gioia be asked to prepare a resolution laying out the NYSRC responsibilities consistent with NYISO/NYSRC Agreements. The motion was seconded by Dr. Sasson and approved by the Executive Committee- (10-yes, 1-no, 2-abstained) – **AI #88-2**. Mr. Bush noted that he felt if there are multiple ways to achieve the level of reliability, the Executive Committee should consider economic factors to the extent possible including requesting input from the NYISO. Mr. Bolbrock offered a precautionary note indicating that cost minimization is substantially different than cost allocation. The latter appears to be clearly within the NYISO scope. Mr. Gentile expressed the view that since the NYSRC is responsible for reliability, it must be aware of the implications market activities have on its Reliability Rules. Mr. Duffy stated that if all the points on the LCR/IRM “Curve” exhibit equal reliability, then the NYISO should be able to select its preferred LCR. Otherwise, the NYSRC will be unable to void itself of market issues. Dr. Sasson pointed out that although each point on the “curve” is theoretically at a LOLE = 0.1, there are other risk factors that vary as one moves along the “curve” which may prevent, in practice, achieving 0.1. Mr. Bush reminded the Committee that its responsibility is satisfactory reliability, not necessarily the most reliable set of parameters. Therefore, in his opinion, any point on the “curve” is adequate for the NYSRC purposes.

6.4 2007 IRM Study -

i. Base Case Assumptions for IRM Study – Mr. Dahl summarized the Base Case Modeling Assumptions for 2007-08 NYCA IRM Requirement Study document which compares the 2007-08 assumptions with those of the prior year. He noted that for the first time the peak load will be adjusted in early October 2006 by the NYISO for the Summer 2006 experience. Instead of being considered a preliminary forecast as used in previous IRM Studies, this forecast will represent the final NYISO forecast, the same forecast that will be used by the NYISO to establish LCRs and other 2007-08 LSE requirements. Two new units have been added, Plattsburgh Wind Park (79.5Mw – 10/06) and Flat Rock Wind Power (100Mw – 12/06). Neptune, scheduled for July 2007, will be considered as a sensitivity case. The Huntley 65&66 units (165Mw) and the Lovett 5 unit (176.2Mw) will be retired in the base case, but the Lovett unit will be further treated as a sensitivity case. Special Case Resources will be limited to 4 calls per month in July and August for DEC limited generation. The DMNC Derating will be captured as part of the GT deratings. The Transmission System Model will be provided by the NYISO by August 18, 2006. Mr.

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Gonzales (NYISO) noted that the Dunwoodie – South voltage limit was under review and would take a month, perhaps longer. Following further discussion, Mr. Bolbrock moved for approval of the Assumptions Matrix excluding the Transmission Model. Dr. Sasson seconded the motion which was approved unanimously by the Executive Committee – (13-0).

- ii. **Selection of an “Anchor Point”** – Mr. Dahl reminded the Committee that presentations were made at the July 14, 2006 meeting of the Executive Committee and a number of Q/As were exchanged over the last month regarding the Tan 45 and FFE methods. Mr. Jeremko introduced three documents: (a) Free Flow Equivalent (FFE) IRM Anchor, (b) PJM Reliability Reserve Requirement Analysis, and (c) several talking points. He focused his comments on item (a) including discussion of: the Unified Methodology, the reliability subsidy and local reliability. Mr. Kinney reminded the Committee to consider the implications of an IRM selection on the NYISO market for capacity. Following further discussion, Dr. Sasson presented rebuttal material to Mr. Jeremko/Franey’s arguments regarding 1.0Mws of downstate capacity being equivalent to 1.3Mws upstate. Next, Dr. Sasson moved that the Tan 45 method be approved by the Executive Committee as the permanent Anchor Point. The motion was seconded by Mr. Smith, but failed to receive the necessary nine votes for adoption – (8 yes, 3 no, 2 abstained). Mr. Clagett then moved that the Tan 45 Method be approved, but for one year only. The motion, seconded by Mr. Bolbrock, again failed to receive the necessary nine votes – (8 yes, 3 no, 2 abstained). The Committee discussed the implications of not reaching a decision at this time. The Committee felt strongly that regardless of the outcome, the “Unified Methodology” for developing the LCR/IRM Curve should be retained. Mr. Gioia emphasized the importance of moving forward with a selection, if at all possible. Also, he felt that many, if not all the economic issues, could be dealt with procedurally in the NYISO forum. Mr. Duffy then summarized several of the key comments offered during the foregoing discussions: (a) the point-pairs on the “curve” are each at a LOLE=0.1, (b) there are other reliability aspects of the point-pairs that are not reflected in just satisfying the 0.1 LOLE, and (c) there may or may not be other reliability aspects that should be incorporated in the IRM Study. Mr. Duffy concluded that if the NYSRC does not fully understand the point-pairs on the “curve”, it is ill-equipped to select a point-pair, a range of point-pairs, or the entire “curve”. Therefore, he moved that the Executive Committee approve the Tan 45 Methodology for one year and remand back to ICS the matter of whether the LCR/IRM Curve fully satisfies all the issues that must be addressed before an anchor point can be properly selected. The motion was seconded by Mr. Clagett. Once again the motion failed to receive the necessary nine votes – (8 yes, 3 no, 2 abstained). Consequently, the Committee decided to provide time to reflect on the discussions by holding a conference call on August 25, 2006 – **AI #88-3**. The purpose of the conference call will be to reach final agreement on an anchor point. Mr. Gioia suggested that the Committee Members include in their deliberations, the part and at what stage in the process, input from the NYISO might play a role in reaching a fully informed decision. Further it was agreed that ICS would proceed with the Unified Methodology and develop the two LCR/IRM Curves (Zones j&k).

6.6 Other ICS Issues

- i. **NYISO/NE Mutual Emergency Assistance Study** – Mr. Dahl indicated that on July 3, 2006, Peter Wong from ISONE-PSPC sent the draft presentation used to obtain approval for the tie benefits study. ICS will discuss the draft at its September 2006 meeting.
- ii. **NERC Resource Adequacy Assessment Drafting Team** – Nothing new to report.

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7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton noted that RRS met on August 2, 2006. He indicated that there were no changes in the status of PRRs #8, 52, and 84. PRR #86 has been deferred pending comments from ConEd and LIPA. 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. Mr. Clayton then discussed PRR #87, Wind Generator Clearances from Transmission Lines. After discussion, Dr. Sasson moved that RRS investigate the development of a new rule for clearances from transmission lines. The motion was seconded by Mr. Gentile and unanimously approved by the Executive Committee – (13 – 0).

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** – Mr. Clayton indicated that PRR 85, D-R2: Minimum Operating Reserve Requirements, had been posted for comment on June 14, 2006 and that no comments have been received. Dr. Sasson moved for final approval of the Rule. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13-0).
- 2. PRRs for EC Approval to Post for Comments** – Nothing new to report.
- 3. PRRs for EC Discussion** – Nothing new to report.

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7.3 NPCC/NERC Standard Tracking -

- i. NERC Standards Development – Status** – Mr. Adamson reported that the Drafting Team has prepared a new draft for FAC 010-1, but once again failed to heed the NYSRC’s comments regarding the absence of Category C contingencies. They did ask NPCC to revise the draft to include Category C contingencies and sent both versions out for comment. Mr. Adamson expressed the belief that the Drafting Team’s version will go out for balloting shortly and will likely pass.
- 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** – Nothing new to report.
- ii. Limits for Reactive Supply** – Mr. Clayton noted that he was discussing with Dr. Sasson the new generator reactive capability rules apparently approved by the NERC Board (Var 002-1) – **AI #88-4**.

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8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues – Deferred to the September 2006 Executive Committee meeting.

8.1 RCMS Status Report and Discussion Issues –

8.2 2006 NYRCP -

8.3 New Rule Per Fuel Switching Near Miss -

8.4 Compliance Template Manual Update – Mr. Gioia reported that he and Mr. Patka are preparing a document to address situations when the NYISO is in non-compliance due to the actions or inactions of

another party. The current thinking is that the NYISO could have its own compliance process which might include a letter that informs the non-compliant market participant of the necessary remedial actions, and if ignored, there would be referral to the PSC and/or FERC. The NYISO also has the authority to deny an entity access to its markets. The NYISO would keep the RCMS informed of its actions and progress in resolving the issue at hand.

9.0 Key Reliability Issues

9.1 Defensive Strategies – Mr. Smith indicated that the Defensive Strategies Working Group (DSWG) met on August 10, 2006. With the assistance of Mr. Rufrano, the DSWG established a list of beyond emergency condition events worth investigating. Mr. Tatro gave an excellent presentation on the workings of the UFLS system and the status of planned relay upgrades and studies. Mr. Smith noted that SS-38 is planning to use dynamic models and relay settings to probe the coherent generation groups and find where the system would break up. The NPCC RCC will be reviewing the Task 5 Study Scope in September 2006. Mr. Tatro will be providing the draft material for DSWG comment.

9.2 NPCC Defensive Strategy Activities – See Item #9.1.

9.3 Regional Greenhouse Gas Initiative –

i. **RGGI – Status** – Nothing new to report.

10.0 NYISO Status Report/Issues –

10.1 NYISO Planning Process – Mr. Adams indicated that the NYISO Comprehensive Reliability Plan for the 2005-2015 time frame was approved by the Management Committee and will now go to the Board for final approval. Mr. Adams agreed to present the Plan at the September 8, 2006 Executive Committee meeting – **AI #88-5**.

10.2 Studies – Status

i. **Electric Deliverability Study** – Mr. Adams indicated that a work plan to continue the study has been sent to FERC. The IITF met during the week of August 6, 2006 to finalize the bottled generation report which will be available about September 7, 2006.

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 undergoing internal review.

11.0 Other Items

11.1 NYISO Operations Report (July 2006) – Mr. Raymond indicated that the number of frequency excursions continue to show a noticeable decline after years of abnormally high levels. The other tracked parameters remained in the normal range. He also noted that no major emergencies were initiated by the NYISO. However, Indian Pt. 3 and Astoria Energy East each tripped twice at near full load. The system responded as expected.

11.2 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth reported that NAESB is investigating the relationship it should have with the ISOs. Mr. Ellsworth will be attend a meeting in Washington D.C. to decide whether there should be a separate sector for people working on reliability issues.

11.3 NPCC Report – Mr. Kopman indicated that two documents are out for comment under the CBRE. Comments are due on the Standards Process on August 16, 2006 and the Compliance Program on August 21, 2006.

11.4 Other – Mr. Gioia reported that FERC’s Order on the 90 Day Report regarding the Nat’l Grid and NYSEG/RGE Complaint requires substantially limited regular reporting to FERC. The Reports are for information only and FERC does not intend to publish notice of the Reports in the Federal Register or issue Orders regarding the Reports.

12.0 Visitors’ Comments – None

13.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#89	Sept. 8, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#90	Oct. 13, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 88 was adjourned at 4:10 P.M.