

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 89 September 8, 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 - 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.
A. Ralph Rufrano	New York Power Authority - Phone
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)
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 - Phone

Visitors – Open Session:

Erin Hogan, P.E.	NYSERDA
Phil Smith	Mirant - 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 NYSRC administrative matters.

II. **Open Session**

1.0 **Introduction** – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 89 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 with the exception of Mr. Duffy, who was unable to participate.

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 NYSRC administrative issues.

2.0 **Meeting Minutes/Action Items List**

2.1 **Approval of Minutes for Meeting No. 88 (August 11, 2006)** – Mr. Ellsworth introduced the revised draft minutes. There were no additional corrections and/or clarifications. Mr. Claggett moved for approval of the revised minutes. The motion was seconded by Mr. Gentile and unanimously approved by the Committee Members in attendance or on the telephone (12-0). Mr. Raymond will post the approved minutes on the NYSRC web site - **AI #89-1**.

2.2 **Approval of Minutes for Special Meeting #3** – Mr. Raymond introduced the revised draft minutes. The Executive Committee offered additional corrections and/or clarifications. Subject to the changes, Mr. Loehr moved for approval of the revised minutes. The motion was seconded by Mr. Fleury and unanimously approved by the Committee Members in attendance or on the telephone (12-0). Mr. Raymond will post the approved minutes on the NYSRC web site - **AI #89-2**.

2.3 **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>
62-10	The NYISO Reliability Criteria Study was set aside due to the formation of the ERO.
84-6	Messrs. Adams and Patka addressed manpower needs with Mr. Calimano.
86-4	The Nat'l Grid, et al Complaint has been thoroughly aired at the RAITF meetings.
87-2	Mr. Gioia prepared the letter to Mr. Lynch which was dated July 26, 2006.
87-3	Mr. Raymond informed Mr. Clayton of the ConEd request on June 7, 2006.
87-4	Same as Item #86-5.
87-6	The NYISO CRP was E-mailed to the Executive on September 7, 2006.
88-1	The final minutes of Committee meeting #87 were posted on August 15, 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 \$123,000 in cash at the end of August 2006. Including contingency, the projected year-end variance from budget is \$33,000 below budget.
- ii. Call-For-Funds** - Mr. Adamson requested a 4th Quarter Call-For-Funds due October 1, 2006 of \$150,000 or \$25,000 per TO. Following discussion, the Executive Committee authorized Mr. Adamson's request.
- iii. Proposed 2007 Budget** – Mr. Adamson presented the proposed budget for 2007 noting increases of \$1000 in Insurance and Meeting Expenses resulting in a total of \$686,000. Dr. Sasson suggested that given the minor increase and a likely positive carryover from 2006 that the Executive Committee approve the 2007 budget at last year's level (\$484,000). After discussion, Mr. Fleury moved for approval of a \$484,000 budget and the current (2006) funding mechanism for 2007. The motion was seconded by Dr. Sasson and unanimously approved by the Committee Members in attendance or on the telephone. Mr. Duffy was contacted by Mr. Raymond subsequent to meeting and expressed his approval – (13-0). Further, Mr. Adamson requested an increase of \$5.00 per hour for Tracy Cross, NYSRC Administrative Assistant. This increase does not affect the proposed budget because last year's budget anticipated extra hours for implementing the new website. Mr. Loehr moved for approval of the \$5.00 per hour beginning January 1, 2007. The motion was seconded by Mr. Fleury and unanimously approved by the Committee Members in attendance or on the telephone (12-0).

3.2 Other Organizational Issues – Nothing new to Report.

4.0 Federal Energy Legislation –

- #### **4.1 NERC Petition to FERC for Approval of Proposed Reliability Standards** - Mr. Gioia reminded the Committee that FERC issued proposed Reliability Standards and the NERC Staff issued an assessment of those Standards. The NYSRC, as well as others, provided comments. FERC has now said it will be issuing a NOPR later in the year on the Reliability Standards. NERC submitted 27 revised reliability standards to FERC and requested that FERC include the revised standards in the NOPR rather than the original Standards. Mr. Adamson indicated that NPCC CP-9 will be commenting on the NOPR. Mr. Bush noted that at the Reliability Summit in Washington, DC on September 6, 2006, Chairman Kelleher indicated 55 of a total of 112 Standards met FERC's requirements for approval. It is noteworthy that the NYSRC comments recommended that only about 50 of the proposed Standards should be approved. Mr. Gioia added that in FERC's July 2006 Order designating NERC as the new ERO, FERC clearly indicated that Regional Standards can either be more stringent or the result of physical differences. FERC also asked NERC to clarify the distinction between a Regional Reliability Standard versus a variance. The former is consistent with NYSRC comments and, regarding the latter, NYSRC comments supported the distinction in NERC's Standard Approval Process where a variance implies not having to comply for a good reason.

5.0 Blackout Reporting

5.1 DOE Report – NYISO Follow-up List – Nothing new on the Blackout Report. However, Mr. Patka noted that DOE has issued its Congestion Report with comments due to DOE by October 10, 2006. The Report identifies New York City and the Lower Hudson Valley all the way to Maryland as severely congested areas. Mr. Loehr commented that it is not unusual for regulators to confuse commercial use with reliability requirements on major transmission corridors. This situation sounds like DOE is really concerned with commercial use, not reliability. The NYISO will be providing comments – **AI #89-3**.

5.2 NPCC Blackout Report Recommendations – Nothing new to report.

5.3 PSC Blackout Report Recommendations

i. RRS, RCMS Follow-up – Nothing new to report.

ii. PSC/TO Follow-up – Mr. Schrom indicated that the Restoration Working Group Report is expected in two months.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl indicated that ICS met on August 30, 2006 to discuss the Upstate/Downstate Study and other open topics. GE was in attendance to further discuss the methodology of the unique and complex Study. In particular, ICS and GE discussed a number of modeling issues, e.g., emergency assistance, reserve sharing, Upstate to Downstate capacity contracts and FORs for downstate Transmission. ICS has decided to have GE move forward before all the modeling issues are resolved using the 2007 IRM Study data base. The data base should be available by the last week of September 2006, and GE expects to have preliminary results by the end of October 2006. Sensitivity case would then be employed to help resolve any lingering modeling issues. Mr. Gioia pointed out that even with the sensitivity cases, difference of opinion may remain regarding the appropriate modeling technique. The final report is scheduled for the end of 2006. Dr. Sasson noted that there could be “externalities” that will need to be resolved once the Study work is complete.

6.2 Mechanism to Accommodate Expanded MARS Database Review – Mr. Patka indicated that Ken Davis (Counsel for the NYISO of Hunton & Williams) will have a recommendation on the form of the mechanism by September 15, 2006. Mr. Haake expressed an interest to be included in any legal discussions that may ensue – **AI #89-4**. Generator DMNCs and FORs are particularly sensitive to the Generator Sector.

6.3 RAITF Study – Status – Mr. Dahl noted that Mr. Jeremko sent out a second draft of his economic analysis of the ICAP costs. Dr. Sasson raised the issue of NYISO verification. Mr. Adams agreed to take the matter under consideration – **AI #89-5**. Mr. Jeremko added that he will be presenting the ICAP analysis to the NYISO’s Business Issues Committee on September 13, 2006.

6.4 2007 IRM Study - Mr. Dahl indicated that ICS has received the Transmission Model from the NYISO for comment. The NYISO gave a presentation on the draft model at the August 30, 2006 ICS meeting. The model showed decreases of up to 300MWs on several of the Hudson Valley interfaces, which has precipitated on-going dialogue between ICS members and the NYISO. ICS is hopeful that all issues will be resolved as early as the week of September 10, 2006. Once resolved, ICS will email the results and initiate a conference call, if necessary – **AI #89-6**. The parallel work by Mr. Gonzales (NYISO) regarding loadflow convergence in Transient Analyses is proceeding but is unlikely to change the Model. Mr. Dahl noted that ICS is attempting to schedule a Work Shop with GE to review the final data base. Also ICS is updating Policy 5 to include new concepts introduced this year, i.e. the Unified Methodology and UDRs. ICS is working toward the October 13, 2006 Executive Committee meeting for final approval.

6.5 IRM Resolution – Mr. Gioia introduced the draft IRM Resolution which had been emailed previously for comment. The purpose of the Resolution is to clarify the relative responsibilities of the NYSRC and NYISO regarding selection of the annual IRM. The impetus for clarification is the interrelationship between the IRM and LCRs and issues raised regarding subsidies and appropriate market signals. Also, Mr. Gioia emphasized that the original charter of the NYSRC purposely did not contemplate the addressing of issues pertaining to the NYISO's markets. Going beyond the NYSRC's authorized responsibilities can lead to confusion and/or criticism. Mr. Patka indicated that the NYISO would take the Resolution under advisement though he expressed doubt that the direct relationship between LCRs and the IRM would be conducive to a clean separation of responsibilities. Mr. Mager expressed the view that the Resolution should be a joint undertaking. However, this approach would require going through the NYISO governance process. Mr. Bolbrock offered several points of clarification, and Mr. Gentile suggested an additional paragraph addressing the possibility of NYISO input regarding cost and Market implications. Following additional discussion, the Executive Committee asked Mr. Gioia to redraft the Resolution, based on the discussion, for consideration at the October 13, 2006 meeting – **AI #89-7**.

6.6 FERC Information Report on Nat'l Grid, et al Complaint – Mr. Gioia noted that an informational response to FERC regarding the Nat'l Grid, et al Complaint is due September 29, 2006. At the request of Ms. Lampi (NYISO), he will be doing an initial draft for a joint response with the NYISO – **AI #89-8**. The response will focus on the Upstate/Downstate Study and other RAITF work.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton noted that RRS met on August 31, 2006. He indicated that there were no changes in the status of PRRs #8, 52, and 84. PRR #85, Minimum Operating Reserve Requirements, was approved at the August 11, Executive Committee meeting and has been incorporated into the Reliability Rules. PRR #86, a potential modification to B-R2 & R3, Voltage and Stability Assessments, to bring them in line with the NPCC A-2 document, has been tabled pending a NYISO White Paper. The White Paper will provide citations and references to demonstrate that current voltage and stability assessment practices at the NYISO have remained the same over time. Mr. Waldele is preparing the White Paper which will include the Reliability Rules Template – **AI #89-9**. RRS expects to bring the template forward for consideration at the October 13, 2006 Executive Committee meeting. Mr. Clayton then discussed PRR #87, Wind Generator Clearances from Transmission Lines. He indicated that at the request of Mr. Gioia, the PSC was queried regarding jurisdiction. Mr. Schrom indicated that the PSC has reviewed instances in which SEQRA applies, other instances where clearances are addressed by local ordinances, and some cases where they are not addressed at all. The PSC would consider a new Rule under its normal review process. Mr. Clayton indicated that after lengthy discussion, RRS does not feel a new Rule is the proper way to address the situation; the reason being that the existing Rules cover the consequences of falling towers. Mr. Bolbrock noted that there is insufficient data to back- up a new Rule and there is opportunity to intervene in the SEQRA process, if necessary. Mr. Clagett reminded the Executive Committee of its strong position regarding gas pipelines on critical rights-of-way and the different situations posed by single versus multiple wind generator towers. Mr. Ellsworth pointed out that the NYSRC does not have siting authority, but can intervene before the appropriate regulatory body. Mr. Gentile offered that Nat'l Grid has a Standard for cell-phone attachments to utility towers that requires strength as great as the towers. He added that the Interconnection Agreement would be the place to address clearance issues. Mr. Clayton noted that

Southern California Edison has specific clearances in the Interconnection Agreements. Mr. Rufrano noted that the industry does not require tower height clearances for multiple tower lines on a common right-of-way. After further discussion, the Executive Committee agreed to ask RRS to investigate blade failures and monitor the performance of wind towers – **AI #89-10**. Also, the NYISO will look into whether the Interconnection Agreement is an appropriate place to address the issue – **AI #89-11**.

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 – Nothing new to report.

3. PRRs for EC Discussion – Mr. Clayton noted that RRS is working on: (a) the definition of loss-of-load under Local Rule IR-3, Loss of a Gas Pipeline, (b) consideration of generator capability curves in the context of new NERC Rules (Var 002-1), and (c) clarification of whether black start capability should be part of the Planning Process. The Reactive Power Study Group, chaired by Dr. Sasson, will be providing input.

7.3 NPCC/NERC Standard Tracking -

i. NERC Standards Development – Status – Mr. Adamson reported that NPCC provided the Drafting Team for FAC 010-1 a new option that included Category C contingencies. Following a request for comments, the comments received clearly favored the original Drafting Team version without Category C contingencies. Therefore, the Drafting Team version will be posted for balloting on September 19, 2006. NPCC CP-9 will be preparing comments though its preference is unclear. Mr. Gentile noted that FERC has expressed serious interest in the Northeast’s more realistic event based (versus an element based) criteria. Therefore, Mr. Gentile moved that the NYSRC support the “no” vote. Mr. Smith seconded the motion which was unanimously approved by the Executive Committee members in attendance or on the phone – (12-0). Further, the Executive Committee asked Mr. Adamson to prepare a letter to the Ballot Body explaining the NYSRC position – **AI #89-12**. Next, Mr. Adamson noted that RRS had responded to the NERC Violations Risk Factor (VRF) Survey on August 31, 2006. The vote on the results of the Survey is expected in October 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 described proposed changes to the Introductions of the Reliability Rules Manual and the Sections. Following discussion, Dr. Sasson moved for approval of the proposed changes. Mr. Bolbrock seconded the motion which was unanimously approved by the Executive Committee Members in attendance or on the phone - (12-0).

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

8.1 RCMS Status Report and Discussion Issues – Mr. Loehr reported that RCMS has approved four Measurements: (a) I-M4, Consideration of Local Rules in transmission planning and establishment of operating limits, (b) C-M6, Reporting of historical resource outage statistics and trends, (c) K-M1 Certification that NYISO Manuals conform with Reliability Rules, and (d) K-M2a, Assessment of Annual Resource Adequacy.

8.2 2006 NYRCP – Mr. Loehr noted that RCMS is falling a behind on the NYRCP schedule because some of the Measurements are being reviewed for the first time, i.e., B-M3, Demonstrate that the System is

Planned Considering Ease of Restoration. It is likely that some changes will be proposed to enhance measurability.

8.3 Annual Assessment of Resource Adequacy – See Item 8.1.

8.4 Compliance Template Manual Update – Messrs. Gioia and Mr. Patka are preparing a document to address situations in which the NYISO is in non-compliance due to the actions or inactions of a Market Participant. RCMS is proceeding with its review and update of the remainder of the Manual. Mr. Loehr will bring the full set of changes to the Executive Committee at its October 13, 2006 meeting – **AI #89-13**.

8.5 Other RCMS Issues

i. New Rule Per Fuel switching Near Miss - Mr. Loehr reported RCMS concurrence with RRS that no new Rules or Measurements are necessary.

ii. NERC – Mr. Loehr noted that the NERC document, Reliability Standards Development Manual, has been updated including the prorating of a voting sector should the sector have less than ten voting entities. Mr. Adamson added that the updated Manual now approves consultants registering in any voting sector. Mr. Bolbrock noted that according to a recent EEI report, NPCC has by far the fewest criteria violations. NPCC’s critics explain this by pointing to self assessment while ignoring that NPCC has had event based planning, compliance monitoring and more stringent criteria for decades. Also, he noted that the NERC costs can be expected to increase with an apparent expanding scope. The direction seems to be added costs and less stringent standards which is a “double hit” on NPCC. A slow slide back to the “least common denominator” is a major concern of the Committee. Also, Mr. Bolbrock noted that the Transitional Board has approved a new set of by-laws.

iii. NPCC – NPCC is holding a Compliance Workshop on October 25, 2006 in Boston, Mass.

9.0 Key Reliability Issues

9.1 Defensive Strategies – Mr. Smith indicated that the Defensive Strategies Working Group (DSWG) has not met since the last Executive Committee meeting. He will be contacting Mr. Tatro, Chairman of the SS-38 study group on UFLS, to obtain a copy of the updated work scope that will be presented to the NPCC RCC at its September 2006 meeting.

9.2 NPCC Defensive Strategy Activities – See Item #9.1.

9.3 Regional Greenhouse Gas Initiative –

i. RGGI – Status – Ms. Hogan reported that the Regional Model Rule has been adopted. A draft New York State Rule is expected this fall. The reliability assessment will be done by the NYISO/PSC. Ms. Hogan will inquire regarding the scope of the assessment – **AI #89-14**.

10.0 NYISO Status Report/Issues –

10.1 NYISO Planning Process – Mr. Adams presented the NYISO Comprehensive Reliability Plan for the 2006-2015 time period with particular attention to the first five years. NYISO determined that under the study conditions, sufficient resource additions are planned or under development to meet the LOLP= .1 da/yr. reliability criteria for the first five years and through for of the remaining five years. For the last year, additional Market Proposals or Regulatory solutions are needed. The NYISO has decided that no action is necessary at this time. The next round of the CRPP has already begun.

10.2 Studies – Status

i. Electric Deliverability Study – Mr. Adams indicated that a work plan to continue the study has been sent to FERC. Internal discussions are continuing regarding the study methodology. A detailed proposal is expected by the end of September 2006.

ii. NYSERDA/NYISO Gas Study – Nothing new to report.

10.3 Other Studies/Activities –

- i. **NYCA Reactive Power Study** – Dr. Sasson indicated that the study group will be meeting next in October 2006.
- ii. **NYSERDA Oil Infrastructure Study** – Ms. Hogan reported that the final report should be available before the end of September 2006.

11.0 Other Items

- 11.1 NYISO Operations Report (August 2006)** – Mr. Raymond indicated that the report for August 2006 had not yet been issued.
- 11.2 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth reported that NAESB has decided to provide RTOs/ISOs/Transmission Planners their own Sector under the Wholesale Electric Quadrant (WEQ).
- 11.3 NPCC Report** – See Section 8.5 and 9.1.

12.0 Visitors’ Comments – None

13.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#90	Oct. 13, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#91	Nov. 10, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 89 was adjourned at 4:10 P.M.