

**Revised Draft Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 92 – December 8, 2006**  
**Albany Country Club, Voorheesville, NY.**

**Members and**

**Alternates:**

Bruce B. Ellsworth	Unaffiliated Member – Chairman
Thomas J. Gentile	National Grid, USA – Vice Chairman
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. – Phone*
Michael Mager, Esq.	Couch White, LLP (Retail Sector)
Thomas Duffy	Central Hudson Gas & Electric - Phone
Joseph C. Fleury	New York State Electric & Gas/Rochester Gas & Electric - Phone
A. Ralph Rufrano	New York Power Authority

**Others:**

Alan Adamson	Consultant & Treasurer
John Adams	New York Independent System Operator (NYISO)
Bob Waldele	New York Independent System Operator (NYISO)*
Greg Drake	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) – Counsel*
P. L. Gioia, Esq.	LeBoeuf Lamb Greene & MacRae, LLP – Counsel for NYSRC
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service
Stanley Kopman	Northeast Power Coordinating Council (NPCC)
Steven Jeremko	New York State Electric & Gas/Rochester Gas & Electric - Phone

**Visitors – Open**

**Session:**

Erin Hogan, PE	NYSERDA
----------------	---------

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

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

- I. **Executive Session** – An Executive Session was requested by Mr. Dahl.
  
- II. **Open Session**
  - 1.0 **Introduction** – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 92 to order at 9:30 A.M. on December 8, 2006.
  - 1.1 **Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were present 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** – Mr. Dahl requested a short Executive Session to discuss the use of consultants.
  
- 2.0 **Meeting Minutes/Action Items List**
  - 2.1 **Approval of Minutes for Meeting No. 92 (December 8, 2006)** – Mr. Raymond introduced the revised draft minutes and requested clarification on the Committee’s wishes regarding workshops during 2007. Mr. Bush moved for approval of two workshops, one each in the spring (Resource Adequacy) and fall (Transmission) of 2007. The motion was seconded by Mr. Smith and unanimously approved by the Executive Committee - (13-0). Following receipt of additional corrections and/or clarifications by the Committee, Mr. Bolbrock moved for acceptance of the minutes including the workshop clarification. Mr. Clagett seconded the motion which was approved unanimously by the Committee Members – (13-0). Mr. Raymond will post the approved minutes on the NYSRC web site - **AI #92-1**.
  - 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>
71-6	Mr. Ellsworth met informally with FERC and NERC executives during 2006.
87-5	Messrs. Clayton and Loehr determined that a new rule was not necessary.
89-3	The NYISO provided comments in October 2006.
90-3	Mr. Adamson presented the RRS Review Report at the December 8, 2006 Executive Committee Meeting.
90-7	Mr. Schwerdt discussed the misleading material with NERC in November 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 showed a balance of \$145,000 in cash at the end of November 2006. Including contingency, the projected year-end variance from budget is \$50,000 below budget. Also, Mr. Adamson discussed the Cash Flow estimate for 2007 which was developed in accordance with the approved 2007 budget and the NYSRC Funding Mechanism. The estimate supports a membership fee of \$5,000 for all but the unaffiliated members and a \$20,000 per TO

assessment in the 1<sup>st</sup> Quarter and \$25,000 per TO in each of the remaining quarters. Mr. Bolbrock moved for acceptance of a 1<sup>st</sup> Quarter Call-For-Funds as described above. The motion was seconded by Mr. Clagett and approved unanimously by the Committee Members – (13-0). Also, Mr. Adamson requested that any outstanding bills (including NPCC membership and the Albany Country Club) be forwarded to him for payment in 2006. The mileage rate for 2007 will be 48.5 cents per mile.

### **3.2 Other Organizational Issues**

- i. Bi-Annual NYSRC Report** – Mr. Adamson requested the concurrence of the Executive Committee to begin preparation of the next NYSRC Bi-Annual Report to include, among other items, advances in calculating IRM, Blackout initiative, Defensive Strategies, and the NYSRC's participation in development of FERC approved Reliability Standards. The Committee unanimously authorized Mr. Adamson to proceed.

### **4.0 Federal Energy Legislation –**

**4.1 Status of FERC NOPR on Reliability Standards** - Mr. Gioia noted that Mr. Adamson was working with NPCC reviewing the NOPR on the ERO Reliability Standards. The NYISO will likely provide their own comments which are due on January 3, 2007. Mr. Adamson discussed the key items to be included in the NYSRC comments. For example: (a) the definition of Bulk Power System, i.e. clarification of FERC's position. Mr. Bolbrock added that NPCC is preparing to encourage implementation (including grandfathering) by the RE, as a fallback position. Mr. Gentile suggested that the focus of the NYSRC comments should be linked to the interpretation of the definition in the Energy Policy Act; (b) oppose implementation of penalties for Standards that lack compliance requirements; (c) reinforce least common denominator concerns regarding the FAC Standards; (d) remind FERC that they are not authorized to bypass the ANSI process by writing standards; (e) oppose approval of the twenty standards issued for comment by FERC on November 27, 2006. The NYSRC previously voted against these standards because they were balloted as a block rather than individually. Also, the NYSRC will support a request for a six-month trial enforcement period. Mr. Kopman encouraged the NYSRC to include comments strongly supporting the NPCC performance based criteria. Also, at the suggestion of Mr. Raymond, Mr. Gioia agreed to contact NARUC (Diane Barney) regarding the Bulk Power System definition – **AI #92-2**. Mr. Gioia will circulate a draft for comment - **AI #92-3**.

**4.2 FERC Gas – Electric Proceeding** – Mr. Haake indicated that he believes there are potential reliability implications associated with the interaction between the gas and electric markets. One issue relates to the use of gas for generation versus selling the gas for other uses when gas price spikes occur. Since generators cannot change their RTM bids if they have a DAM schedule, they cannot reflect the value of gas in real time and may be induced to sell the gas rather than use it to generate electricity. A second concern relates to the impact of the minimum oil burn reliability rule. It was agreed that the NYISO will provide a draft of its response to FERC for NYSRC consideration in preparing a supporting response. The comments are due to FERC by January 16, 2007.

### **5.0 Blackout Reporting**

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

**5.2 RRS Review of Final Blackout Report** – Mr. Adamson reminded the Executive Committee that the

Joint U.S./Canadian Task Force issued its final report in September 2006 specifying the status of 46 recommendations. RRS was charged by the Executive Committee to analyze that report with respect to reliability implications on New York State. He then discussed the Report which focused on the key actions taken in response to the recommendations. The RRS Report highlights national, NPCC, NYISO, and NYSRC actions. A lesson learned by the NYSRC is that no matter how stringent the criteria is in New York State, the State remains at risk from Regions adjacent to the State and beyond which have weaker reliability criteria. RRS requested comments by December 22, 2006 and will be offering the Report for approval and posting at the January 12, 2007 Executive Committee meeting – **AI #92- 4**.

**5.3 NPCC Blackout Report Recommendations** – Mr. Kopman indicated that he will forward the latest NPCC report on the Blackout recommendations to Mr. Raymond – **AI #92-5**. The NPCC SS-38 Under-Frequency-Load-Shedding (UFLS) Assessment will be completed shortly after January 1, 2007 and go to the RCC in March 2007. Secondly, a modification to protection relaying on the Watercure and Stolle Rd. interconnections is under review, but no input has been forthcoming from First Energy. Another outstanding item being addressed is updates to load flow and stability models.

**5.4 PSC Blackout Report Recommendations**

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

**ii. PSC/TO Follow-up** – Mr. Schrom reported that completion is expected at the end of the 1<sup>st</sup> quarter.

**6.0 Installed Capacity Subcommittee Status Report/Issues**

**6.1 ICS Status Report and Discussion Issues** – Mr. Dahl indicated that ICS met on November 16 and 21, 2006 as well as its regularly scheduled meeting on December 1, 2006. The primary topic in each meeting was preparation of the 2007 IRM Study.

**6.2 Mechanism to Accommodate Expanded MARS Database Review** – Mr. Gioia indicated that the Non-Disclosure Agreement will reference LIPA with “on behalf of the NYSRC”. Also, he requested a copy of the NPCC Confidentiality Agreement with the NYISO which Mr. Kopman agreed to forward – **AI #92-6**. Mr. Patka asked that the Agreement clearly indicate that the forced and scheduled outage data will remain secure through the “masking” routine described in correspondence from GE Energy. The Non-Disclosure Agreement will need to be signed by the NYSRC, NYISO and ICS model users. The users must have a “need to know” in behalf of the NYSRC and be designated by the NYSRC. Mr. Haake indicated that Mr. Younger was satisfied with the precautions being taken, but IPPNY, as a whole, has not been queried. Mr. Gioia reminded the Committee that IPPNY’s approval is not required. However, the effort to obtain concurrence is worthwhile if it avoids potential FERC complaints. At this stage, the Agreement is not on a critical path since the 2007 IRM Study is nearly complete.

**6.3 RAITF Study – Status** – Mr. Dahl reported that the RAITF has not met since the last Executive Committee meeting. Mollie Lampi (NYISO) is preparing the initial draft of the quarterly informational filing (status report) with FERC regarding the Nat’l Grid, et al Complaint due on December 29, 2006. Mr. Gioia reminded the Committee that the last filing indicated the Upstate/Downstate Study would be completed by year end and reviewed by the RAITF and NYSRC in the 1<sup>st</sup> quarter 2007. Mr. Dahl indicated that the completion date has been extended until at least mid-February 2007 due to the complexity of the IRM Study. Mr. Gioia and/or Ms. Lampe will circulate a draft of the filing shortly. Mr. Haake noted that ConEd has raised issues regarding “externalities” in regard to the Upstate/Downstate Study. The “Externalities” pertains to issues outside of the defined scope, including items such as: LBMP impacts, the benefits of Quick Start units, existing transmission system (for native load) and reserve sharing logic per GE-MARS. Mr. Jeremko indicated that NYSEG/RGE is preparing

comments on ConEd's externality issues for consideration at the February 2007 RAITF meeting.

**6.4 2007 IRM Study** - Mr. Dahl summarized the draft NYCA Installed Capacity Requirements Report for May 2007 through April 2008 by focusing first on the LCR versus IRM curves for Zones J and K. The base case curves indicated an IRM of 16% and minimum locational capacity requirements of 80% and 99% for New York City (J) and Long Island (K), respectively. Secondly, Mr. Dahl discussed the comparison with the 2006 Study which showed a base case IRM of 18%. The error found and corrected in the GE-MARS model, including revised logic for invoking Emergency Operating Procedures (EOPs), accounted for 60% of the 2% reduction to 16% for the IRM. The transmission topology and generating unit EFOR updates accounted for another 35% of the change. Dr. Sasson expressed severe frustration that a model that has been used for many years was suddenly found to have such significant errors introduced two years ago. Mr. Smith emphasized the importance of quality testing. Mr. Gentile suggested that ICS review with GE Energy its validation process – **AI #92-7**. Dr. Sasson further indicated that his level of confidence in the GE-MARS model has been shaken not knowing if there are still other errors that might have the effect of increasing the IRM or further reducing it. After further discussion, Dr. Sasson moved for approval of the 16% base case, which was developed using the methodologies described in Policy 5-1 for IRM

Studies. However, the motion was offered under protest since if the Executive Committee did not approve the base case at this time the process through the NYSRC, FERC and ultimately through the NYISO leading up to the spring capacity auction would be critically impacted. The motion was seconded by Mr. Fleury and approved by the Executive Committee Members – (12-0-1 abstention). Mr. Gioia reminded the Committee that a change in IRM will require FERC approval and therefore time is of the essence. A conference call was tentatively agreed upon for January 5, 2007 (11:00am) at which time the Committee would presumably approve a final IRM Report for 2007-08. Also, with the concurrence of the Executive Committee, the list of sensitivity cases was expanded to include a 300MW transfer from H.Q. through O.H. to the NYCA. Mr. Jeremko noted that he had developed a set of IRM-LCR curves for NYC and LI with both axes expressed in MWs and the Tan 45 anchor established on a 1:1 MW basis. This analysis will be further discussed at the next ICS meeting on January 3, 2007.

**IRM Resolution** – Mr. Gioia asked the Executive Committee to review the Resolution carefully by the next meeting on January 12, 2007. Its final disposition will be decided at that time.

#### **6.6 Other ICS Issues**

- i. **NYISO/NE Mutual Emergency Assistance Study** – Messrs. Dahl and Franey are taking the lead in getting comments back to ISO-NE.
- ii. **NERC Resource Adequacy Assessment Drafting Team – Status** – Mr. Dahl reported that a meeting is scheduled for December 15, 2006.
- iii. **FERC Information Report on National Grid, et al Complaint** – See Item 6.3.

#### **7.0 Reliability Rules Subcommittee Status Report/Issues**

**7.1 RRS Status Report & Discussion Issues** – Mr. Clayton noted that RRS met on November 30, 2006 and that there were no changes in the status of PRRs #8, 52, and 84. 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. RRS proposes to change the voltage and stability rule in planning for emergency limits so that they specify contingencies (a) through (d). Also, the NYISO is to codify its use of this rule for planning and operating studies over many years via a White Paper prepared by Mr. Waldele. The White

Paper should provide citations and references to demonstrate that current voltage and stability assessment practices including Emergency Transfer Limits for planning studies at the NYISO have remained the same for 30+ years and consider multiple element contingencies. Dr. Sasson expressed concern that the citations provided by the NYISO are operating studies only. Mr. Clayton asked Dr. Sasson to attend the next RRS meeting to resolve the issue. PRR #89 has been posted for comment, and PRR #88, Loss of Generator Gas Supply (NYC & LI), and PRR #90, Restoration, are under development by RRS.

## 7.2 Status of New/Revised Reliability Rules

### i. Proposed NYSRC Reliability Rules Revision

a. **List of Potential Reliability Rules (PRR) Changes** – See Item #7.1.

#### 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** – Nothing new to report.

## 7.3 NPCC/NERC Standard Tracking -

- i. **NERC Standards Development – Status** – Mr. Adamson reported that the NERC BOT approved FAC 010 and 011, Determine Operating Limits, on November 1, 2006. On November 15, 2006 NERC sent these Standards to FERC for approval. A request for comments from FERC is expected by January 3, 2007. Mr. Adamson reminded the Committee of its “no” vote on Provide Missing Measures & Compliance Elements in Existing Standards, since they are voted on as a block some of the new Compliance Elements are satisfactory and others are not. The proposed standard passed the NERC ballot with 69% of the vote and was adopted by the NERC Board on November 1, 2006. Again, the proposed Standards were sent to FERC recommending adoption. Regarding Violations Risk Factor for Version 0 & 1 Standard Requirements, the NYSRC voted “no” and included comment that the risk factors are satisfactory, but the process is faulty. It failed to pass with less than 50% of the vote. The version (0) VRFs is being re-balloted starting December 2, 2006. Comments were provided on version (1) on December 1, 2006. Mr. Claggett moved that the Committee vote “yes” on version (0) based on RRS’s recommendation. Mr. Bolbrock seconded the motion, which was approved unanimously by the Executive Committee Members – (13-0).
- ii. **Status of NERC “Determine System Operating Limits” & NYSRC Response** – NPCC through CP-9 is developing a SAR that will include the Category C contingencies.
- iii. **NYCA Impact of New A-10 Document (Definition of Bulk Power System)** – Nothing new to report.

## 7.4 Other RRS Issues –

- i. **Wind Tower Clearances** – Nothing new to report.
- ii. **NERC Membership Request** – Mr. Adamson reported that on November 14, 2006 he received an invitation to become a member of NERC. Each sector selects members on the NERC Member Representative Committee (MRC). The MRC elects the Corporations independent Trustees, votes on amendments to the by-laws and provides advice and recommendations to the Board with respect to annual budgets, business plans, funding mechanisms and other matters pertinent to the purpose and operations of the Corporation. Mr. Adamson signed up for the RRO/RE sector which is consistent with the ballot body. NERC came back recommending either the Investor Owned Utility or the RTO/ISO sector based on the by-laws. Mr. Gioia will investigate the issue further.

## **8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues**

**8.1 RCMS Status Report and Discussion Issues** – Mr. Loehr reported that RCMS met on December 7, 2006 and approved six Measurements as being in full compliance: (a) C-M2, Resource DMNC Test Results, (b) C-M3, Generator Reactive Power Capacity Test Results, (c) C-M5, Resource Outage Data Reporting, (d) C-M9, Maintenance of Load Flow, Short Circuit and Stability Data, (e) C-M11, Reporting of Load Flow, Short Circuit and Stability Data, and (f) E-M7, MP Evaluation of NYISO Fault Duty Assessments.

**8.2 2006 NYRCP** – Mr. Loehr indicated that B-M4, List of Bulk Power System Facilities, is waiting on the completion of the NPCC A-10 document for the definition of Bulk Power System. Approval of Measurements C-M12, Procedures for Disturbance Device Installation, and C-M13, Disturbance Device Certification of Installation, are waiting for completion of a NPCC document which is scheduled for January 2007. Mr. Loehr moved that the NYISO not be found out of compliance for these Measurements since the cause of the delay is out of the NYISO's control. Dr. Sasson seconded the motion which was adopted unanimously by the Executive Committee – (13-0). Regarding Measurements G-M1-4, System Restoration Measurements, review and approval had previously been delayed in anticipation of a revised NPCC document A-12, Restoration Criteria. Since this document has itself been delayed within NPCC. Therefore, RCMS asked the NYISO to complete its review in January 2007 using the existing A-12 document. Mr. Rufrano moved to accept the completion date revision. Mr. Gentile seconded the motion which was approved unanimously by the Executive Committee – (13-0). Mr. Loehr added that the 2007 NYRCP will be ready for review at the February 2007 Executive Committee meeting – **AI #92-8**.

**8.3 Compliance Template Manual Update** – Mr. Gioia noted that he and Mr. Patka are preparing a document to address situations in which the NYISO is in non-compliance with NYSRC Reliability Rules due to the non-compliance actions or inactions of a Market Participant (MP). Mr. Patka's initial draft would require the NYISO to send a letter to the Market Participant with a copy to the NYSRC directing that the violation be corrected by a specified date. If the violation continues, the NYISO would send additional letters of non-compliance and request NYSRC acceptance that the NYISO had done all that was reasonably possible. Mr. Gioia expressed the view that the NYISO has the authority to exclude the MP from the Market after making the MP's obligations regarding reliability blatantly clear in the letters of non-compliance. Prior to excluding a MP from the Market, the NYISO should provide a report to the NYSRC explaining the violation, documenting the steps taken by the NYISO and justifying that all reasonable attempts to resolve the violation have been taken. Mr. Rufrano emphasized the importance of being prepared to exclude a recalcitrant MP from the Market, if warranted. The NYSRC could either accept the NYISO's report, request additional steps be taken, or bring the violation to the PSC for initiation of the dispute resolution process. Also, Mr. Gioia requested that the RCMS review and comment on the NYISO's compliance review procedures – **AI #92-9**. Mr. Gentile advised caution such that the NYISO is not declared fully compliant by the NYSRC yet the resolution of the compliance has not been achieved. After additional discussion, Mr. Gioia agreed to provide an updated draft of the Introduction to the Compliance Template Manual reflecting the discussion – **AI #92-10**.

**8.4 Other RCMS Issues** – No additional issues.

## **9.0 Key Reliability Issues**

**9.1 Defensive Strategies** – Mr. Smith reported that at the December 20, 2006 meeting of the Defensive Strategies Working Group (DSWG), Mr. Phil Tatro will present the UFLS Study performed by a NPCC-

SS-38 Working Group. This Study is the foundation for Task 5 of the August 14 Blackout Analysis that will begin early next year. Mr. Smith will have the meeting agenda circulated within a week.

**9.2 NPCC Defensive Strategy Activities** – Nothing new to report.

**10.0 NYISO Status Report/Issues** –

**10.1 NYISO 2007 Comprehensive Reliability Planning Process** – Mr. Adams reported that the NYISO plans to complete the 2007 Reliability Needs Assessment component of the CRPP by the end of 2006. The NYISO is continuing to work with the TOs to complete the power flow cases and calculate transfer limits. The transfer limits are expected to be complete within the next week. The MARS runs will immediately follow. Stakeholder approval of the RNA is expected in January 2007 and Board approval in February 2007.

**10.2 Studies – Status**

**i. Electric Deliverability Study** – Mr. Adams indicated that the NYISO is continuing its analytical analysis of different approaches for determining deliverability. Mr. Haake noted that he is collaborating with Kevin Jones (LIPA) to narrowing in on a set of principles that the Market Participants can accept.

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

**10.3 Other Studies/Activities** –

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

**11.0 Other Items**

**11.1 NYISO Operations Report (October 2006)** – Mr. Raymond indicated that October’s data did not suggest any items needed investigation.

**11.2 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth reported that the NAESB Board will be meeting during the week of December 10, 2006.

**11.3 NPCC Report** – Mr. Kopman noted that NPCC is initiating development of a 2007 Strategic Plan. The Plan is expected to be completed in the 1<sup>st</sup> quarter of 2007.

**11.4 Pandemic Planning** – Mr. Fleury raised the issue of preparedness in operating the New York Power System should the region be hit with a bird flu epidemic. NYSEG/RGE is developing an extensive set of plans for operation during a Phase VI pandemic. The Committee agreed to place the pandemic issue on the agenda of the next meeting to hear about steps being taken by the TOs, generators, and NYISO. Mr. Adams noted that the NYISO and NERC are heavily involved in a national level initiative. Mr. Haake will check with the generators – **AI #92-11**.

**12.0 Visitors’ Comments** – None

**13.0 Meeting Schedule**

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#93	Jan. 12, 2007	NYSERDA Offices, Albany, NY.	9:30 A.M.
#94	Feb. 9, 2007	Albany Country Club, Voorheesville, NY.	9:30 A.M.



The open session of Committee Meeting No. 92 was adjourned at 3:30 P.M.