

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 93 – January 12, 2007
NYSERDA Offices, Albany, NY

Members and

Alternates:

| | |
|---------------------|--|
| Bruce B. Ellsworth | Unaffiliated Member – Chairman |
| Thomas J. Gentile | National Grid, USA – Vice Chairman |
| Bart Franey | National Grid, USA – Alternate Member |
| Richard J. Bolbrock | Long Island Power Authority (LIPA) |
| Curt Dahl | LIPA – Alternate Member – ICS Chairman - Phone |
| 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) – Phone* |
| George E. Smith | Unaffiliated Member |
| Joseph C. Fleury | New York State Electric & Gas/Rochester Gas & Electric - Phone |
| A. Ralph Rufrano | New York Power Authority |
| Thomas Duffy | Central Hudson Gas & Electric - Phone |

Others:

| | |
|-------------------|---|
| Alan Adamson | Consultant & Treasurer |
| John Adams | New York Independent System Operator (NYISO) |
| Bob Waldele | 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 |
| Phil Fedora | Northeast Power Coordinating Council (NPCC) |
| Stan Kopman | Northeast Power Coordinating Council (NPCC)* |
| Carlos Villalba | Consolidated Edison Co. of NY, Inc. – Phone |
| Steve Jeremko | New York State Electric & Gas/Rochester Gas & Electric – Phone* |

Visitors – Open

Session:

| | |
|-------------------|---------|
| Erin Hogan, PE | NYSERDA |
| Charles M. Wesley | NYSERDA |

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – None was requested.

- II. **Open Session**
- 1.0 **Introduction** – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 93 to order at 9:30 A.M. on January 12, 2007.
- 1.1 **Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were present or on the phone.
- 1.2 **Visitors** – See Attendee List, page 1.
- 1.3 **Requests for Additional Agenda Items** – Mr. Gioia requested an opportunity to discuss the IRM filing for 2007-08 (new Item 4.5).
- 1.4 **Executive Session Topics** – None

- 2.0 **Meeting Minutes/Action Items List**
- 2.1 **Approval of Minutes for Special Meeting #4 (January 5, 2007)** – Mr. Adamson introduced the revised minutes of Special Meeting #4 and summarized additional revisions suggested by Mr. Smith. Following discussion, Mr. Gentile moved for approval of the minutes subject to inclusion of the additions offered by Messrs. Smith, Rufrano, and Franey. Mr. Bolbrock seconded the motion which was unanimously approved by the Executive Committee members in attendance – (13-0). Mr. Raymond will post the approved minutes on the NYSRC web site - **AI #93-1**
- 2.2 **Approval of Minutes for Meeting No. 92 (December 8, 2007)** – Mr. Raymond introduced the revised draft minutes and noted several minor editorial changes. Mr. Claggett moved for approval of the revised minutes subject to addition of the minor changes. The motion was seconded by Mr. Loehr and unanimously approved by the Executive Committee members in attendance - (13-0). Mr. Raymond will post the approved minutes on the NYSRC web site - **AI #93-2**.
- 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> |
|----------------------|---|
| 60-7 | RRS and RCMS completed review of Blackout Report recommendations in November 2006. |
| 79-2 | Messrs. Clayton and Loehr incorporated review of the PSC Blackout Report in the RRS and RCMS in September 2006. |
| 90-3 | Mr. Adamson presented the RRS Review Report at the December 8, 2006 Executive Committee meeting. |
| 92-3 | Mr. Gioia filed comments on the ERO Reliability Standards NOPR on January 3, 2007. |
| 92-4 | The Executive Committee approved RRS's final Blackout Report on January 12, 2007. |
| 92-6 | Mr. Kopman forwarded the NPPCC Confidentiality Agreement with the |

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| | NYISO on January 9, 2007. |
| 92-8 | The NYRCP for 2007 was approved by the Executive Committee on January 12, 2007. |
| SM4-1 | The IRM Report for 2007-08 was approved by the Executive Committee on January 5, 2007. |
| SM4-2 | The Executive Committee approved the 16.5% IRM Resolution on January 12, 2007. |

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 \$159,000 in cash at the end of December 2006. Including contingency, the year-end variance from budget is \$77,000 below budget. However, the NYISO has not sent an invoice (about \$4000) as of yet for 2006 meeting expenses. Also, under its new structure, the NPCC bill was \$500 vs. the budgeted \$5000. There is currently \$47,500 outstanding per the 1st Quarter call-for-funds. On December 27, 2006 Mr. Adamson received a letter from the NYSRC auditors, Slocum, DeAngleus & Assoc. Apparently, the American Institute of Certified Accountants has established new standards requiring a greater emphasis on understanding an organization's internal controls and providing the Board with an assessment of its internal controls. An assessment letter of the NYSRC will be received in late spring 2007. The request by the Auditor for a letter from Committee members stating payments made in 2006 can be expected in early February 2007.

3.2 Other Organizational Issues

- i. **Bi-Annual NYSRC Report** – Mr. Adamson presented a draft outline for the next NYSRC Bi-Annual Report to include, among other items, advances in calculating IRM, Blackout Initiative, Defensive Strategies, FERC/ERO Process, NYCRP, Development of new Reliability Rules and Challenges Ahead. A draft by Mr. Adamson is expected in February 2007 – **AI #93-3**. Mr. Raymond agreed to review the minutes over the last two years for additional topics – **AI #93-4**. Any thoughts regarding a “catchy” title would be appreciated.

4.0 Federal Energy Legislation –

4.1 Status of FERC NOPR on Reliability Standards - Mr. Gioia noted that comments were submitted to FERC on January 3, 2007. The primary issue is how FERC will treat the definition of “Bulk Power System”.

4.2 FERC Gas – Electric Proceeding – Discussion was deferred at the request of Mr. Haake.

4.3 Pandemic Planning – Mr. Adams agreed to provide a presentation of NYISO activities at the February 9, 2007 Executive Committee meeting – **AI #93-5**. Also, Mr. Haake will check with the Wholesale Sales Sector – **AI #93-6**.

4.4 Quarterly Report to FERC on Nat'l Grid, et al Complaint – Mr. Gioia indicated that the Quarterly Report was filed as a joint report based on the draft prepared by Mollie Lampi (NYISO). The next filing date is the end of March 2007 at which time it is hoped that the results of the Upstate/Downstate Study will be available.

- 4.5 2007 IRM Filing at FERC** – Mr. Gioia reminded the Committee of the need for FERC approval to change the IRM for the 2007-08 Capability Year. The timing is critical since the capacity auction starts at the end of March 2007, and it must be assumed that there will be challenges to the filing. The filing asks for expedited treatment and approval by March 1, 2007. Comments on the draft filing were received from Messrs. Bush, Sasson, and Franey, discussed by the Committee.
- 4.6 NERC Membership** – Mr. Gioia reported that after discussion with Don Benjamin (NERC), he sent a letter to Mr. Benjamin indicating that the NYSRC would accept being placed in Sector 10, ISO/RTOs for the purpose of voting on the NERC Member Representative Committee (MRC) and related matters – **AI 93-7**. While the NYSRC requested placement in Sector 11, RRO/RE, which is consistent with the Ballot Body, Mr. Benjamin advised Mr. Gioia that the NERC definition of a RE in its by-laws does not permit placement in Sector 11. This situation does not alter the NYSRC’s position in the Ballot Body with respect to voting on Reliability Standards. Messrs. Raymond and Adamson will be the NYSRC contacts.
- 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. Clayton reviewed the RRS review document, U.S. – Canada Final Power System Outage Task Force Report. After discussion, Mr. Loehr moved for acceptance of the Report. Mr. Smith seconded the motion which was unanimously approved by the Executive Committee members in attendance – (13-0).
- 5.3 NPCC Blackout Report Recommendations** – Nothing new to report.
- 5.4 PSC Blackout Report Recommendations**
- i. **RRS, RCMS Follow-up** – Mr. Loehr indicated that Mr. Campoli reported on NYISO actions at the RCMS meeting on January 11, 2007.
 - 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 January 3, 2007. He raised with the Committee the ISO-NE Installed Capacity Reserve filing with FERC. In particular are concerns regarding (a) Utilizing “as is” versus “at criteria” modeling for emergency assistance from neighboring control areas and (b) Use of tie lines for emergency assistance without regard to New York firm purchases. The details are set out in a letter from Mr. Dahl to Mr. Gioia dated January 10, 2007 and circulated to the Committee. Mr. Dahl emphasized that such a move by ISO-NE would have a significant impact on the NYCA IRM due to a large reliability subsidy of NE by the NYCA. Furthermore, the ongoing Joint NYISO/NE Mutual Emergency Assistance Study should be the basis for any change in the emergency assistance protocol between NY and NE. It is surmised that the ISO-NE filing is an attempt to resolve a capacity deficiency in NE. ICS recommended that the NYSRC submit comments to FERC which are due on January 17, 2007. Mr. Gioia asked Messrs. Dahl and Adamson to expand upon the points made in the letter in preparation for filing comments – **AI #93-8**. At the urging of the Committee, Mr. Bolbrock agreed to raise this issue with NPCC to ensure that they are taking all the steps, including changes to Criteria, if necessary, to protect members from unilateral actions that may adversely impact others.

- 6.2 Mechanism to Accommodate Expanded GE-MARS Database Review** – Nothing new to report.
- 6.3 RAITF Study – Status** – Mr. Haake reported that the RAITF will meet next in February 2007 when the results of the Upstate/Downstate Study are expected to be available. ConEd’s reference to “externalities” will not impact the Upstate/Downstate Study, but it could impact the business decision regarding whether a subsidy exists.
- 6.4 Final 2007 IRM Study** - Mr. Adamson reviewed the changes that were made to the draft report. Mr. Gioia indicated that he had a draft filing which contains comments by Messrs. Bush, Sasson and Franey. (See Item 4.5) He hopes to complete the filing on January 12, 2007. Mr. Gioia agreed to provide to Mr. Adamson comments for inclusion in the transmittal letter to Mr. Lynch (NYISO).
- 6.5 IRM 16.5% Resolution** – Mr. Gioia reported that he had received 11 votes supporting the accuracy of the 16.5% IRM Resolution. ConEd could not support the Resolution and the Wholesale Sales representative abstained.
- 6.6 IRM Press Release** – Mr. Gioia agreed, with assistance from Messrs. Raymond and Adamson, to prepare and issue the press release – **AI #93-9.**
- 6.7 IRM Responsibility Resolution** – After discussion regarding the distinction between NYSRC and NYISO responsibilities from the NYSRC perspective, the Executive Committee decided to table further consideration of the proposed resolution at this time.
- 6.8 Other ICS Issues**
- i. NYISO/NE Mutual Emergency Assistance Study** – Messrs. Dahl and Franey are finalizing the comments on the draft Study and expects to send those comments to ISO-NE within a day.
 - ii. NERC Resource Adequacy Assessment Drafting Team – Status** – Mr. Dahl reported that the Drafting Team met on December 3, 2007 and finalized the SAR. Posting has been delayed due to issues related to the status of the “Functional Model” and concerns raised by Gerry Cauley of NERC staff. Mr. Bolbrock raised a question regarding how the NYCA operations would have looked during peak periods last summer had there been 16.5 versus 18.0% installed reserve. Mr. Raymond supported the investigation but cautioned that interpretation would be very difficult and a potential source of misinformation due to the numerous alternative actions that would be taken if the system faced more severe operating conditions. Mr. Patka noted that the NYISO was looking at the cost implications of the lower IRM – **AI #93-10.** Mr. Dahl agreed to document the issue and forward the document to Mr. Patka – **AI #93-11.**
 - iii. FERC Information Report on National Grid, et al Complaint** – See Item 4.4.
- 7.0 Reliability Rules Subcommittee Status Report/Issues**
- 7.1 RRS Status Report & Discussion Issues** – Mr. Clayton noted that RRS met on January 4, 2007. 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). Dr. Sasson disagrees with the RRS position. RRS did agree with a request from Dr. Sasson to table further consideration of the issue to provide him time to talk directly with other TOs. Dr. Sasson agreed to provide RRS with documentation supporting his position that the probability of contingencies are too small to consider in studies of emergency conditions. Regarding PRR #88, Loss of Generator Gas Supply (NYC & LI), NYPA and ConEd are working on separate rules for each.

Also, the NYPA representative at the last NYISO OC meeting advised the OC that the underlying rule, IR-3, is out-dated and must be re-visited. PRR #90, Restoration, has been sent to RCMS for inclusion of compliance elements.

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** – Mr. Clayton reported that PRR #89, Statewide Installed Reserve Requirement, was posted on November 11, 2006 without subsequent comment and approved at Special Meeting #4.

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 soon. Mr. Adamson reminded the Committee of its “no” vote on Provide Missing Measures & Compliance Elements in Existing Standards; since voted 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.

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)** – Mr. Waldele reported that he had submitted comments for the NYISO and RRS on January 8, 2007. The NPCC CP-11 will be reviewing the comments.

7.4 Other RRS Issues –

i. **Wind Tower Clearances** – Mr. Clayton noted that RRS is continuing to monitor wind tower incidents.

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

8.1 **RCMS Status Report and Discussion Issues** – Mr. Loehr reported that RCMS met on January 11, 2007. He discussed the new NPCC organization indicating that the CBRE and NPCC Inc. have separate compliance organizations. Mr. Rufrano added that the CBRE will be hiring 7-8 additional employees which is far too few to function without relying heavily upon NPCC, Inc. Also, NPCC is addressing regional registration. Apparently systems below 100kv will not be required to register. He noted further that it is clear that all eight of the RROs want to determine which of their system facilities fall under the definition of Bulk Power System.

8.2 **2006 NYRCP** – Mr. Loehr reported that full compliance for four Measurements was approved: (a) G-M1, Procedure for Maintaining a NYCA System Restoration Plan, (b) G-M2, TO Restoration Requirements, (c) G-M3, Black Start Provider Requirements, and (d) G-M4, System Restoration Training Requirements. Mr. Loehr noted that RCMS was looking into restoration coordination between the NYISO and neighboring control areas.

- 8.3 2007 NYRCP** – Mr. Loehr indicated that the complete 2007 NYRCP will be ready for the Committee meeting on February 9, 2007. Also, at the request of Mr. Gioia, the RCMS will review and comment on the NYISO’s compliance review procedures – **AI #92-12**.
- 8.4 Compliance Template Manual Update (Intro)** – Nothing new to report.
- 8.5 Other RCMS Issues –**
- i. Review of NYISO Action Plan Addressing PSC Blackout Report** – Nothing new to report.
 - ii. NYSRC Workshop – Draft Outline** – Mr. Loehr described a draft outline for the fall transmission workshop. He requested comments by the end of January 2007 – **AI #93-12**. Also, a nominal fee is being considered. Mr. Rufrano will check with NYPA audio/video staff regarding recording the workshop again this year.
- 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 presented the UFLS Study performed by a NPCC-SS-38 Working Group. The coherent generation groups and system break-up was similar to the August 14, 2003 incident. The Study is scheduled to be discussed at NPCC-TFSS on February 1, 2007 and go to the NPCC-RCC in March 2007. This Study is the foundation for Task 5 of the August 14 Blackout Analysis that will begin in February 2007. Two thoughts that have arisen are modifying out-of-step relay parameters and use of phasor technology between adjacent coherent generation groups. The next DSWG meeting will be scheduled in the March 2007 timeframe.
- 9.2 NPCC Defensive Strategy Activities** – Mr. Kopman reported that the UFLS Study will be presented to the NPCC-RCC in March 2007. Task 5 of the Blackout Study, which addresses defensive strategies, will follow. Mr. Kopman agreed to circulate the scope of Task 5.
- 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 January 22, 2006. It will be presented to the ESPWG on January 26, 2007 and the Board in February 2007. The year of need under the base case is 2011 and moves back one year under high load forecast assumptions.
- 10.2 Studies – Status**
- i. Electric Deliverability Study** – Mr. Adams indicated that a Deliverability product is expected in the very near future – **AI #93-13**.
 - ii. NYSERDA/NYISO Gas Study** – Mr. Charles M. Wesley, NYSERDA, presented the New York State Petroleum Infrastructure Study prepared by ICF Consulting LLC. A PSC Order dated November 2003 called for the Study to confirm the oil infrastructure’s ability to support interruptible gas customers. Among the conclusions were: (a) 1 in 100 winters does not stress mid-Atlantic regional fuel supplies, but local supply is problematic, (b) Greater winter dependence on delivery schedules versus inventories. When combined with closures of wholesale terminals, delivery disruptions can produce a crisis in supply, (c) The 10-day rule for interruptible customers is working, (d) Current heating oil is adequate in general, (e) Long Island winter inventories fall below the 10-day coverage, but deliveries are high, and (f) There is a growing issue with distribution bottlenecks, particularly on Long Island. The Committee expressed some concern regarding coordination between electric generation fuel supply and the various other infrastructure demands. At the suggestion of Mr. Ellsworth, it was

decided to request that Mr. Schrom present the actions that the PSC takes to coordinate the availability of fuels – AI #93-14.

10.3 Other Studies/Activities –

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

11.0 Other Items

11.1 NYISO Operations Report (Nov. & Dec. 2006) – Mr. Raymond indicated that the operating data for 2006 showed some improvement in the number of frequency excursions, but there is plenty of room for further improvement. Also, he noted three Major Emergencies that took place in December 2006; (a) A-2253 Linden–Goehals exceeded its LTE rating on December 9, 2006, (b) 1385 Norwalk-Northport line exceeded its STE rating on December 14, 2006, and (c) Central East Voltage Collapse levels were exceeded for loss of ISO-NE Phase 2 loaded at 1400Mw on December 17, 2006.

11.2 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth reported that the NAESB Board has approved a new Sector for ISOs.

11.3 NPCC Report – See Item 9.2.

12.0 Visitors' Comments – None

13.0 Meeting Schedule

| <u>Mtg. No.</u> | <u>Date</u> | <u>Location</u> | <u>Time</u> |
|-----------------|--------------|---|-------------|
| #94 | Feb. 9, 2007 | Albany Country Club, Voorheesville, NY. | 9:30 A.M. |
| #95 | Mar. 9, 2007 | Albany Country Club, Voorheesville, NY. | 9:30 A.M. |

The open session of Committee Meeting No. 93 was adjourned at 3:00 P.M.