

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 98 – June 8, 2007
Albany Country Club, Voorheesville, NY

Members and

Alternates:

| | |
|---------------------|--|
| Bruce B. Ellsworth | Unaffiliated Member – Chairman |
| Thomas J. Gentile | National Grid, USA – Vice Chairman |
| R. J. Bolbrock | Long Island Power Authority (LIPA) |
| C. Dahl | LIPA - Alternate – 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 |
| Joseph C. Fleury | New York State Electric & Gas/Rochester Gas & Electric - Phone |
| A. Ralph Ruffano | New York Power Authority |
| Thomas Duffy | Central Hudson Gas & Electric |
| Mayer Sasson | Consolidated Edison Co. of NY, Inc. |
| Michael Mager, Esq. | Couch White, LLP (Large Customers' Sector) |

Others:

| | |
|-------------------|---|
| Alan Adamson | Consultant & Treasurer |
| Robert Hiney | New York Independent System Operator (NYISO) - BOD |
| Rick Gonzales | New York Independent System Operator (NYISO) |
| John Adams | New York Independent System Operator (NYISO) |
| Bob Waldele | New York Independent System Operator (NYISO)* |
| Peter Carney | New York Independent System Operator (NYISO)* |
| Tony Elacqua | 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 |
| Steve Jeremko | New York State Electric & Gas/Rochester Gas & Electric – Phone* |
| Edward Schrom | NYS Department of Public Service |
| Steve Keller | NYS Department of Public Service |

Visitors – Open

Session:

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| Erin P. Hogan, PE | NYSERDA |
| Phil Fedora | Northeast Power Coordinating Council (NPCC) – Phone* |

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

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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 Meeting No. 98 to order at 9:30 A.M. on June 8, 2007. He introduced Mr. Robert Hiney, member of the NYISO Board of Directors (BOD) and Chair of the BOD’s Subcommittee on Resource Adequacy and Reliability.

1.1 **Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance or on the phone.

1.2 **Visitors** – See Attendee List, page 1.

1.3 **Requests for Additional Agenda Items** – None were requested.

1.4 **Executive Session Topics** – An Executive Session was not requested.

2.0 **Meeting Minutes/Action Items**

2.1 **Approval of Minutes for Meeting No. 97 (May 11, 2007)** – Mr. Raymond introduced the revised draft minutes. There being no additions or deletions, Dr. Sasson moved for approval. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee (13 to 0) – **AI #98-1**.

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> |
|----------------------|--|
| 94-6 | The NYISO has expanded the scope of the RNA to include additional consideration of new environmental initiatives. |
| 95-3 | As of June 11, 2007, all TO membership designations have been received. |
| 96-4 | The Defensive Strategies presentation was rescheduled to the July 13, 2007 meeting of the Executive Committee. |
| 96-9 | Replaced by 97-10. |
| 97-2 | The Committee decided against filing a response at its June 8, 2007 meeting. |
| 97-3 | Mr. Hiney attended the Executive Committee’s June 8, 2007 meeting. |
| 97-4 | Mr. Elacqua discussed the NYISO’s Pandemic initiative at the Executive Committee’s June 8, 2007 meeting. |
| 97-6 | Mr. Loehr established a NYISO presentation for the NYSRC’s meeting on September 14, 2007. |
| 97-9 | Mr. Carney (NYISO) presented the scope of new environmental initiatives at the Executive Committee’s June 8, 2007 meeting. |

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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 \$101,000 in cash at the end of May 2007. Next month the Summary will include projected year-end results compared to budget. The Executive Committee approved the 3rd Quarter Call-For-Funds of \$25,000 per TO, due July 1, 2007.
- ii. Status of 2007 Audit** – Mr. Adamson indicated that Slocum, DeAngleus & Assoc. provided a proposal of \$2,350 for the same services as last year, an increase of \$150 y-o-y, to perform the 2007 audit. Following discussion, Mr. Smith moved for approval of Slocum, DeAngleus & Assoc. The motion was seconded by Mr. Rufrano and unanimously approved by the Executive Committee – (13 to 0). Mr. Adamson noted that Carol Lynch has mastered the Administrative Assistant’s website maintenance functions very quickly.

3.2 Other Organizational Issues

- i. NYSRC/NYISO Discussion of Mutual Interests** – Mr. Ellsworth introduced Mr. Robert Hiney, NYISO BOD member and Chairman of the BOD’s Resource Assessment and Reliability Subcommittee. He then asked the Chairmen of the NYSRC standing Subcommittees (RCMS, RRS and ICS), the Defensive Strategies Working Group (DFWG) and the Resource Adequacy Issues Task Force (RAITF) to briefly describe the responsibilities and operational practices of their Committee, Working Group or Task Force. Messrs. Loehr, Clayton, Dahl, Smith and Haake responded, respectively. Mr. Hiney expressed his appreciation for the presentations and emphasized the BOD’s dedication to compliance with ERO, NPCC and NYSRC criteria. The BOD feels that compliance is the key factor affecting credibility. Operator communications is an area currently attracting particular attention. Also, NYISO is developing metrics to keep the BOD informed of any potential gaps in compliance. Further, he expressed his pleasure with the opportunity to share mutual interests and concerns with the NYSRC. Mr. Ellsworth offered an open invitation to Mr. Hiney and any other NYISO Board member wishing to attend a NYSRC meeting(s).
- ii. Selection of Executive Committee Members** – Mr. Raymond indicated that the ballots were closed for the Muni & Electric Cooperative, Large Customer, Wholesale Sales and Unaffiliated Sectors. One TO has yet to designate its representative.
- iii. Renewal of Insurance Policies** – Mr. Gioia indicated that the broker had just received a second bid which was less costly than the first. He will review the terms of the new offering and email a recommendation in order to bind a new contract to coincide with the expiration of the current policy on June 15, 2007.
- iv. NYSRC Workshops – Resource Adequacy/Transmission** – Mr. Ellsworth thanked Messrs. Dahl, Loehr, Waldele, Adams, and Adamson for a very well attended and informative Resource Adequacy workshop on June 7, 2007 at the New York State Nurses Association. There were upward of 70 participants.

4.0 State/Federal Energy Activities –

4.1 Status of FERC NOPR on Reliability Standards – Mr. Gioia noted that mandatory compliance with the ERO Standards is delayed until June 18, 2007.

4.2 Impact of New Environmental Regulations – Mr. Peter Carney (NYISO) updated the Executive Committee on the status of the environmental pipeline and schedule for new environmental regulations. He noted that carbon emissions from electric generation is about 24% of the annual total in NYS while transportation accounts for 39%. RGGI is now a 10 State endeavor beginning with a Cap and Trade Program in 2009 with the first Allowance Auction planned for the 1st Quarter of 2008. The proposed RGGI cap for NYS is about 1/3rd of the total ten state cap. There is still a gap to achieve ozone attainment limits by 2009 in the Northeast Corridor. The % reduction for High Electrical Degree Day (HEDD) Units in Southeast New York is 27% (50.8 tons per day of NO_x). This DEC requirement

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presents potentially major load pocket reliability concerns. The NYISO is testing the impact of the requirement on reliability as a precursor to potential discussions with the DEC – **AI #98-2**. Also, the NYSDEC plans to regulate small engines that participate in EDRP or SCR programs. By 2008, NYPA, ConEd, and LIPA may have limits on these sources. In addition, Mr. Carney noted that mercury limits can be expected for coal plants by 2010.

- 4.3 **NYSRC Request from NYRI** – Mr. Clayton reported that RRS had reviewed the request from the New York Regional Interconnection Inc. (NYRI) and concluded that there were no Rules preventing the construction and operation of the transmission project adjacent to the right of way for the proposed Millennium Pipeline Project. However, there are two relevant considerations worthy of being noted: (1) loss of a HVDC Bipole within the normal contingencies and (2) loss of gas supply, an extreme contingency. Mr. Gioia noted that the NYISO had responded indicating that it has no procedures that would impact the project. Mr. Clayton will provide the necessary details for Mr. Gioia to prepare a response – **AI #98-3**.
- 4.4 **DOE Designation of National Interest Electric Transmission Corridors** – Mr. Gioia indicated that he had reviewed the DOE document. It was his view that a response by the NYSRC was not warranted because the DOE’s rationale for the designation of the NIETC in the Northeast was based primarily on economic rather than reliability considerations and because the criteria for the designation of corridors are very broad.
- 4.5 **NYSRC Filing Regarding ISO-NE Method of Determining ICR** – Nothing new to report.

5.0 Key Reliability Issues

- 5.1 **Defensive Strategies** – Mr. Smith reported that Phil Tatro will be invited to the next meeting of the Executive Committee on July 13, 2007 to present the results of the UFLS Study. He will emphasize those parts of the Study that have implications on the Defensive Strategies analysis that will follow toward the end of the year including coherent generation groups. Some fourteen groups were found by examining rotor angle stability covering the entire Northeast USA, Canada and the Maritimes. Four of the groups were created automatically in response to electric system faults. More work is needed regarding system dynamics during island formation of the remaining ten groups. There were some potential shortfalls found in the existing UFLS system and a need to better understand the dynamics of the Southeast, NY islands and governor response. Also, NPCC TFSP needs to carefully review over-frequency trip points. There needs to be more information from the NERC System Control Protection Task Force regarding overall coordination of system protection goals. Finally, there are five boiling water reactors with generator sets requiring addition simulation data. It is intended that the UFLS Report will be presented to the NPCC RCC in November 2007. In addition, Mr. Smith noted that NYSEG is working with PJM to upgrade relaying on the Homer City – Stolle Rd. and Homer City – Watercure 345Kv circuits, which did open during the August 13, 2003 Blackout.
- 5.2 **NPCC Defensive Strategy Activities** – Nothing new to report.
- 5.3 **PSC Case to Establish Criteria for Interruptible Gas** – Mr. Gioia indicated that NYSRC comments in the PSC’s Case on Criteria for Interruptible Gas requested consideration of reliability implications in the context of the pending proceeding or in another appropriate forum established by the Commission. The comments were filed on April 30, 2007.
- 5.4 **Pandemic Planning** – Mr. Elacqua updated the Committee on the status of the NYISO’s activities regarding Pandemic Planning, in particular, in the generation sector – **AI #97-4**. He reported that the N.Y. Dept. of Health is now planning to ask that the family of an ill member remain in quarantine for eight days. He added that within 6-8 months there is expected to be sufficient anti-viral serum stockpiled for the sick and their families. Discussions with other ISOs indicate they are in the same place and on the same path as the NYISO. All are following the Pandemic Plan issued by NERC. Further, he noted that the PSC is currently in the process of discussing Pandemic Planning with the generators. The NYISO is nearing completion of a survey, tailored after the Center for Disease Control survey, that will be sent to

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each market participant. A meeting has been held with market participants to explain the NYISO's plans and forewarn them of the survey. In response to questions from Mr. Gioia, Mr. Elacqua indicated that the Department of Health would be taking the lead regarding quarantine and business shutdowns. Mr. Elacqua will confirm that the NYISO will be taking full control of electric power supply and related issues – **AI #98-4**. Mr. Rufrano emphasized the importance of maintaining a clear audit trail showing compliance with the ERO Pandemic Standard.

5.5 Calculation of NYCA Transmission Transfer Capability – Mr. Loehr reported that he and Mr. Adams had discussed the timing of a presentation and agreed the best time would be at the NYSRC meeting on September 14, 2007. This date will coincide with the September 13, 2007 Transmission Workshop, which will include a session on “Determining Transmission Transfer Capabilities” for a generic system.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl noted that Tim Bush will be the primary member for the Muni & Electric Cooperative Sector on ICS and Mr. Cordeiro will be the alternate. ICS met on May 30, 2007 and focused on the Assumptions Matrix for the 2008 IRM Study. The NYISO gave a presentation which supported use of the 2006 load shape. Also, the NYISO delivered the transmission model. Con Ed expressed concern that it may not be able to meet the October 2007 date for the summer 2007 data. It was agreed that the NYISO would provide the necessary data to allow preparation of the Unified Methodology. In addition, Mr. Carney presented the “Electricity and the Environment” update to ICS members. A HEDD (High Electrical Degree Days) sensitivity case is being considered for the 2008 IRM Study.

6.2 Mechanism to Accommodate Expanded GE-MARS Database Review – Mr. Patka indicated that he and Mr. Haake have a couple of issues left to work out regarding the Non Disclosure Agreement – **AI #98-5**. Mr. Gioia asked that the Agreement be completed within a week.

6.3 RAITF Study – Mr. Haake reported that the Joint Study Group will meet on July 13, 2007 to review and provide comments on the Upstate-Downtate Report. Mr. Adams reported that the findings indicate there is no reliability subsidy as subsidy is defined in the Study. Dr. Sasson emphasized that both Upstate and Downstate benefit significantly from being interconnected. The report showed that moving toward a lower IRM (relative to 16%) would result in Downstate providing a reliability subsidy to Upstate. Load shape, smaller units and smaller EFORs are advantages accruing to Downstate. He also emphasized that the results reflect this year's base case. Therefore, a future Tan 45 outcome different from a 16% IRM should not be interpreted as a presence of a subsidy. Mr. Adams agreed to talk with GE Energy about a chronological display of hourly assistance in each direction – **AI #98-5**. Also, Mr. Adams indicated that a study similar to this should be done each year to confirm that a reliability subsidy does not exist. Dr. Sasson expressed an opinion that there may be no need to perform this study each year, if the results are confirmed over the next 2-3 years.

6.4 Other ICS Issues

i. NYISO/NE Mutual Emergency Assistance Study – Mr. Dahl reported that ICS met on May 16, 2007 with ISO-NE to review the status of the Emergency Assistance Study. It was decided that the database needed updating and more frequent and regular meetings were in order - **AI #98-6**. The next meeting is scheduled for mid July 2007.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on May 31, 2007 and discussed, among other items, a new NPCC Guideline (B Documents). Since this item pertained to a Guideline there is not a corresponding NYSRC Rule. Mr. Adamson reported that there were no changes in the status of PRRs #8 and #52. PRR #84 is on hold pending final approval of NPCC A-3. PRRs #86 and #90 were adopted at the April 13, 2007 meeting and is included in Version 19 of the Reliability Manual. PRRs #88, Loss of Generator Gas Supply (NYC & LI), #91, Modification of B-R4, and #92, Modification of Measurement G-M1, were approved for posting at the April 13, 2007 meeting.

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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 – None
- 2. PRRs for EC Approval to Post for Comments – None
- 3. PRRs for EC Discussion – None

7.3 NPCC/NERC Standard Tracking -

- i. **NERC Standards Development – Status** – Mr. Adamson reported that many of the 80 Standards approved by FERC require FERC directed changes. NPCC CP 9 is taking the lead in developing the comments. There are no Standards currently up for approval. Also, NPCC is establishing a Standards Committee to manage the Regional Standards Development Process. There has been no progress on the Determine Operating Limits Standard. Mr. Loehr added that the Balance Resources and Demand Standards, BAL-007-011, recirculation ballot was also defeated with 57% of the vote. The drafting team, with broader representation from NPCC and WECC, has been charged with developing a new SAR. Mr. Gentile noted that the Assess Transmission Future Needs Standards Drafting Team (ATFNSDT), which is investigating combining the four Planning Standards into a single Standard, is close to having a draft. NERC wants to get the requirements section out for comment this month. Progress has been made regarding event based (instead of element based) contingencies for stability and steady state contingency testing as is being done within NPCC.
- ii. **NYCA Impact of New A-10 Document (Definition of Bulk Power System)** – The document has been adopted by NPCC, but comments for a possible A-10 revision are being accepted through June 2007. Mr. Adams noted that an Implementation Plan is in place. Part of the Plan is to revisit the testing methodology. Mr. Gentile emphasized once again the importance of getting A-10 finalized as the definition of Bulk Power System is becoming a matter of discussion outside NPCC.

7.4 Other RRS Issues –

- i. **Exceptions to Reliability Rules** – Mr. Clayton indicated that RRS is developing a change in Policy 1-4 regarding a new procedure for approving “Exceptions”. RRS believes that all Exceptions should be considered temporary. Further, they should be reviewed periodically and re-approved, if necessary. A draft will be available for the July 13, 2007 Executive Committee meeting – **AI #98-7**. In addition, a slight difference in the list of “Exceptions” between the NYSRC Policy and the NYISO T&D Manual will be removed.
- ii. **NYISO Technical Bulletin # 159** - Mr. Clayton noted that the Bulletin #159 contains a list of Applications, including Applications relative to Local Rule, IR-3. RRS comments will be considered by the NYISO.
- iii. **NYSRC Rules Manual** – Mr. Gioia indicated that Version 19 of the Reliability Rules Manual is in the process of being sent to the PSC.

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

8.1 RCMS Status Report and Discussion Issues – RCMS met on June 10, 2007.

8.2 2007 NYRCP – Mr. Loehr reported that RCMS received the necessary material and a presentation regarding K-M2b, Annual Resource Adequacy Assessment. RCMS will be taking action on this item next month. Regarding E-M6, Pre-seasonal Fault Duty Assessment, there are two breakers experiencing over duty, but acceptable mitigation plans are in place. RCMS has rescheduled action until the July 2007 RCMS meeting without prejudice. Finally, C-M9, Procedure for Maintenance of Load flow, Short Circuit and Stability Data, was found to be in compliance with the issuance of Technical Bulletin, MP Notification of ISO Network Power System Model Updates. In addition the NYISO pointed out that they had found one violation (operator “repeat back”) of NPCC Document A-3, which has been reported. The NYISO will have a new procedure in place and training completed by year end – **AI #98-8**. RCMS

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deemed this action to be satisfactory. Mr. Adamson noted that the operator's messages are displayed on their screen which minimizes the importance of the "repeat back" requirement.

8.3 Compliance Template Manual (Intro) – Nothing new to report.

8.4 Other RCMS Issues – Nothing additional to report.

9.0 NYISO Status Report/Issues –

9.1 NYISO 2007 Comprehensive Reliability Planning Process (CRPP) – Mr. Adams reported that the goal is to have a CRPP Report of the RNA assessment to the ESPWG by the end of June 2007 – **AI #98-9**. The timeline provides for approval by the appropriate NYISO Market Committees in July 2007 and then delivery to the NYISO Board in August 2007.

9.2 Studies – Status

i. Electric Deliverability Study – Mr. Haake reported that the subgroup (NYISO, ConEd and NYSEG) have not been able to reach an agreement. The IITF will be meeting by the third week of June 2007 to hear additional revised proposals from the NYISO, ConEd and NYSEG. If agreement is not reached, separate filings at the end of June 2007 will be made by the NYISO and TOs.

9.3 Other Studies/Activities –

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

10.0 Other Items

10.1 NYISO Operations Report (May 2007) – Mr. Raymond reported that on May 16, 2007 a Major Emergency was declared for a shortage of total 10 Minute Reserve. The emergency lasted twenty seven minutes. A NERC/NPCC Reportable Event occurred on May 9, 2007 with the tripping of Athens Units 2 & 3 loaded at 550Mws. Also, the numbers of monthly frequency excursions appear to be picking-up once again.

10.2 North American Energy Standards Board (NAESB) Report – Nothing new to report.

10.3 NPCC Report – Mr. Bolbrock noted that the CBRE will be merged back into NPCC, Inc. and the merged entity named NPCC. Also, Dave Goulding, retired CEO of IESO, has been elected Chairman of NPCC.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

| <u>Mtg. No.</u> | <u>Date</u> | <u>Location</u> | <u>Time</u> |
|-----------------|---------------|---|-------------|
| #99 | July 13, 2007 | Albany Country Club, Voorheesville, NY. | 9:30 A.M. |
| #100 | Aug. 10, 2007 | Albany Country Club, Voorheesville, NY. | 9:30 A.M. |

The open session of Committee Meeting No. 98 was adjourned at 3:35 P.M.

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NYSRC Exec. Comm. Meeting No.98
Initial Draft – June 25, 2007
Revised Draft – July 6, 2007
Final Minutes – June 17, 2007

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