

Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 83 – March 10, 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 - Phone
Bart Franey	National Grid –Alternate Member
Thomas C. Duffly	Central Hudson Gas & Electric
Rich 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)
George E. Smith	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
A. Ralph Rufrano	New York Power Authority - Phone

Others:

Alan M. Adamson	Consultant & Treasurer
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
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric - Phone
Edward Schrom	NYS Department of Public Service
Howard Tarler	NYS Department of Public Service*

Visitors – Open Session:

Erin Hogan, P.E.	NYSERDA
Stan Kopman	Northeast Power Coordinating Council (NPCC)

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

Agenda Items – (Item # from Meeting Agenda)

III. Executive Session – An Executive Session was requested by Mr. Bolbock.

II. Open Session

- 1.0 Introduction** – Mr. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 83 to order at 9:30 A.M.
 - 1.1 Meeting Attendees** – Twelve Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were present at the meeting.
 - 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 requested by Mr. Bolbrock to discuss the studies’ data base and the implications of errors on IRM/LCR study results.
- 2.0 Meeting Minutes/Action Items List**
- 2.1 Approval of Minutes for Meeting No. 82 (February 10, 2006)** – Mr. Raymond introduced the revised draft minutes and offered additional corrections and/or clarifications provided by the Committee. The Committee provided further clarification. Subject to the changes offered, Mr. Bolbrock moved that the Committee approve the revised minutes. The motion was seconded by Mr. Clagett and approved unanimously by the Committee Members in attendance (12-0). Mr. Raymond will issue the final minutes of Meeting No. 82 and post them on the NYSRC web site - **AI #83-1**.
 - 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>
70-10	The new web site will be functional by April 2006.
72-12	A new web site host will be effective in April 2006.
76-12	RCMS is monitoring progress on breaker replacements.
76-14	The filing in support was made on February 8, 2006.
80-10	A letter was sent to the TOs regarding Defensive Strategies on February 17, 2006.
81-2	Joint comments with NPCC were sent to FERC regarding the ERO NOPR on January 22, 2006.
82-1	The final minutes of meeting #82 were posted on March 14, 2006.
82-8	See 80-10, above.
82-9	Mr. Kopman distributed the NPCC Defensive Strategies recommendations at the March 10, 2006 Committee meeting.

3.0 Organizational Issues

2.0 NYSRC Treasurer’s Report

- i. Summary of Receipts & Disbursements** - Mr. Adamson presented the Summary of Receipts and Disbursements for February 2006 which indicated a balance of \$112,000 in cash at the end of January 2006. Mr. Adamson further requested approval to issue the 2nd quarter Call-For-Funds on April 1, 2006 amounting to \$35,000 per TO based on the estimated monthly cash flow requirements. Mr. Bolbrock seconded the request, which was unanimously approved by the

Committee Members in attendance (12-0).

- ii. **Audit Report – 2005** - Mr. Adamson distributed the final NYSRC Financial Statements and Independent Auditor’s Report for 2005 prepared by Slocum, DeAngelus & Associates, PC. The audit did not identify any accounting problems. Mr. Adamson felt the audit was very thorough, and he thanked the TOs, Ms. Campoli and Mr. Gioia for their input. In addition, Mr. Adamson indicated that he will be contacting Slocum, et al regarding performing the 2006 audit. He expects the cost to be about \$2300.00 including the Forms 1099.

3.2 Other Organizational Issues

- i. **Application for Renewal of D&O Policy** – Mr. Gioia reported he received a call from Mary Cani of the Acordia brokerage firm indicating that the NYSRC D&O coverage had been transferred from Marsh to Acordia, a subsidiary of Wells Fargo. He has received an application form which he is in the process of filling out for Mr. Ellsworth’s signature. Mr. Gioia has requested additional information from the Committee Members, and he will respond in the negative on the application unless he hears otherwise in the next few days. Mary Cani indicated that recent similar policies have increased in price by 10-15%.
- ii. **NYSRC Web Site Makeover** – Mr. Clayton reported that the new web site is up and running on Yahoo at www.nysrc2.org on a trial basis. Tracy Cross is currently in the process of transferring all the data and expects to be completed before month end.

4.0 Federal Energy Legislation –

4.1 **FERC ERO and Reliability Standards NOPR – Petition for Clarification** - Mr. Gioia indicated that after further review, he concluded that the ERO Rulemaking requires clarification regarding the process for resolving a dispute over a Rule established under a FERC approved rate, or agreement relative to a Rule established under the new ERO Standards process. The Energy Policy Act legislation and the NOPR specify a FERC determination under Section 206 to overturn an existing Rule, while the ERO final rule is unclear regarding a less stringent Section 205 or 206 showing. The Petition for Clarification was filed on March 6, 2006. The NYISO also filed regarding two issues: (a) it is not appropriate to impose monetary penalties on an ISO since it is not a “for profit” organization, and (b) the ISO cannot be held responsible for the actions of a third party over which it has no control.

4.2 **PSC Proceeding on Adoption of NYSRC Rules** – Mr. Schrom reported that the Reliability Rules, approved recently by the NYSRC, are proceeding through the SAPA process. Mr. Gioia agreed to inform the PSC in the future of any new Reliability Rules established by the NYSRC – **AI #83-2**.

2.0 **ERO/RRO/RE Description** - Mr. Kopman gave a presentation, ERO Transition – Regional Perspective, Which addressed the relationship between the ERO, Regional Reliability Organization (RRO), and the Regional Entity (RE). The RE is being created to accommodate cost related concerns of the Canadian members of current RROs. NPCC would become an RRO while its U.S. only component (the RE) would fall under the ERO and FERC jurisdiction.

5.0 Blackout Reporting

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

5.2 **NYSRC Actions on Blackout Report Recommendations** – Nothing new to report.

5.3 **NPCC Blackout Report Recommendations** – Mr. Smith reported on the NPCC SS#38 Blackout Replication Study. He discussed six areas that stood out in his view: (a) the unpredictability of generation tripping, (b) Under Frequency Load Shedding(UFLS) in the reconstruction of the incident was subjected to more severe conditions than generally used in design testing, (c) if the system changes being proposed are implemented, a system split coincident with the design of the UFLS would likely withstand

the disturbance, (d) possible need for additional UFLS in New England and New Jersey, (e) need for further review of the older electro-mechanical relays, (f) need to review the coordination of generation. Mr. Kopman then distributed a Report approved by the NPCC RCC on March 8, 2006, which lays out a set of recommendations for follow-up work based on the conclusions of the SS #38 Study discussed by Mr. Smith. The NPCC subcommittees are to come back at the May 31, 2006 RCC meeting with work plans and a schedule for each task. Task#5 is closely aligned with the NYSRC Defensive Strategies work. Mr. Kopman will talk with Mr. Longhi, Chairman of the RCC, regarding joint efforts in areas that are overlapping – **AI #83-3**.

5.4 PSC Blackout Report Recommendations

- i. RRS, RCMS Follow-up** – Mr. Loehr reported that RCMS has reviewed the PSC Blackout Report recommendations and has concerns in two areas: (a) energizing the entire system and (b) black start. Further, RCMS felt there are issues that should be tracked and others that may initiate the need for new Reliability Rules. Mr. Haake reminded the Committee that IPPNY has sent a letter to the PSC (Mr. Tarler) which is critical of the Report on a number of fronts. A meeting is scheduled for March 13, 2006 to discuss the Report with the PSC. Mr. Loehr will prepare a letter for Committee review indicating the concerns of RCMS including any factual errors – **AI #83-4**. The Letter could assist RRS and perhaps, the NYISO Restoration Working Group.
- ii. PSC/TO Follow-up** - Mr. Schrom notes that the Restoration Working Group is meeting during the week of March 12, 2006.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl indicated that ICS held an abbreviated meeting on March 1, 2006 followed by a joint meeting with the ICAP Working Group chaired by Mr. Haake to discuss a joint response to the request by FERC for a progress report (90-day Report) on resolution of the Nat'l Grid complaint.

2.0 2006 IRM Lessons Learned – Mr. Dahl introduced a draft “Lessons Learned” document which ICS will complete in the next month or two. ICS did discuss the tan 45 methodology at length and decided to begin the formal review of the methodology for future years by preparing a white paper describing the current methodology, including recommendations for improvement. The completion date is June 2006. Consideration of the “Free Flow” methodology is one of twelve “lessons-learned” items identified for review. Mr. Dahl noted that ICS hopes to carry out joint discussions with PJM to strengthen the modeling of the Northern New Jersey interface with NYC/LI for reliability purposes. The Upstate/Downstate Study, which was approved at the last Executive Committee meeting, is waiting for NYISO funding review since the Study has not been budgeted.

3.0 National Grid Complaint Filing – Mr. Dahl indicated that at the request of the Executive Committee, ICS met jointly with the NYISO ICAP Working Group to discuss the draft scope, prepared by Messrs. Dahl/Haake, for a joint response to the FERC request for a 90-day Report. It was decided to form a Resource Adequacy Issues Task Force (RAITF) to implement the final work scope which should be completed at the RAITF meeting on March 15, 2006. Mr. Franey offered comments on the draft scope intended to establish one forum to resolve all the Nat'l Grid issues. The Committee is in agreement that the 90-day Report need not resolve the Nat'l Grid issues, but instead should provide a progress report on discussions to date. Mr. Bolbrock expressed concern that the revised scope with Mr. Franey's revisions was too ambitious a schedule and appeared to presuppose a particular conclusion. Dr. Sasson indicated concern that the NYSRC is giving up some of its authority to the RAITF and FERC as the revised draft stands. Mr. Franey reiterated that the revisions he offered were simply an attempt to improve efficiency by having the NYSRC/NYISO work together to resolve all issues over time, not within 90-days. Nat'l

Grid will object strenuously to any approach that leaves its issues open ended regarding a plan to reach a decision. Mr. Patka felt the 90-day Report should be a joint status report and only include efforts conducted since receipt of the FERC Order. Mr. Gioia requested that ICS provide actions related to the Nat'l Grid Complaint that were/(are): (a) completed in the past, (b) pending and/or (c) proposed for the future. After further discussion, it was agreed that Messrs. Dahl/Haake/Adamson/Franey/Adams and Ms. Lampi would revise the scope of work per the Committee's discussion – **AI #83-5**.

6.4 Other ICS Issues

- i. NYISO/NE Mutual Emergency Assistance Study** – Mr. Dahl noted that the modeling of the outside areas is critical amounting to about an 8% reduction in IRM. This joint study with NE will allow each party to calibrate the emergency support from the other. The Study Group met February 23, 2006 and decided that NE would perform a bulk of the analysis. The ISO-NE expressed a specific liking for the NYSRC/NYISO UDR model.
- ii. NERC Resource Adequacy Assessment Drafting Team** – Mr. Dahl indicated that a second draft has been posted for comment by March 30, 2006. Mr. Dahl is coordinating the NYSRC and NPCC comments.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton indicated that RRS met on March 2, 2006. He referred to the table, List of Potential Reliability Rule Changes – Outstanding, noting that PRRs #76 and #s 80-83 have been posted for 45 days and no comments have been received.

7.2 Status of New/Revised Reliability Rules

ii. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (PRR) Changes – Mr. Clayton referred to the table, List of Potential Reliability Rule Changes – Outstanding.

b. Status of New/Modified Reliability Rules

- 1. PRRs for Final EC Approval** – Mr. Clayton described PRR #76, System Restoration Rules, which has been posted without comment for 45 days. Following discussion, Mr. Claggett moved for Executive Committee final approval. The motion was seconded by Mr. Haake and unanimously approved by the Committee members in attendance - (12-0). Mr. Clayton then reviewed PRRs #80-83, Outage Data Reporting Requirements, Requirements for Reviewing Fault Duty Assessments, Requirements for Reporting Load to be Shed, and Con ED and LIPA Operating Per Local Rules, respectively. After Committee discussion, Mr. Claggett moved for the collective approval of the four PRRs. Mr. Loehr seconded the motion which was approved unanimously by the Committee members in attendance – (12-0).
- 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 INT 005-1, Coordinate Interchange, was approved with a 77% weighted plurality. The NYSRC and NPCC voted “no” and the NYISO abstained. The CIP, Permanent Cyber Security, passed by 86% on the first ballot. The Committee agreed to vote “yes” on the second ballot. ICS will be preparing comments on the changes to the original Resource Adequacy SAR. Also, the Committee agreed to voting “yes” on the Urgent Action BAL, SPP Regional Difference. Next, Mr. Adamson noted that voting will begin during the week of March 19, 2006 on FAC 010-1 and FAC 011-1, which exclude the category C

contingencies. The NYSRC, NPCC and its members will be voting “no”. In addition, Mr. Adamson will prepare a letter to the Ballot Body and Regional Managers urging a “no” vote – **AI #83-6**. Finally, Mr. Adamson acknowledged receipt of a letter to the NERC BOT announcing a NERC staff reorganization in view of it becoming the ERO. The staff will be increased from 69 to 80 and divided into six groups; Standards, Compliance, Reliability Analysis, Training, Reliability Assessment, and Situation Awareness. An office will be established in Washington, DC.

iii. NYCA Impact of New A-10 Document (Definition of Bulk Power System) – Nothing new to report.

7.4 Other RRS Issues - None

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues – See Section 5.4

8.1 RCMS Status Report and Discussion Issues – None

8.2 Status of 2006 NYRCP – None

8.3 Other RCMS Issues - None

9.0 Key Reliability Issues

9.1 Defensive Strategies – Mr. Clagett indicated that the March 9, 2006 meeting had 17 attendees representing all TOs, the NYISO, NPCC and NYSRC. A second meeting will be held on May 11, 2006. Mr. Kopman agreed to inform the Defensive Strategies Group of the direction NPCC – RCC will be taking regarding Task #5 of its Blackout recommendations. Mr. Smith has agreed to represent the NYSRC at future meetings of the group. Mr. Tatro, representing SS-38, gave a presentation on related NPCC work, and Mr. Kopman aggressively supported the work of the Group. Mr. Clayton noted that the IEEE PES magazine for March and April has articles on defensive strategies and resource adequacy.

9.2 NPCC Defensive Strategy Activities – Nothing new to report.

9.3 Regional Greenhouse Gas Initiative –

i. RGGI – Status – Nothing new to report.

ii. Next Steps – Nothing new to report.

10.0 NYISO Status Report/Issues

10.1 NYISO Planning Process – Mr. Adams indicated that the NYISO has completed its preliminary assessment of market based solutions for the 2008-2011 timeframe. Requests have been issued for alternative regulated solutions and TO solutions. Further, Mr. Adams noted that FERC has placed the Windpower compliance on the docket for the week of March 12, 2006.

10.2 Studies – Status

i. Reactive Resource Adequacy – Nothing new to report.

ii. Electric Deliverability Study – Mr. Adams indicated that the NYISO completed the analysis and filed a status report with FERC. The final compliance filing is due May 6, 2006.

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

10.3 Other Studies/Activities –

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

ii. NYSERDA Oil Infrastructure Study – Nothing new to report.

iii. Windpower Interconnection Study - Mr. Adams noted that FERC has placed the Windpower compliance on the docket for the week of March 12, 2006.

2.0 Other Items

ii. NYISO Operations Report – Mr. Raymond indicated that frequency excursions continue at a high level in January 2006.

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

11.3 NPCC Report –

i. Eastern Interconnection Frequency Excursions – Nothing new to report.

12.0 Visitors' Comments – None

13.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#84	April 7, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#85	May 12, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 83 was adjourned at 4:15 P.M.