

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 101 – September 14, 2007**  
**Albany Country Club, Voorheesville, NY**

**Members and**

**Alternates:**

|                      |  |
|----------------------|--|
| Thomas J. Gentile    | National Grid, USA – Chairman  |
| George C. Loehr      | Unaffiliated Member – Vice Chairman, RCMS Chairman                         |
| Bruce B. Ellsworth   | Unaffiliated Member  |
| Richard. J. Bolbrock | Long Island Power Authority (LIPA) – Member - Phone                        |
| Curt Dahl            | LIPA - Alternate – ICS Chairman  |
| William H. Clagett   | Unaffiliated Member  |
| Timothy Bush         | Muni. & Elec. Cooperative Sector - Member                                  |
| Glenn Haake          | AES - (Wholesale Seller Sector) - Member                                   |
| Chris Wentlent       | AES - (Wholesale Seller Sector) - Alternate                                |
| George E. Smith      | Unaffiliated Member  |
| Joe Fleury           | New York State Electric & Gas/Rochester Gas & Electric – Member -<br>Phone |
| A. Ralph Rufrano     | New York Power Authority – Member - Phone                                  |
| Thomas Duffy         | Central Hudson Gas & Electric - Member                                     |
| Mayer Sasson         | Consolidated Edison Co. of NY, Inc. - Member                               |
| Michael Mager, Esq.  | Couch White, LLP (Large Customers’ Sector) - Member                        |

**Others:**

|                   |   |
|-------------------|---|
| Al Adamson        | Treasurer & Consultant                                  |
| 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* |
| Robert Pike       | New York Independent System Operator (NYISO)*           |
| Kim Nagell        | New York Independent System Operator (NYISO)*           |
| Peter Carney      | New York Independent System Operator (NYISO)*           |
| Henry Chao        | New York Independent System Operator (NYISO)*           |
| Rick Gonzales     | New York Independent System Operator (NYISO)*           |
| P. L. Gioia, Esq. | LeBoeuf Lamb Greene & MacRae, LLP – Counsel for NYSRC   |
| Don Raymond       | Executive Secretary                                     |
| Edward Schrom     | NYS Department of Public Service                        |

**Visitors – Open**

**Session:**

|                   |   |
|-------------------|---|
| Erin P. Hogan, PE | NYSERDA                                     |
| Phil Fedora       | Northeast Power Coordinating Council (NPCC) |
| Sandra Meier      | Environmental Energy Alliance of NY         |
| Alice Jackson     | Occidental Chemical Corp.                   |
| Philip Smith      | Mirant – Phone*                             |
| Mark Younger      | Slater Consulting                           |

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

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

- I. **Executive Session** – None requested
- II. **Open Session**
- 1.0 **Introduction** – Mr. Gentile called the NYSRC Executive Committee Meeting No.101 to order at 9:30 A.M. on September 14, 2007.
- 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.
- 1.5 **Executive Committee Meeting Protocol** – Mr. Gentile requested input from the Executive Committee regarding actions that could be taken to improve the effectiveness of the meetings. It was agreed that individuals designated on the Agenda to report would provide the Executive Secretary with a one or two paragraph (not to exceed one page) report – **AI #101-1**. If the report does not raise discussion, it would be placed directly into the minutes. In addition, the “Outstanding Action Items List” will be culled of duplicates and “on-going” items that regularly appear on the Agenda – **AI #101-2**.
- 2.0 **Meeting Minutes/Action Items**
- 2.1 **Approval of Minutes for Meeting No. 100 (August 14, 2007)** – Mr. Raymond introduced the revised draft minutes. There being no changes, Mr. Fleury moved for acceptance of the minutes. Dr. Sasson seconded the motion which was unanimously approved by the Executive Committee – (13 to 0). The Executive Secretary will issue the final minutes for Meeting No. 100 and post them on the NYSRC web site **AI - #101-3**.
- 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>   |
|----------------------|--|
| 57-14                | Become a regular agenda item.  |
| 59-9                 | Become a regular agenda item.  |
| 62-10                | Become common practice.  |
| 83-2                 | Become common practice.  |
| 94-2                 | Pandemic Planning has become a part of TO and NYISO Business Continuity Planning.  |
| 94-5                 | Superseded by AI #100-5.   |
| 95-11                | Completion date is extended to July 2, 2008 per Mr. Dahl.  |
| 98-3                 | The NYISO presented the status of its Pandemic Plan at the September 14, 2007 Executive Committee meeting.                   |
| 99-4                 | Become a regular agenda item.  |
| 99-6                 | Mr. Scott Brown (NYPA) gave a presentation on the minimum oil burn issue at the August 10, 2007 Executive Committee meeting. |
| 100-4                | The NE Environmental Impact Analysis was sent by Mr. Wentlent on September 2, 2007.  |

Dr. Sasson emphasized the importance of retaining AI #95-11 as a guide to forward looking capacity needs. After further discussion, the Executive Committee agreed with the assumption that ICS will come back with a scope in the spring of 2008. Regarding Action Item #99-2, i.e., Filing the Update

Code of Conduct with FERC, Mr. Gioia indicated that ConEd is reluctant to agree to opening the NYISO Agreement due to the potential for modification in unrelated areas. Since the Agreement requires unanimous approval of the TOs, Mr. Gioia will provide an interpretation of the Code as it pertains to dual NYISO and NYSRC participation – **AI #101-4**. Mr. Mager noted that ConEd’s position also impacts the Executive Committee’s efforts to address abstentions in IRM voting.

### **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 August 2007 and a projected year-end surplus of \$30,000. Also, the unbudgeted disbursement of \$1,710.42 for the Transmission Workshop expenses will be offset by the income from the Transmission Workshop. Mr. Adamson requested an October 1, 2007 Call-For-Funds of \$25,000 per TO. Following discussion, Dr. Sasson moved for approval of the Call-For-Funds. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee members – (13-0).
- ii. Proposed 2008 Budget** – Mr. Adamson presented the draft budget for 2008. He noted that: (a) the insurance projection is unchanged from 2007, (b) meeting expenses are increased by \$2,000 to \$12,000, and (c) Web Site expenses are decreased from \$1000 to \$500. Also, Mr. Fedora indicated that there are no longer NPCC Membership Fees, a reduction of \$5,000 from the 2007 approved budget. The proposed total for 2008 is \$681,000 which is \$3,000 below the 2007 budget. Mr. Ellsworth suggested that a review of costs for Executive Committee meetings at other locations would be worthwhile, if for no other reason than the record. Mr. Adams agreed to look into the NYISO policy on internal meetings – **AI #101-5**. Also, Mr. Adamson presented a draft 2008 Funding Mechanism (mark-up of the 2007 Funding Mechanism to include updated dates). Following discussion, Dr. Sasson moved for approval of the proposed budget with the changes noted and the marked up 2008 Funding Mechanism. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee members – (13 to 0).
- iii. 2008 Funding Mechanism** – See Item #3.1ii.

#### **3.2 Other Organizational Issues**

- i. NYSRC Voting Rules** – Mr. Gioia reminded the Executive Committee that approval of an amendment to the voting rule requires a change in the NYSRC Agreement and unanimous consent of the TOs. He further noted that a ConEd attorney had informed him of its reluctance to open the NYISO Agreement at this time. Dr. Sasson reiterated this position.
- ii. IRM Voting Methodology** – Mr. Gioia discussed an email describing the various approaches offered to improve the IRM voting process. Mr. Bolbrock reminded the Executive Committee that last year’s process likely did not reach the “preferred” result. Mr. Duffy described an approach that would start with each Member divulging his preferred result and acceptable range. Mr. Gentile suggested a subgroup, chaired by Mr. Gioia, that would establish objectives, collect and consolidate its own as well as the suggestions of Members, and modify, where possible, any suggestion to better conform to the objectives. The subgroup members appointed were Messrs. Gioia, Ellsworth, Duffy, Bush and Haake. After a short luncheon meeting, Mr. Ellsworth articulated a number of basic objectives that will guide the sub-group. The objectives are as follows:
  - (a) avoid the need to amend the NYSRC Agreement,
  - (b) motions to adopt an IRM will not be subject to amendment,
  - (c) emphasize the results of the IRM Study i.e., vote on the IRM study recommendation first and avoid giving the impression that we are making an arbitrary IRM selection,
  - (d) the final decision must be supportable,
  - (e) the order of presentation should not skew the decision, and
  - (f) the process be open.

Any comments on the above objectives and/or any additional proposed methods should be provided to Mr. Gioia by September 21, 2007. Proposals by the sub-group will be circulated to the Executive Committee by the end of the following week. The Executive Committee members should be prepared to vote on an IRM voting process at the October 12, 2007 meeting.

- iii. **NYSRC Workshops –Transmission** – Mr. Loehr reported that the September 13, 2007 Transmission Workshop went very well with 135 attendees. He thanked Messrs. Smith and Waldele for their excellent presentations and the NYISO for administrative assistance. Also, NYPA was acknowledged for filming the session. A special presentation of the Transmission Workshop will be made for the NY PSC Staff on October 11, 2007.

#### **4.0 State/Federal Energy Activities –**

**4.1 Status of FERC NOPR on Reliability Standards** – Nothing new to report.

**4.2 Environmental Impact Analysis** – Mr. Carney (NYISO) updated the Executive Committee on the status of the NYISO’s investigation of pending environmental regulations. The investigation is being integrated into the NYISO 2008 Reliability Needs Assessment (RNA). The RNA will consider two emerging environmental regulations, HEDD and RGGI, which do not have economically feasible emission control technologies and are the most critical in the view of the ESPWG. HEDD focuses on low capacity factor generators with minimal controls and high NO<sub>x</sub> emission rates. Summer DMNC reductions will be used to simulate the impact of unit specific RACT limits. The regulatory options that the NYSDEC will consider are unit specific RACT limits, trading schemes, energy efficiency based emission reductions and a daily NO<sub>x</sub> market. The regulations are effective June 1, 2008 and will be implemented in 2009. In general, it is felt that RGGI will not cause units to shutdown provided there is an adequate CO<sub>2</sub> market. The auction studies need to be expanded, the use of offsets encouraged, market monitoring functions need to be developed and the minimum number of banked allowances should be determined. The NYISO’s next steps are to: (a) complete the analysis within the context of the 2008 RNA and (b) present the findings to the NYSDEC.

**4.3 PSC Case to Establish Criteria For Interruptible Gas** – Nothing new to report.

**4.4 Feasibility of I-R3 and I-R5** – Mr. Adams reported that investigating the possibility of I-R3 and I-R5 being non-actionable due to environmental constraints is not being considered as part of the RNA.

**4.5 NYSRC Filing Regarding ISO-NE Method of Determining ICR** – Nothing new to report.

#### **5.0 Key Reliability Issues**

**5.1 Defensive Strategies** – Nothing new to report.

**5.2 NPCC Defensive Strategy Activities** –

**5.3 Pandemic Planning Update** – Ms. Nagell (NYISO) presented an update of the NYISO actions titled, NYISO: Preparing for a Pandemic which began in January 2006 for the purpose of improving the NYISO’s Business Continuity Plan. A number of actions are complete including an impact assessment, preparation of guidelines, awareness training, engaging Albany County and the Rensselaer County Depts. of Health and surveyed Market Participants to evaluate their preparedness. The NYISO’s Plan assumes 40-50% of employees will come to work. Fifty-two surveys were sent to Market Participants. Nineteen entities replied of which eight had Pandemic Plans. Two Public Power entities replied, both having Plans. But only one (ConEd) of the TOs replied. About 40% of the NYCA installed capacity market supplied a response. Mr. Gioia suggested that the information be provided to the NYISO Operating Committee. Mr. Patka expressed the view that the PSC and EC have more leverage to get generator sector responses. Mr. Patka agreed to provide the Executive Committee members with the names of those within their companies receiving the survey – **AI #101-6.**

**5.4 PSC Case to Establish Criteria for Interruptible Gas** – Nothing new to report.

## **6.0 Installed Capacity Subcommittee (ICS) Status Report/Issues**

**6.1 ICS Status Report and Discussion Issues** – Mr. Dahl reported that ICS met on September 5, 2007 and focused on finalizing the 2008 Base Case Modeling. The NYISO gave two presentations, one on load trends and the other on the transmission topology. The summer ~~actual~~ load trend was stronger than expected in the Yellow Book and will be reflected in the MARS Model. The issue of GT deratings versus design curves is under review by the NYISO. A conference call is scheduled for September 19, 2007 to review the impact on LOLE of key assumptions. As in the past, GE Energy will be “scrubbing” the input data jointly with the ICS and ICAPWG.

**6.2 Mechanism to Accommodate Expanded GE-MARS Database Review** – Mr. Gioia reported that the NYISO is confirming the willingness of neighboring control areas to allow disclosure of the data with “masking”. Mr. Patka indicated that the necessary approvals (or otherwise) would take about one month. Mr. Adams indicated that PJM will likely want LIPA and ConEd to sign their Confidentiality Agreement.

**6.3 2008 IRM Study** – See Item #6.1.

### **6.4 Other ICS Issues**

**i. NYISO/NE Mutual Emergency Assistance Study** – Nothing new to report.

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

**7.1 RRS Status Report & Discussion Issues** – Mr. Adamson reported that RRS met on September 6, 2007. There were no changes in the status of PRRs #8 and #52. PRR #84 is on hold pending final approval of NPCC A-3. PRR #93, offered for Executive Committee approval to post, is an NYISO proposal to include controllable load in the 10 minute synchronous reserve and align with the proposed change to NPCC A-6 Document as presented at Executive Committee No. 100 by Mr. Pike(NYISO). Mr. Loehr expressed concern that the PRR as written would allow unlimited use of demand side resources to meet the synchronous reserve. Mr. Pike noted that the demand side resources face the same eligibility requirements as supply side resources. Mr. Bush expressed uneasiness with the frequency response of demand side resources. Following discussion, Mr. Mager moved for approval of PRR #93. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0). Next, Mr. Adamson re-introduced PRR #94, Exceptions to the NYSRC Reliability Rules, which was tabled until the September 14, 2007 Executive Committee meeting to accommodate additional comments by Mr. Gioia and Dr. Sasson – **AI #98-6**. Those changes have been made. However, Messrs. Gentile and Haake raised a question regarding the phrase “approval by the NYISO” e.g. does the phrase mean NYISO Staff, Committees, and/or the Board? Mr. Gioia expressed the opinion that the Reliability Council should not be specifying the NYISO governance process. Dr. Sasson repeated prior requests for RRS or the proponent to make a formal presentation with slides on the EC approval being sought to enable EC members to have a more full understanding before being asked to vote. After lengthy discussion, including the link with proposed changes to Policy 1-4, the Reliability Committee agreed to table PRR #94 and consideration of Policy 1-4 until the October 12, 2007 meeting.

### **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** – See Item 7.1.

**2. PRRs for EC Approval to Post for Comments** – None

**3. PRRs for EC Discussion** – None

**7.3 NPCC/NERC Standard Tracking** –Mr. Gioia reminded the Executive Committee of the FERC NOPR regarding FAC-011, Determination of Transfer Limits. Comments must be filed by September 19, 2007; perhaps jointly with the NYISO and New England. Mr. Adamson outlined the scope of NYSRC comments: (a) consistency between operating and planning methodology for determining transfer limits, (b) claims that NPCC approach, i.e., use of level C contingencies will restrict competition, (c) PP&L survey indicating numerous multiple element contingencies, (d) A stronger criteria in the NYCA does not

adequately protect the NYCA from exterior contingencies, and (e) the NERC initiative is a blatant example of “the least common denominator” abhorred by FERC. After discussion, the Executive Committee agreed to file.

- i. **NERC Standards Development – Status** – Mr. Adamson reported that RRS will be providing comments to NERC on PER 005-1, System Personnel Training, and EOP, System Restoration & Black Start, which are due at the end of September 2007. Mr. Gentile noted that NERC has released the requirements for a new Standard, TPL-001-1, for comment. It replaces the old TPL 001-004, Assess Transmission Future Needs, with a 45 day comment period ending October 26, 2007. There will be a Webex conference call on October 10, 2007 from 1:00 pm to 4:00 pm to clarify the new Standard.
- ii. **Status of NERC “Determine System Operating Limits”** – See Item 7.3
- iii. **NYCA Impact of New A-10 Document (Definition of Bulk Power System)** – Mr. Fedora indicated that the NPCC-RCC approved the Implementation Plan at its September 6, 2007 meeting.

#### 7.4 Other RRS Issues –

- i. **Policy 1-4 Revision – Exception to Reliability Rules** – See Item 7.1

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

8.1 **RCMS Status Report and Discussion Issues** – Mr. Loehr reported that RCMS met on September 13, 2007. Mr. Loehr indicated that the following Measurements were reviewed and found to be in full compliance:

- C-M9 - Procedure for Maintenance of Load Flow, Short Circuit, and Stability Data,
- C-M5 – Reporting of Resource Outage Data,
- E-M1 – Procedures assuring Appropriate Actions When Transmission Limits are Violated,
- E-M3 – Procedures to Ensure, Transmission Outages are Coordinated,
- E-M4 – Procedures for Operating During Severe Weather Conditions, and
- F-M3 - Procedure For Ensuring Sufficient Load Shedding Capacity.

RCMS further discussed introducing a potential PRR revision that would include the role of TO’s in G-M4, System Restoration Training Requirements. Discussion will continue at the October 10, 2007 meeting.

8.2 **2007 NYRCP** – See Item 8.1

8.3 **Compliance Template Manual (Intro)** – Mr. Gioia indicated that the changes to Policy 4 were sent to Mr. Patka for comment. Mr. Patka responded that NYISO comments would be sent to RCMS prior to its October 10, 2007 meeting – **AI #101-7**.

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 Management Committee approved the 2007 Comprehensive Reliability Plan. The 2008 RNA is progressing as expected and a report for stakeholder review is scheduled for the end of September 2007. It appears that 2012 is the first year of additional resource need under the base case. The assessment includes scenarios for the Environmental Plans, the Governor’s 15 X 15 Plan, and the 600Mw BESCO Corp facility.

#### 9.2 Studies – Status

- i. **Electric Deliverability Study** – Mr. Haake indicated that a proposal was agreed to by the NYISO and TOs. A conceptual plan will be filed with FERC by the end of September 2007. The NYISO is proceeding with the preparation of the Tariff in anticipation of FERC approval of the conceptual plan and filing of the Tariff by the end of 2007. The NYISO will provide a presentation on the conceptual plan at the October 12, 2007 Executive Committee meeting – **AI #101-8**.

#### 9.3 Other Studies/Activities –

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

**10.0 Other Items**

- 10.1 ConEd Power Local Power Interruption on June 27, 2007** – Dr. Sasson indicated that a report is complete and currently under review by NPCC.
- 10.2 NYISO Operations Report (August 2007)** – Mr. Raymond reported that there was one Major Emergency declared on August 4, 2007 as a consequence of a frequency decline to 59.86Hz due to the loss of generation in the Midwest. Mr. Loehr noted that there was a 4000Mw loss on the AEP system in Indiana on August 4, 2007. Mr. Gentile suggested that the NYISO keep a log of the disturbances outside the NYCA that impact New York – **AI #101-9**. The information could become very helpful should effort persist to weaken the planning criteria. In addition, on August 8, 2007 an emergency purchase totaling about 400Mw was made from IESO and wheeled to PJM. The purchase was cancelled after one hour.
- 10.3 North American Energy Standards Board (NAESB) Report** – Nothing new to report.
- 10.4 NPCC Report** – Mr. Fedora noted that the General Meeting of NPCC, Inc. will be held on September 26 and 27, 2007 in Toronto, Canada.

**11.0 Visitors' Comments** – None

**12.0 Meeting Schedule**

| <u>Mtg. No.</u> | <u>Date</u>   | <u>Location</u>                         | <u>Time</u> |
|-----------------|---------------|---|-------------|
| #102            | Oct. 12, 2007 | Albany Country Club, Voorheesville, NY. | 9:30 A.M.   |
| #103            | Nov. 9, 2007  | Albany Country Club, Voorheesville, NY. | 9:30 A.M.   |

The open session of Committee Meeting No. 101 was adjourned at 3:15 P.M.