

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 104 – December 14, 2007
Albany Country Club, Voorheesville, NY

Members and

Alternates:

George C. Loehr	Unaffiliated Member – 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
Mark Cordiero	Muni. & Elec. Cooperative Sector - Alternate
Timothy Bush	IPPNY - (Wholesale Seller Sector) - Member
George E. Smith	Unaffiliated Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member
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
Joe Hipius	National Grid, USA - Member

Others:

Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Steve Fanning	National Grid, USA – RCMS Chairman
Al Adamson	Treasurer & Consultant
John Adams	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)
Henry Chao	New York Independent System Operator (NYISO)*
Clyde Custer	New York Independent System Operator (NYISO)
P. L. Gioia, Esq.	Dewey & LeBoeuf ,LLP – Counsel for NYSRC
Bart Franey	National Grid, USA
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service
Kim Harriman	Couch White, LLP (Large Customers’ Sector)
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric – Phone*
Carlos Vallalba	Consolidated Edison Co. of NY, Inc
Phil Smith	Mirant – Phone*
Anne Van Buren	Greenberg - Phone*

Visitors – Open

Session:

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

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

Agenda Items – (Item # from Meeting Agenda)

Executive Session – An Executive Session was requested by and granted to Mr. Bolbrock to discuss remuneration issues.

II. Open Session

- 1.0 Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.104 to order at 9:30 A.M. on December 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** – Mr. Dahl requested an Item regarding the reporting of equipment changes.
- 1.4 Executive Session Topics** – The Executive Committee discussed remuneration for Mr. Clayton who has served with distinction as the Chairman of RRS for a number years. Following discussion the Executive Committee unanimously approved compensating Mr. Clayton at the same quarterly level as the unaffiliated members excluding the additional per meeting payment. Also, personal expenses accrued within the Albany, NY area will not be reimbursed.

2.0 Meeting Minutes/Action Items

- 2.1 Approval of Minutes for Meeting No. 103 (November 9, 2007)** – Mr. Raymond introduced the revised draft minutes. Dr. Sasson indicated that there was some confusion regarding the number of points in the LCR/IRM used in the calculation of the Tan 45 point. Mr. Dahl stated that his presentation, which included the motion, contained a provision regarding the calculation of the Tan 45 based on points along the “elbow” region and around the resulting value. Dr. Sasson thought the issue of how many points had been left open for further study by ICS. It was decided that the meeting minutes would be left unchanged on this issue but that the Executive Committee would request ICS to review any proposal presented to it on other approaches for establishing the Tan 45 point – **AI #104-1**. After discussion and receipt of several other comments, Mr. Claggett moved for acceptance of the minutes subject to inclusion of the comments received. 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. 103 and post them on the NYSRC web site **AI - #104-2**.
- 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>
92-7	Mr. Dahl indicated that the review had been completed in October 2007.
101-5	Mr. Patka indicated that the NYISO could not guarantee meeting room space and that the cost would be comparable to the current level.
101-7	Comments were provided by the NYISO in October 2007.
103-1	The final minutes of meeting #102 were posted on November 14, 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 \$145,000 in cash at the end of November 2007. He noted that the income from the Workshops in the amount of \$1800 covered their costs and

that he expects a year end surplus of \$110,000.

- ii. **2008 Cash Flow Summary** – Mr. Adamson described the “2008 Monthly Cash Flow Estimate” which is prepared in accordance with the 2008 NYSRC Budget and Funding Mechanism. The Cash Flow Estimate serves as the basis for the quarterly Call-for-Funds. The balance at the end of 2008 is expected to be \$44,000.
- iii. **Call-For-Funds** – Mr. Adamson requested a 1st quarter 2008 assessment of \$5,000 for each NYSRC member and an additional \$20,000 for each Transmission Owner in accordance with the NYSRC Funding Mechanism. Following discussion, Mr. Smith moved for approval of the assessment requested by Mr. Adamson. Dr. Sasson seconded the motion which was unanimously approved by the Executive Committee members – (13 to 0). Mr. Adamson requested that the Executive Committee Members make “best efforts” to have their assessment to the treasurer by January 1, 2008.

3.2 Other Organizational Issues

- i. **Selection of Vice Chairperson** – Speaking on behalf of Mike Mager, Kim Harriman indicated his interest in the Vice Chair position, with the understanding that Mr. Mager would need to obtain client approval before accepting candidacy for the Chair position following Mr. Loehr’s tenure. Dr. Sasson indicated he was available for the position without this restriction if no other Executive Committee member came forth. Ms. Harriman confirmed that even without making a commitment at this time to assume the Chairmanship, Mr. Mager would continue to be a candidate for the Vice Chair. After it was confirmed that no other Committee member wanted to be considered at this time, and with this clarification by Ms. Harriman, Dr. Sasson withdrew his name from consideration. Mr. Smith moved that Mr. Mager be selected as the Vice Chair. The motion was seconded by Ms. Harriman and unanimously approved by the Executive Committee members – (13 to 0).
- ii. **Interpretation of the Code of Conduct** – Mr. Gioia noted that he had been asked to put in writing the NYSRC Policy regarding participation on NYISO committees. Further, he reminded the Committee that the Policy is imbedded in the Code of Conduct and in a form that is as unrestrictive as possible. From a clarification perspective, Mr. Gioia recommended adding the following paragraph to the Code of Conduct;

“The term, serving on an ISO Committee, means serving as a voting member of an ISO committee, and does not include serving as an alternate on a committee, and does not include participation in the activities of a committee as an attorney or other representative of a voting member of a committee.”

Following discussion, Dr. Sasson moved for approval of Mr. Gioia’s recommendations. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

- iii. **Modified Roster Format** – Mr. Jeremko introduced a proposed new roster format. After discussion, it was agreed that Mr. Jeremko would work with Messrs. Adamson and Raymond to finalize the roster format. Also, the Chairman requested that Mr. Raymond forward a listing of the email addresses of the NYSRC members and alternates and other primary meeting participants – **AI #104-3**. In addition, the Committee agreed to email pertinent information to Mr. Raymond for distribution to all members and other interested parties.

4.0 State/Federal Energy Activities –

4.1 Status of FERC NOPR on Reliability Standards – Mr. Gioia noted that FERC has not responded to the NYSRC comments as of yet. Also, he indicated that the PSC approved Version #19 of the NYSRC Reliability Rules. Mr. Adamson advised that he is currently working on a Version #21, which will reflect changes to PRRs #93 and #94 if approved today. In order to be as transparent as possible, Mr. Gioia requested that in the future any new version be an agenda item and appear in the Action Items List for transmittal to the PSC – **AI #104-4**. The Committee concurred.

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

4.3 RGGI Draft Regulations – Ms. Hogan indicated that comments are due to the DEC on December 24, 2008 regarding the proposed RGGI regulations. After lengthy discussion, the Executive Committee asked Mr. Gioia together with Messrs. Adamson, Dahl and Rufrano to develop comments based on the prior discussion, the most recent RNA, and the 2008 IRM Study. The comments, including HEDD impacts, were felt to be necessary because the DEC has not studied the reliability impacts of any of the environmental regulations under consideration for implementation in the next three years. Furthermore, the proposed HEDD regulations may be incompatible with LRR's, IR-3 and IR-5. Mr. Clayton noted the concern of RRS regarding the potential incompatibility and has asked the NYISO to study the issue. Ms. Hogan recommended that the NYSRC initiate a meeting with the DEC during January 2008 – **AI #104 – 5**.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith indicated that the NPCC SS-38 UFLS study has progressed; however, the governor modeling is taking longer than first envisioned. Therefore, it was decided to break the study procedure into two stages:

- 1) Disable governors on non-responsive units based on operating experience and general characteristics and unit type. Adjust the droop (governor gain) on remaining governors to match modeled and observed frequency response in each area.
- 2) Then, add unit load control models based on the TFSS Unit Governing Response Survey and other available information. (WEC had uncovered the need for updating models as a result of analyzing 1996 disturbance data.)

Step 1 is complete while step 2 is quite involved and may take on the order of one year to complete. Generally, it appears that modification of the UFLS program is likely because some of the islands do not appear to be recovering under conditions of a 25% deficiency. Additional sensitivity runs are in progress with the governor model updates per step 1 above.

M-G set data has been received from Entergy and Constellation (owners of the nuclear units). The SS-38 Working group is scheduled to meet in Montreal on Jan 8 and 9 of 2008. One approach being considered is to stay on course with regard to initiating Task 5 (Defensive Strategies) early in 2008 rather than to delay until after the governor response modeling (step 2) is complete. Mr. Smith is planning to schedule a Defensive Strategies Working Group meeting in early February 2008.

5.2 NPCC Defensive Strategy Activities – Nothing additional to report; see Item #5.1.

5.3 PSC Case to Establish Criteria for Interruptible Gas – Mr. Gioia informed the Committee that there has been no further action by FERC. Also, he noted that FERC has not taken action on the PSC's filing regarding FERC's approval of last year's IRM.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that ICS met on December 5, 2008.

6.2 Mechanism to Accommodate Expanded GE-MARS Database Review – Nothing new to report.

6.3 2008 IRM Study – Mr. Dahl directed attention to the draft 2008 IRM Report, which describes the results of an ICS study showing that the required IRM for the 2008 capability year is 15.0% under base case

conditions, and pointed out several key items in the Report. In particular, he discussed the Parametric IRM Impact Comparison (Table 2 in the Report) with the 2007 Study, which shows a net reduction of 1.0% in the base case IRM due primarily to transmission upgrades and reduced cable and generating unit outage rates. In addition, he described the Error Analysis and the results of the sensitivity cases. The substantial sensitivity of results to the reliability assumptions regarding the “Outside World” was noted. Dr. Sasson discussed the contents of the Error Analysis section showing that even if the base case result of 15.0% had a 50% LOLE of 0.094 days per year there remained a non-negligible probability that the 0.1 requirement may not be met. After further discussion, Mr. Dahl moved for approval of the 2008 IRM Study report. The motion was seconded by Mr. Clagett and unanimously approved subject to inclusion of several editorial updates. At the request of Dr. Sasson, it was agreed that ICS would re-visit the Error Analysis section in next year’s (2009) IRM study – **AI #104-6**. Of particular interest, is the relationship of the median point as a function of declining standard deviation in the Error Analysis.

6.4 Selection of the Final 2008 IRM – Mr. Gioia reviewed the new procedure for voting on the final IRM as approved by the Executive Committee at its November meeting. As a first step, the procedure calls for a secret “up or down” ballot on the base case (15.0%) as the final 2008 IRM, preceded by opportunity for Executive Committee members to comment as he or she sees fit. The Chairman noted the unanimous view that the 2008 IRM Report was of the highest quality and most thorough Study of its kind done to date and recognized ICS, NYISO and Consultants for an extraordinary effort. Dr. Sasson opened the discussion by expressing the view that this year’s base case confirms the trend in last year’s 1.5% reduction in IRM to 16.5%. But, he also stated that no study captures perfectly all issues that can affect results and, consistent with past practice on the part of the NYSRC, any reduction from 16.5% should be smaller and not go all the way down to 15.0%; thereby providing a cushion for issues not fully captured by the Study. Ms. Harriman and Messrs. Clagett, Ellsworth, Smith, Franey, Cordeiro, Fleury and Duffy each expressed confidence in the base case 15.0% result and that the final IRM should also be 15.0%. Mr. Bush cautioned the Committee about too aggressive a reduction at this time due to the uncertainty of the direction of future environmental regulations; in particular, HEDD. In his view, a significant change sends a signal to developers that new capacity is not needed in New York State. Mr. Bolbrock pointed out that price signals are not working and system upgrades in Southeast NY have been the result of sound planning, not prices. Mr. Dahl noted that this year’s data had been “scrubbed” like none other and that both NE and PJM have 15.0% IRMs. Still, he emphasized that data and software perfection can never be guaranteed. Mr. Rufrano stated the belief that some hedge was appropriate, in particular, against the uncertainty of the “outside world” modeling. Mr. Loehr closed the discussion by reminding the Committee that a .5% change in IRM is equivalent to only 150Mw of capacity. Dr. Sasson indicated that precisely this 150 Mw may be responsible for a loss of load event next summer. The result of the secret “up or down” ballot that followed was 9 votes in favor of 15.0% and 4 votes against. Since 9 votes is the requirement for approval under the NYSRC Agreement, 15.0% shall be the NYCA IRM requirement for the period May 1, 2008 through April 31, 2009.–Mr. Gioia, asked the Executive Committee to consider modification of the IRM voting procedure for next year whereby voting would be via individual ballot including the member name and the specific IRM being voted upon. Ballot counting would be by the Executive Secretary and Counsel – **AI 104-7**. Dr. Sasson reiterated that in his view, the 15.0% IRM leaves no cushion for error. Others felt the sensitivity cases adequately identified the risk and noted the conservative “Outside World” guidelines. Mr. Gonzales (NYISO) cautioned against future IRM results that oscillate up and down from year to year and expressed some concern regarding a lengthy outage of a major cable. Mr. Cordiero pointed out to the Committee that the action taken by the EC was limited to establishing the IRM necessary to meet design criteria. The result of the EC’s vote will not necessarily reduce available capacity because the NYISO’s Demand Curve will require LSE’s to purchase additional surplus capacity (i.e. capacity amounts available beyond the minimum requirement established via the IRM). Also, Mr. Gonzales noted that the NYISO may initiate a forward looking ICAP market which would require a forward looking IRM.

6.5 IRM Resolution – Mr. Gioia described the content of the IRM Resolution adopted for the current IRM. Mr. Clagett moved for a similar Resolution differing only by changes to the numbers to reflect this year’s IRM Study and Executive Committee vote. The motion was seconded by Mr. Ellsworth and approved unanimously by the Executive Committee members – (13 to 0). Mr. Gioia will file the change in the IRM with FERC and forward an informational letter to Mr. Lynch (NYISO) from Mr. Loehr – **AI #104-8**.

6.6 Other ICS Issues

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

7.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

7.1 RCMS Status Report and Discussion Issues – Mr. Fanning indicated that RCMS met on November 8 and December 13, 2007 to finalize the 2007 NYRCP. The next RCMS meeting is scheduled for January 10, 2008.

7.2 2007 NYRCP – RCMS has approved the following Measurements as being in full compliance:

- (a) BM-3, Demonstration that the System is Planned Considering Ease of Restoration,
- (b) CM-11, Reporting of Loadflow, Short Circuit, and Stability data to the NYISO,
- (c) EM-13, Documentation for Meeting Procedures Required by HM-3,
- (d) EM-7, MP Evaluation of NYISO Fault Duty Assessments,
- (e) FM-3, Procedure for Assuring Sufficient Load Shedding Capability,
- (f) GM-2, Transmission Owner Restoration Plan,
- (g) GM-3, Blackstart Provider Requirements, and
- (h) GM-4, System Restoration Requirements.

RCMS has begun work on the 2008 Compliance Plan which will be brought before the Executive Committee for approval on January 11, 2008. Review dates will be added in February 2008 in consultation with the NYISO.

7.3 Other RCMS Issues – Mr. Dahl noted several instances in which Generators and Merchant Tie Line Owners have failed to inform him of significant system equipment changes in a timely manner. Further, it appears that this may be a systemic problem. Mr. Adamson pointed out that in December 2005, the NYSRC approved a change to CM-9, “the NYISO shall establish and maintain Procedures for Maintenance of Loadflow, Short Circuit, and Stability Data”. The Measurement states that the procedures shall include MP requirements to report to the NYISO and TO’s critical changes to these data bases. RCMS is planning to take up this issue at its next meeting.

8.0 Reliability Rules Subcommittee Status Report/Issues

8.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on December 6, 2007. PRRs #8, #52 and #84 are on hold pending final approval of other associated items. At the suggestion of Mr. Pappas (LIPA), RRS will be considering a new rule for annual testing of governor performance. PRR #93, a NYISO proposal to include controllable load in the 10 minute synchronous reserve and align with the proposed change to NPCC A-6 Document, was approved by the Executive Committee on November 13, 2008 via email ballot. PRR #94, Exceptions to NYSRC Reliability Rules, has been posted for 45 days and no comments were received. Mr. Fleury moved for approval of PRR #94. Mr. Clagett seconded the motion which was unanimously approved by the Executive Committee members – (13 to 0).

8.2 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 8.1. At the request of Mr. Clayton, Mr. Raymond

will notify the NYISO Tie List of newly approved Reliability Rules – **AI #104-9**.

2. **PRRs for EC Approval to Post for Comments** – Mr. Clayton introduced PRR# 95, System Restoration Training, a clarification of an existing rule and requested approval to post for comment. At the request of Dr. Sasson, a short presentation of PRR# 95 will be made to the Executive Committee at the meeting the Committee will be requested to adopt the PRR. – **AI #104-10**. Mr. Ellsworth moved for approval of PRR #95 to post for comment. Mr. Fleury seconded the motion which was unanimously approved by the Executive Committee members – (13 to 0).

3. **PRRs for EC Discussion** – None

8.3 **NPCC/NERC Standard Tracking**

- i. **NERC Standards Development – Status** – Mr. Adamson noted that a large number of new Standards continue to be commented or balloted each month. In many instances the comments of the NPCC Reliability Standards Committee are sufficient from the NYSRC standpoint.
- ii. **Status of NERC “Determine System Operating Limits” – See Item #8.4.**
- iii. **NYCA Impact of New A-10 Document (Definition of Bulk Power System)** – The A-10 Document is under development as the first component of the new NPCC enforceable Standards. Mr. Adamson represents the NYSRC on the NPCC Standards Committee.

- ## 8.4 **Other RRS Issues** – Mr. Clayton reported that at the request of the Executive Committee, he submitted comments to NERC on its “Adequate Level of Reliability” definition. A new draft has been developed including some of our comments. Also, the NYSRC submitted a new SAR addressing, in particular, multi-element contingencies (Category C). The NERC Standards Committee tabled discussion on the SAR until January 2008. Also, Mr. Clayton emphasized the importance of resolving the potential conflict between the MOP rules and the proposed HEDD environmental regulations. He asked the NYISO representative(s) present to request that Mr. Carney break out the HEDD units and indicate for specific high load days whether the MOP rules could have been implemented. A “White Paper” on this matter would be a good indicator for RRS in investigating the matter and taking action before an emergency occurs. The Committee agreed that Mr. Clayton should work with Mr. Adams to have a “special report” prepared – **AI #104-11**.

9.0 **NYISO Status Report/Issues** –

- ### 9.1 **NYISO 2007 Comprehensive Reliability Planning Process (CRPP)** – Mr. Adams reported that the Board approved the 2008 Comprehensive Reliability Plan. The NYISO is soliciting market based solutions based on the RNA.

9.2 **Studies – Status**

- i. **Electric Deliverability Study** – Mr. Chao indicated that a conceptual plan was filed with FERC on October 5, 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. A compromise agreement was reached with stakeholders for a deliverability test within each of three super zones: J, K, and ROR. Following the Tariff filing with FERC under Order #890, and receipt of comments, there will be a second filing including the details of the test at the end of the 1st quarter 2008. The NYISO will provide a presentation on the Study to the Executive Committee at that time – **AI #104-12**.

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** – Nothing new to report.

- ### 10.2 **NYISO Operations Report (October 2007)** – Mr. Gonzales noted that November 2007 was a quiet month with no Major Emergencies declared. In the case of a major emergency, the NYISO performs a “lessons learned” assessment which can result in changes to operating procedures. Also, Mr. Gonzales

pointed out the rolling month graphics on reliability performance available through the NYISO. There is an effort through the Operating Committee and SOAS to leverage NERC's data collection process by including frequency excursions of shorter duration. Mr. Happ (PSC) is heavily involved. There is also consideration being given to recommending a new governor emergency performance rule.

10.3 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth noted that the second NAESB Bulletin is available.

10.4 NPCC Report – Mr. Fedora reported that on December 1&2, 2007 there was a hydration boiler incident at Sable Island that knocked out the Island's gas supply to New Brunswick. This precipitated OP-4 activities throughout NEPOOL.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#105	Jan. 11, 2008	NYSERDA Offices, Albany, NY.	9:30 A.M.
#106	Feb. 08, 2008	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 104 was adjourned at 4.00 P.M.