

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 117 – January 9, 2009
NYSERDA Offices, Albany, NY

Members and

Alternates:

George C. Loehr	Unaffiliated Member – Chairman
Curt Dahl	LIPA - Member – ICS Chairman
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George E. Smith	Unaffiliated Member
Richard J. Bolbrock	Municipal & Electric Cooperative Sector - Member
Thomas Duffy	Central Hudson Gas & Electric – Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc. - Member
Michael Forte	Consolidated Edison Co. of NY, Inc. - Alternate
Joe Hippius	National Grid, USA - Member
Michael Mager, Esq.	Couch White, LLP (Large Customers’ Sector) – Vice Chair
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member - Phone
Chris Wentlent	AES New York – Alternate - Phone
Ralph Rufrano	New York Power Authority – Member

Others:

Paul Gioia, Esq.	Dewey & LeBoeuf, LLP - Counsel
Steve Fanning	National Grid, USA – RCMS Chairman
Al Adamson	Treasurer & Consultant
Henry Chao	New York Independent System Operator (NYISO)
Greg Campoli	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) - Counsel
Ken Davis	New York Independent System Operator (NYISO) – Counsel - Phone
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service

Visitors – Open

Session:

Erin Hogan, P.E.	NYSERDA
Phil Fedora	Northeast Power Coordinating Council (NPCC)
Stan Kopman	Northeast Power Coordinating Council (NPCC) – Phone*

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was not requested.

II. Open Session

1.0 Introduction – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.117 to order at 9:30 A.M. on January 9, 2009.

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

1.4 Executive Session Topics – None

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 116 (December 5, 2008) – Mr. Raymond introduced the revised draft minutes. Messrs. Hipius and Gioia suggested several editorial changes. Following further discussion, Mr. Ellsworth moved for approval of the draft minutes contingent upon inclusion of Messrs. Hipius and Gioia suggestions. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #117-1**.

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>Comments</u>
109-5	The NYSRC approved a 16.5% IRM on Dec 5, 2008.
112-2	Mr. Clayton and others met with Mr. Sliwinski (DEC) on January 8, 2009.
112-4	The 2009/10 IRM Report clarified the IRM used in the ICAP Market.
115-6	The MARS data issue was resolved without need of the Letter.
115-7	The “Disclaimer” was not necessary due to progress on the MARS data issue.
116-3	The 2009/10 IRM Report was filed with FERC on December 19, 2008.
116-4	LIPA and ConEd provided comments on the Offsite Data Base Review Agreement prior in December 2008.

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 \$133,000 at the end of December 2008. Mr. Adamson noted that the year-end expenses were \$595,000, \$86,000 below budget. Also, \$37,500 has been received toward the 1st Quarter Call-For-Funds leaving \$127,500 outstanding. Mr. Adamson requested receipt of the outstanding Funds by mid January 2009. Also, he informed the Executive Committee that the NYSRC Accountant, Colleen Campoli, has raised her fee by \$5.00 per hour beginning January 1, 2009. A copy of the revised Accountant Agreement was provided to Messrs.

Gioia and Raymond. The Auditors, Slocum DeAngelus & Associates, will be receiving the 2008 audit information over the next two weeks from Ms. Campoli and Mr. Adamson. A letter will be sent to the affiliated members requesting a record of payments received in 2008. The Audit Report is expected in March 2009. The Form 1099 tax information should go out in about two weeks.

3.2 Other Organizational Issues

- i. Code of Conduct** – Mr. Raymond reminded Executive Committee members and alternates, Subcommittee Chairs and the Defensive Strategies Working Group Chair that the Code of Conduct Acknowledgement Forms need to be signed and received by Mr. Raymond as soon as possible.
- ii. NYSRC Biennial Report** – Mr. Adamson reviewed a draft outline of the 2008/09 Biennial Report for discussion. Mr. Raymond urged the Executive Committee Members and Alternates to provide their thoughts regarding Accomplishments and Future Challenges. An initial draft of the report will be available for discussion during the February 13, 2009 Executive Committee meeting – **AI #117-2**. The cost of printing will be about \$2000.00.

4.0 State/Federal Energy Activities

4.1 SEP Update

- i. Energy Planning Board (EPB) - Energy Coordinating Working Group (ECWG)** – Ms. Hogan indicated that the ECWG has until July 2009 to complete the SEP. A draft for public comment should be available mid-March 2009. This will provide time for drafts being circulated within member agencies to be thoroughly reviewed and the gas and electric modeling to proceed at a reasonable pace.

4.2 NYSERDA Update – Ms. Hogan indicated that a replacement for NYSERDA Director is expected to be named at the next Board meeting on January 26, 2009.

4.3 RGGI Update – Mr. Clayton informed the Executive Committee that on January 8, 2009, he, Brad Kranz(NRG), Mark McClain(Dynegy), Pete Carney(NYISO), and Greg Drake (NYISO) met with the DEC. Dr. Sasson and Mr. Dahl were on the phone. There were seven people in attendance from the DEC including Rob Sliwinski. The agenda included a presentation by Messrs. Drake and Dahl on the results of the 2009/10 IRM Study. The results indicated that about 3000Mws of coal fired generation could be impacted by RGGI, if regional and international markets for CO₂ allowances converge. Secondly, the Ozone Transport Commission's (OTC) High Electric Demand Day (HEDD) program, designed to reduce NOx emissions from older peaking units, could increase the IRM to beyond 28%. Mr. Dahl noted that the DEC representatives clearly recognize that the HEDD program, currently being developed, cannot be designed to result in excessive IRM impacts, as shown. The DEC expressed interest in working with the NYSRC and NYISO as the details of the HEDD program are developed. Also, the DEC briefly discussed the results of the December 17, 2008 auction of 20% of the 2009 CO₂ allowances. The bid prices ranged from \$1.86 to \$7.20/ton. Mr. Carney pointed out that the convergence of markets around the world would raise the price to nearer \$25/ton, which would likely drive New York State coal generators out of business. In addition, the DEC noted that the Clean Air Interstate Rule (CAIR), which had been vacated by a Washington Circuit Court, was appealed and stayed in December 2008. The DEC will be distributing a fact sheet on all the new environmental regulations for public comment before the end of January 2009. The NYRSC and NYISO will be meeting with the DEC to provide comment on February 10 or 11, 2009 – **AI #117-3**. Lastly, the DEC offered that a Northeastern States Low Carbon Fuel Initiative, is gaining attention whereby research would be conducted on mixing bio-fuels and conventional fuels without increasing the heat rate.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith noted that the next Defensive Strategies Working Group (DSWG) meeting will be in March 2009. He noted that the six-year program to complete all the equipment purchases, setting changes and rewiring for implementation of the UFLS changes is front loaded. The implementation plan will follow a one year period to obtain NPCC Membership approval. Mr.

Rufrano added that a large part of the timing issue is due to the difficulty in taking the necessary system outages to perform the work. Mr. Smith explained that changing existing relay settings, which will capture a large piece of the reliability gains, will be completed in the first two years. Mr. Clagett suggested, given that NPCC Members know of system upgrades which will improve reliability performance against major disturbances, the implementation program should be packaged so as to clarify any concerns regarding the length of the implementation schedule. After lengthy discussion, it was agreed that (a) Mr. Rufrano would orally present the Executive Committee's concern at NPCC and (b) the TOs will investigate the scheduling with their System Protection personnel and provide the information to Mr. Rufrano – **AI #116-6**.

5.2 NPCC Defensive Strategy Activities – Nothing additional to report at this time. The NPCC Board meets on February 2, 2009.

5.3 Interregional Studies of Proposed Transmission

i. SEP – Nothing new to report.

ii. NYISO – Mr. Adams reported that the Interregional Planning Stakeholders (PJM, NYISO, and NE-ISO) Advisory Committee (IPSAC) met in Albany, NY on December 11, 2008. The Committee is finalizing a scoping report for 2009 Interconnection Studies scheduled for completion before the end of the year. Mr. Chao agreed to distribute the Report when it becomes available – **AI #117-4**.

iii. NPCC – Mr. Fedora reminded the Executive Committee that the Interregional Studies will go forward via the ERAG study forums—RFC-NPCC, RFC-SERC(East), and RFC-MRO-SPP-SERC(West). Also, Mr. Fedora noted the study scope for the RFC-NPCC Assessment of Year 2014 is under preparation by Mr. Paul Roman (NPCC). Completion is expected by the end of 2009.

5.4 IPSAC Meeting 12/11/2008 – See Item 5.3ii.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

6.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that ICS met for its regular monthly meeting on January 5, 2009 and focused on the ICS Work Plan for 2009. He noted that work will continue on the representation of RGGI and HEDD. CAIR is a seasonal issue that impacts prices but not necessarily the IRM. The NYISO will prepare a “white paper” for the February 13, 2009 Executive Committee meeting supporting this view on CAIR. Also, ICS reviewed the prior approved scope of the Forward Capacity Market (FCM) study. It was agreed to use a horizon year of 2013 based on the NYISO's schedule for implementation of the FCM. The Study is scheduled for this spring provided the NYISO can provide the necessary manpower. Mr. Chao noted that the NYISO will not complete the design for implementing the FCM until the end of 2009. Mr. Dahl assured the Executive Committee that the results of the study are for informational purposes only, not as a replacement for the year ahead IRM.

6.2 2010/11 IRM Development – Mr. Dahl reminded the Executive Committee of the modeling improvements that will be considered for next years IRM Study:

- a) Update the Load Forecast Uncertainty Model (joint LFTF & ICS initiative) – LFTF was asked to develop a Load Forecast Uncertainty Model recommendation by May 2009 for ICS review.
- b) External ICAP Impact on IRM - The NYISO is drafting a white paper on the impact of external ICAP modeling on the IRM. It will be discussed at the February 2009 ICS meeting.
- c) Explore option of automating IRM/LCR curve and improve sensitivity test methodology – The NYISO continues to work on benchmarking the Con Edison program for automating IRM/LCR curves. The intent of this program is to enhance sensitivity testing by automatically generating an IRM/LCR curve as warranted by the case definition (e.g. wind modeling, or the impact of Neptune). NYISO will have a final recommendation by April 2009.
- d) Explore options for refining PJM transmission model (particularly important with Neptune & new VFT) - ICS reached out to the NYISO Transmission Planning staff for information from the IPSAC NYISO/ISONE/PJM regional study.

- e) Tan45 Analysis – It was agreed that ICS will review the technique used to perform the regression analysis for Tan45 calculations.

Mr. Raymond inquired regarding plans to address the expected rise in future IRMs as a consequence of wind and other potential “green” resources. ICS will place greater emphasis on the “packaging” of future IRM Reports to avoid any misunderstanding of the ICAP and UCAP IRMs – **AI #117-5**.

- 6.3 PSC IRM Notice and NYSRC Comments** – Mr. Gioia noted that the FERC IRM filing was made on December 19, 2009. January 9, 2009 is the last day for public comments. Also, Mr. Gioia called the PSC’s General Counsel regarding the need for a proceeding. The General Counsel indicated that after the receipt of comments on its IRM Notice, a determination would be made regarding a letter versus a proceeding. Comments are due on January 13, 2009. Mr. Gioia will prepare NYSRC comments and circulate them for review – **AI #117-6**.
- 6.4 Mechanism to Accommodate Expanded MARS Date Base Review** – At the January 9, 2009 Executive Committee meeting, Mr. Patka indicated that the NYISO has agreed to provide the data, part of which is masked in binary form to protect the markets, to authorized LIPA and ConEd personnel for offsite review of the unmasked IRM related data under an Off-site Access Agreement with LIPA and ConEd, signed by authorized personnel. Mr. Patka asked that Mr. Gioia, LIPA and ConEd provide their comments to the proposed Agreement – **AI #116-4**.
- 6.5 Other ICS Issues**
- i. **Analysis of EFOR Trends** – Mr. Dahl reported that ICS is putting together a scope of analysis based on recommendation #7 included in “Reliability Compliance Review of 2004 NERC-GADS Outage Data Misreporting Event” approved by the Executive Committee on December 5, 2008. This paper recommends a joint ICS/NYISO analysis of EFOR trends.
 - ii. **Revision of Policy 5 for Deliverability** - It was agreed by ICS that Policy 5 should be reviewed in the late Spring or early Summer 09 period to determine if any updates are required, including consideration of the Capacity Deliverability issue.
 - iii. **TOs Strategic Transmission and Reliability Study** – Mr. Dahl noted that the RFP responses for the Study continue to be under review.
- 7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues**
- 7.1 RCMS Status Report & Discussion Issues** – Mr. Fanning indicated that RCMS met for its regular monthly meeting on January 8, 2009.
- 7.2 2008 New York Reliability Compliance Program (NYRCP)** – Mr. Fanning reported that K-2d, Monthly Operating Report, was found to be in full compliance. K-M2a, K-M3, 2008 Transmission Assessment & Extreme System Conditions Assessment, was extended for one month to obtain and review additional information from the NYISO. A draft Report should be completed by the March 2009 RCMS meeting.
- 7.3 2009 New York Reliability Compliance Program (NYRCP)** – Mr. Fanning discussed the rationale behind the items selected for the 2009 NYSRC Reliability Compliance Program. Following discussion, Mr. Ellsworth moved for approval of the Program as presented by Mr. Fanning. Mr. Claggett seconded the motion which was unanimously approved by the Executive Committee – (13 to 0). RCMS will meet with the NYISO to set the schedule for completion of each Measurement on January 27, 2009. At the encouragement of Mr. Hipius, it was agreed that Measurement B-M4, List of NYS Bulk Power System Facilities, will be interpreted to mean the facilities to which the NYSRC Reliability Rules apply for purposes of the 2009 NYRCP.
- 7.4 RCMS Compliance Review of 2004 GADS Reporting Error(s)** – Mr. Fanning referred to the approved RCMS Report, Reliability Compliance Review Of 2004 NERC-GADS Outage Data Misreporting Event and focused discussion on the status of the Recommendations. Regarding Task 1 of Recommendation #3, which asks RRS to interpret Measurement C-M5 to clarify the meaning of the term “accurate resource outage data”, Mr Clayton discussed RRS' following interpretation: "The intent of this term is that outage data reported by market participants to the NYISO shall be accurate (correct)

prior to being used for IRM studies or other NYSRC or NYISO study or market applications; and that any misreported data that is submitted by market participants shall be identified by the NYISO using due diligence procedures for data screening and scrubbing to ensure the outage data is correct when it is used for these applications. A reportable violation of Measurement C-M5 arises when erroneous outage data is not identified and corrected by due diligence procedures before it is used in NYSRC or NYISO study applications." Following discussion, the EC approved this interpretation. Mr. Clayton next reported that for Task 2, RRS concluded that the NYISO definition of a C-M5 violation as stated in the RCMS report is not consistent with the above RRS interpretation. Mr. Clayton further stated that in accordance with Task 4, RRS will next prepare a PRR to modify C-M5. The EC also agreed that in addition to modifying C-M5, C-M4, which requires NYISO procedures for reporting outage data, they should be strengthened to require the use of data screening methods for NYISO review of the data as stated in the RRS interpretation of C-M5. Recommendation #7, EFOR Trend Analysis, is on the ICS work schedule for 2009.

7.5 Other RCMS Issues

i. Draft NPCC Governor Response vs. Measurement C-M9 – Mr. Fanning noted that RCMS has asked the NYISO to review and report on its governor data versus the NPCC data via its C-M9 report for the 2009 NYRCP.

8.0 Reliability Rules Subcommittee Status Report/Issues

8.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on January 8, 2009. He indicated that the template for PRR# 99, System Restoration, is under review. Mr. Mahlmann (NYISO) is streamlining the Rule and making the necessary changes to conform with the NPCC's Criteria and NERC EOP-005 revisions. PRR #100, Operating Reserves, is under development to align with NPCC A-06.

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 EC Final Approval

- PRR #96, C-M1, CM2: Verification of Resource Capacity, was described by Mr. Clayton and approval requested since the comment period had expired without input. Mr. Claggett moved for approval which was seconded by Mr. Smith and unanimously approved by the Executive Committee – (13 to 0).
- Similarly, PRR# 98, NYCA Transmission Review, was discussed by Mr. Clayton. Mr. Ellsworth moved for approval which was seconded by Mr. Smith and unanimously approved by the Executive Committee – (13 to 0).

2. PRRs for EC Approval to Post – None

3. PRRs for EC Discussion - None

8.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Status – Mr. Adamson introduced the NERC Reliability Standards Development Tracking Summary. A number of proposed standards were discussed jointly with NPCC and comments and voting positions decided upon as summarized in the December 30, 2008 NERC Tracking Summary. Mr. Adamson noted that the NYSRC voted in the affirmative on revisions to the CIP, Cyber Security Standards.

ii. Status of NERC "Determine System Operating Limits" – Mr. Clayton indicated that the SAR drafting team will be having a conference call on January 19, 2009 to decide whether to resubmit the SAR for stakeholder comments or to proceed with preparation of a new Standard.

8.4 Other RRS Issues

i. BPS Issues – Regarding PRR# 97, BPS Facilities, Mr. Clayton noted that RRS has been on hold given the uncertainty provided by the December 18 FERC Order regarding the 100kv "bright line".

He suggested that in the interim, RRS explore two issues: 1) If 100kv is established by FERC as a “bright line”, should the NYSRC adopt the criteria for NYSRC Reliability Rules? and 2) Do all NYSRC Reliability Rules apply to both planning and operating? Mr. Hipius distributed a brief document to frame some of the issues and promote discussion. He suggested that RRS should focus on providing the Executive Committee with advice on the impact of adopting the 100kV criterion for applying NYSRC rules, observing that this might point to the need to either alter rules, create exemptions, or create one or more other facilities lists instead of apply the 100kV criterion. It was agreed that Messrs. Clayton and Hipius will discuss the direction of RRS on their own outside the meeting.

The Executive Committee expressed concern regarding any NPCC Board recommendation accepting the 100kV “bright line”, since the FERC Order did not request acceptance or otherwise. Further, the Executive Committee stated surprise that NPCC would make such an overture without input from the Members regarding the impact, particularly since any facilities in NPCC beyond the A-10 List would have no impact on BPS reliability.

9.0 NYISO Status Report/Issues –

9.1 NYISO 2009 Comprehensive Reliability Planning Process (CRPP) – Mr. Chao reported that the 2009 Reliability Needs Assessment (RNA) was released. The need for new generation resources has extended to 2018.

9.2 NYISO Fuel Diversity Study – Mr. Adams indicated that the Fuel Diversity Study is complete and may be found on the NYISO web site. The NYISO will be prepared to present the Study at the February 13, 2009 Executive Committee meeting – **AI #117-7**.

9.3 Joint Coordinated System Plan (JCSP) Study – Mr. Adams reported that the JCSP, members including MISO, PJM, SPP, MAPP, TVA, and support from the NYISO and ISO New England, is investigating the potential for thousands of MWs of wind capacity in the Midwest to supply major load centers throughout the Eastern Interconnection. Through open forums, stakeholders have discussed the assumptions and draft results of the analysis. The Study Report is undergoing internal review and is expected to be available by the end of the first quarter of 2009.

9.4 Other Studies/Activities

i. NYCA Reactive Power Study – Dr. Sasson indicated that the Reactive Power Study Working Group has planned a conference call for January 12, 2009 to clarify the study scope before beginning to set requirements.

ii. Wind Integration Study/Activities – Mr. Adams noted that the Integration Study will be completed by the end of 2009.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Campoli indicated that December 2008 was a relatively uneventful month with a peak load of only 24,674Mws. There were no major emergencies declared.

10.2 North American Energy Standards Board (NAESB) Report – Mr. Ellsworth indicated that the next Quarterly Report will be available shortly.

10.3 NPCC Report – Nothing additional to report.

11.0 Visitors’ Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	Date	Location	Time
#118	Feb.13, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#119	Mar.13, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No. 117 was adjourned at 3:15 P.M.