

**Final Minutes**  
**New York State Reliability Council, L.L.C. (NYSRC)**  
**Executive Committee**  
**Meeting No. 119 – March 13, 2009**  
**Albany Country Club, Voorheesville, 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 Member
Joe Hippius	National Grid, USA - Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member
Tim Bush	Independent Power Producers of New York (IPPNY) – Member - Phone
Ralph Rufrano	New York Power Authority – Member

**Others:**

Paul Gioia, Esq.	Dewey & LeBoeuf, LLP - Counsel
Al Adamson	Treasurer & Consultant
Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Henry Chao	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) - Counsel
Rick Gonzales	New York Independent System Operator (NYISO)
Mike Swider	New York Independent System Operator (NYISO)
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)
Howard Tarler	NYS Department of Public Service – Retired*

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

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

- I. **Executive Session** – An Executive Session was requested by Dr. Sasson.
  
- II. **Open Session**
  - 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.119 to order at 9:30 A.M. on March 13, 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 with the exception of Mr. Mager, Esq.
  - 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 held to discuss conformance with Policy 5.
  
- 2.0 **Meeting Minutes/Action Items**
  - 2.1 **Approval of Minutes for Meeting No. 118 (February 13, 2009)** – Mr. Raymond introduced the revised draft minutes. Messrs. Gioia and Rufrano and Dr. Sasson suggested several changes. Following further discussion, Mr. Fleury moved for approval of the draft minutes contingent upon inclusion of Messrs. Gioia and Rufrano and Dr. Sasson’s suggestions. The motion was seconded by Dr. Sasson and unanimously approved by the Executive Committee Members in attendance – (12 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #119-1**.
  - 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>
87-7	Mr. Swider (NYISO) presented the results of the Fuel Diversity Study at the March 13, 2009 Executive Committee meeting.
112-6	The NYISO declined to provide information (confidential) about on-going investigations of potential compliance violations.
116-5	Being addressed by the recommendations from the RCMS <u>Review of the 2004 NERC-GADS Report</u> .
117-7	See AI #87-7 above.

- 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 shows a balance of \$165,000 at the end of February 2009.
    - ii. **2<sup>nd</sup> Quarter Call-for-Funds** – Based on a review of future cash flow requirements, Mr. Adamson recommended a 2<sup>nd</sup> Quarter Call-For-Funds of \$25,000 from each TO by April 1, 2009. Following discussion, Mr. Rufrano moved for approval of the Call-For-Funds. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee Members in attendance – (12 to 0).
    - iii. **2008 Audit Status** - Mr. Adamson introduced the 2008 Audit Report prepared by Slocum DeAngelus & Associates. The Auditor concluded that all records were in proper order. Separate copies were provided to Messrs. Gioia, Raymond and Schrom. Mr. Gioia noted that the annual Audit Letter was provided to the Auditor. Also, the Auditor prepared IRS Tax Form 990 for non-

for-profit organizations. Mr. Adamson provided a Representation Letter to the Auditor summarizing all the financial statements given to them during the audit. A copy was provided to Messrs. Gioia and Raymond. The bill for the Audit was \$2350.00 as agreed to pre-audit.

### 3.2 Other Organizational Issues

- i. **NYSRC Biennial Report** – Mr. Adamson introduced the draft the 2008/09 Biennial Report for discussion. Also, he noted that the “cap and trade” method for reducing NO<sub>x</sub> emissions was added to the section on future issues. Following receipt of Executive Committee comments, Mr. Adamson requested final comments by March 20, 2009. The printing of the formal document will be completed for the April 17, 2009 Executive Committee meeting. The Chairman acknowledged the excellent work done on the Report by Mr. Adamson, his wife Carol and Carol Lynch, the NYSRC Administrative Assistant.
- ii. **D & O Policy** – Mr. Gioia noted that the D & O Policy expires on April 6, 2009. He will contact the insurance provider this coming week regarding filing for renewal.

### 4.0 State/Federal Energy Activities

#### 4.1 SEP Update

- i. **Energy Planning Board (EPB) - Energy Coordinating Working Group (ECWG)** – Mr. Patka reported that the NYISO is supporting the modeling for the least cost planning analysis, which is being carried out by the consultant, ICF. A base case is near to being agreed upon by the NYISO and ICF. A gas system model will be used to verify the availability of sufficient gas transportation. Also, the NYISO will be performing a 20 year MARS Study. An outline of the draft SEP will be available March 30, 2009. The draft for public comment is scheduled for July 15, 2009 and the final SEP will be issued on October 15, 2009.

- 4.2 **PSC Order Adopting the 2009/10 IRM** - Mr. Gioia reported speaking with David Drexler, PSC Assistant Council, regarding the reasoning behind the Executive Committee’s selection of a 16.5% IRM versus the 16.2% result from the base case. With input from Messrs. Adamson and Dahl, Mr. Gioia responded that historically the Members had tended to provide a cushion, the difference amounted to only about 100MWs and the large set of sensitivity cases provided important additional input. Mr. Drexler suggested that in the future, if the NYSRC adopts an IRM different from the base case IRM, some guidance be provided as to its reasons for adopting the different IRM. Mr. Adamson suggested that in the future, following the IRM vote, the Executive Committee members state the basis for their vote. Also, Policy 5 should be revised to show the rationale for the cushion, if any, based on a consensus of Executive Committee views – **AI #119-2**. Mr. Gioia indicated that this information should be included in the IRM Resolution.

- 4.3 **NYSERDA Update** – Nothing new to report.

- 4.4 **RGGI Update** – Mr. Gioia noted that apparently Governor Paterson has decided to provide additional allowances to generators under the RGGI program. Mr. Haake indicated that the changes will protect long term contract holders where the pricing is already in place. Also, he noted that on January 27, 2009 Indeck, Inc. filed a lawsuit claiming, among other things, that RGGI is in effect a tax, which can only be levied by the State Legislature.

- 4.5 **Protected Critical Infrastructure Information** – Mr. Fleury reported that a California Appellate Court affirmed a trial court decision ordering Santa Clara County to comply with a request for an electronic copy of the County’s Geographic Information System (GIS) Base Map, which the Department of Homeland Security has specified as Protected Critical Infrastructure Information (PCII). The County has until March 17, 2009 to petition the California Supreme Court to review the case. Mr. Patka noted that FERC has established specific criteria for critical infrastructure information in the electric industry.

- 4.6 **Pursuit of Stimulus** – Mr. Fedora noted that at the NARUC Winter Committee meetings, Ms. Barney (NYPSC) asked Mr. Sergel (NERC) how NERC was planning to spend its portion of the Stimulus and whether NERC PC &OC would be involved. The Stimulus Law states: *Provided, That for the purpose*

*of facilitating the development of regional transmission plans, the Office of Electricity Delivery and Energy Reliability within the Department of Energy is provided \$80,000,000 within the available funds to conduct a resource assessment and an analysis of future demand and transmission requirements: Provided further, That the Office of Electricity Delivery and Energy Reliability will provide technical assistance to the North American Electric Reliability Corporation, the regional reliability entities, the States, and other transmission owners and operators for the formation of interconnection-based transmission plans for the Eastern and Western Interconnections and ERCOT. Provided further, That, such assistance may include modeling support to regions and States for development of Coordinated State electric policies, programs, laws, and regulations.*

Mr. Sergel responded to Ms. Barney that NERC will have a role in determining how DOE and FERC uses the Stimulus based on conversations moving forward. He prefers leaving the responsibility for planning and construction of projects where it is today. Meanwhile, the DOE (green) electric initiative, \$40B/yr., including an EHV national transmission overlay (wind delivery from the mid west) and numerous “Smart Grid” projects, appears to be on the move without NERC. FERC held a Renewables Technical Conference on March 2, 2009 and the DOE held a Transmission Technical Conference on March 4, 2009. Mr. Gioia added that a significant amount of federal attention is being given to bills, proposed by Sen. Reid and Rep. Bingaman which would give siting authority to FERC. NARUC has taken no position.

## **5.0 Key Reliability Issues**

**5.1 Defensive Strategies** – Mr. Smith reported that the Defensive Strategies Working Group (DSWG) met on March 12, 2009. Mr. Tatro (NGrid) was in attendance and gave an update of the NPCC SS-38 Working Group regarding Task 5. The Working Group has been preparing the base case and other modeling requirements for the studies. There was a lengthy discussion of islanding possibilities including along stability limited interfaces or supplementing islanding with transfer tripping to specified locations in order to retain a generation and load balance. Also, ABB gave a presentation on its relay technology and wide area phasor technology. The phasor technology is geared toward operational awareness versus a remedial action scheme. ABB is involved with the NYISO on an Eastern Interconnection Phasor Study. Also, Schweitzer Engineering Lab gave a follow up technical presentation on its work out-of-step special protection systems. Siemens and GE will be asked to present their technology at the June 2009 of DSWG.

**5.2 NPCC Defensive Strategy Activities** – Nothing additional to report.

## **5.3 Interregional Studies of Proposed Transmission**

**i. NYISO** – Mr. Adams noted that the 2008 Northeast Coordination Electric System Plan was completed and circulated. Work will begin shortly on the recommended studies. Mr. Adams added that the DOE’s Eastern Wind Integration & Transmission Study is looking at 30% wind scenarios including off sites.

**ii. NPCC** – Nothing new to report.

**5.4 FERC Order 100kV “Bright Line”** – Mr. Loehr introduced a Summary of Outcomes and Options based on the information to date regarding the 100Kv “Bright Line” issue. Mr. Rufrano expressed the view that FERC may be willing to exercise some flexibility. For example, New York has 1100 facilities at 100Kv or above. The A-10 List contains about 200 of the facilities. FERC might be willing to accept a list of 600-650 facilities. Mr. Gonzales offered an approach to determine the facilities which is akin to the TLR methodology used at flow gates in day-to-day operations and requested Executive Committee support. The approach would use transfer distribution factors of about 1-2% to delineate facilities appearing on the list given to FERC. This approach could be packaged through NPCC, hopefully with Canadian acceptance. Following further discussion, the Executive Committee consensus was to support the concept. Mr. Gonzales, together with the TOs, will prepare a proposal for joint presentation (NYISO & NYSRC) to NPCC – **AI #119-3**. Mr. Loehr thanked Mr. Gonzales for the excellent approach and including the NYSRC in its development.

**5.5 Motion to Intervene** – Mr. Gioia noted that he would like to file a NYSRC intervention in the NPCC proceeding at FERC concerning the definition of bulk electric system facilities. The intervention would request that the NYSRC be made a party to the proceeding, without providing substantive comment. The intervention preserves the NYSRC’s right to make comments in the future, if it deems it appropriate. The Executive Committee concurred with Mr. Gioia’s request.

**6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue**

**6.1 ICS Status Report and Discussion Issues** – Mr. Dahl distributed the ICS Chairman’s Report from the regular March 4, 2009 ICS meeting. Of particular note were the following: (a) ICS agreed to provide the NYISO comments on its recommendation regarding the external ICAP calculation. The NYISO recommended that all non-grandfathered external ICAP be removed from future IRM studies, (b) the NYISO summarized the results of the Upstate/Downstate calculation. Results indicate a continued reliability subsidy flowing from Downstate to Upstate at the current IRM requirement, and (c) it was agreed that ICS would work with the NYISO to review actual data and develop a more refined model for the ConEd RiderU Program.

**6.2 2009/10 IRM Filing** – Nothing new to report.

**6.3 Mechanism to Accommodate Expanded MARS Database Review** – Nothing new to report.

**6.4 Other ICS Issues**

i. **Analysis of EFOR Trends** – Mr. Dahl introduced and discussed the finalized scope of analysis for EFORd trends 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. ICS discussed the NYISO’s requirements for the Master Consulting Agreement and liability coverage for NYSRC/ICS members who review the EFORd data. The ICS consultant (Mr. Vitale) has signed the Agreement and obtained the password encrypted data to begin work. The intent of this analysis is to compare trends and determine the major drivers of trends associated with increased zonal forced outage rates. The Executive Committee asked Mr. Gioia to review the Agreement and liability coverage – **AI #119-4**. The analysis will focus primarily on grouping data by type of units, service hours, maintenance, EFORd, NERC trends, etc. in an attempt to identify causes and possibly recommend improved modeling in IRM studies. Mr. Dahl moved for approval of the scope. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee members in attendance - (11 to 0).

ii. **FCM IRM Study Scope & Assumptions** - Mr. Dahl indicated that the NYISO and ICS have finalized a slightly reduced statement of work for the FCM study considering the NYISO workload and the schedule requirements to complete analysis by the June 2009 timeframe. The environmental and load base case scenarios have been reduced to one base case with provision for a number of sensitivity tests. The modified scope makes it clear that the analysis is for informational purpose and is not for FCM purposes. The intent of this study is a dry run to test and develop procedures for the future FCM. Mr. Gioia inquired as to whether the forward IRMs would be prepared only for use by the NYISO in connection with its FCM, or if they would be binding on the NYSRC. He was assured that the forward IRMs would not be binding. Mr. Rufrano moved for approval of the scope and assumptions. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee members in attendance - (11 to 0).

**7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues**

**7.1 RCMS Status Report & Discussion Issues** – Mr. Adamson indicated that RCMS met for its regular monthly meeting on March 12, 2009.

**7.2 2008 New York Reliability Compliance Program (NYRCP) Report** – Mr. Adamson introduced the annual NYRCP Report which highlights the RCMS activities for 2008. Thirty-three Measurements were addressed in 2008 and all were found to be in full compliance. The highlights included: (a) Market Non-Compliance with Outage Data Reporting Requirements, (b) NYCA Transmission and Resource

Adequacy Assessments, (c) Modifications of NYSRC Reliability Rules, and (d) Oversight of NYSRC Compliance with NPCC and NERC Reliability Rules. This was the fifth year in a row that the NYISO and Market Participants were found to be in full compliance. Mr. Clagett moved for acceptance of the Report. The motion was seconded by Mr. Smith and approved unanimously by the Executive Committee members in attendance – (11 to 0).

**7.3 2009 New York Reliability Compliance Program (NYRCP)** – Tabled to the April 17, 2009 Executive meeting.

**7.4 RCMS Compliance Review of 2004 GADS Reporting Error(s)** – The status recommendations from the approved RCMS Report, Reliability Compliance Review Of 2004 NERC-GADS Outage Data Misreporting Event is summarized below per the final minutes of the February 12, 2009 RCMS meeting.

Rec. #	Recommendation Excerpt	Status Excerpt
1	The EC should find the NYISO to be non-compliant regarding C-M5, but not issue a letter of non-compliance.	The EC agreed that the NYISO took all reasonable action and that no letter of non-compliance is required. <b>Complete</b>
2	The NYISO should include mitigation measures in future non-compliance letters to Market Participants.	Carl Patka has agreed with this recommendation. <b>Complete</b>
3.1	RRS interpretation of Measurement C-M5 meaning “accurate resource outage data”	Approved by the EC at its January 9, 2008 Meeting. <b>Complete</b>
3.2	RRS determines if NYISO definition of measurement C-M5 matches their definition	RRS determined that the NYISO definition of C-M5 is not consistent with the RRS interpretation. <b>Complete</b>
3.3	RCMS recommendation to EC as to whether or not further compliance reviews of previous cases is warranted.	Pending – Mr. Adamson asked the NYISO to provide the # of times the EFORd was restated, whether the restatement was after use in IRM studies and whether any Market Participant was responsible for more than one restatement.
3.4	RRS to prepare a PRR to modify Measurement C-M5	RRS is developing PRR #101 to revise C-R 2, and C-M 4, 5 and 6.
4	Improving the outage screening process	A NYISO group continues to meet weekly or semi-weekly to develop the process.
5	NYISO conducting in-house NERC-GADS workshop	The NYISO is planning GADS training within 2 months conducted by NYISO Staff. NYISO Market Training personnel will conduct the training.
6	MMU to notify Resource Planning during its investigation	The NYISO has reconfirmed its previous position that the MMU is an independent arm of the NYISO, which is affirmed in NYISO tariffs and FERC orders, and therefore cannot be required by the NYISO to report the existence of an ongoing investigation of GADS data to Resource Planning. <b>Complete</b>
7	Joint NYISO/ICS EFOR trend analysis	ICS has scheduled completion for June 2009.

## 7.5 Other RCMS Issues

- i. **Draft NPCC Governor Response vs. Measurement C-M9** – 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 – AI #119-5.

## 8.0 Reliability Rules Subcommittee Status Report/Issues

- 8.1 **RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met on March 10, 2009. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8 and 52 remain under development. Also, PRR #97, BPS Facilities, is under development (See Item #5.4). Mr. Clayton introduced PRR #99, System Restoration, which is contingent upon NERC EOP-005 approval. Mr. Rufrano emphasized the need to clearly identify the specific facilities list to which each NYSRC Rule applies. Therefore, it may be necessary to separate the NYSRC Rules from the NERC and NPCC Standards. Mr. Clayton agreed to take the issue under advisement. PRR #100, Operating Reserves, was under development to align with NPCC A-06. After further consideration, RRS has withdrawn the proposal in favor of the NPCC Standard addressing the sustainability of operating reserves. PRR #101, C-R2, C-M4, 5, and 6 Resource Availability, is in draft form. NYISO comments are being added. PRR #102, K-M2d; Reliability Assessment, is a new proposal designed to consolidate reporting requirements. PRR #103, C-R4; System Data Requirements, was proposed to clarify Rules and Measurement C-M9, C-M10 and C-11. Mr. Chao pointed out that the Transmission Manual, through its Procedures, requires “due diligence” by the NYISO in maintaining data bases.

## 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**
    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** – Nothing new to report.

## 8.4 Other RRS Issues

- i. **BPS Issues** – See Item 5.4
- ii. **Motion to Intervene at FERC on BPS Issue** – See Item 5.5.

## 9.0 NYISO Status Report/Issues –

- 9.1 **NYISO 2009 Comprehensive Reliability Planning Process (CRPP)** – Mr. Adams noted that the Operating Committee approved the CRP on March 12, 2009.
- 9.2 **NYISO Fuel Diversity Study** – Mr. Swider (NYISO) gave the Executive Committee a presentation titled, 20 Year Assessment of Future Fuel Diversity Within New York State’s Electric Power Sector. The objective of the analysis was a preliminary indication of future fuel mix as a result of the growing reliance on natural gas fired generation. The scenario assessment was carried out for a 2008 baseline and 2018 and 2028. Four scenarios in addition to a baseline were considered; (a) High Carbon Cost, (b) Addition of 2000Mw of Nuclear Power, (c) Retirement of 2000Mw of Nuclear Power and (d) Extension of RPS to 30 % renewable energy by 2028. The results, albeit preliminary, confirm a trend toward the dominate use of natural gas for generation. Dr. Sasson commented that this trend makes it all the more important for the NYSRC to consider developing a new rule requiring dual fuel capability for all new base load units in New York City. The baseline scenarios indicate that CO<sub>2</sub> emissions will increase by 19% in 2028. Only the additional nuclear scenario meets the RGGI cap of 58.1M tons/yr. by 2028. The nuclear retirement scenario exceeds RGGI requirements in 2018 while all other scenarios are below the cap.

**9.3 Other Studies/Activities** - Tabled until the April 17, 2009 Executive Committee meeting.

**i. NYCA Reactive Power Study**

**ii. Wind Integration Study/Activities**

**10.0 Other Items**

**10.1 NYISO Operations Report** – The Operating Report, provided by the NYISO, indicated that no major emergencies occurred in the month of February 2009.

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

**10.3 NPCC Report** – Mr. Fedora pointed out that ISO-NE has issued a white paper purporting to explain the difference between its 9% IRM and the 16.2% IRM of the NYSRC. It will be placed on the agenda for the April 17, 2009 Executive Committee meeting.

**11.0 Visitors' Comments** – None

**12.0 Meeting Schedule**

<u>Mtg. No.</u>	<b>Date</b>	<b>Location</b>	<b>Time</b>
#120	April 17, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#121	May 8, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No. 119 was adjourned at 4:10 P.M.