

Revised Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 124 – August 14, 2009
Albany Country Club, Voorheesville, NY

Members and

Alternates:

George C. Loehr	Unaffiliated Member – Chairman
Curt Dahl	LIPA - Alternate – ICS Chairman
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George E. Smith	Unaffiliated Member
Michael Mager, Esq.	Couch White, LLP (Large Customers’ Sector) – 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
Joe Hipius	National Grid, USA - Member
Joe Fleury	New York State Electric & Gas/Rochester Gas & Electric – Member - Phone
Chris LaRoe	Independent Power Producers of New York (IPPNY)
Ralph Rufrano	New York Power Authority – Member

Others:

Paul Gioia, Esq.	Dewey & LeBoeuf, LLP - Counsel
Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Rick Gonzales	New York Independent System Operator (NYISO)*
Wes Yeomans	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) – Counsel*
John Adams	New York Independent System Operator (NYISO)
Rich Dewey	New York Independent System Operator (NYISO)*
Brett Lewis	New York Independent System Operator (NYISO)*
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service*

Visitors – Open

Session:

Phil Fedora	Northeast Power Coordinating Council (NPCC)
Erin Hogan, PE	NYSERDA
Mark Younger	Slater Consulting
Yannick Vennes	Hydro Quebec Energy
Scott Leuthauser	Consultant

“*” – 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.124 to order at 9:30 A.M. on August 14, 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** – An Executive Session was not requested.

2.0 Meeting Minutes/Action Items

- 2.1 **Approval of Minutes for Meeting No. 123 (July 10, 2009)** – Mr. Raymond introduced the revised draft minutes including all comments received through August 12, 2009. Mr. Gioia offered additional changes. Following further discussion, Mr. Clagett moved for approval of the draft revised minutes contingent upon inclusion of the changes noted by Mr. Gioia. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee Members in attendance – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #124-1**.
- 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>
115-5	Mr. Dahl presented the 2010 Assumption Matrix on August 14, 2009.
120-10	The NYISO gave a presentation on Cyber Security to the Executive Committee on August 14, 2009.
122-3	A letter from Mr. Loehr was sent to Kim Harriman on June 18, 2009.
123-2	Comments on the proposed FERC filing regarding membership restrictions were received by July 14, 2009.
123-6	PRR #99 was approved by the Executive Committee on August 14, 2009.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. **Summary of Receipts & Disbursements** - Mr. Raymond presented the Summary of Receipts and Disbursements which shows a balance of \$151,000 at the end of July 2009. The 3rd Quarter 2009 Call-For-Funds was completed by the end of July 2009. The projected end-of-year variance from the 2009 Budget stands at an excess of about \$54,000.

3.2 Other Organizational Issues – Nothing new to report

4.0 State/Federal Energy Activities

- 4.1 **Energy Planning Board (EPB) – SEP Update** – Ms. Hogan indicated that the draft SEP was released on August 10, 2009. There will be opportunity for comments via statement hearings across the State during August 18 – September 26, 2009. Written comments are due by October 19, 2009. Ms. Hogan

encouraged the Executive Committee to provide comments. Messrs. Gioia and Adamson will prepare a draft response for Executive Committee consideration at its September 11, 2009 meeting – **AI 124-2**. Also, Mr. Dahl indicated that Governor Paterson has signed an Executive Order requiring an 80% reduction in CO₂ emissions by 2050. He further noted that today’s most efficient gas fired generation cannot meet this requirement. A draft Action Plan was requested within 60 days. Mr. Gioia does not believe the use of an Executive Order will establish State policy.

4.2 NYSERDA Update – Nothing new to report.

4.3 FERC Proceeding on 100kv “Bright Line” – Mr. Fedora indicated that the Chairs of NPCC-RCC, NPCC-CP and the Joint Task Force Chairs are coordinating the TO responses. A rough draft of the Report, being prepared for RCC review at its meeting on September 10, 2009, is posted on the NPCC web site. A drafting session is scheduled for August 20, 2009 to prepare the final draft for the RCC. It is expected that a RCC approved Report will go to the NPCC Board on September 17, 2009. Mr. Fedora further indicated that it appears compliance with the 100kv “Bright Line” less radials will cost NPCC TOs in the range of \$500-700 million with minimal reliability improvement. Mr. Loehr added that TPL-001-1, Transmission Planning Performance Requirements, is in general significantly more stringent than the current Standards TPL-001, 002, 003 and 004. This could have a significant impact on smaller systems, particularly if the 100kv “bright line” proposal is accepted. NERC would like to have TPL-001 go to the NERC Board in the 4th Quarter of 2009 and FERC in the 1st Quarter of 2010.

4.4 Petition to Amend the NYSRC Agreement – Mr. Gioia indicated that the NYSRC Agreement requires written approval of the Amendment by the TOs. The Executive Committee approved the Amendment at its June 10, 2009 meeting. Therefore, he will prepare and circulate a limited waiver to be signed by each of the TOs – **AI #124-3**.

5.0 Key Reliability Issues

5.1 Defensive Strategies – Mr. Smith indicated that the NYISO has made its single filing (for NYCA) for Federal Stimulus Funds. Mr. Patka added that the application (\$77-78million) includes funds for PMUs and Bulk Power System capacitor additions. The NYISO agreed to give a presentation on the application at the October 9, 2009 Executive Committee meeting – **AI #124-4**. A second filing will be made with the government’s Office of Technology for advanced control room communications technologies. The PSC will match up to 50% of the “Smart Grid” funding. The status of the applications should be known in October and November 2009, respectively. The NYISO will receive the funding and distribute it to the TOs. Also, on September 14, 2009, PJM will be filing as lead applicant in behalf of seven ISO/RTOs for an Eastern Interconnection electric resource planning grant. DOE has allocated a total of \$60 million for interconnection-wide studies.

Messrs. Clagett and Rufrano and Ms. Hogan expressed concern that the emphasis on standardizing Cyber Security protocols will increase the vulnerability to cyber attacks. Standards can be of value as long as the method for meeting the standard is not prescribed. At the request of Mr. Loehr, Ms. Hogan, and Messrs. Patka and Rufrano agreed to consider the most favorable avenue to contact Mr. Sennett, the PSC Director of Utility Security regarding overly prescriptive cyber security rules and how these issues are coordinated with Homeland Security – **AI #124-5**. Also, Mr. Rufrano will raise the matter at the NPCC-RCC.

5.2 NPCC Defensive Strategy Activities – Mr. Fedora reported that a status report on the NPCC-SS-38 Under Frequency Load Shedding Study will be given to the NPCC-RCC on September 10, 2009. The technical work will be completed at the end of 2009 and a report will go to the RCC in March 2010. Therefore, the SS-38 Task 5 work on defensive strategies will likely be delayed. Mr. Smith thanked NPCC for its support of defensive strategies and the possible start of Task 5 in November 2009 with a March 2010 completion date.

5.3 Interregional Studies of Proposed Transmission

i. NYISO – Nothing new to report.

ii. NPCC Presentation – Mr. Fedora reported that due to budget constraints use of a consult for the

NPCC Assessment of New Major Transmission Project Impacts on Reliability does not appear to be possible. NPCC is looking in to internal schedule adjustments. Still, the current schedule will likely slide into 2010.

5.4 TOs Strategic Transmission and Reliability Study (STARS) – Mr. Dahl reported that the STARS Team is finishing Phase 1 which is the determination of the transfer limits for six scenarios in 2028. Also, the Team met with Mr. Adams and will be utilizing the wind energy penetration and other energy related analyses done by the NYISO.

5.5 Cyber Security Presentation – Messrs. Dewey and Lewis (NYISO) provided an overview of the NYISO's Cyber Security Program which includes compliance with the NERC Critical Infrastructure Protection (CIP) requirements. NYISO security practices have evolved since 2001 through increased auditing, evaluations and organization changes to meet new physical and cyber threats. In 2005, the Department of Homeland Security (DHS) audited the NYISO and in 2006 the NYISO security infrastructure was used as a model for critical infrastructure design by DHS.

Also, in 2006, FERC proposed the CIP Standards which require operators of the Bulk Power System to establish cyber and physical security practices by the end of 2009. The NYISO completed a self-certified CIP compliance review and 2-factor authentication for physical access to critical assets in June 2009. The final CIP audit will be completed by the end of August 2009.

6.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

6.1 ICS Status Report and Discussion Issues – Mr. Dahl indicated that ICS focused on completing the Assumptions Matrix for 2010/11 during its meeting on August 6, 2010.

6.2 2010/11 IRM Assumptions Matrix – Mr. Dahl discussed each parameter comprising the 2010/11 Assumption Matrix including an explanation of changes from the 2009/10 assumptions. The peak load will be provided by the NYISO on October 1, 2009. The load uncertainty model has a wider distribution in Zone J (ConEd), and new units have a slightly higher outage rate per the NERC GADS standard data base. The Wind Resource Model has increased by 117 Mws to 1,326 Mws with an 11% summer peak hour capacity factor. For the first time, 30 Mws of Solar Resources is modeled at an average summer peak hour availability of 65%. Forced and Partial Outages continue an upward trend particularly downstate, and Special Case Resources have increased by 405.5 Mws to 2512.5 Mws with monthly variations based on historical experience. UDRs (Unforced Capacity Deliverability Rights) are modeled as issued for the Cross Sound Cable, Neptune cable and the Linden VFT Project. The Outside World is represented by 3 Zones for PJM, 5 Zones for New England, and single Areas for HQ and Ontario. The Outside Model is conservatively applied by constraining the Areas to be no more reliable than the NYCA. Those parameters expected to increase the IRM by more than .5% are (a) forced and partial outage rates, (b) Special Case Resources, (c) External Capacity – Purchases, and (d) UDRs. The parameter most likely to decrease the IRM by .5% or more is the Outside World Area Models. The net impact is expected to be an increase in the 2010/11 IRM.

Mr. Yannick Vennes, representing H.Q. Energy Services (HQUS), a subsidiary of Hydro-Quebec in the United States, presented a letter to Mr. Loehr dated August 13, 2009, which points out that the Chateauguay Tie is limited to 1500 Mws with 300 Mws relegated for wheels of capacity and energy through NYCA to other control areas (PJM and New England). Mr. Dahl clarified the ICS modeling proposal for this years study is to model a 1090Mw External ICAP purchase from Quebec with the remainder of the 1500Mw interface used for emergency assistance. HQUS feels this assumption is incorrect because in HQUS opinion it assumes that without ICAP, the line would remain unused and available for emergency assistance. As it happens, the line has traditionally been used to its fullest extent by market participants, with or without ICAP contracts on it. Mr. Dahl clarified that the ICS modeling proposal is to use only the portion of the HQ interface not used for NY ICAP purchases as emergency assistance. Secondly, Mr. Vennes indicates that under the NYISO tariff, a non-ICAP related energy wheel-through is firm and would not be curtailed by the NYISO barring a transmission emergency. Mr. Dahl indicated ICS's disagreement with the HQUS assertion that HQ energy wheel-

through should be treated as firm non-curtable transactions for resource adequacy studies such as the IRM Study. Mr. Vennes suggests that it would be more appropriate to model the line as fully utilized and allow wheel-throughs of ICAP on it, as was the NYSRC's policy before the 2009 IRM study, as opposed to precluding these resources with deference for emergency assistance. He further noted that a new (June 2009) tie line between Ontario and Quebec will provide incremental benefit to NYCA and that and that New York's access to emergency assistance from Québec may be available through Ontario. Mr. Dahl noted this was of limited value because of a reduction in transmission transfer capability from Ontario to NY. He further noted that if other neighboring control areas were modeled as HQUS recommends NY would be isolated from obtaining any emergency assistance from the outside world.

Mr. Gonzales confirmed that for wheel throughs, the NYISO pursuant to its tariff, may not curtail an energy wheel unless a transmission emergency is in effect. Mr. Gonzales stated that the NYISO instead would reach out to other neighboring Control Areas to request emergency assistance. Mr. Gonzales suggested that the issue be sent back to the ICS, where the NYISO would describe its operational policies with respect to wheel-throughs. Mr. Dahl noted ICS's recommendation is to handle external wheel-throughs in the NYISO External Capacity Right study which follows the IRM study and that wheel-throughs would only be permitted to the extent they do not impinge on NYCA IRM and resource adequacy requirements. After further discussion, the Executive Committee remanded the issue back to ICS for resolution. HQUS concurred with this decision. Dr. Sasson expressed support for the decision and expressed the view that any resulting IRM recommendations should be for the 2011/12 IRM study to avoid delaying approval of the 2010/11 study assumptions and the corresponding IRM. Further cases run to analyze the HQUS issue should not be viewed as sensitivity cases for the 2010/11 IRM study since they are being carried out to investigate the issue rather than determine the volatility of a given assumption.

Mr. Dahl then moved for approval of the Assumptions Matrix as modified per the prior discussion. The motion was seconded by Mr. Bolbrock and approved by the Executive Committee – (12 to 0, 1 abstention).

6.3 Other ICS Issues

- i. FCM IRM Study** - Nothing new to report.

7.0 Reliability Rules Subcommittee Status Report/Issues

- 7.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met on August 6, 2009. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8 and 52 are waiting for completion of the Reactive Power Study and NPCC investigation of governor response and the UFLS program, respectively. Also, PRR #97, BPS Facilities (See Item #4.3), PRR #102, K-M2d, Reliability Assessment, PRR #103, C-R4; System Data Requirements, and PRR #104, Verification Testing of Resource Capacity are under development.

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 EC Final Approval**

- Mr. Clayton reminded the Executive Committee that at the July 10, 2009 Executive Committee Meeting the NYISO and Generators raised a new issue regarding verification of compliance with PRR #99, System Restoration.

Mr. Clayton presented the new wording in Measurement G-M3 and other editorial changes which have the approval of Con Ed, NYISO, the Generators and RRS. The proposed Rule now provides that the Generators can include a statement that the necessary equipment tests were completed in their currently required annual letter certifying Black Start testing per the NYISO Tariff or more often if desired.

Since the PRR was posted for comment on April 20, 2009 and the changes noted have been accepted by all the interested parties, Dr. Sasson moved for approval of the proposed Rule with inclusion of the changes indicated by Mr. Clayton. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

2. PRRs for EC Approval to Post

- Mr. Clayton reminded the Executive Committee that RRS resubmitted PRR #101, Modifications to Resource Adequacy, at the June 10, 2009 meeting. The PRR addresses “due diligence” by the NYISO regarding generator outage data. RRS had added clarification that assures the Rule changes apply to Generating Units only. Also, Mr. Gioia offered a definition of “suspect data”. After further discussion, the Executive Committee approved the PRR for “Posting for Comment”. However, prior to posting, Mr. Adamson raised a question regarding when the clock starts for the 5 day “grace” period for the NYISO to inform the NYSRC. After consideration, it was decided by the Executive Committee that the clock should start upon NYSRC approval of the IRM. Since the issue raised by Mr. Adamson resulted in a substantive change, the “Posting for Comment” was delayed pending review by RRS, RCMS, and re-approval by the Executive Committee. The RRS and RCMS have concurred with the timing change and Mr. Clayton re-presented the PRR for approval to “Post for Comment” with the change included. Mr. Bolbrock made the motion for approval. Mr. Ellsworth seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).

3. PRRs for EC Discussion

- None

7.3 NPCC/NERC Standard Tracking

i. NERC Standards Development

- 1. TPL-000-1, NERC Transmission Planning Standards** – Nothing additional to report.

7.4 Other RRS Issues

- i. Modification to Exceptions – Policy 1** – Mr. Clayton noted that RRS will be taking up the issue of lack of a documented procedure for removing facilities from the “Exceptions” List during its September 2009 meeting.
- ii. RRS BPS List** – Mr. Clayton indicated that RRS plans to use a Transmission Distribution Factor (TDF) of greater than 1.0% to delineate BPS elements against which the NYSRC Reliability Rules will be applied.

8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

8.1 RCMS Status Report & Discussion Issues – Mr. Raymond indicated that RCMS met for its regular meeting on August 13, 2009.

8.2 2009 New York Reliability Compliance Program (NYRCP) – Mr. Raymond further indicated that the following Measurements were reviewed for compliance:

- a) C-M11, Reporting of Load Flow, Short Circuit and Stability Data to the NYISO, – **Full Compliance**,
- b) K-M6a, Pre-seasonal Fault Duty Assessment, - **Full Compliance**, and
- c) K-M2d, Monthly Operating Reports, – **Full Compliance**.

With respect to K-M6a, Dr. Sasson reported that the NYISO Operating Committee (OC) had the day before approved the technical contents of the Pre-Seasonal Fault Duty Assessment report but not the report itself to differentiate between the report’s recommendation for an operating protocol and the actual short circuit calculation results. The OC did not approve the corresponding operating protocol. Dr. Sasson added that this did not alter the Full Compliance determination on the part of the NYSRC.

He pointed out that Con Edison made public at the OC a letter it sent the NYISO forwarding its operating procedure which states that the Astoria units that have the capability of being connected to Astoria East and Astoria West will be switched consistent with the technical outcome of the report resulting in no breakers anywhere in the Con Edison system being over-duty.

- 8.3 RCMS Compliance Review of 2004 GADS Reporting Error(s)** – Mr. Raymond reported that on July 9, 2009 the NYISO provided RCMS with a redacted copy of a C-M5 non compliance letter issued to a Market Participant who was additionally sanctioned for over-selling capacity in violation of NYISO Tariffs and procedures. On August 6, 2009 the NYISO provided the following information to RCMS:
- a) The incorrect outage data was submitted to the NYISO between January and April ~~2009~~ 2008,
 - b) The NYISO Market Monitoring Unit (MMU) found the error in October 2008,
 - c) RCMS was notified of the data error on July 9, 2009, and
 - d) As of August 6, 2009 the Market Participant had not yet provided mitigating measures as requested in the non-compliance letter.

However, because the 2008 outage data was not used for the 2009 IRM Study (the Study used 2003-2007 data), the error did not impact the NYCA 2009 IRM results. Therefore, since a violation of Measurement C-M5 only arises when erroneous outage data is used in NYSRC or NYISO applications, RCMS has concluded that in this instance the NYISO did not violate C-M5. The Executive Committee concurred.

- 8.4 Other RCMS Issues** – The status of recommendations from the approved RCMS Report, Reliability Compliance Review Of 2004 NERC-GADS Outage Data Misreporting Event are summarized below.

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.	Complete
2	The NYISO should include mitigation measures in future non-compliance letters to Market Participants.	Complete
3.1	RRS interpretation of Measurement C-M5 meaning “accurate resource outage data”	Complete
3.2	RRS determines if NYISO definition of measurement C-M5 matches its definition	Complete
3.3	RCMS recommendation to EC as to whether or not further compliance reviews of previous cases are warranted.	Complete
3.4	RRS to prepare a PRR to modify Measurement C-M5	PRR #101 to revise C-R 2, and C-M 4, 5 and 6 was approved by the EC for posting on August 14, 2009. Complete
4	Improving the outage screening process	A NYISO group continues to develop the process. Completion is expected in the 1 st quarter of 2010. A status report to RRS and RCMS is scheduled for September. Pending – AI #124-6.
5	NYISO conducting in-house NERC-GADS workshop	Complete
6	MMU to notify Resource Planning	Complete

	during its investigation	
7	Joint NYISO/ICS EFOR trend analysis	Complete

RCMS will provide a final report to the Executive Committee on the Recommendations in October 2009 – **AI #123-8**.

9.0 NYISO Status Report/Issues

9.1 NYISO 2009 Comprehensive Reliability Planning Process (CRPP) – Mr. Adams reported that the mid-cycle update of the RNA will be undergoing stakeholder review and is expected to be sent to the NYISO Board by year end. The Economic Study base case development and a 10 year projection of congestion was completed and approved by the ESPWG. The next step is generic solutions for the top three most congested element groups: Leeds-PV, Central East, and Sprainbrook-Dunwoodie. Another segment of the CRPP is the TOs Local Transmission Plans which are due in September 2009 and will be reviewed by stakeholders in mid-October 2009. The Plans will be incorporated in next year’s RNA.

9.2 Other Studies/Activities

- i. NYCA Reactive Power Study** – Mr. Adams noted that the scope of work to address load power factor issues and voltage reserve was circulated on August 13, 2009.
- ii. Wind Integration Study/Activities** – Mr. Adams indicated that the NYISO is planning a workshop on the Wind Integration Study in early September 2009. The final Report is expected in the 4th quarter of 2009. He noted that even with 8,000 Mws of wind power, there are 100 hours/year of near zero total output. The peak output is about 90% of total nameplate. Output on a trend basis is 50% higher in the winter vs. summer. The transmission analysis indicates 7.1% of the energy output is “bottled”, up to as much as 65% in certain Zones.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Gonzales reported a peak load of 27,723 Mws for the month of July 2009 as a result of mild weather in the Northeast. The all-time summer peak is 33,939 Mws which occurred in August 2006. However, the load is expected to pick-up in August 2009. TLR Level 3 was invoked by the NYISO for a total of 440 hours in July 2009, thereby precluding non-firm transactions around Lake Erie. On July 16, 2009 FERC ordered the NYISO to develop a plan for the long term solution for the loop flow problem within 180 days. The NYISO feels that there are potential market based solutions that are complementary to physical solutions. Discussions have begun with the Regions involved.

Lastly, Mr. Yeomans summarized the events contributing to the June 14, 2009 (2:00 am) trip of the New Scotland 77 bus which took the GNS-1 and UNS-18 345kv lines out of service. The latter lines are both connected to the New Scotland 99 bus. NPCC together with Nat’l Grid are continuing to investigate the incident to determine the root cause(s). Mr. Loehr requested a follow-up report once the investigation is complete – **AI #124-7**.

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

10.3 NPCC Report – Nothing new to report.

11.0 Visitors’ Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#125	Sept 11, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#126	Oct 9, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No.124 was adjourned at 3:32 P.M.