

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 127 – November 13, 2009
Albany Country Club, Voorheesville, NY

Members and Alternates:

George C. Loehr	Unaffiliated Member – Chairman
Curt Dahl	LIPA - Alternate – ICS Chairman
Richard J. Bolbrock	Municipal & Electric Cooperative Sector – Member
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member - Phone
George E. Smith	Unaffiliated Member
Michael Mager, Esq.	Couch White, LLP (Large Customers' Sector) – Member
Thomas Duffy	Central Hudson Gas & Electric – Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Member - Phone
Dana Walters	National Grid, USA – Member - Proxy
John Hauber	New York State Electric & Gas/Rochester Gas & Electric – Alternate – Phone*
Chris LaRoe	Independent Power Producers of New York (IPPNY) - Member
Ralph Rufrano	New York Power Authority – Member
Paul DeCotis	Long Island Power Authority - Member

Others:

Al Adamson	Consultant - Treasurer
Roger Clayton	Electric Power Resources, LLC – RRS Chairman
Wes Yeomans	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) – Counsel
Henry Chao	New York Independent System Operator (NYISO)
John Adams	New York Independent System Operator (NYISO)
Randy Bower	New York Independent System Operator (NYISO)*
Greg Drake	New York Independent System Operator (NYISO)
Bart Franey	National Grid, USA - Phone
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric-Phone
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
Scott Leuthauser	Consultant to HQUS
Yannik Vennes	HQUS – Phone*
Mark Younger	Slater Consulting

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was not requested. Mr. Loehr took the opportunity to thank Mr. Rufrano for his excellent contributions to the NYSRC over many years. Mr. Rufrano will retire from the New York Power Authority on December 31, 2009.
- II. **Open Session**
- 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.127 to order at 9:30 A.M. on November 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.
- 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. 126 (October 9, 2009)** – Mr. Raymond introduced the revised draft minutes including all comments received. Following discussion, Mr. Rufrano moved for approval of the revised draft minutes. The motion was seconded by Mr. Smith and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site **AI - #127-1**.
- 2.2 **Action Items List** – The Committee reviewed the Outstanding Action Items list and accepted the following items as complete or modified:

<u>Action Item #</u>	<u>Comments</u>
108-8	The Scheduled Completion Date was changed to “on-going”.
114-4	The Scheduled Completion Date was changed to “12/30/2009”.
117-3	The Scheduled Completion Date was changed to “12/04/2009”.
121-8	Mr. Gioia provided the NYSRC comments on October 19, 2009.
122-2	Removed due to being redundant with AI #126-9.
122-4	Removed due to being redundant with AI #120-8.
123-8	Mr. Fanning presented the report on recommendations per “GADS Data Misreporting” at the October 9, 2009 Executive Committee meeting.
124-2	Mr. Gioia provided the NYSRC comments October 19, 2009.
124-4	Mr. Bower (NYISO) presented the DOE filing to the Executive Committee at its November 13, 2009 meeting.
125-3	The Policy 3-5 revision was approved by the Executive Committee at its November 13, 2009 meeting.
125-6	Mr. Patka circulated the Court’s Decision prior to the Executive Committees on October 2, 2009.
126-2	Unanimously approved at the November 13, 2009 Executive Committee Meeting.
126-3	The Executive Committee approved the revised Policy 3 at its November 13, 2009 meeting.
126-5	Messrs. Dahl and Adamson provided comments on the NYSRC’s proposed SEP comments during the week of October 18, 2009.
126-6	Mr. Gioia provided the NYSRC comments on October 19, 2009 to the State Energy Planning Board.
126-7	Ms. Hogan emailed the NYS Smart Grid Consortium’s proposal to the

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 \$136,000 at the end of October 2009. The projected end-of-year variance from the 2009 Budget has reduced slightly to an excess of about \$82,000.

3.2 Other Organizational Issues

- i. **Policy 3-4, Accounting Procedure – Revision 5** – Mr. Adamson reviewed the modifications to Policy 3 necessary to reflect a schedule change whereby salary adjustments would be considered in July of each year and the approval of the budget would be advanced one month to August to better align with the TO's internal budget processes. Following discussion, Mr. Smith moved for approval of the proposed modifications. Mr. Rufrano seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).
- ii. **Policy 5-2 (Section 5.2), Executive Committee IRM Voting Procedure** – Mr. Gioia noted that Mr. Duffy brought to his attention that paragraph 2 of Section 5.2 of the Policy, Executive Committee IRM Voting Procedure reads, in part, as follows:
“Recommended IRMs different from the base case IRM will be expressed in 0.5% increments higher or lower than the base case IRM rounded to the nearest whole or half integer.”
The Executive Committee recognized that the intent of this provision was that an IRM different from the base case IRM should be expressed as a whole or half integer, not that it must be no less than 0.5% above or below the base case IRM. Mr. Gioia recommended that the second sentence in paragraph 2 of Section 5.2 of the Policy be amended to delete the reference to "0.5%".
After further discussion, Mr. Mager moved to accept the amendment recommended by Mr. Gioia. Mr. Rufrano seconded the motion which was unanimously approved by the Executive Committee – (13 to 0).

4.0 State/Federal Energy Activities

- 4.1 **Energy Planning Board (EPB) – SEP Update** – Ms. Hogan noted that the comment period for the State Energy Plan is over. Release of the Report is expected in early December 2009. There will not be another opportunity for comment.
- 4.2 **NYSERDA Update** – Ms. Hogan indicated that new information should be available to report at the December 4, 2009 Executive Committee meeting.
- 4.3 **NPCC Report** – Mr. Fedora indicated that the NPCC-RCC meets on November 18 & 19, 2009 in Halifax, Nova Scotia. Following the RCC meeting, the Board meets followed by the annual Members meeting. Approval will be requested from RCC for the Overall Transmission Study (carried out every fifth year), the Winter 2009 NPCC Assessment, and a modification of Directory 12, the NPCC Load Shedding Program.
- 4.4 **FERC Proceeding on 100kv “Bright Line”** – Mr. Gioia noted that the NYSRC comments on the TIER Report were submitted to FERC on October 28, 2009. Dr. Sasson added that to his knowledge none of the comments received by FERC favored the TIER methodology.
- 4.5 **Petition to Amend the NYSRC Agreement** – Mr. Gioia indicated that the amended Agreement was ready to file. He asked Mr. Patka to review the modifications such that NYISO support can be noted, if possible.
- 4.6 **NYS Renewables Portfolio Standards (RPS)** – Mr. Mager noted that the PSC has begun a review of the State's RPS. Changes can be expected – **AI #127-2**.

5.0 Key Reliability Issues

- 5.1 Defensive Strategies** – Mr. Smith indicated that the Defensive Strategies Working Group met at NYSERDA on November 12, 2009. GE (Messrs. P. Kerrigan and M. Adamiak) provided an update on its phasor measurement technology and relay technologies that relate to the DSWG's work on controlled separation. They also gave an overview of their developments on the "Smart Grid". In addition, Jim Misewich of Brookhaven National Labs (BNL) gave an excellent presentation on BNL's involvement in New York's "Smart Grid" Consortium and an overview of BNL's other grid related activities and plans. Dr. Dejan Sabojic (NYISO Director – R&D) gave an overview of the NYISO's Smart Grid (SG) Investment Grant Initiatives (see item 5.2 below). GE (Mark Adamiak) offered an invitation to visit its "Smart Grid" Demonstration Site in Niskayuna, NY. Mr. Smith agreed to investigate the invitation further as a site for the January 8, 2010 Executive Committee meeting – **AI #127-3**.
- 5.2 Stimulus Funding for Smart Grid** – Randy Bower (NYISO) presented the NYISO's Smart Grid (SG) Investment Grant Initiatives prepared by Dr. Dejan Sobajic (NYISO Director – R&D). The NYISO proposal in collaboration with the NYS TOs provided targeted recommendations consistent with the finding of the April 2004 Final Report on the Northeast Blackout that "lack of situational awareness" was a principal cause due to "inadequate reliability tools and backup capabilities". The "situational awareness" initiatives, which were accepted by DOE include: development of (a) a Synchronized Phasor Measurement Network, (b) Phasor –Assisted State Estimation, (c) Real-time System Visualization Tools, (d) a Voltage Stability Management System, (e) a Controlled Separation System and (f) SG Enabling Reactive Power Resources through the addition of about 950MVars of switched/controllable capacitor banks.
- The NYISO has begun dialogue with the TOs regarding administration of the grant and project management. An RFP has been issued to engage a firm to perform these functions. DOE will be conducting a briefing for all selectees on November 19, 2009. CDAS has been engaged by the NYISO to begin discussions on its role in developing inter-operability, data management and application standards.
- 5.3 NPCC Defensive Strategy Activities** – Nothing new to report. Activities have been delayed by the Overall Transmission Study.
- 5.4 Interregional Studies of Proposed Transmission**
- i. NYISO – EIPC Study** – Mr. John Buechler, Executive Regulatory Policy Advisor to the NYISO, gave a status report on the Eastern Interconnection Planning Collaborative (EIPC). He discussed, among other items, EIPC activities, the Collaborative's DOE bid proposal for Stimulus Funding, and future activities. The EIPC was established to perform studies of various transmission alternatives for national, regional and state energy/economic/environmental objectives. An EIPC stakeholder process under development will include a multi-constituency steering committee. The Analysis Team was established per an Agreement, effective September 1, 2009, with 23 signatories comprising all NERC Planning Authorities in the Eastern Interconnection. It has held two Webinars on October 13 and 16, 2009. Mr. Steve Whitley (NYISO President) will chair the Team's Executive Advisory Committee. The EIPC responded to the DOE Funding Opportunity Announcement (FOA), Topic A: Interconnection Level Analysis and Planning on September 14, 2009. The bid covers: (a) funding for a multi-constituency stakeholder process, (b) support for study work including consultants, (c) funding of complementary university work, and (d) funding for non-governmental participation on the Steering Committee and Stakeholder Working Groups. The objectives of the proposed DOE Project include: (a) analysis of approved Regional plans, (b) Inter-Regional expansion scenarios, and (c) development of Inter-Regional transmission expansion options. The first report to DOE will be June 30, 2011 and a

second report is expected on June 30, 2013. The principal investigators would include PJM (lead), NYISO, ISO-NE, TVA, Southern Co. and Entergy. Charles River Associates and Oak Ridge National Laboratory would be providing support. Mr. DeCotis noted that NYS's response to Topic B: Grants to States of the FOA was designed to dovetail with the NYISO's proposal under Topic A. A DOE contract award is expected in November 2009. All EIPC public documents are posted at <http://www.eipconline.com>.

ii. NPCC – A status report will be given on November 18, 2009 to the RCC by the SS-38 Working Group. The Group is in the process of completing the study outline.

5.5 **TOs Strategic Transmission and Reliability Study (STARS)** – Mr. Dahl reported that the STARS Team is finishing Phase 1 which is the determination of the constraining interfaces for six scenarios in 2018 and 2028. A draft Phase 1 report is expected November 15, 2009. The Team is just beginning Phase 2, the reinforcement phase, which is expected to be completed in December 2009.

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 November 4, 2009.

6.2 **2010/11 IRM Study** – Mr. Dahl summarized the key results from the draft IRM Report, NYCA Installed Capacity Requirements for the Period May 2010 through April 2011, which indicate a base case IRM of 17.9% versus 16.2% for 2009. The base case is driven by the assumptions approved by the Executive Committee in August 2009 and the input data has received a thorough “scrubbing” by GE Energy. The Locational ICAP Requirements vs. NYCA ICAP Requirements curves coupled with the Tan 45 methodology per Policy 5 provide LCRs of 104.9% and 79.6% for Long Island and New York City, respectively.

The primary causes of the increase from 2009 are: (a) an improved SCR model (+1.5%), and (b) increased Generating Unit EFORs, particularly downstate (+1.4%). Countering the increases were reductions primarily due to: (a) an updated outside world model (-.5%), (b) improved loop flow modeling (-.4%), and (c) new non-wind Unit retirements and reratings (-.4%).

The sensitivity analysis includes balanced variations in major MARS parameters. Most prominent were: (a) no transmission constraints (-2.4%), (b) no load forecast uncertainty (-6.0%), and (c) no wind capacity (-4.0%). Variations in base case assumptions were also noteworthy: (a) lower outside world (+4.5%), (b) lower EFORs (-3.9%) and (c) HQUS's energy wheeling assumption (+.8%).

Mr. Leuthauser, Consultant to HQUS, explained the letter sent to the Executive Committee on November 11, 2009 re: Comments of H.Q. Energy Services (U.S.) Inc. Regarding the IRM 2010-2011 Assumption Matrix Follow-up. He indicated that as a result of FERC 888, low cost suppliers are selected through the NYISO markets and non-pancaked tariffs that generators bid into these markets.

HQUS is essentially transparent as a generator into the NYISO at both Chateaugay and Cedars and, therefore, should be afforded treatment comparable to NYCA generators. He explained that as a matter of routine, HQUS, as a low cost provider, is selected into the markets and exhausts the tie capability with direct sales to NYISO and “Wheels through NY” using firm transmission service (and all rights afforded as explained in Wes Yeoman's presentation – see attachment to HQUS' November 11, 2009 letter). Mr. Leuthauser stated the belief that the ICS base case reflects a fictitious assumption that there is emergency assistance (410 MW on Chateaugay and 167 MW on Cedars) available for MARS modeling of the Installed Capacity Requirement (IRM). Presuming all other assumptions in the base case are accurate, the result of this aggressive emergency assistance assumption means that the LOLE is, in reality, less than criteria (loss of load of 1 day in ten years).

Mr. Leuthauser requested that the EC adopt the HQ sensitivity case of no emergency assistance at Chateaugay and Cedars as the base case.

Mr. Gonzales responded that the NYISO supports the proposed ICS base case IRM value (17.9%) which falls within a reasonable range of IRMs that reflect NYISO system and operations needs. Mr. Gonzales discussed the IRM modeling assumption identified by HQUS as well as the related NYISO

operating practice which recognizes the as-found external operating capacity that may exist on any given operating day. Mr. Gonzales indicated that it is important not to focus on one IRM assumption in isolation from other related assumptions and that it may not be possible to have all IRM study assumptions perfectly aligned with ISO operating practices. Mr. Gonzales stated that the NYISO intends to work with all Market Participants through the NYISO Import Rights process to determine which additional transactions could be allowed without impacting the IRM. The Import Rights process is performed following the final acceptance of the IRM by the NYSRC. Dr. Sasson discussed a letter sent the Executive Committee on November 12, 2009 re: Comments on the HQUS Issue signed by most of the TOs supporting the proposed base case from ICS and Mr. Gonzales' view that more investigation is warranted. The TOs feel that the HQUS issue has been convoluted by the mixing of market and reliability concepts. Further, if there is any question of whether reliability trumps market transactions, there is a need to review and modify the Reliability Rules. Mr. Vennes assured the Executive Committee that HQUS has no intention of placing markets ahead of reliability.

After additional discussion, Mr. Dahl moved for approval of the ICS proposed base case IRM of 17.9% for the 2010 capability year. The motion was seconded by Mr. Bolbrock and approved by the Executive Committee – (11 to 0, 2 abstentions). Also, he requested comments on the draft Report by November 20, 2009 – **AI #127-4**. At the request of Mr. Loehr, Messrs. Dahl and Drake agreed to run a sensitivity case with 15% wind power – **AI #127-5**. The Chairman, in behalf of the Executive Committee, acknowledged ICS and the NYISO Staff for their excellence in carrying out the IRM Study for 2010/11.

6.3 Upstate/Downstate Study – Nothing new to report.

6.4 Other ICS Issues – Mr. Dahl noted that New England Market Participants have contacted him expressing concern regarding New England's heavy dependence on its neighbors for emergency assistance. The issue will be addressed at NPCC - CP.

7.0 Reliability Rules Subcommittee Status Report/Issues

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on November 5, 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 #101, Resource Availability, received final approval and PRR# 102, Reliability Assessment, was approved for posting at the October 9, 2009 Executive Committee meeting. PRR #97, BPS Facilities (See Item #4.4), PRR #103, C-R4; System Data Requirements, PRR #104, Verification Testing of Resource Capacity, PRR #105, Rescission of Exception to NYSRC Reliability Rules, are under development in conjunction with the NYISO.

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

- None

2. PRRs for EC Approval to Post

- None

3. PRRs for EC Discussion

- None

7.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Mr. Adamson noted that comments on TPL-001-1, Transmission Planning Performance Criteria, were submitted on October 16, 2009. Additional round(s) of comments are likely. Mr. Loehr noted that NERC would prefer to ballot TPL before the end of the year. The current draft Standard would require additional minor analysis by the NYISO.

- 7.4 Modification to Exceptions – Policy 1** – Mr. Clayton requested that discussion on the letter from Mr. Gonzales, re: Request for NYSRC Modifications to Exceptions to Reliability Rules, be tabled until the December 4, 2009 Executive Committee meeting after RRS has reviewed the request. The Committee concurred.
- 7.5 Other RRS Issues** – Mr. Clayton noted that a meeting will take place in December 2009 to renew contact with Rob Sliwinski and the DEC. Also, the NYS BPS definition is progressing. There is now a single document prepared by the TOs that associates facilities that are on the A1, A2, ATR, or A10 lists with their corresponding TDF.
- 8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues**
- 8.1 RCMS Status Report & Discussion Issues** – Mr. Adamson indicated that RCMS met for its regular meeting on November 12, 2009. All members were in attendance.
- 8.2 2009 New York Reliability Compliance Program (NYRCP)** – Mr. Adamson further indicated that the following Measurements were reviewed for compliance:
- a) A-M3, Certify LSE ICAP Obligations Are Met, – Full Compliance,
 - b) G-M1, NYISO Procedures for Maintaining a NYCA Restoration Plan, - Delayed to 2010 due to interpretation differences of certain TO required actions,
 - c) G-M2, TO Restoration Plan Requirements, - Full Compliance,
 - d) G-M3, Blackstart Provider Requirements, - Full Compliance,
 - e) G-M4, System Restoration Training Requirements, - On-Hold, waiting for further documentation from the NYISO,
 - f) I-M5, Con Ed Procedures for Local Rules I-R1, I-R2, and I-R4, - Full Compliance, and
 - g) I-M6, LIPA Procedures for Local Rule I-R5, - Full Compliance.
- 8.3 Other RCMS Issues** – Mr. Adamson noted that the NYISO gave an excellent presentation on the status of the 2009 Transmission Assessment (a.k.a. the ATR). The NYISO expects to provide a report to RCMS and NPCC-TFSS in late December 2009.
- Also, Mr. Adamson reported that ICS has approved the NYISO Mitigation Plan to resolve outage data reporting issues raised under Recommendation #6 of the RCMS report, Implementation of Recommendations in Reliability Compliance Review of 2004 Outage Data Misreporting Event.
- 9.0 NYISO Status Report/Issues**
- 9.1 NYISO 2009 Comprehensive Reliability Planning Process** – Mr. Chao noted that the NYISO is currently reviewing LILCO’s Local Area Transmission Plan.
- 9.2 Economic Study of Transmission Congestion** – The NYISO has recently completed a 6th draft of the Congestion Study. Leeds-PV, Central East and UPNY-CE are the most constrained interfaces.
- 9.3 Other Status Reports/Issues**
- i. **NYCA Reactive Power Study** – Nothing new to report.
 - ii. **Wind Integration Study/Activities** – Mr. Chao indicated that the Wind Integration Study is nearing completion. A stakeholder presentation is scheduled for December 21, 2009.
- 10.0 Other Items**
- 10.1 NYISO Operations Report** – Mr. Gonzales indicated that the peak load for October 2009 was 20,671Mws which occurred on October 15, 2009 beginning at 18:00 hours. There was a major emergency declared on October 25, 2009 at 08:05 caused by exceedence of the Moses South stability limit by more than 5%. This was due, in part, to scheduling changes resulting from the new HQ-IESO tie (1200Mws). Also there was an increase in frequency threshold excursions which is typical for shoulder months.
- 10.2 North American Energy Standards Board** – Mr. Ellsworth noted that the Board will be meeting in December 2009.
- 11.0 Visitors’ Comments** – None

12.0 Meeting Schedule -

<u>Mtg. No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#128	Dec 4, 2009	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#129	Jan 8, 2010	TBD	9:30 A.M.

The open session of Committee Meeting No.127 was adjourned at 3:15 P.M.