

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 138 – October 8, 2010
Albany Country Club, Voorheesville, NY

Members and Alternates

in Attendance:

George C. Loehr	Unaffiliated Member – Chair
Curt Dahl, PE	LIPA - Alternate – ICS Chair - Phone
Richard J. Bolbrock, PE	Municipal & Electric Cooperative Sector
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George Smith	Unaffiliated Member
Michael Mager, Esq.	Couch White, LLP (Large Customers' Sector) – Member - Vice Chair
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
Tom Duffy	Central Hudson Gas & Electric – Member
Arnie Schuff	New York Power Authority – Member - Phone
Chris LaRoe	IPPNY (Wholesale Sellers) – Member - Phone
Paul DeCotis	LIPA – Member

Others:

Paul L. Gioia, Esq.	Dewey & LeBoeuf LLP - Counsel
Al Adamson	Consultant - Treasurer
John Adams	New York Independent System Operator (NYISO)
Henry Chao	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO) - Counsel
Kristin Blugas	New York Independent System Operator (NYISO) - Counsel
Wes Yeomans	New York Independent System Operator (NYISO)
Don Raymond	Executive Secretary
Edward Schrom	NYS Department of Public Service
Steve Fanning	National Grid, USA – RCMS Chair
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric*

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA – Phone*
Scott Leuthauser	HQUS
Dean Ellis	Dynegy Corp.

“*” – 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.138 to order at 9:30 A.M. on October 8, 2010 at the Albany Country Club.
- 1.1 Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance.
- 1.2 Visitors** – See Attendee List, page 1.
- 1.3 Requests for Additional Agenda Items** – None
- 1.4 Declarations of “Conflict of Interest”** – None
- 1.5 Executive Session Topics** – An Executive Session was requested by Dr. Sasson to discuss the security of Critical Energy Infrastructure Information (CEII).
- 2.0 Meeting Minutes/Action Items**
- 2.1 Approval of Minutes for Meeting No. 137 (September 10, 2010)** – Mr. Raymond introduced the revised draft minutes and suggested clarifying changes. Mr. Smith offered additional comments. Following further discussion, Mr. Ellsworth moved for approval contingent upon inclusion of Messrs. Smith and Raymond’s comments. The motion was seconded by Mr. Smith 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 - #137-1**.
- 2.2 Action Items List** – The Committee reviewed the Outstanding Action Items list and accepted removal of the following items:

<u>Action Item #</u>	<u>Comments</u>
128-7	The load shift and Capacity was examined in August 2010.
133-6	Mr. Chao provided the latest NYISO Interconnection Tracking List including Zonal breakdown at the October 8, 2010 Executive Committee meeting.
136-3	PRR #105 received final approval at the October 8, 2010 Executive Committee meeting.
136-2	The Executive Committee provided comments by September 10, 2010.
136-4	Dr. Sasson provided comments for the September 10, 2010 Executive Committee meeting.
135-5	Mr. LaRoe described IPPNY’s position during the September 10, 2010 Executive Committee meeting.
137-1	The Code of Conduct “Acknowledge Form” was circulated on October 1, 2010.
137-3	Mr. Fedora circulated the new Task 5 scope on September 9, 2010.
137-4	Comments were sent by the Executive Committee by October 8, 2010.
137-6	Comments on Policy 1 were sent to Mr. Clayton by September 24, 2010.
137-7	Mr. Adamson presented the Annual Transmission Assessment guidelines to RRS.

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 \$147,000 at the end of September 2010. The projected year-end variance from budget is \$97,000 under budget. Also, Mr. Adamson reported that the 4th Quarter Call-For-Funds of \$150,000 was received in full and a contract was sent to Slocum, DeAngelus & Associates, Inc. for the 2010 Audit.

3.2 Other Organizational Issues

- i. Code of Conduct "Acknowledge Form"** – Mr. Gioia described the content of a revised "Acknowledge Form". Part 1 is applicable to all NYSRC Personnel and requires certification (as currently) that the Code of Conduct has been read and the signer agrees to abide by and comply with its terms and conditions.

Part 2 applies to all Unaffiliated members of the Executive Committee as defined in the Code of Conduct, and the NYSRC Treasurer, Executive Secretary, Counsel, all consultants retained by the NYSRC, and any party appointed by the Executive Committee to serve on an NYSRC subcommittee, working group or task force. It provides that the foregoing members shall provide to the Executive Committee a list of his or her business or commercial relationships with the NYISO or any Market Participant, and any relationship with any other entity that may present a potential conflict or interfere with the duties owed to the NYSRC.

The new "Acknowledge Form" will be executed for the first time in January 2011.

4.0 Key Reliability Issues

- 4.1 Defensive Strategies** – Mr. Smith noted that the NYISO's Controlled Separation RFP has been released and may be found on the NYISO website. The bids are due October 21, 2010. A process is being established with the NYISO whereby the DSWG can participate in the bid review. A DSWG meeting will be scheduled for shortly after October 21, 2010. Messrs. Smith and Loehr recommended asking Dan Sobajic (NYISO R&D Consultant) to give the Executive Committee an update presentation on PMU technology – **AI #138-2**.

- 4.2 NPCC Defensive Strategy Activities** – Mr. Smith indicated that the NPCC SS-38 Working Group will be meeting in Toronto, CN on October 21, 2010 to begin the initial work on the Task 5 Study. Mr. Fedora noted that the NPCC-RCC newly approved scope for Task 5 of the Blackout Study was circulated on September 9, 2010.

- 4.3 Smart Grid – Status of NYISO Activities** – Mr. Patka indicated that the PSC has initiated a generic inquiry into "Smart Grid" which will lead to a PSC Policy Statement, likely in 2011. Comments were due by September 15, 2010 with reply comments due October 15, 2010. The NYISO comments focused on process and a white paper was provided on Bulk Power System related issues. It appears that the PSC is prepared for a large collaborative process to establish the basis for the Policy Statement. The process could be helpful in receiving new transmission approvals and rate base treatment.

4.4 Interregional Studies of Proposed Transmission

- i. Eastern Interconnection Planning Collaborative (EIPC)** – Mr. Adams reported that the EIPC Stakeholder Steering Committee (SSC) Modeling Working Group is developing the Regional 2020 "Roll-up Case" and addressing modeling gaps between neighboring systems. Next, linear transfer analysis will be performed to initially determine flowgates for use in the CRA economic analysis. The draft "Roll-up" Model Report was circulated on September 24, 2010. A second draft is expected by October 12, 2010.

A SSC Modeling Working Group webinar was held on October 4, 2010 to discuss the process for developing additional “Roll-up” powerflow cases. It is planned to have the “Roll-up Case” completed by June 2011 and a “base case” by June 2012.

The next SSC meeting is scheduled for October 12-14 in Washington, D.C. to: (a) finalize the Charter, (b) decide on a Chairperson, (c) determine the process for scenario development, (d) review the Project schedule, and (e) receive a presentation on the “Roll-up” analysis.

ii. **IPSAC** – Mr. Adams indicated that the Joint-Inter-regional Planning Committee (JIPC) continues to focus on the coordination of modeling: Gridview, IREMM, and ProMod. An IPSAC webinar is scheduled for October 29, 2010. Also, the NYISO Inter-regional Task Force (IPTF) has scheduled a teleconference for October 22, 2010.

iii. **NPCC** – Nothing new to report.

4.5 TO’s Strategic Transmission and Reliability Study (STARS) – Mr. Dahl indicated that work is continuing toward completion of the economic study. The NYISO is beginning to receive Production Cost results which can then be combined with the capital cost to obtain final economic results. The methodology and modeling assumptions for the STARS economic evaluation are based on the NYISO CARIS process.

4.6 Use of Special Protection Systems (SPSs) – Nothing new to report.

5.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

5.1 ICS Status Report and Discussion Issues – Mr. Dahl reported that ICS met on September 28, 2010. A conference call took place on October 7, 2010 to discuss the Sensitivity Cases. He noted that the NYISO reported it had completed input of all assumption parameters into the MARS model with the exception of the outside world model and the load forecast. The NYISO is in the process of finalizing the ISONE capacity representation based on its CELT data book and is also reviewing the capacity purchase/sales model. A load forecast was provided by NYISO Load Forecast Task Force on October 1, 2010 based on peak 2010 load forecast and updated regional growth factors of 32,875Mw; a 150Mw reduction from last year’s forecast. The case with all updated assumptions was also provided to General Electric for its annual data review.

The NYISO has finalized the base case and begun running points on the IRM/LCR curve to support an ICS conference call held October 7, 2010. While analysis is not complete, very preliminary results suggest the IRM base case may be lower than last years. This is consistent with the qualitative assessment of assumptions provided to the EC on the Assumption matrix. The high impact parameters appear to be: (a) Through system Capacity Contracts, (b) FORs and (c) Capacity Sales.

5.2 2011 IRM Study – Sensitivity Cases – Mr. Dahl presented a list of sensitivity study recommendations for Executive Committee consideration. The recommendations were generally consistent with last years study. Three additional cases have been added for 2011: (a) an alternate wind profile, (b) an alternate load shape, and (c) the impact of additional downstate transfer capability. Dr. Sasson expressed concern that the masked data base had not been provided to Con Ed in time to be of assistance. Also, Dr. Sasson requested that the sensitivity list be expanded to separately determine the IRM impact of representing 2011 physical changes only, with no new modeling changes included. In addition, the Executive Committee requested that Sensitivity Case #13 be modified to include the shutdown of both Indian Point units. Following further discussion, Dr. Sasson moved for approval of the sensitivity case list, including the additional cases (subject to check regarding feasibility). The motion was seconded by Mr. DeCotis and unanimously approved by the Executive Committee members in attendance – (13 to 0).

5.3 Assessment of SCR Performance – Mr. Dahl indicated that at the request of NYISO this initiative has been deferred to end of the year to allow consideration of efforts underway at NYISO ICAP WG, involving possible modification of ICAP aggregation rules, to make baseline reporting more accurate.

5.4 Other ICS Issues

i. Policy 5 Revision – Mr. Dahl noted that ICS has incorporated Load Forecast Uncertainty into the Policy 5-4 draft version reviewed by the Executive Committee at its September 10, 2010 meeting and requests Executive Committee approval contingent upon minor updates to Appendix A which are to be approved ICS. This motion to conditionally approve Policy 5-4 was seconded by Mr. Clagett and unanimously approved by the Executive Committee members in attendance – (13 to 0).

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that RRS met on October 5, 2010. Referring to the List of Potential Reliability Rules Changes – Outstanding, he noted that PRRs #8, #52 and #97 remain under development.

6.2 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 introduced PRR #105, Exceptions Review, which was posted on August 16, 2010 for review and comment by October 1, 2010. No comments were received. Therefore, RRS requested Executive Committee final approval of PRR #105, the associated changes to Policy 1, and the addition of a process diagram. Following discussion, Mr. Clayton moved for final approval of the RRS request. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee members in attendance – (13 to 0).

2. PRRs for EC Approval to Post

● Mr. Fanning reported that during RCMS discussion of PRR #106, Modification of G-M3, Blackstart Facility Testing Requirements, which included Dr. Sasson and Ms. Whitaker (NYISO), changes were agreed upon that will require returning the PRR to RRS for its review.

3. PRRs for EC Discussion

● Mr. Clayton indicated that comments were received from Dynegy (September 28, 2010) on PRR # 104, Verification Testing of Resource Capacity, which address the reactive power testing frequency of generators in the leading mode. The Rule modification, sponsored by Ms. Whitaker (NYISO), would change the testing frequency (leading mode) from one to three years. Dr. Sasson indicated that ConEd will support testing in the leading mode every three years provided the Ancillary Services Manual is amended to clarify that the generators will test “true (i.e., maximum)” leading vars.

Mr. Dean Ellis, representing Dynegy, expressed a number of concerns and recommendations in a September 28, 2010 email to Mr. Raymond, including (a) inconsistencies in the PRR between the maximum reactive power capacity offered into the voltage support service (VSS) program and the generators’ maximum leading reactive power, (b) a certification letter should be issued only when there are changes instead of annually, (c) relaxing the PRR #104 testing frequency requirement from three to five years and (d) no real power level is indicated in the PRR for the testing. Mr. Clayton agreed to bring Mr. Ellis’ issues to the RRS for resolution – **AI #138-3**.

6.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Nothing new to report.

ii. FERC Order Modifying NERC Procedures – Status – Mr. Forte reported that the NPCC Board continues to consider a stakeholder with greater independence and a reduction in size.

6.4 Other RRS Issues

- i. **DEC Declaratory Rule Regarding Emergencies** – Mr. Clayton noted that a meeting will be held with the DEC on October 14, 2010.

7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

7.1 RCMS Status Report & Discussion Issues – Mr. Fanning reported that RCMS met for its regular meeting on October 7, 2010.

7.2 2010 New York Reliability Compliance Program (NYRCP) – Mr. Fanning indicated that the following Measurements were reviewed and found to be in full compliance:

- a) K-M2d, Monthly Operations Report,
- b) B-M4, List of NYS Bulk Power System Facilities,
- c) E-M7, MP Evaluation of NYISO Fault Duty Assessments,
- d) C-M12, Procedures for Disturbance Recording Device Installation and Reporting of Data,
- e) C-M13, Certification That Disturbance Recording Devices Have Been Installed and Data Reported as Required.

E-M7b's, Fault Duty Mitigation Plan, compliance review was extended 30 days to modify the Certification Form.

Further, RCMS discussed: (a) the establishment of guidelines for the NYCA Transmission Assessment review, (b) revisions to the Compliance Template Manual, (c) Policy 4 revisions, and (d) NY Market Participants violations of NERC Standards. Regarding item (a), Mr. Adamson brought the guidelines to RRS for consideration as an appendix to the Reliability Rules Manual. Mr. Fanning also raised a concern about low RCMS member attendance at recent meetings.

7.3 Other RCMS Issues – Nothing additional to report.

8.0 State/Federal Energy Activities

8.1 NYSERDA - Update – Ms. Hogan provided a written summary update on the NYSERDA Activities:

1. The PSC has issued a State Administrative Procedure Act (SAPA) notice 10-M-0457SP1 for the System Benefit Charge (SBC) for NYSERDA. This charge has historically been NYSERDA's largest source of funding, but with the Energy Efficiency Portfolio Standard (EEPS), the proposed extension of the SBC moves some programs currently funded under SBC to EEPS.
2. The regulations in the states participating in RGGI require that a program should be reviewed in 2012. As such, participating states are in the process of the program review and modeling per the requirement. A public meeting will be held in early-mid September 2012.
3. The New York Climate Action Council is nearing completion of the assembling of the proposals that will move the State in the direction of achieving 80% reduction of CO2 by 2050. The draft report is expected to be released on November 8, 2010. There will be a 90 day commenting period and two public hearings. Ms. Hogan will forward the link to the draft report upon its release – **AI #138 -4**.

8.2 NPCC Report – Mr. Fedora noted that NPCC-TFSS is developing the process for implementing the 100kV "Bright Line" criteria for defining BES facilities should FERC decide to move in that direction.

8.3 FERC 100kV "Bright Line" – Status – Nothing additional to report.

9.0 NYISO Status Report/Issues

9.1 NYISO 2010 Comprehensive Reliability Planning Process (CRPP) – Mr. Adams indicated that the NYISO Board of Directors approved the 2010 RNA on September 21, 2010. The first draft of the 2010 Comprehensive Reliability Plan is now under preparation for review at the October 15, 2010 ESPWG meeting.

The CARIS II base case model was presented to BIC on October 6, 2010. The NYISO will meet with the developer for the signing of the study agreement. The ESPWG has requested six specific scenarios be run and the developer has indicated an interest in four or five additional scenarios. A consultant will be used to perform the studies.

9.2 Other Status Reports/Issues – Nothing new to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans reported that for September 2010, the peak load occurred on Thursday, September 2, 2010 at 31,475Mws versus the all time summer peak of 33,939Mws on August 2, 2006. There were no Major Emergencies declared during the month and one TLR level 3s for a total of four hours.. Loop flows around Lake Erie have persisted in a counter clockwise direction due to scheduled transactions between PJM and MISO. October 2010 is expected to be a low load month thereby exacerbating potential high voltage issues.

10.2 North American Energy Standards Board – Nothing new to report.

11.0 Visitors' Comments – None

12.0 Meeting Schedule -

<u>Mtg. No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#138	Nov. 12, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.
#139	Dec. 3, 2010	Albany Country Club, Voorheesville, N.Y.	9:30 A.M.

The open session of Committee Meeting No.138 was adjourned at 2:30 P.M.