

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 141 – January 7, 2011
NYSERDA Offices, Albany, NY

Members and Alternates
in Attendance:

George C. Loehr	Unaffiliated Member – Chair
Curt Dahl, PE	LIPA - Alternate – ICS Chair - Phone
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
William H. Clagett	Unaffiliated Member
Bruce B. Ellsworth	Unaffiliated Member
George Smith	Unaffiliated Member
Mike 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
Joe Hipius	National Grid, USA – Member
Dave Kimiecik	New York State Electric & Gas/Rochester Gas & Electric – Member - Phone
Tom Duffy	Central Hudson Gas & Electric – Member
Arnie Schuff	New York Power Authority – Member - Phone
Glenn Haake	IPPNY (Wholesale Sellers) – Alternate
Paul DeCotis	Long Island Power Authority - Member

Others:

Paul L. Gioia, Esq.	Dewey & LeBoeuf LLP - Counsel
Al Adamson	Consultant - Treasurer
Henry Chao	New York Independent System Operator (NYISO)*
Carl Patka, Esq.	New York Independent System Operator (NYISO) - Counsel
Kristin Bluvas, Esq.	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 - Phone

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA
Philip Fedora	Northeast Power Coordinating Council

“*” – 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.141 to order at 9:30 A.M. on January 7, 2011 at the NYSERDA Headquarters. In consideration of a “storm alert advisory” for the afternoon, Mr. Loehr indicated that once the administrative items were completed the remainder of the meeting would focus on the Subcommittee reports. Written status reports are included in the minutes.

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 – None

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 140 (December 10, 2010) – Mr. Raymond introduced the revised draft minutes and Mr. Gioia provided clarifying comments. Following further discussion, Mr. Claggett moved for approval of the draft revised minutes contingent upon inclusion of Mr. Gioia’s comments. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site – **AI #141-1**.

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>
117-5	The 2011 IRM Report discussed the differences between UCAP and ICAP IRMs.
139-6	Mr. Gioia filed version 28 of the NYSRC Reliability Rules Manual with the PSC on December 29, 2010.
140-4	Mr. Gioia filed with FERC for approval of the 2011 IRM on December 16, 2010.
140-6	Dr. Sasson circulated the ConEd presentation regarding the LOG-MOB Rule on December 21, 2010.

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 \$171,500 at the end of December, 2010. During December 2010, \$40,000 of the 1st Quarter 2011 Call-for-Funds (\$105,000) was received. An additional \$60,000 has been received in January 2011. Therefore, the net cash balance at year end 2010 without counting 1st Quarter Call-for-Funds receipts in December(\$171,500 - \$40,000) is \$131,500.

ii. 2010 Audit – Mr. Adamson indicated that the 2010 Audit will begin shortly. The auditor, Slocum, DeAngelus & Associates, P.C., will be sending letters to each member

requesting the amount of the member's funding of the NYSRC in 2010. The Audit Report is expected to be available for the March 11, 2011 Executive Committee meeting.

3.2 Other Organizational Issues –

- i. Code of Conduct** – Mr. Raymond reminded the Executive Committee and Subcommittee Members, Alternates, and certain others, as documented in the Code of Conduct that the signed Code of Conduct Form should be provided to him by the February 11, 2011 Executive Committee meeting. In response to a question from Mr. Loehr, Mr. Gioia indicated that the Unaffiliated Members should identify all commercial relationships currently in place.
- ii. 2009-2010 Biennial Report** – Mr. Adamson asked the Executive Committee whether it wished to publish a 2009-2010 Biennial Report. He noted that the cost of publishing is included in the 2011 budget. Following discussion the Executive Committee agreed to proceed. Mr. Adamson indicated the following Schedule:
 - (a) Mr. Adamson will provide the Executive Committee with a suggested list of issues for discussion and approval at its February 11, 2010 meeting,
 - (b) First draft of the Biennial Report ready for discussion by the March 11, 2011 Executive Committee meeting,
 - (c) Final draft Biennial Report available for approval at the April 8, 2011 Executive Committee meeting, and
 - (d) Formally published Report by the May 13, 2011 Executive Committee meeting – **AI #141-2.**
- iii. RCMS Chair Position** – Mr. Loehr informed the Executive Committee that Mr. Fanning, the current RCMS Chair is on a temporary assignment in a new position at Nat'l Grid and, therefore will be unavailable to chair RCMS for several months. Mr. Adamson will serve as acting chair until a replacement can be found. Mr. Loehr requested the that Executive Committee members develop options for consideration at its February 11, 2011 meeting – **AI #141-3.**

4.0 Key Reliability Issues

4.1 Defensive Strategies – Mr. Smith indicated that the DSWG meeting planned for January 6, 2011 was cancelled due to a scheduling conflict with vendor presentations of their NYISO controlled separation proposals. Mr. Smith attended the vendor presentations and participated in the review process. Excellent bids were received from 10 bidders. The NYISO is currently in the process of narrowing down the bids to a few finalists. Follow-up questions will be issued by the NYISO on January 8, 2011 with responses required by January 11, 2011. The bid award is expected by the end of January 2011.

Also, Mr. Smith noted that Zach Smith is heading up the technical team for NYISO. He is also a member of the NPCC TFSS. The NYISO has participants on the NPCC SS-38 (dynamics working group), TFSP and TFCP. Therefore, strong coordination with NPCC related activities can be expected. In particular, NPCC's Task 5, which is considering controlled separation from a regional perspective as a follow up to the blackout study, will be monitored closely.

A DSWG meeting will be held after selection of the successful bidder to inform the working group of the results of the evaluation process. Progress meetings during the course of the study will be held and webinar facilities will be used as appropriate to mitigate travel and allow wider participation of DSWG and NPCC members.

The NYISO is commended for performing an excellent proposal review process.

5.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

5.1 ICS Chairmen's Report and Discussion Issues –

5.2 2011 IRM Study Filing – Mr. Gioia noted that the 2011 IRM Report was filed with FERC on December 16, 2010 and a copy was provided to the PSC. The PSC has "noticed" a proceeding to

review the IRM with comments due February 12, 2011. Mr. Gioia will prepare NYSRC comments – AI #141-4.

5.3 2011 IRM Report – Lessons Learned - Mr. Dahl indicated that the ICS reviewed points raised in Dr. Sasson’s December 21, 2011 letter to the Executive Committee and further discussed possible process improvements to enhance the NYSRC IRM study efforts. The ICS developed preliminary recommendations in the areas of: a) handling non-standard modeling enhancements (e.g. EFORd true-up), b) improving Q/A of MARS input data, and c) improving the sensitivity testing procedure. Based on input from Con Edison and the NYISO, Al Adamson developed a comparison of proposed work plan enhancements against the existing Policy 5 process to identify impacts. It was agreed to summarize the ICS discussions as the basis for a final recommendation to the Executive Committee at its February 11, 2011 meeting.

5.4 Other ICS Issues

i. Request for NYISO Assessment of SCR Performance (NYSRC May 2010 request to NYISO)

The NYISO previously deferred this assessment until year end 2010 to allow NYISO to complete development of a new SCR baseline methodology. It was reported to ICS that this new methodology is nearing completion. ICS representatives discussed some concerns regarding appropriate aggregation and measurement techniques used to determine true “on-peak” value. It was requested that, Wes Yeomans, the NYISO designated lead on NYSRC SCR Assessment attend the February 2011 ICS meeting to discuss ICS concerns and finalize the scope of 2011 efforts. ICS noted the importance of obtaining a response to the SCR Assessment request by June 2011 in order for it to be included in the 2012-13 IRM study.

ii. New Lower Hudson Valley Locational Zone

In response to a recent NYISO filing at FERC, ICS is beginning to consider how a new locational zone might be incorporated into the IRM/LCR Unified Methodology used for establishing current resource adequacy requirements. It was requested that NYISO staff and GE attend the February 2011 ICS meeting to discuss preliminary quantitative results previously shared with NYISO market participants.

iii. Forward Capacity Market/ Horizon Year Study

ICS discussed resuming this study which was put on hold last year pending resolution of technical issues and completion of the 2011-2012 IRM study. The NYISO expressed resource and scheduling concerns given proposed enhancements to the IRM study process/timeline (see “**2011 IRM Study Lessons Learned**” item above).

iv. IRM MARS database for LIPA and Con Edison based on “Information Use Agreement”

The NYISO reported that GE is expected to resolve database encryption issues in the February 2011 timeframe. Mr. Dahl noted the importance of this initiative to support enhanced Q/A activities for the upcoming IRM cycle.

v. 2012/13 IRM Study

The ICS will begin work on the 2012-2013 IRM assumptions matrix at its February 2011 meeting to accommodate long lead time items in advance of Executive Committee approval of the IRM Assumptions Matrix. Such items include the transmission topology and resolution of issues associated with major modeling enhancements, such as, the EFORd “true-up” methodology.

6.0 Reliability Rules Subcommittee Status Report/Issue

6.1 RRS Status Report & Discussion Issues – Mr. Adamson referred to the List of Potential Reliability Rules Changes – Outstanding and noted that PRRs #104, Verification Testing of Resource Capacity, received final approval at the November 12, 2010 Executive Committee meeting.

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

- PRR #106, Blackstart Facility Testing Requirements - Mr. Adamson reminded the Executive Committee that PRR #106, Blackstart Facility Testing Requirements, was approved for posting for review and comment at its November 12, 2010 meeting and comments were due January 4, 2011. Written comments were received from Mr. James D'Andrea, attorney for TC Ravenswood, LLC, who participated in the RRS January 4, 2011 meeting during its discussion of his comments. He expressed concern in two particular areas. First, he believes there is a contradiction between the Rule and the NYISO Tariff since the Rule specifies testing during the Capability Period while the Tariff indicates testing is limited to the November through April period. Secondly, Mr. D'Andrea questioned the need for a complete start-up test in blackstart mode of every large steam blackstart unit every Capability Period. During discussion directly with Mr. D'Andria, both during and after the RRS meeting, Mr. Adamson explained that the Reliability Rules are written such that the NYISO may, if desired, be more specific or stringent in its Procedures and Tariff which implement the Rules because of system operating conditions. It is believed that Mr. D'Andrea now appreciates that his concerns lie with the NYISO Procedures and Tariff, not the Reliability Rules. However, it was suggested to clarify G-M1 and G-M3 in PRR #106 by adding the sentence, "The NYISO shall determine the number of units within a blackstart facility that shall be tested annually, and the time within the Capability Year that testing shall be completed." After further discussion, Dr. Sasson moved for final approval of PRR #106 contingent upon inclusion of the clarifying sentence. The motion was seconded by Mr. Clagett and approved by the Executive Committee members (12 to 0, with 1 abstention).

2. PRRs for EC Approval to Post

- None

3. PRRs for EC Discussion

- None

6.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Mr. Adamson directed attention to the NERC Reliability Standard Development Tracking Summary and, in particular, the definition of BES. FERC Order No. 743 has given NERC one year to develop the definition and an exemption process. NERC will use the its standard development process for developing the definition. Mr. Fedora is on a NERC Regional Coordination Team initiated to support development of the BES definition. He noted that a second Drafting Team would address the exemption process through a yet to be defined procedure similar to that used to change the NERC "Rules of Procedure". However, he assured the Executive Committee that the work of the seconded Drafting Team would be thoroughly vetted through the usual comment process. Also, the Coordination Drafting Team has, for example, researched and documented the FERC "Seven Factor Test" appearing in FERC Order 888 to assist the BES Definition Drafting Team. It was suggested that Mr. Clayton be considered to represent the Executive Committee on the BES definition Drafting Team. Travel and expenses are estimated to cost about \$15,000. Mr. Duffy offered that it would be more cost effective to have Mr. Clayton's attention given to the development of the exemption process since the BES definition has been largely prescribed by FERC.

A majority of the Executive Committee agreed to wait until the approach to developing the exemption process is clearer and then consider requesting Mr. Clayton to participate on the exemption process Drafting Team – **AI #141-5**. Also, Mr. Fedora noted that NPCC is developing information through its committee structure for the exemption process.

6.4 Other RRS Issues

i. **NYISO LOG-MOB Rule Investigation** – Mr. Patka noted that the NYISO is working to identify the total number of hours during which generating units in New York City burned oil in response to LOG-MOB requirements in summer 2010, and that the NYISO would have an update at the February 11, 2011 Executive Committee meeting – **AI #140-6**.

7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

7.1 **RCMS Status Report & Discussion Issues** – Mr. Adamson reported that RCMS met on January 6, 2011.

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

- a) C-M11, Reporting of Load Flow, Short Circuit and Stability Data to the NYISO,
- b) G-M1, NYISO Procedures for Maintaining a NYCA System Restoration Plan,
- c) G-M2, Transmission Owner Restoration Plan Requirements,
- d) G-M4, NYISO Emergency Restoration Training Requirements,
- e) I-M5, ConEd Local Rule I-R1, R2 and R4 Procedures, and
- f) I-M6, LIPA Local Rule I-R5 Procedures.

Mr. Adamson reminded the Executive Committee that compliance review of Measurement G-M3, Blackstart Provider Requirements, was on hold pending a NYISO investigation of a possible violation of the Blackstart Rule. Also, he reported that RCMS has received a redacted letter from Mr. Gonzales (NYISO) to the Blackstart Rule violator dated December 7, 2010 indicating that the Blackstart Provider did not complete a successful Blackstart Test for the Capability Year 2010-2011 and therefore did not comply with the NYISO's Service Tariff, NYISO Procedures, the NYSRC Reliability Rules G-R1 and R2 and Measurement G-M3. As a consequence, the NYISO is also in non-compliance, and the RCMS must provide a recommendation to the Executive Committee regarding whether the NYSRC should issue a non-compliance letter to the NYISO in accordance with Policy 4-4. The basis for the RCMS recommendation is whether or not the NYISO has taken all reasonable action to secure compliance with Measurement G-M3.

Mr. Adamson then introduced a report, Measurement G-M3 Non-Compliance, prepared by RCMS which recommends that "the NYSRC not issue a non-compliance letter to the NYISO" based on the actions taken by the NYISO. Among these actions were:

- (a) Measurement G-M1, which sets forth NYISO emergency restoration responsibilities, includes a requirement (G-M1.5) for the NYISO to develop procedures requiring blackstart providers to conduct tests once per Capability Year to verify that their facilities are capable of meeting the requirements of the NYISO System Restoration Plan. Compliance with G-M1 was reviewed by RCMS on December 2, 2010 and RCMS found that the NYISO was in full compliance with this measurement. The NYISO Emergency Restoration Manual includes these required procedures: Section 3.1.4 – Testing Frequency, which requires testing for each Capability Year; and Section 3.1.5 – Documentation of Testing, which requires that blackstart providers provide documentation of tests to the NYISO. Both procedures were violated by the Provider during the 2010/2011 Capability Year. The NYISO Services Tariff also requires annual blackstart testing and reporting of results to the NYISO.
- (b) When it became apparent during the spring of 2010 that the Provider might fail to conduct a test for the 2010/2011 Capability Year, the NYISO reminded the Provider of its obligation to complete a test. Despite this, the Provider failed to conduct a test before the end of the 2010/2011 Capability Year.

(c) The non-compliance letter from the NYISO to the Provider states as follows relative to the Provider's compliance for the 2011/2012 Capability Year: "... the NYISO urges [redacted] to schedule and complete a test for the [redacted] as soon as possible." RCMS does not consider this statement sufficiently strong concerning its obligation to direct the Provider to comply with G-M3 and NYISO procedures and tariffs for the 2011/2012 Capability Year. However, the NYISO staff did inform RCMS that it intends to meet with the Provider in January 2011 to discuss required testing for the 2011/2012 Capability Year. The NYISO remains concerned about the Provider coming into compliance because the Provider plays an important role in the NYISO's Blackstart Program for ensuring NYCA reliability. Accordingly, the NYISO is working to negotiate a resolution with the Provider to comply with G-M3 and to maintain the resource as a blackstart provider. RCMS has requested that the NYISO provide the results of the negotiations be provided to RCMS as soon as possible and that RCMS be informed once the Blackstart Provider is in compliance.

Mr. Bolbrock expressed concern that when evaluating the question of need for a NYISO non-compliance letter, the position of the potential violator is unclear due to confidentiality constraints. Mr. Patka offered that the NYSRC can obtain all information provided to it in redacted form. At the suggestion of Mr. Mager, the Executive Committee requested RCMS to investigate the issue regarding the availability of necessary information. The request is particularly timely since RCMS is currently contemplating an update to Policy 4. Following further discussion, Mr. Ellsworth moved for approval of the RCMS recommendation not to send a non-compliance letter to the NYISO. The motion was seconded by Mr. Smith and unanimously approved by the Executive Committee - (13 to 0). Mr. Gioia will prepare and circulate for comment a resolution for transmittal to the NYISO regarding the Executive Committee's decision – **AI #141-7**. Mr. Clagett stated that the resolution should be clear that the NYSRC expects "best efforts" going forward by the NYISO to bring the generator into compliance as soon as is reasonably possible.

7.3 2007-2011 NYRCP Assessment – Mr. Adamson reviewed the 2007-2011 NYRCP Assessment which records the Measurements that have been reviewed over the past four years. The reasoning for recommending a 2011 compliance review generally falls into one or more of the Categories below:

- (a) Certain measurements are required to be reviewed annually or monthly,
- (b) All Market Participant measurements are reviewed annually,
- (c) Compliance reviews are normally required at least every three years,
- (d) Measurements modified the previous year (2010); there may be a PRR Implementation Plan requirement, and/or
- (e) There may be ongoing compliance issues with certain measurements.

7.4 2011 Proposed Reliability Compliance Program – Mr. Adamson introduced the partial (proposed) Reliability Compliance Program for 2011 (a.k.a. the Scorecard) based on the 2007-2011 NYRCP Assessment. The partial NYCRP contains the Measurement, associated Rule and a short description of the Measurement. A meeting has been scheduled for January 26, 2011 for RCMS and NYISO to reach agreement on the compliance review schedule and the compliance documentation requirements. In accordance with Policy 4, Mr. Clagett moved for approval of the proposed partial NYCRP for 2011. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

8.0 State/Federal Energy Activities

8.1 NYSERDA - Update*

8.2 NPCC Report*

8.3 FERC 100kV “Bright Line” – Status – See item 6.3i.

9.0 NYISO Status Report/Issues

9.1 NYISO 2010 Comprehensive Reliability Planning Process (CRPP) – Messrs. Chao and Adams indicated in writing that the draft of the 2010 Comprehensive Reliability Plan was approved at the November 18, 2010 OC meeting and by the Management Committee at its December 15 meeting. The report will be forwarded to the NYISO Board for approval at its January 2011 meeting.

The CARIS II MAPS database was delivered to GE for review during November-December, 2010. GE has worked with NYISO staff to perform modeling clean-up and has completed its review stating “that the most recent version of the CARIS baseline database represents a reasonable representation of the NYISO system.”

CARIS II studies for the Leeds Athens PARs project are proceeding with ten years of base case modeling. The NYISO will provide base case results in January 2011 to the developer and to ESPWG. Results showing production cost benefits associated with the project are also planned for January 2011 delivery to the developer.

Also, CARIS I 2011 work has begun. Initial presentations and discussions with ESPWG will begin in January 2011.

9.2 Other Status Reports/Issues*

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans written reported that for December 2010, the peak load occurred on Tuesday, December 30, 2010 at 24,654Mws versus the all time winter peak of 25,541Mws on December 20, 2004. There were no Major Emergencies declared in December 2010. Three TLR Level 3s were declared for a total of 20 hours. Clockwise Lake Erie circulation remains low.

10.2 North American Energy Standards Board*

11.0 Visitors’ Comments – None

12.0 Meeting Schedule –

Mtg. No

Date

Location

Time

#142 Feb. 11, 2011 Albany Country Club, Voorheesville, NY. 9:30 A.M.

#143 Mar. 11, 2011 Albany Country Club, Voorheesville, NY. 9 :30 A.M.

The open session of Committee Meeting No.141 was adjourned at 1:15 P.M.

(*) Deferred to the February 11, 2011 Executive Committee Meeting.