

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 147 – July 8, 2011
Albany Country Club, Voorheesville, NY

Members and Alternates
in Attendance:

George C. Loehr	Unaffiliated Member – Chair
Curt Dahl, PE	LIPA - Alternate – ICS Chair*
Bruce Ellsworth	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
William H. Clagett	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 Member
Joe Hipius	National Grid, USA – Member
Ray Kinney	New York State Electric & Gas/Rochester Gas & Electric - Alternate
Tom Duffy	Central Hudson Gas & Electric – Member
Larry Hochberg	New York Power Authority – Alternate - Phone
Chris LaRoe	IPPNY (Wholesale Sellers) – Member
Paul DeCotis	LIPA – Member*

Others:

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

Visitors – Open Session:

Dean Ellis	Dynegy
Phil Fedora	Northeast Power Coordinating Council (NPCC)
Scott Leuthauser	HQ US

“*” – Denotes part time attendance

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – Chairman Loehr announced an Executive Session to discuss compensation.

- II. **Open Session**
 - 1.0 **Introduction** – Chairman Loehr called the NYSRC Executive Committee (Committee) Meeting No.147 to order at 9:30 A.M. on July 8, 2011 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** – Mr. Loehr indicated that the Executive Session to discuss compensation would be held at 11:15 AM.
 - 2.0 **Meeting Minutes/Action Items**
 - 2.1 **Approval of Minutes for Meeting No. 146 (June 10, 2011)** – Mr. Raymond introduced the revised draft minutes which included all comments received to date. There were no additional comments. Mr. Ellsworth moved for approval of the draft minutes. The motion was seconded by Mr. Mager and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC web site – **AI #147 -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>
120-8	The NYISO decided not to develop a Forward Capacity Market.
142-4	Policy 5 revisions were approved by the Executive Committee during its June 10, 2011 meeting.
143-3	Mr. Adamson indicated the investigation was completed by ICS during June 2011.
146-2	Mr. Adamson provided the NYSRC compensation records on June 28, 2011.
146-3	The Executive Committee deemed that no comments were necessary.
145-3	ConEd presented the LOG MOB Threshold Analysis at the May 2011 RRS meeting.

Mr. Gioia reported that the NYSRC web site now contains (a) all IRM filings and orders, (b) all other filings back to 2005, and (c) FERC Orders approving the formation of the NYSRC.

- 3.0 **Organizational Issues**
 - 3.1 **NYSRC Treasurer’s Report**
 - i. **Summary of Receipts & Disbursements** - Mr. Adamson introduced the Summary of Receipts and Disbursements which showed a balance of \$142,000 at the end of June, 2011. He noted receipt of \$25,000 payments each from four TOs toward the 3rd Quarter Call-For-Funds.
 - 3.2 **Other Organizational Issues**
 - i. **2012 Meeting Schedule** – Mr. Loehr presented the proposed Executive Committee meeting dates

for 2012. Following discussion, Mr. Loehr moved for approval of the proposed meeting schedule. The motion was seconded by Mr. Mager and unanimously approved by the Executive Committee Members – (13 to 0). Mr. Loehr agreed to develop the meeting schedule for 2013.

- ii. **Compensation for 2012** – Following the Executive Session, Mr. Mager reported that the Executive Committee discussed the pertinent issues and requested that the Compensation Subcommittee provide specific recommendations at the August 12, 2011 Executive Committee meeting – **AI #147-2.**

4.0 Key Reliability Issues

- 4.1 Defensive Strategies** – Mr. Smith reported that he attended the Controlled Separation Study monthly webinar hosted by the NYISO on June 23, 2011. EnerNex gave a progress report on the initial phase of the Study which involves a comprehensive review of existing materials including the NPCC and NYISO blackout reports. Mr. Smith was impressed that the study is making maximum use of this information instead of taking a new direction without the benefit of previous work. EnerNex will be using the conceptual approach developed by EPRI as a starting point.

EnerNex provided an updated schedule with anticipated project completion in January of 2013. This is earlier than previously reported. The schedule includes, in addition to monthly webinars, face-to-face meetings in September of 2011, January, July and November of 2012.

One key point that Mr. Smith is following relates to load shedding. In the EnerNex presentation, one of the tasks is labeled “develop load shedding approach.” The actual intent of the study is not to develop a new approach but to coordinate with the existing NPCC under frequency load shedding program currently under revision as a result of the Blackout Study.

Mr. Smith complimented the work of the NYISO regarding facilitating the WebEx and providing prompt follow up notes capturing issues, questions, answers and follow up items.

- 4.2 NPCC Defensive Strategy Activities** – Mr. Fedora noted that the NPCC-SS-38 Working Group is coordinating Task 5 of its Islanding Study with the NYISO and DSWG. The Study is anticipated to be completed in November 2011. Preliminary results should be available by the September 2011 NPCC-RCC meeting.

- 4.3 Smart Grid – Status of NYISO Activities** – Mr. Patka noted that the installation of capacitors under the DOE Smart Grid Investment Grant began in June 2011.

- 4.4 Definition of Bulk Electric System and Exceptions** – Mr. Fedora reported that the NERC Drafting Team met several times in June 2011. The most controversial issue now is a FERC Staff concern that the results of the current work will alter the “status quo”, i.e. some of the inclusions and/or exceptions will reduce the reliability of entities already operating under a 100kV and above BES definition. Another major issue is the specification in the BES definition of 20MVA and above for generators which coincides with NERC registration requirements. Based on comments received by the Drafting Team, a small group will address the technical justification for raising the minimum level during the Draft Team’s meeting in Salt Lake City, UT during the week of July 12, 2011. The result will be included in the second posting for comment of the BES Definition and Rules of Procedure Exception Process on August 23, 2011. There is also a meeting scheduled for early August 2011 to receive FERC Staff’s final comments.

In response to a question from Mr. Bolbrock regarding the legality of FERC, in effect, setting rules, Mr. Fedora indicated that at least one entity has challenged FERC Order #743 on a jurisdictional basis.

- 4.5 NYSRC/DEC Meeting** – Mr. Clayton noted that the next meeting of the Working Group is August 10, 2011. Discussion of the new Cross State Air Pollution Rule will head the agenda.

5.0 State/ NPCC Federal Energy Activities

- 5.1 NYSERDA – Update** – Mr. Loehr reported that the NYSERDA Transmission and Distribution Reliability Assessment study group is holding regular monthly meetings. He met with Messrs. Chao and Tarler on July 6, 2011 to coordinate NYSRC and NYISO activities. One of our collective goals is

to keep the Assessment educational and informational. If done properly, it could be very useful input to the SEP on how reliability is addressed in New York without getting into political issues. Mr. Loehr has drafted four sections for the report.

5.2 NPCC Report – Mr. Forte summarized the key items that occurred during the June 30, 2011 NPCC Board of Directors meeting. He indicated that: (a) the 2012 Total Assessment of \$13.6 million was approved, a 4.5% increase over 2011. The key drivers were four additional FTEs, an increased standards, compliance, and assessment workload, and uncertainties such as expanded workload due to new Cyber Security Standards; (b) NERC issued compliance application notice (CAN) regarding Standard CIP-001 on June 17, 2011. CAN stipulates that the sabotage reporting procedure may not exclude non-BES facilities. NPCC was requested to issue a Compliance Guidance Statement to clarify enforcement impacts of CIP-001; (c) NPCC Compliance Staff is preparing to issue a Culture of Compliance Survey to identify best practices and support NERC’s “risk based” compliance enforcement program; (d) RSC is developing a Cost Effectiveness Analysis Procedure (CEAP). CEAP will be used to provide the industry with information on the cost effectiveness of new standards. A pilot is envisioned on two NERC continent wide standards; (e) NPCC Regional Standard PRC-002-NPCC-1, Disturbance Monitoring Equipment, has been submitted to FERC for approval and (f) the NPCC Regional Standards for UFLS was reviewed with FERC and FERC staff. A 4th Quarter 2011 ballot of NPCC members is expected.

Also, the NPCC Board has recommended a comprehensive review of cost allocations to all Balancing Authority Areas within the NPCC footprint. Mr. Fedora added that the NPCC General Meeting will be held in Toronto, Ontario on November 30, 2011.

5.3 Time Error Correction Elimination Field Trial – Mr. Loehr reported that after considerable discussion, NERC has decided to perform a field test in which time error correction in the Eastern Interconnection would not be performed for a period of time. The reason appears to be that since the Eastern Interconnection operates at a “fast clock” more often than as a “slow clock”, and the correction is to run the system at .05Hz below 60Hz, eliminating the correction could improve reliability under a loss of generation contingency. Mr. Loehr feels the reason given is insignificant and that problems with power quality and interconnection communications may be of more importance. He requested that the Executive Committee monitor the results of the field test – **AI #147-3.**

5.4 Draft SEP Comments – Mr. Gioia reported that the NYSRC was invited to comment on the draft 2013 State Energy Plan Regulations. His review of the draft regulations did not find the need for any substantive comments. However, it was noted that there is no reference to the NYSRC. While a reference to the NYSRC would not enlarge its role in the SEP process, it would identify the NYSRC and indicate that the NYSRC is a potential source of information for the SEP Board. Accordingly, Mr. Gioia circulated draft comments and has received comments on the draft from Messrs. Loehr, Adamson and DeCotis. The NYSRC comments must be submitted by July 11, 2011. The Executive Committee concurred with the submittal.

5.5 Shutdown of Indian Pt. 2 and 3 – Mr. Bolbrock referenced a news article which indicated that Governor Cuomo has let it be known that he intends to have Indian Pt. Units 2 & 3 closed down. Mr. Bolbrock noted that his discussions with industry leaders indicate that the likelihood of a shutdown is high. In his personal view, the political pressures are too great to avoid an orderly shutdown over the next few years to provide time to protect system reliability. Mr. Gioia noted that while the nuclear units are relicensed by the NRC, the State has authority over the issuance of various local permits (e.g., cooling system requirements) which could be onerous. He also noted, if the plants are relicensed and able to operate and the state wants to close them, it would presumably require the payment of compensation to the owners. Mr. Loehr suggested that shutting the plant down does not remove the nuclear risk due to terrorist attack or earthquakes since the fuel will remain in the spent fuel pool.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Chairman's Report and Discussion Issues – Mr. Dahl reported that ICS met on June 24, 2011 and discussed the final updates to the major modeling assumptions for use in the 2012-13 IRM Study. Major parameters discussed include updates to the load representation, Renewable Generation projections, Retirements (including several newly announced on Long Island), DMNC test results, and Maintenance outage assumptions. It was agreed that all information would be finalized by July 5, 2011 for transmittal to the NYSRC Executive Committee. NYISO also discussed preliminary test results and internal Q/A procedures with ICS. GE was provided the preliminary base case for its review. Con Edison/LIPA will receive the MARS preliminary base case following incorporation of all updated assumptions. ICS also continued to discuss changes to the IRM report format including the parametric impact analysis and ICAP-UCAP translation.

Also, the NYISO discussed ICS's comments on the draft NYISO scope of study for the SCR analysis and agreed to incorporate the ICS comments into the final scope. The NYISO expressed concerns regarding the availability of staff resources and computer run time challenges which may impact its ability to provide preliminary results in sufficient time to support 2012/13 IRM study. The NYISO believes it can complete the requested analysis by the first Quarter of 2012. ICS requested that the NYISO incorporate the schedule into the SCR study scope of work. The NYISO agreed to provide monthly status reports on progress.

6.2 IRM Study Assumption Matrix - Mr. Dahl reviewed in detail the table, "Base Case Modeling Assumptions for 2012-2013 NYCA IRM Requirement Study" which included recommendations for changes from the prior year, basis for the change and an estimated level of impact (low, medium, high). The parameters estimated to have medium or greater impact relative to the prior year's IRM are Wind Resource Modeling (medium) and Special Case Resources (medium). In addition, the EPA just issued the Cross State Air Pollution Rule on July 7, 2011 which becomes effective on January 1, 2012. Mr. Clayton indicated that in discussion with the NYSDEC, the Rule affects SO₂ and NO_x and is far more severe than the DEC had recommended and has a significant upward impact on the IRM. Mr. Carney is currently analyzing the new Rule. Mr. Dahl indicated that the findings of Mr. Carney's review will be used in the base case. Sensitivity cases will be provided in the final report. Mr. Bolbrock questioned whether the capacitor installations associated with the DOE Smart Grid initiative were modeled. Mr. Dahl will request confirmation by the NYISO of their inclusion in the transmission model – **AI #147-4**. Following further discussion, Dr. Sasson moved for approval of the proposed Assumptions Matrix excluding environmental impacts. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee – (13 to 0). The environmental assumptions will be presented for approval at a later date – **AI #147-5**.

6.3 Other ICS Issues – Nothing additional to report.

7.0 Reliability Rules Subcommittee Status Report/Issue

7.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the joint RRS/RCMS meeting occurred on June 30, 2011. Two separate meetings were held, each with its own agenda and minutes. Mr. Clayton introduced the List of Potential Reliability Rules Changes – Outstanding and noted that PRRs #52, Generator Governor Response, and PRR #97, BPS Facilities, remain under development. Also, Mr. Clayton noted that Mr. Gonzales is investigating whether there are UVLS schemes at low voltages that should be monitored by the NYISO – **AI #146-4**. In addition, Mr. Adamson was requested to work with Mr. Gioia to update the NYRSC Policy 6 – **AI #147-6**.

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 reported that draft seven of TPL, Assess Transmission Future was balloted beginning May 18, 2011 through May 31, 2011. The NYSRC and NYISO voted “no”. However, Mr. Adamson noted that TPL passed with 73% of the vote. NERC indicated it is going to review the comments, and if the comments are significant enough, they may revise the Standard and call for another vote. Also, RRS discussed the BES comments prepared by Mr. Clayton.

ii. **NPCC Standards** – Nothing new to report.

7.4 **Other RRS Issues** – Mr. Gioia noted receipt of a phone call from George Pond, legal counsel to the Champlain Developers, Inc. Mr. Pond indicated that the developer wishes to request an exception to the reliability rules and requested guidance on how to proceed. Mr. Gioia directed him to the appropriate provisions in Policy 1. Mr. Adamson also received a call from the developer regarding options for terminating its proposed line. He directed the developer to the NYISO.

Mr. Bolbrock expressed concern that there is not a reliability rule addressing the impact of new facilities on transfer capability. Following discussion, RRS was requested to investigate the concern with the NYISO – **AI #147-7**.

8.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

8.1 **RCMS Status Report & Discussion Issues** – Mr. Clayton indicated that RCMS met following the RRS meeting.

8.2 **2011 Reliability Compliance Program (NYRCP)** – Mr. Clayton introduced the Reliability Compliance Program for 2011 (a.k.a. the Scorecard) and reported that RCMS reviewed the following Measurements:

- (a) I-M1, NYISO Requirements for ConEd Procedures in Accordance with I-R1, I-R2 and I-R3,
- (b) I-M2, NYISO Requirements for LIPA Procedures in Accordance with I-R1, I-R2 and I-R3, and
- (c) I-M3, Procedures to Ensure Sufficient 10 min. Reserve in NYC.

Each of the reviewed Measurements above was found to be incomplete. The NYISO was given 30 days to correct the situation. Also, RRS requested that the documentation for E-M6, Pre-seasonal Fault Duty Assessments be supplemented to identify the lowest rated breaker in each substation.

8.3 **Other RCMS Issues** – Nothing additional to report.

9.0 State/Federal Energy Activities

9.1 NYISO 2010 Comprehensive Reliability Planning Process (CRPP) –

Mr. Adams reported that the NYISO provided a confidential report to the developer with the results of the benefit/cost analysis for the proposed CARIS 2 Leeds-Athens PARs project. The developer requested additional supporting information. Most of that request has been met by NYISO with one outstanding item that is being prepared. The next steps will depend on how the developer wishes to proceed.

CARIS I for the year 2011 provided preliminary MAPS results for the July 7, 2011 ESPWG meeting. A comparison was made between calendar year 2010 actual data and a 2010 simulation using the first version of the 2011 CARIS I MAPS model. The comparisons showed imports within 10 percent, internal interface flows within 10 percent, and NYCA generation within 5 percent of historic values. Top constraints were Central-East and Leeds-Pleasant Valley which fell within 20 percent of historic values. Another comparison to 2010 will be made after the base case results are complete. Also,

presentations were made for discussions on generic transmission line costs, weighted average cost of capital, scenarios to be studied, and assumptions for generic demand side solutions in 2011 CARIS 1 study.

9.2 Interregional Transmission Studies

i. EIPC Study – Mr. Adams reported that the Phase I MRN-NEEM macroeconomic analysis (Task 5) input assumptions were completed by the states/stakeholders. The definitions of eight macroeconomic resource expansion futures were finalized at the March 2011 Stakeholder Steering Committee (SSC). New macroeconomic results are posted regularly at http://eipconline.com/Modeling_Results.html. The targeted completion date is September 2011. The high-level cost estimation procedure, developed to support stakeholders in assessing the macroeconomic results, utilizes generic transmission line “building blocks” in a consistent manner to approximate the increases in transfer capability between regions represented in the macroeconomic scenarios. SSC will select three final scenarios by end of November 2011. A Phase I report is expected by January 2012.

In Phase II, three future resource scenarios will be evaluated with fully developed transmission build-out options that meet reliability requirements. A Phase II report is scheduled for October 2012. The next Stakeholder Steering Committee Meeting is scheduled for July 28-29 in Cleveland, OH.

ii. IPSAC Study – Mr. Adams indicated that IPSAC met via WebEx on June 27, 2011. The agenda included environmental issues, a natural gas update, production cost results, and an interregional issues update. The next steps are based on inter-area production cost results. The report on the impact of environmental and renewable technology issues in the Northeast is posted on the NYISO website in the IPSAC section. The report describes the potential impacts of environmental and renewable technology issues in the Northeast on ISO-NE, NYISO and PJM systems and integration issues for wind and other renewable technologies. The next steps include: (a) coordination of 2011 ISO-NE/NYISO/PJM production cost models, (b) production cost analysis with IREMM and Gridview (ISO-NE), MAPS (NYISO), and PROMOD (PJM), and (c) a draft 2011 Northeast Coordinated System Plan available by the 1st Quarter of 2012.

9.3 BlackStart Update – Mr. Patka reminded the Executive Committee that one of the New York City blackstart providers has indicated, in accordance with the NYISO tariffs, that it will withdraw its steam units from the program effective September 30, 2011. He reported that Con Edison and the NYISO are having discussions with this provider with the objective of having its units remain in the Black Start program beyond September 30, 2011. This is a critical reliability issue for New York City restoration. The NYISO will keep the NYSRC EC informed on the outcome of these discussions. What is being contemplated is to ask FERC to waive certain NYISO tariff provisions that would make it possible for this provider to stay in the program beyond the September 30 date, which both Con Edison and NYISO think will be positive for the reliability of the transmission system.

9.4 Other Studies/Activities – Nothing additional to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans reported that for June 2011, the peak load occurred on Thursday, June 9, 2011 at 30,776Mws versus the all time summer peak of 33,939Mws on August 2, 2006. There were no major emergencies declared during the month. Twenty-two TLR Level 3s were declared in the month of June 2011 for a total of 152 hours.

10.0 North American Energy Standards Board – Mr. Ellsworth noted that the NAESB Bulletin for May – August (Volume 4, Issue 2) was circulated on June 10, 2011.

11.0 Chair’s Comments – As of August 1, 2011, Mr. Loehr’s term as Chair is complete and the Chair will be turned over to Mr. Mager. Dr. Sasson will become the Vice Chair. Mr. Loehr thanked the Executive Committee for its 3 ½ years of strong support. He noted, in particular, the extensive assistance and

support of the subcommittee Chairs (Messrs. Clayton, Dahl and Smith), Counsel Mr. Gioia, Messrs. Adamson and Raymond, and the cooperation provided by the NYISO. Mr. Mager, in behalf of the Executive Committee, thanked Mr. Loehr for a job well done. The Executive Committee responded with a sincere round of applause.

12.0 Meeting Schedule

<u>Mtg.</u> <u>No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#148	Aug 12, 2011	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#149	Sep 9, 2011	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No.147 was adjourned at 3:15 P.M.

Completed By: P. Donald Raymond, Executive Secretary
Issue Date: August 18, 2011