

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 148 – August 12, 2011
Albany Country Club, Voorheesville, NY

Members and Alternates
in Attendance:

George C. Loehr	Unaffiliated Member - Phone
Curt Dahl, P.E.	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 - Chair
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Vice Chair
Michael Forte	Consolidated Edison Co. of NY, Inc. – Alternate Member
Joe Hipius	National Grid, USA – 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*
Peter Carney	New York Independent System Operator (NYISO)*
Edward Schrom	NYS Department of Public Service
Don Raymond	Executive Secretary

Visitors – Open Session:

Scott Leuthauser	HQ US
Radmila Miletich	IPPNY (Wholesale Sellers)
Erin Hogan, P.E.	NYSERDA

“*” – Denotes part time attendance

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – Chairman Mager announced an Executive Session to discuss compensation.

II. Open Session

1.0 Introduction – Chairman Mager called the NYSRC Executive Committee (Committee) Meeting No.148 to order at 9:30 A.M. on August 12, 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 with the exception of Central Hudson and New State Electric & Gas.

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. Mager indicated that the Executive Session to discuss compensation would be held at 11:45 AM.

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 147 (July 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. Smith and unanimously approved by the Executive Committee Members in attendance – (11 to 0). The Executive Secretary will post the minutes on the NYSRC web site – **AI #148-1**.

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>
147-1	The minutes of Executive Committee Meeting #147 were posted on August 18, 2011.
147-2	The Compensation Subcommittee provided recommendations during the August 12, 2011 Executive Committee Meeting.
147-5	Messrs. Dahl and Carney(NYISO) presented the Environmental assumptions during the August 12, 2011 Executive Committee Meeting.

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 \$115,000 at the end of July, 2011. He noted the receipt from the TOs of \$75,000 in July 2011 and the final \$25,000 payment in early August 2011 toward the 3rd Quarter Call-For-Funds.

3.2 Other Organizational Issues

i. Compensation for 2012 – Mr. Mager indicated that during Executive Session the Executive Committee approved compensation levels for 2012. Also, he noted that the Executive Committee discussed a Compensation Policy which will guide future compensation decisions. The Policy will be discussed again and voted upon at the September 9, 2011 Executive Committee meeting.

- ii. **RLC Consulting Agreement** – Mr. Gioia indicated that he and his firm had reviewed the contract proposed by RLC and provided a number of recommended changes to RLC. RLC responded that to comply with the recommended changes would require legal costs that are out of proportion to the contract value. Mr. Gioia agreed to work with Jim Ingleson to minimize the extent of the changes requested. Following discussion, Mr. Gioia was able to agree that a number of the proposed changes were not essential since the contract is small (\$7,000 in 2011 and the same amount in 2012) and may be terminated by the NYSRC at any time. The contract was changed to be subject to the laws of New York State. Also, a clause was eliminated that under contract extension or termination provisions would have made the NYSRC responsible for any work performed other than that specified in the contract. The contract specifies the issuance of work orders, the compensation rate, and the budget. All work is to be performed by Mr. Ingleson. Mr. Smith will have approval control over the work orders and budget expenditures. Following further discussion, Mr. Clagett moved for approval of the contract as circulated by Mr. Gioia. The motion was seconded by Mr. Smith and unanimously approved by the Executive Committee members in attendance – (11 to 0).
- iii. **2012 Budget and Funding Mechanism** – Mr. Adamson presented the proposed NYSRC 2012 Budget. When adjusted for compensation increases and the RLC Consulting Agreement, the proposed expenditures total \$763,000. Following further discussion, Mr. Ellsworth moved for approval of the proposed 2012 budget. The motion was seconded by Mr. Hipius and unanimously approved by the Executive Committee members in attendance – (11 to 0). Next, Mr. Adamson introduced the proposed Funding Mechanism for 2012. The new budget amount is the only change from 2011. Mr. Clagett questioned whether the \$5,000 membership fee had been reviewed in the last few years. Mr. Adamson indicated that a group lead by Mr. Bolbrock undertook a thorough review in 2010 and recommended retaining the \$5,000 amount. Following further discussion, Mr. Bolbrock moved for approval of the funding mechanism. The motion was seconded by Mr. Mager and unanimously approved by the Executive Committee members in attendance – (11 to 0).

4.0 Key Reliability Issues

- 4.1 **Defensive Strategies** – Mr. Smith reported that the review of prior research phase (Task 1 of the Controlled Separation Study) is complete and the NYISO system characterization phase is in progress. EnerNex is developing an automated process to look at generation and load data for 8760 hours per year. The process uses loadflow data provided by the NYISO for each hour followed by dynamic runs for base conditions and various contingencies. Internal and external disturbances will be simulated as well as various import/export conditions. This will provide the basis for coherency assessment (Task 2), development of a separation strategy (Task 4), and the determination of requirements for synchrophasor measurements (location and quantities –Task 3). These tasks will commence this fall. The focus will be on 2015 cases provided by the NYISO. Unfortunately, the NYISO's 2003 blackout case is in an obsolete version of PSSE and according to the NYISO, the data can't be converted to the version currently used by EnerNex and the NYISO. EnerNex will attempt to replicate the disturbances that led to the 2003 blackout later in the validation phase. Mr. Clayton believes that PSSE has the capability to convert input data from obsolete versions. He offered to assist in resolving the data conversion issue. NYSRC/DSWG commented that the system validation phase, as represented on the schedule, appeared to be compressed. EnerNex replied that the validation process will actually start concurrent with other intermediate Tasks relating to the synthesis of possible solutions. Intermediate milestones will be added to the project schedule to reflect overlapping phases. Also, the NYSRC/DSWG commented that the description for development of the load shedding schemes implied that the study might ignore the work of the NPCC SS-38 Working Group related to refining the UFLS program. EnerNex assured NYSRC/DSWG that the NPCC SS-38 UFLS program would be the starting point and agreed to modify

the task description to convey this point. Relating to the validation work, the NYISO agreed to provide the NPCC SPS list to EnerNex.

The next meeting is via WebEx at 2:00 PM on Monday, August 22, 2011. The next face to face meeting is scheduled for September 22, 2011 at the NYISO.

4.2 NPCC Defensive Strategy Activities – Nothing new to report.

4.3 Smart Grid – Status of NYISO Activities – Mr. Patka reminded the Executive Committee that the NYISO in conjunction with the TOs had applied for a DOE Smart Grid Investment Grant of \$34 million to install capacitors and 37 PMUs throughout NYCA. The real-time information from the PMUs will be sent to the NYISO and TOs Control Centers. This will provide for enhanced system monitoring and more rapid response to system anomalies. Approval has been received from the DOE for all contracts and projects. The PSC matched the DOE Grant for the TOs and the NYISO is providing an additional \$15 million over three years.

The NYISO is currently working with the TOs on an installation schedule. The NYISO has two contractors, Quanta and Crowe Horvath, in place to assist in projection administration and meeting numerous federal monthly reporting and accounting requirements, respectively. The installation of the initial capacitors began in June 2011 to be followed shortly by the PMUs. It is planned to eventually link the NYCA PMUs and those of PJM, New England, and other ISO/RTOs to the NERC Control Center for greater visibility of electric system conditions throughout the Eastern Interconnection. The NERC information will be made available to all ISO/RTO Control Centers.

A ground breaking ceremony took place on August 8, 2011 for the Smart Grid Project and the new NYISO Control Center which will eventually house all the system control equipment with the current Control Center serving as backup. Completion of the DOE Project is expected by the summer of 2013. Mr. Yeomans indicated that thermal loss benefits from the capacitors are estimated to reach \$9 million annually. The NYISO plans to provide a quantification of benefits on a regular basis – **AI #148-2**. At this stage there are no plans to bring PMU data into the State Estimator.

4.4 Definition of Bulk Electric System and Exceptions – Mr. Clayton indicated that NERC is expected to issue a new draft for comment on the BES definition in August 2012. Mr. Yeomans added that an updated draft of the BES Definition and Rules of Procedure Exception Process would be issued on September 2, 2012 followed by a forty-five day voting period. Also, he noted that the threshold for inclusion of generators at 20 or 75Mws and above has not been resolved with FERC Staff.

5.0 State/ NPCC Federal Energy Activities

5.1 NYSERDA – Update – Ms. Hogan indicated that the focus of the Energy Analysis section is on the State Energy Plan (SEP). A draft is due in September 1, 2012.

The Transmission and Distribution Reliability Assessment Study Group, chaired by Ms. Hogan, did not meet during July 2011 but will proceed with regular monthly meetings in order to complete an initial draft in January 2012. The intent is to address the current legislation, which is essentially a duplicate of legislation written in 1998 by providing a compilation of significant findings from completed reliability studies by the NYISO and others. Messrs. Loehr and Dahl and the NYISO are members of the Study Group. The schedule is designed so that input may be provided during the development of SEP recommendations in the spring of 2012. The Transmission and Distribution Reliability Assessment is due to the State Legislature in September 2012.

5.2 NPCC Report – Mr. Forte reported that under the restructuring of the NPCC Board of Directors, each sector will have two Directors versus three currently. All the Director positions on the new Stakeholder Board are up for nomination. A request for nominations was sent out with nominations due by August 11, 2011. Mr. Forte has been re-nominated to a new Sector 7 (Sub-Regional Reliability Councils, Customers, other Regional Entities and Interested Entities) representing the NYSRC. An executive search firm was hired to identify nominees to a new Independent sector.

Also, the NPCC Board provided policy input to the NERC Board of Trustees and Member Representatives Committee in the following areas: (a) Compliance Enforcement Initiatives, (b) Bulk Electric System (BES) definition, and Compliance Application Notices.

5.3 FERC Order 1000 – Mr. Patka gave a presentation describing FERC Order 1000, “Transmission Planning and Cost Allocation”, from the New York State perspective. FERC issued a NOPR in June 2010 as follow-up to its 2007 Order 890. Technical Conferences were held in the fall of 2009 and the FERC Staff’s Request for Comments was issued in October 2009. The Final Rule, issued July 21, 2011, largely adopted the proposals from the NOPR. The Final Rule applies only to new transmission facilities and includes the planning requirements below:

- (a) **Regional Planning** – All transmission providers must have a regional transmission planning process in place that meets FERC Order 890’s nine Planning Principles and includes development of a comprehensive system plan. FERC acknowledges that some ISO/RTOs may already be compliant but still is requiring a compliance filing. It is implicit in the Final Rule that the existing ISO/RTOs are synonymous with the “regions”.
- (b) **Public Policy Driven Projects** – Local and regional planning processes must consider transmission needs driven by public policy requirements established by state or federal laws or regulations. The Order is not intended to infringe on state authority. The NYISO will need to demonstrate to FERC that its planning mechanisms are in compliance through a compliance filing.
- (c) **Non-Incumbent Transmission Providers** – Several requirements are specified in the Final Rule including elimination of the right-of-first refusal tariff provisions, specific information requirements for a transmission proposal, a transparent and non-discriminatory evaluation process, comparable rights to cost recovery under a regional cost allocation process, and the same reliability compliance obligations imposed on incumbents. Some of these provisions are already in the NYISO Tariff. However, modifications will be required.
- (d) **Interregional Planning** – Each transmission provider must develop procedures with each of its neighboring regions within its Interconnection. The Final Rule identifies a number of specific requirements, including information sharing and identification and joint evaluation of interregional facilities. The existing Northeast Planning Protocol with PJM and ISO-NE contain many of the requirements. However, again, modifications will be needed. Also, discussions with the Canadians may be necessary.

Also, the Final Rule requires that the cost of new transmission chosen to meet intraregional transmission needs be allocated fairly among the beneficiaries only. The NYISO is already compliant for reliability and economic projects, still a compliance filing will be necessary. For interregional cost allocation, the transmission providers in neighboring regions must develop a mutually agreeable cost allocation methodology for a transmission facility located in both regions for inclusion in each region’s Tariff. If the regions cannot agree on a methodology, FERC will decide. The Northeast Planning Protocol will need to be modified to include an interregional cost allocation methodology.

The Final Rule becomes effective 60 days after its appearance in the Federal Register, which occurred on August 11, 2011. Compliance filings are due 12 months following the effective date of the Final Rule on all provisions except interregional planning and cost allocation. The compliance filings for these exceptions are due by 18 months following the effective date of the Final Rule.

5.4 NYSRC/DEC Meeting – Mr. Peter Carney, Project Manager-Environmental Studies for the NYISO, gave a presentation titled, “Environmental Regulation Update”, focusing on the new Cross State Air Pollution Rule (CSAPR). This rule is an outgrowth of the USEPA Proposed Clean Air Transport Rule (CATR) which was proposed approximately one year ago. The CSAPR was finalized in July 2011 and is scheduled for implementation on January 1, 2012.

The CSAPR emission reductions are significantly larger and become effective earlier than anticipated under CATR. For example, under CATR New York State (NYS) was anticipating a 20% reduction in

SO₂ emissions, while CSAPR requires nearly 60%. There is limited opportunity for interstate trading of allowances i.e., up to 18% annually of the State's allowance budget and 21% during the ozone season. NYS's 2012 allocation (budget) of emission allowances from the EPA for generators in-service by the January 1, 2010 benchmark are 23,929 tons for SO₂, 15,589 tons for NO_x and 7,454 tons of NO_x for the ozone season. Relative to the CATR, this is a budget reduction of approximately 50%, 37%, and 40% for SO₂, NO_x and NO_x during the ozone season, respectively. However, there are provisions for recently retired units and new units to receive emissions allocations. When the in-service unit allocations are supplemented by retirements, new unit set-asides and interstate allowance trading, the total emissions budget (termed the "Assurance Level") for NYS in 2012 is increased to 32,233 tons for SO₂, 20,683 tons for NO_x and 10,077 tons for NO_x during the ozone season. The Assurance Level represents the level of emission that must not be exceeded in order to avoid serious penalties. Mr. Carney indicated that if the State exceeds its Assurance Level, every group of units that exceeded their own Assurance Level will be penalized on a two to one basis plus the excess allowances used and opens up the possibility of additional civil and/or criminal penalties. Also, he indicated that the NYISO has serious concerns with the modeling used by EPA to determine New York's allowance budget. For example, the EPA modeling shows no oil burn in New York City and neglects the Leeds-Pleasant Valley 345 kV transmission constraint. The NYISO is working with the NYSDEC to have the allowance budget increased. At this point, he feels that the EPA appears cooperative regarding the consideration of some "technical adjustments". Ms. Hogan noted that EPA has not developed a mechanism to inform the State and generators of their accumulated emissions on an on going basis. In order to determine whether NYS's Assurance Levels are adequate, a number of operating scenarios were examined assuming best demonstrated emission rates over the last 5 years and various combinations of allowance purchases, fuel switching of non-LOGMOB units, and retirement schedules for low capacity factor units. The emissions (SO₂, NO_x and NO_x during the ozone season) from each scenario were either below or just slightly above (NO_x only) the Assurance Levels. Mr. Carney is not concerned about the small NO_x overages since the Assurance Levels do not include the new Empire Energy(694Mw), Bayonne Energy Center(500Mw) and SCS Astoria Energy II(576Mw) units. They are expected to reduce emissions by 3000-5000 tons of NO_x per year by displacing older units. EPA estimates that NYS's purchase of allowances will cost approximately \$55 million per year versus a production cost of \$5-6 billion. Mr. Clayton remarked that while it would appear that NYS can be reasonably assured of avoiding any penalties in 2012, this cannot be said for 2014, just three years from today. Mr. Carney concurred and indicated that new technology, i.e. new environmentally clean units and/or the installation of new environmental controls on existing units, will be required.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Chairman's Report and Discussion Issues – Mr. Dahl summarized the August 3, 2011 ICS meeting as shown below:

(a) 2012/13 IRM Study and Assumptions Matrix

ICS agreed to recommend three revisions to the final 2012-13 IRM Assumptions Matrix approved by the Executive Committee at its July 8, 2012 meeting:

- 1) Indeck Oswego Rescission - After initially receiving notice of retirement, the NYISO has received and posted a "Request for Cancellation of Generator Notice of Retirement" sent to the New York State Public Service Commission by Indeck-Oswego LP, regarding its Indeck Oswego Energy Center in Oswego (50.5 MW). The retirement of the unit has been removed from Assumptions Matrix retirement listing.
- 2) Environmental Modeling – Following detailed review of pending regulations, the NYISO recommended the 2012-13 IRM study base case NOT model reduced peak day availability or other reliability impacts from emerging environmental rules. This included a review of RGGI, CSAPR (see below), MACT, BTA, NO_x RACT and BART. The NYISO agreed

to work closely with ICS in the development of sensitivity testing to show a full range of future and contingency impacts.

- 3) SCR modeling – The assumptions matrix was updated to reflect SCR registration based on the new Average Coincident Load (ACL) method which coincides with the way the NYISO now registers suppliers. The modeling previously translated SCR projections to reflect Average Peak Monthly Demand (APMD) and Customer Baseline Load (CBL) methods.

After discussion, Mr. Bolbrock moved for approval of the above changes to the 2012 -13 IRM Assumptions Matrix. The motion was seconded by Dr. Sasson and unanimously approved by the Executive Committee members in attendance – (11 to 0).

The NYISO anticipates all inputs to the 2012-13 IRM Study MARS database will be completed including internal Q/A review by August 15, 2011. A conference call has been scheduled for August 15, 2011 to discuss modeling results and signoff on the case to be used for TAN45 analysis (due September 1, 2011) and sensitivity testing. The transmission owners will be provided the MARS database following completion of updating of the input assumptions. ICS also continues to discuss changes to the IRM report format including parametric impact analysis and ICAP-UCAP translation.

- (b) SCR Analysis

The NYISO discussed the ICS comments on the SCR Analysis and agreed to incorporate the comments into the final NYISO scope of study. Also, the NYISO presented a preliminary assessment of SCR performance during July 6-7, 2010 in Con Edison's service territory. The results of this single event were consistent with NYSRC IRM modeling. Additional studies will be performed based on 2011 peak day SCR activations. It was agreed this information will be further discussed at the September ICS meeting.

- (c) Cross State Air Pollution Rule (CSAPR)

The NYISO performed a detailed review of impact of the new CSAPR Final Rule scheduled for implementation January 1, 2012. Specifically, the NYISO initially identified three scenarios which satisfy the environmental rule requirements and indicated there are many others. These scenarios included use of best demonstrated emissions rates, procurement of allowances, the use of fuel switching, and retirement of low capacity units to meet the Final Rule requirements. Based on this analysis, the NYISO demonstrated there was no need to model any environmental impact from CSAPR in IRM base case (see Section 5.4). The NYISO will assist ICS in developing associated sensitivity cases.

6.2 IRM Study Assumption Matrix – See Section 6.1.

- 6.3 Other ICS Issues** – Mr. Bolbrock informed the Executive Committee that FERC has issued a RFP to review the economic implication of the Resource Adequacy Standards to apparently assist them in making future policy decisions. The RFP says “the research will inform future policy reforms designed to most efficiently use the resources available”. FERC is looking for case studies on an RTO/ISO regional basis. The RFP was issued on July 27, 2011 and responses are due August 15, 2011. Since the results could have negative implications on reliability criteria, Mr. Bolbrock suggested that the NYSRC take any opportunity that presents itself to provide guidance. Mr. Patka expressed concern that the RFP appears to suggest that FERC is trying to use economics as a means to influence resource adequacy which is reserved specifically to the states. The Executive Committee asked Mr. Gioia to review the details of the RFP – **AI #148-3**.

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 August 4, 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 with all but one of the TOs reporting, there are no UVLS schemes at low voltages that should be monitored by the NYISO – **AI #146-4**. The remaining TO will report by the next RRS meeting.

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-001-2, Assess Transmission Future was balloted beginning May 18, 2011 through May 31, 2011 and passed with 73% of the vote. It will now go to the NERC Board of Trustees for final adoption. Adoption will likely require updating of the NYSRC Reliability Rules – **AI #148-4**.

ii. NPCC Standards – Nothing new to report.

7.4 Other RRS Issues – Mr. Clayton indicated that on July 22, 2011, ConEd reported that the last tranche (3,000Mws) in the LOGMOB Rule was implemented because the ConEd load exceeded 13,000Mws. The units affected were called early in the morning and continued burning oil until approximately 11:00 PM. In the future, if more than 1000Mws of the 3000Mws implemented should retire or shutdown rather than fuel switch due to more stringent emissions limits under CSAPR, the 1000Mw threshold for triggering a potential violation of the NYCA loss of load requirement of .1 days/year would be exceeded. The threshold was determined by the NYISO in its 2010 RNA. ConEd is currently taking action to mitigate this situation.

Also, Mr. Clayton noted that RRS is continuing its review regarding whether there should be a reliability rule pertaining to the allowable impact of new facilities on transmission interface limits. Mr. Hipius noted that some interfaces are lightly loaded and therefore, increased flows would not cause reliability issues. Mr. Gioia cautioned that the issue may be economic based and therefore, beyond the purview of the NYSRC.

Mr. Clayton added that RRS is also reviewing the reliability impacts, if any, from the opening of 345kV lines to correct for high voltages under off-peak conditions. Mr. Yeomans pointed out that the removal of lines for voltage control seldom occurs and that the NYISO Operating Committee (OC) and System Operating Advisory Subcommittee (SOAS) have discussed the practice given its experience in the spring of 2011 and the recent opening of a Marcy-Coopers Corners 345kV line. The OC and SOAS have decided to wait until the fall to determine whether the number of incidences can be expected to increase in the future. If so, the OC and SOAS will bring the situation to the attention of the system planners to investigate potential electric system solutions.

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 found the following Measurements in full compliance:

(a) E-M6, Pre-season Fault Duty Assessment,

(b) I-M1, NYISO Requirements for ConEd Procedures in Accordance with I-R1, I-R2 and I-R3,

- (c) I-M2, NYISO Requirements for LIPA Procedures in Accordance with I-R1, I-R2 and I-R3,
- (d) I-M3, Procedures to Ensure Sufficient 10 min. Reserve in NYC,
- (e) F-M4, TO Load Shedding Capability, and
- (f) F-M6, Voltage Reduction Testing.

8.3 Other RCMS Issues – Mr. Clayton noted that a generation provider (GP) has requested a waiver at FERC as a result of failing its recent Blackstart test. RCMS is investigating whether a FERC waiver can void a non-compliance finding by the NYSRC. Mr. Patka pointed out that the generation provider’s request for a waiver was from the testing protocol in the NYISO Tariff. The GP has requested an expedited hearing in order to have a FERC decision by September 30, 2011. Also, the GP is willing to stay in the Blackstart Program until May 30 2012 in order to provide time to work out differences regarding the testing procedure with the NYISO and ConEd. The NYISO has filed with FERC supporting the waiver request. Dr. Sasson indicated that the reliability impact of not having the GP in the Blackstart Program is considerable. Consequently, ConEd has filed with FERC stating that it does not oppose FERC granting the waiver. Also, he indicated that ConEd has filed a Request for a Declaratory Order with the PSC stating that Blackstart Providers must give advance notice to the PSC if it is planning to withdraw from the Blackstart Program. This would provide the necessary time for the PSC to perform an adequate reliability review. Lastly, Mr. Clayton noted that RCMS continues to work on an update of Policy 4, “Procedure for Monitoring Compliance with the NYSRC Reliability Rules”.

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 with the results of the benefit/cost analysis to the developer of the proposed CARIS 2 Leeds-Athens PARs project. The developer requested additional supporting information which was provided. The next steps will depend on how the developer wishes to proceed. The 2011 CARIS I MAPS results were presented at the July 7, 2011 ESPWG meeting. Additional results are expected for the August 15, 2011 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 comparison showed imports within 10 percent, internal interface flows within 10 percent, and NYCA generation within 5 percent of historic values. Major constraints were Central-East and Leeds-Pleasant Valley which fell within 20 percent of historic values. Additional refinements continue to be made to the model.

Also, presentations for discussion were made on generic transmission line costs, the scenarios to be studied, and assumptions for generic demand side solutions in the 2011 CARIS I study. These results will be presented at the August 15, 2011 meeting.

9.2 Interregional Transmission Studies

i. EIPC Study – Mr. Adams reported that the Phase I MRN-NEEM macroeconomic analysis (Task 5) input assumptions were determined by the states/stakeholders. The definitions of eight macroeconomic resource expansion futures and nine sensitivities cases 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. The SSC will select three final scenarios by the 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 September 26-27, 2011 in Philadelphia, PA.

- 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 will depend upon the 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 regulations on the 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 to be available by the 1st Quarter of 2012.

9.3 **Other Studies/Activities** – Nothing additional to report.

10.0 **Other Items**

- 10.1 **NYISO Operations Report** – Mr. Yeomans provided the NYISO Operations Report which indicated that for July 2011, the peak load occurred on Friday, July 22, 2011 at 33,865Mws versus the all time summer peak of 33,939Mws on August 2, 2006. A major emergency was declared once during the month. Eighteen TLR Level 3s were declared in the month of July 2011 for a total of 99 hours. There were no NERC or NPCC reportable events.

- 10.2 **System Performance – July 2011 Heat Wave** – Mr. Yeomans gave a presentation focusing on system operations during the heat wave in the week of July 17, 2011. The NYCA system peaked on Friday, July 22, 2011 at 33,865Mws compared to the all-time peak of 33,939Mws in August of 2006. Thursday's peak was lower by 411Mws. Demand Response (EDRPs and SCRs) resources were estimated to be 574Mws and 1,396Mws for Thursday and Friday, respectively. The day-ahead load forecast for Friday was 1500-2000Mws below the actual load primarily due to upstate and downstate temperature forecasts that were 3-5 degrees below the actual temperatures. The actual load exceeded the 50/50 planning forecast by nearly 500Mws and absent the activation of Demand Response resources NYCA would have exceeded the 90/10 planning forecasts.

On Thursday, July 21, 2011 the load was greater than 33,000Mws for the hours 15-17. National Grid, NYSEG and RG&E set new all time record highs. There were no bulk power system voltage problems that impacted transfer limits and only one generating facility and one bulk power transmission facility were unavailable. The average wind generation was 876Mws for hours 10-19, much larger than anticipated. EDRP and SCR resources were activated in Zones G, H, I, and K from hours 13- 17 to restore system power flows to within normal operating limits.

On Friday, July 22, 2011 the system loads exceeded 33,000Mws from hour 11 through hour 17. ConEd and LIPA set record all-time peaks. Again, only one bulk power transmission facility was unavailable and only two generators were unable to operate on peak. There were no bulk power system voltage problems that impacted transfer capability and average wind generation was 270Mws from hours 10-19. EDRP and SCR resources were activated for hours 13-17 in Zones G-K for transmission security and Zones A, C, and E-F to meet statewide capacity requirements.

- 10.3 **North American Energy Standards Board** – Mr. Ellsworth referred the Executive Committee to the NAESB Bulletin for May – August (Volume 4, Issue 2) which was circulated on June 10, 2011.

11.0 **Visitors' Comments** – None

12.0 Meeting Schedule

<u>Mtg.</u> <u>No.</u>	<i>Date</i>	<i>Location</i>	<i>Time</i>
#149	Sep 9, 2011	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#150	Oct 14, 2011	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No.148 was adjourned at 3:30 P.M.

Completed By: P. Donald Raymond, Executive Secretary
Issue Date: August 24, 2011