

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 164 – December 7, 2012
Albany Country Club, Voorheesville, NY

Members and Alternates
in Attendance:

Mike Mager, Esq.	Couch White, LLP (Large Customers' Sector) – Member - Chair
Ray Kinney	New York State Electric & Gas/RG&E - Member
George Loehr	Unaffiliated Member
Bruce Ellsworth	Unaffiliated Member
William H. Clagett	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
George Smith	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of N.Y. – Member
Joe Hipius	National Grid, USA – Member
Arnie Schuff	New York Power Authority – Member
Scott Leuthauser	HQ US (Wholesale Sellers) – Alternate
Tom Duffy	Central Hudson Gas & Electric – Member
Curt Dahl	LIPA - Phone – Alternate
Chris LaRoe	Independent Power Producers of New York (IPPNY) - Member

Others:

Al Adamson	Consultant & Treasurer - Phone
Paul Gioia, Esq.	Counsel
Roger Clayton	Electric Power Resources, LLC – RRS/RCMS Chairman
Henry Chao	New York Independent System Operator (NYISO)
John Adams	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Rick Gonzales	New York Independent System Operator (NYISO)*
Edward Schrom	NYS Department of Public Service
Don Raymond	Executive Secretary
Bob Boyle	New York Power Authority – ICS Chairman

Visitors – Open Session:

Jim Parmelee	LIPA
Mark Younger	Hudson Energy Economics, LLC
Erin P. Hogan, P.E.	NYSERDA
Kristen Bluvas	New York Independent System Operator
Phil Fedora	Northeast Power Coordinating Council (NPCC)

“*” Denotes part-time

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was held to discuss the latest FERC Black Start Settlement Conference and issues regarding Major Emergencies.

II. Open Session

1.0 Introduction – Chairman Mager called the NYSRC Executive Committee (Committee) Meeting No.164 to order at 9:30 A.M. on December 7, 2012 at the Albany Country Club, Voorheesville, NY.

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 – See item I above.

2.0 Meeting Minutes/Action Items

2.1 Approval of Minutes for Meeting No. 163 (November 8, 2012) – Mr. Raymond introduced the revised draft minutes which included all comments received to date. Following discussion, Mr. Ellsworth moved for approval of the draft minutes. The motion was seconded by Mr. Clagett and approved by the Executive Committee Members in attendance – (12 to 0, 1 abstention). The Executive Secretary will post the minutes on the NYSRC website – **AI #164-1**.

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>
161-4	Mr. Ellsworth distributed the NAESB Gas and Electric Harmonization Study at the November 8, 2012 Executive Committee meeting.
162-2	The Retention Agreement was signed by Mr. Mager at the November 8, 2012 Executive Committee meeting.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. Summary of Receipts & Disbursements** - Mr. Adamson provided the Summary of Receipts and Disbursements which showed a balance of \$130,500 at the end November of 2012. The projected year end budget variance is \$65,000 below the budget for 2012.
- ii.** Mr. Adamson introduced and described the 2013 Monthly Cash Flow Estimate which is the basis for the 2013 quarterly Call-for-Funds. Mr. Adamson requested approval of the 1st Quarter Call-for-Funds consisting of a \$5,000 Membership Fee plus a \$20,000 TO Assessment. The request was moved by Mr. Loehr. Mr. Clagett seconded the motion which was unanimously approved by the Executive Committee Members in attendance – (13 to 0).

3.2 Other Organizational Issues – Nothing additional to report.

4.0 Installed Capacity Subcommittee Status Report/Issues

4.1 ICS Chairman's Report – Mr. Boyle indicated that over the last month the ICS has completed a detailed review of the draft IRM Study Report in preparation for today's vote. Most changes were minor although the HTP modeling had been time consuming. A final document was completed and sent to the Executive committee on December 6, 2012.

4.2 Draft 2013-14 IRM Study Report – Mr. Boyle summarized the 2013-14 IRM Study Report which showed that the required NYCA IRM for 2013 Capability Year is 17.1% under base case conditions. The corresponding MLCRs were 83.7% and 102% for NYC and Long Island, respectively. The 17.1% base case IRM for 2013 represents a 1% increase from the 2012 base case IRM. The principle drivers that increased the required IRM are: (a) Special Case Modeling (SCRs) changes, (b) Updated load forecast uncertainty, and (c) Updated Outside World model. Mr. Younger noted that limiting SCRs to 5 calls per month per zone would add 3.1% to the IRM. In addition, the principle driver that reduced the IRM is a new model that better represents generator performance. Mr. Hipius noted that removing the unit that retired or announced retirement after the base case data was "in lockdown" would have also reduced the base case IRM. The five environmental initiatives driven by the State and/or Federal regulators that are in place or pending are not expected to impact IRM requirements in 2013.

Dr. Singh is continuing his validation of the new EFORd as requested by ConEd. Dr. Sasson noted that ConEd and LIPA did not receive the base case data in order to confirm the results – **AI #164-2**.

Mr. Bolbrock moved for approval of the 2013 IRM Study Report contingent upon the minor changes noted by the Executive Committee. Mr. Ellsworth seconded the motion which was unanimously approved by the Executive Committee - (13 to 0).

4.3 Voting on 2013-14 IRM – Mr. Gioia summarized the key items of the NYSRC Voting Procedure as documented in NYSRC Policy 5-6, Section 5.2. After the questions on the draft IRM Study Report were exhausted, the Executive Committee Members were provided opportunity to explain the rationale supporting their preference for the final IRM. Next a secret straw vote was taken to determine the starting point for the final IRM ballot(s). The results of the straw vote indicated a starting point of 17.0%. The initial ballot at 17.0% indicated that 11 Members approved of 17.0% and 2 were opposed. Nine approval votes are required for acceptance of the IRM for 2013-14. Dr. Sasson moved for a re-balloting of 17.0%. The motion was seconded by Mr. Ellsworth and unanimously accepted by the Executive Committee – (13 to 0).

4.4 2013 IRM Resolution – Mr. Adamson provided a mark-up of the 2012 Resolution for approval of the 2013 NYCA IRM. Mr. Gioia suggested an editorial change and the revision to the last paragraph of the draft IRM resolution as follows:

7. NOW, THEREFORE BE IT RESOLVED, that in consideration of the factors described above, the NYSRC finds that an IRM of __%, which equates to an ICR of 1.__ times the forecasted NYCA peak load, will meet the criteria set forth in Reliability Rule A-R1, and hereby sets the NYCA IRM at __% for the Capability Year from May 1, 2013 through April 30, 2014.

Mr. Clagett moved for approval of the amendments to the Resolution for 2013-14. The motion was seconded by Mr. Ellsworth and unanimously accepted by the Executive Committee (13 to 0). Mr. Gioia agreed to prepare: (a) the 2013 Resolution and a letter to Mr. Whitley conveying the Executive Committee's results for 2013, (b) a press release, (c) a FERC filing – **AI #164-3**. The timing of the filing should be consistent with the NYISO's regular process that must be completed by the beginning of the May 1, 2013 Capability period.

4.5 Other ICS Issues -

i. IRM Process Review – Mr. Mager raised three issues that he would like ICS to resolve in advance of the next IRM process:

(a) A definitive policy for addressing 11th hour data or modeling changes,

- (b) A documented procedure for addressing retirements and RMR contracts, and
- (c) A Resolution of the data “scrubbing” issues such that ConEd and LIPA will be able to effectively participate in the data verification phase of the IRM process.

The Executive Committee concurred with Mr. Mager’s request – **AI #164-4**.

5.0 Reliability Rules Subcommittee Status Report/Issue

5.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the joint RRS/RCMS meeting was held on November 31, 2012. Two separate meetings were held, each with its own agenda and minutes. Mr. Clayton introduced the List of Potential Reliability Rule Changes and noted that PRR #114, System Restoration G-M1 & G-M3 was posted for review and comment on November 8, 2012. Comments are due by December 29, 2012. PRR #113 is under development to add specificity, i.e. to the present rules for establishing sufficient black start capacity for complying with Reliability Rule G-R1’s requirement that the system shall be restored in a prompt manner following a blackout.

5.2 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

5.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Nothing new to report.

ii. NPCC Standards – Nothing new to report.

5.4 Other RRS Issues – Mr. Clayton introduced a reference paper, Description of NERC and NPCC Standards & Criteria Documents, which came out of the deliberation on the reformatting of the NYSRC Rules. The document explains clearly the difference between NERC Standards and NPCC Criteria. Also, Mr. Clayton noted that progress is being made on the Reformatting of NYSRC Project. RRS has decided to proceed with Option A which requires fewer changes to the existing Rule’s format. A specific example is expected to be available for the January 11, 2013 Executive Committee meeting. Mr. Clayton indicated that ConEd reported on a change in the methodology used to address LOGMOB compliance using day-ahead data. Also, he noted that Central Hudson will provide a secretary (Mr. Jeff May) for RRS, and that RCMS is waiting on a commitment from NYSE&G/REG&E.

6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

6.1 RCMS Status Report & Discussion Issues – Mr. Clayton reported that at its December 3, 2012 meeting, RCMS found the NYISO to be in full compliance for the following Measurements:

- (a) A-M3, Certifying LSE ICAP obligations are met,
- (b) C-M15, Reporting SCR performance data to the NYISO,
- (c) G-M1, NYISO procedures for maintaining a NYCA System Restoration Plan,
- (d) G-M2, Transmission Owner System Restoration Plan requirements.,
- (e) G-M3, Black Start Provider requirements,
- (f) I-M5, ConEd Local Rule I-R1, R2 and R-4 procedures,
- (g) I-M6, LIPA Local Rule I-R5 procedures, and
- (h) K-M2d, Monthly Operations Report.

The above compliance reviews complete the 2012 Reliability Compliance Program. RCMS will provide a proposed 2013 draft Program at the January 11, 2013 Executive Committee meeting – **AI #164-5**.

6.3 Other RCMS Issues

i. DEC Meeting - Mr. Clayton indicated that a NYSRC/DEC meeting was held on November 13, 2012. The next meeting is January 13, 2013. The highlights of the recent meeting included:

Article 10 – Greenhouse Gas Performance Standard (251)

The final Rule was adopted in August 2012.

EPA’s Cross-State Air Pollution Rule (CSAPR)

EPA has filed a petition for re-hearing before all judges in the Appellate Court. Responses were due on November 16, 2012.

Regional Greenhouse Gas Initiative (RGGI)

There was a meeting held in Boston, MA on November 20, 2012. The current cap is 160M tons and the current emissions are 91M tons. The suggestion is to examine new caps as low as 88M tons in order to develop an active market. A decision is expected in December 2012.

Indian Point

The SPDES permit renewal and appeal of DEC’s denial of a water quality certification are pending with hearings expected to resume in the spring of 2013. No decision is expected in 2013. The NRC has the authority to extend the license on a year-by-year basis provided legal action is pending.

EPA Ozone Standard

The current standard is 84 parts per billion. Under DEC’s SIP, it will be reduced to 75 parts per billion to be met in 2015.

Distributed Generation (DG) Rule

Emissions control requirements will apply to distributed generation units under ConEd’s demand response program developed in a PSC proceeding. Distributed generation units are higher emitters than power plants.

ii. Major Emergencies – The Executive Committee discussed the recent experience with Hurricane Sandy and its impacts on the bulk power system. It was agreed that the RRS/RCMS would initiate a discussion with the NYISO of whether actions might be taken to better protect the bulk power system from the consequences of similar storms in the future. Roger Clayton was asked to initiate this discussion with the NYISO – **AI #164-6**.

Mr. Mager requested that any inquiries regarding Hurricane Sandy be directed to Mr. Gioia.

7.0 Key Reliability Issues

7.1 Defensive Strategies – Mr. Smith reported that the final face-to-face meeting with EnerNex on the Controlled System Separation Study (CSSS) was held on November 5, 2012. EnerNex provided a 100+ page presentation on the entirety of its work. It was concluded that Controlled System Separation is conditionally feasible. It can be used to preserve system stability and is applicable to both internal and external extreme contingencies. However, (a) Timing is very tight on the order of 14 cycles after the event, (b) Existing UFLS times will need to be accelerated for some extreme contingencies, (c) Existing amounts of under frequency load shed will need to increase for some extreme contingencies, (d) PMU measurements must be of high quality (accuracy plus response time), and (e) Communications must be of high speed protection quality (WAMS).

A large amount of knowledge of the NYCA’s dynamic response was gained including: (a) The response of surrounding systems, (b) Response to many different disturbances and a variety of system conditions,

and (c) coordination with UFLS. The next steps will include meeting with the NYISO staff in January 2013, a DSWG meeting in February 2013, development of a forward plan, and a presentation to the Executive Committee in March 2013.

7.2 Black Start – FERC Settlement Conference – The discussion was held in Executive Session.

8.0 State/NPCC/Federal Energy Activities

8.1 NPCC BOD Report – Mr. Forte provided a written report summarizing the NPCC Board of Directors meeting held on Friday, November 30, 2012. The meeting addressed several administrative matters and, in particular, the NERC Reliability Assurance Initiative (RAI). The RAI is replacing the Compliance Enforcement Initiative (CEI) and is designed to incorporate risk management practices in the NERC Compliance Monitoring and Enforcement Program (CMEP). Two concept papers have been issued by NERC regarding the Reliability Assurance Initiative (RAI): (a) Overarching Conceptual White Paper – Incorporating Risk Concepts into the Implementation of Compliance and Enforcement, and (b) Restyle the Compliance Monitoring Approach. These are the first in a series of six white papers to be issued by NERC on the RAI. Regarding the conceptual white paper, the future risk-based approach of the CMEP will be a consistent (ERO Enterprise-wide) application of: (a) compliance monitoring practices based on risk, (b) a “range of tools” to prioritize and treat violations based on risk, (c) enforcement practices with clear distinctions based on risk to reliability and (d) a strengthened feedback loop from compliance monitoring and enforcement to the standards development process to incorporate considerations of actual risk into the standards development process. Restyling compliance monitoring will provide an end state for the Compliance Monitoring Program consisting of:

- Self-monitoring registered entities that work with the Compliance Enforcement Authority (CEA) to make determinations of risk and levels of reporting.
- Professional development of staff to promote consistency of approach and uniformity of processes through the use of standardized tools.
- Annual compliance monitoring planning that properly balances risk and coverage relative to the use of compliance monitoring methods.
- Audit design that considers risk in the scoping of engagements, relies on tests of controls to gain reasonable assurance of compliance, considers data requests that support the testing of controls, and determines staffing appropriate to the engagement.
- A robust program that utilizes sound professional judgment and provides enforcement with determinations.
- CEA reporting that provides strong recommendations supporting corrective actions, an opinion that there is a reasonable assurance of sustainable compliance, and findings that are relevant and meaningful.
- A quality assurance program that utilizes established Key Performance Indicators (KPI) to measure results, identify process improvements, and communicate results for the ERO Enterprise.

NERC will be making an informational filing to FERC regarding the RAI in March 2013.

8.2 NPCC Report – Mr. Fedora reported that the NPCC-RCC met on November 27, 2012 in Montreal. A number of items were approved by the RCC including: (a) the winter Reliability Assessment Report, (b) Several resource Adequacy and interim Transmission Reviews, (c) A Task Force and RCC Work Plan for 2013, (d) A white paper on Load Modeling, and (e) Discussion of the update of NPCC’s UFLS Study which will conclude in 2014.

The NERC Planning (PC) and Operating Committees (OC) meet next week at the NERC offices. Of

note is the completion of assignments that the Standards Drafting Team gave to technical committees of NERC. They are the technical justification for the BES voltage thresholds, generator thresholds, reactive power levels, and characteristics of the local networks. The white paper is before the PC and if approved it will be submitted to the Standards Drafting Team along with a number of other Phase 2 BES items that the industry had asked the Drafting Team to investigate. There will be a meeting in February 2013 of the Standards Drafting Team to determine whether there will be recommendation to the Standards Committee of NERC to submit another revision of the Definition of the BES. The request would need the approval of the Standards Committee in March 2013. The Standards Drafting Team has reviewed the comments on the Guidance Document and will revise the Document accordingly. It will not be released until after the FERC rules are issued.

9.0 State/Federal Energy Activities

9.1 NYISO 2012 Comprehensive Reliability Planning Process (CRPP) – Mr. Chao reported that the market-based and regulated solutions to Reliability Needs (RNA) together with the Transmission Owners Local Transmission Plans were submitted by November 26, 2012 and will be evaluated during the Comprehensive Reliability Plan study.

9.2 Interregional Transmission Studies

i. EIPC Study – The Phase II production cost analysis has been performed for each scenario and the sensitivity analysis is nearly complete (Task 9). The results and a map of constraints and transmission build-outs are posted at: <http://eipconline.com/PhaseII Modeling Results.html> (Task 9).

High-level estimates of the capital costs of the interregional generation resources and transmission expansion options will be included in the report (Task 10). A final draft of the Phase II report scheduled for November 21, 2012 was presented at the December 4, 2012 SSC meeting. Drafts are posted at: <http://eipconline.com/Phase II Resource.html>. The Stakeholder Steering Committee (SSC) meeting was held in Charlotte, NC on December 4, 2012. The meeting material is posted at: <http://eipconline.com/Phase II SSC Meetings.html>.

ii. IPSAC Study – Two projects are undergoing a coordinated evaluation: (a) PJM/PSEG Hudson back-to-back HDVC and (b) Northern Pass HDVC (HQ to ISO-NE tie). The back-to-back HDVC will replace the B & C PARs, mitigate fault current levels to PSEG, and evaluate the potential for degradation of transfer limits into NYC.

The HQ to ISO-NE tie project will evaluate potential dynamic stability issues. In addition, the FERC Order 1000 discussions are on-going. A Compliance filing is due April 11, 2013.

9.3 Other Studies/Activities – Nothing additional to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Chao reported that for November 2012, the peak load occurred on Tuesday, November 27, 2012 at 22,282Mws versus the all time winter peak of 25,541Mws on Monday, December 20, 2004. A Major Emergency was declared on November 28, 2012 due to exceeding of the Central East voltage limit by more than 5% following the forced outage of the Fitzpatrick automatic voltage regulator. Alert states were declared on 13 occasions; 4 times for system frequency. There were 5 TLR Level 3s declared for a total of 36 hours. On 26 occasions reserves were activated, 6 were due to loss of New York Control Area generators.

10.2 North American Energy Standard Board (NAESB) – Mr. Ellsworth indicated that the NAESB Board of Directors met on December 6, 2012 in Houston, TX focusing on administrative matters and Segment Plans for the coming year. NAESB is currently comprised of two Wholesale and two Retail segments. Due to industry consolidation, the two Retail segments will be combined into one. The Board's work will be consolidated and meetings held three times per year versus four. Copyright issues for NAESB members has become a major issue since non-NAESB members are including NAESB business practices documents in their FERC filings.

FERC has sent out a report documenting the meetings it has held throughout the country on the Gas/Electric issue. Copies may be gotten from Mr. Ellsworth. Also, the NAESB Gas and Electric Harmonization Study was adopted by NARUC.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg.</u> <u>No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#165	Jan. 11, 2013	NYSERDA, Albany, NY.	9:30 A.M.
#166	Feb. 8, 2013	Albany Country Club, Voorheesville, NY	9:30 A.M.

The open session of Committee Meeting No.164 was adjourned at 2:30 P.M.