

Revised Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 167 – March 7, 2013
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 - Phone
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 - Phone
Frank Pace	Central Hudson Gas & Electric – Alternate
Curt Dahl	LIPA – Alternate - Phone
Chris LaRoe	Independent Power Producers of New York (IPPNY) – Member
Chris Wentlent	Constellation – Alternate - Phone*

Others:

Al Adamson	Consultant & Treasurer - Phone
Paul Gioia, Esq.	Counsel
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)
Wes Yeomans	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
Roger Clayton	Electric Power Resources, LLC - RRS/RCMS Chair

Visitors – Open Session:

Erin P. Hogan, P.E.	NYSERDA
Phil Fedora	Northeast Power Coordinating Council (NPCC)
Kevin Jones, Esq.	Hunter & Williams (NYISO)
Mark Younger	Hudson Energy Economics, LLC

“*” Denotes part-time

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was held to discuss Black Start issues.

II. Open Session

1.0 Introduction – Chairman Mager called the NYSRC Executive Committee (Committee) Meeting No.167 to order at 9:30 A.M. on March 7, 2013 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. 166 (February 8, 2013) – Mr. Raymond introduced the revised draft minutes which included all comments received to date. Following discussion, Mr. Clagett moved for approval of the draft minutes. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee Members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC website – **AI #167-1**.

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>
Conf Call	Mr. Boyle presented the new data “lock down” at the February 7, 2013 Executive Committee meeting.
164-4	The new data “lock down” was described at the February 7, 2013 Executive Committee meeting.
165-2	Mr. Adamson provided the Biennial Report outline at the February 7, 2013 Executive Committee meeting.
165-4	The data “lock down” recommendation was presented to the Executive Committee by Mr. Boyle during its March 7, 2013 meeting.
166-9	During February, input to the Biennial Report was provided by Messrs. Mager, Clayton, Boyle and Smith.

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 \$129,000 at the end of February 2013. He indicated that the final payment toward the 1st Quarter Call-For-Funds of \$25,000 was received. He also reported that he recently filed IRS Forms 1096 (Form 1099 return) and 990 (Tax Exempt Organization return).

Mr. Adamson recommended a 2nd Quarter Call-For-Funds of \$30,000 per TO which is consistent with the 2013 cash flow summary presented at the December 7, 2012 Executive Committee

meeting. Mr. Bolbrock moved for approval of the request. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

- ii. **2012 Audit** – Mr. Adamson introduced the 2012 Audit Report prepared by Slocum DeAngelus & Associates. The format is consistent with prior years and the Auditor’s opinion concluded “the financial statements present fairly, in all material respects, its support, revenue and expenses for the years ended (2011-2012) in accordance with the cash flow basis of accounting.” Mr. Kinney noted that NYSEG’s Accounts Payable Department would prefer to make payments via wire transfer. Following discussion, the Executive Committee requested that Mr. Adamson investigate the possibility of using wire transfers – **AI #167-2**.
- iii. **Treasurer Back-up** – Mr. Adamson expressed the need to have designated back-up in the instance that the Treasurer is unavailable. Mr. Mager suggested that the Bank have Mr. Gioia, the Vice Chair and the Chair on record to be able to sign checks. Mr. Adamson agreed to prepare Treasurer Procedures for the record – **AI #167-3**. Also, it was agreed that Carol Lynch should be authorized to make Bank deposits. Mr. Adamson noted that if Carol Lynch is unavailable to post to the NYSRC website, her daughter would fill in for her.
- iv. **2011-12 Biennial Report** – Mr. Adamson introduced the draft 2011-12 NYSRC Biennial Report and requested that comments be provided by March 15, 2013. A draft (in report form) will be prepared for the April 11, 2013 Executive Committee meeting. The final Report is expected to be available by the May 10, 2013 Executive Committee meeting.

4.0 Installed Capacity Subcommittee Status Report/Issues

4.1 ICS Chairman’s Report – Mr. Boyle reported on the February 26, 2013 ICS meeting including discussion of the following topics:

- (a) **2014-15 IRM Milestone Schedule** – Mr. Adamson presented the IRM Milestone Schedule which has been accepted by the NYISO with the understanding that there would be a reasonable number of white papers on modeling changes and a Special Sensitivity Case which will incorporate any assumption changes received after the lock-down date. Messrs. Boyle and Adamson will be working on the change to Policy 5 which will describe the “lock down” process and the new Special Sensitivity Case.
- (b) **2014-15 Base Case Assumption Matrix** – The discussion of the Assumptions Matrix highlighted white papers needing development including Wind modeling, and the multiple load shape modeling feature of the GE MARS program. Other areas for future discussion were indentified including: (i) LTE vs. STE ratings for determining transfer limits, (ii) Modeling of the external control areas, (iii) The method for modeling the movement of capacity from one Zone to another in sensitivity and base cases, and (iv) The use of Normal vs. Emergency limits.
- (c) **Lessons Learned** – Messrs. Boyle and Adamson and the NYISO prepared a 2013 IRM Study Lessons Learned table. The NYISO assured the ICS that the internal issues impacting quality assurance in 2012 have been resolved. In addition, ICS will prioritize white papers and keep the number to a reasonable level. Mr. Gioia asked that the Assumptions Matrix be included in the final IRM Study Report.
- (d) **NYISO Demand Response Report** – Ms. Pratt (NYISO) presented the 2012 response figures for the SCR and EDRP providers during mandatory and voluntary calls. However, ICS does not have a specific basis for the impact of multiple calls. There has not been a long enough period of data collection to initiate, for example, rolling averages. The NYISO is planning to provide a report toward the end of 2013 evaluating the robustness of the ATL methodology. NERC is also attempting to develop a means of obtaining meaningful EDRP data. At the request of Mr. Mager, resolution of the issue will be undertaken as a long-term ICS goal.
- (e) **Counter Flow Limits in MARS** – In response to a question from Mr. Boyle, the NYISO

confirmed that the counter flow limits are based on engineering judgment rather than modeling studies. Discussion will continue at the ICS April and May, 2013 meetings.

- (f) **EFORD Methodology Review** – Mr. Drake (NYISO) estimates that the review of the EFORD methodology will be completed by the April 2013 ICS meeting.
- (g) **Multi-Year Load Shape Methodology** – Mr. Adams indicated to ICS that the load shape methodology white paper should be completed by the May 2013 ICS meeting.
- (h) **New Capacity Zones** – In December 2012, ICS began a process to review a potential NYISO method for creating LCRs via a new capacity zone. The NYISO has completed its study and presented it to ICS. ICS does not feel that it has had enough time to determine whether the NYISO proposal is the best methodology or if a better method could be developed. However, ICS does not believe the NYISO methodology will create reliability issues. Dr. Sasson indicated that he agreed because under the NYISO proposal the determination of the IRM and the LCRs of zones J and K remained unchanged and unaffected by the creation of the new capacity zones. Mr. Chao confirmed this.

Mr. Boyle indicated that a recommendation from ICS is probably months away. He further stated that ICS will stay with the current method until a better method is found.

4.2 Other ICS Issues

- i. **Proposed Post-IRM Approval Strategy** – Dr. Sasson gave a presentation, Proposal on Processing Changes Between the IRM and LCR Decisions, proposing a methodology with the objective of eliminating potential inconsistencies between the IRM calculated by the NYSRC per its Policy 5 and the LCRs determined by the NYISO about one month later under its Tariff. Currently the NYSRC approves the IRM for the subsequent Capability Year (May 1-April 30) in the first week of December. The NYISO then determines the LCRs in the first week of January. The NYISO Tariff permits the inclusion of system changes occurring in the intervening month (including the final load forecast) provided the IRM approved by the NYSRC is maintained and the LCRs are set to observe the LOLE requirement. Dr. Sasson's proposes to have both the IRM and LCRs derived in early December using the final IRM data base approved by the NYSRC. By using the same data base, the possibility for any inconsistencies between the IRM and LCR calculations is eliminated.

In defense of his proposal, Dr. Sasson, among other things, reminded the Executive Committee that load forecast uncertainty modeling is inherent in MARS and that all available capacity, even the excess beyond minimum requirements, is secured through the Capacity Market. Since there is currently excess capacity on the system and the recognition of uncertainty is included within MARS, Dr. Sasson expressed the view that changes, which may or may not occur in December after the IRM has been locked-in by the NYSRC, will have little if any impact on System Reliability. Still, per its Tariff authority, the NYISO took into consideration both a new load forecast and the loss of Danskammer in determining the LCRs for 2013-14.

The Executive Committee is in accord with the objective of Dr. Sasson's proposal which was well illustrated using as an example, the December 2013 shutdown of Danskammer after the IRM was approved by the NYSRC. Still, the Executive Committee recognizes that the implementation of Dr. Sasson's proposal would require acceptance by the NYISO and approval of a Tariff change by FERC. Various NYISO staff present generally expressed satisfaction with the LCR methodology currently in use by the NYISO. Therefore, the Executive Committee suggested that the presentation should be given to the appropriate NYISO Committee(s) and if approved, returned to the Executive Committee for a vote on acceptance. Mr. Boyle offered ICS assistance in developing additional information.

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 February 28, 2013. 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 #8, PF Requirements at BPS/LSE, will commence once the NYISO operating Reactive Study is completed and PRR #114, System Restoration G-M1 & G-M3 was approved at the January 11, 2013 Executive Committee meeting. PRR #114 strengthens the Black Start Testing protocol.

Mr. Clayton gave a presentation on PRR#113, System Restoration. The intent of the presentation is to provide the Executive Committee with the concepts being considered by RRS to clarify restoration plan objectives. Input was provided by Mr. Gioia, the NYISO and RRS members.

The motivation for reviewing the NYSRC Reliability Rules is the recent black start experience with Ravenswood which RRS considered to have an adverse impact on reliability. PRR #113 addresses the amount of black start resources necessary for effective implementation of the System Restoration Plan (SRP). Reliability Rule G-R1 states in part; “ a NYCA SRP shall be maintained to restore the NYCA System to a normal operating state in a safe, orderly, and prompt manner following a major or total blackout”. The present Measurement G-M1 requires that the NYISO maintain procedures “...requiring that each TO identify black start resources that are necessary for implementing its SRP. However, since participation in the NYISO’s black start program is voluntary under its Tariff, the NYISO and TOs are limited to black start resources that presently participate in their Restoration Plans per the G-M1 Measurement.

The key elements of the proposed modification of Measurement G-M1 are: (a) The measurement will apply to black start resource requirements for both the NYISO and TOs SRPs, and (b) A SRP shall have sufficient black start resources to provide assurance that the system will be restored as promptly as reasonably possible given all generation resources with black start capability. Therefore, if an existing SRP is insufficient to assure that the system will be restored promptly, the NYISO or TOs are required to select additional resources with black start capability that are not currently participating in the entity’s SRP. The rule will provide for an exemption process if the resource can demonstrate to the NYISO sufficient justification for its exemption request.

In order to implement the rule change: (a) The NYISO and TOs will develop a procedure for determining when a black start resource is necessary for an effective SRP, and (b) If a generator with black start capability is identified as a necessary participant in the NYISO’s SRP, the NYISO will direct that resource to participate.

Following discussion, the Executive Committee concluded that RRS should proceed to develop the template for the rule change – **AI #167-4**. Dr. Sasson emphasized that since the Rule modification will require a Tariff change, the Executive Committee must not lose sight of the time required by the NYISO to: (a) Develop the change through its stakeholder process and (b) Obtain a favorable FERC decision which is not guaranteed. In either instance the NYISO could be left without a means to comply.

Mr. Gioia expressed the view that all the NYSRC could require of the NYISO is a reasonable effort to gain compliance and since the issue is well known, it can be dealt with if the need arises.

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

- i. **NYSEG Request to Remove Exception 15** – Mr. Clayton indicated that NYSEG has submitted a request to RRS to remove Exception 15 (post contingency Voltage at Oakdale and Watercure as a result of more than five double circuit exit towers at Oakdale) and informed the NYISO that the request has been made in accordance with Policy 1. NYSEG completed remediation of the Oakdale exits in June 2012. The NYISO has reviewed the request and supports removal of the Exception. Mr. Kinney moved for approval of the request to remove Exception 15. The motion was seconded by Dr. Sasson and unanimously approved by the Executive Committee – (13 to 0).
- ii. **Reformatting of NYSRC Rules** – Mr. Clayton indicated that RRS will be reviewing a white paper describing the reformatting methodology for the NYSRC Rules. It will be presented to the Executive Committee at its April 11, 2013 meeting – **AI #156-3**.
- iii. **NYISO Reactive Study** – Mr. Hipius raised a question regarding the intentions of the NYISO to continue their sponsorship of PRR-8, dealing with power factor requirements. This PRR has been pending for many years without progress and preceded all of the Comprehensive Reliability Planning processes added to the NYISO tariff, which include addressing identified voltage/reactive deficiencies. Mr. Hipius suggested that the NYSRC should either move forward, or the NYISO should withdraw their request. Mr. Yeomans stated that the NYISO's intention is to withdraw the request, and will initiate that process at the next RRS meeting. Mr. Clayton will be notifying the RPWG chair.

6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

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

6.2 **2012 New York Reliability Compliance Program** – Mr. Clayton indicated that at its February 28, 2013 meeting RCMS found the following Measurements to be in full compliance: (a) D-M2, Assuring adequacy of operating reserves; and (b) K-M2d, Monthly operations reports.

6.3 **Other RCMS Issues** – Mr. Clayton reminded the Executive Committee that after Hurricane Sandy, RRS was asked to monitor the NYISO's reporting in response to the Hurricane. Mr. Yeomans attended the last RCMS meeting and provided a thorough draft report. He agreed to incorporate RCMS comments which emphasized lessons learned, future actions, and that the NYISO was in full compliance with the Reliability Rules during the disturbance. It was noted that the Report was produced primarily for the NYSRC at its request.

7.0 Key Reliability Issues

7.1 **Defensive Strategies** – Mr. Smith gave a presentation on the completed Controlled System Separation Study (CSSS). A complete presentation was previously provided to the NYISO Staff. Mr. Smith indicated the accomplishments of the CSSS including: (a) Gained knowledge of the NY system's dynamic behavior, (b) Developed indicators to predict instability, (c) Developed separation/control measures to mitigate instability, and (d) Tested measures to determine necessary actions to stabilize the system. He further discussed findings from system exposure to extreme contingencies, external faults, and power swings. He noted that remedies developed in the CSSS were able to avoid uncontrolled separation and subsequent blackout. External faults with delayed clearing were not an issue in PJM and New England, but were problematic at Claireville, Ontario. Mr. Smith also discussed potential solutions in the protection/control and hardware domains including: (a) Improved clearing times at key substations, (b) Improved CSS protection/control schemes, (c) Incorporation of HVDC controls, (d) Improvement of substation configurations and (e) Addition of dynamic compensation and/or transmission supplying Zones J&K. However, exposure of Zones J&K to load shedding remains a challenge.

Mr. Clayton noted a recent NPCC SS-38 Working Group white paper on load modeling which demonstrated the potential inadequacy of load modeling for dynamic studies. Mr. Mager requested that Mr. Smith coordinate with the NYISO (Mr. Chao) regarding load modeling and funding for a potential follow-on study – **AI #167-5**.

7.2 Black Start – FERC/Ravenswood Settlement – In Executive Session, Mr. Gioia led a discussion of recent events impacting the Ravenswood black start issue.

8.0 State/NPCC/Federal Energy Activities

8.1 NPCC Report – Mr. Fedora reported that the NPCC-Reliability Coordinating Committee met on February 27, 2013 and approved: (a) The SS-38 Working Group’s Load Modeling white paper, (b) The Terms of Reference for the next NPCC UFLS Assessment, and (c) The 2012 Long Range Adequacy Overview. The Adequacy Overview looks out 5 years and calculates the LOLE and two additional probabilistic metrics requested by NERC, the loss of load hours and expected unserved energy. Mr. Fedora agreed to provide a presentation to the Executive Committee on the SS-38 Working Groups Load Modeling white paper at the Executive Committee’s April 11, 2013 meeting – **AI #167-5**. Mr. Fedora indicated that the NPCC Board of Directors will meet on Tuesday March 12, 2013 via teleconference to discuss, among other things, FERC’s decision (Feb 19) to give itself more time to respond to rehearing requests regarding the BES Definition and to issue a new Order 773a. Also, he noted that on March 1, 2013, the annual survey letters were sent out to the NPCC TO/TOPs, GO/GOPs, and the Load Serving Entities asking whether they will be requesting exceptions for their facilities falling within the categories defined in the revised BES Definition. The surveys are due on May 1, 2013. The NPCC will schedule its Standards & Compliance Workshop for the end of May 2013 in Cooperstown, NY. in order to review and explain the results.

Mr. Fedora added that the Standards Drafting Team (SDT) is finalizing the BES Guidance Document for issuance in April 2013. The Guidance Document will be binding. Entities will be able to notify the Regions if they feel an element on their system would qualify for an exception and provide the necessary documentation. Also, an IT tool is being developed to assist in the processing of exceptions.

This week the NERC PC completed its review of the technical justification of the 100kV threshold, the 20/75Mva generator threshold limit, and the reactive resources and local network requirements. The review has been sent to the SDT for its consideration. The SDT is going through a phase 2 review of the revised BES Definition and will submit a SAR based on the NERC PC input and other concerns that may suggest changes to the Definition. NERC is also reviewing the NERC Compliance Registry with respect to the revised BES Definition.

9.0 State/Federal Energy Activities

9.1 NYISO 2012 Comprehensive System Planning Process (CSPP) – Mr. Adams reported that on February 27, 2013 the Management Committee voted to recommend to the NYISO Board of Directors approval of the 2012 CRP Report.

A tentative schedule for the 2013 CARIS 1 process was presented to the ESPWG. The presentation included the base case assumptions for natural gas prices and CO₂ emissions allowance costs. A comprehensive assumptions matrix was presented at the March 6, 2013 ESPWG meeting.

Also Mr. Adams noted that the NYISO is developing load shape and wind shape models for consideration in this year’s IRM Study.

9.2 Interregional Transmission Studies

i. EIPC Study – The final draft of the Phase II Report was submitted to DOE for review on December 22, 2012. The Report is posted at <http://eipconline.com/Phase II Resources.html>.

ii. IPSAC Study – An IPSAC WebEx meeting was held on February 26, 2013 to consider FERC Order 1000 and the Northeast Protocol. The NYISO Interregional Planning Task Force is meeting bi-weekly to discuss NYISO stakeholder concerns and comments on the Northeast Planning Protocol and

revisions to the NYISO OATT Attachment Y.

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 for February 2013. The peak load occurred on Monday, February 4, 2013 at 23,384Mws versus the all time winter peak of 25,541Mws on Monday, December 20, 2004. There were no Major Emergencies declared during the month. Alert states were declared on 22 occasions; 6 times for system frequency. There were 0 TLR Level 3s declared for a total of 0 hours. On 16 occasions reserves were activated, 13 for ACE. At 13:57 on February 13, 2013 a RPU/SAR was initiated for loss of Indian Pt. 2 loaded at 1032Mws. ACE crossed zero and the RPU was terminated at 14:01. The SAR was terminated at 14:20.
- 10.2 North American Energy Standard Board (NAESB)** – Mr. Ellsworth noted that the latest issue before NAESB stakeholders is how non-NAESB customers can use NAESB copyright materials in filings before FERC. The NAESB Board will be discussing the issue on April 4, 2013 in Houston, Texas.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg.</u> <u>No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#168	Apr. 11, 2013	Albany Country Club, Voorheesville, NY	9:30 A.M.
#169	May 10, 2013	Albany Country Club, Voorheesville, NY	9:30 A.M.

The open session of Committee Meeting No.167 was adjourned at 3:00 P.M.