

Revised Draft Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 180 – April 10, 2014
Albany Country Club, Voorheesville, NY

Members and Alternates
in Attendance:

Mayer Sasson	Consolidated Edison Co. of N.Y. – Member – Chair
Curt Dahl, P.E.	LIPA – Member – Vice Chair
George Loehr	Unaffiliated Member
William H. Clagett	Unaffiliated Member
George Smith	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
Mike Mager, Esq.	Couch White, LLP (Large Customers’ Sector) – Member
Scott Leuthauser	Generation Sector – Alternate Member
Jim McCloskey	Central Hudson Gas & Electric – Member
Chris LaRoe	Independent Power Producers of NY (IPPNY) – Member
Arnie Schuff	New York Power Authority – Member - Phone
Patti Caletka	New York State Electric & Gas/Rochester Gas & Electric - Representative

Other

Al Adamson	Consultant & Treasurer – Phone*
Paul Gioia	Counsel
Roger Clayton	Electric Power Resources, LLC – RRS/RCMS Chair
Erin Hogan, P.E.	NYSERDA – ICS Chair
Henry Chao	New York Independent System Operator (NYISO)
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Wes Yeomans	New York Independent System Operator (NYISO)*
Howard Tarler	New York Independent System Operator (NYISO)
Edward Schrom	NYS Department of Public Service
Don Raymond	Executive Secretary

Visitors – Open Session

Phil Fedora	Northeast Power Coordinating Council (NPCC)
Liam Baker	U.S. Power Generation - Phone*
Mark Younger	Hudson Valley Economics

“*” Denotes part-time

- I. **Executive Session** – An Executive Session was held to discuss possible guests for future meetings.
- II. **Open Session**
- 1.0 **Introduction**– Chairman Sasson called the NYSRC Executive Committee (Committee) Meeting No.180 to order at 9:30 am on April 10, 2014.
- 1.1 **Meeting Attendees** – All Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were in attendance with the exception of National Grid and Mr. Ellsworth.
- 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** – An Executive Session was held to discuss possible guests for future meetings.
- 2.0 **Meeting Minutes/Action Items**
- 2.1 **Approval of Minutes for Meeting No. 179 (March 14, 2014)** – Mr. Raymond introduced the revised draft minutes which included all comments received to date. There being no additional comments, Mr. Bolbrock moved for approval of the revised draft minutes. The motion was seconded by Mr. Smith and unanimously approved by the Executive Committee members or representatives in attendance – (11 to 0). The Executive Secretary will post the minutes on the NYSRC website – **AI #180-1**.
- 2.2 **Action Items List** – The Executive Committee reviewed the Outstanding Action Items list and accepted removal of the following items:

<u>Action Item #</u>	<u>Comments</u>
176-2	Ms. Hogan indicated that ICS has decided on 1000 iteration and then a manual check that the Standard Error does not exceed 0.025.
177-4	The Executive Committee gave final approval to PRR #116 at its March 14, 2014 meeting.
178-5	Mr. Smith spoke with Messrs. Catelli and Gallagher about how the R & D activities at the Research Technology Center at Stoneybrook might fit in with NYSRC’s defensive strategies initiative.
179-4	RRS reviewed Mr. Gioia’s PRR #116 (Option 2) proposal at its April 2, 2014 meeting.

- 3.0 **Organizational Issues**
- 3.1 **NYSRC Treasurer’s Report**
 - i. **Summary of Receipts & Disbursements** - Mr. Adamson discussed the Summary of Receipts and Disbursements which showed a surplus of \$192,000 at the end of March 2014. Member receipts of \$60,000 were received from two TOs toward the 2nd Quarter Call-for-Funds of \$30,000 per TO issued on March 14, 2014.
- 3.2 **Vice Chair Report** -
 - i. **Contact Lists** – Mr. Dahl discussed a matrix of regular monthly emails vs. proposed recipients. Mr.

Fedora (NPCC) and Mr. Gioia requested receipt of all the emails listed. The Executive Secretary was asked to administer the matrix as updated – **AI #180-2**.

3.3 Other Organizational Issues – Mr. Gioia noted that the D & O Policy was renewed and the Franchise Tax was paid to the State of Delaware.

4.0 Reliability Initiatives

4.1 Physical Security – Mr. Yeomans (NYISO) gave a presentation, Physical Security Update – Metcalf. On April 16, 2013 at approximately 1:00 PDT, terrorist(s) severed the fiber optic communications cables between PG&E’s Energy Center and the Metcalf substation. Thirty minutes later, more than 200 rifle shots were directed at the station with 110 shots damaging transformer and breaker equipment. The industry responded with various preparation, prevention, resiliency, government partnerships and response/recovery initiatives including: (a) NERC CIPC Physical Security Guidelines, (b) NERC GridEx II, (c) approval of CIP-006-5 by FERC, (c) FERC’s March 7 2014 Order (d) and appointment of a Standards Drafting Team for NERC Project 2014-04, Physical Security. Regarding the latter item, a Technical Conference was held on April 1, 2014. Also, DOE, DHS, FBI, FERC-OEIS, NERC, ES-ISAC and industry experts are conducting briefings across the country for owners, operators and local law enforcement on the security of electric substations.

Mr. Loehr recommended that the Executive Committee continue to pursue this subject. It was agreed that further discussion would be held in Executive Session at the May 9, 2014 meeting. Further, Mr. Bolbrock suggested that the broad based interest and discussions regarding Physical Security may provide an opportunity to gain exposure and support for our Defensive Strategies effort. The Executive Committee asked Mr. Yeomans to explore this opportunity at the meetings he attends and to provide feedback to the Executive Committee. Mr. Smith asked Mr. Yeomans to look into whether there is a plan to make the existing PMU data, including PJM and New England data, to available to the Operators through visual displays. Dr. Sasson requested that once the NYISO has secured information related the above, it let the Executive Secretary know and an Executive Session will be scheduled, if necessary – **AI #180 – 3**.

4.2 Defensive Strategies – Mr. Smith reported that he spoke with Messrs. Catell and Gallagher about how the R & D activities (Smart Grid) at the Research Technology Center at Stonybrook might fit in with the NYSRC’s defensive strategies initiative. He found that there are over 200 microgrids in NYS. The Smart Grid Consortium has hired Navigant to do a survey of all the parameters of the microgrids. Mr. Smith suggested that there may be a disturbance mitigation method whereby the microgrid brings energy back to the grid to alleviate the amount of load that would otherwise need to be shed. Ms. Hogan noted that the 200 microgrids are likely campus style microgrids rather than dispersed components within a close area but not affiliated with a single entity.

5.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

5.1 ICS Chair Report – Ms. Hogan provided the ICS Report on the highlights of its April 2, 2014 meeting. The written report addressed the status of the following tasks: (a) Voltage Reduction Degradation, (b) Possible Undervalue of Neighboring Area SCR Resources, (c) Transmission Outage Working Group and (e) Policy 5 Update. Also, she noted that Pete Carney (NYISO) gave ICS an update on the status of environmental regulations to foster an understanding of the potential impacts after the IRM proposed data base is locked down.

Ms. Hogan indicated that the TOs were asked to report back to ICS on their frequency of voltage reductions over the past five years, the duration of the calls, and their sense of whether there was any voltage degradation. It is unlikely that enough data will be available for decision making regarding the 2015-16 IRM Study.

Mr. Gioia noted that FERC recently held a technical conference on the treatment of export limited zones. There was specific reference to Long Island. Mr. David Patton, the independent market advisor for NYISO will provide specific recommendations regarding constrained capacity and its impact on the reliability of neighboring zones. Also, he may be making recommendations pertaining to the LCR methodology. Ms. Hogan agreed that ICS would follow this item – **AI #180-4**. Mr. Mager added that Potomac Economics, the NYISO’s external Market Monitoring Unit (“MMU”), filed post conference comments which included a specific proposal as to how Long Island (Zone K) could be modeled as an export constrained zone.

Regarding the Transmission Outage Working Group, Mr. Smith suggested that a good source for transmission data is the Canadian Electric Association. He agreed to contact the Association and provide feedback to Mr. Chu (ConEd) and/or Mr. Adamson – **AI #180-5**.

Mr. Dahl cautioned that the philosophy has always been to maintain a degree of conservatism in the modeling of neighboring area EOPs to avoid any chance of leaning excessively on NYCA’s neighbors. He urged ICS to be cognizant of this philosophy as it investigates PJM’s EOP steps/SCR resources.

5.2 Other ICS Issues – Nothing additional to report.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the joint RRS/RCMS meeting was held on April 3, 2014. Two separate meetings were held, each with its own agenda and minutes. Mr. Gioia reminded the Executive Committee that the intent of PRR #116 was that it would apply to both a non participating black start provider as well as a participating resource that gave notice of withdrawal from the black start program that could provide a material benefits. This latter circumstance was not emphatically covered by PRR #116 which was approved by the Executive Committee on March 14, 2014. Therefore, Messrs. Clayton, Gioia and Adamson drafted a new glossary definition as follows: "*Eligible Black Start Resource(s)*" - Either a non-participating black start capable resource in the Con Edison SRP that has the physical capability installed to provide black start service or a participating black start resources that has given notice of its intent to withdraw from black start service in the Con Edison SRP.”

They provided the update to the Executive Committee as PRR #116A for its consideration today. Mr. Clayton added that RRS has reviewed PRR #116A and recommends Executive Committee approval of this PRR which includes the above definition without additional posting since the change is administrative in nature.

Mr. Smith moved for approval of the wording changes to PRR #116 and that it be superseded by PRR #116A. The motion was seconded by Mr. Bolbrock and approved by the Executive Committee with one abstention – (10 to 0, 1).

6.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (“PRR”) Changes – Mr. Clayton indicated that PRR #117, List of NYS Bulk Power System Facilities, and PRR # 118, Retirement of System Protection Reliability Rules H-R1 and H-R2 and Related Measurements, were posted for comment and no comments were received. Comments were due by April 3, 2014 and March 18, 2014, respectively. Under the Reformatting Program REP-01 and REP-02 received final approval on January 10, 2014. Comments were received from the NYISO on REP-03 at the January 10, 2014 Executive Committee meeting – **AI #179-5**.

b. Status of New/Modified Reliability Rules

1. PRRs for EC Final Approval – Mr. Clayton indicated that RRS recommends Executive

Committee approval of PRR #117 and PRR #118. Mr. Loehr moved for approval of both PRRs. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee Members or representatives in attendance – (11 to 0).

Mr. Clayton further indicated that under the Reformatting Program REP-03, Modeling and Data, and REP-08, Operating Reserves were posted and no comments were received. RRS has reviewed the PRR and recommends final approval by the Executive Committee. Mr. Clagett moved for approval of both REPs. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee Members or representatives in attendance – (11 to 0).

2. PRRs for EC Approval to Post - Mr. Clayton reminded the Executive Committee that REP-09, Mitigation of Major Emergencies, REP-10, Load Shedding, and REP-11, Control Center Communications have been posted for comments due by May 5, 2014.

3. PRRs for EC Discussion - Mr. Clayton indicated that RRS has begun applying the Reformatting Program to the Operating and Planning Reliability Rules. Completion is several months away – **AI 179-6**.

6.3 NPCC/NERC Standard Tracking

i. NERC Standards Development – Mr. Adamson acknowledged that the NYSRC voted NO on PRC-004, Protection System: Phase I – Misoperations.

6.4 Other RRS Issues

i. DEC/NYSRC Meeting – April 9, 2014 – Mr. Clayton indicated that the NYS DEC April 2015 Clean Air Mercury Rule has compliance levels that are 50% below the EPA levels. Mr. Carney noted that there is only one reliability “must run” unit that may need to apply for a one year exemption. Also, now that oil has become economic vs. gas, the oil units may be exposed to the limit or the LOG MOB Rules in the summer-2014.

The Supreme Court is not expected to make a decision on the Cross State Air Pollution Rule (CSAPR) until late June or July 2014. DEC commented that the Court’s decision is unpredictable at this time. The Regional Greenhouse Gas Initiative (RIGGI) auction on March 5, 2014 reached the cost containment reserve limit. All the allowances held for cost control were taken. However, there are approximately 130 million banked allowances held by investors that will enter the market when the price has risen sufficiently.

7.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

7.1 RCMS Status Report & Discussion Issues – Mr. Clayton reported that RCMS met on April 3, 2014 following the RRS meeting.

7.2 2014 New York Reliability Compliance Program (NYRCP) – RCMS found the NYISO to be in full compliance for the following Measurements:

- (a) A-M2, Establishing Locational Capacity requirements,
- (b) B-M1, Thermal, voltage, stability and fault duty assessments for the planned NYCA system,
- (c) I-M4, Local rule requirements for establishing transmission planning and operating limits,
- (d) K-M2a, 2013 NYCA transmission review, and
- (e) K-M3, Extreme system condition assessment.

Mr. Clayton indicated that there was a disruption of the SCADA/EMS service on February 23, 2014. The event was reported at the March 3, 2014 RCMS meeting and the J-M3 report was received on February 18, 2014. The report was found to be in full compliance at the April 3, 2014 RCMS meeting.

7.3 Other RCMS Issues – Nothing additional to report.

8.0 State/NPCC/Federal Energy Activities

- 8.1 NPCC Board of Directors (BODs)** – Mr. Forte provided a summary of the proposed new Standard, Physical Security (CIP-014-1) which is currently under accelerated development. Questions should be directed to Mr. Forte or Dr. Sasson.
- 8.2 NPCC Report** – Mr. Fedora reported that FERC acted on the BES Definition on March 20, 2014. There is a thirty day period in which to contest the Order or request a rehearing. The Order accepted the Phase 2 recommendations of the Standards Drafting Team. July 1, 2014 remains the effective date. NERC is on track to complete its training modules that will be made available in the May/June 2014 timeframe to assist participants on how to enter their self determined BES notifications or exception requests to the BESnet IT tool. The training will include videos regarding how to register and numerous other “how tos”. Related information will also be posted on the NERC website. NPCC is holding its own training at the next NPCC Standards and Compliance Workshop in Cooperstown, NY during the last week of May 2014. The training for NPCC members and registered entities will include the mechanics of using the software application (BESnet), application of the BES Reference Definition Document which explains the application of the Definition, and classroom sessions to inform members of their individual requirements. Questions may be directed to Mr. Fedora by entities wishing a non-binding assessment of their self-determined notifications or exception requests. NPCC is finalizing its 2014 Summer Reliability Assessment. The RCC, the TFCP and the TFCO are reviewing the draft report which should be approved by April 18, 2014. The NPCC Board of Trustees will receive a high level summary on April 29, 2014 and a media event to introduce the report to the public is scheduled for May 1, 2014. Questions from the press will follow. Mr. Fedora will be coordinating with the Regions.
- 8.3 State Energy Plan – Nothing new to report.**
- 8.4 Micro-Grid Technology** – Ms. Hogan reported that she and Mr. Altenburger have been working on the outline for a presentation on microgrids by NYSERDA’s Research Group. The presentation will be scheduled for the May 9, 2014 Executive Committee meeting – **AI #178-6.**
- 9.0 State/Federal Energy Activities**
- 9.1 CARIS** - The NYISO staff continues to work with the ESPWG on “Lessons Learned” from the 2013 CARIS 1 process, to identify updates to the Economic Planning Manual, and develop the 2014 CARIS 2 data base.
- 9.2 Order 1000** – The FERC Order 1000 Interregional Compliance Filing was submitted on July 10, 2013. Regional compliance filings were submitted on October 15, 2013. Process manuals are being revised and new processes will be implemented beginning in 2014. The NYISO staff is preparing revisions to the CARIS and Reliability Process manuals. They will be presented to the ESPWG in April 2014.
- 9.3 2014 RNA** – The compilation of the Gold Book and the April 1, 2014 FERC 715 filing will be used for the 2014 RNA. The 2014 RNA will be the first RNA to be performed according to the new Order 1000 planning requirements. The Assumption Matrix for the 2014 RNA was presented to the ESPWG on March 11, and 27, 2014 for stakeholder discussion and input. The study model was locked down April 1, 2014. Proposals for the 2014 RNA scenarios and sensitivity testing will be presented to the ESPWG at its April 2014 meeting
- 9.4 Interregional Transmission Studies**
- i. EIPC Study** – EIPC members created a 2018 and a 2023 roll-up integration summer peak power flow cases for the Eastern Interconnection. The roll-up Model Report discusses the gap analysis, gap solutions (enhancements), and linear transfer analysis. The Report was posted February 14, 2014 at <http://www.eipconline.com/non-DOE-Documents.html>. In 2014, EIPC will perform power flow analyses of scenarios to be selected with input from stakeholders. The scenarios currently proposed include winter and spring peak and heat wave/drought

conditions. A webinar was held on March 25, 2014 to discuss the scenarios. The scenario analysis is expected to begin in April 2014.

The Gas-Electric System Interface Study will be performed by Levitan & Associates. The Study timeline includes a baseline assessment of the existing system to be completed by April 4, 2014. An evaluation of the capability of the gas system to satisfy the needs of the electric system will be in draft form by July 11, 2014. The identification of gas-side contingencies that could impact electric reliability will be in draft form by December 26, 2014. A draft review of dual fuel capability is expected on September 5, 2014. The draft report is scheduled for a February 17, 2015 delivery to stakeholders.

A Stakeholder Steering Committee (SSC) webinar was held on February 28, 2014 to present Target 2 status and sensitivity cases. The NYISO Interregional Planning Task Force meetings will be scheduled throughout 2014 to provide updates.

9.5 Other Studies/Activities – Nothing additional to report.

10.0 Other Items

10.1 Cold Weather Operating Performance – Mr. Yeomans reported that the winter 2013-14 included five major cold snaps with three Polar Vortexes extending across much of the country. On January 7, 2014, the NYISO set a new all time winter peak load by 197MWs at 25,738MWs. Operations during early January 2014 cold snaps were focused on managing generator capacity deratings. Later in January the focus changed to managing potential fuel depletions that could lead to deratings. For eight days in January 2014, the price of gas exceeded the price of oil in all of December 2013. Also for eighteen days in January 2014 the price of gas exceeded that of oil.

On January 6, 2014, the NYPA 345kV Y49 cable tripped and remained out of service through January 16, 2014. The next day breakers at the Beck 345kV Station tripped, opening the Beck-Niagara 345kV PA-302. The NYISO requested Supplemental Resource Commitments, initiated demand response (DR) on January 7, 2014, public appeals were initiated for all customers to curtail non-essential use, and a NERC Energy Emergency Alert 1 was issued.

During the mid January cold snaps, FERC granted a NYISO request for a waiver on supplier recovery of costs in excess of the \$1,000MWh limit.

Toward the end of January 2014, and a sustained cold snap, oil depletion fears led to the NYISO increasing efforts to manage projected unit capability on alternate fuels. The NYISO initiated Supplemental Resource Commitments due to uncertainty of fuel deliveries and gas nominating. Observations for the winter 2013-14 included: (a) natural gas prices in NYC averaged \$27.43/MMBTU, nearly four times that of December 2013, (b) the NYISO market systems caused LBMP energy price increases of less than half the natural gas price increases indicative of NYISO selection of lowest price resources – primarily dual fuel units, and (c) Operational Flow Orders reduced supply flexibility due to shorter term balancing requirements.

As a result of the winter 2013-14 experience, the NYISO is considering possible market rule changes regarding: (a) generator derates, (b) coordination with PJM pertaining to energy bid offer caps, (c) additional planning studies reflecting sustained cold weather, (d) physical dual fuel inventory capability, and fuel replacement rate capabilities, and (e) improved operator awareness of fuel status for all generators and pipeline system conditions.

10.2 2014 Summer Capacity Assessment - Mr. Yeomans gave a summary presentation, 2014 Summer Capacity Assessment. The assessment concludes: (a) At baseline peak weather conditions (33,666MW load forecast) there is 879MWs of Operating Reserve and (b) At extreme weather (90th percentile load forecast 35,976MWs) the Operating Reserve is -1,431MWs. The estimated operating reserve assumes

3,319MWs of SCR ICAP plus net ICAP Imports and 37,797MWs of deliverable Installed Capacity summing to a total Capacity Resource of 41,118MWs. The peak load forecast plus operating reserve requirements, when subtracted from the total Capacity Reserve results in the Operating Reserve numbers above. The level of Emergency Operating Procedures is estimated to be 1,889MWs, confirming that it is unlikely load will need to be shed even under a 90th percentile load forecast.

Southeast New York (SENY) constitutes about 64% of New York’s total load. However, there is insufficient SENY internal generation and external ICAP to meet peak demand. Further, the transmission transfer capability into SENY is limited to about 3000MWs. For normal and extreme weather conditions, 10.2% and 13.6% is met with upstate generation. Therefore, for the summer 2014 under extreme weather conditions demand response will be required for transmission security.

10.3 NYISO Operations Report – Mr. Yeomans provided the NYISO Operations Report for March 2014.

The peak load occurred on Monday, March 3, 2014 at 23,440MWs. The Operating Reserve requirement at the time was 1965MWs resulting in a total Operating Capacity of 25,405MWs. 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 during the month for a total of 0 hours.

Two NERC/NPCC Reportable DCS events occurred. At 01:45 on March 4, 2014 a SAR and RPU were initiated for loss of Nine Mile Pt. 2 loaded at 1291MWs. The ACE crossed zero and the RPU and SAR were terminated at 02:15. Secondly, at 16:00 on March 10, 2014 a RPU and SAR were initiated for loss of Nine Mile Pt. 2 loaded at 1290MWs. The ACE crossed zero and the RPU and SAR were terminated at 18:37 and 16:43, respectively.

10.3 North American Energy Standard Board (NAESB) – Nothing new to report.

11.0 Visitors’ Comments – None

12.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#181	May 9, 2014	Albany Country Club, Voorheesville, NY	9:30 A.M.
#182	June 13, 2014	Albany Country Club, Voorheesville, NY	9:30 A.M.

The open session of Committee Meeting No.180 was adjourned at 2:00 PM.

