

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 185 – September 12, 2014
Albany Country Club, Voorheesville, NY

Members and Alternates

in Attendance:

Mayer Sasson	Consolidated Edison Co. of NY. – Member - Chair
Curt Dahl	LIPA – Member – Vice Chair
Ray Kinney	New York State Electric & Gas/RG&E – Member - Phone
George Loehr	Unaffiliated Member
William H. Clagett	Unaffiliated Member - Phone
George Smith, P.E.	Unaffiliated Member
Bruce Ellsworth	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
Mike Mager, Esq.	Couch White, LLP (Large Customers’ Sector) - Alternate
Scott Leuthauser	Generation Sector – Alternate Member
Jim McCloskey	Central Hudson Gas & Electric – Member - Phone
Chris LaRoe	Independent Power Producers of NY – Member
Arnie Schuff	New York Power Authority – Member
Peter Altenburger	National Grid, USA - Member

Other

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

Visitors- (Open Session)

Phil Fedora	Northeast Power Coordinating Council (NPCC)
Rich Brophy	New York State Electric & Gas/RG&E - Phone
Liam Baker	U. S. Power Generation - Phone
Mark Younger	Hudson Valley Economics

“*” Denotes part-time

- I. **Executive Session** – An Executive Session was not held.
- II. **Open Session**
 - 1.0 **Introduction** – Chairman Sasson called the NYSRC Executive Committee (Committee) Meeting No.185 to order at 9:30 a.m. on September 12, 2014.
 - 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** – An Executive Session was not held.

2.0 Meeting Minutes/Action Items

- 2.1 **Approval of Minutes for Meeting No. 184 (August 8, 2014)** – Mr. Raymond introduced the revised draft minutes which included all comments received to date. No additional comments were offered. Mr. Ellsworth moved for approval of the revised draft minutes. The motion was seconded by Mr. Altenburger and unanimously approved by the Executive Committee members – (13 to 0). The Executive Secretary will post the minutes on the NYSRC website – **AI #185-1.**
- 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>
182-5	Dr. Sasson and Mr. Clayton met with Mr. Bardee (FERC) on September 9, 2014.
183-6	The letter was sent to FERC on September 9, 2014.
184-4	Mr. Tarler presented the violations from the RNA at the September 12, 2014 Executive Committee meeting.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. **Summary of Receipts & Disbursements** - Mr. Raymond (substituting for Mr. Adamson) introduced the Summary of Receipts and Disbursements which showed a surplus of \$166,300 at the end of August 2014 and a projected variance from budget of \$72,000 (surplus) at year-end. \$50,000 of the year-end projected surplus is unused contingency.
- ii. **Fourth Quarter Call-For-Funds** - Mr. Raymond read an email from Mr. Adamson requesting Executive Committee approval for a 4th Quarter Call-For-Funds of \$25,000 per TO due October 1, 2014. Mr. Mager moved for approval of the Call-For-Funds. The motion was seconded by Mr. Loehr and unanimously approved by the Executive Committee – (13 to 0).
- iii. **2014 Audit** – Mr. Raymond paraphrased an email from Mr. Adamson indicating receipt of a proposal from Slocum, DeAngelus & Associates to perform the 2014 audit for \$3,225.00. The proposal is just \$100.00 above the cost of the 2013 audit. The Executive Committee concurs with

acceptance of the proposal by Mr. Adamson.

3.2 2015 Meeting schedule – Mr. Raymond introduced the final meeting schedule for 2015. Generally, the meeting dates are the second Friday of each month. However, exceptions have been made for long week-ends, religious holidays and instances in which the time between meetings would be less than four weeks or greater than 5 weeks. Mr. Tarler has reserved a room at the NYISO for the January 9, 2015 meeting. Also, Ms. Hogan is checking the availability of NYSERDA as potential locations for the January 9, 2015 meeting – **AI #184-2**.

3.3 Other Organizational Issues – The Executive Committee acknowledged the retirement of Mr. Frank Vitale who has contracted with the NYSRC since its beginning. The Executive Committee expressed its appreciation for Frank’s outstanding efforts on behalf of ICS and the Executive Committee and wished him a rewarding retirement. A plaque expressing Executive Committee appreciation will be created and forwarded to Mr. Vitale.

4.0 Installed Capacity Subcommittee (ICS) Status Report/Issue

4.1 ICS Chair Report – Ms. Hogan reviewed the ICS Report for its September 3, 2014 meeting and a special meeting on August 27, 2014. She noted that the “Updated Neighboring Control Area Models” parameter in the Parametric IRM Impact Comparison (2014 vs. 2015 IRM Study) increases the IRM by .5%. This raised questions regarding the driver(s) for the parameter. The increase is largely due to Policy 5 which limits the neighboring control LOLE to greater than or equal to 0.1 days/year and excludes their Emergency Operating Procedures (EOPs) when determining NYCA’s IRM. PJM has developed various Demand Response (DR) market products to offset the retirement of 6,267Mws of coal capacity. By excluding the PJM DR products (viewed as EOPs) per Policy 5, PJMs LOLE becomes a very large 0.88 vs. 0.188 last year. Consequently, its ability to assist NYCA is greatly reduced and the NYCA LOLE increases requiring additional installed capacity margin to meet a LOLE of 0.1. ICS unanimously felt that a PJM LOLE of 0.88 is unrealistic and ICS’s attention shifted to determining a more reasonable LOLE. Mr. Baker (US Power Generation) expressed similar concerns.

PJM’s has three DR products called Limited, Extended, and Annual with varying operating characteristics. The amount of each product is 9,882Mws, 4,112Mws and 1,505Mws, respectively. In investigating the characteristics of the three DR products, ICS concluded that the Limited product coincided most closely with the NYCA EOPs while the Extended and Annual produces could be viewed as capacity. Two sensitivity cases were run: (1) Limited modeled as an EOP and Extended and Annual as a resource and (2) Extended & Annual modeled as a resource. Sensitivity cases (1) and (2) resulted in a NYCA Installed Reserve Margin of 16.4% and 17.7%, respectively. PJM’s LOLE fell to 0.149 and 0.235, respectively, still well beyond the NERC 0.1 LOLE requirement. The ICS majority favored sensitivity case (2) for the base case, provided PJM will provide the support.

Mr. Yeomans reported the results of a conference call with PJM Operations on September 9, 2014. In regard to PJM activating its DR on a Day-Ahead (DA) basis or Real-time (RT) basis to meet its DA or RT capacity requirements, PJM capacity requirement has the same definition as NY (projected peak load plus Total Operating Reserve Requirement). PJM will activate DR if needed to meet its capacity requirements. NYISO Operations asked PJM if this approach applies to all three PJM DR Programs. PJM responded in the affirmative. Even if they have exhausted the “Limited” (10 calls per year), they would still activate if necessary to re-establish reserve requirements (it would be considered a voluntary request but they do offer a significant energy payment). If they are outside the defined time periods of the Limited and Extended programs, they can still activate either of the DR programs but the activation would be voluntary. The energy payment is high and the voluntary response, as reported by PJM, was strong this past winter.

PJM noted that the NY-PJM Joint Operating Agreement (Section 35.6.1 which is also the NYISO OATT Attachment CC) states that they would activate DR, including any or all of the 3 PJM DR Products to provide emergency assistance to the NYISO provided it would allow the NYISO to avoid or minimize load shedding in NY. PJM did acknowledge that one of its manuals indicates that they would not. They are reviewing this ambiguity internally and will get back to the NYISO. With the understanding that PJM will commit DR to maintain their reserve requirement, it appears they would have sufficient reserves to sell as Emergency energy in the event the NYISO was near to load shedding.

Following additional discussion, Dr. Sasson moved for acceptance of sensitivity case (2) as the base case for the 2015-16 IRM Study and that ICS should prepare a white paper in 2015 on PJM's Demand Response products and review whether Policy 5 needs updating. Mr. Chao indicated that the NYISO supports the motion. The motion was seconded by Mr. Bolbrock and approved by the Executive Committee – (10 yes, 2 no, 1 abstention) – **AI #185-2**.

Also, the NYISO and Ms. Hogan were given the latitude to decide whether or not time permits for sensitivity case (2) to be used for the sensitivity cases in the 2015-16 IRM Study. Further, Mr. Dahl requested that Case 1 be run as a sensitivity which was met with general agreement.

4.2 Other ICS Issues – Nothing additional to report.

5.0 Reliability Rules Subcommittee Status Report/Issues

5.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the joint RRS/RCMS meeting was held on September 4, 2014. Two separate meetings were held, each with its own agenda and minutes.

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (“PRR”) Change

b. Status of New/Modified Reliability Rules

- 1. PRRs for EC Final Approval** – Mr. Clayton indicated that PRR #REP-12, G-R1: NYCA System Restoration Plan and PRR #REP-13, G-R2: System Restoration Training and Simulation Programs received approval to post in June 2014 and no comments were received. RRS recommended that both PRRs receive final Approval. Mr. Loehr moved for final approval of PRRs #REP-12 and REP-13. The motion was seconded by Mr. Bolbrock and unanimously approved by the Executive Committee – (13 to 0).
- 2. PRRs for EC Approval to Post** – Mr. Clayton noted that at the August 8, 2014 Executive Committee he had reviewed the PRRs below in text format, i.e. as they will appear in the final NYSRC Reliability Rules and Compliance Manual. Comments were received and included in the translation to the reformatted templates. PRRs #REP-18 through REP-29 shown below are the reformatted Operations and Local Rules.

- REP-18: E-R1 Establishing Operating Transfer Limits
- REP-19: E-R2 Post-Contingency Operation
- REP-20: E-R3 Outage Coordination
- REP-21: E-R4 Operation Prior to and During Extreme Weather Conditions & SMDs
- REP-22: E-R5 Fault Current Assessment
- REP-23: E-R6 Applications of the NYSRC Reliability Rules
- REP-24: E-R7 Exceptions to the NYSRC Reliability Rules
- REP-25: E-R8 Real Time Operations of the NYS Bulk Power System
- REP-26: I-R1 New York City Operations
- REP-27: I-R2 Loss of Gas Supply - New York City
- REP-28: I-R3 Loss of Gas Supply - Long Island

- REP-29: I-R4 System Restoration from Eligible Black Start Resource

The only changes are editorial and enabling language; otherwise, they are identical to the current Rules. Mr. Claggett moved for approval of PRRs #REP-18 through #REP-29 for posting for review and comment. The motion was seconded by Mr. Ellsworth and unanimously approved by the Executive Committee – (13 to 0).

- 3. PRRs for EC Discussion** – Mr. Clayton directed attention to the Introduction section of the NYSRC Reliability Manual and the Introductions to each Rule. He requested comments before the next RRS meeting (October 2, 2014). A final draft will be prepared for the October 9, 2014 Executive Committee meeting – **AI #185-3**.

5.3 NPCC/NERC Standard Tracking

- i. NERC Standards Development** – Nothing new to report.

5.4 Other RRS Issues –

- i. NYSRC/DEC/IPPNY Meeting** – Mr. Clayton noted that the next meeting is September 26, 2014.
- ii. FERC Meeting on Black Start** – Dr. Sasson indicated that both the NYISO BIC and MC have given their approval to NYISO Tariff revisions to implement PRR #116A, (G-R1), Revision and new Local Reliability Rule I-R6 and Related Measurements: Identification of Black Start Resources Needed for an Effective System Restoration Plan. It will go to the NYISO Board at its October 2014 meeting. On September 8, 2014 Dr. Sasson and Mr. Clayton met with the FERC Reliability and Market Staff Groups and reviewed the Rule in detail. Many questions were asked and answered. Dr. Sasson and Mr. Clayton felt confident that the FERC Staff understood the Rule and that the Tariff material is implementing the Rule.

6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

- 6.1 RCMS Status Report & Discussion Issues** – Mr. Clayton reported that RCMS met on September 4, 2014 following the RRS meeting.

- 6.2 2014 New York Reliability Compliance Program (NYRCP)** – RCMS found the NYISO to be in full compliance with the following Measurements:

- (a) C-M5, Reporting generating unit outage data to the NYISO,
- (b) C-M9, Procedures for maintenance of loadflow, short-circuit and stability data,
- (c) C-M10, Updating of loadflow, short-circuit and stability data bases, and
- (d) C-M11, Reporting loadflow, short-circuit and stability to the NYISO.

- 6.3 Other RCMS Issues** – Nothing additional to report.

7.0 Reliability Initiatives

- 7.1 Physical Security** – Mr. Loehr reported that the letter to FERC (Mr. Bardee) concerning the Metcalf incident was sent on Tuesday, September 9, 2014. The letter requests from FERC information about the analytical techniques utilized in the conduct of the FERC/DOE study; i.e. models of the North American synchronous interconnections and whether the study made use of conventional steady state loadflow and transient stability programs or another method.

- 7.2 Defensive Strategies** – Mr. Smith reported that there is no new information on the MDMS. It is expected that EnerNex will issue a report on Task 2 (research task) prior to the October 9, 2014 Executive Committee meeting.

Mr. Smith noted that the report he discussed at the August 8, 2014 Executive Committee meeting "Protection System Response to Power Swings" prepared by NERC's System Protection and Control Subcommittee concluded that a new Standard relating to relay performance during stable power swings is not needed. However, under FERC Order 733 a new Standard is required, and the Report does provide guidelines should this be the case. The Drafting Team has issued draft 2 of PRC-026-01 (Relay Response to Stable Power Swings) and the comment period ends in the first week of October 2014. The

Application Guide is on the NERC website.

The Standard addresses the identification of power system elements (e.g. transmission lines, generators, transformers, etc) that may be prone to operate under stable power swings. The Planning Authorities, GOs and TOs must identify their elements in accordance with specified criteria. The Application Guide introduces the use of the industry recognized limit of 120° in system separation for testing the relays associated with the identified elements. The proposed Standard does not suggest that any required relays for tripping during unstable conditions be compromised. The final requirement of the Standard is development of a corrective action plan.

A webinar on the proposed new Standard is planned for September 15, 2014.

8.0 State/NPCC/Federal Energy Activities

8.1 NPCC Board of Directors (BODs) – The NPCC BOD met on September 9, 2014. Mr. Forte provided the Executive Committee with the NPCC BOD policy input to the NERC Board of Trustees. Questions should be directed to Dr. Sasson or Mr. Forte.

8.2 NPCC Report – Mr. Fedora reported that on December 3, 2014, NPCC will hold its General Meeting in Halifax, Nova Scotia. The agenda will include physical security, cyber security and natural gas/electricity coordination.

9.0 State/Federal Energy Activities

9.1 RNA Special Report – Mr. Tarler indicated that the 2014 Reliability Needs Assessment (RNA) is in draft form. The Operating Committee (OC) has accepted the Report and on August 27, 2014 the Management Committee (MC) also accepted the Report and recommended NYISO Board approval. The Board approval could happen as early as the week of September 14, 2014. Once approved by the Board, there will be an announcement of a public meeting which could occur before the end of September 2014.

Assuming Board approval in September 2014, it is expected that the requested solutions would be due by approximately December 1, 2014. The solutions would include any backstop solutions required of the TOs including market-based solutions and any alternative regulated solutions that would be evaluated in the CRP Process (transmission solutions). The NYISO will also solicit updates on market-based projects. The CRP Process would include cost allocation and cost recovery. The provider of the regulated solutions could be the responsible TO, an alternative developer or another TO. On September 23, 2014 there will be presentations of any updates to the TO's Local Transmission Plans. This information will be factored into the CRP Process. The reliability needs that were identified included both Resource Adequacy needs and Transmission Security needs. The RNA Report covers the years 2015 through 2024. The Resource Adequacy needs are primarily in SENY and are expected to start in 2019. The Transmission Security needs were identified in four areas of the State: Western NY/Rochester, Central NY, the Capital area and the Hudson Valley/NYC. Since completion of the Report, it was announced that Selkirk Cogen (345Mws) will be mothballed. This is likely to significantly impact the Transmission Resource needs in the Capital District area.

9.2 CARIS – Mr. Tarler reported that the 2014 CARIS 2 database assumptions and production cost modeling results were reviewed with the stakeholders at the August 13, 2014 Business Issues Committee (BIC) meeting. Although one party raised concern regarding the natural gas price forecast, there were no material objections to the use of this database to evaluate specific transmission projects submitted for cost recovery (part of the NYISO's economic planning process).

No specific project proposals have been submitted as of September 3, 2014. NYISO Staff is continuing its internal assessment of appropriate metric methodologies for estimating the capacity benefits of transmission projects.

9.3 Order 1000 – In an order issued on July 17, 2014, FERC accepted the October 2013 Regional Compliance Filing in part and directed the Filing Parties to submit a further compliance filing to make

sure additional tariff revisions are filed within sixty days, *i.e.*, by September 15, 2014 (“FERC Order”). Tariff revisions have been reviewed and discussed with the NYISO stakeholders at TPAS and The ESPWG. The June 2014 Reliability Planning Process Manual is being revised to conform to the July 17, 2014 FERC Order and the new processes will be implemented in the current Reliability Planning Process cycle.

The new Public Policy Transmission Planning Process manual is being drafted, and the process was initiated on August 1, 2014 with the NYISO issuing a solicitation for transmission needs driven by public policy requirements. Responses from that solicitation are due by September 30, 2014 and will be provided to the NYPSC for its determination of transmission needs, if any, driven by public policy requirements. Solicitation of solutions and technical analysis, as needed, could occur in late 2014 or 2015.

9.4 2014 RNA – See Section 9.1.

9.5 Interregional Transmission Studies

i. **EIPC Study** – EIPC members created 2018 and 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>.

Non-DOE-Grant Scenario Analysis - In 2014, EIPC is performing power flow analyses of two scenarios that were selected with input from stakeholders. The scenarios include an updated base case with firm transmission and generation plans, and the TOTS project. Also, the ability of the system to transfer power among Eastern Interconnection Regions during a heat wave/drought under summer conditions will be assessed. A webinar was held on September 9, 2014 to discuss the most recent results.

The Gas-Electric System Interface Study will be performed by Levitan & Associates. The Study timeline includes a baseline assessment of the existing system completed in draft form on April 4, 2014. An evaluation of the capability of the gas system to satisfy the needs of the electric system will be in final draft form by September 9, 2014. The identification of gas-side contingencies that could impact electric reliability will be in draft form by December 2, 2014. A review of dual fuel capability is expected on October 24, 2014. The draft report is scheduled for a February 17, 2015 delivery to stakeholders. A final report is scheduled to be delivered to the DOE on June 4, 2015.

ii. **IPSAC** – An IPSAC webEx meeting was held on March 28, 2014. The final 2013 Northeastern Coordinated System Plan (NCSP) is posted on the NYISO website at: http://www.nyiso.com/public/markets_operations/services/planning/groups/ipsac/index.jsp. The NYISO Staff is waiting for the FERC Order on the interregional compliance filing.

9.6 **Market Initiatives Impacting Reliability** – Mr. Mukerji provided a written summary updating three Operating initiatives that are felt to have significance from a reliability perspective. The SCR Performance Obligations project will revise the performance obligations of Special Case Resources (SCRs) and Energy Limiting Resources (ELRs) that sell into the NYISO’s Capacity market. It is proposed to move the performance obligation of SCRs from 4 to 6 hours. Aggregation options are being considered to avoid losing some SCR providers.

Stakeholder discussions are progressing. However, a number of stakeholders have requested the NYISO to slow the initiative until the implications of the NYPSC’s Revision Energy Vision (REV) proceeding are clearer.

The Behind the Meter: Net Generation project addresses generators whose primary purpose is onsite load, but would like to sell any excess generation into the wholesale electricity markets. The NYISO

will initiate discussions with the stakeholders in September 2014.

The Comprehensive Shortage/Scarcity/ Fuel Assurance initiative will encourage resource performance during critical operating conditions by identifying improvements in shortage and scarcity pricing that will increase the financial incentive to perform. Scarcity pricing is applicable to external locations through the modeling of a scarcity reserve product in the optimization during reliability Demand Response (DR) calls. The NYISO stakeholders approved the enhanced Shortage/Scarcity pricing concepts at the Business Issues Committee in June 2014. Detailed market design discussions are continuing and a Tariff filing is expected by the end of this year. Market design concepts for fuel assurance will also be introduced this year.

9.7 Other Studies/Activities – Nothing additional to report.

10.0 Other Items

10.1 NYISO Operations Report – Mr. Yeomans reported on the NYISO Operations Report for August 2014.

The peak load occurred on Wednesday, August 27, 2014 at 27,252Mws. The Operating Reserve requirement at the time was 1965Mws resulting in a minimum Operating Capacity requirement of 29,217Mws. There were no Major Emergencies declared during the month. Alert states were declared on 9 occasions - 4 times for system frequency. There were no TLR Level 3s declared during the month for a total of 0 hours. A NERC/NPCC Reportable DCS Event occurred at 11:59 on August 13, 2014. A SAR and RPU were initiated for loss of Indian Pt, 3 loaded at 1,035Mws. The ACE crossed zero and the RPU was terminated at 12:07. The SAR was terminated at 12:29.

10.2 North American Energy Standard Board (NAESB) – Mr. Ellsworth reported that the NAESB Board met on September 11, 2014 in Houston, TX. Earlier in the year NERC submitted to FERC a request to retire a number of their MOD A Reliability Standards and replace them with risk based Standards. FERC requested NAESB to review the 200 Standards to see if any should become Business Practice Standards. NAESB has completed its review and about 40 will be sent out for public reaction. Also, the NERC Registry is being transferred to NAESB.

A survey was taken by NAESB to address its future direction. Thirty issues were passed to stakeholders to help identify what should or should not be pursued. Ten issues were found to be of particular interest and twelve were of no interest at all.

The Gas/Electric Harmonization Report will be submitted to FERC on September 29, 2014. Fifty nine motions were put out to the stakeholders which generated more than 13,000 responses. Mr. Yeomans added that comments are due on the FERC Gas/Electric NOPR in October 2014. The primary issue is whether or not the Gas industry will change its gas-day to coincide more closely with the electric-day to enhance market efficiency.

11.0 Visitors' Comments – None

12.0 Meeting Schedule

<u>Mtg.</u> <u>No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#186	Oct 9, 2014	Albany Country Club, Voorheesville, NY	9:30 A.M.
#187	Nov 7, 2014	Albany Country Club, Voorheesville, NY	9:30 A.M.

The open session of the Executive Committee Meeting #185 was adjourned at 12:15PM.