

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 195 – July 10, 2015
Albany Country Club, Voorheesville, NY

Members and Alternates

in Attendance:

Curt Dahl, P.E.	PSEGLI – Member – Vice Chair
Peter Altenburger	National Grid, USA – Member
George Loehr	Unaffiliated Member
William H. Clagett	Unaffiliated Member
George Smith, P.E	Unaffiliated Member
Bruce Ellsworth	Unaffiliated Member
Richard J. Bolbrock, P.E.	Municipal & Electric Cooperative Sector – Member
Chris LaRoe	Independent Power Producers of NY. – Member
Frank Pace	Central Hudson Gas & Electric – Alternate
Martin Paszek	Consolidated Edison Co. of NY, Inc.- Representative
Rich Brophy	New York State Electric & Gas/RG&E – Representative
Arnie Schuff	New York Power Authority – Member
Mike Mager	Couch White (Large Customer Sector) – Member
Scott Leuthauser	Generation Sector – Alternate Member

Other

Paul Gioia, Esq.	Counsel
Carl Patka, Esq.	New York Independent System Operator (NYISO)
Henry Chao	New York Independent System Operator (NYISO)
Howard Tarler	New York Independent System Operator (NYISO)
Wes Yeomans	New York Independent System Operator (NYISO)*
Rana Mukerji	New York Independent System Operator (NYISO)*
Ed Schrom	NYS Department of Public Service
Don Raymond	Executive Secretary
Al Adamson	Treasurer, Consultant
Roger Clayton	Electric Power Resources, LLC – RRS/RCMS Chair
Erin Hogan	NYDOT – ICS Chair*
Sunil Palla	New York Power Authority

Visitors- (Open Session)

Phil Fedora	NPCC
Kelli Joseph	NRG
Bob Boyle	New York Power Authority

“*” Denotes part-time

II. Open Session

- 1.0 Introduction** – Vice Chairman Dahl called the NYSRC Executive Committee (Committee) Meeting No.195 to order at 9:30 a.m. on July 10, 2015.
- 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 were requested.
- 1.4 Declarations of “Conflict of Interest”** – None.
- 1.5 Executive Session Topics** – An Executive Session was held to discuss compensation for 2016 and data transfer issues.

2.0 Meeting Minutes/Action Items

- 2.1 Approval of Minutes for Meeting No. 194 (June 12, 2015)** – Mr. Raymond introduced the revised draft minutes and one additional comment which together included all comments received to date. One additional editorial comment was noted. Mr. Smith moved for approval of the updated draft minutes. The motion was seconded by Mr. Clagett and unanimously approved by the Executive Committee members or representatives in attendance – (13 to 0). The Executive Secretary will post the minutes on the NYSRC website – **AI #195-1.**
- 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>
190-10	The election of Officers took place at the June 10, 2015 Executive Committee Meeting.
190-12	The General Liability Policy was renewed on June 15, 2015.
192-4	Mr. Gioia investigated the U.S. Underwriters proposal prior to June 15, 2015.
194-3	The modified ICS work scope was presented at the May 8, 2015 Executive Committee meeting.

3.0 Organizational Issues

3.1 NYSRC Treasurer’s Report

- i. Summary of Receipts & Disbursements** - Mr. Adamson introduced the Summary of Receipts and Disbursements which showed a balance of \$141,000 at the end of June 2015. He noted receipt of four payments to-date toward the 3rd Quarter Call-for-Funds of \$30,000 per TO.

3.2 Other Organizational Issues

- i. **Code of Conduct** – Mr. Raymond reported that a signed Code of Conduct was received from all Executive Committee Members and all but one from RRS. Ms. Hogan indicated receipt of all signed Code of Conduct forms from ICS.
- ii. **Proposed 2016 Budget** – Mr. Adamson introduced the proposed Budget for 2016. He noted: (a) Travel Expenses were reduced by \$6,000 based on actual experience over the last few years and (b) the provision for a new computer for the Administrative Assistant in 2016. The current computer is over 5 years old.
Ms. Hogan requested that meeting material on the website be retained on-line (vs. Archived) for a longer period of time. Presently, meeting material is posted for the current and previous year. Mr. Adamson will speak to Ms. Lynch about retaining a rolling 5 year history on-line or other options – **AI #195-2**.
Following the Executive Session, during which 2016 compensation was approved, Mr. Bolbrock moved for approval of the proposed 2016 Budget. The motion was seconded by Mr. Clagett and approved by the Executive Committee members in attendance – (13 to 0).
- iii. **Funding Mechanism** – Mr. Adamson presented the Funding Mechanism for 2016. The document is the same as recent years with the exception of the budget figure. Mr. Ellsworth moved for approval of the Funding Mechanism. The motion was seconded by Mr. Bolbrock and approved by the Executive Committee members in attendance – (13 to 0).
- iv. **Meeting Schedule for 2016** – Mr. Loehr presented the proposed Meeting Schedule for 2016. Meetings will usually be on the 2nd Friday of each month. The exceptions are: (a) February – to Thursday to avoid the Presidents’ Day weekend), (b) November – to Thursday to avoid Veterans’ Day), and (c) December - to first Friday to accommodate the IRM approval. The February meeting may be a conference call at the discretion of the Chair – **AI #195-3**.
- v. **Compensation Committee** – Held in Executive Session.

4.0 Capacity Subcommittee (ICS) Status Report/Issue

4.1 **ICS Chair Report** – Ms. Hogan indicated the ICS met on July 1, 2015 and focused on the following topics:

4.2 **Assumptions Matrix** – Ms. Hogan discussed the IRM Preliminary Base Case Model Assumptions, (aka the Assumption Matrix). She pointed out a new parameter, Forward Capacity Market (FCM) Sales, which will be treated as a sensitivity case. About 200Mws were sold into New England last year. A five zone model for PJM is available and will be a sensitivity case with four zone model continuing to be in the preliminary base case. Mr. Dahl added that the transfer limit between zones K and I is under discussion between LIPA and the NYISO and the topology must be vetted by TPAS. The NYISO recommended modeling 859.7Mws of Special Case Resources (SCRs). However, the majority of the ICS members rejected that value because, among other concerns, in the summer of 2014 there were no SCR calls. The NYISO only has a one-hour test from each capability period to assess the SCR response. Instead, those members recommended 960.8Mws thereby retaining the .95 Effective Capacity Factor. The Effective Capacity Factor derates to account for SCR performance changes beyond the minimum required 4-hour performance period during an event.
Mr. Mager moved for approval of the Assumption Matrix. The motion was seconded by Mr. Loehr and approved by the Executive Committee members in attendance – (13 to 0).

4.3 **External Area Modeling of EOPs and DRs** – Mr. Adamson introduced a white paper prepared by Mr. Adams with his help, Modeling of Emergency Operating Procedures (EOPS) and Demand Resources (DRs) in External Areas in IRM Studies. The primary issue is whether the NYSRC should continue to exclude EOPs in external areas when conducting IRM studies. This includes DRs used for emergency purposes. However, pre-emergency DRs would be modeled.

The white paper concluded that: (a) New York’s practice of not modeling the EOP steps in the external Control Areas which are modeled in its IRM study as reflected now in Policy 5, should be maintained, (b) the inclusion of only outside Areas with direct interconnections to New York is confirmed and (c) if PJM’s “as found” reserve margin is less than required and its LOLE is greater than 0.1, pre-emergency DR should be added until the system is close to or equal to but not better than 0.1 or the required reserve margin has been satisfied. This was the practice begun last year and will address the concern regarding the high PJM-RTO LOLE that resulted from a significant decline in PJM’s capacity margin. This approach satisfies the requirements established in Policy 5 for modeling external areas.

Mr. Adamson noted that PJM’s pre-emergency has declined from 5600Mws last year to about 2000Mws.

Following discussion, Mr. Bolbrock moved for approval of the white paper. The motion was seconded by Mr. Claggett and approved by the Executive Committee members in attendance – (12 to 0,1 abstention).

- 4.4 Policy 5 Final Draft** – Ms. Hogan directed attention to the final draft of Policy 5. She indicated that the primary changes codify: (a) the modeling of External Areas and (b) if the NYISO calculation of LCRs results in a LOLE above the 0.100 days/year LOLE criterion, the LCRs are adjusted to meet the criterion. This adjustment is accomplished by adding an adjustment step in the EOP Table prior to load shedding. The number of Mws added to the adjustment step is prorated across all zones consistent with the zone’s peak load forecast for the upcoming Capacity Year. Mr. Loehr moved for approval of the revised Policy 5. The motion was seconded by Mr. Ellsworth and approved the Executive Committee members in attendance – (13 to 0).

5.0 Reliability Rules Subcommittee Status Report/Issues

- 5.1 RRS Status Report & Discussion Issues** – Mr. Clayton reported that a joint RRS/RCMS meeting was held on June 25, 2015. Two separate meetings were held, each with its own agenda and minutes. He indicated that there are no changes to the table of “Candidates for Changes to NYSRC RR&CM Manual” (a.k.a. the Bucket List).

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

- a. List of Potential Reliability Rules (“PRR”) Change** – Mr. Clayton introduced the List of Potential Reliability Rule Changes. He noted PRRs #120, #121, and #122 are tabled pending NPCC Directory 1 approval. PRR #123 is a nomenclature change whereby, i.e. Rule A-R1 becomes Rule A-1. RRS concurs and recommends that the PRR be taken off the List. The Executive Committee agreed. PRR #124 was proposed to re-label “Reliability Rule” to “Purpose”. However, the NYISO has withdrawn the PRR request.

5.3 Proposed NYSRC Reliability Rule Revisions

a. Status of New/Modified Reliability Rules

- 1. PRRs for EC Final Approval** – Nothing new to report.
- 2. PRRs for EC Approval to Post** – PRR #127 was approved for posting at the May 8, 2015 Executive Committee meeting. The comment period ended June 29, 2015 without comment. RRS will be recommending approval at the August 14, 2015 Executive Committee meeting – **AI #195-4**.
- 3. PRRs for EC Discussion** – PRR #128, Definition of NYS Bulk Power System is under consideration at RRS with guidance from the Executive Committee to start with the A-10 list less any radial facilities with a remote bus not identified as a BPS bus. Martin Paszek (ConEd) suggested adopting the NPCC definition with an adjustment for radial lines which would not be considered part of the definition. The suggestion will be discussed by RRS at its next meeting. Mr. Loehr expressed the view that ConEd should address its concern at NPCC. Mr. Paszek explained that in the same way that NERC rules are the most general followed by

NPCC rules and then NYSRC rules being more stringent, NERC rules apply to the widest set of system facilities, those 100kV and above, with exceptions, NPCC rules apply to A-10 facilities and NYSRC rules can apply to A-10 less radials.

5.4 NPCC/NERC Standard Tracking

- i. **NERC Standards Development** – Mr. Adamson indicated that the NYSRC voted “no” on PRC-027-1, System Protection Coordination. The majority of the NERC Ballot Pool voted “no” also.

5.5 Other RRS Issues –

- i. **Proposed New NYC Local Rule on Gas Generation** – Mr. Clayton reported that ConEd provided an informal chart showing the number of times that units were derated over the period January 2015 to March 2015. The results indicated that of 28 requests to change, 8 were failures. The NYISO agreed to identify those changes that are LOGMOB (fuel swap) calls and unit tests. The NYISO also reported that over a lengthy period of time there has been only one indication of fuel shortage.
- ii. **HR 1558** – Mr. Patka indicated that Congress still appears interested in having a consolidated Energy Title that would address EPA’s authority and cyber and physical security before the August 2015 recess. Also, the NYISO clearly feels the fuel supply issue should be left to the Market.
- iii. **Emergency Transfers** – Mr. Clayton noted that 29 Emergencies Transfers were declared in June 2015.
- iv. **DEC/NYSRC Meeting** – Mr. Clayton reported that a meeting was held on June 18, 2015. Regarding RGGI, the second control was completed in March 2015 with a final true-up in June 2015. Several facilities in New York did not meet their obligations. The Clean Power Plan (CPP) comments pertaining to a “reliability safety valve” were supported by Pete Carney (NYISO) in the NYISO comments to the EPA. The EPA Mercury & Air Toxics rule was overturned by the Supreme Court on June 29, 2015.
The next meeting is August 27, 2015.
- v. **Comments on NPCC Directory 1** – Mr. Clayton summarized comments he intends to submit to NPCC on Directory 1 under his name. Messrs. Choi and Tarler are reviewing the comments. Additional comments from Executive Committee members were encouraged – **AI #195-5**.

6.0 Reliability Compliance Monitoring Subcommittee (RCMS) Report/Issues

6.1 RCMS Status Report & Discussion Issues – Mr. Clayton reported that RCMS met on June 25, 2015 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 Measurement:

- (a) B-R3/R1 to R3, List of NYS BPS Facilities.

7.0 Reliability Initiatives

7.1 Defensive Strategies – Nothing new to report.

8.0 State/NPCC/Federal Energy Activities

8.1 NPCC Board of Directors (BODs) – Mr. Forte provided a summary of the five Strategic Goals of the Electric Reliability Organization (ERO) Enterprise Strategic Plan for 2015 through 2018, which NPCC is requesting member feedback on:

- (a) NERC Reliability Standards Development,
- (b) NERC Reliability Standards Enforcement,
- (c) Promotion of a Culture of Compliance,
- (d) Risk Identification and Mitigation, and

(e) System-wide Process Improvements.

Comments and/or questions should be directed to Dr. Sasson or Mr. Forte.

8.2 NPCC Report – Mr. Fedora reported that at the last NPCC Board meeting the NPCC Business Plan and Budget were approved. It is submitted to NERC and eventually approved by FERC in the October-November 2015 timeframe. The CP-8 Working Group is continuing its work on the 2015-16 Winter Reliability Assessment which is to be presented by the end of the year. This year (every 5th year) the Tie Benefits Assessment for 2016-20 will be completed by year end.

9.0 NYISO Status Report/Issues

9.1 CARIS – The NYISO staff continues the 2015 CARIS 1 database development effort. On June 11, 2015 a presentation was made to the ESPWG on base case CARIS draft results for 2015-2024. No specific 2014 CARIS 2 project proposals were submitted as of June 30, 2015. NYISO staff is continuing its internal assessment of appropriate metric methodologies for estimating the capacity benefits of transmission projects.

9.2 Order 1000 – The new Public Policy Transmission Planning Process Manual is being reviewed by the stakeholders. On August 1, 2014, the NYISO issued a solicitation for transmission needs driven by public policy requirements. Eight responses were received and were provided to the NYPSC for its determination of transmission needs, if any. The eight responses can be found on the NYISO web site at: http://www.nyiso.com/public/webdocs/markets_operations/services/planning/documents/index.jsp. Solicitation of Public Policy solutions and technical analyses, as needed, may occur in the fall of 2015.

9.3 2014 RNA – Requests for Developer Qualification applications were received from both NYCA TOs and out-of-state companies for construction of reliability based transmission solutions. The Qualified Developers have been notified.

9.4 2014 CRP – The 2014 CRP determined that the NY BPS will meet all applicable reliability criteria over the 2015 through 2024 study period, and confirms that the initially identified Reliability Needs in the 2014 RNA are resolved. The draft report was approved by the Operating Committee in April 2015. Subsequently, the report was reviewed by the Market Monitoring Unit, and in May 2015 it was recommended by the Management Committee for Board approval.

9.5 Interregional Transmission Studies

i. EIPC Study – For 2015, EIPC members will create roll-up integration for summer and winter peak power flow cases of the Eastern Interconnection representing the year 2025. The gap analysis and linear transfer analysis will be performed and compiled in a Roll-up Model Report. In late 2015, EIPC will seek stakeholder feedback on potential scenarios of interest for analysis in 2016.

The Gas-Electric System Interface Study is being performed by Levitan & Associates. The baseline assessment of the existing system was completed on April 14, 2014. It included an evaluation of the capability of the gas system to satisfy the needs of the electric system completed on March 10, 2015 and the identification of gas-side contingencies that could impact electric reliability completed on March 27, 2015. A review of dual fuel capability was completed on December 1, 2014.

The draft report was presented to stakeholders in May 2015. A final report was delivered to DOE in July 2015.

ii. IPSAC – An IPSAC WebEx meeting was held on December 12, 2014. The agenda included discussion of system needs, interconnection queue projects, and production cost database updates. FERC issued an order on May 14, 2015 on the NYISO/PJM/ISO-NE interregional compliance filing from 2013.

FERC largely accepted the Amended Northeastern Protocol and associated tariffs, but a further compliance filing is required to address relatively minor issues. Revisions will be discussed at the NYISO IPTF prior to filing, due July 13, 2015.

9.6 Other Studies/Activities – None

10.0 Market Initiatives Impacting Reliability – Mr. Mukerji discussed updates to market initiatives that are felt to have significance from a reliability perspective. The SCR Performance Obligations project is on hold until the implications of the NYPSC’s “Reforming the Energy Vision” (REV) proceeding and the uncertainty surrounding the Court of Appeal action on FERC Order 745 are resolved.

The Behind the Meter: Net Generation Model would look to clearly define rules to allow incremental generation behind the meter to participate in the NY Wholesale Electricity market. The NYISO is having on-going stakeholder discussions to fully develop the market design and establish the rules for participation in the energy and capacity markets. The NYISO is expected to seek concept approval of the market design proposal in the August 2015.

The Comprehensive Shortage Pricing tariff changes were approved by FERC and the November 2015 implementation date. The NYISO has engaged stakeholders in a review of market design improvements to enhance the scarcity pricing mechanisms and is evaluating alternative market design solution options suggested by stakeholders. The NYISO initiated review of a Fuel Constrained Bidding Feature to evaluate interest in further developing the concept.

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The NYISO is actively participating in the PSC’s proceeding, Reforming the Electric Vision, directly supporting working groups formed under Track One to facilitate conceptual discussions of REV market design, system architecture, and potential interactions between retail activities and wholesale markets. The two working groups formed to further develop these concepts issued their report on July 1, 2015. The report will be used by PSC staff in their drafting of Distributed System Implementation Plans (DSIP) guidelines, which will be issued August 3, 2015.

The FERC directed the NYISO to develop and file a set of rules to designate resources for Reliability Must Run (RMR) service to ensure the continued reliable and efficient operation of the power system and the NYISO Markets. The structure and administration will require specifying the retirement notification obligations, process for evaluation of alternative solutions, definition of compensation and cost allocation provisions, and expectations for participation in the capacity and energy markets. The NYISO is additionally exploring enhancements to its long-term planning process to support identification of, and development of solutions for potential generator retirements. The NYISO has developed a proposed solution framework and is working with stakeholders to review the program structure in preparation for submitting a compliance filing by October 19, 2015.

The NYISO has initiated stakeholder discussion on evaluating alternate Methodologies for Setting Locational Capacity Requirements (LCRs). There are multiple possible approaches to determine the LCR requirement for a Capacity Zone after the IRM has been set under NYSRC’s Policy 5. The NYISO is facilitating a discussion in an ICAP Working Group Task Force to identify appropriate methodologies. The NYISO will brief the ICS on these discussions.

11.0 Other Items

11.1 NYISO Operations Report – The monthly peak load occurred on Tuesday, June 23, 2015 at 28,100Mws. The Operating Reserve requirement at the time was 1965Mws resulting in a minimum Operating Capacity requirement of 30,065Mws. No Major Emergencies were declared. Alert states were declared on 34 occasions - 29 times for declared emergency transfers. There were no TLR Level 3s declared during the month. Reserve activations occurred nine times. No emergency actions were taken. A NERC/NPCC Reportable DCS Event began at 19:21 on June 15, 2015. A RPU and SAR were initiated for loss of Indian Pt. 3 loaded at 1045Mws. Ace crossed zero and the RPU was terminated at 19:30. The SAR was terminated at 19:45.

On June 23, 2015 at 15:06 a SAR was initiated, and at 15:07 a RPU was initiated for loss of Bowline 2 loaded at 562Mws. ACE crossed zero, and the RPU was terminated at 15:15. The SAR was terminated at 15:21.

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

12.0 Visitors' Comments – None

13.0 Meeting Schedule

Mtg.

<u>No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
196	Aug 14, 2015	Albany Country Club, Voorheesville, NY	9:30 A.M.
197	Sep. 11, 2015	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Executive Committee Meeting #195 adjourned at 2:00 P.M.