

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 55 – November 14, 2003
Albany Country Club – Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (LIPA)
Curt Dahl	LIPA – Alternate & ICS Chairman
William H. Clagett	Unaffiliated Member
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
John J. Mucci	Consolidated Edison Co. of NY, Inc. - Alternate
Bruce B. Ellsworth	Unaffiliated Member – Vice Chairman
Joseph C. Fleury	New York State Electric & Gas Corp. (phone)
Thomas C. Duffy	Central Hudson Gas & Electric (CHG&E)
George C. Loehr	Unaffiliated Member & RCMS Chairman
Michael B. Mager	Large Consumer’s Sector; Couch, White, LLP – Alternate
Thomas M. Piascic	Wholesale Seller's Sector; PSEG Power, LLC
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
Thomas J. Gentile	National Grid, USA
Kenneth K. Haase	New York Power Authority
George E. Smith	Unaffiliated Member

Others:

Garry Brown	New York Independent Systems Operator (NYISO)
Greg Drake	NYISO*
Roger E. Clayton	Conjunction, LLC – RRS Chairman
Alan M. Adamson	Consultant & Treasurer
Paul L. Gioia	LeBoeuf Lamb Greene & MacRae (LLG&M)
Don Raymond	Executive Secretary
Edward C. Schrom, Jr.	NYS Department of Public Service (NY DPS or PSC)

Visitors – Open Session:

Erin P. Hogan, P.E.	New York State Energy Research Corp.
Steven Jeremko	New York State Electric & Gas Corp. (Phone)*
John Tighe	New York State Electric & Gas Corp. (Phone)*
Gerry LaRose	New York Power Authority (Phone)*
Steven Wemple	Con Ed Energy (Phone)*
Matthew F. Cinadr	NYS Department Of Public Service (Phone)*

“*” – Denotes part time attendance at the meeting.

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – No Executive Session was held.

II. Open Session

1.0 Introduction – Mr. Haase called the NYSRC Executive Committee Meeting No. 55 to order at 9:30 A.M.

Meeting Attendees – Thirteen Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting.

1.1 Visitors – See Attendees List above.

1.2 Requests for Additional Agenda Items – The Committee approved the Revised Agenda with no additional items.

1.3 Executive Session Topics – Mr. Smith requested a short session on Blackout (August 14, 2003) related items. Following the open session, the request was withdrawn.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 55 (November 14, 2003) –The Committee offered several minor points of clarification. Subject to these clarifications, Mr. Loehr moved that the Committee approve the revised draft minutes for Meeting No. 54 which was seconded by Mr. Sasson and approved by the Committee Members in attendance (12-0) with one abstention. The Executive Secretary will issue the final minutes for Meeting No. 54 and post them on the NYSRC website - **AI#55-1**.

2.2 Action Items List – The Committee reviewed the Outstanding Action Items list and accepted the following items as complete:

<u>Action Item #</u>	<u>Comments</u>
54-1	The Committee reviewed the letter prepared by Mr. Gioia 11-14-2003.
54-8	Mr. Adamson will represent RRS on NPCC-CP-9.
54-12	The draft IRM Report was forwarded to the Committee 10-10-2003.
54-15	FERC issued its Order 10-23-2003.

Regarding Action Item #53-8, Mr. Adamson reported that he has yet to hear from the NYISO whether non-synchronous reserves could be added to the Operating Report.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report – Mr. Adamson presented the Treasurer's Report to the Committee.

- i. **Summary of Receipts & Disbursements** – Mr. Adamson presented the Summary of Receipts and Disbursements, noting that as of October 31, 2003 the NYSRC had a balance of approximately \$76,000. This included Member Receipts of \$50,000 from two Transmission Owners. Another \$25,000 was received in early November and the final \$25,000 for the Fourth Quarter 2003 Call-For-Funds is in the mail. Mr. Adamson also introduced a new Accounting boiler plate that will accompany all future financial statements. Mr. Haase requested that Mr. Gioia review the last paragraph of the boiler plate to confirm acceptability by the Committee – **AI#55-2**. Mr. Bolbrock offered that NPCC has a similar boiler plate that may be more suitable. Finally, Mr. Fleury noted that the 2003 projection for Website Maintenance is \$0.00 and suggested that this be changed to the \$1000 budget amount. Mr. Adamson will make the change on next month's summary – **AI#55-3**.

3.2 Other Organizational Issues

- i. **NYSRC Code of Conduct** – Mr. Fleury reported that he had received all Acknowledgement Forms with the exception of two RCMS members, Messrs. Fishman (KeySpan Energy, Inc.) and Gwyn (N.Grid). Mr. Haase asked the Executive Secretary to provide the Acknowledgement Forms to both Members and to the new alternate NYSRC and RRS members, Messrs Longhi and Joseph - **AI#55-4**.
- ii. **2004 Meeting Schedule** – Mr. Raymond indicated that the schedule for 2004 is the second Friday of each month with the exception of April and May in which the meetings will be on the 15th and 13th respectively. With the exception of January 2004, all meetings will be held at the Albany Country Club. In January 2004 the Committee will meet at the NYISO Offices, 290 Washington Ave. Extension, Albany, NY. Mr. Raymond will send an e-mail on the schedule and post it on the NYSRC website – **AI#55-5**.
- iii. **Revised NYSRC Policy 3, Accounting** – Mr. Adamson introduced the Revised NYSRC Policy No. 3-4, "Accounting Procedure" and described the proposed changes from the existing edition. Mr. Adamson offered to send the Committee a red-line version of the Policy, and Mr. Haase requested that comments be provided to Mr. Adamson within two weeks - **AI#55-6**. Mr. Adamson also noted that the current mileage reimbursement of \$.360/mile will increase to \$.375/mile in January, 2004.

4.0 NYISO Status Report/Issues

- 4.1 **Status of NYISO August 14, 2003 Blackout Investigation** – Mr. Brown reported that the investigation is on-going toward an interim report within a month subject to timely completion of the interim Federal/Canadian Task Force Report - **AI#55-7**. Mr. Haase noted that November 18, 2003 is still the official date for completion of the Federal/Canadian Phase 1 Report. Mr. Schrom indicated that the PSC investigation continues with expectation of an interim Report in December, 2003.
- 4.2 **NYSRC List of Expectations from the NYISO on August 14, 2003 Blackout** – Mr. Haase reminded the Committee of the October 7, 2003 meeting with representatives of the NYISO in which the NYISO agreed to: (1) update the Committee on Blackout Related items at each Committee meeting, (2) provide demonstration of compliance with Reliability Rules, NPCC and NERC Standards, and NYISO Operating Policies prior to, during and after (restoration)

of the Blackout, and; (3) identify any potential modification to the Reliability Rules based on their Blackout investigation.

4.3 Draft Letter to NYISO on the August 14, 2003 Blackout - Mr. Haase introduced for Committee comment and approval a proposed letter prepared by Mr. Gioia to Mr. Museler (President of NYISO) documenting in detail the expectations of the Committee as summarized in the previous Item 4.2. He further noted that the actions contemplated by the letter are in no way intended to compete with the investigation undertaken by the DPS. Mr. Bolbrock suggested adding “and if necessary, what remedial action will be taken” to paragraphs 3. c and d. Mr. Brown asked that “within 30 days” in paragraph 4. of the proposed letter be changed to “within a goal of 30 days”. Mr. Sasson noted the opportunity to examine the performance of black start units under actual conditions. Following further discussion, Mr. Sasson moved to approve the proposed letter as modified by the Committee, which was seconded by Mr. Gentile and approved unanimously by the Committee Members (13-0). Mr. Gioia will update the letter and forward to Mr. Haase for signature and issuance - **AI#55-8**.

5.0 Reliability Rules Subcommittee Status Report/Issues

5.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the RRS met on November 5, 2003. There were no significant new discussion issues.

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (PRR) Changes – Mr. Clayton indicated that PRRs # 8, 52, and 59 continue to wait for input from the NYISO. PRR # 67 is on hold pending completion of a review of emergency communications procedures.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval

Mr. Clayton indicated that PRR#65 (RR03-10), Modification of Rule D-R3, Operating Reserve Availability and Category, was posted for comment September 16, 2003, and no comments have been received. After discussion, Mr. Ellsworth moved that the Rule modification be adopted. The motion was seconded by Mr. Mager and unanimously approved by the Committee (13-0). The Executive Secretary shall post the new Rule on the NYSRC website – **AI#55-9**.

2. PRRs for EC Approval to Post for Comments

Mr. Clayton reviewed PRR#66 (RR03-11), Revision to Measurement G-M1 related to Reliability Rule G-R1, “Emergency Restoration Procedures” and G-R2, “Blackstart Resources” which was being submitted to the Committee for approval to post for comments. Following discussion, Mr. Sasson moved that PRR#66 be approved for posting for comment on a normal basis, which was seconded by Mr. Clagett and unanimously approved by the Committee (13-0). The Executive Secretary will post PRR#66 on the NYSRC website for comments – **AI#55-10**.

5.3 Other RRS Issues

i. NPCC/NERC Criteria Tracking

- a. **NERC Regional Differences** – Mr. Clayton reported that since the last NYSRC EC meeting on October 7, 2003, NPCC wrote a letter to NERC following their meeting in Toronto on November 5, 2003, recording, among others, their objection to a NERC position that Regional Differences had to be identified in the proposed new NERC Reliability Standards and would be subject to NERC compliance, monitoring, and monetary sanctions. Also, at Mr. Clayton’s request, Mr. Adamson attended a CP-9 meeting on November 6, 2003, in which Mr. Gallagher, NERC Director of Standards, was in attendance to discuss NERC’s position and to respond to CP-9 Members’ questions.

Mr. Adamson reported that two particularly relevant issues were discussed: Regional Differences and Monetary Sanctions. Regarding Regional Differences, Mr. Gallagher expressed the view that the new NERC Standards will be a minimum requirement, and Regions or Sub-Regions may have more stringent criteria. However, some CP-9 members remain skeptical based on statements to the contrary attributed to NERC’s senior management. Mr. Gioia advised the Committee not to take undue comfort in the opinion of one NERC employee. He pointed out that NERC leadership has had every opportunity to clarify the issue in the proposed Energy Bill but has chosen to remain mute. Mr. Haase noted that during a “side bar” at a meeting attended by Mr. Gent, President of NERC and Mr. Nevius, Sr. Vice President of NERC, they indicated that NERC was neither trying to diminish reliability requirements nor prevent Regions or Sub-Regions from having more stringent criteria. Still, Mr. Haase pointed out that subjecting our more stringent criteria to the NERC authorization process will require approval by voting entities throughout all Regions, many of whom will have agendas of their own and little knowledge of the NPCC or New York systems. Mr. Haase, then proposed a meeting or conference call to include NPCC, NYISO, NYISO-NE, NERC and the NYSRC which would focus on clarifying the Region Differences and related issues. The Committee concurred and will be represented by Messrs. Haase, Gioia, Sasson, Gentile, and Loehr – **AI#55-11**.

Also, Mr. Adamson reported that the NPCC Executive Committee at its November 5, 2003 meeting, voted to include its Regional Difference within the proposed NERC Standards. However, based on the information gathered at CP-9 meeting on November 6, 2003, CP-9 is preparing a letter to the NPCC Executive Committee urging reversal of their position. Among the reasons are: required NERC (the Ballot Body) approval; NERC compliance monitoring of the Regional Differences; and monetary sanctions levied by NERC.

Mr. Adamson discussed next the history and current status of monetary sanctions vis-à-vis the NERC Standards development process. Although it is opposed to monetary sanctions, the Committee concluded that Regional Differences is the primary issue for New York. Therefore, the Committee will wait to see how Regional Differences play out before apriori voting against a standard purely because it contains monetary sanctions. Lastly, Mr. Adamson reported that sixteen (16) new standards are in the

process of being developed. Two (2) are of particular note as they will come up for vote in the next few months: (1) Facility Ratings, and (2) Operating Within Limits. RRS will provide recommendations to the Committee at the appropriate time - **AI#55-12**.

ii. PSC Renewables Proceeding – Reliability Concerns

- a. Feedback on October 10, 2003 PSC Renewables Proceeding** – Mr. Dahl reported that on October 10, 2003, he participated in a technical conference in the PSC Proceeding on Reliability Considerations for Development of a Renewable Portfolio Standard. Messrs. Gioia, Mucci, and Loehr also represented the NYSRC. Messrs. Brown (NYISO) and Mr. Dahl made presentations which were followed by two hours of Q/A. Mr. Dahl noted that no one challenged the reliability issues and that there are high expectations of the NYISO/NYSERDA Wind Study to resolve reliability and economic issues. Phase 1 of the Wind Study should be completed by January/February, 2004, and the final Phase by the end of 2004. Mr. Dahl also reported that IPPNY had filed a motion to delay any decisions by the ALJ until the Wind Study was complete. Mr. Gioia indicated that comments on the motion were due November 14, 2003. He also reminded the Committee that in previous comments, it had emphasized the importance of the Commission’s consideration of reliability issues related to a significant increase in renewable resources. Further, it had recommended that the Commission’s order expressly provide that the renewables program should be subject to revision based on the results of the NYISO/NYSERDA study and on experience gained in the implementation of the program to insure that reliability is maintained.

6.0 Installed Capacity Subcommittee’s Status Report/Issues

6.1, 6.2, 6.3 ICS Status Report and Discussion Issues – Mr. Dahl reported that the ICS met on November 6, 2003 to complete the draft report, “New York Control Area Installed Capacity requirements for the Period May 2004 Through April 2005”, for Committee discussion today. He presented the results of the latest sensitivity cases, in particular Tables B-1, Study Results, and B-2, Implementation of Emergency Operating Procedures. Mr. Bush asked why the addition of 240 MW of Flat Rock wind power increased the IRM by about .5% (17.6% vs. 17.1%). Mr. Dahl indicated that the impact was due to the availability of Flat Rock capacity being less than the average availability of the NYCA capacity mix. The resulting decrease in average availability of the NYCA capacity mix increased the IRM requirement. As a result of further discussion on Tables B-1 and B-2, the Committee requested that ICS address the following issues in the Report and/or Appendices – **AI#55-13**:

- Explain the impact of Special Case Resources (SCR). Mr. Dahl will forward the draft ICS White Paper on SCR’s to the Committee – **AI#55-14**.
- Clarify the annotation in the load shape exhibit.
- Highlight the sensitivity case with no external assistance from New England and indicated recent experience regarding the NY-NE interface.

- Highlight that aging effects are not included in the modeling of unit availability and the change in assumptions used this year resulted in a 1.7% decrease in the IRM between this and last year's Base Case.
- Define how radial generator lead outages affect the unit availability data used.
- Explain why the standard error is different this year versus last year (± 3 vs. ± 5).
- Emphasize in the "Executive Summary" that the final decision on the statewide IRM must take into consideration the base case, all pertinent sensitivity cases, and other relevant factors.

The Committee asked that any additional comments on the draft Report be forwarded to Mr. Dahl by December 2, 2003. Also, the Committee agreed to address changes to the Introduction pertaining to the August 14, 2003 Blackout once the interim Blackout Report is available – **AI#55-15**. The "New York Control Area Installed Capacity Requirements for the Period May 2004 Through April 2005" Report will be presented to the Committee for approval at its December 11, 2003 meeting. The Installed Reserve Margin decided upon by the Committee will not appear in the Report, but instead will be the subject of a formal resolution.

7.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues

7.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on November 13, 2004. A large portion of the meeting focused on the proposed NERC Standard 600 (See Item 5.3 i.a. above). Further, the subcommittee reviewed the NPCC A-8 document, "Reliability Conformance and Enforcement." Mr. Loehr noted that NPCC had initiated a new Enforcement Panel reporting directly to the NPCC Executive Committee. The Panel will focus only on dispute resolution matters.

7.2 Status of NYSRC Reliability Compliance Program (NYRCP)

i. 2003 NYRCP Responsibilities and Milestones – Mr. Loehr reported that there are nine Measurements that RCMS hopes to complete by year end. Regarding the NYRCP for 2004, sixteen proposed measurements are currently under review by RCMS. A RCMS recommendation will be brought to the Committee in January 2004.

ii. 2003 NYRCP Assessments - Mr. Loehr informed the Committee that the NYISO's Annual Transmission Review has been delayed about a month due to the Blackout related workload.

8.0 NYISO Studies – Status Report – Mr. Drake reported on the following studies:

8.1 Transmission Reliability Study – The 2003 NERC Area Transmission Review draft report will be completed mid-November 2003.

8.2 Reactive Resource Adequacy Study – The Study is being distributed for comment by the Operating Studies Task Force.

8.3 NYSERDA/NYISO Gas Study – The study group will meet next on November 26, 2003. The Study scope, prepared by the PSC, will be discussed at that time. Mr. Ellsworth will represent the NYSRC with Mr. Bolbrock available as back-up. Mr. Gentile noted that NE has developed, in conjunction with a contractor, a hydraulic model which may be of assistance.

- 8.4 Implications of Gas-Fired Generation on NYC Electric Reliability** – Mr. Mucci reviewed a Con Ed specific study, “Implications of Changing Fuel Diversity for NYC Electric Reliability.” The Study focused on generators contracting arrangements for gas transportation services and the reliability of power generation over the next 10 years. The study included consideration of dual fuel generators, oil storage and delivery capability, intra-day gas balancing services and gas pipeline contingencies. Mr. Mucci indicated the findings point to the dependence of continuing reliability on dual fuel capability, adequate oil storage, and the consideration by the NYISO of fuel diversity in the scheduling of maintenance outages during the winter.
- 8.5 Wind Study** – The NYSERDA/NYISO Wind Study Phase 1 Report will be available in January/February 2004. This will be a broad-brush look at whether there is a maximum limit on the MWs of renewable resources. The final report is expected to be complete in October, 2004.
- 9.0 Other Items**
- 9.1 Millennium Gas Pipeline Proceeding** – Nothing new to report.
- 9.2 Standard Market Design Proceeding** – The FERC regional conference took place on October 20, 2003. Nothing new came out of the conference.
- 9.3 NYISO Operations Report** – Mr. Loehr noted that a Major Emergency was declared on October 15, 2003 for the Central East voltage collapse limit(>105%) for the loss of the 99 New Scotland bus. The cause of the violation was tripping of the Edic-New Scotland #14 line.
- 9.4 North American Energy Standards Board (NAESB) Report** – Mr. Ellsworth noted the NAESB was requested by NERC to review the Reliability Standard 600 document.
- 9.5 FERC Wholesale Power Market Platform Proceeding** – Nothing new to report; Mr. Gioia did inform the Committee that NE had filed for RTO status.
- 9.6 FERC ICAP Demand Curve Proceeding** – Mr. Gioia indicated the FERC Order accepting inclusion of an Installed Capacity Demand Curve in the NYISO ICAP market was issued on October 23, 2003.
- 9.7 NYISO Draft Strategic Plan** - Mr. Gioia reported that a draft plan for the Market Participants and NYISO Board is expected by the end of November 2003.
- 9.8 NPCC Report** -- See item 5.3.i.

10. Visitors Comments - No visitor comments were received.

11. Meeting Schedule –

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#56	Dec. 11, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#57	Jan. 9, 2004	NYISO Offices, Washington Ave Ext., Albany, NY	9:30 A.M.

The Open Session of Committee Meeting No. 55 was adjourned at 3:15 P.M.

Completed By: P. Donald Raymond, Executive Secretary
Issue Date: November 28, 2003