

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 57 – January 9, 2004
NYISO Offices, 290 Washington Ave. Ext., NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (LIPA)
Bruce B. Ellsworth	Unaffiliated Member – Vice Chair.
William H. Clagett	Unaffiliated Member
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
Joseph C. Fleury	New York State Electric & Gas Corp./Rochester Gas & Electric(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. Piascik	Wholesale Seller's Sector; PSEG Power, LLC
Robert G. Longhi	Consolidated Edison Co. of NY, Inc.
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
Thomas J. Gentile	National Grid, USA
H. Kenneth Haase	New York Power Authority
George E. Smith	Unaffiliated Member
Glenn D. Haake	Wholesale Seller’s Sector; Independent Power Producers of NY.

Others:

John M. Adams	New York Independent Systems Operator (NYISO)*
Michael Calimano	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:

Steven Wemple	Con Ed Energy (Phone)*
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“*” – 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(Committee) Meeting No. 57 to order at 9:35A.M.

Meeting Attendees - Thirteen Members and/or Alternate Members of the NYSRC Executive Committee were represented at the meeting. Mr. Fleury was not in attendance; however, he was conferenced in.

1.1 Visitors – See Attendees List above.

1.2 Requests for Additional Agenda Items – The Committee approved the Revised Agenda with the addition of **Agenda Item 9.8, Blackout Issues**, requested by Mr. Smith.

1.3 Executive Session Topics – No session was held.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 56 (December 11, 2004) –The Committee offered several points of clarification. Subject to these clarifications, Mr. Bolbrock moved that the Committee approve the revised draft minutes for Meeting No. 56 which was seconded by Mr. Clagett and approved unanimously by the Committee Members (13-0). The Executive Secretary will issue the final minutes for Meeting No. 56 and post them on the NYSRC web site – **AI #57-1**.

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>
52-4	Mr. Raymond certified that all Code of Conduct Acknowledgement Forms were received.
55-7	NYISO Interim Blackout Report was issued 1/9/2004.
56-5	Comments on the Blackout Report were sent to DOE on 1/21/2004.
56-7	A “NO” vote on proposed Standard 200 was cast and comments provided 1/8/2004.
56-12	Mr. Gioia made an informational filing of the IRM Report to FERC on 1/16/2004.
56-13	RCMS provided the 2004 NY Reliability Compliance Program on 1/9/2004.

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 disbursements for the year 2003 came in slightly(~3%) under the budget of \$ 570,000.00. Regarding the Call-For-Funds issued in December 2003 for the 1st quarter of 2004(due January 1, 2004), Mr.

Adamson indicated that two payments were made in December 2003, two more in the 1st week of January 2004, and five payments are outstanding.

- ii. **Audit for 2003** – Mr. Adamson indicated that the calendar year 2003 audit would be lead by Mr. Micheal Ryan of the firm Slocum, DeAngelus & Associates. Mr. Ryan will soon forward a letter to affiliated Committee Members requesting a summary of the funding provided to the NYSRC in 2003 by their organizations. Also, Mr. Gioia, Trustco, and Ms. Campoli will be contacted to provide litigation and claims information against the NYSRC, financial records, and payroll records, respectively. Mr. Ryan will complete the audit in March 2004.

3.2 **Other Organizational Issues**

- i. **NYSRC Code of Conduct** – Mr. Raymond reported that all Code of Conduct Acknowledge Forms have been received and are on file.

4.0 **NYISO Status Report/Issues**

- 4.1 **Status of NYISO August 14, 2003 Blackout Investigation** – Mr. Calimano provided the Committee members with a copy of the Interim Report on the August 14, 2003 Blackout dated January 8, 2004. He pointed out that the report, prepared by the staff of the NYISO, is “interim” because months of additional study will be required to fully understand the reasons behind the disturbance. Using PowerPoint, Mr. Calimano presentated the key time-sequenced events during the evolution of the Blackout and the restoration that followed. A number of factors stood out including:

- The New York bulk electric system was operating normally prior to the disturbance.
- The disturbance began in the Midwest and swept through New York in a matter of seconds without human intervention.
- New York was isolated in a few seconds from most of the country. Southeastern New York was separated from the remainder of New York but connected to southern Connecticut and northern New Jersey.
- The extreme overloads in southeastern New York caused the Blackout in New York City.
- Much of northwestern New York survived primarily because of the continued availability of the Niagara and St. Lawrence hydroelectric plants.

Furthermore, Mr. Calimano noted that the proper operation of various relay schemes protected the NYCA’s generation plants and transmission system from equipment damage. This facilitated the restoration of the affected parts of the state in less than thirty hours.

- 4.2 **Comments on US/Canadian Joint Blackout Investigation** – Mr. Haase indicated that the Interim Blackout Report was issued on November 19, 2003 and three public meetings were held in Cleveland, OH, New York, NY, and Toronto, CN on December 4, 5, and 8, respectively. The DOE provided opportunity for written comments and recommendations to be submitted by January 12, 2004. The Committee forwarded comments to Dr. Sasson, who filed the NYSRC comments on January 5, 2004 with the Blackout Investigation Task Force. A Technical Conference was conducted by the NERC Electric Systems Investigation Team in support of the US/Canada System Outage Task Force on December 16, 2003 at the downtown Marriot in Philadelphia, PA. Messrs. Sasson, Bush, and Tarler were in attendance and Mr. Calimano (NYISO) was a presenter. The recommendations from the conference will

be forwarded to the Blackout Investigation Task Force. Mr. Haase, a member of the Blackout Investigation Task Force, advised that the Task Force's final report, including the dynamics analysis, will be issued about the end of January 2004 or as soon thereafter as possible. The dynamics analysis is being carried out by a MEN Group under the leadership of Mr. Phil Tatro. The Blackout Task Force's report will focus on identifying the causes of the incident and providing recommendations on actions to minimize the probability of future blackouts.

5.0 Reliability Rules Subcommittee Status Report/Issues

5.1 RRS Status Report & Discussion Issues – Mr. Clayton reported that the RRS Meeting #55 took place on January 6, 2004. He noted that the Subcommittee is providing comments to NPCC regarding their update of the A-2 document.

5.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

a. List of Potential Reliability Rules (PRR) Changes – Mr. Clayton updated the Committee on the status of the following PRR Changes:

<u>PRR#</u>	<u>Status</u>
8	TOs are reviewing the Reactive Resources Adequacy Study. Once completed, RRS will develop criteria and a reporting template.
52	RRS is monitoring progress of the NYISO investigation of generator response and Under Frequency Load Shedding (UFLS) program.
59	RRS is waiting for a NYISO response to the Committee's July 10, 2003 request for documentation justifying Relaxation of Operating Reserve restoration time from 30 to 105 minutes.
66	Approval is requested, January 9, 2004; see 5.2i.b.1.
67	RRS is conferring with the NYISO to introduce more specificity to reference A-3 testing requirements.

Further, regarding PRR# 52, Mr. L. Eng of NGrid reported to RRS on the NPCC SS-38 study of 2002 UFLS Adequacy. The conclusions under consideration by NPCC include reducing the generator tripping times from .75sec. to .3sec., reducing the number of trip steps to avoid over shedding of load followed by generator tripping on over frequency, and reducing the number of generators tripping before load shedding and the compensatory load shedding from 2% to 1%.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval – Mr. Clayton reported that PRR#66 (RR03-11), System Restoration – Black Start Generator and other Key Facilities Testing, was posted for 45 days as of January 2, 2004. One comment was received from Liam Baker, Entergy, requesting clarification of which black

start generators would be subject to the PRR. Also, Mr. Haake indicated that generators have been unable to confirm through the NYISO whether their units apply. Mr. Calimano stated that the NYISO will, within a week, be forwarding letters to the generator owners who are on the NYISO Black Start List and, therefore, subject to annual testing in accordance with PRR# 66 –**AI #57-2**. Messrs. Haase and Haake asked that the minutes include an Action Item to verify that the NYISO Blackout Report adequately addresses Black Start issues including proper communications with the generators, generator performance, and the definition of applicable types of generators – **AI #57-3**. After further discussion, Dr. Sasson moved that the proposed new rule be adopted. The motion was seconded by Mr. Claggett and unanimously approved by the Committee (13 to 0). The Executive Secretary will post the new rule on the NYSRC web site - **AI #57-4**.

2. PRRs for EC Approval to Post for Comments – none

5.3 Other RRS Issues

i. Reliability Legislation

a. FERC Comments, Docket No. RM04-2-000 - Mr. Gioia reminded the Committee that a conference was held by FERC on December 17, 2003 in anticipation of the passage of federal energy legislation. Under the legislation FERC would be required to adopt regulations implementing the legislation. When the legislation stalled in the Senate, FERC proceeded with the conference and further, indicated a willingness to accept comments on reliability within 3-4 weeks of December 17, 2003. The proposed comments, prepared by Mr. Gioia for consideration by the Committee make the following points:

- Encourage administrative action to implement enforceable reliability standards if legislative action is not taken, and
- Whether there is federal legislation or independent action by FERC, it is essential that FERC continue to allow regional entities, such as the NYSRC, to adopt more stringent and detailed criteria.

Following discussion, Dr. Sasson moved that the Committee accept Mr. Gioia's proposed comments, subject to changes suggested by the Committee, and ask Mr. Gioia to file the comments with FERC in behalf of the NYSRC. Mr. Claggett seconded the motion which was unanimously approved by the Committee (13 to 0) – **AI #57-5**.

b. Energy Bill – Position/Issues Paper – Mr. Haase requested and the Committee concurred with delaying discussion until the next meeting on February 13, 2004.

ii. NPCC/NERC Criteria Tracking

a. NYSRC Regional Differences Letter – Mr. Gioia summarized his December 31, 2003 memorandum to the Committee; re: NERC Reliability Standards. Based on his review of the provisions of the NERC Reliability Standards Process Manual relating to Regional Differences and Regional Standards, he concluded that:

- The Manual was more helpful in clarifying Regional Differences and Regional Standards than anticipated.
- The NYSRC's ability to promulgate Reliability Rules that are more

detailed and more stringent than NERC Standards is based on FERC approved agreements and tariffs and cannot be affected by NERC's standard setting process.

- NERC's standard setting process appears to accept Regional Differences and Regional Standards that are outside and separate from the NERC standards setting process, provided that they are not less stringent and do not conflict with (i.e., interfere with) NERC Reliability Standards.
- It appears that, under the NERC procedures, NYSRC Reliability Rules would have to be submitted to the NERC standards process only for two reasons: (1) if the NYSRC Reliability Rule is less stringent or conflicts (i.e., interferes with) a NERC Reliability Standard, or (2) the NYSRC wants a Reliability Rule to be adopted as a NERC Reliability Standard.

Following lengthy discussion, the Committee decided to have the above conclusions incorporated into its comments on proposed Standard 600 and to have Mr. Gioia re-configure the memorandum into a proposed letter to NERC's Sr. Management to assure that a consistent understanding exists with NERC on Regional Differences and Regional Standards - **AI #57-6**. A final decision to send the letter will follow careful review by the Committee.

b. NERC Standards Transition - Status

- **Standard 200 – Operating Within Limits** - Mr. Adamson reported that in response to the Committee's request, he cast a NO vote on NERC Standard 200, Operating Within Limits. The polls closed January 6, 2004 with less than 10% of the Ballot Pool voting for approval on a weighted basis comprised of nine voting segments. Two-thirds of the Ballot Pool (on a weighted basis) must vote in favor of a Standard for its passage. It is Mr. Adamson's belief that the Drafting Team will redraft the proposed Standard 200 and issue it once again for comment. There is no time limit for the redrafting process. Mr. Adamson noted that the structure (i.e. nine segments) of the Ballot Pool has been questioned by NPCC in a letter to NERC. Also, Mr. Loehr indicated that Central Hudson, NYSEG/RG&E, Multiple Interveners, IPPNY, and NY Municipals and Cooperatives are not registered to vote. This situation is particularly unfortunate for New York State in the smaller segments i.e., Segment #4, Transmission Dependent Utilities and Segment Large Electric End Users, where a few votes can influence the outcome. Mr. Adamson offered to assist any of the above organizations in fulfilling the registration requirements.
- **Standard 600 – Determining Facilities' Rating, Operating Limits, and Transfer Capabilities** – Mr. Adamson provided written comments, approved by RRS, on NERC Standard 600 – Facilities' Rating, Operating Limits, and Transfer Capabilities for the Committee's consideration. He noted that the Standard represents an attempt to merge current planning and operating criteria though both category C&D contingencies are omitted. Category C applies to the loss of more than a single element, i.e. both circuits on a double circuit tower line, and is included in NPCC Planning and Operating Criteria. Category D, are the extreme contingencies in NPCC criteria. Mr. Loehr explained that most Control

Centers outside the Northeast do not have the necessary level of sophistication to implement on-line contingency analysis involving multiple system elements. Further, commercial biases mitigate against including Category C contingencies on economic terms. After the comment phase ends on January 21, 2004, Mr. Adamson expects that balloting will be the next step in the acceptance process. Regarding the proposed NYSRC comments, Mr. Clagett expressed the view that the comments should be redrafted to explain in greater detail the reasoning behind the Committee's opposition to monetary sanctions. Also, Mr. Haase suggested that the comments on Regional Differences reflect the Committee's belief that the NERC Reliability Standards Process accepts Regional Differences that are outside and separate from the NERC standard setting process provided they are more stringent and do not conflict with (e.g., interfere with) NERC Reliability Standards. Following further discussion, the Committee agreed that Messrs. Adamson, Clagett, and Gioia will redraft the Committee's comments as discussed and forward the updated comments to NERC - **AI #57-7**.

- Permanent Cyber Security - Mr. Adamson reported that the Committee will rely on the comments provided by the NYISO and NPCC. The NYSRC will be acknowledged via its participation on NPCC CP-9.

iii. PSC Renewables Proceeding – Reliability Concerns(AI#49-15) – Mr. Adams reported that the Phase 1 Wind Study, performed under contract by GE, was released by the NYISO/NYSERDA on January 9, 2004. Some of the more relevant conclusions are:

- NYCA should be able to accommodate ~ 10% of its peak load or 3,200Mw, but there are operational issues that require further study, i.e. susceptibility to system faults.
- If all nuclear plants are re-dispatched to accommodate wind generation, up to 5,000Mw of wind power could be supported by the transmission system on a thermal basis.
- Approximately 10Mw of wind generation is equivalent to 1Mw of load from an LOLE perspective.
- While a number of operating issues remain to be addressed in Phase 2, there does not appear to be a compelling reason to delay the development of wind generation.

Mr. Gioia indicated that the NYISO/NYSERDA/GE will be presenting the Report on January 14, 2004 from 1:30 to 4:30PM in the Auditorium and Rotunda of the new Albany NanoTech, NanoFab 300 Building, 255 Fuller Rd. in Albany, NY. Mr. Dahl will represent the NYSRC and with the assistance of Mr. Gioia, he will prepare comments on behalf of the NYSRC. The comments are due on January 20, 2004 – **AI #57-8**.

6.0 Installed Capacity Subcommittee's Status Report

6.1 ICS Status Report and Discussion Issues – Mr. Adamson reported that ICS had taken a well deserved month off. The subcommittee will meet next on February 4, 2004 to begin preparation for the 2005 IRM Study.

6.2 Lessons Learned – 2004-2005 Statewide IRM Study Decision Process – The Committee agreed to postpone discussion to the next meeting. Mr. Haase asked that the Committee Members focus on recommendations that will streamline the decision process for reaching a final IRM once the IRM Study has been completed.

6.3 Other ICS Issues – nothing new to report.

7.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issues

7.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on January 8, 2004. He urged New York entities that had not yet registered for the NERC Ballot Pool to do so and participate in the voting for proposed Standards and SARs.

7.2 Status of NYSRC Reliability Compliance Program (NYRCP)

i. 2003 NYRCP Responsibilities and Milestones – Mr. Loehr indicated that the Subcommittee is finishing the details on 2003 Measurements. Those remaining are expected to be completed in January 2004 – **AI #57-9**.

ii. 2003 NYRCP Assessments – Mr. Loehr reported that the subcommittee received a presentation by Mr. Nisar Shah of the NYISO transmission staff on the NYCA Transmission Review. The Review indicates that if all the generation planned between now and 2008 is built, the NYCA would have about 38% installed reserved margin. Regarding the transmission system (in 2008), only one out of 59 extreme contingencies studied resulted in a system failure. The loss of the four Niagara-Ontario ties (without a fault) showed rolling oscillations between New York and Ontario; a phenomenon not seen in testing in several years. The NYISO staff is reviewing the test data to verify this finding. Special Protection Systems (SPS) performed adequately. Voltage limits worsened, but thermal limits remained controlling. However, the Central-East Interface was stability limited versus voltage limitations currently.

Mr. Loehr also reported that in doing the Reactive Capacity Assessment, RCMS found that if a generator were to forego reactive support payments, the generator would be exempt from reactive capacity performance testing. The NYISO is investigating a change that would require reactive capacity testing by all generators – **AI #57-10**. Mr. Loehr also indicated that in performing C-M5 (Resource Outage and Load Response Data) audits, the NYISO found data errors. In addition, it was not specified whether to include step-up transformer outages. Yet, when reporting on data collection measurements, the NYISO indicated 100% compliance since 100% of the generators provided data (regardless of accuracy). Mr. Gioia stated that the NYISO is obligated to collect and verify the accuracy of the data, and assure that erroneous data is corrected before indicating compliance. Dr. Sasson asked that RRS review existing rules to assure clarity regarding data verification by the NYISO – **AI #57-11**.

iii. 2004 NYRCP – Mr. Loehr presented the NYRSC Compliance Review Program Measurements for 2004 to include the addition of two measurements: (1) Procedure for Resource Capacity Testing and (2) NYCA Short Circuit Review. Following discussion, Mr. Smith moved that the 2004 NYRCP be approved by the Committee. Mr. Ellsworth seconded the motion which was unanimously approved (13-0).

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

8.1 LSE and Locational Capacity Requirements – The analysis is underway with a request to

the TOs for inter-zonal transmission constraints. The NYISO plans to have the work completed in time to present the results at the February 19, 2004 NYISO Operating Committee meeting.

8.2 Transmission Reliability Study – See 7.2 ii.

8.3 Reactive Resource Adequacy Study – The study is available. Mr. Adams will e-mail it to Committee Members – AI #57-12.

8.4 NYSERDA/NYISO Gas Study – The Study Group will meet on January 14, 2004 to finalize the study scope. Mr. Ellsworth will attend. Mr. Gentile emphasized the need to go beyond New York State borders to assure adequate supply at the border.

8.5 NYSERDA/NYISO Wind Study – See 5.3 iii.

8.6 NYISO Planning Process – The Working Group will meet next on January 13, 2003.

8.7 NYISO Strategic Plan – A consultant, Mr. Frank Felder, is assisting the NYISO in the developing a scope for evaluating of reliability criteria.

9.0 Other Items

9.1 NYISO Draft Strategic Plan – Mr. Gioia reported that comments on behalf of the NYSRC were forwarded to the NYISO on January 7, 2004.

9.2 Reliability Legislation Update – Mr. Gioia noted that FERC has said publicly that it will move forward with mandatory reliability standards on an administrative basis if the Federal Energy Legislation remains stalled.

9.3 FERC Wholesale Power Market Platform Proceeding – Nothing new to report.

9.4 Millennium Gas Pipeline – On December 12, the U.S. Secretary of Commerce denied Millenium’s appeal of New York State’s decision to prevent the pipeline from proceeding on the grounds that those portions of the pipeline crossing the Hudson River and approaching New York City are inconsistent with the State’s coastal management program. As a result, FERC and the Corp of Engineers may not issue the permits necessary for the project to proceed.

9.5 NYISO Operating Report – Mr. Raymond indicated that the Report had not been received from the NYISO and, therefore, will be e-mailed upon receipt – AI #57-13.

9.6 North American Energy Standards Board (NAESB) Report - nothing to report.

9.7 NPCC Report – nothing to report.

9.8 Blackout Issues – Mr. Smith provided the Committee with a discussion summary titled More Follow-up Thoughts on the Events of 8-14-2003 dated January 9, 2004. His primary concern is whether the Committee is satisfied with the way the system separated on August 14, 2003 and if not, what should be done next. Mr. Smith offered some possibilities including:

- Improving existing protection scheme settings and/or settings.
- The addition/deletion of “supervision” i.e. overlapping relays which arm/disarm other relays.
- The addition of new technology relay functions based on power surges, voltage, and/or out-of-step conditions

He further suggested that consideration be given to coordination between tie line protection and internal remedial action schemes. Lastly, Mr. Smith raised the question of coordinated protection reviews with control areas connected to the NYCA. Mr. Haase suggested that once the Blackout analysis is complete, the Committee should reexamine Mr. Smith’s

thoughts and if appropriate, forward requests to NPCC and/or the NYISO for analysis – AI #57-14.

10.0 Visitors Comments - No visitor comments were received.

11.0 Meeting Schedule -

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#58	Feb. 13, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#59	Mar. 12, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The Open Session of Committee Meeting No. 57 was adjourned at 3:55 P.M.

Completed By: P. Donald Raymond, Executive Secretary
Issue Date: February 16, 2004