

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 61 – May 14, 2004
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (LIPA)
Curt Dahl	KeySpan Energy – Alternate Member, ICS Chairman
Bruce B. Ellsworth	Unaffiliated Member – Vice Chairman
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
Thomas C. Duffy	Central Hudson Gas & Electric (CHG&E)
George C. Loehr	Unaffiliated Member & RCMS Chairman
Glenn Haake	Independent Power Producers of New York, Inc. – Alternate Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
Thomas J. Gentile	National Grid, USA
Bart D. Franey	National Grid, USA – Alternate Member
Michael B. Mager	Couch White, LLP (Retail Sector-Alternate Member)
H. Kenneth Haase	New York Power Authority - Chairman
George E. Smith	Unaffiliated Member

Others:

John M. Adams	New York Independent System Operator (NYISO)*
Michael Calimano	New York Independent System Operator (NYISO)*
Frank J. Vitale	Consultant*
Paul L. Gioia	LeBoeuf Lamb Greene & MacRae (LLG&M)
Don Raymond	Executive Secretary
Hebert Joseph	NYS Department of Public Service (NY DPS or PSC)
Roger E. Clayton	Conjunction, LLC – RRS Chairman

Visitors – Open Session:

Chris Hall	NYSERDA
William deVries	New York Independent System Operator (NYISO)
Gerry Larose	New York Power Authority – by phone*

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

Agenda Items – (Item # from Meeting Agenda)

- I. **Executive Session** – An Executive Session was held following the Open Session to follow-up on prior discussions of security related issues.

- II. **Open Session**

1.0 Introduction – Mr. Haase called the NYSRC Executive Committee (Committee) Meeting No. 61 to order at 9:32 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, page 1.

1.2 Requests for Additional Agenda Items – none

1.3 Executive Session Topics – Mr. Loehr requested an executive session to follow-up on prior discussions regarding security issues.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 60 (April 15, 2004) – Mr. Raymond pointed out several minor changes to the draft minutes. The Committee offered several other points of clarification. Subject to these corrections and clarifications, Mr. Bolbrock moved that the Committee approve the revised draft minutes for Meeting No. 60. The motion 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. 60 and post them on the NYSRC web site – **AI #61-1**.

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>
48-7	The item is no longer relevant.
53-8	Non-synchronous reserves now appear on the Operations Report.
57-3	Mr. Calimano assured the Committee that Black Start issues would be addressed in the final NYISO Blackout Report.
57-10	Mr. Calimano indicated that Reactive Capacity testing for all generators is recommended in the NYISO final Blackout Report.
59-3	The Committee selected Slocum, DeAngelus & Associates as the auditor for 2004 at its May 14, 2004 meeting.
59-5	Mr. Gioia reported that a reasonable proposal was received from First Specialty Insurance Corp.
59-10	Replaced by AI #60-4 on the Outstanding Action Items List.
60-2	See AI #59-3 above.
60-4	The ConEd Gas Diversity presentation was provided on May 27, 2004 by Mr. Adams.
60-8	Comments provided by Mr. Adamson.
60-12	The scope of the Deliverability Study was provided on May 27, 2004 by Mr. Adams.

- 60-13 Mr. Adamson provided the Blackout Recommendations Table to the Committee at its May 14, 2004 meeting.
- 60-14 Mr. Loehr reported that RCMS had reviewed the compliance templates based on the fourteen NERC Blackout Recommendations. No additional RCMS compliance templates are required.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

- i. **Summary of Receipts & Disbursements** – Mr. Raymond, substituting for Mr. Adamson, presented the Summary of Receipts and Disbursements for April 2004. He noted that the Call-For-Funds for the 2nd quarter (due April 1, 2004) of \$20,000 for each TO except NYSEG/RG&E which was assessed \$18,000 is complete.
- ii. **Audit for 2004** – Mr. Raymond described the proposal prepared by the firm of Slocum, DeAngelus & Associates for the 2004 audit. In view of the excellent audit performed in 2003 and a reasonable proposed cost of \$1975, Mr. Claggett moved for acceptance of the proposal. The motion was seconded by Mr. Bolbrock and approved unanimously by the Committee Members (13-0).

3.2 Other Organizational Issues

- i. **General Liability Insurance** – Mr. Gioia reported that Mr. J. Sears of Marsh USA, Inc. had received a quote from First Specialty Insurance Group for renewal of the General Liability and Auto coverage at a premium of \$8,770 including terrorism coverage and taxes. The deductible is \$5,000 and the coverage remains at \$1 million. This premium together with the D&O insurance cost will exceed the Insurance Budget of \$56,000 by about \$1,400. Mr. Gioia recommended that the Committee accept the First Specialty proposal promptly to bind coverage. Once the Committee Members have reviewed the proposal, Mr. Haase asked that they e-mail their approval/disapproval to Mr. Gioia - **AI #61-2**.

4.0 Reliability Legislation

- 4.1 **Energy Bill – Status** – Mr. Gioia reported that it is unlikely that the reliability portion of the comprehensive Energy Bill will pass this year. Congressional efforts are continuing to separate certain other provisions of the Bill (e.g. tax provisions) for individual consideration. Still, the House remains in favor of comprehensive energy legislation.

- 4.2 **FERC Policy Statement on Power System Reliability** – Mr. Gioia indicated that the Policy Statement recognized the importance of allowing more stringent rules. Furthermore, the NERC Reliability Rules were clearly designated as a floor and not a ceiling. He also pointed out that FERC recognized the need for more stringent regional reliability rules; however, the justification for a more stringent regional reliability rule is linked to “physical” differences in the bulk power system which could be unduly restrictive. Following discussion, the Committee decided to have Mr. Gioia prepare a draft letter to FERC expressing the concerns of the Committee. Messrs. Bush and Clayton will assist Mr. Gioia as necessary. Also, Mr. Gioia was asked to have his Washington Office check for additional background information – **AI #61-3**. Further, Mr. Gioia noted that a FERC Workshop was being held in NYC (May 14, 2004) on Reliability Standards. Dr. Sasson agreed to have the ConEd representatives’ notes forwarded to the Committee - **AI #61-4**.

4.3 NYSRC Regional Standards/Differences Policy

- i. **NPCC Policy Review** – NPCC’s Executive Committee does not meet until early June 2004.
- ii. **Feedback on NYSRC Policy Letter** – A letter was sent to PJM, CALISO, AEP, SERC, and

SERC inquiring as to whether they had a Regional Standards/Difference Policy statement. There were responses from PJM and SERC indicating that neither had such a policy.

- iii. **NERC Definition of “Region”** – This item was carried over to the next meeting.
- 4.4 **US/Canadian Joint Blackout Investigation (DOE Report)** – Mr. Haase reported that a follow-up meeting took place on April 28, 2004 to address “what if” questions raised by the NYPSC and not addressed in the final Report. Mr. Joseph will provide the “what if” list to the Committee – **AI #61-5**. The meeting was chaired by Ms. Allison Silverstein for FERC. NPCC representatives and experts involved in the investigation made formal presentations followed by discussion. During the discussion, Mr. Haase suggested that the forum be extended to the other Regions in the Eastern Interconnection. He also expressed the need for an Interconnection-wide review of relay philosophy to assure that a system’s protection philosophy is not in conflict with that of its neighbors.
- 4.5 **PSC Blackout Report** – Mr. Joseph indicated that the final report will be available on July 14, 2004. The Report will focus on the system restoration.
- 4.6 **MISO Developments on Regional Reliability** – Mr. Gioia indicated that FERC accepted the PJM and MISO Reliability Plans. They are subject to audit and reporting on meetings with neighboring Reliability Coordinators and control areas before the summer season to discuss communication protocols and expected summer operating conditions. MISO is moving to expand its reliability coordination services. An informational filing was made with FERC announcing MISO’s intent to begin coordination services with the Illinois transmission zone on June 1, 2004. Mr. Haase noted that the DOE Report questioned the viability of the Midwest’s reliability structure with some 37 separate control areas.
- 5.0 **NYISO Status Report/Issues**
- 5.1 **Status of NYISO August 14, 2003 Blackout Investigation** – Mr. Adams reported that the work toward fulfilling the NYISO’s obligation for a report to the NYSRC by June 5, 2004 is on schedule. Mr. Haase reminded Mr. Adams and later Mr. Calimano that the Committee’s request is for a stand alone report that identifies whether any Reliability Rules were violated during the August 14, 2003 incident and the restoration that followed.
- 5.2 **NYISO Planning Process** – Mr. Adams reported that the Comprehensive Planning Process is moving ahead on schedule. The Initial Planning Process study work is completed, and a draft report should be ready for Working Group review by May 23, 2004 – **AI #61-5a**. He noted that the Report would address Var requirements and generation retirement impacts on reliability. Some 1600Mws of capacity are expected to retire in the next five years. Either issue could result in a request for a new Reliability Rule.
- 5.3 **DOE Report – NYISO Follow-up List** – Mr. Calimano reported that the results of the NERC Readiness Audit were satisfactory though some concern was expressed regarding Loss Of Offsite Power (LOOP) for nuclear plants. The Audit Team has not yet provided their draft report for NYISO comment. After receiving the comments, they will make the appropriate changes and issue their final report. On May 5, 2004, the CEOs of the nuclear owning companies and the NYISO met with the NRC to discuss the LOOP issue. No follow-up discussions are anticipated. The First Energy final Audit Report will be available to the public in the week of May 17, 2004.
- 5.4 **Progress on NYISO Report to NYSRC on the Blackout** – See **Item #5.1** above.
- 5.5 **Studies – Status**
 - i. **Reactive Resource Adequacy** – Mr. Adams reported that additional studies are underway as a result of questions raised by the TOs. Mr. Haase expressed the view that the Study should investigate various potential criteria and bring a recommendation to the NYSRC. He further

requested that the NYISO establish a deadline for completion. Mr. Gentile reiterated a prior request that a survey of actual data at key locations and hours be undertaken for calibration purposes – **AI #61-6**.

- ii. **NYSERDA/NYISO Gas Study** – Mr. Adams reported that the next meeting is May 24, 2004. The primary focus will be a presentation by Richard Levitan & Assoc. on their study of the Northeast, performed for PJM, IMO, NYISO, ISO-NE and NERC, to help solidify future direction of the Study Group.
- iii. **NYSERDA/NYISO Wind Study** – Mr. Adams reported that the draft Phase II Study is delayed until January 2005 due to wind data conversion difficulties experienced by the contractor.
- iv. **Electric Deliverability Study** – Comments on the draft study scope are in the hands of the Study Group for consideration. NYSRC comments were provided by Mr. Adamson. The Study is scheduled for completion in July 2004.
- v. **Other Studies/Activities** – Mr. Adams reported that DOE has rescinded their Operating Order for the Cross-Sound Cable. The Rescinding Order does, however, allow for emergency operation.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 **RRS Status Report & Discussion Issues** – Mr. Clayton reported that RRS met last on May 5, 2004.

6.2 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	RRS will develop PRRs once the NYISO Reactive Study is completed – see Item 5.5i.
52	RRS is waiting for NPCC RCC to complete its work on governor response and the Under Frequency Load Shedding program. There is a proposal to reduce the UFLS delay time in the NPCC A3 document from .75secs. to .3secs.
67	RRS is conferring with the NYISO to introduce more specificity regarding communications testing requirements. The NYISO will be making a presentation on the issue at the next RCMS meeting.

Mr. Haase raised the issue of a lack of a studies by LIPA or ConEd required to implement a change in the load levels or a change in designated units requiring switching to oil firing as currently in Local Reliability Rule #3. Mr. Dahl indicated the current level is adequate for LIPA. Dr. Sasson will investigate the situation for ConEd – **AI #61-7**. Mr. Clayton noted that the recently approved NPCC A2 document has a new Rule regarding the loss of gas supply to multiple units. Also, he indicated that RRS is reviewing Mr. Gioia’s memorandum, Responsibility For Compliance With Reliability Rules, dated May 12, 2004. Mr. Gioia briefly discussed the memorandum emphasizing the NYISO’s responsibility to not only monitor market participants’ compliance with the Reliability Rules, but to take the necessary corrective action to assure compliance. Mr. Raymond asked RRS to review, in general, the subject of Bulk Power System maintenance practices to assure the Committee that potential reliability “gaps” do not exist – **AI #61-8**.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval – none
2. PRRs for EC Approval to Post for Comments – none
3. PRRs for EC Discussion - none

6.3 Other RRS Issues

- i. **NERC Version (0) Standards Development Plan** – See item 6.4i below.
- ii. **DOE(NERC), NYISO, PSC Final Blackout Report Recommendations** – Mr. Clayton introduced a table, NYSRC Actions on Report Recommendations, which is a consolidated list of all potential NYSRC actions in response to the various blackout report recommendations. The Committee decided to ask Mr. Adamson to add two columns; (a) Responsibility and (b) Source. Also, the Committee was asked by Mr. Haase to carefully review the table in preparation for further discussion at the next meeting – **AI #61-9**.

6.4 NPCC/NERC Criteria Tracking – Status

– Mr. Clayton reported that modifications to NPCC Documents A-2 and A-8 were recently approved. RRS is reviewing the modifications for accompanying changes to the NYSRC Reliability Rules. RRS is also preparing comments on the proposed changes to NPCC A-3 which are due June 18, 2004.

i. **NERC Standards Development – Status**

– Mr. Clayton reviewed the NERC Reliability Standard Development Tracking document.

- **Standard 000 – Version (0) Reliability Standards** – Comments are due May 19, 2004. RRS intends to point out that there is no room for revisions and object to the dropping of certain existing Standards. The Committee was asked to provide any additional comments to Messrs. Clayton or Adamson. Mr. Haase will contact Mr. Schwerdt (NPCC) to clarify the protocol for developing and approving the Standard – **AI #61-10**.
- **Standard 500 - Develop Transmission Plans** – RRS has provided comments indicating that the existing Standards should not be weakened and further that the proposed Standard is unnecessary in light of the Version(0) Standards. Final comments are due May 31, 2004. The Committee should provide additional comments to Messrs. Clayton or Adamson – **AI #61-11**.
- **Standard 1400 – Certification of the Balancing Authority Function** – RRS decided that no additional comments were required.

7.0 Installed Capacity Subcommittee - Status

7.1 **ICS Status Report and Discussion Issues**

– Mr. Dahl reported that the ICS Subcommittee met on May 3, 2004. The Subcommittee focused on the Assumptions Matrix for the 2005 Statewide IRM Study which will provide either a qualitative or quantitative impact for each assumption.

7.2 **Preparation for 2005-2006 Statewide IRM Study**

– ICS will be recommending a five-year historical period for forced outage rates supplemented by an “adder” to account for, among other things, the derates that do not appear in the GADs data base. The NYISO has been asked to develop a white paper on the derivation of the “adder” – **AI #61-19**.

7.3 Review of LCR/IRM Methodology

- i. **LCR Definition** – Mr. Dahl discussed, in general terms, the relationship between IRM and Locational Capacity Requirements (LCR) at a constant LOLE of .1days/year. Historically, the established LCRs fell on the curve at a point such that increasing the LCR would not result in a lowering of the IRM. This year the joint ICS/NYISO Working Group has found that increasing the LCR will result in a lower IRM, e.g., the IRM is no longer minimal at the current levels of LCRs. Mr. Dahl explained that this is because the current LCRs are (a) too small, (b) they are treated as an

input to the analytical process for the subsequent year (“a one year delay”), and (c) the load growth in NYC and Long Island has been large relative to upstate. Mr. Dahl then emphasized that the intent of the proposed LCR Definition is to put a policy in place that emulates past practice; namely checking to assure that the LCRs do not impact the IRM. Mr. Franey pointed out that a Definition is required in order for the results to be rigorous and repeatable. Dr. Sasson raised another issue regarding responsibility between the NYSRC and the NYISO as it pertains to the process for establishing the LCRs. Following further discussion, the Committee agreed to (a) provide Mr. Dahl with any comments/questions as soon as possible and (b) discuss the issues in more detail at the next meeting – **AI #61-12.**

8.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issue

8.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on May 12, 2004 and focused on the potential watering down of existing Reliability Rules within the NERC process. It is likely that Standard 600, Determining Facility Ratings, Operating Limits, and Transfer Capability will exclude multi- element contingencies. The Standard 1200, Urgent Action Cyber Security, will go the ballot box in June 2004. An extension of the temporary Rule for one year is expected.

8.2 Status of NYSRC Reliability Compliance Program (NYRCP)

- i. 2004 NYRCP Responsibilities and Milestones** – Nothing new to report.
- ii. 2004 NYRCP Assessments** – None to report.

8.3 Review of NYISO Readiness Audit By NERC – The Audit results have not been provided by NERC.

8.4 Other RCMS Issues

- i. NERC Revised Compliance Templates** – Mr. Loehr reported that NERC has issued 38 revised templates as a result of the fourteen NERC Blackout Recommendations. RCMS has reviewed the revised templates and sees no reason to modify any NYSRC compliance templates.
- ii. Verification Testing of Resource Capacity** - Draft Technical Bulletin #126, NYISO Distribution of Resource Capacity and Reactive Power Capacity Data to the NYCA Transmission Owners, was posted April 30, 2004 on the NYISO web site for Market Participant comment.

9.0 Other Items

9.1 Defensive Strategies – Mr. Smith met with Messrs. Ingleson and Waldele of the NYISO to discuss the zone data collected for the NYCA. The data needs to be provided to NPCC by the end of August 2004. Upon initial review, Mr. Ingleson did not see any problems with the zone settings. Mr. Smith is trying to set up a meeting of the system protection experts from the New York TOs to assess potential defensive strategies.

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

9.3 Millennium Gas Pipeline – Mr. Gioia report that the Secretary of Commerce upheld NYS’s objection to the pipeline. Also, he noted that the Islander East pipeline on Long Island has been cleared for approval.

9.4 NYISO Operating Report – Mr. Raymond introduced the 2004 Operating Report through April 2004. He noted that the results showed nothing unusual for the month.

9.5 North American Energy Standards Board (NAESB) Report – Nothing new to report. The next meeting is in two weeks.

9.6 NPCC Report – Nothing additional to report. See item **4.3i**.

10.0 Visitor’s Comments – No visitor comments were received.

11.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#62	June 11, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#63	July 9, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No.61 was adjourned at 2:30 P.M.