

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 62 – June 11, 2004
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Curt Dahl	Long Island Power Authority – 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
William Longhi	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
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – by phone*

Others:

Alan M. Adamson	Consultant & Treasurer
John M. Adams	New York Independent System Operator (NYISO)*
Michael Calimano	New York Independent System Operator (NYISO)*
Frank J. Vitale	Consultant*
Paul L. Gioia, Esq.	Counsel, 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	NYSERDA
Alex Schnell	Attorney, New York Independent System Operator (NYISO)
Liam Baker	Reliant Energy – by phone*

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

Agenda Items – (Item # from Meeting Agenda)

I. Executive Session – An Executive Session was not requested.

II. Open Session

1.0 Introduction – Mr. Haase called the NYSRC Executive Committee (Committee) Meeting No. 62 to order at 9:38 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 – none

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 61 (May 14, 2004) – Mr. Raymond pointed out several changes to the draft minutes provided in writing by Dr. Sasson. The Committee offered several other points of clarification. Subject to these corrections and clarifications, Mr. Smith moved that the Committee approve the revised draft minutes for Meeting No. 61. 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. 61 and post them on the NYSRC web site – **AI #62-1**.

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>
59-8	Mr. Gioia provided a memo, <u>Responsibility for Compliance With Reliability Rules</u> , dated May 12, 2004.
60-3	Mr. Bolbrock provided a memo, <u>Regional Reliability Criteria and Regional Differences</u> , dated June 9, 2004 from Mr. Schwerdt (NPCC) to the NPCC Executive Committee.
60-5	Mr. Gioia provided the NERC definition of “Region” at the June 11, 2004 Committee meeting.
61-1	The final minutes of Meeting #61 were posted June 15, 2004.
61-2	The Committee accepted the proposal of First Speciality Insurance Group for General Liability Insurance.
61-4	ConEd provided the notes on May 19, 2004 of the May 14, 2004 FERC Workshop in NYC.
61-7	ConEd reported that Local Rule #3 is adequate as it currently stands.
61-9	The table, <u>NYSRC Actions on Report Recommendations</u> , was discussed at length at the Committee’s June 11, 2004 meeting.
61-11	Comments were provided to Messrs. Clayton and Adamson by May 19, 2004.

Comments were provided to Mr. Dahl regarding the definition of Locational Capacity Requirements by June 8, 2004.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

- i. **Summary of Receipts & Disbursements** - Mr. Adamson presented the Summary of Receipts and Disbursements for May 2004. The annual budget is projected to be under spent by \$45,000. He also noted that a Call-For-Funds for the 3rd quarter (due July 1, 2004), \$20,000 for each TO except NYSEG/RG&E which is assessed \$18,000, was forwarded to the Committee Members on June 11, 2004. Mr. Adamson's motion for acceptance of the Call-For-Funds was seconded by Mr. Ellsworth and approved unanimously by the Committee (13 to 0).

3.2 Other Organizational Issues

- i. **General Liability Insurance** – Mr. Gioia reported that Mr. Haase had signed both the application with First Specialty Insurance Group for renewal of the General Liability Insurance and a Statement which acknowledges the Policy to be an Excess Line Placement, e.g., it does not carry the normal level of protection should the Insurance Group go bankrupt. Given the unusual nature of the insurance and the existing D&O insurance, this level of coverage is felt to be adequate.

4.0 Reliability Legislation

- 4.1 **Energy Bill – Status** – Mr. Gioia reported it is unlikely that either a comprehensive or partial Energy Bill will pass this year.

4.2 FERC Policy Statement on Power System Reliability –

- i. **Clarification of “Physical Differences” Requirements** - Mr. Gioia reminded the Committee that the FERC Policy Statement on Reliability recognizes 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 limiting. Therefore, Mr. Gioia prepared and presented to the Committee a draft motion to FERC requesting clarification of its policy statement. Following discussion, the Committee agreed to proceed with the Motion of Clarification. Comments are due to Mr. Gioia on or before June 18, 2004 – **AI #62-2**.

- ii. **Definition of “Region”** - “Region” is used by NERC when referring to the ten Regional Reliability Councils making up NERC.

- 4.3 **NYSRC Regional Standards/Differences Policy** – At the suggestion of Mr. Gioia, the Committee decided to provide one additional month for Members to review the Policy before voting – **AI #62-3**.

- i. **NPCC Policy Review** – Mr. Haase read a memo to the NPCC Executive Committee from Mr. Schwerdt, NPCC's Executive Director, acknowledging that NPCC will not be availing itself of the NERC Reliability Standard Regional Difference process. Mr. Adamson noted that perhaps now, NPCC will become more active in opposing the weakening of reliability criteria as proposed in NERC Standard (600).

- 4.4 **Responsibility for Compliance With Reliability Rules** – Mr. Gioia reminded the Committee of his May 12, 2004 memo, re: Responsibility For Compliance With Reliability Rules, which addresses the relationship of the NYSRC to the NYISO and Market Participants regarding the responsibilities for compliance with the Rules. Mr. Gioia indicated that while the Reliability Rules are applicable to the

Market Participants, with respect to implementation, the relationship of the NYSRC is with the NYISO and that the NYISO is responsible for implementing all of the Reliability Rules. In turn, the NYISO has relationships with the Market Participants, and because the NYISO is obligated to operate the System in accordance with the Reliability Rules, its Tariff and Procedures require the Market Participants to act in conformance with the Reliability Rules. For example, if a Market Participant does not abide by an NYISO Procedure, the NYISO is not at fault (fault lies with the Market Participants), but the NYISO is responsible for monitoring and taking remedial action when required. Messrs. Adamson and Loehr expressed a shared concern, among others, that the NYSRC Document changes proposed by Mr. Gioia to clarify responsibilities would limit their ability to specify to whom a new Rule applies and the appropriate measurements. Mr. Schnell, attorney for the NYISO, noted among other concerns, uncertainty regarding the NYISO's authority to respond to a recalcitrant Market Participant and certain liability issues. At the suggestion of Mr. Haase, it was agreed that Messrs. Gioia, Adamson, Clayton, Loehr, and Haake would meet soon with the NYISO to resolve the differing viewpoints – **AI #62-4**. Once resolved, the Committee would consider any revisions to NYSRC documents that may be appropriate. The Committee indicated that if the NYISO determines that it requires additional authority under its tariff to effectively enforce the Reliability Rules, the Committee will support such tariff revisions – **AI #62-5**.

4.5 US/Canadian Joint Blackout Investigation (DOE Report) – Mr. Haase reported that a Task Force has been formed to track to completion the implementation of the recommendations in the DOE Report.

4.6 PSC Blackout Report – Nothing new to report.

4.7 MISO Developments on Regional Reliability – Nothing new to report.

5.0 NYISO Status Report/Issues

5.1 Status of NYISO August 14, 2003 Blackout Investigation – Mr. Adams reported that the final Report is expected to go to the Operating Committee in June 2004 and the NYISO Board in July 2004.

5.2 NYISO Planning Process – Mr. Adams reported that the Initial Planning Process study work is completed, and a draft report has been sent to stakeholders. The next draft is expected to be issued June 25, 2004. Following review by the Electric System Planning Working Group, the Working Group hopes to present the Report to the Operating Committee at their July meeting. Also, Mr. Adams reported that the Comprehensive Planning Process language is being negotiated with the stakeholders. A special meeting of the Operating Committee will be held on June 30, 2004 provided sufficient progress is made in the negotiations.

5.3 DOE Report – NYISO Follow-up List – Mr. Calimano indicated that he will be providing monthly updates of the NYISO Blackout Follow-up List to the Committee and RRS/RCMS as well as any supplemental reports - **AI #62-6**.

5.4 NYISO Report to NYSRC on the Blackout – Mr. Calimano introduced a draft report which included system restoration following the August 14, 2004 Blackout and associated recommendations. Only one relay was found to have operated improperly. The Report contains recommendations, but not proposed new reliability rules or reliability rule changes. Mr. Calimano would like to receive comments from the Committee to assure the Committee's needs are met – **AI #62-7**. Mr. Haase indicated that the Committee would like Rule specific input from the NYISO as their investigation progresses. Mr. Calimano concurred and indicated that the Report would be viewed by the NYISO as a “work in progress” – **AI #62-8**. RCMS will review the Report and provide the Committee with its assessment regarding fulfillment of the Report's original scope and any proposed comments back to the NYISO – **AI #62-9**.

5.5 NYISO Reliability Criteria Study – Status – Mr. Haase indicated that as part of the NYISO Strategic Plan, the NYISO has begun a study of Reliability Criteria. He expressed the hope that the Study would be a joint effort with the NYSRC. Mr. Adams indicated that Frank Felder of Rutgers University has been hired to develop a background paper on the evolution of the criteria, offer high level proposals on how the criteria could be evaluated in the future, and recommend a scope for the Study. Mr. Adams assured the Committee that the Study would be carried out in conjunction with the NYSRC. He will forward the pertinent working papers to the Committee Members – **AI #62-10**.

5.6 Studies – Status

- i. Reactive Resource Adequacy** – Mr. Adams reported that information exchange continues with the TOs. Mr. Waldele (NYISO) expects to have an internal draft by month’s end and following review by the stakeholders a final draft Report by mid-July 2004. This Report will contain initial NYISO recommendations offering the potential for new Reliability Rules. At the request of Mr. Gentile, Mr. Adams will check to be sure that the TOs will see the draft Report before it becomes public – **AI #62-11**.
- ii. NYSERDA/NYISO Gas Study** – Mr. Adams reported that the Study Group met on June 9, 2004. Mr. Richard Levitan, Levitan & Associates, presented their Northeast Study regarding the adequacy of the gas infrastructure to support gas generation. Mr. Adams will distribute the presentation and their Report, if possible, to the Committee – **AI #62-12**. On June 12, 2004, the New England Working Group addressing gas issues will be at the NYISO to discuss its findings.
- 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 Interconnection Issues Task Force for consideration. The Study is scheduled for completion in July 2004 but may be delayed in deference to the Comprehensive Planning Study draft scope.

5.7 Other Studies/Activities

- i. Field Survey of Reactive Data** – Mr. Gentile described a prior request for real-time reactive data for the bulk power system during peak hour and low load periods. This data can be used to verify reactive power studies being carried out by both the TOs and NYISO. Mr. Adams agreed to e-mail to the Committee Members data available at the NYISO – **AI #62-13**.
- ii. First Energy Readiness Audit Results** – Mr. Haase indicated that the Report was just issued and will be provided to the Committee shortly.
- iii. NYISO Readiness Audit By NERC** – Mr. Calimano reported that NYISO has received their draft Readiness Report from NERC and will provide comments back to NERC on June 11, 2004. The report was positive though some concerns were expressed regarding the need for additional frequency metering, an update of the operator’s Alarm Page, and coordination between the NYISO and nuclear plant operators. Regarding the latter, a joint Task Force will likely be established. The auditors were particularly pleased with the operator’s knowledge, flexibility, and training.

6.0 Reliability Rules Subcommittee Status Report/Issues

6.1 RRS Status Report & Discussion Issues – Mr. Adamson reported that RRS met last on June 3, 2004.

6.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

- a. List of Potential Reliability Rules (PRR) Changes** – Mr. Adamson introduced the table, List of Potential Reliability Rule Changes - Outstanding and updated the Committee on the status of the following PRR changes:

<u>PRR#</u>	<u>Status</u>
68	RRS is preparing the template for dual fuel testing requirements. It will be coming to the Committee in 1-2 months.

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 RRS Discussion Issues

- i. **NERC Version (0) Standards Development Plan** – Mr. Adamson indicated that extensive comments were provided to the Drafting Team in May 2004. Mr. Tammer (NYISO) will be attending the July 1, 2004 RRS meeting to update the Subcommittee on the Drafting Team’s progress. On July 2, 2004, NERC is scheduled to issue the first draft of the Version(0) Standard containing between 35 and 60 new Standards which must be reviewed in the subsequent four weeks. Mr. Raymond noted that FERC has issued a critique of the NERC Standards Development Plan which may be of some help.
- ii. **Consolidated Final Blackout Report Recommendations** – Mr. Adamson 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. Two columns have been added to capture the responsible party for tracking and the source of status information. NERC and NPCC will have separate tracking summaries on their web sites. Messrs. Raymond and Gioia agreed to share tracking of legislative and DOE recommendations – **AI #62-14**.
- iii. **Local Rule #3** – Mr. Longhi reported that similar to LIPA, ConEd does not require a change in the existing reliability rule (load level or required generation) and therefore no studies are required.
- iv. **General Assessment Of Bulk Power System Maintenance Rules** – Mr. Raymond indicated that his intent was for RRS to review the need for new Reliability Rules in the area of bulk power transmission system maintenance since maintenance performance can be a critical factor in withstanding disturbances and supporting system restoration. The Committee felt that this Action Item could be deferred given the current scrutiny of the TOs by the PSC.

6.4 NPCC/NERC Criteria Tracking – Status – Mr. Adamson 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 and expects 5-6 NYSRC Rule changes as a result of A-2. RRS

is also preparing comments on the proposed changes to NPCC A-3 which are due June 18, 2004. Mr. Haase requested that RRS get any Rule changes in place as soon as possible – **AI #62-15**.

i. NERC Standards Development – Status – Mr. Adamson reviewed the NERC Reliability Standard Development Tracking document.

- **Standard 000 – Version (0) Reliability Standards** – Initial draft is expected to be posted for comment in July 2004.
- **Standard 100 – Coordinate Operations** – Version 2 comments are due July 2, 2004.

- **Standard 300 – Balance Resources & Demand** - Version 2 comments are due July 2, 2004.
- **Standard 500 – Assess Transmission Future Needs and Develop Transmission Needs** – NYSRC comments were submitted on June 3, 2004.
- **Standard 600 – Determine Facility Ratings, Operating Limits, and Transfer Capabilities** – Version 3 is expected to be posted for comment in July or August 2004.
- **Standard 1200 – Urgent Action Cyber Security** – Posted on June 2, 2004; to be balloted in July 2004.

7.0 **Installed Capacity Subcommittee - Status**

7.1 **ICS Status Report and Discussion Issues** – Mr. Dahl reported that the ICS Subcommittee met on June 4, 2004. The Subcommittee focused on a presentation to the NYSRC EC titled, Examination Of Locational Capacity Requirements Methodology and 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 recommend a forced outage rate 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 presented to the Committee the Examination Of Locational Capacity Requirements Methodology developed jointly by ICS and the NYISO (Item #7.1) as background information regarding the relationship between Statewide 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 Statewide 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 at this stage in the development process, ICS/NYISO is looking for the Committee’s concurrence to pursue a definitive means of establishing LCR once the NYSRC determines the IRM, e.g., a specific Point or “anchor” on the IRM vs LCR curve. ICS/NYISO feels strongly that this “anchor” is required to reach a rigorous and repeatable result over time. Mr. Dahl also pointed out that preliminary results suggest that up to six zones may now be constrained. Dr. Sasson raised the issue of the levels of responsibility between the NYSRC and NYISO regarding determination of the LRC. Mr. Gioia indicated that implementation of the LRC generally falls under the purview of the NYISO. Mr. Gioia also observed that the implementation of Reliability Rules, which often involve economic and market efficiency issues, also generally falls under the purview of the NYISO. Others reminded the Committee that most reliability considerations have economic side effects and that NYSRC Policy NO. 5-0, Procedure For Establishing New York Control Area Installed Capacity Requirements, specifies LCR as a reliability measure and establishes the relationship between IRM and LRC at Section 3.5.5. Mr. Franey noted that there are other reliability metrics to consider, e.g., providing improved zone reliability and identifying benefits of building transmission required to relieve constraints that impact reliability. Mr. Bush stated that the problem of assuming a LCR as it relates to the IRM has multiple solutions, all of which satisfy the once in ten years criteria. In such case, the NYSRC must also consider what is equitable to customers in the State before establishing assumptions that may make studies easier, but could result in harming some customers. Following lengthy additional discussion, Mr. Haase indicated that numerical information is needed before the

Committee could offer informed guidance to the ICS/NYISO. Therefore, he requested that the ICS/NYISO provide the Committee a table of IRM and associated LCR at a constant LOLE of .1da/yr. and the corresponding zonal contributions to LOLE. Further, ICS was asked to recommend an “anchor” or specific Point on the IRM/LRC curve that will resolve ICS’s analytical concerns noted above. If unanimity cannot be achieved regarding the specific Point, then majority and minority recommendations should be presented – **AI #62-16**.

8.0 Reliability Compliance and Monitoring Subcommittee Status Report/Issue

8.1 RCMS Status Report & Discussion Issues – Mr. Loehr reported that RCMS met on June 10, 2004.

The Subcommittee focused on **Item #4.4, Responsibility for Compliance With Reliability Rules**, above, the NYSRC Compliance Program (NYRCP) and assisting RRS by reviewing NERC Version(0) compliance templates.

8.2 Status of NYSRC Reliability Compliance Program (NYRCP) – The Subcommittee discussed Compliance Template J-M2, NYISO Communications Testing and System Loss Report, from the 2003 NYRCP regarding the wording of the current Rule relative to the actions being taken by the NYISO to implement the Rule. Mr. Loehr indicated that Messrs. Adamson and Campoli were asked to develop new wording for consideration by the Subcommittee.

i. 2004 NYRCP Responsibilities and Milestones – Mr. Loehr reported that during discussion of Compliance Template C-M1, Procedures for Resource Capacity Testing, the TOs indicated that var data was not being received quickly enough from the NYISO. Mr. Campoli (NYISO) indicated that the NYISO spent a great deal of time verifying the data before making it available. The DMNC data for 2003 will be available to the TOs by June 30, 2004. It was agreed that in the future the NYISO will provide the unverified data as received on a trial basis. Also, the Subcommittee is concerned that only those generators under the NYISO Voltage Support Service Tariff must currently report capacity (cap. and var) data. The TOs and NYISO staff are developing a modification to Rule (C-R1) for consideration by RRS.

ii. 2004 NYRCP Assessments – None to report.

8.3 Review of NYISO Readiness Audit By NERC – See **Item #5.7iii.** above.

8.4 Other RCMS Issues

i. Verification Testing of Resource Capacity – See **Item #8.2i.** above.

ii. Staffing – Mr. Loehr indicated that RCMS as well as RRS and ICS could benefit from 2-3 additional members with some experience. He asked the TOs and other Market Participants to consider assigning Subcommittee members – **AI #62-17**.

9.0 Other Items

9.1 Defensive Strategies - Mr. Smith met on June 9, 2004 with Messrs. Ingleson, Waldele, and Cory of the NYISO and five of the TOs’ System Protection experts. It was determined that the existing protection can be improved to better withstand power surges without tripping. Setting changes are in progress per DOE Recommendation 8a. The NPCC TFSS has developed a Blackout Study Plan, based on the NERC/MEN Blackout Replication Study, to help explain the Blackout event and investigate possible mitigation measures including Defensive Strategies i.e., protection design modifications, new SPSs, transmissions additions, and new “black box” technologies. Mr. Smith lauded the NYISO for its continuing interest and the TOs for their support.

9.2 Millennium Gas Pipeline – Millennium is exploring with the New York Department of State ways of crossing the Hudson River.

- 9.3 NYISO Operating Report** – Mr. Raymond introduced the 2004 Operating Report for May 2004. He noted that the standard measurement parameters showed nothing unusual during the month; however, there was a NERC/NPCC Reportable Event. On May 17, 2004 at 17:48 Roseton Unit #2 tripped while carrying 540Mw of load. Shared Activation of Reserve was initiated at that time and terminated at 17:58. The NYCA ACE crossed zero in full compliance with Operating Procedures.
- 9.4 North American Energy Standards Board (NAESB) Report** – Nothing new to report.
- 9.5 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>
#63	July 9, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#64	August 13, 2004	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No.62 was adjourned at 4:00 P.M.