

Final Minutes
New York State Reliability Council, L.L.C. (NYSRC)
Executive Committee
Meeting No. 82 – February 10, 2006
Albany Country Club, Voorheesville, NY.

Members and Alternates:

Bruce B. Ellsworth	Unaffiliated Member – Chairman
Joseph C. Fleury	New York State Electric & Gas/Rochester Gas & Electric - Phone
Thomas J. Gentile	National Grid – Vice Chair
Bart Franey	National Grid –Alternate Member
Thomas C. Duffy	Central Hudson Gas & Electric
Curt Dahl	LIPA – Alternate Member – ICS Chairman -Phone
William H. Clagett	Unaffiliated Member
Michael B. Mager	Couch White, LLP (Retail Sector)
Timothy R. Bush	Muni. & Elec. Cooperative Sector – Alternate Member
George C. Loehr	Unaffiliated Member, RCMS Chairman
Glenn Haake, Esq.	IPPNY (Wholesale Seller Sector)
George E. Smith	Unaffiliated Member
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
A. Ralph Rufrano	New York Power Authority - Phone

Others:

Alan M. Adamson	Consultant & Treasurer
John Adams	New York Independent System Operator (NYISO)
Bill Lamanna	New York Independent System Operator (NYISO)
Carl Patka	New York Independent System Operator (NYISO)
P. L. Gioia, Esq.	LeBoeuf Lamb Greene & MacRae, LLP - Council
Don Raymond	Executive Secretary
Steve Jeremko	New York State Electric & Gas/Rochester Gas & Electric - Phone
Edward Schrom	NYS Department of Public Service
Steve Keller	NYS Department of Public Service

Visitors – Open Session:

Erin Hogan, P.E.	NYSERDA
Stan Kopman	Northeast Power Coordinating Council (NPCC)

“*” – 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. Ellsworth called the NYSRC Executive Committee (Committee) Meeting No. 82 to order at 9:30 A.M.

1.1 Meeting Attendees – Thirteen Members and/or Alternate Members (or representatives) of the NYSRC Executive Committee were present at the meeting.

1.2 Visitors – See Attendee List, page 1.

1.3 Requests for Additional Agenda Items – None.

1.4 Executive Session Topics – An Executive Session was not requested.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 81 (January 10, 2006) – Mr. Raymond introduced the revised draft minutes and offered additional corrections and/or clarifications provided by the Committee. Subject to the changes offered, Dr. Sasson moved that the Committee approve the revised minutes. The motion was seconded by Mr. Clagett and approved unanimously by the Committee (13-0). Mr. Raymond will issue the final minutes of Meeting No. 81 and post them on the NYSRC web site - **AI #82-1**.

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>Comment</u>
80-2	A FERC letter became unnecessary.
80-3	Mr. Calamano provided the new NERC recommendations at the February 10, 2006 Committee meeting.
80-4	Mr. Dahl presented the sensitivity cases at the January Committee meeting.
80-5	A comparison of results with the prior year was included in the final 2006-07 IRM Report approved by the Committee on January 31, 2006.
80-7	RRS modified PRR# 76 at its February meeting.
80-8	RRS provided comments on the definition of “contingency” in January 2006.
80-9	The NYRCP was approved at the Committee’s February 10, 2006 meeting.
81-2	Joint comments with NPCC were sent to FERC regarding the ERO NOPR on January 22, 2006.
81-3	Mr. Haake forwarded the IPPNY letter on January 10, 2006.
81-4	New Reliability Rule RR#79-05-08 was posted on November 12, 2006.

- 81-5 PRR#76-05-05 was posted for comment on January 12, 2006.
- 81-6 The 2006 NYRCP was approved at the February 10, 2006 Executive Committee meeting.
- 81-7 Messrs. Adams, Patka and Lamanna gave the CRPP presentation at the February 10, 2006 Executive Committee meeting.

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 January 2006 which indicated \$127,000 in cash at the end of January. He added that the entire 1st Quarter Call-For-Funds was received. Mr. Adamson further noted that the Income Tax Forms 1099 were sent out. Also, the annual audit is in progress. Data collection is underway leading up to the final audit letter.

3.2 Other Organizational Issues

- i. **NYSRC Web Site Makeover** – Mr. Adamson reported that the web site address has been acquired and will be registered to the Executive Secretary. Mr. Clayton must still contact Yahoo about serving as web site host. The developer of the new web site still expects the web site to be up and running in February 2006.
- ii. **Annual Filing of Reliability Rules Manual** – Mr. Gioia reminded the Committee of the annual filing of the Reliability Rules Manual with the PSC. The Committee asked Mr. Gioia to prepare the filing for 2005.

4.0 Federal Energy Legislation –

- 4.1 **FERC ERO and Reliability Standards NOPR** – Mr. Gioia indicated that FERC had issued its decision on the ERO NOPR, which he felt to be generally positive from the Executive Committee's point of view. He reminded the Committee that the NYSRC had provided comments on the NOPR including (a) separate definitions of Regional Reliability Standard and Regional variance, (b) according due deference to technical issues on Regional basis, (c) not allowing uniformity to become an overriding goal, (d) the acceptance of Regional rules that are more stringent, (e) not limiting penalties to just monetary considerations, (f) not limiting a Regional entities scope to enforcement, (g) FERC should not impose governance requirements, (h) and the guidelines for acceptance of rule changes should be the same for all Regions. Mr. Gioia then noted several key provisions of the final NOPR: (a) recognized that Regional Differences could include more stringent Regional rules and rules that are the result of physical differences in the bulk power system, (b) standards should not reflect the "lowest common denominator", (c) critical that the ERO and Regional entities possess broad technical expertise, (d) penalties can be both monetary and non-monetary, (e) reaffirmed that Regional entities have the authority to develop and propose new standards, (f) Regional entities can have functions outside the authority given to it by the ERO. Mr. Gioia expressed some concern that the NOPR is unclear regarding a Section 206 determination to overturn an existing reliability standard. He noted that after additional review, the NYSRC could file a petition for clarification, but it must be done within 30 days. Mr. Gioia will inform the Committee of such a need – **AI #82-2**. Still, Mr. Gioia emphasized that he had found nothing that

would prevent the NYSRC from performing its current functions. Mr. Kopman noted that the Canadian members of NPCC are concerned about funding Compliance since they are not subject to FERC jurisdiction.

4.2 PSC Proceeding on Adoption of NYSRC Rules – Mr. Gioia reported that the PSC issued a decision exercising its authority under the Energy Act by adopting the NYSRC Reliability Rules. It is Mr. Gioia's opinion that while the NYSRC Reliability Rules are binding on the NYIOS when approved by the NYSRC, PSC adoption does provide additional insulation for the rule(s) against any party that may challenge the NYSRC's authority or a NYSRC rule it feels is in conflict with an ERO Standard. Mr. Gioia added that the scope of the PSC process to adopt new reliability rules is uncertain at this time. Mr. Schrom expressed the view that the PSC intends to go through a SAPA proceeding each time a new rule is approved by the NYSRC. Mr. Ellsworth noted that the PSC had emphasized to him that they had no intention of disrupting the NYSRC process and were most interested in protecting the independence of the NYSRC rules from federal delays or softening. Mr. Gioia reiterated his view that NYSRC rules are binding on market participants from the moment they are approved by the Executive Committee. The PSC will coordinate as closely as possible with the NYSRC in order to avoid confusion. The Committee endorsed a suggestion by Mr. Gioia that the introduction to the Reliability Rules Manual be amended to indicate that new rules are effective on the date approved by the Executive Committee and the PSC will exercise its authority under the Energy Act to further protect the rules from entities outside the NYCA – **AI #82-3**.

5.0 Blackout Reporting

5.1 DOE Report – NYISO Follow-up List – Mr. Calamano indicated that the updated NYISO Follow-up List will be distributed within the next week – **AI #82-4**. Since the items that are incomplete have completion dates well out in time, he will be updating the List quarterly from this time forth.

5.2 NYSRC Actions on Blackout Report Recommendations – Nothing new to report.

5.3 NPCC Blackout Report Recommendations – Mr. Kopman reported that the January 31, 2006 Report included nine new NERC recommendations approved by the NERC Standards Committee at the end of 2005. The implementation plans are expected to be approved by the BOT this week.

5.4 PSC Blackout Report Recommendations

i. RRS, RCMS Follow-up – Mr. Loehr reported that RCMS will begin review of the nine DPS Blackout recommendations at its February 2006 meeting.

ii. PSC/TO Follow-up - Nothing new to report.

6.0 Installed Capacity Subcommittee Status Report/Issues

6.1 ICS Status Report and Discussion Issues – Mr. Dahl indicated that ICS met on January 30, 2006 to finalize the IRM Report for 2006-07 in preparation for the Executive Committee's telephonic meeting the next day. He noted that per a letter from Mr. Haake, Messrs. Milhous and Younger (Wholesale Sales Sector) will be the primary and alternate members, respectively, on the ICS replacing Messrs. Josher and Chamberlain.

6.2 IRM 2006-07 Report – Follow-up – Mr. Dahl reviewed the lessons learned from the 2006-07 IRM Study including: (a) UDR modeling regarding the impact on the NE model, (b) the tan 45 breakpoint raised by Mr. Younger, (c) SCR performance, and (d) the coordination of IRM and LCR results between the NYSRC and NYISO. Regarding the latter, Dr. Sasson indicated that the NYISO Operating Committee had voted to increase the LCR for NYC to 83.0% from 82.5% because of an updated load

forecast that showed a 900Mw increase. He further indicated that as part of the “Lessons Learned” exercise, ICS should discuss with the NYSRC and NYISO whether a process could be adopted by which the NYSRC and NYISO recommendations are founded on the same base case information, including the load forecast. Mr. Gioia emphasized that the documents should be clear regarding the responsibilities of the NYSRC and NYISO pertaining to the IRM and LCRs. Furthermore, adoption of the Unified Methodology has been very positive. Use of a single load forecast would provide additional credibility to the process. Mr. Raymond requested that in the future results showing the graphical relationship of LOLP vs. % reserve should be explicitly shown. Mr. Dahl felt this information could be easily provided – **AI #82-5**. Mr. Jeremko is preparing the list of “Lessons Learned” and other studies that ICS will propose for 2006.

6.3 National Grid Complaint Filing – Mr. Gioia reported that FERC issued an Order dismissing the Nat’l Grid Complaint without prejudice. FERC accepted the NYSRC position that Nat’l Grid had not exhausted all opportunities to resolve the complaint within the NYSRC and NYISO prior to filing with FERC. Also, FERC suggested that Nat’l Grid address its complaint with the NYSRC and NYISO, and further requested a progress report be filed by the NYSRC and NYISO within 90 days of the issuance of the Order. Mr. Adams noted that the ICAP Working Group, chaired by Mr. Haake, will discuss the issue at its February 17, 2006. Mr. Dahl will plan on attending. The ICS is another forum for joint discussion of the Complaint. Mr. Franey pointed out that Nat’l Grid had supported the Free Flow methodology proposed by NYSEG, but it was voted down by the Committee. Further, he noted that several presentations had been given on the Free Flow methodology during the course of preparing for the 2006-07 IRM Report. Mr. Gioia concurred that primarily the issues are NYISO issues. Mr. Gentile emphasized a willingness on Nat’l Grid’s part to make every effort to resolve the issue with the NYSRC and NYISO. Dr. Sasson offered that in his view FERC did not suggest any need to give deference to Nat’l Grid via a compromise. Instead, they were telling Nat’l Grid to go through the stakeholder processes. He further pointed out that the Unified Methodology was approved for just one year and, therefore the coming re-consideration of the Methodology is a forum for additional discussion of the Free-Flow approach under the auspices of the NYSRC. Mr. Raymond expressed the view that as long as the NYSRC continues to provide both constrained and unconstrained IRM values to the NYISO, regardless of methodology, the issue addressed by the Complaint is one of pricing and requires no additional input from the NYSRC. Mr. Ellsworth emphasized that while compromise may not be the outcome, there is certainly a need to work together forthrightly to try to find a solution that is acceptable to all. Mr. Gentile expressed Nat’l Grid’s willingness to fully cooperate and urged “give and take” by all parties to avoid going back to FERC. Mr. Gioia requested the ICS provide a list of work that has been done or is contemplated being done which may provide input to the 90-day response to FERC – **AI #82-6**. ICS should also provide input on the question of whether the issue has been exhausted within the NYSRC – **AI #82-7**. Mr. Patka suggested that the next ICAP Working Group agenda include discussion of how the parties will work together to address the issue, perhaps a joint ICS/ICAP Working Group and including the possibility of a joint NYSRC/NYISO 90-day response to FERC. Mr. Franey volunteered to provide a “strawman” work scope and a presentation to NYISO Committee(s) that may be interested in the issue addressed by the Complaint.

6.4 Other ICS Issues

i. NYISO/NE Mutual Emergency Assistance Study – Mr. Dahl noted that the modeling of the outside areas is critical amounting to about an 8% reduction in IRM. This joint study with NE will allow each party to calibrate the emergency support from the other. Following discussion, Mr. Dahl moved for acceptance of the study scope. Mr. Smith seconded the motion which was unanimously

approved by the Committee (13-0).

- ii. **NERC Resource Adequacy Drafting Team** – Mr. Dahl indicated that a conference call will be held in the week of February 20, 2006 to discuss the scope of work.

7.0 Reliability Rules Subcommittee Status Report/Issues

- 7.1 **RRS Status Report & Discussion Issues** – Mr. Adamson referred to the table, List of Potential Reliability Rule Changes – Outstanding. He noted that PRR #76, Emergency Restoration Procedures, was posted for comment following the January 13, 2006 Committee meeting. Also, PRR# 79, Maintaining a List of Application, which was approved last month calls for incorporating ConEd’s gas burning facility procedures in the List and removing them from the Reliability Rules Manual. He added that comments are due by February 22, 2006 on PRRs #81-83 and PRR #84, Operations During Major Emergencies, is under going modifications to more closely align with the NPCC Document A-3.

7.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rules Revision

- a. **List of Potential Reliability Rules (PRR) Changes** – Mr. Clayton referred to the table, List of Potential Reliability Rule Changes – Outstanding.
- b. **Status of New/Modified Reliability Rules**
 - 1. **PRRs for Final EC Approval** – Nothing new to report.
 - 2. **PRRs for EC Approval to Post for Comments** - Nothing new to report.
 - 3. **PRRs for EC Discussion** – Nothing new to report.

7.3 NPCC/NERC Standard Tracking -

- i. **NERC Standards Development – Status** – Mr. Adamson noted that INT 005-1, Coordinate Interchange, and CIP, Permanent Cyber Security, will be balloted beginning on February 17, 2006. A voting recommendation will be offered once RRS has reviewed the position of NPCC CP-9 and The NYISO. Then Mr. Adamson reminded the Committee that FAC 010-1 and FAC 011-1, which exclude the category C contingencies, barely passed in balloting with 68% in favor. Due to the closeness of the vote, NERC withdrew the ballot and offered a new definition of “contingency” for comment. Mr. Adamson reported that of the 23 commenting parties, 17 were opposed including the NYSRC. The most recent draft removes the definition in its entirety. Further, Phase III-IV Set 1, a collection of left-over Standards from Version(0), passed with over a 90% weighted plurality and was approved by the NERC Board of Trustees (BOT). Standards from the Version(0). Finally, a new SAR, Violation Risk Factor, has been posted for comments due by March 16, 2006. Mr. Kopman noted that the SAR will provide the NERC BOT with a metric to judge the severity of a rule violation.
- ii. **NYCA Impact of New A-10 Document (Definition of Bulk Power System)** – The NYISO plan has been developed for field testing. Ontario has completed field testing and NE is giving a presentation on their testing at the next NPCC-RCC meeting. The Maritimes are finding that a significant number of reclassifications are necessary.

7.4 Other RRS Issues - None

8.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

- 8.1 **RCMS Status Report and Discussion Issues** – Mr. Loehr noted that the RCMS met on February 9, 2006. He reported that Subcommittee remains concerned regarding NERC’s intention to require a cost benefit

For new SARs. Comments have been forwarded to NERC, but there has been no response. He noted, also, that NPCC has issued a new document, Resource on New Reliability Structures, which is well worth reading.

- 8.2 Status of NYSRC 2005 Reliability Compliance Program (NYRCP)** – Mr. Loehr presented the 2005 NYRCP Report. Follow discussion, Mr. Gentile moved for acceptance of the report contingent upon review of the final version. Mr. Clagett seconded the motion which was approved unanimously by the Committee (13-0).
- 8.3 Status of 2006 NYRCP** – Mr. Loehr indicated that Mr. Adamson has firmed up most of the due dates with the NYISO for the 2006 NYSRC Compliance Monitoring Program. RCMS will send out the final Program before the next Executive Committee Meeting. The Program will include a measurement, Procedure for Maintaining a NYCA System Restoration Plan, which includes follow-up on the PSC Blackout Report recommendations concerning system restoration. Mr. Loehr does not expect the recommendations to require any new reliability rules.
- 8.4 Other RCMS Issues** - None
- 9.0 Key Reliability Issues**
- 9.1 Defensive Strategies – NYISO Meeting** – Mr. Calamano indicated that he does not have the expertise in-house to address strategies involving protective relay systems. Also, he noted that work on detection, prevention and mitigation of cascading events is being done by the Power Systems Engineering Research Center (PSERC). Mr. Calamano is at this point looking for contacts from the TOs with the expertise and decision making capability to set the course for the defensive strategies investigation. The Committee decided that the TOs should provide the names of their participants by Tuesday, February 14, 2006 to Mr. Raymond. Mr. Raymond will then send a letter to the participants setting up an initial meeting at 10:00AM on March 9, 2006 – **AI #82-8**.
- 9.2 NPCC Defensive Strategy Activities** – Mr. Kopman reported that NPCC completed its assessment of the August 14, 2003 Blackout in November 2005. Shortly thereafter the NPCC-RCC established a task force to develop recommendations. The recommendations will be presented to the RCC at its March 8, 2006 meeting. Mr. Kopman will forward the recommendations to the NYSRC – **AI #82-9**. NPCC would like to coordinate its activities with the NYSRC on overlapping aspects of defensive strategies.
- 9.3 Regional Greenhouse Gas Initiative** –
- i. RGGI – Status** – Ms. Hogan reported that the NYSDEC is hosting a stakeholder meeting today to complete the Generic Model Rule. Once completed, it will be brought back to the States for a 45-day comment period.
 - ii. Next Steps** – See 9.3i.
- 10.0 NYISO Status Report/Issues**
- 10.1 NYISO Planning Process** – Mr. Adams indicated that as required by the Tariff, on February 9, 2006 the NYISO provided an informational presentation on the CRPP to all interested parties. There were three parts to the presentation (a) a description of the overall process (C. Patka), the Reliability Needs Assessment (B. Lamanna), and next steps (J. Adams). At the Request of the Committee, Mr. Lamanna reviewed the RNA portion of the presentation. He indicated that the timing for market based solutions is February 15, 2006 for solutions in the 2008-2011 timeframe. Regulated solutions, if necessary, will be requested March 1, 2006 and due by April 15, 2006. At that time, the NYISO will begin evaluating the proposed solutions and continue through May 15, 2006 including preparation of the draft Comprehensive Reliability Plan (CRP). NYISO Board approval is expected in July 2006. The first year of need is 2008

and approximately 1750 MW of compensatory capacity is required by 2010. In addition, transmission reinforcements are considered viable solutions by increasing transfer limits and/or reducing voltage sensitivity.

10.2 Studies – Status

- i. **Reactive Resource Adequacy** – Nothing new to report.
- ii. **Electric Deliverability Study** – Mr. Adams indicated that the scenarios have been resolved. The contractor is working toward a March 3, 2006 filing date. The filing will address the extent of deliverability problems in the NYCA.
- iii. **NYSERDA/NYISO Gas Study** – Nothing new to report.
- iv. **Windpower Interconnection Study** – The NYISO made its compliance filing and comments were due February 9, 2006. Regarding low voltage ride through, the NYISO opted for the approach agreed to within NERC. On power factor, the filing supports the TOs requirements applied on a district bases and the requirements are applied on a case-by-case bases. The NYSRC filed comments in support of the NYISO’s filing.

10.3 Other Studies/Activities –

- i. **NYCA Reactive Power Study** – Nothing new to report.
- ii. **NYSERDA Oil Infrastructure Study** – Ms. Hogan reported that the draft report is expected with the next week.

11.0 Other Items

- 11.1 **NYISO Operating Report** – Mr. Raymond indicated that frequency excursions continue in high numbers. Mr. Calamano felt that operating issues in MISO are exacerbating the problem. Mr. Rufrano noted that the issue is gaining momentum at the NERC level. The remaining performance parameters were within normal ranges.
- 11.2 **North American Energy Standards Board (NAESB) Report** – Mr. Gentile announced that the Board is meeting tomorrow.
- 11.3 **NPCC Report** – Mr. Kopman noted that the NPCC had filed comments on the ERO NOPR. Also, a policy input statement was presented to the NPCC Board.
 - i. **Eastern Interconnection Frequency Excursions** – See 11.1.

12.0 Visitors’ Comments – None

13.0 Meeting Schedule

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#83	March 10, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.
#84	April 7, 2006	Albany Country Club, Voorheesville, NY.	9:30 A.M.

The open session of Committee Meeting No. 82 was adjourned at 3:00 P.M.

