

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 48 – April 11, 2003
Albany Country Club – Voorheesville, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) – by phone
William H. Clagett	Unaffiliated Member – Chairman
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; PLM, Inc – by phone
Bruce B. Ellsworth	Unaffiliated Member
Joseph C. Fleury	New York State Electric & Gas Corp. – Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”) – Vice Chairman
George C. Loehr	Unaffiliated Member
Michael B. Mager	Large Consumer’s Sector; Couch, White, LLP - Alternate
Thomas M. Piascik	Wholesale Seller's Sector; PSEG Power, LLC
Mayer Sasson	Consolidated Edison Co. of NY, Inc. – Alternate
Herbert Schrayshuen	National Grid, USA – Alternate
George E. Smith	Unaffiliated Member

Others:

John M. Adams	New York Independent Systems Operator (“NYISO”)
Alan M. Adamson	Consultant & Treasurer
Paul L. Gioia	LeBoeuf Lamb Greene & MacRae (“LLG&M”)
Edward C. Schrom, Jr.	NYS Department of Public Service (“NY DPS” or “PSC”)
Roger E. Clayton	Conjunction, LLC – RRS Chairman – by phone *

Visitors – Open Session:

Erin P. Hogan, P.E.	New York State Energy Research Corp. – by phone*
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“*” – Denotes part time attendance at the meeting.

Agenda Items – (Item # from Meeting Agenda)

- I. Executive Session** – An Executive Session was requested and conducted following the Open Session.
- II. Open Session**
 - 1.0 Introduction**
Meeting Attendees – Twelve (12) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) were represented at the meeting, either in person or by telephone. Central Hudson Gas & Electric was not represented at the meeting.
 - 1.2 Requests for Additional Agenda Items** – The Committee approved the agenda with no additions.

1.3 Executive Session Topics – The Committee conducted an Executive Session following the Open Session to discuss electric system security.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 47 (March 14, 2003) – After brief discussion by the Committee, it was moved (Mr. Ellsworth) and seconded (Mr. Smith) that the Committee approve the Draft Minutes for Meeting No. 47 as modified. The motion was approved unanimously by the Committee Members in attendance (12 to 0, 1 absent). The Secretary shall issue the final minutes for Meeting No. 47 and post them on the NYSRC web site – **AI #48-1**.

2.2 Action Items List – The Committee reviewed the Outstanding Action Items List and discussed the items under their respective Agenda Items below.

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 March 2003 Summary of Receipts and Disbursements, noting that as of March 31, 2003, the NYSRC had a cash balance of approximately \$127,000. Mr. Adamson noted that the Transmission Owners have submitted \$60,000 of the \$120,000 solicited by the Call for Funds for the second quarter assessment, with three outstanding payments. Mr. Adamson also reported that he has completed the IRS Tax Form 990 and will be filing the form with the IRS.

ii. Accounting Services Contract – Mr. Adamson reported that he continues to work on the activities assigned by the Committee to contract the NYSRC accounting and auditing services with separate entities starting in 2004. Mr. Adamson reported that he sent letters to three (3) candidates requesting quotes for auditing services, beginning with the audit for 2003. He expects to receive responses by the end of April, which will include a statement regarding savings if the NYSRC fiscal year was changed. Mr. Adamson also recommended that the NYSRC contract with someone other than UK&W for accounting services for 2004. The Committee agreed and Mr. Adamson shall contact individual CPAs to obtain proposals for accounting services. Mr. Adamson shall provide options for the audit and accounting services contracts for the May Committee meeting – continuation of **AI #47-4**.

3.2 Other Organizational Issues

i. NYSRC Openness Policy – The Committee reviewed and discussed the latest draft NYSRC Policy 2-4 to revise the Openness Policy to include posting documentation prior to meetings. After brief discussion by the Committee, Mr. Loehr moved that the Committee approve the draft document as modified, which was seconded by Mr. Smith and unanimously approved by the Committee Members in attendance (11 to 0, 2 absent). The Committee briefly discussed the use of software applications such as Webex to enhance meeting participation.

Use of such applications is at the discretion of the Committee and Subcommittee Chairs, however, the cost of such applications shall also be considered. The Secretary shall post the final Policy No. 2-4 on the web site and send out the revised meeting notices to the Subcommittees – **AI #48-2.**

- ii. **Committee Member Terms/Sector Selection Process** – In preparation for the expiration of the current term for all Committee Members which expires on July 31, 2003, the Secretary prepared and distributed: (1) a draft letter for use by each of the Affiliated Transmission Owners designating their representatives; and (2) draft notices and procedures for the selection process to be completed for the Members representing the Wholesale Sellers, Large Consumers, and Municipal Systems and Cooperatives Sectors. Mr. Gioia shall prepare the final Sector selection process documents and submit them to the Committee for review at the May Committee meeting – **AI #48-3.**
- iii. **Subcommittee Member/Chairman Selection** – Mr. Gioia noted that he will prepare draft procedures for inclusion in the NYSRC Operating Agreement for appointing and/or selecting Subcommittee Members and Chairmen, along with any term restrictions – continuation of **AI #47-7.** The Committee agreed that the terms of the Subcommittee Chairs shall be staggered so that they are different than the Committee Chairman’s term, to avoid a change in Chairs of the Committee and all Subcommittees the same year.
- iv. **Director’s & Officer’s (“D&O”) Insurance Coverage** – The Secretary and Mr. Gioia reported that the D&O policy with AEGIS was extended from March 6, 2003 to April 6, 2003 at a cost of \$2,011.36, and renewed through April 6, 2004, at a cost of \$40,162.72. The policy is for \$10M liability coverage and terrorism coverage, and with a \$25,000 deductible amount. Mr. Gioia noted that the Commercial General Liability & Hired & Non-Owned Auto policies will need to be renewed on June 15, 2003. The premium amounts are not yet known, but are expected to be slightly higher than the current rates.
- v. **FERC Filings** – Mr. Gioia noted that an informational filing was made at FERC on April 2, 2003, regarding the membership of the Committee. Mr. Gioia also noted that a filing of the latest NYSRC Reliability Rules should be made in the near future at FERC, with copies to the NPCC and PSC. The filing will be made after the next revision is completed – **AI #48-4.** The Committee discussed and agreed to authorize Mr. Gioia to prepare a plain vanilla filing at FERC to preserve the NYSRC’s right to party status in the installed capacity demand curve proceeding – **AI #48-5.**
- vi. **NYSRC Code of Conduct** – Mr. Gioia noted that a revision to the confidentiality language in the NYSRC Code of Conduct is required to clarify the use of the terminology “Council Personnel.” Mr. Gioia shall draft the revisions to the Code of Conduct and submit to the Committee – **AI #48-6.**
- vii. **Meeting with New NYISO Board Officers** – The Committee discussed and agreed to schedule a meeting between the new Chairman (W. Boston) and co-Vice Chairs (Antion & Berle) of the NYISO Board of Directors and a contingent from the NYSRC to discuss: (1) the role of the NYSRC in relationship with the NYISO; (2) the installed reserve margin study process; (3) NYSRC Reliability Rules and Measurements; and (4) the role of the NYSRC in the NERC/NAESB/ISO-RTO and Joint Interface Committee (“JIC”) (see Item 8.4 below). Mr. Gioia shall pursue scheduling the meeting – **AI #48-7.**

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items – Mr. Clayton reported that the Reliability Rules Subcommittee (“RRS”) met on April 6, 2003. The next RRS meeting is scheduled for May 1, 2003.

4.2 Status of New/Revised Reliability Rules

i. Proposed NYSRC Reliability Rule Revisions

a. List of Potential Reliability Rule (“PRR”) Changes – Mr. Clayton reviewed the current List of Potential Reliability Rules Changes, briefly reviewing the status of PRRs #8, 52, 55, 56, 57, 59 and 62.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval: Mr. Clayton noted that there were no PRRs being submitted to the Committee for final approval.

2. PRRs for EC Approval to Post for Comments: – Mr. Clayton noted that there were no PRRs being submitted to the Committee for approval to post for comments. Mr. Clayton did review a proposed new Measurement E-M7 submitted by the NYISO. The Committee discussed the issue of whether the NYSRC has the jurisdiction to approve Measurements that apply to Market Participants. Currently there are nine (9) Measurements that apply to Market Participants. The Committee directed Mr. Clayton and the RRS to review the proposed new Measurement and obtain input from the RCMS and Mr. Gioia – **AI #48-8**.

c. NPCC & NERC Criteria Tracking Program – Mr. Adamson reported that NERC has requested urgent action (bypassing the NERC SARs process) on approval of a new cyber security standard, due to the increasing threats to electric reliability stemming from cyber attacks. The standard will require that critical cyber assets related to the reliable operation of bulk power systems be identified and protected. RRS will review the proposed standard, review NPCC comments, and recommend how the NYSRC should vote. The new standard shall be sent to the Committee and comments shall be submitted to RRS members or Mr. Adamson by April 30, 2003 – **AI #48-9**.

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1 ICS Status Report & Discussion Issues – Mr. Adamson reported that the Installed Capacity Subcommittee (“ICS”) last met on April 7, 2003. The ICS is scheduled to meet on May 2, 2003.

5.2 2003–04 NYCA Installed Capacity Requirement Study – Lessons Learned – The final White Paper titled, “Lessons Learned from the 2003-2004 NYCA Installed Capacity Requirements (“ICR”) Study,” incorporating comments received from the Committee was distributed. In accordance with the White Paper, the ICS is drafting a procedure for establishing the NYCA installed capacity requirements.

5.3 2004–05 NYCA Installed Capacity Requirement Study – Status Report

The Committee discussed the schedule for completion of the next study. As noted at the last meeting, the ICS is scheduled to provide a draft report to the Committee prior to the November meeting. This requires freezing the data used in the base case study effective August 1, 2003, potentially prior to the summer 2003 peak. The ICS will, however, be able to run sensitivity studies with summer 2003 data incorporated. The Committee agreed that the base case and all sensitivity cases shall be the basis for determining the final ICR. The Committee also agreed that running several additional sensitivity cases could delay the ICS issuing the draft study to the Committee, as long as the Final Study Report is approved no later than the January 2004 Committee meeting.

Mr. Adamson also reported that the ICS reviewed the adequacy of monthly UCAP during this past winter. This review was a follow-up on the NYISO's ICAP non-compliance during the summer of 2002. The ICS concluded that the revised NYISO UCAP/ICAP translation methodology provided 20-120 MWs of monthly surplus during the November 2002 – March 2003 period.

The Committee also discussed and agreed to holding an IRM Workshop/Tutorial for Committee and ICS Members, NYISO and PSC Staff, and any interested Market Participants, to present the NYSRC's process for determining the annual NYCA IRM. Mr. Ellsworth moved that the date of the workshop be July 10, 2003, which was seconded by Mr. Schrayshuen and approved by the Committee Members in attendance (10 to 1, 2 absent). Tentatively, the workshop will be held at the National Grid offices in Albany.

- 5.4 Action Item AI #45-5:** A table showing actual 2002 emergency operating procedure results in comparison with measures listed in the 2003-04 IRM Study Report was distributed to the Committee. Emergency purchase information for 2002 was not available for the table when the report was issued.

6.0 Reliability Compliance Monitoring Subcommittee Status/Issues

- 6.1 RCMS Status Report & Discussion Issues** – Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee (“RCMS”) last met on April 10, 2003. He reviewed the RCMS discussion topics, including NPCC/NERC activities and the NPCC Comprehensive Summer Assessment. RCMS is also in the process of revising NYSRC Policy No. 4. RCMS is scheduled to meet next on May 8, 2003.

6.2 Status of NYSRC Reliability Compliance Program (“NYRCP”)

- i. 2003 NYRCP Responsibilities & Milestones** – The latest “2003 NYSRC Reliability Compliance Program Report (“Scorecard”)” was distributed.
- ii. 2003 NYRCP Assessments** – No NYRCP assessments were reported on.

6.3 Other RCMS Issues – Mr. Loehr reported that the RCMS reviewed the April 3, 2003 letter from the NYISO requesting a waiver from the reporting requirements associated with NYSRC Measurements D-M1 and E-M2. The NYISO is not requesting a change in the requirements, since the new energy management system may allow them to meet the reporting requirements in the future. The RCMS recommended that the Committee approve granting the waiver to the NYISO. Mr. Sasson moved that the Committee approve the waiver, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (12 to 0, 1 absent).

7.0 NYISO Studies – Reports were presented by Mr. Adams on the following studies and issues:

7.1 NYISO Transmission Reliability Study – Mr. Adams reported that the NPCC Annual Transmission Study was discussed and tabled by the NPCC Reliability Coordinating Council (“RCC”) at its March 12, 2003 meeting. Concerns were raised regarding an extreme contingency model. The NYISO is waiting for RCC to submit a list of the concerns.

7.2 Reactive Resource Adequacy Study – Nothing new to report.

7.3 NYSERDA/NYISO Gas Study – Mr. Adams reported that the final study report was distributed to the Committee by email. Mr. Adams noted that the NYISO is developing a tracking system to monitor actual versus projected information on new gas infrastructure projects included in the study assumptions. A concern was raised that the study conclusions may no longer be valid since they assumed certain major pipeline projects would be completed. The Committee agreed that this is a reliability issue. The Committee directed Mr. Ellsworth to draft a letter to the NYISO and NYSERDA recommending that they revisit the assumptions made in the study based on the changes in proposed projects since the study was completed. The letter shall also address whether a study should be completed to address the gas supply issue – **AI #48-10**.

7.4 Other Studies/Activities – Mr. Adams noted that the NYISO is developing a seminar on new transmission line conductor composites for use on new lines and line rebuilds. The seminar is tentatively scheduled for May 15, 2003.

The Committee asked Mr. Adams whether the NYISO must request another waiver from the DEC on NO_x emissions for emergency operation of generating units at maximum output. Mr. Adams shall check and report to the Committee – **AI #48-11**.

8.0 Other Items

8.1 Millennium Gas Pipeline Proceeding – Mr. Gioia noted that there was nothing new to report on the Proceeding.

8.2 Reliability Legislation Update – Mr. Gioia discussed the latest draft of House of Representative’s reliability legislation. He noted his understanding that the PSC negotiated the current language on page 263 stating, “except that the State of New York may establish rules that result in greater reliability within that State, ...” Mr. Gioia noted

that the PSC is not confident that this language will remain in the final legislation. The Committee discussed and agreed that the language should be made more general by stating that “any State may establish rules...”

8.3 NYISO Operations Report – The Secretary distributed the updated summary through March 2003. He also noted that the NYISO declared a Major Emergency on April 5, 2003, when the Edic-Fraser 345kV line #40 tripped, resulting in power flow on the Central-East interface exceeded the voltage transfer limit by more than 105%.

8.4 North American Energy Standards Board (NAESB) Report – The Committee discussed the issue of the NYSRC’s role in the activities of the JIC and the Memorandum of Understanding (“MOU”) between NERC, NAESB, and the ISO/RTOs. The Committee agreed that this issue should be on the agenda for the meeting with the NYISO Board Officers (see Item 3.2 vii above). Mr. Ellsworth shall discuss this issue with NAESB and Messrs. Clagett and Adams will discuss the issue further – **AI #48-12**.

8.5 FERC SMD NOPR – Mr. Gioia reported that the FERC was planning on issuing a white paper in April 2003, to let parties know where FERC stands on various issues addressed in the SMD NOPR proceeding. However, recent reports indicate that FERC may be issuing a reworked SMD proposal instead.

9.0 Visitor Comments – No visitor comments were received.

10.0 Meeting Schedule – Mr. Loehr requested a change in the date for the October, November and December Committee meetings. Mr. Loehr moved that the Committee meetings for October and December be rescheduled for Thursday, October 9th and Thursday, December 11, 2003, which was seconded by Mr. Haase and unanimously approved by the Committee Members in attendance (11 to 0, 2 absent).

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#49	May 9, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#50	June 13, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#51	July 11, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 48 was adjourned at 2:30 P.M.

Completed By: J.C. Fleury – Secretary
Final Issue Date: May 11, 2003