

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 49 – May 9, 2003
Albany Country Club – Voorheesville, NY

Members and Alternates:

William H. Clagett	Unaffiliated Member – Chairman
Mark J. Cordeiro	Muni. & Elec. Cooperative Sector; PLM, Inc
Curt Dahl	KeySpan Energy – LIPA – Alternate
Thomas C. Duffy	Central Hudson Gas & Electric
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
Robert M. Loughney	Large Consumer’s Sector; Couch, White, LLP
Thomas M. Piascik	Wholesale Seller's Sector; PSEG Power, LLC
Mayer Sasson	Consolidated Edison Co. of NY, Inc.
John Mucci	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

Visitors – Open Session:

Erin P. Hogan, P.E.	New York State Energy Research Corp.
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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 – Thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) were represented at the meeting. Mr. Sasson introduced Mr. Mucci as Consolidated Edison’ new Alternate Member on the Committee.

- 1.2 Requests for Additional Agenda Items** – The Committee approved the agenda with an additional item to be covered under Agenda Item 4.3.
- 1.3 Executive Session Topics** – The Committee conducted an Executive Session following the Open Session to discuss the NYSRC audit and accounting services contract, electric system security and other administrative issues.
- 2.0 Meeting Minutes/Action Items List**
- 2.1 Approval of Minutes for Meeting No. 48 (April 11, 2003)** – After brief discussion by the Committee, it was moved (Mr. Smith) and seconded (Mr. Loehr) that the Committee approve the Revised Draft Minutes for Meeting No. 48 as modified. The motion was approved unanimously by the Committee Members in attendance (11 to 0, 2 absent). The Secretary shall issue the final minutes for Meeting No. 48 and post them on the NYSRC web site – **AI #49-1**.
- 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 April 2003 Summary of Receipts and Disbursements, noting that as of May 5, 2003, the NYSRC had a balance of approximately \$109,000. Mr. Adamson noted that the Transmission Owners have submitted \$100,000 of the \$120,000 solicited by the Call for Funds for the second quarter assessment, with one payment outstanding.
- ii. Accounting Services Contract** – The Committee discussed the NYSRC accounting and auditing services contracts during Executive Session. Following the discussion, the Committee went into Open Session where Mr. Loughney moved and Mr. Loehr seconded that the Committee approve: (1) contracting with Slocum, DeAngelus & Associates, P.C. (“SD&A”) for auditing services starting with the 2003 audit, pending a reference check; and (2) contracting with Colleen Campoli, CPA for accounting services, effective immediately. The Committee unanimously approved the motion (13 to 0). Mr. Adamson shall contact Urbach Kahn & Werlin PC and complete the reference check for SD&A – **AI# 49-2**.
- 3.2 Other Organizational Issues**
- i. 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 Committee discussed and agreed that each of the Affiliated Transmission Owners shall send a letter to the Secretary by July 9, 2003, designating their representatives for the term beginning August 1, 2003–**AI #49-3**. The Committee also discussed the draft notice and procedures for the selection process to be completed for the Members representing the Wholesale Sellers, Large Consumers, and Municipal Systems and Cooperatives Sectors. The Committee agreed to maintain the existing selection procedures. Mr. Gioia shall revise the Sector selection process notice to include an introduction discussing the

selection process for Affiliated Transmission Owner and Unaffiliated Members, and submit the notice to the Secretary for posting – **AI #49-4**. The Committee requested that the Sectors complete the selection process by June 30, 2003 – **AI #49-5**.

- ii. **Subcommittee Member/Chairman Selection** – Mr. Gioia reviewed the proposed revisions to the NYSRC Operating Agreement to add Section 5.11 regarding the appointment and/or selection of Subcommittee Members and Chairmen. Mr. Schrayshuen moved that the Committee approve the draft Operating Agreement revisions, which was seconded by Mr. Loughney and unanimously approved by the Committee Members in attendance (13 to 0). The Committee agreed that this revision does not require the execution of the document by the Members. The Secretary shall finalize and post the final document – **AI #49-6**.
- iii. **NYSRC Code of Conduct & Confidentiality Agreement** – Mr. Gioia reviewed the proposed revisions to the NYSRC Code of Conduct and Confidentiality Agreement to clarify the use of the terminology “Council Personnel.” Mr. Sasson moved that the Committee approve the draft Code of Conduct, which was seconded by Mr. Ellsworth and unanimously approved by the Committee Members in attendance (13 to 0). Mr. Ellsworth moved that the Committee approve the draft Confidentiality Agreement, which was seconded by Mr. Smith and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall finalize and post the final documents – **AI #49-6**. The Committee directed Mr. Gioia to review and determine whether all Committee, Subcommittee and Working Group Members should be required to submit letters acknowledging their review of and adherence to the Code of Conduct – **AI #49-7**.
- iv. **NYSRC/NYISO Board Officers Meeting** – Mr. Clagett reported that a contact was made 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 NYSRC issues. No response has been received to date. The Committee agreed that the meeting should be scheduled after the new Committee Chairperson is in office.
- v. **Commercial General Liability & Hired & Non-Owned Automobile Insurance Coverage** – Mr. Gioia reported that the Commercial General Liability and Hired and Non-Owned Automobile insurance policies expire on June 15, 2003. The premium amounts for both policies will increase according to Marsh. Mr. Schrayshuen recommended and the Committee agreed to have Mr. Gioia request quotes based on a higher deductible amount and with no terrorism coverage – **AI #49-8**. Upon receipt of the quotes, the Committee shall verify that the NYSRC is within the budget contingency approved for 2003.
- vi. **FERC Filings** – Mr. Gioia noted that an informational filing will need to be made at FERC to reflect the recent changes in membership on the Committee. The Committee agreed to make this filing after the start of the new Member term starting on August 1, 2003 – **AI #49-9**. 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 – continuation of **AI #48-4**. A Motion to Intervene was filed at FERC on April 11, 2003 to prepare a plain vanilla filing at FERC to preserve the NYSRC’s right to party status in the installed capacity demand curve proceeding.

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 May 1, 2003. Mr. Adams has joined the RRS as the Alternate Member for the NYISO. The next RRS meeting is scheduled for June 5, 2003. Mr. Clayton commended the work of the Subcommittees and the NYSRC’s Administrative Assistant, Therese Cross, for their efforts in posting meeting documents in accordance with NYSRC Policy No. 2.

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 the following PRRs not discussed below: #8, 52, 57 and 63. Mr. Clayton reported that RRS discussed PRR #57 (RR03-06) and the comments received from the NYISO, and a revised template will be prepared, sent to the RCMS and submitted to the Committee for reposting for comments.

b. Status of New/Modified Reliability Rules

1. PRRs for Final EC Approval: Mr. Clayton reviewed the following PRRs being submitted to the Committee for final approval: **(1) PRR #55 (RR03-04)** – Modification of Measurement H-M2 and new Measurement H-M3, both related to Reliability Rule H-R2, “Bulk Power System Protection Maintenance.” Mr. Sasson raised a concern that the Committee is approving reliability rules and measurements that apply to the Bulk Power System (“BPS”) facilities, of which a list has yet to be provided by the NYISO. The Committee agreed that any new facilities added to the NYISO’s BPS list may be allowed a period of time to be brought into compliance with the NYSRC Reliability Rules and Measurements. Mr. Smith moved that the Committee grant final approval for PRR #55, which was seconded by Mr. Loehr and unanimously approved by the Committee Members in attendance (13 to 0). **(2) PRR #56 (RR03-05)** – Revision to Exception No. 18 to the “Exceptions to Reliability Rules,” titled “Ramapo to Buchanan 345kV Feeder Outages.” Mr. Ellsworth moved that the Committee grant final approval for PRR #56, which was seconded by Mr. Schrayshuen and unanimously approved by the Committee Members in attendance (13 to 0). **(3) PRR #62** – Revision to Definition for “Net Dependable Capacity.” Mr. Haase moved that the Committee grant final approval for PRR #62, which was seconded by Mr. Loughney and unanimously approved by the Committee Members in attendance (13 to 0). The Secretary shall issue a notice of the final approval of these PRRs and post on the NYSRC web site – **AI #49-10**. Mr. Adamson shall update the NYSRC Reliability Rules and Compliance Template Manuals to incorporate these final rules, measurements and definition revisions – **AI #49-11**.

2. **PRRs for EC Approval to Post for Comments:** – Mr. Clayton reviewed PRR #59 (RR03-07) – Modification to existing Rule D-R4, “Restoration of Ten (10) Minute Reserve,” which was being submitted to the Committee for approval to post for comments. Mr. Sasson requested that the PRR be sent back to RRS for further consideration of concerns that Con Edison has been unable to raise at RRS due to the illness of their representative who was unable to attend the last two meetings. The Committee agreed to send PRR #59 back to the RRS with the caveat that Con Edison provide the RRS with a summary of their concerns as soon as possible, to allow the RRS Members to be able to review and act on the issues at their next meeting, and report to the Committee at the next meeting. The Committee requested Mr. Adams to address the seams issue involving PRR #59 at the next Committee meeting – **AI #49-12.**

c. **NPCC & NERC Criteria Tracking Program** – Messrs. Adamson and Clayton reported on NERC’s new cyber security standard being submitted for expedited approval, due to the increasing threats to electric reliability stemming from cyber attacks. It was noted that NPCC is expected to issue a recommendation to its members to vote against the proposed standard. Mr. Adams reported that the NYISO is also expected to vote against the proposed standard due to compliance issues. Mr. Clayton noted that the RRS considered and agreed to support the NYISO’s position and comments. After significant discussion, the Committee agreed to delay making a decision until the NPCC’s recommendation is issued. Mr. Adamson shall forward the NPCC document to the Committee; Mr. Gioia shall provide guidance to the Committee on how the NYSRC should vote on the proposed standard; the Committee Members shall submit comments to Mr. Gioia; and a final decision shall be made by May 21, 2003, when Mr. Adamson must submit a vote for the NYSRC – **AI #49-13.**

4.3 Other RRS Issues

i. **NYSRC Reliability Rule Definitions & Compliance Responsibilities** – Mr. Clayton briefly discussed the draft white paper, “NYSRC Reliability Rule Definitions and Compliance Responsibilities and Requirements,” distributed to the Committee. He noted that the RRS and Mr. Gioia agree that the NYSRC’s Reliability Rules and Measurements apply to the NYISO and all Market Participants. RRS will be finalizing the white paper and will send to the Committee – **AI #49-14.**

ii. **PSC Renewable Proceeding – Reliability Concern** – Messrs. Sasson and Mucci discussed their concerns with the impact of New York State’s renewable efforts on reliability. NYS is requiring an additional 6% of generation capacity be renewable resources by 2013. The Committee agreed to consider whether the NYSRC should make a policy statement in the PSC’s Renewable Proceeding. RRS, ICS and RCMS shall identify issues that should be addressed in the NYSRC policy statement, and submit them to the Committee – **AI #49-15.** Mr Gioia shall prepare a filing requesting party status in the proceeding – **AI #49-16.**

5.0 Installed Capacity Subcommittee Status Report/Issues

5.1 ICS Status Report & Discussion Issues – Mr. Dahl reported that the Installed Capacity Subcommittee (“ICS”) last met on May 2, 2003. The ICS is scheduled to meet on June 6, 2003. A schedule of ICS meetings has been developed for the rest of 2003.

5.2 2004–05 NYCA Installed Capacity Requirement Study – Status Report

Mr. Dahl reported that the ICS has completed two investigations required for the 2004-05 IRM Study regarding generation and load forecast uncertainties. Mr. Dahl also noted that the ICS is preparing an IRM Study Procedures (NYSRC Policy No. 5) and expects to have a draft for the Committee to review by the next Committee meeting.

In response to **AI #47-13**, Mr. Adams reported that the NYISO’s counsel does not feel that a confidentiality agreement could be developed and agreed to by all parties to share IRM study data with ICS Members. He noted that the NYISO is investigating whether the MARS database could be reconfigured so that it can be shared without a confidentiality agreement.

5.3 ICR Workshop: Mr. Dahl reviewed the draft agenda for the ICR Workshop 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. The Committee agreed to reschedule the date of the workshop from July 10 to July 11, 2003, from 9:00AM to 3:00PM. Messrs. Dahl, Adamson and Cordeiro shall prepare a notice regarding the workshop and send it to the Secretary for posting – **AI #49-17**. The location of the meeting will be determined after a preliminary number of attendees is obtained.

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 May 7, 2003. He reviewed the RCMS discussion topics, including the NYISO’s process for recording resource adequacy data. RCMS is also in the process of revising NYSRC Policy No. 4. RCMS is scheduled to meet next on June 12, 2003, however, a joint meeting with the ISO-NE compliance group has been tentatively scheduled for the same date at the ISO-NE offices in Holyoke.

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** – Mr. Loehr reviewed the NYRCP assessment A-M2 that was distributed to the Committee.

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

7.1 NYISO Transmission Reliability Study – Nothing new to report.

- 7.2 **Reactive Resource Adequacy Study** – Mr. Adams reported that NYISO staff is meeting with the Operating Studies Task Force (“OSTF”) on data for the study.
- 7.3 **NYSERDA/NYISO Gas Study** – Mr. Adams distributed a copy of the tracking system report showing actual versus projected information on new gas infrastructure projects included in the gas study assumptions. A letter was sent to the NYISO and NYSERDA on May 1, 2003, as directed by the Committee, recommending that the assumptions made in the study be reviewed based on the changes in proposed projects since the study was completed. Ms. Hogan noted that NYSERDA is preparing a response to the NYSRC.
- 7.4 **Other Studies/Activities** –Mr. Adams noted that the NYISO’s waiver from the DEC on NOx emissions for emergency operation of generating units at maximum output is perpetual and does not have to be renewed.

Mr. Sasson raised the issue of the responsibility of non-ICAP providers to assist the NYISO during system emergencies. He requested Mr. Adams to check on the status of updating the NYISO’s manual to capture this requirement – **AI #49-18**.

8.0 **Other Items**

- 8.1 **Millennium Gas Pipeline Proceeding** – Mr. Gioia noted that the Record for Appeal is completed and that a final FERC decision is expected by the end of 2003.
- 8.2 **Reliability Legislation Update** – Mr. Gioia reported the House of Representative’s passed the HR6 reliability legislation in April with the NY specific language. He noted that the PSC proposed more generic language, however, the legislation was passed with the NY specific language. The Senate Committee passed a version of the legislation without the NY specific language. The proposed legislation is expected to pass in the full Senate, however, it is not known what the final legislation will be.
- 8.3 **NYISO Operations Report** – The Secretary distributed the updated summary through April 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 agreed that the NYSRC will work with the NYISO. Mr. Adams will provide a monthly report on the JIC activities. Mr. Adams shall contact Mr. Tammar of the NYISO to report on the JIC activities at the next Committee meeting – **AI #49-19**.
- 8.5 **FERC SMD NOPR** – Mr. Gioia reported that the FERC issued a white paper on the Wholesale Power Market Platform on April 28, 2003. He reviewed his May 2, 2003 letter to the Committee. After discussion, the Committee agreed to continue monitoring the proceeding, but not to file comments at this time. No deadline has been set by FERC to submit comments on the white paper.

9.0 Visitor Comments – No visitor comments were received.

10.0 Meeting Schedule – The Committee agreed to change the date of Committee Meeting No. 51 from July 11, 2003 to July 10, 2003, in conjunction with the ICR Workshop.

<u>Mtg. No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#50	June 13, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#51	July 10, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.
#52	Aug 8, 2003	Albany Country Club, Voorheesville, NY	9:30 A.M.

The Open Session of Committee Meeting No. 49 was adjourned at 2:45 P.M.

Completed By: J.C. Fleury – Secretary
Final Issue Date: June 15, 2003