

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 27 - July 13, 2001
NYISO Power Control Center - Guilderland, NY

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Seller’s Sector, PG&E National Energy Group *
Mark J. Cordeiro	Municipals, PLM, Inc
Bruce B. Ellsworth	Unaffiliated Member
Larry Eng	Niagara Mohawk Power Corporation (“NMPC”)
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John D. Hauber	Rochester Gas & Electric Corporation (“RG&E”)
George C. Loehr	Unaffiliated Member
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate) - by phone
Mike Hogan	Central Hudson Gas & Electric Corporation (“CHG&E”)
Mayer Sasson	Consolidated Edison Co. of N.Y.,Inc.(“Con Edison”)
Herbert Schrayshuen	NMPC -Alternate Member

Others

John Adams	New York Independent System Operator (“NYISO”)
Alan M. Adamson	Consultant
Mike Calimano	NYISO *
Rick Gonzales	NYISO *
Frank Lembo	Con Edison - by phone *
Edward C. Schrom, Jr.	NYS Department of Public Service (“NY DPS” or “PSC”)

Visitors - Open Session

Liam Baker	Orion Power - by phone
Fred Carr	NY DPS *
L. Keith O’Neal	E-Cubed (Representing NRG)
Charles Kowalski	NYSERDA *
Jack Spath	NYSERDA *

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

Agenda Items - (Item # from Meeting Agenda)

I. Executive Session - An Executive Session was conducted to address an issue regarding the FERC order requiring the formation of the Northeast Regional Transmission Organization (“RTO”).

II. Open Session

1.0 Introduction

1.1 Meeting Attendees - Thirteen (13) Members/Alternate Members of the NYSRC Executive Committee (“Committee”) were in attendance.

1.2 Requests for Additional Agenda Items - The Committee reviewed the agenda and no new items were added by the Committee.

1.3 Executive Session Topics - Mr. Bolbrock noted that an Executive Session was conducted to discuss an issue regarding the FERC order requiring the formation of the Northeast RTO.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 26 (June 8, 2001) - After brief discussion, Mr. Ellsworth moved that the Committee approve the Draft Minutes for Meeting No. 26, which was seconded by Mr. Clayton, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall issue the final minutes for Meeting No. 26 and post them on the NYSRC web site - **AI #27-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List. Items were discussed 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 June 2001 Summary of Receipts and Disbursements. In response to the Call for Funds issued for the 3rd quarter assessment of \$15,000 to the Transmission Owners and the Municipal Electric Systems and Cooperatives’ Sector, Mr. Adamson reported that all but one (1) of the Members have submitted their payment. Mr. Adamson also reported that his projections indicate that NYSRC expenditures for 2001 should be within the approved budget. As of July 1, 2001, the NYSRC has a cash balance of approximately \$40,000.

3.2 NYSRC Funding Mechanism Proposal for 2002 - The Committee discussed the revised NYSRC funding mechanism proposal for 2002. Mr. Sasson moved that the Committee approve the proposed NYSRC funding mechanism for 2002, as modified by the Committee, which was seconded by Mr. Loehr, and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall issue the approved document to the Committee - **AI #27-2**.

3.3 Selection of NYSRC Sector Representatives - Mr. Gioia’s memo dated July 9, 2001 noted that a proposal has been submitted to the NYISO Board of Directors for approval at their July 17, 2002 meeting, for the selection process for the representatives of the Wholesale Sellers, Large Consumers, and Municipal System & Electric Cooperative Sectors on the NYSRC. Mr. Adams noted

that the NYISO Board will not act on the proposal until the August meeting. Mr. Gioia shall contact the NYISO Counsel on the issue - **AI #27-3**. Mr. Clayton reported that IPPNY is proceeding based on the proposed selection process for the Wholesale Sector representative and has received a proposal from one party. Mr. Loughney reported that MI will be ready to proceed with the process for the Large Consumers Sector as soon as the NYISO Board approves the selection process. Mr. Cordeiro reported that the Municipal System & Electric Cooperative Sector held its election on May 24, 2001 with Mr. Cordeiro being re-elected for a second term.

3.4 Re-Election of Committee Unaffiliated Members - Mr. Haase moved that the Committee elect Messrs. Clagett, Ellworth and Loehr to a two (2) year term as Unaffiliated Members on the Committee, effective August 1, 2001, which was seconded by Mr. Clayton, and unanimously approved by the ten (10) Affiliated Members.

Mr. Bolbrock assigned Mr. Loughney to chair the nominating committee to develop a list of candidates for Committee officers for the term commencing on August 1, 2001. The election of officers shall take place as soon as the selection of the Sector representatives is completed (reference Item 3.3 above) - **AI #27-4**.

3.5 Insurance Coverage - The Secretary distributed a table summarizing the NYSRC insurance coverage which has been renewed through March 6, 2002. The Secretary shall confirm that the term for the NYSRC's \$25M Excess Coverage Policy with AEGIS is from June 16, 2001 through June 15, 2002 - **AI #27-5**.

3.6 NYSRC Policy No. 2 - Openness Policy - The Committee discussed the issue of providing guests to Committee, Subcommittee and Working Group meetings, copies of draft documents. The Committee agreed to modify NYSRC Policy No. 2 to include a statement that any documentation distributed by entities such as the NYISO, NPCC, or other organization, that is deemed "Confidential" will not be distributed to any guests. The Secretary shall draft a revision to NYSRC Policy No. 2 and submit to the Committee for approval - **AI #27-6**.

4.0 Reliability Rules Subcommittee Status Report/Issues

4.1 Subcommittee Status Report & Discussion Items - Mr. Clayton reported that the Reliability Rules Subcommittee ("RRS") last met on June 27, 2001. The main focus continues to be the development of Revision No. 2 to the NYSRC Reliability Rules, along with the development of the proposed reliability rule revisions to be included in Revision No. 2.

4.2 Status of New/Revised Reliability Rules

- i. Revision No. 2 to NYSRC Reliability Rules** - Mr. Clayton provided a status report on the preparation of Revision No. 2 to the NYSRC Reliability Rules. RRS reviewed and provided comments on third draft of Revision No. 2. The RRS is scheduled to finalize Revision No. 2 and present it to the Committee in September.
 - a. Draft Introduction for Revision No. 2** - Messrs. Clayton and Adamson reviewed the

Draft Introduction, highlighting the text added on NYSRC jurisdiction. The Committee shall review and send comments on the Draft Introduction to Messrs. Clayton and Adamson by July 31, 2001 - **AI #27-7**.

ii. Proposed NYSRC Reliability Rule Revisions

- a. List of Potential Reliability Rule Changes** - Mr. Clayton reviewed the Priority 1 items on the List of Potential Reliability Rule Changes distributed to the Committee. The templates RR01-01, 02, 03, 04, 05, 07 and 08 were posted on the web site for the open review process. Comments were received from Orion Power on June 7, 2001. Mr. Adamson is preparing a draft response to Orion Power for the RRS and the RRS shall determine whether the Committee needs to review the response. Mr. Clayton also noted that all new measurements will be placed on templates and submitted for the open review process. The RRS will be submitting measurement templates to the Committee for review prior to the next meeting. The Committee then reviewed and discussed the template for RR#35 (RR01-06).
- b. RR #35 (RR01-06) - System Restoration** - After significant discussion by the Committee, Mr. Clayton moved for the Committee to approve the template as submitted to the Committee, which was seconded by Mr. Clagett and approved unanimously by the Committee Members in attendance (13 to 0). The Secretary shall post the template on the NYSRC web site and issue a notice to market participants - **AI #27-8**.
- c. Generation Deliverability & Transmission Expansion** - The RRS has instructed the Installed Capacity Working Group ("ICWG") to review and determine whether additional reliability rules are needed beyond the existing NERC, NPCC, and NYSRC reliability rules, to address the areas of transmission system expansion planning and generation deliverability - continuation of **AI #22-5**. Mr. Adamson reported the status of this item during the ICWG Report (Agenda Item 5).
- d. One Month Installed Capacity Procurement Period** - The RRS has instructed the ICWG to determine whether a reliability rule is required if the NYISO implements a one-month installed capacity procurement period - continuation of **AI #14-8**. Mr. Adamson reported the status of this item during the ICWG Report (Agenda Item 5).

4.3 Other RRS Issues

- i. Day-Ahead Unit Commitment - Minimum Downtime Limits Issue** - Mr. Gonzales of the NYISO summarized the NYISO's position on how the NYISO complies with the NYISO Tariff requirements for both the day-ahead (overnight) and 2-7 day unit commitment process to maintain generation needed for reliability, while meeting the minimum down time requirements. The question that must be answered is whether the NYISO unit commitment process can meet all reliability requirements, without intervention by the Transmission Owners. After significant discussion, the Committee sent the issue back to the RRS for further action - continuation of **AI #25-8**.

- ii. **NYSERDA/NYISO Gas Study** - Mr. Clayton reported that the RRS appointed Mr. Davis as the RRS representative to participate in the NYISO/NYSERDA gas study as the NYSRC representative on the study group.

5.0 Installed Capacity Working Group Status Report/Issues

5.1 ICWG Status Report & Discussion Items - Mr. Adamson reported on the activities of the Installed Capacity Working Group (“ICWG”). The ICWG last met on July 10, 2001 to work on the action items assigned by the RRS (refer to Item 4.2 ii, c & d above). Mr. Adamson noted that the ICWG is scheduled to complete the 2002-2003 Statewide IRM Study (“Study”) for presentation to the Committee in December 2001. The ICWG continues to develop the assumptions for the Study, to be finalized in August. Significant effort is going into the forced outage rate and planned outage representations. Final outage rates, including regional and national trend analyses, are expected to be completed in July. Initial MARS runs will begin in August. The Committee requested the NYISO and ICWG to provide the Committee an explanation of how they will take into consideration how demand-side resources will be accounted for and modeled in the Study. Mr. Adamson shall add to the ICWG agenda - **AI #27-9**.

- i. **Unforced Capacity** - Mr. Adamson reported that the ICWG is preparing a white paper to address how the Study will handle the change to unforced capacity (“UCAP”). A draft white paper is scheduled to be submitted to the RRS prior to its August 9, 2001 meeting - continuation of **AI #26-9**.
- ii. **Generation Deliverability & Transmission Expansion** - Mr. Adamson reported that the ICWG is preparing a scope of work for a demonstration study for developing and testing a procedure to assess the statewide and locational loss of load impacts of bottled generation. The results of this study will be used to evaluate the need for additional reliability rules beyond the existing NERC, NPCC, and NYSRC reliability rules, to address generation deliverability - continuation of **AI #22-5**. A draft of the work scope is scheduled to be submitted to the RRS prior to its August 9, 2001 meeting.
- iii. **One Month Installed Capacity Procurement Period** - Mr. Adamson reported that the ICWG has revised the LSE Capacity Requirement reliability rule to assure that resource adequacy criteria will be met when the NYISO implements a one-month installed capacity procurement period. The revised reliability rule will be submitted to the RRS for review and approval prior to its August 9, 2001 meeting - continuation of **AI #14-8**.

6.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

6.1 Status Report & Discussion Items - Mr. Loehr reported that the Reliability Compliance Monitoring Subcommittee (“RCMS”) last met on July 12, 2001. The RCMS is considering rescheduling the September meeting to coincide with the NPCC General Meeting to be held in Toronto on September 21, 2001. Mr. Loehr reported that the RCMS reviewed NPCC’s Document A-8 and noted that it has a concern with NERC’s proposal to change the definition of bulk power system facilities to include facilities rated 110kV and above. Mr. Loehr also noted that

NPCC's CMAS has completed the NYISO compliance study and found the NYISO to be fully compliant

6.2 Status of NYSRC Reliability Compliance Program ("NYRCP")

- i. 2001 NYSRC Reliability Compliance Program - Responsibilities & Milestones** - Mr. Loehr briefly summarized the latest Responsibilities & Milestones document and noted that the RCMS issued seven (7) Compliance Monitoring Assessment forms to the Committee. Mr. Loehr also reported that the RCMS will be reviewing the results of the NYISO restoration drill conducted on June 5th, along with the Transmission Owners' compliance with the obligation to have black start designated generating units

6.3 Other RCMS Issues - Mr. Loehr reported that a conference call was held with Messrs. Calimano and Campoli of the NYISO on July 9th to discuss the items below. Mr. Calimano attended the meeting to discuss these items.

- i. Non-Contracted For Operating Reserves** - Mr. Loehr reported that, based on his discussions with the NYISO regarding the issue of non-contracted for operating reserves, the RCMS recommends that the existing reliability rule is adequate and is being complied with by the NYISO.
- ii. NYISO Review of Non-ICAP Provider Obligations Under Emergencies** - Mr. Loehr reported that NYISO Counsel is reviewing whether the NYISO Tariffs and Agreements stipulate any obligations by non-ICap providers during system emergencies - continuation of **AI #23-7**.
- iii. Review of NYISO Major Emergencies due to Non-Disturbances** - Mr. Calimano summarized the Major Emergency on May 4, 2001, noting that the NYISO Standard Operating Procedures have been revised and software changes are being developed to prevent a similar incident from occurring in the future.

7.0 NYISO Studies - Status Report - Mr. Adams reported to the Committee on the following NYISO studies:

7.1 NYISO Transmission Reliability Study - The NYISO is on schedule with the power flow and stability analyses required for the NPCC Area Transmission Review. The study is on schedule with a draft report due by September 1, 2001. Mr. Adams shall check on the status of the required short circuit analysis.

7.2 NYISO Reactive Resource Adequacy Study - A draft progress report was distributed to the NYISO Transmission Planning Advisory Subcommittee on July 12th. The study has not proceeded as originally planned. Data and modeling issues were identified early in the process and the study

team has focused on these issues.

7.3 NYSERDA/NYISO Gas Study - NYSERDA has completed its review of the bids received and a contractor has been selected. The project contract and scope of work are being finalized and a project kickoff meeting is scheduled for the end of July.

7.4 Other Studies

i. **NPCC CP-10 Study** - The contract for the completion of this study is being finalized.

8.0 Other Issues

8.1 Millennium Gas Pipeline Proceeding - Mr. Gioia's July 9, 2001 letter noted that there was nothing new to report on the Millennium Pipeline Company ("Millennium") Gas Pipeline Project. Mr. Sasson noted that the town of Briarcliff Manor has not approved the proposed routing of the pipeline through the town.

8.2 Reliability Legislation Update - Mr. Gioia's July 9, 2001 letter reported that the Bush Administration has expressed its support for national reliability legislation and NERC has again urged Congress to enact such legislation. A news story circulated by the Secretary noted that a broad-based coalition has expressed its support for NERC's position. The legislation supported by NERC last year would have raised serious issues with respect to the continued role of the NYSRC. It was noted that legislation proposed by S. Largent refers to the NYSRC. The Committee requested that Mr. Gioia review the Largent Bill and forward the references to the NYSRC to the Committee - **AI #27-10**. LLG&M shall continue to monitor activities for any text regarding reliability.

8.3 Role of NYSRC in NY State Energy Plan - Messrs. Spath and Kowalski of NYSERDA and Mr. Carr of the NY DPS provided a summary of the NY State Energy Plan scheduled to be completed in the late Spring of 2002. NYSERDA welcomes any input that the NYSRC can provide to the plan development. The Secretary shall provide applicable NYSRC documents to Mr. Carr for reference in the plan - **AI #27-11**.

8.4 NYISO Operations Report - The Secretary distributed and briefly summarized the NYISO Operations Report for June 2001.

8.5 FERC Order - Northeast RTO - FERC's order commencing the mediation process was discussed. The first meeting is scheduled for July 19th. The Committee agreed that the NYSRC should have a representative at the meeting to discuss the issues of concern to the NYSRC, including the preservation of the NYSRC Reliability Rules. Messrs. Sasson and Loehr shall work with Mr. Gioia to develop discussion items for the meeting and to ensure there is adequate NYSRC representation - **AI #27-12**.

9.0 Visitor Comments

Mr. Bolbrock solicited comments from the visitors participating in the meeting by telephone. No further comments were provided.

10.0 Meeting Schedule

Below are the scheduled dates, locations and starting times for the remaining Committee meetings in 2001, as agreed to by the Committee (Please note the change in location and starting time for the August 17th meeting.):

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#28	Aug. 17	NYISO Washington Ave. Extension, Albany	9:30 A.M.
#29	Sept. 14	NYISO Power Control Center, Guilderland	9:30 A.M.
#30	Oct. 12	NYISO Power Control Center, Guilderland	9:30 A.M.
#31	Nov. 9	NPCC Offices - New York City	10:00 A.M.
#32	Dec. 14	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee Meeting No. 27 was adjourned at 3:40 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: August 20, 2001