

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Conference Call #1 - February 18, 2000**

**Members and Alternates:**

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
Jack A. Casazza	Unaffiliated Member
William H. Clagett	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John Hauber	Rochester Gas & Electric Corporation
George C. Loehr	Unaffiliated Member
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
Larry Eng	Niagara Mohawk Power Corporation (Alternate)
Mayer Sasson	Consolidated Edison Co. of New York, Inc. (“Con Edison”)
VidVarneckas	Con Edison (Alternate)
Robert M. Loughney	Retail Sector, Couch, White, LLP (Alternate)

**Others**

Alan M. Adamson	Consultant - Acting Treasurer
Martin Amati	Niagara Mohawk Power Corporation
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”) - Legal Counsel
Yvonne Coviello	LLG&M
Keith O’Neal	New York Public Service Commission (“PSC”)
Howard A. Tarler	PSC
Frank J. Vitale	Consultant

**Agenda Items**

**1.0 NYSRC Press Release on Statewide Installed Reserve Margin**

Mr. Sasson expressed a concern that the Press Release issued on the NYSRC decision on the statewide installed reserve margin (“IRM”) had not been reviewed by entire Committee. Mr. Bolbrock noted that he asked Mr. Loehr to draft the Press Release and then solicited comments from Messrs. Clagett, Cordeiro, Adamson, and Fleury. Mr. Casazza indicated that he disagreed with some of the statements in the Press Release. The Committee agreed that for all future Press

Releases, a draft shall be routed to all Committee Members who want to review the documents, and the Committee officers will have final approval authority prior to issuing any Press Release.

## **2.0 FERC Filing of the Statewide Installed Reserve Margin**

The Committee discussed the issue of completing the FERC filing to lower the statewide IRM to 18%. Mr. Bolbrock reported that the NYISO Board passed a resolution to send a letter to FERC requesting that FERC delay implementation of the NYSRC's recommendation to lower the statewide IRM to 18% until May 1, 2001. The NYISO Board will state that they have reviewed the NYSRC study and report and agree with the methodology and assumptions made by the NYSRC. However, based on the Summer 2000 load forecast uncertainties and the fact that the NYISO and new market structure have not been in place through a peak load period, the NYISO recommends delaying the implementation of the 18% statewide IRM. Mr. Tarler indicated that Mr. Bolbrock's characterization of the NYISO Board's action was correct and also noted that the NYISO Board did not want to go public with this information until Mr. Museler discussed the Board's decision with Mr. Bolbrock.

Mr. Bolbrock recommended that the Committee continue to prepare and submit the FERC filing. The Committee discussed whether or not the NYSRC should continue with the FERC filing. Main arguments against making the filing included: (1) there is no need to file at FERC if the NYISO is going to request a delay in implementing the lower IRM; (2) if we proceed with the filing, FERC will most likely set it for hearing and, even if there are no interventions or protests, it is highly probable that there will be a delay in implementation; and (3) the NYSRC is the watchdog agency responsible for maintaining reliability, therefore, it should not be making a filing at FERC to reduce the statewide IRM when the NYISO is requesting that the current 22% IRM be maintained. Major arguments in favor of making the filing included: (1) the NYSRC is obligated to determine the statewide IRM in accordance with the NYSRC and ISO/NYSRC Agreements, and file the statewide IRM at FERC; (2) if the NYSRC doesn't make the filing at FERC, it could make the NYSRC more vulnerable to failure if we don't meet our first obligation; (3) the NYISO has stated that they agree with the methodology and assumptions of the NYSRC's study and report; (4) if the NYISO can't implement the new statewide IRM in time, that is an implementation problem, not a problem with the NYSRC's adoption of a lower IRM; and (5) if the FERC adopted the NYISO's recommendation to delay implementation until May 1, 2001, then the status quo would stand. That is, the LSE coincident peak loads would be multiplied by 1 plus 18% (from Schedule A of the NYPP Agreement). Based on preliminary analyses by NYISO Staff, as provided by Mr. Adams, this would result in the equivalent of a 20% IRM.

A short discussion ensued regarding the relationship between reliability and economics (During Committee Meeting No. 11 on March 24, 2000, the Committee agreed to address this issue at a later meeting).

A series of votes were taken on various motions. The first vote was taken on a motion by Mr.

Casazza, which was seconded by Mr. Sasson stating that the NYSRC Executive Committee accepts the NYISO Board decision not to implement the 18% statewide IRM for the capability year of May 1, 2000 through April 30, 2001, due to time schedule and concerns raised by the NYISO, and will not make a filing at FERC of the 18% statewide IRM. The motion was rejected by a vote of 10 to 2, with one abstention. A second vote was taken on a motion by Mr. Bolbrock, seconded by Mr. Haase, to proceed with the FERC filing to lower the statewide IRM to 18% for the capability year of May 1, 2000 through April 30, 2001. The Committee approved this motion by a vote of 11 to 2. A third vote was taken on a motion by Mr. Sasson, which was seconded by Mr. Loehr, to not include a request for an expedited ruling by FERC. This motion was rejected by the Committee by a vote of 9 to 4. The last vote was on a motion by Mr. Sasson to indicate in the FERC filing that the NYSRC Resolution to reduce the statewide IRM to 18% was adopted by a vote of 9 to 4. The Committee rejected this motion by a vote of 12 to 1.

Based on the results of the four votes taken, the Committee instructed Mr. Gioia to finalize and submit the FERC Filing on February 22, 2000 - **AI #CC1-1**.

### **3.0 NYSRC Funding Mechanism**

The Committee discussed the available options now that FERC has rejected the NYSRC funding proposal. The Committee agreed to proceed in parallel with the following options: (1) approach the NYISO Board to consider submitting a filing of the NYSRC funding mechanism at FERC, and (2) proposing a motion for consideration by the NYISO Management Committee to file the NYSRC funding mechanism proposal. The motion will require 58% of the vote to be passed. Mr. Bolbrock shall contact Mr. Grossi of the NYISO Board; and Messrs. Gioia and Loughney shall contact other Market Participants (Multiple Intervenors and IPPNY) to obtain support in the NYISO Management Committee - **AI #CC1-2**.

### **4.0 Other Issues**

#### **4.1 NYSRC Insurance Requirements**

Mr. Casazza noted that a telecopy was sent to Mr. Gioia and others recommending that another insurance consultant be contacted and less coverage be obtained than what was recommended by Marsh, Inc.

### **5.0 Next Conference Call**

The Committee scheduled another conference call for February 24, 2000 starting at 3:00 P.M. The agenda for the conference call shall include the NYSRC insurance requirements and the NYSRC filing in the Millennium Pipeline Proceeding at FERC.

The Committee Conference Call No. 1 was adjourned at 5:15 P.M.

Completed By: Joseph C. Fleury - Secretary  
Final Issue Date: March 24, 2000