

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 11 - March 24, 2000
New York Independent System Operator Offices - Guilderland, N.Y.

Members and Alternates:

Richard J. Bolbrock	Long Island Power Authority (“LIPA”) - Chairman
William H. Clagett *	Unaffiliated Member - Vice Chairman
Roger E. Clayton	Wholesale Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Alan G. Elberfeld	LIPA - (Alternate)
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”)
P. Donald Raymond	Niagara Mohawk Power Corporation (“NMPC”)
Mayer Sasson	Consolidated Edison Co. of New York, Inc. (“Con Edison”)

Others

Mike Calimano	New York Independent System Operator (“NYISO”) - (part time)
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”) - Legal Counsel
Keith O’Neal	New York Public Service Commission (“PSC”)
Frank J. Vitale	Consultant

* - Denotes individual participated in the meeting by telephone.

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction/Open Session Topics

Mr. Bolbrock noted that Messrs. Casazza, Loughney, and Adamson were not in attendance at the meeting, and Mr. Elberfeld was introduced. Mr. Bolbrock also noted that Mr. Casazza has resigned as an Unaffiliated Member on the NYSRC Executive Committee (“Committee”), effective March 31, 2000. A motion was made by Mr. Bolbrock to recognize and thank Mr. Casazza for his contributions to the NYSRC.

1.1 Requests for Additional Agenda Items - The Committee reviewed the agenda for the meeting and had no additional items. The Committee agreed to add an agenda item for the next Committee

meeting on the preparations for Summer 2000.

1.2 Topics for Open Session - The Committee discussed various topics to be addressed during the Open Session. See below.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 10 (January 31, 2000), Conference Call No. 1 (February 18, 2000), and Conference Call No. 2 (February 24, 2000) - After Committee discussion, Mr. Loehr moved that the Revised Draft Minutes from Meeting No. 10 be approved as modified by the Committee, which was seconded by Mr. Sasson, and carried unanimously by the Committee Members in attendance (11 to 0). After Committee discussion, Mr. Clayton moved that the Revised Draft Minutes from Conference Call No. 1 be approved as modified by the Committee, which was seconded by Mr. Raymond, and carried unanimously by the Committee Members in attendance (11 to 0). The Committee discussed the need to clarify the issue of the Committee making decisions on issues based on reliability concerns, while also taking into consideration other important factors, such as efficiency and economics. The Committee assigned an action item to the Reliability Rules Subcommittee to develop a statement on this issue for discussion at a future Committee meeting - **AI #11-1**. After Committee discussion, Mr. Haase moved that the Revised Draft Minutes from Conference Call No. 2 be approved as modified by the Committee, which was seconded by Mr. Raymond, and carried unanimously by the Committee Members in attendance (11 to 0). The Secretary will issue the final minutes for Meeting No. 10 and Conference Calls Nos. 1&2, and post the final minutes on the NYSRC web site - **AI #11-2**.

2.2 Action Items List - The Secretary distributed the latest Action Items List, along with a copy of the Outstanding Action Items List to the Committee

3.0 Organizational Issues

3.1 NYSRC Web Site

The Secretary distributed a copy of the NYSRC web site ("nysrc.org") pages to the Committee, reporting that all documents are now posted.

3.2 IRS Action on Tax Exempt Filing Status

Mr. Gioia reported that all documentation has been filed with the Internal Revenue Service ("IRS") and the only action remaining is for the IRS to act on the request. The IRS sent a confirmation that it received the documents and noted that they are expected to act on the request in June 2000. Mr. Gioia also noted that the NYSRC Accountant is preparing the informational tax filing for 1999 to submit to the IRS.

3.3 Legal Counsel Retention Agreement

Mr. Bolbrock noted that he will be working with Mr. Gioia on a draft Legal Retention Agreement which

will be sent to the subgroup including Messrs. Clagett, Mennerich, and Fleury, prior to the next meeting - continuation of **AI #5-10**.

3.4 Financial Issues

a. Funding Mechanism - Mr. Gioia noted that a motion was sent to the NYISO Management Committee on the proposed NYSRC funding mechanism, however, the motion was not voted on at the last meeting. The motion is scheduled to be on the agenda for the next Management Committee meeting, scheduled for early April. Mr. Gioia also noted that he will be working with the NYISO Counsel to draft language to submit to the NYISO Board on this issue.

b. NYSRC Treasurer's Report - In Mr. Adamson's absence, the Secretary presented the Treasurer's Report. The February 2000 Summary of Receipts and Disbursements was distributed. The Secretary reported that one party has not submitted its payment in response to the calls for funds for December 1999, January 2000, and March 2000. A call for funds was issued for April, May, and June at a monthly rate of \$5,000 per affiliated member. The Secretary also noted that Mr. Adamson has received a draft 1999 auditor's report and draft management representation letter in connection with 1999 receipts and disbursements. Also, the NYSRC Accountant is preparing 1999 informational tax returns.

3.5 Insurance Requirements

Mr. Gioia reported that he has finalized the insurance policy with Marsh, Inc. for NYSRC insurance requirements. A \$1M General Liability policy was obtained from Wausau Companies; an umbrella policy was obtained from AEGIS, and Directors and Officers ("D&O") Coverage for the NYSRC Members/Managers was obtained from AEGIS. Invoices were received for two of the policies. Mr. Gioia will complete the D&O coverage application and the Notice of Excess Lines Placement letter needed to acknowledge that AEGIS is not a licensed NY carrier-**AI #11-3**. The Secretary shall have the policies reviewed by NYSEG's Risk Management Department as requested by Mr. Gioia - **AI #11-4**.

3.6 NYSRC Code of Conduct/Confidentiality Agreement

Mr. Gioia noted that revised drafts of both the Code of Conduct and Confidentiality Agreement were sent to the Committee on March 10, 2000. The Committee discussed and provided comments on both documents. The Committee agreed that the Code of Conduct shall be clarified to note that a Member or Alternate on the NYSRC Executive Committee can be an Alternate on any of the three NYISO Standing Committees. The Committee also agreed that future revisions to the Code of Conduct shall include clarifications on: (1) the relationship between reliability decisions and economic considerations; (2) the responsibility of Committee members with respect to reliability decisions that may have an impact on commercial interests of the entities that they represent; and (3) the meaning of "material" with respect to the definition of "affiliated." After Committee discussion, Mr. Loehr moved that the Committee adopt the Code of Conduct and Confidentiality Agreement as modified by the Committee, which was seconded by Mr. Haase, and carried unanimously by the Committee Members in attendance

(11 to 0). Mr. Gioia shall incorporate the comments received into final documents and forward to the Committee and Secretary for posting on the NYSRC web site - **AI #11-5**.

3.7 Coordination with NYISO, NPCC, NERC

Mr. Bolbrock reported that a meeting was held with NYSRC representatives and NYISO Committee Chairpersons in March to discuss NYSRC responsibilities and coordination with the NYISO. The group agreed that NYSRC representatives will attend future NYISO standing committee meetings to present an overview of the NYSRC organization and its committee structure; agreements between the NYSRC and NYISO; the Installed Capacity studies completed; and the reliability compliance monitoring program. Mr. Bolbrock also noted that a meeting was held on February 24, 2000, between the NYSRC Committee and Subcommittee Chairpersons and the NPCC, regarding coordination of all activities. These meetings have resulted in a better understanding of the role of the NYSRC with respect to the NYISO and NPCC.

3.8 Selection Process for Vacant Unaffiliated Member

Mr. Bolbrock requested that Messrs. Clagett, Sasson, and Loughney re-establish the Selection Committee to select and present three (3) candidates to fill the Unaffiliated Member position on the Committee, being vacated as a result of Mr. Casazza's resignation. The Committee provided guidance to the Selection Committee to look for candidates with a balanced background in reliability, regulatory, and operations. Names of potential candidates were given to the Selection Committee for their consideration. Other names can be submitted by the Committee members directly to the Selection Committee. The Selection Committee shall start the selection process and provide a status report at the next meeting - **AI #11-6**.

4.0 Millennium Gas Pipeline Project Status

Mr. Gioia noted that the NYSRC filing in the FERC proceeding was submitted on March 6, 2000. After the filing had been made at FERC, Mr. Gioia was notified that LLG&M has completed work for the Millennium Pipeline Company ("Millennium"). As a result, Mr. Gioia sent a letter to FERC stating that LLG&M would no longer be representing the NYSRC in this proceeding, and requested that all future correspondence with the NYSRC shall be addressed to Mr. Bolbrock and the Secretary. On March 21, 2000, the FERC sent a letter to Millennium directing them to review and respond to the concerns raised by the NYSRC, PSC, and National Marine Fisheries Service within 20 days.

Mr. Clayton asked about the status of the NYISO study being completed by Mr. Corey on the loss of six (6) - 345kV transmission lines located in the same corridor as the proposed pipeline. The Reliability Rules Subcommittee will send a note to Mr. Corey requesting a status report on the studies being completed - **AI #11-7**.

5.0 Proposed NERC Legislation Status & NYSRC Course of Action

5.1, 5.2 & 5.3 - Mr. Gioia reported that activity surrounding the draft legislation has slowed down and there appears to be only a slim chance that the legislation will be enacted during the current legislative session. He also noted that there appears to be insufficient support for carving the reliability language out of the legislation, and there is not much support for the Gorton bill. Mr. Gioia recommended that the Committee develop a strategy for meeting with the representatives from New York and/or the House Subcommittee to discuss the issues and to determine when to schedule this meeting - continuation of **AI #7-13**.

6.0 NYS Assembly Statewide Reliability Study

Mr. Bolbrock reported that the Steering Committee has posted the request for proposals for the completion of the statewide reliability studies on the NYSERDA web site, with bids due in by March 27, 2000. Mr. Loehr was asked to consider representing the NYSRC on the Steering Committee. Mr. Bolbrock shall contact Peter Smith of NYSERDA regarding the NYSRC representative - **AI #11-8**.

7.0 NOx Emission Constraints on NYC Generating Units

Mr. Sasson reported that the parties have been meeting with the NYISO on the issue regarding environmental constraints on NOx emissions from generating units in New York City under the ownership of four entities. Mr. Sasson noted that not all parties are willing to propose to the NYS Department of Environmental Protection that the emissions constraints continue to be imposed on all of the units bundled together. Mr. Sasson noted that the Committee does not need to be involved until the parties file a proposal with the DEC. At that time Mr. Sasson will contact Mr. Buechler regarding the draft recommendation on what the NYSRC's role should be - continuation of **AI# 9-12**.

8.0 Reliability Rules Subcommittee

8.1 Subcommittee Status Report

During the Open Session, Mr. Clayton provided a status report on the Reliability Rules Subcommittee ("RRS"), noting that the RRS last met on March 3, 2000. An open session was provided, however, there were no entities participating. The next RRS meeting is scheduled for April 7, 2000 and the notice and agenda will be posted on the NYSRC web site.

Mr. Clayton reported that the RRS continues its review of the Initial Reliability Rules to assess compliance with the NERC and NPCC standards. The RRS has also developed a list of 24 modifications to the Initial Reliability Rules and is developing a template for use in the modification process. Mr. Clayton also noted that the RRS has sent an assignment to the Installed Capacity Working Group ("ICWG") regarding data to be used in future studies to determine the statewide Installed Reserve Margin ("IRM").

8.2 Reliability Rules - Status of Revisions/8.3 RRS Discussion Issues

See Item 8.1 above.

9.0 Installed Capacity Working Group

9.1 ICWG Status Report & Discussion Issues

During the Open Session, Mr. Cordeiro reported that the ICWG has taken no action since issuing the Final Report on “New York Control Area Installed Capacity Requirements for the Period May 2000 through April 2001.” The ICWG will be responding to a question received from a Market Participant on the effects of the NYSRC’s proposed statewide IRM on the NYISO’s proposal to adopt an unforced capacity concept. Mr. Cordeiro noted that a process must be developed to address questions received in the future.

9.2 Status of FERC Filing of Statewide Installed Reserve Margin

Mr. Gioia reported during the Open Session that NYSRC filing of the Statewide IRM was made at FERC on February 22, 2000. Several parties filed interventions with FERC and only one protest was filed jointly at FERC by Con Edison, Orange & Rockland (“O&R”), and CHG&E. Mr. Gioia reported that FERC has included this proceeding on its Consent Agenda for the March 29, 2000 regular session.

i. Draft Answer to Protests in FERC Proceeding - During the Closed Session, the Committee discussed the NYSRC’s draft response to the protest filed by Con Edison, O&R, and CHG&E. Con Edison and CHG&E did not participate in the Committee’s discussions. The Committee (less Con Edison & CHG&E) agreed to proceed with the filing of the NYSRC’s response as soon as possible, since the proceeding is on FERC’s March 29, 2000 agenda. The Committee shall submit comments to Mr. Gioia by noon on March 27, 2000, and Mr. Gioia will file the NYSRC’s response at FERC as soon as possible - **AI #11-9**.

9.3 NYISO Recommendation on Locational Installed Reserve Margins

No report was given during the Open Session since no NYISO representative was in attendance. During the Closed Session, Mr. Calimano noted that he was not prepared to discuss the NYISO’s recommendation on location IRM. Mr. Bolbrock expressed his concern that the NYSRC has not been presented the NYISO’s decision on locational IRM and that there appears to be conflicting information on what the requirements will be. The Committee also discussed the need for the Reliability Compliance Monitoring Subcommittee (“RCMS”) to obtain answers from the NYISO to questions on the locational requirements published by the NYISO for New York City and Long Island, and whether there is sufficient capacity in these locations to meet these requirements. Mr. O’Neal shall address this issue at the next RCMS meeting - **AI #11-10**. Mr. Calimano shall inform Mr. Adams that the NYISO shall address the locational IRM issue at the next Committee meeting - **AI #11-11**.

The Committee agreed that the following issues need to be addressed by the NYISO: (1) what happens if the FERC rejects the NYSRC filing for an 18% statewide IRM (i.e. - 18% will be added to the LSE non-coincident peaks, which based on the diversity study, results in a 17.4% statewide IRM, etc.); (2) What happened to the NYISO diversity study (i.e. - the Committee was briefed in February that the statewide diversity was about 2.5%, however, now the diversity has been published at 0.99 - sum of non-coincident peaks less than the NYCA peak); (3) the draft locational requirements study dated March 10, 2000, indicated that New York City and Long Island could have locational ICAP requirements equal to 76% and 97%, respectively, and meet the criteria based on an 18% statewide IRM. However, the NYISO issued an email on March 22, 2000, stating that the NYISO will maintain the existing locational requirements; and (4) what will the locational IRM be for the individual LSEs?

10.0 Reliability Compliance Monitoring Subcommittee

10.1 Subcommittee Status Report & RCMS Discussion Issues

During the Open Session, Mr. O'Neal reported that the Reliability Compliance Monitoring Subcommittee ("RCMS") met on March 15, 2000 and issued documents to the Committee on March 16, 2000, summarizing the NYSRC Reliability Compliance Program ("NYRCP"). Mr. O'Neal summarized the following items to the Committee: (1) Compliance Monitoring Process; (2) Objectives, program assessments and milestones of the NYRCP; (3) NYRCP Roll-out; (4) Current NYRCP Activities; and (5) Future RCMS Activities. A letter will be sent to the NYISO summarizing the program, and a meeting has been scheduled with the NYISO. Mr. Bolbrock noted that the Committee should be prepared to vote on adopting the NYRCP at the next meeting.

During the Closed Session, Mr. Bolbrock reported that a new Chairperson was needed for the RCMS as a result of Mr. Casazza's resignation. Since no Committee members volunteered, Mr. Bolbrock recommended that Mr. M. DeLaura of NYPA be considered for the position, which was agreed to by the Committee. Mr. Haase will ask Mr. DeLaura if he is interested in the position - **AI #11-12**.

10.2 RCMS Staffing Request

During the Closed Session, briefly discussed the RCMS staffing request submitted in Mr. Casazza's February 23, 2000 letter. The Committee agreed to table the consideration of this request until further notice.

10.3 NYISO's Compliance with CPS2

During the Closed Session, Mr. Calimano summarized the NYISO control performance ("CPS2") issue, noting that from April 1999 through January 2000, the NYPP/NYISO has not met its CPS2 requirements. The NYISO met the CPS2 requirement in February (92.2%) and so far in March (93%). The NYISO is monitoring its compliance with CPS2 on a weekly basis. Mr. Calimano also noted that the NYISO is working with the owners of PURPA generating units to encourage them to

follow their schedules more closely and to develop a process to obtain better control over the PURPA units.

Mr. Haase asked, from a reliability perspective, what actions is the NYISO taking to prepare for the Summer 2000 period, based on the events of the Summer of 1999. Mr. Calimano was asked to provide a report on the actions being taken by the NYISO, including emergency preparedness with the neighboring ISOs, at the next Committee meeting - **AI #11-13**.

11.0 System Adequacy Reports/Studies

11.1 Status Report on NYISO Studies

Mr. Calimano noted during the Closed Session that he did not have a status report on the NYISO studies being conducted.

12.0 Meeting Schedule

The Committee agreed on a date for the June meeting. The following are the scheduled dates and locations for the future Committee meetings:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#12	Apr. 13	NPCC Offices, New York City	10:00 AM
#13	May 12	NPCC Offices, New York City	10:00 AM
#14	June 16	NYISO Power Control Center, Guilderland	9:30AM

The Secretary will contact the NYISO and NPCC to make arrangements and will prepare and issue the agendas for the meetings - **AI #11-14**.

The Committee Meeting No. 11 was adjourned at 3:25 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: April 12, 2000