

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 13 - May 12, 2000
Northeast Power Coordinating Council (“NPCC”) Offices - New York City

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
Michael A. DeLaura	New York Power Authority (“NYPA”) (Alternate)
Joseph C. Fleury	New York State Electric & Gas Corporation - Secretary
H. Kenneth Haase	New York Power Authority (“NYPA”)
John Hurlbut *	Rochester Gas & Electric Corporation (Alternate)
George C. Loehr	Unaffiliated Member
Robert M. Loughney *	Retail Sector, Couch, White, LLP (Alternate)
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

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Keith O’Neal	New York Public Service Commission (“PSC”)
Narayan Rau	ISO - New England (“ISO-NE”) - (part time)

* - Denotes individual participated in the meeting by telephone.

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction/Open Session Topics

1.1 Requests for Additional Agenda Items - The Committee reviewed the agenda for the meeting and had no additional items.

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. 12 (April 13, 2000) & Conference Call No. 3

(May 2, 2000) - After brief Committee discussion, Mr. Haase moved that the Draft Minutes from Meeting No. 12 be approved as modified by the Committee, which was seconded by Mr. Mennerich, and carried unanimously by the Committee Members in attendance (11 to 0, 1 absent). After Committee discussion, Mr. Clayton moved that the Draft Minutes from Conference Call No. 3 be approved as modified by the Committee, which was seconded by Mr. Haase, and carried unanimously by the Committee Members in attendance (11 to 0, 1 absent). The Secretary will issue the final minutes for Meeting No. 12 and Conference Call No. 3 and post the final minutes on the NYSRC web site - **AI #13-1**.

2.2 Action Items List - The Secretary distributed the Outstanding Action Items List to the Committee.

3.0 Reliability Rules Subcommittee Status Report/Issues

3.1 Subcommittee Status Report

Mr. Sasson reported during the Open Session that the Reliability Rules Subcommittee (“RRS”) last met on May 4, 2000. He noted that due to the workload of the RRS, meetings will be expanded to two days. In addition to the Reliability Rules discussed below, Mr. Sasson reported that the RRS is working on a policy on reliability ~~versus economies~~ consistent with an efficient competitive electric market, which was assigned to the RRS by the Committee.

3.2 Reliability Rules - Status of Revisions

Mr. Sasson reported during the Open Session that the RRS continues its review of the Initial Reliability Rules to assess compliance with the NERC and NPCC standards. The RRS is working on a list of 27 new reliability rules or modifications to the existing Initial Reliability Rules and has finalized the template for use in the modification process, which is posted on the NYSRC web site under NYSRC Policy No. 1-1.

a. Vote on Adoption of New/Revised Reliability Rules

During the Closed Session, the Committee discussed a number of proposed new or revised reliability rules presented by Messrs. Sasson and O’Neal. During the Open Session, the Committee voted on the adoption of these reliability rules. The Secretary will work with the RRS to post the proposed new/revised reliability rules on the NYSRC web site in accordance with NYSRC Policy No. 1-1 - **AI #13-2**.

i. Provision for Emergency Action by NYISO Operators - The RRS agreed that the NYISO Operators currently have the authority to take any action required during emergency situations, therefore, there is no need to address this issue for Summer 2000 on an expedited basis. The RRS will consider including this provision in the introduction of the NYSRC Reliability Rules, instead of as a new reliability rule.

- ii. Increase 30-minute Operating Reserves/Replenish 10-minute Operating Reserves -** The RRS revised the original proposed modification to existing reliability rule 4.12, which was discussed at the last meeting. The RRS proposed to modify the rule to comply with NPCC Document A-6 by including the requirement that 10 minute operating reserve be replenished in 30 minutes following a contingency. In addition, the RRS proposed to require that 30-minute operating reserves be replenished within 60 minutes, and that the NYISO commit sufficient generation to restore 10- and 30-minute operating reserves as required. After significant discussion during the Closed Session, Mr. Haase moved during the Open Session that the Committee adopt, on an expedited basis, the reliability rule modification requiring the replenishment of 10-minute operating reserve within 30 minutes following a contingency, in accordance with NPCC Document A-6. This motion was seconded by Mr. Clagett and approved unanimously by the Committee (12 to 0). Mr. Clayton noted that the NPCC Document A-6, Section 3.4 requires that 100 percent of an area's 10-minute reserve requirement be synchronized reserve. The Committee requested the RRS to investigate this requirement - **AI #13-3**.
- iii. "Quick Start" Mode for Gas Turbines at Gowanus and Narrows -** Mr. Sasson reported that the RRS met with the NYISO and notified Orion Power Holdings, Inc. ("Orion"), owners of the Gowanus and Narrows gas turbine generators of the reliability rule proposed to the Committee at the last meeting, that the gas turbines be placed in "Quick-Start" mode, if required, enabling the units to be on-line and at base load within 10 minutes. Mr. Sasson also noted that Orion participated in the Open Session of the May 4th RRS meeting. The NYISO suggested that the proposed rule be handled as an Application Rule associated with the existing NYSRC Local Reliability Rule No. 1. As such, the Application Rule would be added to the current list of Application Rules in the NYISO's Transmission & Dispatch Manual ("T&D Manual"). The RRS submitted a draft letter to Mr. Museler of the NYISO transmitting the proposed Application Rule. The Committee discussed the issue and agreed to handle this as an Application Rule and modified the draft letter to the NYISO to include a statement that it is the NYSRC's understanding that the costs associated with the implementation of the Application Rule will be the responsibility of the customers in the local area. During the Open Session, Mr. Loehr moved that the Committee adopt this rule on an expedited basis, as an Application Rule of existing Local Reliability Rule No. 1, and transmit this to the NYISO (Mr. Museler, with copies to the Chairpersons of each of the NYISO Management, Operating, and Business Issues Committees, and Orion) for inclusion in the next draft of the NYISO T&D Manual. Mr. Mennerich seconded the motion and the Committee approved the motion unanimously (12 to 0). Mr. Sasson shall modify the transmittal letter and forward to Mr. Bolbrock for signature and distribution - **AI #13-4**.
- iv. Generating Unit Availability Data Requirements -** The RRS proposed that the existing Reliability Rule 3.1.3.2 be replaced with ~~the~~ new [reliability rule reflecting the requirement](#) that generating unit availability data required for the analysis of the reliability of the NY Control Area, be collected and maintained by the NYISO. The proposed reliability rule will

be handled under the NYSRC Policy No. 1-1 normal review process. During the Open Session, the Committee modified the proposal to include environmental data and agreed to proceed with the normal review process.

b. NOx Emission Constraints on NYC Generating Units - Policy Statement

During the Closed Session, Mr. Sasson reported that representatives from the RRS met with the NYISO on April 24, 2000, to discuss the NOx emission issue. The group agreed that the NYISO would meet with the NYS Department of Environmental Protection (“DEC”) to request a waiver from the DEC’s NOx emissions requirements after all action is taken by the NYISO to relieve a system emergency, short of load shedding. Mr. Adams reported that a meeting was held with the DEC on May 9, 2000, resulting in the formation of a working group. As a result of this meeting, the NYISO will be sending a request to the DEC for this waiver, along with the procedures to implement the waiver, by May 17th. If approved by the DEC, the waiver will be implemented immediately by the NYISO. The Committee discussed and did not agree with the draft NOx Policy Statement being proposed by the RRS for inclusion at the end of the Introduction to the NYSRC Reliability Rules. The Committee did agree that two letters be sent from the NYSRC: (1) a letter to the NYISO requesting that they pursue the request for waiver from the DEC, and develop procedures for implementation as soon as the DEC approves the waiver; and (2) a letter to the DEC supporting the NYISO’s request for the NOx waiver. Mr. Gioia shall draft the two letters and send to the Committee for review and comments - **AI #13-5**. The Committee did agree to pursue the development of a reliability rule if the DEC rejects the NOx waiver request. The Committee also recommended that the RRS be represented on the NYISO/DEC Working Group. The Committee also requested that the RRS take into advisement and investigate whether the NYISO software should take into account environmental dispatching - **AI #13-6**.

Mr. Sasson briefly summarized the issue during the Open Session and Mr. Bolbrock indicated that the Committee agreed to send letters to the NYISO and DEC regarding the issue.

4.0 Installed Capacity Working Group Status Report/Issues

During the Closed Session, the Committee discussed the need for the Installed Capacity Working Group (“ICWG”) to review and answer all questions raised regarding the assumptions made for the studies completed in preparation of the Final Report on “New York Control Area Installed Capacity Requirements for the Period May 2000 through April 2001.” The ICWG will need to develop a schedule for the completion of assumptions to be used in the 2001 study. During the Open Session, Mr. Cordeiro noted that there was nothing new to report.

5.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

During the Open Session, Mr. Bolbrock noted that Mr. DeLaura announced to the Committee during the Closed Session that he is resigning from NYPA in early June to take a position at NERC. Mr. Bolbrock thanked Mr. DeLaura for his contributions to the NYSRC as Chairman of the Reliability Compliance Monitoring Subcommittee (“RCMS”).

Mr. DeLaura noted that the RCMS last met on May 10, 2000, with two entities monitoring the Open Session. In addition to the items discussed below, Mr. DeLaura reported that LIPA sent a letter requesting the RCMS to determine whether the NYISO has complied with existing Reliability Rules regarding the start-up and operation of gas turbine units, and whether there are any new Reliability Rules that should be implemented by the NYSRC to address gas turbine units. The RCMS will reply to the LIPA letter in June.

5.1 NYISO Final Report on Locational Installed Reserve Margins

During the Open Session, Mr. DeLaura noted that the NYISO has indicated that they will be incorporating the RCMS’ comments on the NYISO’s draft report on locational Installed Reserve Margin (“IRM”) into their Final Report. Mr. Adams noted during the Closed Session that the Final Report should be issued the week of May 15, 2000.

5.2 NYSRC Reliability Compliance Program

Mr. DeLaura noted during the Open Session that the RCMS and NYISO met regarding the NYSRC Reliability Compliance Program (“NYRCP”). Mr. DeLaura noted that the RCMS is working on templates for the NYRCP, along with a reliability compliance report similar to NPCC. Mr. DeLaura noted that the Reliability Compliance Workshop scheduled for April 27 was canceled due to lack of participants. He also distributed a draft letter to the NYISO Operating Committee requesting that copies of all system reliability impact study reports be sent to the RCMS.

Mr. Bolbrock distributed a copy of the Press Release that was being issued on May 12 regarding the NYSRC’s adoption of the NYRCP.

6.0 NYISO Preparedness for Summer 2000

During the Closed Session, Mr. Adams distributed copies of, and presented the slides from a May 8, 2000 NYISO presentation to the PSC titled, “NYISO Reliability Assessment for Summer 2000.” Mr. Adams noted the following: (1) the NYISO is forecasting a peak of 30,200 MW for Summer 2000; (2) the overall supply for NY is adequate, but tight; (3) Summer 2000 capacity meets the 18% statewide requirement, however, NYC is about 300 MW short; and (4) it

is expected that NY will be short on operating reserves 15-16 hours during the period.

7.0 NPCC's Summer 2000 Reliability Assessment Study

Dr. Narayan Rau of the ISO-NE and Chairman of the NPCC Ad Hoc Operations Planning Working Group presented a summary of the NPCC's Summer 2000 Reliability Assessment Study which is scheduled to be issued, along with NPCC's CP-8 study report, on May 18, 2000. Dr. Rau distributed copies of the presentation slides to the Committee. Dr. Rau noted that the report concludes that, "unless major resource outages occur simultaneously in neighboring areas, New York and New England expect to have adequate capacity to meet the expected demand and assist each other as well." In addition, he noted that "deterministic analysis... indicates that New England will encounter about three days of OP4 situations under reference load forecast," and "corresponding exposure in New York is estimated to be seventy hours." Mr. Haase recommended the addition of a footnote to the table in the report, explaining that there are different installed capacity rules in place for each control area that could lead to a misinterpretation of the study results on resource adequacy.

8.0 Organizational Issues

8.1 Legal Counsel Retention Agreement

Mr. Bolbrock noted that the draft Legal Retention Agreement/Engagement Letter was reviewed by the subgroup including Messrs. Clagett, Mennerich, and Fleury and has been finalized. The Engagement Letter was distributed to the Committee for final review and approval at the next Committee meeting - **AI #13-7**. Mr. Gioia responded to the issue raised regarding his membership on the Energy East Board of Directors, noting that in his role as General Counsel to the NYSRC, he clearly represents the NYSRC as a whole, and does not represent any of the individual members.

8.2 NYSRC Treasurer's Report

The Secretary presented the Treasurer's Report to the Committee in Mr. Adamson's absence. The April 2000 Summary of Receipts and Disbursements was distributed. Mr. Adamson report noted that two parties have not submitted payments in response to the calls for funds. A call for funds was issued in April for June at a monthly rate of \$5,000 per affiliated member, and is due on June 1st. Mr. Adamson did not provide a status on the financial statement for the year ending December 31, 1999 prepared by the Accountant or the NYSRC tax forms to be filed at the IRS.

A revised NYSRC 2000 Budget was also distributed to the Committee, incorporating actual legal expenses and insurance premium costs. Mr. Mennerich requested that Mr. Adamson provide a side-by-side comparison of the original and revised budget, along with a detailed breakdown of the "Legal, Consulting, Accounting, Staff, and Other Services" budget figures. Mr. Adamson

shall submit this information to the Committee for discussion at the next meeting - **AI #13-8**.

8.3 Funding Mechanism

Mr. Gioia noted that the motion sent to the NYISO Management Committee on the proposed NYSRC funding mechanism, was removed at the last meeting based on the Committee's decision during Conference Call No. 3 on May 2, 2000. Mr. Gioia recommended that the Committee consider the addition of two more positions on the NYSRC for a Marketer Sector and a Small Consumer Sector, which would enhance our chances of getting NYISO Management Committee approval of the proposed NYSRC funding mechanism through the NYISO's Schedule 1 charge. The Committee discussed the issue noting arguments both in favor of and against Mr. Gioia's recommendation. Messrs. Clayton, Loughney, and Cordeiro noted that their respective sectors may soon be forced to terminate their membership on the NYSRC due to the NYSRC costs incurred by their respective organizations, especially if the budget for 2000 increases. Other funding mechanism options were discussed including complete funding by the seven Transmission Owners.

A motion was made by Mr. Raymond and seconded by Mr. Clagett for the Committee to propose to the NYISO Management Committee the following package: the NYSRC funding mechanism through the NYSIO Schedule 1 Ancillary Service Charge as originally proposed; two new positions would be created on the NYSRC Executive Committee for a representative from each of the Marketers and Small Consumer's Sectors; and the NYSRC Budget will be reviewed by the PSC. Mr. Gioia was instructed by the Committee to assess the support that would be obtained at the NYISO Management Committee through discussions with the members. Mr. Bolbrock was authorized by the Committee to make the decision to proceed with the motion at the NYISO Management Committee only if overwhelming support for the motion existed, based on Mr. Gioia's assessment. The Committee also stipulated that the two new positions would be allowed only if the NYSRC funding mechanism is approved by the NYISO Management Committee and NYISO, and accepted by FERC. The Committee approved the motion by a vote of 9 to 3.

8.4 Selection Process for Vacant Unaffiliated Member

Mr. Loughney reported that the Selection Committee consisting of Messrs. Clagett, Sasson, and Loughney interviewed candidates on May 1, 2000, and issued a May 5, 2000 letter to the Committee recommending three (3) candidates and one alternate to fill the vacant Unaffiliated Member position on the Committee. Mr. Loughney noted that the individual recommended as the alternate withdrew his name from further consideration. The Committee discussed the Selection Committee's recommendation and after discussion, Mr. Loehr moved that the Committee select Mr. Bruce Ellsworth as the new Unaffiliated Member. The motion was seconded by Mr. Mennerich and approved by the Committee (10 to 0, 2 abstentions - Messrs. Clayton & Fleury). Mr. Loughney shall contact Mr. Ellsworth - **AI #13-9**.

9.0 Millennium Gas Pipeline Project Status

9.1 Status Report on FERC Proceeding

Mr. Gioia reported that on April 18, 2000, the Millennium Pipeline Company (“Millennium”) responded to FERC’s March 21, 2000 letter indicating that they have been working with the PSC and have identified an alternate route. Millennium also requested FERC to proceed with issuing a Final Environmental Impact Statement (“FEIS”) reserving judgment on the Westchester County route. In a May 2nd letter, FERC stated that it could not issue an FEIS that did not evaluate the entire route and that Millennium must file an amendment to its application for the new route.

The Secretary reported that Millennium requested a meeting with representatives of the NYSRC to discuss the alternate routing proposal for the gas pipeline. The RRS (Mr. Sasson) shall contact Millennium to schedule a meeting - **AI #13-10**.

9.2 Status Report on NYISO Transmission Study

Mr. Adams shall provide a status report on NYISO’s transmission study for the loss of six (6) - 345kV transmission lines located in the same corridor as the proposed pipeline. The Committee requested completion of this study at its April 13th meeting, with a requested completion of late May - continuation of **AI #12-3**.

10.0 Proposed NERC Legislation Status & NYSRC Course of Action

Mr. Gioia reported that hearings held in April resulted in little, if any support for a separate reliability bill. The legislation has slowed down and there still appears to be only a slim chance that the legislation will be enacted during the current legislative session-continuation of **AI #7-13**.

11.0 NYS Assembly Statewide Reliability Study

Mr. Bolbrock reported that Peter Smith of NYSERDA informed him that they are negotiating a scope of work with a consultant for the completion of the statewide reliability studies.

12.0 System Adequacy Reports/Studies

12.1 Status Report on NYISO Studies

During the Open Session, the Mr. Adams reported on the following studies being conducted by the NYISO: (1) Comprehensive Transmission Adequacy Study; (2) Locational Installed Capacity

Study - discussed in Item 5.1, above; (3) Draft Summer 2000 Assessment - discussed in Item 6, above; and (4) the 6 month vs. 1 month Installed Capacity Requirement.

13.0 Meeting Schedule

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>
#14	June 16	NYISO Power Control Center, Guilderland	9:30AM
#15	July 13	NYISO Power Control Center, Guilderland	
9:30AM			
#16	August 17	NYISO Power Control Center, Guilderland	9:30AM

The Committee Meeting No. 13 was adjourned at 4:00 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: June 16, 2000