

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 14 - June 16, 2000
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 Sector, PG&E Generating
Mark J. Cordeiro	Municipals, PLM, Inc
Bruce B. Ellsworth	Unaffiliated Member
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 (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)
Alan M. Adamson	Consultant
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”)
Keith O’Neal	New York Public Service Commission (“PSC”)
Jack Zekoll	PSC - (part time)

* - Denotes individual participated in the meeting by telephone.

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction/Open Session Topics

1.1 Welcome - Mr. Bolbrock welcomed Mr. Ellsworth to his first NYSRC Executive Committee (“Committee”) meeting since accepting the Unaffiliated Member position.

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

1.3 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. 13 (May 12, 2000) & Conference Call No. 4 (May 25, 2000) - Mr. Raymond moved that the Revised Draft Minutes from Meeting No. 13 be approved by the Committee, which was seconded by Mr. Haase, and carried unanimously by the Committee (13 to 0). Mr. Mennerich moved that the Revised Draft Minutes from Conference Call No. 4 be approved by the Committee, which was seconded by Mr. Raymond, and carried unanimously by the Committee (13 to 0). The Secretary will issue the final minutes for Meeting No. 13 and Conference Call No. 4 and post the final minutes on the NYSRC web site - **AI #14-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List. Responsible individuals reported the status of the items 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 31st and June 1st, with the next meeting scheduled for June 30, 2000. He noted that due to the workload of the RRS, meetings have been expanded to two days. Mr. Sasson reported that the RRS discussed issues including reliability on the NY system during Summer 2000, the Millennium Gas Pipeline Proceeding, and NOx emissions. The Secretary also noted that two reliability rules are currently posted on the NYSRC web site for review and comments in accordance with NYSRC Policy No. 1-1, with comments due on July 18, 2000.

During the Closed Session, Mr. Sasson raised a concern with the lack of participation and attendance by RRS members at meetings, resulting in tasks being delayed. Some Transmission Owners and other Affiliated Members are not represented on the RRS. Mr. Bolbrock asked the subcommittee Chairpersons to inform the Committee Members if their respective representatives are not contributing.

a. Status of New/Revised Reliability Rules - During the Closed Session, the Committee discussed the status of the following proposed new or revised reliability rules:

i. RR00-01: Restoration of 10 Minute Reserves - The Committee reviewed and provided minor comments on the draft letter informing the NYISO of the new reliability rule to be implemented on an expedited basis to comply with NPCC Document A-6 by including the requirement that 10 minute operating reserve be replenished in 30 minutes following a contingency. Mr. Bolbrock shall send the letter to Mr. Museler - **AI #14-2**. The Secretary noted that the proposed reliability rule is posted on the NYSRC web site for review and comments by July 18, 2000, in accordance with NYSRC Policy No. 1-1. To date no comments have been received.

ii. Generating Unit Availability Data Requirements - The Secretary noted that the

proposed reliability rule is posted on the NYSRC web site for review and comments by July 18, 2000, in accordance with NYSRC Policy No. 1-1. To date no comments have been received.

- iii. Ramp-Rate Reserve Criteria** - Mr. Sasson presented a proposed reliability rule to be implemented on an expedited basis to have the NYISO commit generating units on a day-ahead basis to satisfy a day-ahead ramp-rate reserve criteria. Mr. Sasson stated that the RRS is on record that there is a need to have the NYISO commit more non-gas turbine units for the Summer 2000 period and that NOx emission waivers will not resolve the issue. Mr. Adams noted that the NYISO is meeting the NPCC control performance criteria (CPS-1 & 2) and that the problem is a result of some generating units not meeting the ramp-rates that they are bidding into the NYISO. After the Committee discussed the issue, it was agreed that Messrs. Bolbrock and Sasson would contact Mr. Museler and schedule a conference call for early next week (week of June 19) to discuss the issue with the NYISO. Following the call, the Committee shall be informed of the resolution - **AI #14-3.**
- b. Process for Filing New/Revised Reliability Rules At FERC** - During the Closed Session, the Committee agreed that the Secretary shall work with Mr. Gioia to file the revised NYSRC Reliability Rules at FERC. The document shall include all reliability rules with no attachments - **AI #14-4.**
- c. NOx Emission Constraints on NYC Generating Units - Status Report** - During the Closed Session, Mr. Sasson reported that the Counsel for the NYS Department of Environmental Protection (“DEC”) stated that transferring the New York Power Pool waiver on the DEC’s NOx emissions requirements should not be pursued, and that the NYISO should request its own DEC waiver. The NYISO will be sending the waiver request to the DEC in the next day or two. Mr. Gioia drafted two letters to 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. Bolbrock shall finalize the letters and send out - **AI #14-5.**
- d. NYSRC Draft Policy Statement on Economic Considerations** - During the Closed Session, the Committee discussed the draft policy developed by the RRS and agreed that the policy should be incorporated into the RRS Work Scope. The RRS shall draft the revised RRS Work Scope and forward to the Committee for review - **AI #14-6.**
- e. FERC Proceeding - Notice of Interim Procedures to Support Industry Reliability Efforts** - The Committee discussed and agreed that the NYSRC should file a brief response in the FERC proceeding by the June 30, 2000 deadline. Messrs. Gioia and Sasson shall prepare the filing document - **AI #14-7.**
- f. Self-Supply of Reserves** - Mr. Gioia noted that the NYISO filed a document at FERC stating that the requirement for the self-supply of reserves to be allowed only for generation in the east is

pursuant to an NYSRC Initial Reliability Rule. Mr. Gioia noted that he has spoken with Mr. Buechler at the NYISO who has agreed that this requirement is not required to meet a reliability rule.

4.0 Installed Capacity Working Group Status Report/Issues

During the Open and Closed Sessions, Mr. Cordeiro reported that the Installed Capacity Working Group (“ICWG”) will be conducting conference calls in the near future to develop a schedule for completing various assignments from the RRS, including the completion of assumptions to be used in the 2001 New York Control Area Installed Capacity Requirements Study.

Mr. Cordeiro also reported that the Brattle Group May 2000 report, “Shortening the NYISO’s Installed Capacity Procurement Period: Assessment of Reliability Impacts,” which is available on the NYISO web site, states that reliability will not be impacted by either a change in the installed capacity procurement period from 6 months to 1 month, or a change in the NYISO’s installed capacity verification methodology to an unforced capacity testing methodology. Mr. Cordeiro noted that the change to unforced capacity testing may require a reliability rule change. Mr. Adams noted that only one rule may require a change. The ICWG shall address the need for reliability rule changes and develop a recommendation for the RRS - **AI #14-8**.

5.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

During the Open Session, Mr. Bolbrock noted that Mr. Loehr has replaced Mr. DeLaura as Chairman of the Reliability Compliance Monitoring Subcommittee (“RCMS”). Mr. DeLaura resigned from NYPA in early June to take a position at NERC.

Mr. Loehr noted during the Open Session that the RCMS last met on June 15, 2000. In addition to the items discussed below, Mr. Loehr reported that the RCMS is monitoring the work of the NPCC Compliance Monitoring Working Group which is proposing sanctions for non-compliance. Initially the NPCC will be issuing letters for non-compliance and no fines or other sanctions, initially. NPCC has scheduled to finalize their compliance monitoring program by late 2001.

- a. NYISO Final Report on Locational Installed Reserve Margins** - During the Open Session, Mr. Loehr noted that the RCMS reviewed and approved the NYISO’s Final Draft report on locational Installed Reserve Margin (“IRM”).
- b. NYSRC Reliability Compliance Program** - Mr. Loehr noted during the Open Session that the work continues on the NYSRC Reliability Compliance Program (“NYRCP”). The Reliability Compliance Workshop scheduled for April 27 was canceled due to lack of participants. Mr. Loehr noted that the NYISO is preparing a Reliability Compliance Manual with a draft scheduled to be issued in July. The NYISO is developing this manual through the various NYISO Committees.
- c. Other** - During the Closed Session, Mr. Loehr noted that the RCMS letter to the NYISO

Operating Committee requiring that the RCMS be kept informed of proposed projects in NYS, has resulted in some members of the Operating Committee stating that the NYSRC is going beyond their jurisdiction. The problem appears to be one of miscommunication. The RCMS agreed to submit comments on proposed projects to the NYISO Transmission Planning Advisory Subcommittee ("TPAS") through the TPAS review process. Mr. Loehr also informed the Committee of the NYISO Major Emergency Reports that are sent to the PSC. The Secretary provided copies of three reports issued by the NYISO in May. The Secretary receives these reports from the NYISO and will send them to the Committee.

6.0 System Adequacy Reports/Studies

During the Open Session, Mr. Adams reported that a number of NYISO and NPCC studies and reports have been issued and are available on the NYISO web site. During the Closed Session, Mr. Adams reported on the following:

- a. NYISO Preparedness for Summer 2000/NYISO Studies** - Mr. Adams distributed copies of the NYISO's status report on Summer 2000 Preparations to the Committee. He reported that the NYISO's Summer 2000 Operating Study was issued in May 2000 and is available on the NYISO web site. The Committee questioned why some of the information in the report on transfer capabilities on external ties and the expected number of hours where the NYISO may be short on reserves is different than the information provided by Mr. Adams at the last meeting.
- b. NPCC's Summer 2000 Reliability Assessment Study** - Mr. Adams reported that the NYISO is in agreement with the NPCC's Summer 2000 Reliability Assessment Study and CP-8 study report.
- c. NYISO Comprehensive Transmission Adequacy Study** - Mr. Adams reported that the NYISO is routing this study for approval.

7.0 Organizational Issues

7.1 Legal Counsel Retention Agreement

After discussion on the draft Legal Retention Agreement/Engagement Letter by the Committee and Mr. Gioia, the Secretary moved that the Committee approve the Engagement Letter as modified, which was seconded by Mr. Raymond and carried unanimously by the Committee (13 to 0).

7.2 NYSRC Treasurer's Report & Revised 2000 Budget

Mr. Adamson presented the Treasurer's Report to the Committee. The May 2000 Summary of Receipts and Disbursements was distributed. Mr. Adamson reported that all but one party have submitted payments in response to the calls for funds. The Secretary quoted Section 2.03 of the NYSRC Reimbursement Agreement regarding the obligation of members to pay their share of NYSRC expenditures. The Committee authorized Mr. Adamson to issue a call for funds in June to cover

monthly payments of \$5,000 for July, August, and September 2000 - **AI #14-9**. Mr. Adamson also reviewed the revised NYSRC 2000 Budget, along with the detailed breakdown of the “Legal, Consulting, Accounting, Staff, and Other Services” budget figures.

7.3 Funding Mechanism

- a. Year 2000 - Funding Working Group** - Mr. Raymond reported that the Funding Working Group is working on an agreement to address NYSRC expenditures in excess of the 2000 NYSRC Budget of \$550K. Mr. Raymond noted that the Group has prepared recommendations to limit future NYSRC legal and consulting service expenditures in 2000. Legal services shall be reviewed and authorized in advance by the Committee Officers. Consulting services required beyond those services provided by Mr. Adamson shall be authorized by the Committee Officers. Mr. Raymond also noted that an alternative meeting location is being investigated to limit travel expenditures for the Unaffiliated Members.

- b. Post Year 2000** - Messrs. Bolbrock and Clagett summarized their June 9, 2000 meeting with PSC Chair Ms. Helmer, Mr. Tarler and Mr. Simpson to discuss the NYSRC funding mechanism issue. The PSC is very supportive of the NYSRC and Ms. Helmer agreed to contact NYISO Board Chair Mr. Grossi to discuss the issue. The Committee agreed that a decision must be made on the NYSRC Funding Mechanism at the July Committee meeting. Prior to the meeting, Mr. Bolbrock shall inform the Committee of the results of the meeting between Ms. Helmer and Mr. Grossi. The Committee shall be prepared to discuss and reach a decision on the NYSRC funding mechanism at the next Committee meeting - **AI #14-10**.

7.4 NYSRC Participation on NYISO/ISO-NE/PJM/IMO Group

Mr. O’Neal reported that he has been attending meetings of the NYISO/ISO-NE/PJM/IMO Group on operating issues and that there are currently four other groups that have regular meetings. Mr. O’Neal recommended that the NYSRC be represented on the Operations and Planning Groups. The Committee agreed to have Mr. O’Neal represent the NYSRC on the Operating Group and have Mr. Adamson attend the upcoming quarterly meeting.

8.0 Millennium Gas Pipeline Project Status

8.1 Status Report on FERC Proceeding

Mr. Sasson reported that representatives from the Millennium Pipeline Company (“Millennium”) were invited to attend the last RRS meeting, but were unable to attend. FERC scheduled a June 21, 2000 meeting on the proceeding. Mr. Jack Zekoll of the PSC Gas Office reported to the Committee that Millennium and the PSC met and developed a new route that was minimally acceptable to the PSC. Millennium filed this new route at FERC in April and FERC responded noting that there were deficiencies in the filing. He noted that the PSC and Con Edison will both be represented at the June 21 meeting. Millennium requested a meeting/technical conference at FERC prior to their filing date, which is the June 21 meeting. The new route does not include the section containing the 6-345kV

transmission lines in the same right-of-way. According to Mr. Zekoll, from a gas design perspective, the proposed pipeline construction is more than adequate.

After discussion, the Committee agreed that it was not necessary to have a NYSRC representative at the meeting and that the Committee will be able to review and file comments on Millennium's amended filing. Mr. Ellsworth recommended that the Committee should discuss any concerns with the pipeline with the gas industry before taking a position.

8.2 Status Report on NYISO Transmission Study

Mr. Adams reported that the NYISO completed the load flows for the transmission study for the loss of six (6) - 345kV transmission lines located in the same corridor as the proposed pipeline. Mr. Sasson requested that the NYISO's study be completed and presented at the next RRS meeting - continuation of AI #12-3.

9.0 Proposed NERC Legislation Status & NYSRC Course of Action

Mr. Gioia reported that there has been some movement on the federal legislation. As a result, LLG&M developed a position paper and met with two NY representatives on the issue.

10.0 NYS Assembly Statewide Reliability Study

Mr. Loehr reported that NYSERDA awarded the contract for the completion of the statewide reliability studies for both distribution and transmission to General Electric. Mr. Loehr distributed copies of the GE presentation slides from the June 8, 2000 NY Energy Planning Board meeting. GE is scheduled to issue a final report in October 2000. Mr. Loehr also noted that he is participating on a smaller technical group involved in the transmission study.

11.0 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>
#15	July 13	NYISO Power Control Center, Guilderland	9:30 A.M.
#16	August 17	NYISO Power Control Center, Guilderland	9:30 A.M.
#17	Sept. 18	To be determined - Orange & Rockland	9:30 A.M.

The Committee discussed another location for future meetings and was asked to consider a location north of New York City, possibly Orange & Rockland's Offices in Spring Valley or Pearl River. The Committee also agreed to move the starting time for the Open Session to 12:30 P.M. and cover more of the discussions during the Open Session.

The Committee Meeting No. 14 was adjourned at 4:00 PM.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: July 13, 2000