

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 15 - July 13, 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
Alan G. Elberfeld	LIPA (Alternate)
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
Michael Mager	Retail Sector, Couch, White, LLP (For R.M. Loughney)
Kenneth A. Mennerich	Central Hudson Gas & Electric Corporation (“CHG&E”)
P. Donald Raymond	Niagara Mohawk Power Corporation (“NMPC”)
John Muir	Consolidated Edison Co. of N.Y., Inc. (For M.Sasson)

Others

John M. Adams	New York Independent System Operator (“NYISO”) (Alternate)
Alan M. Adamson	Consultant
Paul L. Gioia	LeBoeuf, Lamb, Greene & MacRae (“LLG&M”) - (Part Time)
Keith O’Neal	New York Public Service Commission (“PSC”)

* - Denotes individual participated in the meeting by telephone.

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction/Open Session Topics - Mr. Bolbrock welcomed Mr. Mager, attending for Mr. Loughney and Mr. Muir, attending for Mr. Sasson. Mr. Cordeiro was unable to attend due to a death in the family.

1.1 Requests for Additional Agenda Items - The NYSRC Executive Committee (“Committee”) reviewed the agenda for the meeting and Mr. Clayton requested a discussion on demand side bidding, which is covered in Item 7 below.

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. 14 (June 16, 2000) - Mr. Clagett moved that the Revised Draft Minutes from Meeting No. 14 be approved by the Committee, which was seconded by Mr. Ellsworth, and carried unanimously by the Committee Members in attendance (12 to 0). The Secretary will issue the final minutes for Meeting No. 14 and post the final minutes on the NYSRC web site - **AI #15-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

Mr. Adamson presented the Treasurer's Report to the Committee. The June 2000 Summary of Receipts and Disbursements was distributed, which included a year-to-date column. Mr. Adamson reported that all but two parties have submitted payments in response to the calls for funds with a total of \$20,000 in outstanding payments. He also expressed concerns that the funds currently available are insufficient to pay outstanding legal and consulting expenses. The Committee authorized Mr. Adamson to issue a revised call for funds in July to request that the monthly payments of \$5,000 for both August and September 2000 be paid by August 1, 2000 - **AI #15-2**.

3.2 Funding Mechanism

- a. Year 2000 - Funding Working Group** - Mr. Raymond reported that the Funding Working Group ("Group") has reached an agreement on funding NYSRC expenditures in excess of the 2000 NYSRC Budget of \$550K. The terms of the agreement are as follows:
- i. The first \$35,000 of actual NYSRC expenditures above the original 2000 NYSRC Budget of \$550,000 shall be allocated equally (1/7th) to the seven Affiliated Transmission Owner ("TO") Members.
 - ii. Actual NYSRC expenditures between \$35,000 and \$150,000 above the original 2000 NYSRC Budget of \$550,000 shall be allocated on a pro rata basis, to the seven Affiliated TO Members based on actual energy usage in 1999 (similar to the allocation of NYPP Operating expenses and NYISO Transition Expenses).
 - iii. Actual NYSRC expenditures greater than \$150,000 above the original 2000 NYSRC Budget of \$550,000 shall be addressed by the Group, if and when the further over-expenditure becomes apparent.

The Group also agreed that the terms of the agreement apply to over-expenditures in the year 2000 only, and do not apply to future years. In addition, the Group agreed that it is imperative that the Committee do everything possible to limit expenditures to within the original 2000 NYSRC budget, and

to see to it that all parties meet their financial obligations under the terms of the NYSRC Reimbursement Agreement, that they executed.

b. Post Year 2000 - Mr. Bolbrock reported that he and Mr. Clagett will be meeting with NYISO Board Chairperson Mr. Grossi on July 18, 2000 to discuss the NYSRC, how the NYSRC interfaces with the NYISO, and the NYSRC funding mechanism issue. They will note to Mr. Grossi that it is the unanimous opinion of the NYSRC that NYSRC be funded through the NYISO's Schedule 1 ancillary service charge, and that the NYSRC budget be reviewed by the PSC and filed at FERC. They will also note that, while the NYSRC has made every attempt to meet our obligations to date, there is much more that could be done, which would require the addition of permanent NYSRC staff.. The Committee agreed that a decision must be made on the NYSRC Funding Mechanism at the next Committee meeting. Prior to the meeting, Mr. Bolbrock shall inform the Committee of the results of the meeting with Mr. Grossi - **AI #15-3**. The Committee shall be prepared to discuss and reach a decision on the NYSRC funding mechanism at the next Committee meeting.

4.0 Millennium Gas Pipeline Project Status

4.1 Status Report on FERC Proceeding

After significant discussion, the Committee agreed to have Mr. Gioia draft an NYSRC response to the alternative route filed at FERC by the Millennium Pipeline Company ("Millennium"), and send the draft response to the Committee for review - **AI #15-4**. The response shall note that the NYSRC recognizes that various factors must be considered and balanced by the FERC in reviewing a major pipeline project; that the NYSRC believes that it has a responsibility to advise FERC of its continued concerns with respect to the potential impact of the proposed pipeline; and that further revisions to the project to mitigate the NYSRC's concerns would be beneficial from the perspective of reliability. Mr. Mager noted that Couch, White, LLP would not support a filing of an NYSRC response at FERC.

4.2 Status Report on NYISO Transmission Study

Mr. Adams reported that the NYISO completed the transmission study for the loss of four (4) and six (6) - 345kV transmission lines located in the same corridor as the proposed pipeline. The study will be presented at the next RRS meeting - continuation of **AI #12-3**.

5.0 Proposed NERC Legislation Status & NYSRC Course of Action

Mr. Gioia reported that there has been some movement on the federal reliability legislation in both the House of Representatives and the US Senate. A draft letter from the NYSRC to the House Chairman Bliley was distributed and will be sent by Mr. Bolbrock - **AI #15-5**. Mr. Gioia will have LLG&M review the Senate Bill, which deals with reliability only, to determine whether there are any problems concerning the NYSRC - **AI #15-6**. Mr. Bolbrock will also discuss the issue with Mr. Grossi to

request NYISO Board support for NYSRC language. Mr. O'Neal shall send to the Committee a draft summary of the initial NYSRC Reliability Rules that are more stringent than NERC/NPCC - **AI #15-7**. It appears that nothing will be finalized during the current legislative session, the Committee agreed that we should be prepared.

6.0 NYS Assembly Statewide Reliability Study

Mr. Loehr reported that General Electric is proceeding with the completion of the statewide reliability studies for both distribution and transmission. Mr. Loehr also noted that he is participating on a smaller technical group involved in the transmission study, which has met twice, with the last meeting being on July 11, 2000. The Advisory Committee is scheduled to meet on August 3 and September 7, 2000. Mr. Haase stated a concern that the data and MAPS program being used for this study may not be compatible with the new competitive electric industry.

7.0 Other Items

7.1 Demand Side Bidding - Mr. Clayton noted that PJM filed at FERC for Demand Side Bidding and that New York should also consider a similar program. Mr. Gioia noted that the NYISO is developing a program for implementation by June 1, 2001. Mr. Adams noted that he is the Project Manager for this project. The Committee agreed that the NYSRC should send a letter to the NYISO stating that based on reliability, it is important that the NYISO implement a demand side bidding program by June 1, 2001, and that the NYSRC will support the NYISO's effort - **AI #15-8**.

8.0 Reliability Rules Subcommittee Status Report/Issues

8.1 Subcommittee Status Report - Mr. Clayton reported during the Open Session that the Reliability Rules Subcommittee ("RRS") last met on June 30th, with the next meeting scheduled for August 1, 2000. He noted that the RRS discussed issues including reliability on the NY system during Summer 2000, the Millennium Gas Pipeline Proceeding, and NOx emissions.

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

i. RR00-01: Restoration of 10 Minute Reserves - 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. Mr. Bolbrock shall send the 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 - continuation of **AI #14-2**.

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. Clayton reported that Mr. Sasson met with NYISO Staff on the issue of having the NYISO commit generating units on a day-ahead basis to satisfy a day-ahead ramp-rate reserve criteria. On the average, 20-25 reserve pickups have been required monthly to correct insufficient regulating reserves. 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. The Committee discussed and agreed that the RRS send a draft reliability rule addressing the issue to the NYISO for review and comments. The Committee also agreed that the Reliability Compliance Monitoring Subcommittee shall request information from the NYISO verifying their compliance with NPCC CPS-1 & 2 and NPCC A-6.

- c. NOx Emission Constraints on NYC Generating Units - Status Report** - During the Open Session, Mr. Clayton reported that the NYISO received a waiver from the NYS Department of Environmental Protection (“DEC”) on July 7, 2000, allowing generating units to exceed DEC’s NOx emissions requirements during major system emergencies declared by the NYISO.

- d. NYSRC Draft Policy Statement on Economic Considerations** - During the Open Session, Mr. Clayton reported that Mr. Adamson was revising the RRS’ Work Scope to include language regarding economic - continuation of **AI #14-6**.

- e. FERC Proceeding - Notice of Interim Procedures to Support Industry Reliability Efforts** - During the Closed Session, Mr. Gioia noted that the NYSRC did not file a response in the FERC proceeding.

9.0 Installed Capacity Working Group Status Report/Issues

During the Open Session, Mr. Adamson reported that the Installed Capacity Working Group (“ICWG”) conducted a conference call on June 28, 2000 to discuss action items from the RRS, and scheduled a meeting for July 25, 2000 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. The ICWG will schedule the completion of the 2001 Study for approval by the Committee at its December 2000 meeting.

10.0 Reliability Compliance Monitoring Subcommittee Status Report/Issues

- a. Status Report & Discussion Items** - During the Open Session, Mr. Loehr reported that the

Reliability Compliance Monitoring Subcommittee (“RCMS”) last met on July 12, 2000. In addition to the items discussed below, Mr. Loehr reported that the RCMS is monitoring the work of the NPCC Compliance Monitoring Advisory Subcommittee (“CMAS”) which is proposing sanctions for non-compliance. Mr. Halsey of NMPC will be the liaison between the RCMS and CMAS.

- b. NYSRC Reliability Compliance Program** - Mr. Loehr noted during the Open Session that the RCMS approved the 2000 New York Reliability Compliance Program (“NYRCP”) and will present it to the Committee at the next meeting. Mr. Loehr also noted that the RCMS continues to monitor compliance with the NYSRC Reliability Rules in accordance with the 2000 NYRCP schedule.
- c. Other** - Mr. Loehr reported that Mr. Adamson will be the liaison between the RCMS and the NYISO Transmission Planning Advisory Subcommittee (“TPAS”) to ensure that the RCMS will be able to review proposed projects being reviewed by TPAS. Mr. Loehr also reported that the RCMS reviewed and approved the NYISO’s Comprehensive Transmission Review.

11.0 System Adequacy Reports/Studies

- a. Status Report on NYISO Studies** - During the Open Session, Mr. Adams reported that the NYISO Load & Capacity Databook for 2000 is being finalized and will be issued at a later date.
- b. NYISO Preparedness for Summer 2000/NYISO Studies** - Mr. Adams reported that all items listed in the NYSIO’s status report on Summer 2000 Preparations have been completed.
- c. NYISO Comprehensive Transmission Review** - Mr. Adams reported that the NYISO is routing this study for review and approval within the NYISO Committees.

12.0 Meeting Schedule

The following are the scheduled dates and locations for the future Committee meetings as agreed to by the Committee:

<u>Mtg No.</u>	<u>Date</u>	<u>Location</u>	<u>Time</u>
#16	August 17	NYISO Power Control Center, Guilderland	9:30 A.M.
#17	Sept. 18	NYISO Power Control Center, Guilderland	9:30 A.M.
#18	Oct. 17	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee discussed the issue of meeting location and agreed to continue meeting in Albany until the Winter months, when meetings may be held in New York City.

The Committee Meeting No. 15 was adjourned at 2:30 PM.

Minutes approved as modified by the NYSRC Executive Committee on August 17, 2000.

Completed By: Joseph C. Fleury - Secretary

Final Issue Date: August 18, 2000