

Minutes
New York State Reliability Council, L.L.C. (“NYSRC”)
Executive Committee
Meeting No. 16 - August 17, 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
Carolyn M. Brown	Wholesale Sector, Independent Power Producers of New York, Inc. (“IPPNY”) (For R.E. Clayton)
Mark J. Cordeiro	Municipals, PLM, Inc
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”)
Mayer Sasson	Consolidated Edison Co. of N.Y., Inc.

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”)

Agenda Items - (Item # from Meeting Agenda)

1.0 Introduction/Open Session Topics - Mr. Bolbrock welcomed Mr. Mager, attending for Mr. Loughney and Ms. Brown, attending for Mr. Clayton.

1.1 Requests for Additional Agenda Items - The NYSRC Executive Committee (“Committee”) reviewed the agenda for the meeting and added agenda items to be covered under Items 7 and 10 below.

1.2 Topics for Open Session - The Committee did not discuss any issues to be addressed during the

Open Session.

2.0 Meeting Minutes/Action Items List

2.1 Approval of Minutes for Meeting No. 15 (July 13, 2000) - After discussion, Mr. Raymond moved that the Revised Draft Minutes for Meeting No. 15 be approved as modified by the Committee, which was seconded by Mr. Clagett, and approved unanimously by the Committee (13 to 0). The Secretary will issue the final minutes for Meeting No. 15 and post the final minutes on the NYSRC web site - **AI #16-1**.

2.2 Action Items List - The Committee reviewed the Outstanding Action Items List and revised two items.

3.0 Organizational Issues

3.1 NYSRC Treasurer's Report

Mr. Adamson presented the Treasurer's Report to the Committee. The July 2000 Summary of Receipts and Disbursements was distributed. Mr. Adamson reported that all but two parties have submitted payments in response to the calls for funds with a total of \$30,000 in outstanding payments. He noted that as of August 17, 2000, the NYSRC has a balance of \$29,000 with no outstanding invoices. Mr. Adamson expressed a concern that the current balance may not be sufficient to pay all invoices through September 2000, if the \$30,000 in outstanding payments are not received. Ms. Brown was asked to check on the status of the Wholesale Sector's outstanding payment of \$25,000 and report to Mr. Adamson - **AI #16-2**. Mr. Adamson also estimated that if expenditures continue on the same pace, total 2000 NYSRC expenditures could exceed the original budget by about \$50,000.

3.2 Funding Mechanism

a. Report on the Meeting with NYISO Board Chairman - Messrs. Bolbrock and Clagett reported on their mid-July meeting with NYISO Board Chairman Grossi to discuss NYSRC/NYISO issues, including the NYSRC funding proposal. Both noted that Mr. Grossi stressed the need for the NYSRC to be a separate and distinct entity from the NYISO. After discussing the funding mechanism proposal, Mr. Grossi noted that he would be willing to bring the proposal to the NYISO Board, but felt that the Board would not accept the proposal to fund the NYSRC through the NYISO's Schedule 1 ancillary service charge. Mr. Grossi agreed that if the NYISO Board rejected the proposal, he would provide a written statement to the NYSRC as to why the NYISO Board rejected the proposal. Mr. Gioia noted that during the August 15, 2000 NYISO Board Liaison meeting, it was noted that Mr. Grossi did bring the NYSRC funding issue to the NYISO Board and the Board is in the process of preparing a response to the NYSRC. There was no indication as to whether the NYISO Board voted on the proposal or what their decision was.

b. Post Year 2000 - The Committee discussed what the next steps were in the process to finalize an NYSRC funding mechanism. Mr. Bolbrock noted that in reality this issue will not be resolved in the near future. Mr. Adamson distributed a Draft NYSRC 2001 Budget with two options, with

(\$701,000) and without (\$518,000) permanent NYSRC staff. Mr. Bolbrock asked Mr. Raymond to chair a working group to finalize the 2001 NYSRC Budget, assuming no permanent NYSRC staff, since the NYSRC will need to minimize expenditures until a new NYSRC funding mechanism is implemented. Those interested in participating on the working group shall notify Mr. Raymond as soon as possible. A proposed 2001 NYSRC Budget shall be prepared for the next Committee meeting - **AI #16-3.**

Mr. Mager confirmed Mr. Loughney's August 7, 2000 letter noting that Multiple Intervenors ("MI") will withdraw from the NYSRC unless the funding mechanism is changed such that MI's annual contribution would be reduced to an amount in the range of \$5,000 - \$10,000 in 2001. Mr. Cordeiro stated that the Municipals would continue to fund their per capita share of the NYSRC costs in 2001, however, the Municipals require a cap on the level of the NYSRC budget that is funded on a per capita basis. Ms. Brown was requested to provide the Wholesale Sector's position on funding their share of the NYSRC costs in 2001 - **AI #16-4.** Mr. Gioia noted that a NYSRC funding proposal must still go to the NYISO Management Committee for approval, and that the NYSRC will need the support of as many market participants as possible. Mr. Bolbrock noted that there is not a unanimous agreement on the Committee to add positions on the NYSRC to get support for the funding proposal. Another option that will be further investigated is funding the NYSRC through a surcharge on the Transmission Owners' ("TO's") Transmission Service Charge ("TSC"). Mr. Gioia was also requested to investigate a FERC filing by the TOs only, and to outline a couple of options to pursue with the NYISO Management Committee - **AI #16-5.**

3.3 Draft NPCC Membership Agreement

The Committee discussed the draft NPCC Membership Agreement to be voted on at the November NPCC Executive Committee meeting. Mr. Gioia reviewed comments previously prepared by Mr. Casazza and the Committee agreed that the NYSRC would not submit any comments on the draft. Mr. Bolbrock will vote to approve the draft agreement. Mr. Loehr also noted that the NPCC has posted its document A-8 for comments and that he will collect all comments from the Committee.

4.0 Millennium Gas Pipeline Project Status

4.1 Status Report on FERC Proceeding

A copy of the NYSRC comments filed at FERC on July 27, 2000, in the Millennium Gas Pipeline Proceeding, was distributed to the Committee. Mr. Gioia noted that the FERC issued a notice on August 9, 2000 regarding the preparation of a Draft Environmental Impact Statement ("DEIS") for the amended proposal by the Millennium Pipeline Company ("Millennium"). The Committee agreed that the NYSRC does not need to participate in DEIS activities. The next step will be a ruling by FERC.

4.2 Status Report on NYISO Transmission Study

Mr. Adams reported during the Open Session that the NYISO completed the transmission study and extreme contingency analysis for the loss of four (4) and six (6) - 345kV transmission lines located in

the same corridor as the proposed pipeline. The study report has been posted on the NYSRC web site.

5.0 Proposed NERC Legislation Status & NYSRC Course of Action

Mr. Gioia reported that there has been very little activity lately on the federal reliability legislation in both the House of Representatives and the US Senate. It is anticipated that with the upcoming elections, nothing will be finalized during the current legislative session.

6.0 NYS Assembly Statewide Reliability Study

Mr. Loehr reported that the Advisory Committee met on August 3, 2000 and reviewed General Electric's preliminary report on the completion of the statewide reliability studies for both distribution and transmission. Mr. Loehr noted that GE will issue their final report in September. The Advisory Committee will be working with the Energy Planning Board to prepare the final report due to be completed by December 1, 2000.

7.0 Other Items

7.1 Hydro Quebec Import Limit - At the request of Mr. Bolbrock, Mr. Haase briefly summarized the NYISO's decision on August 10, 2000 to reduce the import limit from Hydro Quebec into the New York Control Area from 1800 MW to 1500 MW. The import limit was reduced as a result of voltage limitations and real-time transaction cuts since the limit was increased from 1200 MW to 1800 MW on June 1, 2000. The NYISO has initiated a more comprehensive study on the import limit for completion by the end of the year.

8.0 Reliability Rules Subcommittee Status Report/Issues

8.1 Subcommittee Status Report - Mr. Sasson reported during the Open Session that the Reliability Rules Subcommittee ("RRS") last met on August 1st, with the next meeting scheduled for September 6, 2000. He noted that the RRS discussed issues including NOx emission constraints, proposed reliability rules, application rules, and revised RRS Work Scope. Mr. Sasson also noted that the RRS is reviewing the draft Revision No. 1 to the NYSRC Reliability Rules and will provide final comments to the Secretary after the next RRS meeting.

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 no comments were received on the proposed reliability rule that was posted on the NYSRC web site for review and comments in accordance with NYSRC Policy No. 1-1. The RRS requested final approval of the rule from the Committee. Mr. Sasson moved that the proposed reliability rule RR00-01 be approved by the Committee, which was seconded by Mr. Loehr and approved unanimously by the Committee (13 to 0). Mr. Sasson also noted that a response has not been received to date from the NYISO to Mr. Bolbrock's July 17th letter informing the NYISO of the new reliability rule

to be implemented on an expedited basis.

- ii. RR00-02: Generating Unit Availability Data Requirements** - The Secretary noted that no comments were received on the proposed reliability rule that was posted on the NYSRC web site for review and comments in accordance with NYSRC Policy No. 1-1. The RRS requested final approval of the rule from the Committee. Mr. Sasson moved that the proposed reliability rule RR00-02 be approved by the Committee, which was seconded by Mr. Loehr and approved unanimously by the Committee (13 to 0).
- iii. Ramp-Rate Reserve Criteria** - Mr. Sasson reported that the RRS sent the draft reliability rule addressing the ramp-rate issue to the NYISO on August 3^d for review and comments. Mr. Adams reported that M. Calimano sent a response to the RRS on August 16th noting a number of areas that the NYISO is investigating to address the NYSRC's concerns. The RRS shall review the NYISO's response and discuss at the next Committee meeting.
- iv. Application Rules** - Mr. Sasson noted that the application rule addressing the quick-start mode for gas turbines at Gowanus and Narrows will be included in the next revision of the NYISO Transmission & Dispatch Manual, scheduled in September. The Committee also discussed the need to maintain a list of the Application Rules which are applications of the NYSRC's Reliability Rules and Local Reliability Rules. The Committee agreed that the list shall be maintained on the NYSRC web site. The RRS shall prepare an introduction for the web site posting - **AI #16-6**.
- c. NOx Emission Constraints on NYC Generating Units - Status Report** - During the Open Session, Mr. Sasson reported that Con Edison met with the NYS Department of Environmental Protection ("DEC") on August 4th and is preparing a letter requesting a clarification to the DEC's July 7, 2000 Declaratory Ruling, allowing generating units to exceed DEC's NOx emissions requirements during major system emergencies declared by the NYISO. The clarification involves the fact that the NYISO has no direct means of executing an order for generating plants to go to maximum output, and must go through the Transmission Owners' control centers. Con Edison is requesting the DEC to clarify its Declaratory Ruling that an "emergency" exists not only when the NYISO issues an instruction to a generator, but also when a Transmission Owner issues an instruction through their control center. Mr. Sasson shall send the draft letter to the Committee for review and comments - **AI #16-7**. Mr. Sasson also requested the Committee to consider whether the NYSRC should send a letter to the DEC in support of Con Edison's request.
- d. NYSRC Draft Policy Statement on Economic Considerations** - Mr. Sasson reported that the RRS' Work Scope is being revised to include language regarding economic considerations, and the draft revisions will be sent to the Committee for review - continuation of **AI #14-6**.

9.0 Installed Capacity Working Group Status Report/Issues

During the Open Session, Mr. Cordeiro reported that the Installed Capacity Working Group (“ICWG”) last met on July 25, 2000 to discuss and 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 meet next on August 29th to develop the assumptions and modeling criteria for the 2001 Study. The ICWG shall complete the 2001 Study for approval by the Committee at its December 2000 meeting. Mr. Adamson noted that the ICWG will be looking at the one day in ten (10) year and 2-3 voltage reductions per year criterion to determine if they are still appropriate for New York State, or whether more stringent criterion are required for New York City.

Mr. Cordeiro noted that the ICWG is recommending the consulting services of Mr. Vitale for a total of 80 hours through December 2000 for technical work required to complete the 2001 Study. The cost associated with these consulting services are already included in the original 2000 NYSRC Budget. Mr. Bolbrock approved the request.

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 August 16, 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 being chaired by Mr. Halsey of NMPC, who will also be the liaison between the RCMS and CMAS.
- b. NYSRC Reliability Compliance Program** - Mr. Loehr noted that the RCMS approved the 2000 New York Reliability Compliance Program (“NYRCP”) and sent it to the Committee for approval. After considerable discussion and approval of a motion to approve the NYRCP report, the Committee requested that Exhibit C of the report be revised to incorporate the review, acceptance, or approval by the RCMS and/or Committee - **AI #16-8**. Any directives from the NYSRC to the NYISO for non-compliance must first be brought to the Committee. The Committee also discussed the need for the Committee to approve all reliability related documents prepared by the NYISO for submittal to NPCC/NERC. The Committee may elect to delegate certain actions to the RRS and/or RCMS.
- c. Other** - Mr. Loehr also summarized his discussions with Marc Rubin, NYISO General Auditor regarding the NYISO’s compliance with NYSRC Reliability Rules. Mr. Loehr also reported that a favorable response was received from H. Masti of the NYISO Operating Committee to the RCMS’ May 10th letter regarding the RCMS’ review of proposed generation projects.

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 (“Gold Book”) has been posted on the NYISO web site. A companion document is currently being routed for approval. Mr. Adams also noted that the NYISO Board has instructed the NYISO Staff to complete a long-term transmission reliability study including all of the proposed generation projects.
- b. **NYISO Comprehensive Transmission Review** - Mr. Adams reported that the NYISO is currently awaiting the approval of this study from the NYISO Operating Committee.

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>
#17	Sept. 18	NYISO Power Control Center, Guilderland	9:30 A.M.
#18	Oct. 17	NYISO Power Control Center, Guilderland	9:30 A.M.
#19	Nov. 13	NPCC Offices, New York City	9:30 A.M.
#20	Dec. 11	NYISO Power Control Center, Guilderland	9:30 A.M.

The Committee Meeting No. 16 was adjourned at 2:45 PM.

Completed By: Joseph C. Fleury - Secretary
Final Issue Date: September 18, 2000