

**Minutes**  
**New York State Reliability Council, L.L.C. (“NYSRC”)**  
**Executive Committee**  
**Meeting No. 17 - September 18, 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
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 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”)
Edward A. Schwerdt	Northeast Power Coordinating Council (“NPCC”)

**Agenda Items - (Item # from Meeting Agenda)**

**1.0 Introduction**

**1.1 Requests for Additional Agenda Items** - The NYSRC Executive Committee (“Committee”) reviewed the agenda for the meeting and added two agenda items to be covered under Items 3 and 7 below.

**1.2 Topics for Open Session** - The Committee agreed that Item 6 on the NYS Assembly Statewide Reliability Study would be addressed during the Open Session.

**2.0 Meeting Minutes/Action Items List**

**2.1 Approval of Minutes for Meeting No. 16 (August 17, 2000)** - After discussion, Mr. Clagett moved that the Revised Draft Minutes for Meeting No. 16 be approved as modified by the Committee, which was seconded by Mr. Ellsworth, and approved unanimously by the Committee

(13 to 0). The Secretary will issue the final minutes for Meeting No. 16 and post the final minutes on the NYSRC web site - **AI #17-1**.

**2.2 Action Items List** - The Committee reviewed the Outstanding Action Items List and revised **AI #16-6**.

### **3.0 Organizational Issues**

#### **3.1 NYSRC Treasurer's Report**

Mr. Adamson presented the Treasurer's Report to the Committee. The August 2000 Summary of Receipts and Disbursements was distributed, which included a projected year-end expenditure column showing a total projected year-end 2000 expenditure of \$571,337, or \$21,337 over the 2000 NYSRC budget. Mr. Adamson reported that all but one party has submitted payments in response to the calls for funds with a total of \$25,000 in outstanding payments. He noted that as of September 11, 2000, the NYSRC has a cash balance of approximately \$14,000 with no outstanding invoices. Mr. Adamson recommended, and the Committee agreed that a call for funds be sent requesting a payment of \$15,000 per member by October 1, 2000, covering the months of October through December 2000 - **AI #17-2**. Mr. Clayton was asked to check on the status of the Wholesale Sector's outstanding payment of \$25,000 and report to Mr. Adamson - continuation of **AI #16-2**. The Committee agreed that Mr. Gioia shall draft a letter to Ms. Carol Murphy at IPPNY regarding the outstanding payment - **AI #17-3**. Mr. Adamson noted that the project year-end NYSRC expenditure will be covered as long as all payment obligations are met.

#### **3.2 2001 NYSRC Budget**

Mr. Raymond summarized the work completed by the NYSRC Budget 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. Mr. Adamson reviewed Revision 3 of the draft NYSRC 2001 Budget recommending a total budget of \$500,000. Mr. Raymond noted that the estimated expenditures for the Accounting Firm and Insurance were being reviewed and any reductions will be added to the Contingency amount, maintaining the total budget at \$500,000 - **AI #17-4**.

Mr. Loughney expressed a concern regarding approving the NYSRC 2001 Budget at this time, based on MI's position on NYSRC funding as stated in his August 7, 2000 letter, that 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. The Committee agreed to accept the use of \$500,000 as the proposed 2001 budget amount, but tabled the formal vote on the 2001 budget to no later than the December Committee meeting. Mr. Bolbrock suggested that some thought should be given to breaking down the budget into the Committees and Subcommittees. Mr. Loehr responded that possibly the consultant expenditures could be broken down, but not the entire budget.

#### **3.3 Funding Mechanism**

Mr. Bolbrock distributed the September 15, 2000 letter from Mr. Museler summarizing the NYISO Board of Director's discussions on the NYSRC funding issue. The letter discussed two options: (1) funding the NYSRC through Schedule 1 to the NYISO tariff for a period of a year or two, at which time the NYSRC will become a principal committee of the NYISO; and (2) funding by the Transmission Owners with a guarantee from the PSC of the recoverability of the funds. The Committee discussed the letter and funding options proposed and did not support either option. Messrs. Bolbrock and Gioia shall determine whether an NYSRC response to Mr. Museler's letter is warranted - **AI #17-5**.

The Committee then discussed what the next steps were in the process to finalize an NYSRC funding mechanism. After discussing various options, the Committee agreed to investigate further the option of funding the NYSRC through a surcharge to the Transmission Owner's Transmission Service Charge ("TSC") and NYPA's Transmission Adjustment Charge ("NTAC"). The Transmission Owners would make a joint FERC filing for inclusion of the NYSRC costs in their respective TSCs. It is imperative that the PSC support this funding mechanism at FERC. Mr. Gioia shall draft an outline of a joint FERC filing for the TSC surcharge - **AI #17-6**. Mr. O'Neal shall check on whether the PSC will support this proposal - **AI #17-7**.

In response to Mr. Raymond's question as to whether the NPCC supports the existence of the NYSRC, Mr. Schwerdt noted that the NPCC Agreement recognizes the NYSRC as an NPCC member, with a position on the NPCC Executive Committee. Mr. Schwerdt also noted that the NPCC has been supportive of more stringent reliability rules. Mr. Bolbrock noted that there is not widespread support for the NYSRC on the NPCC Executive Committee or NPCC membership.

### **3.4 Unaffiliated Member Meeting Fees**

Mr. Clagett reviewed the September 15, 2000 letter detailing the proposal for meeting fees for the Unaffiliated Members. The Committee briefly discussed the proposal and recommended minor revisions. The Secretary will revise the letter, incorporate the letter into NYSRC Policy No. 3 as an attachment, and send to the Committee for review and approval at the next Committee meeting - **AI #17-8**.

### **3.5 NYSRC Officer's Terms**

Mr. Bolbrock raised two issues for discussion by the Committee regarding the term of the current officers: (1) what is the expectation for the term of the current officers; and (2) is the expectation that the Vice Chairman will move into the Chairman position at the end of the current term. After discussion of the issues, Mr. Ellsworth moved that the current officers remain in office until August 1, 2001, at which time Mr. Clagett will become Chairman. The motion was seconded by Mr. Sasson and approved unanimously by the Committee (13 to 0).

### **3.6 Public Information Chairman**

Mr. Bolbrock expressed a need for the Committee to have a Public Information Chairman to be responsible for the preparation of press releases for various NYSRC activities. Mr. Loehr volunteered for the position, which was accepted by the Committee.

### **3.7 NERC Confidentiality Agreement**

The Committee discussed the need to sign the NERC Confidentiality Agreement for participation on the NPCC Task Force on Coordination of Operation (“TFCO”). Mr. Schwerdt noted that it is in the best interest of the NYSRC to sign the agreement since the NYSRC representative on the TFCO would then be able to participate in any discussions involving confidential market information. Mr. Gioia shall investigate this issue further and provide a recommendation to the Committee - **AI #17-9**.

### **4.0 Millennium Gas Pipeline Project Status - Status Report on FERC Proceeding**

Mr. Clayton summarized the discussions with the Millennium Pipeline Company (“Millennium”) during the last Reliability Rules Subcommittee meeting. Millennium was told that the NYSRC would accept the pipeline route if it was either relocated away from the existing right-of-way for the 4-345kV transmission lines serving New York City, or if Millennium completed a study showing that a gas pipeline explosion would not cause a long-term outage of the transmission facilities. The Committee agreed that the NYSRC will do nothing further until a ruling is issued by FERC.

### **5.0 Proposed NERC Legislation Status & NYSRC Course of Action**

Mr. Gioia reported that LLG&M’s Washington Office indicates that, despite the request by NERC to proceed expeditiously, it is highly unlikely that the federal reliability legislation in both the House of Representatives and the US Senate will be acted upon during the current legislative session.

### **6.0 NYS Assembly Statewide Reliability Study**

During the Open Session, Mr. Loehr reported that the Advisory Committee met on September 7, 2000. Copies of General Electric’s presentation slides were distributed to the Committee and reviewed. The Technical Group will be meeting on September 20, 2000 to discuss comments on General Electric’s Reports #2 and 3. A final report is scheduled to be issued prior to the October 11, 2000 Advisory Committee meeting. Mr. Loehr requested that the Committee review the final report when it is issued, and provide comments to him. Mr. Loehr will coordinate and submit the NYSRC comments - **AI #17-10**. The Advisory Committee will be working with the Energy Planning Board to prepare the final report scheduled to be completed by December 1, 2000.

### **7.0 Other Items**

**a. Procurement Period for Installed Capacity** - Mr. O’Neal noted that the issue of the 1 month vs.

6 month procurement period is still being discussed in the NYISO committees. Since the NYISO has implemented price caps, the NYISO should study the impact on reliability once again. The Reliability Rules Subcommittee shall follow the issue.

- b. Restoration of 30 Minute Reserves** - It was noted that the NYISO System Operations Advisory Subcommittee (“SOAS”) is investigating the need to have a requirement for replenishing 30 minute reserves.
- c. NPCC Executive Committee Meeting** - Mr. Bolbrock briefly summarized the issues discussed at the September 7<sup>th</sup> NPCC Executive Committee, including the NPCC and NERC 2001 Budgets and NPCC Membership Agreement changes.
- d. Fraser SVC Status** - Mr. Haase noted that NYPA has offered to purchase and repair the Static VAR Compensator (“SVC”) at NYSEG’s Fraser Substation, and NYSEG has agreed. NYPA expects to have the SVC back in service prior to Summer 2001.

## **8.0 Reliability Rules Subcommittee Status Report/Issues**

- a. Subcommittee Status Report** - Mr. Clayton reported during the Open Session that the Reliability Rules Subcommittee (“RRS”) last met on September 7, 2000, in addition to having a conference call on September 11<sup>th</sup>. The next meeting is scheduled for October 5, 2000. He noted that the RRS discussed issues including NOx emission constraints, proposed reliability rules, application rules, the Millennium Gas Pipeline Project, NYISO compliance with 10 minute reserve restoration, and the revised RRS Work Scope. Mr. Clayton also noted that the RRS has submitted suggested revisions to the draft Revision No. 1 to the NYSRC Reliability Rules. The Secretary noted that the changes are being incorporated along with others received from Mr. Gioia, and will be forwarded to the RRS and Committee upon completion - continuation of **AI #14-4**.
- b. 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. Ramp-Rate Reserve Criteria** - Mr. Calimano of the NYISO sent a response to the RRS on August 16<sup>th</sup> noting a number of areas that the NYISO is investigating to address the NYSRC’s concerns and improve performance. The RRS shall review the NYISO’s response and discuss at the next Committee meeting.
- c. NOx Emission Constraints on NYC Generating Units - Status Report** - Mr. Sasson reported that Con Edison and the NYISO met with the NYS Department of Environmental Conservation (“DEC”) on September 14<sup>th</sup> to discuss the need for a clarification to the DEC’s July 7, 2000 Declaratory Ruling. 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 noted that Con Edison is waiting for the DEC to respond.
- d. Revision 1 to RRS Work Scope** - Mr. Sasson reported that the RRS’ Work Scope was revised to include language regarding economic considerations. Mr. Sasson moved to approve the revised RRS Work Scope, which was seconded by Mr. Clayton, and unanimously approved by the

Committee members in attendance (12 to 0, 1 absent).

- e. **Applications of NYSRC Reliability Rules** - During the Closed Session, the Committee discussed the handling of the Applications of NYSRC Reliability Rules (“Applications”) to be included in the next revision of the NYISO Transmission & Dispatch Manual. The Committee agreed that a list of the Applications, which are applications of the NYSRC’s Reliability Rules and Local Reliability Rules, be posted on the NYSRC web site along with an introduction. The RRS prepared and submitted the introduction for the web site posting, which was distributed to the Committee. The Committee requested that the RRS review the issue of who is responsible for maintaining and implementing the Applications, and whether the NYSRC is only responsible for monitoring compliance of the Applications. The RRS shall also distribute the list of Applications to the Committee - continuation of **AI#16-6**.

During the Open Session, it was reported that the NYSRC will be posting a list of Applications and an introduction. The RRS will discuss when the posting will be made. The Committee tabled the approval of the introduction until the next meeting.

## **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 by conference call on September 12, 2000. The draft assumptions to be used in the 2001 New York Control Area Installed Capacity Requirements Study have been sent to the ICWG for review. The ICWG will meet next on October 3<sup>rd</sup> to finalize the scope, assumptions, and modeling criteria for the 2001 Study. The ICWG will present the scope and assumptions to the RRS at their October 5<sup>th</sup> meeting and solicit the RRS’ approval. Upon RRS approval, the scope and assumptions will be forwarded to the Committee for review and approval at the next Committee meeting. The ICWG shall complete the 2001 Study for approval by the Committee at its December 2000 meeting. Mr. Cordeiro summarized a number of the assumptions being made in the study. Mr. O’Neal noted the importance of approving the study assumptions as soon as possible to proceed with completion of the study. The Committee should review the assumptions with their representatives on the ICWG and be prepared to discuss and approve the assumptions at the next 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”) has not met since August 16, 2000. The next scheduled meeting of the RCMS is September 28, 2000.
- b. **NYSRC Reliability Compliance Program** - Mr. Loehr noted that Exhibit C of the 2000 New York Reliability Compliance Program (“NYRCP”) Report was revised as requested by the

Committee to clarify the role of the Committee for the NYRCP. Mr. Loehr moved to approve Exhibit C of the NYRCP Report as modified, which was seconded by Mr. Clagett and unanimously approved by the Committee (13 to 0). Mr. Adamson shall send the final NYRCP Report to the Secretary who will post the document on the NYSRC web site - **AI #17-11**.

**11.0 System Adequacy Reports/Studies**

- a. Status Report on NYISO Studies** - During the Open Session, Mr. Adams reported that a draft scope has been prepared for the NYISO’s Reactive Resource Adequacy Study. A copy was distributed to the Committee.
- b. NYISO Comprehensive Transmission Review** - Mr. Adams reported that the NYISO is currently awaiting the approval of this study from the NPCC Task Force on Coordination of Planning (“TFCP”) and Reliability Coordinating Council (“RCC”).
- c. NYISO Transmission Reliability Study** - Mr. Adams reported that the NYISO has initiated a long-term transmission reliability study that will include several different scenarios for generation additions. A copy of the work scope will be distributed to the Committee upon its completion. Mr. Ellsworth suggested that the NYISO also complete a gas pipeline reliability study since the last study was completed by the New York Power Pool around 1990. No decision was reached.

**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>
#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. 17 was adjourned at 2:45 PM.

Completed By: Joseph C. Fleury - Secretary  
 Final Issue Date: October 17, 2000